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EverQuote Q3 2026 Earnings Call - Prepared Remarks

Sara Buda, Investor Relations

Thank you. Good afternoon, and welcome to EverQuote's Third Quarter 2026 Earnings Call. We will be discussing the results announced in our press release issued today after market close. With me on the call this afternoon are Jayme Mendal, EverQuote's Chief Executive Officer; and Joseph Sanborn, EverQuote's Chief Financial Officer and Chief Administrative Officer.

During this call, we may make statements related to our business that may be considered forward-looking statements under federal securities laws, including statements considering our financial guidance for the fourth quarter of 2026. Forward-looking statements may be identified with words and phrases such as aim, expect, believe, intend, anticipate, plan, will, may, continue, upcoming and similar words and phrases. These statements reflect our views only as of today and should not be considered our views as of any subsequent date. We specifically disclaim any obligation to update or revise these forward-looking statements, except as required by law.

Forward-looking statements are subject to a variety of risks and uncertainties that could cause the actual results to differ materially from our expectations. For a discussion of those risks and uncertainties, please refer to our SEC filings, including our annual report on Form 10-K and our quarterly reports on Form 10-Q on file with the Securities and Exchange Commission and available on the Investor Relations section of our website.

Finally, during the course of today's call, we refer to certain non-GAAP financial measures, which include Adjusted EBITDA and Adjusted EBITDA Margin, Variable Marketing Dollars and Variable Marketing Margin, which we believe are helpful to investors. A reconciliation of GAAP to non-GAAP measures was included in the press release we issued after the close of market today, which is available on the Investor Relations section of our website.

And with that, I will now turn the call over to Jayme.

Jayme Mendal, CEO

Thank you, Sara, and thank you all for joining us today.

We delivered exceptional performance in Q3. We generated record results across our key financial metrics, exceeding the high end of our guidance range. Our marketplace continues to fire on all cylinders, as carriers maintain strong underwriting profitability and appetite for growth, and our team is executing well to meet this demand.

In Q3, we continued to diversify our revenue across carriers, product offerings, and verticals, punctuated by outstanding performance in our home vertical, which grew by 70% year-over-year. Our market

position remains strong, and we are growing and deepening customer relationships with both carriers and agents.

Furthermore, we believe we are making great progress as we begin to lead the P&C insurance industry into the AI era:

First, we continue to use AI to drive productivity. In Q3, our engineering teams reduced cycle time by 36% QoQ through adoption of our agentic coding pipeline. We have also achieved broad adoption of AI tools across non-engineering functions, allowing us to innovate and launch new products faster, while growing Adjusted EBITDA by over 40% YoY.

Second, AI remains a reliable driver of our consistent marketplace growth. We have deployed SmartCampaigns to new carriers and to more local agents. This AI bidding solution drives benefits including higher conversion rates which, in turn, allows us to access more budget so we can maximize highly targeted policy volume at customers' performance targets. We also rolled out new AI-native features to local agents in the quarter, including a new AI-based reporting tool that surfaces insights to help them understand and optimize account activity.

Third and perhaps most importantly, AI underpins our strategy to broaden our value to customers and expand our long-term addressable market. We are at the forefront, leading P&C insurance distribution into the AI era.

In Q3, AI agents took center stage when Meta and Open AI launched their personal agents. We have long anticipated personal agents as the next step in the evolution of insurance digital marketing and distribution, from web-native, to LLM-native, to agentic.

For months in advance of the launches of Muse and Dots, we were in discussions with carriers about agentic commerce to help educate and prepare them for this next wave of change. In fact, during the quarter, we published a thought leadership 'white paper' on agentic shopping and P&C insurance distribution, which has led to an active dialogue with major carriers as they themselves contemplate how to adapt. This topic has become a major focus area for our customers, and we are partnering with carriers to innovate solutions that help them navigate this fast-developing landscape.

Last week, we launched Luva, a separately branded, AI-native P&C insurance shopping platform for consumers, that will be integrated with LLMs and AI commerce agents.

We believe EverQuote can emerge as a key player in the AI ecosystem by bridging the needs of consumers using LLMs and AI agents to research and shop insurance, with insurers' need to access these consumers, while maintaining control over how their pricing, product, and brand are represented. We are rolling out apps across LLM and agentic platforms like Meta, OpenAI and Anthropic. These

integrations are subject to the platforms' review and approval process, but we'll build on each solution over time in close partnership with carriers.

It is clear that our carrier and agent customers will need help adapting as agentic AI plays a larger role in P&C insurance distribution over time. We see tremendous opportunity in this dynamism. With our unique data, technology, and industry relationships developed over the last 15 years, we are ideally suited to help steward P&C insurance distribution into the AI era. Recent and forthcoming product launches position us to capitalize on this market evolution.

In summary, it has been an exciting quarter at EverQuote, and we are proud of maintaining our track record of sustained profitable growth, while making investments in our future. As evidenced by our Q3 performance, the business is healthy and the team is executing well. We continue to make progress across our strategic priorities, and we are accelerating new product innovation to lead our industry into the agentic AI era.

I will now turn the call over to Joseph who will discuss our financial results and outlook.

Joseph Sanborn, CFO and CAO

Thank you, Jayme, and good afternoon, everyone.

We delivered record results in Q3 and exceeded the top-end of our guidance across all key financial metrics. We grew revenue 25% and Adjusted EBITDA 41% year-over-year. We also drove record Variable Marketing Dollars, or VMD, and Adjusted EBITDA, while at the same time generating strong cash flow. Our AI investments are already yielding results, and we will continue to invest to extend our market leadership position even further. Now let's turn to the details of the third quarter.

Total revenue increased to $218.1 million. Revenue from our auto insurance vertical grew to $190.4 million in the third quarter, an increase of 21% year-over-year. Our home insurance vertical grew 70% in Q3 to $27.7 million, as carriers continue to lean into home as a growth opportunity, and as we align our solutions and resources to scale this vertical and diversify our business.

We are executing well in a healthy environment. Looking at customers, 8 of our top 10 carriers grew sequentially, underscoring that demand continues to be broad-based.

VMD increased to $62.6 million in the third quarter, up 25% from the prior year period. Variable Marketing Margin, or VMM, was 28.7% for the quarter.

Turning to operating expenses and the bottom line.

In the third quarter, GAAP net income was $18.2 million, down from $18.9 million in the prior year period, due primarily to income taxes increasing $7.3 million year-over-year, and a one-time $4 million termination fee related to a vendor contract for advertising services.

Q3 Adjusted EBITDA increased 41% from the prior year period to $35.5 million, representing a 16.3% Adjusted EBITDA margin.

Cash operating expenses, which excludes advertising spend, and certain non-cash and other charges, were $27.2 million in Q3, up slightly from Q2.

We reported operating cash flow of $40.5 million for the third quarter. We ended the period with no debt, and cash and cash equivalents of $229.1 million.

We recently announced that our Board authorized a new $50M share repurchase program. As a reminder, under our previous program, which concluded in Q2, we purchased 2.5 million shares totaling $50 million. The recent authorization is a component of our three-pronged approach to capital allocation which includes:

1. Maintaining a fortress balance sheet;
2. Pursuing targeted M&A and investment opportunities that align with our growth strategy to expand our TAM; and
3. Returning capital to shareholders through stock repurchases.

The continued strength of our operations and expectations for ongoing growth and profitability give us confidence that we have the flexibility and capacity to execute these priorities.

Finally, as Jayme mentioned, we are focused on broadening our offerings and leading our sector into the agentic AI era. This includes new solutions that capitalize on emerging models for agentic LLM traffic and extend the value we provide carriers and agents as they adapt to new models. These initiatives build on the success of our marketplace and reinforce our position as an AI beneficiary long-term. We look forward to sharing more with you in the coming quarters.

Turning to guidance for the fourth quarter of 2026:

- We expect revenue to be between $213.0 and $223.0 million. Representing 12% year-over-year growth at the midpoint.
- We expect VMD to be between $57.0 and $60.0 million, representing 19% year-over-year growth at the midpoint. As we mentioned, we are investing in new agentic LLM channels and developing new solutions to drive long-term growth. As a result, VMM is expected to decrease sequentially from Q3.

- Our Q4 Adjusted EBITDA is expected to be between $29.0 and 32.0 million, representing 22% year-over-year growth at the midpoint.

Looking ahead, we expect healthy carrier demand into the coming year. Insurer combined ratios remain low, and we are benefitting from operating in the relatively early stages of a prolonged soft market cycle. As illustrated in our investor presentation available on our IR website, industry analysts have forecasted this soft market cycle could continue well into 2029 or beyond as carriers focus on growing policies in force.

Amidst this positive environment, EverQuote is a trusted growth partner of choice for both carriers and agents. Our home vertical is showing impressive growth, and we continue to broaden our customer relationships. Our investments and expanding AI solutions are delivering measurable customer results, establishing a strong foundation for sustained growth.

As a reminder, on our November 2025 earnings call, we shared our goal to become a billion-dollar revenue company within 2-3 years, while also generating strong cashflow. Here we are 12 months later; as evidenced by our results and guidance, we are executing well toward our goal. We are on track to reach the $1B revenue mark within the stated timeline which means that we expect to achieve our goal within the next 1 - 2 years.

At the same time, we are making the right investments today to lead our sector into the agentic AI era tomorrow and scale well beyond our near-term $1B revenue goal, while generating strong cash flow.

In conclusion:

- We continue to execute our strategy to be a trusted growth partner for our customers
- We reported a record quarter across all key metrics with strong growth and cash flows.
- We have a focused growth strategy to innovate and expand our offerings, capitalize on new growth opportunities with agentic AI and broaden our value for our customers.
- We believe this is an exciting time to be a shareholder of EverQuote as we continue building upon our strong foundation while also innovating for what's next.

Jayme and I will now take your questions.