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EverQuote First Quarter 2026 Earnings Call - Prepared Remarks

Sara Buda, Head of Investor Relations

Thank you. Good afternoon, and welcome to EverQuote's First 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 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 second 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 will refer to certain non-GAAP financial measures, which include Adjusted EBITDA, 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, Chief Executive Officer

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

We delivered excellent results in Q1, exceeding the high end of our guidance range across Revenue, VMD, and aEBITDA, punctuated by 30% growth in aEBITDA, to a record level of $29.3 million.

Our strategy is working as planned as we scale our marketplace and deepen provider relationships. When we went public in 2018, EverQuote committed to growing revenue 20% and expanding profitability (aEBITDA margin) by 1-2% points per year. For seven years, we've delivered as promised, resulting in 4X revenue growth and over $100 million of annualized aEBITDA expansion. Through disciplined execution, we have built a strong balance sheet and a highly cash generative business. At the end of Q1, while repurchasing shares of our stock under our share repurchase plan, our cash balance is over $178 million, with no debt, and for three quarters in a row, we have generated annualized aEBITDA levels at or above $100 million.

We will keep driving profitable marketplace growth through a focused execution of our strategy, and by leveraging AI to drive productivity and accelerate our pace of innovation on behalf of customers. Applying our proprietary data together with AI to support the growth of insurance providers has always been, and continues to be, foundational to the value we deliver. It has enabled us to become the trusted platform of choice for the country's largest carriers and thousands of local agents to grow their business. We are now continuing to build on this heritage, harnessing Agentic AI capabilities to drive new levels of productivity, innovation and customer performance.

We have proven our ability to drive immense productivity gains with tech- and AI-enabled automation over time. In the three years from Q1 2023 to Q1 2026, we have increased revenue per employee by nearly 3X. We are now significantly ramping the build, deployment and usage of Agentic AI tools across our employee population to further enhance productivity and create additional capacity to invest in long-term growth. As examples, we are building what we call an 'AI-cockpit' for our sales and service teams to dramatically reduce time spent on repetitive tasks, and we added an AI layer on our homegrown site management platform to automate and improve experimentation on our site experience.

More importantly, our teams remain hungry to accelerate our pace of innovation in service of improved customer outcomes, using newfound capabilities of Agentic AI.

Already today, AI benefits our customers in a number of ways. Our AI-powered traffic engine and proprietary data enable us to effectively deploy ad spend in a way that optimally aligns carriers' underwriting preferences, profitability targets and growth goals with the right consumers based on their location, history, demographics and other factors. Through SmartCampaigns, we have productized our AI-powered bidding capabilities, improving carriers' ability to optimize return on ad spend in our marketplace, resulting in budget increases and embedding our technology more directly in our clients' workflows.

Moving forward, we are rolling out AI-powered products and features to create value for customers at an accelerating rate. For example, we have begun extending SmartCampaigns to local agents. We also expect LLM-originated traffic to become a growing source across the market broadly. We believe EverQuote can provide carriers and agents with greater access to this traffic as paid advertising opens up, and as we invest in content generation and technical integrations with LLM search platforms.

Looking ahead, we maintain a favorable outlook for Q2, reflecting continued strong execution by our team in a growth-oriented carrier environment. We are progressing as planned along our path to build a $1 billion revenue business, with an accelerating rate of innovation to support the growth of insurance carriers and agents. Over the years, we have proven our ability to listen to our customers' needs and rapidly adapt to changes in the environment to support their success and our financial performance. Agentic AI unlocks new opportunities in many sectors – including ours. As a team we are aligned and focused as we continue to seize this opportunity to expand our product offering, broaden our competitive moat and propel our long-term success.

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

Joseph Sanborn, Chief Financial Officer and Chief Administrative Officer

Thank you Jayme, and good afternoon everyone.

In Q1, we once again delivered impressive financial performance. Before I walk through the details of our Q1 results and Q2 outlook, let me share some key highlights: we grew total revenue 15% year-on-year, and grew Adjusted EBITDA 30% year-on-year, while also delivering record Adjusted EBITDA and operating cash flow.

Let me take you through the first quarter.

Total revenue grew 15% year-over-year to $190.9 million.

Revenue from our auto insurance vertical increased to $172.4 million in Q1, up 13% year-over-year as we continued to benefit from our broad and differentiated distribution.

Revenue from our home insurance vertical grew 33% to $18.5 million in Q1, as we continue to benefit from strong execution against the operational plan we implemented last spring to bolster this vertical.

Variable Marketing Dollars, or VMD, increased to a record $55.9 million in the first quarter, up 19% from the prior year period. Variable Marketing Margin, or VMM, was 29.3% for the quarter, up both sequentially and year on year as the new traffic channels we invested in last quarter are starting to show better profitability.

Turning to operating expenses and the bottom line.

This quarter, we continued to demonstrate the strong operating leverage of the business. As Jayme said, AI and data have always been cornerstones of our business and have both fueled our operational efficiencies, and enhanced our revenue generation. As I said on the last call, we have effectively doubled our revenues over the past two years while keeping operating expenses nearly flat. AI is positively impacting our economic model, and we are now at a scale where we expect to continue to drive strong cashflow generation and year-on-year Adjusted EBITDA growth, even as we invest in the business.

In the first quarter, we grew GAAP net income to $18.7 million, up from $8.0 million in the prior year period.

Q1 Adjusted EBITDA increased 30% from the prior year period to $29.3 million, representing a 15.4% Adjusted EBITDA margin.

Cash operating expenses, which excludes advertising spend, and certain non-cash and other one-time charges, were $26.6 million in Q1, up from Q4, as expected.

We delivered record operating cash flow of $29.6 million for the first quarter.

In Q1, we repurchased approximately $19.9 million of shares under our share repurchase program.

We ended the period with no debt, and cash and cash equivalents of $178.5 million.

To recap, we are starting the year with positive momentum, driven by two primary factors: (1) we continue to execute well and deliver strong performance for both carriers and agents; and (2) we benefit from a strong and broadening overall demand as carriers continue to sit well below their targeted combined ratio and are seeking to grow policies in force.

Turning to guidance for the second quarter of 2026:

- We expect revenue to be between $185.0 and $195.0 million. Representing 21% year-over-year growth at the midpoint.
- We expect VMD to be between $55.0 and $57.0 million. Representing 23% year-over-year growth at the midpoint.
- And, we expect Adjusted EBITDA to be between $28.0 and 30.0 million. Representing 32% year-over-year growth at the midpoint.

Looking to the remainder of the year, we continue to see a healthy environment as carriers focus on growing policies in force, shift spend to digital channels and rely on EverQuote as a partner of choice.

We remain committed to our goal of achieving $1 billion in revenues over the next 2-3 years while generating strong cashflow and year on year Adjusted EBITDA growth. At the same time, we are continuing to build on our AI capabilities by making investments in: (i) developing AI-first products that can add incremental value to our customers; (ii) hiring additional AI talent and upskilling our existing team; and (iii) driving increasing efficiency by deploying agentic AI tools across every function in the company.

To summarize at a high level:

- Our continued strong financial performance reflects that our focused strategy to be a trusted growth partner for P&C insurance providers is working;
- We are executing amidst a strong market backdrop as carriers continue to shift spend to digital channels and choose EverQuote as a partner to drive customer acquisition and help them gain market share;
- Our ongoing growth and positive outlook offers clear evidence that AI is a tailwind for our business;
- We are building on our AI heritage to bring new value to customers and reinforce our position as an AI beneficiary long-term; and
- We remain committed to our path to a billion dollars in revenue while driving strong cash flow generation and year-on-year Adjusted EBITDA growth.

Jayme and I will now take your questions.