

## EverQuote Fourth Quarter and Full Year 2025 Earnings Call - Prepared Remarks

### **Brinlea Johnson, Investor Relations**

Thank you. Good afternoon, and welcome to EverQuote's Fourth Quarter and Full Year 2025 Earnings Call. We will be discussing the results announced in our press release issued today after the 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 the call, we will 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 first quarter of 2026. Forward-looking statements may be identified with words and phrases such as expect, believe, intend, anticipate, plan, may, 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 will refer to certain non-GAAP financial measures, 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'll turn it over to Jayme.

### **Jayme Mendal, Chief Executive Officer**

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

2025 was a phenomenal year for EverQuote and we're excited about our position entering 2026. We grew revenue by 38% in 2025, making material progress toward our vision of becoming the #1 growth partner to P&C insurance providers. We delivered this growth by scaling our marketplace, launching new products, further integrating AI into our operations, and deepening provider relationships, all of which accelerated our evolution to a growth solutions partner to our customers.

More impressively, we delivered this growth with increasing operating leverage. We grew aEBITDA by 62%, as we continue to generate efficiency throughout our operations through the use of AI and other technologies. Thanks to the team's strong execution, we exited 2025 with record financial performance across all our key financial metrics, a highly capital efficient operation, and a strong balance sheet.

We enter 2026 from a position of strength, and with a stable and healthy P&C insurance market. Consumer shopping levels remain elevated following rate increases in recent years. Carrier underwriting is profitable, and our carrier conversations about 2026 have centered around growth. This backdrop supports a confident outlook for 2026.

Since going public in 2018, EverQuote management has established a seven-year track record of delivering against our commitments, while navigating an always dynamic set of market conditions. We now reiterate our next commitment, which is to achieve \$1 billion of revenue while continuing to expand the cash generation of our marketplace.

We will do this amidst continued dynamism in the market, this time brought on by the rapid acceleration of the capabilities of AI. We believe that we are well positioned to lead and benefit from this shift. Applying data and technology to insurance shopping to remove friction for consumers and deliver growth to providers has been deeply ingrained in our DNA since our founding. We have amassed a one-of-a-kind data moat from our hundreds of millions of historical insurance shopping events, each of which contributes proprietary data that can be used in many ways to create enhanced digital and AI-native experiences.

In recent years, we have applied AI to automate our traffic bidding; we have rolled out products like SmartCampaigns, our AI provider bidding solution; we have deployed AI Voice into our call center operations; and we have begun adopting genAI throughout our operations to drive efficiency. All of these advances have contributed to our growing operating leverage, punctuated by last year's 62% growth in aEBITDA, and a more than doubling of our revenue since 2023 despite nearly zero increase in our operating expenses.

In 2026, EverQuote will accelerate our evolution towards an AI-first future. Within our operations, we will further accelerate our engineering teams' path to more fulsome agentic coding, and adoption of AI tools and agents throughout our operations to drive further operating efficiency. For our customers, we will roll out new products and features that combine our unique data with newfound capabilities of generative AI to accelerate their ability to derive value from this technology. We look forward to sharing more about some exciting features we are developing later this year.

I want to thank and congratulate the EverQuote team for delivering results in 2025 that exceeded expectations. As we progress into 2026, we will build on this momentum and are taking steps that re-define EverQuote and insurance distribution for the age of AI.

I'll now turn the call over to Joseph to discuss our financial results.

## **Joseph Sanborn, Chief Financial Officer and Chief Administrative Officer**

Thank you, Jayme and thank you all for joining.

Today I will be discussing our financial results for the fourth quarter and full-year 2025 as well as our guidance for the first quarter of 2026.

We delivered strong results in Q4, exceeding our prior guidance across all metrics, and closed out a record year in which we achieved total revenue growth of 38% year-over-year to \$692.5 million, and Adjusted EBITDA expansion of 62% year-over-year to \$94.6 million.

Total revenues in the fourth quarter grew 32% year-over-year to a record \$195.3 million. Revenue growth was primarily driven by stronger carrier spend, which was up 39% year-over-year.

Revenue from our auto insurance vertical increased to \$179.9 million in Q4, up over 32% year-over-year. Full-year auto insurance revenue grew 41% year-over-year to \$629.8 million.

Revenue from our home insurance vertical increased to \$15.4 million in Q4, up 37% year-over-year. Full-year home insurance revenue grew 20% to \$62.7 million.

As we mentioned last quarter, our strong revenue growth through the first nine months of 2025 gave us the opportunity to invest more in existing and new traffic lines during the fourth quarter to support future growth. The strategy worked, and, as expected, these investments put temporary pressure on Variable Marketing Dollars, or VMD, and Variable Marketing Margin, or VMM, during the period, which in turn impacted our Q4 Adjusted EBITDA and associated margin.

Fourth quarter VMD was \$49.3 million, an increase of 12% from the prior year period, representing a 25.3% VMM. For the full-year, VMD grew 24% to \$191.9 million, representing a 27.7% VMM.

Turning to operating expenses and the bottom line...

As we scale and drive top-line growth, we continue to expand operating leverage in our business through the use of AI, other technologies, and disciplined expense management. While other technology companies are describing their plans to make AI investments to deliver incremental efficiency, we have been on this path at EverQuote for over two years.

In the fourth quarter, we grew GAAP net income to \$57.8 million, up from \$12.3 million in the prior year period. GAAP net income this quarter included a one-time, non-cash tax benefit of

\$38.4 million, primarily driven by the release of the valuation allowance against our deferred tax assets. Full-year 2025 GAAP net income increased to \$99.3 million compared to \$32.2 million for 2024. Without the impact of these deferred tax benefits, we would have reported net income in Q4 and full year 2025 of \$19.3 million and \$60.9 million, representing a year-on-year increase of 57% and 89%, respectively.

Q4 Adjusted EBITDA increased 32% from the prior year period to \$25.1 million, representing a 12.8% Adjusted EBITDA margin. Adjusted EBITDA for the full year increased 62% to \$94.6 million, representing an Adjusted EBITDA margin of 13.7%, an increase of approximately 200 basis points over 2024.

Cash operating expenses, which excludes advertising spend, and certain non-cash and other one-time charges, were \$24.3 million in Q4, down modestly from Q3.

For full year 2025, we also continued to drive strong operating leverage in our model, with total cash operating expenses of approximately \$97 million being effectively flat year-over-year. At the same time, our steadfast commitment to drive increasing efficiencies through automation in our core operations enabled us to shift significant additional investment through 2025 into areas that drive future growth, such as AI capabilities, new products and data science. As Jayme mentioned, since 2023, we have more than doubled revenues while keeping operating expenses essentially flat.

We delivered strong operating cash flow of \$27.0 million for the fourth quarter and \$95.4 million for the full year 2025.

We ended the period with no debt, and cash and cash equivalents of \$171.4 million.

As a reminder, we implemented a \$50 million share repurchase program last July. To-date, we have repurchased approximately \$30 million of shares including approximately \$9 million since the start of 2026.

We are pleased with our outperformance in the fourth quarter, as we benefitted from carriers, who were well below their targeted combined ratio for the year and accelerated spend, deciding to not delay additional new customer acquisition until 2026. As a result of this dynamic, Q4 revenues were up a record 12% sequentially, meaningfully breaking with our previous seasonal pattern in which revenues declined sequentially, on average, in mid-single-digits percentage, from Q3 to Q4.

Turning to 2026. We continue to operate in a favorable industry environment. Our carrier partners are indicating that 2026 will be a growth year, in which they will compete more

aggressively for profitable policy growth, after a two-plus year focus on rate restoration and underwriting margin recovery; we expect this growth to be measured.

Following carriers' record level of investment in new customer acquisition in Q4, we are seeing carriers take a more disciplined approach to Q1 marketing spend as they begin a new budget year and seek to position themselves to have greater flexibility as the year unfolds. This contrasts with our historical seasonal patterns in which we would have customarily seen a sequential step-up into Q1, as carriers would look to aggressively start a new year by quickly deploying budget and then consider tapering spend as they progress through the year based on their underwriting profitability.

Now, turning to guidance for the first quarter of 2026:

- We expect revenue to be between \$175.0 and \$185.0 million.
- We expect VMD to be between \$49.0 and \$52.0 million.
- And, we expect Adjusted EBITDA to be between \$23.5 and \$26.5 million.

Entering 2026, we believe that we are well positioned to operate in a dynamic environment fueled by a rapidly evolving AI landscape. From our experience in serving insurance providers over the past few years, our battle-hardened team has honed its ability to quickly adapt our operations to changes in the environment, with a clear-eyed view towards identifying opportunities that will both enable us to better serve our customers and drive strong financial performance. As Jayme shared in his remarks, we have recognized and embraced AI-capabilities that allow us to more aggressively adapt our operations and investment approach to create opportunities for EverQuote to deliver long-term sustainable growth; we look forward to sharing more with you on our achievements over the course of the year.

In summary, our record 2025 performance reflects our steadfast commitment to strong execution and a clear growth strategy. As we look at the remainder of this year and beyond, we are focused on our goal of creating a \$1 billion revenue business over the next two to three years, by being the leading growth partner for P&C insurance providers and doing so in a manner that will generate expanding levels of profitability and free cash flow.

Jayme and I will now take your questions.