



NerdWallet Reports Third Quarter 2022 Results

November 2, 2022

Revenue of \$142.6 million, Up 45% Year-Over-Year

FINANCIAL HIGHLIGHTS

- Revenue of \$142.6 million
- GAAP net income of \$0.7 million and \$0.01 net income per diluted share
- Adjusted EBITDA of \$14.5 million

SAN FRANCISCO--(BUSINESS WIRE)--Nov. 2, 2022-- [NerdWallet, Inc.](#) (Nasdaq: NRDS), a platform that provides financial guidance to consumers and small and mid-sized businesses (SMBs), today reported financial results for its third quarter ended September 30, 2022.

"We continue to grow our business by executing against our three pillars of growth—'Land and Expand,' 'Vertical Integration,' and 'Registrations and Data-Driven Engagement'—which helped us exceed our revenue and Adjusted EBITDA results," said Tim Chen, Co-Founder and CEO of NerdWallet. "In Q3, we made progress toward our vision of becoming a trusted financial ecosystem by expanding into new financial categories, investing in our marketplace experiences, making significant product improvements and increasing user engagement and registrations."

"This quarter we delivered 45% year-over-year revenue growth and generated \$14.5 million of Adjusted EBITDA driven by success across our credit cards, banking, personal loans and SMB verticals," said Lauren StClair, CFO of NerdWallet. "Our diversified business positions us well to continue scaling, while we strategically invest in our brand and product vision for long-term growth."

THIRD QUARTER 2022 HIGHLIGHTS

- Credit cards revenue of \$57.4 million grew 59% year-over-year, reflecting our ability to capitalize on higher consumer intent through improved user experiences combined with our deep alignment with partners to deliver quality matches.
- Loans revenue of \$28.4 million was down 12% year-over-year, primarily due to a decrease in mortgages driven by higher interest rates and continuing macroeconomic headwinds, partially offset by strong growth in personal loans driven by both organic growth as well as incorporating our recent acquisition of On the Barrelhead.
- Other verticals revenue of \$56.8 million was up 87% year-over-year, driven by strong growth in SMB products and banking.
- We had 19 million average Monthly Unique Users (MUUs), which was up 11% year-over-year. We saw strong engagement in areas such as banking, travel and SMB products, and are also now incorporating our recent acquisition. Partially offsetting growth were declines from a continued challenging macroeconomic environment in both mortgages and investing.

SUMMARY FINANCIAL RESULTS

	Quarter Ended		% Change YoY	Quarter Ended	
	Sep 30, 2022	Sep 30, 2021		Jun 30, 2022	% Change QoQ
<i>(in millions, except per share amounts)</i>					
Revenue	\$ 142.6	\$ 98.5	45%	\$ 125.2	14%
Credit cards ⁽¹⁾	57.4	36.1	59%	54.6	5%
Loans ⁽²⁾	28.4	32.2	(12%)	24.0	18%
Other verticals ⁽³⁾	56.8	30.2	87%	46.6	22%
Income (loss) from operations	\$ (8.8)	\$ 6.3	NM	\$ (9.0)	(3%)
Net income (loss)	\$ 0.7	\$ (7.8)	NM	\$ (9.3)	(108%)
Net income (loss) per share					
Basic	\$ 0.01	\$ (0.16)	NM	\$ (0.14)	NM
Diluted	\$ 0.01	\$ (0.16)	NM	\$ (0.14)	NM
Non-GAAP financial measure⁽⁴⁾					
Adjusted EBITDA	\$ 14.5	\$ 21.2	(31%)	\$ 12.7	15%
Cash and cash equivalents	\$ 138.4	\$ 51.5	169%	\$ 125.8	10%

Average monthly unique users⁽⁵⁾	19	17	11%	20	(3%)
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(1) Credit cards revenue consists of revenue from consumer credit cards.

(2) Loans revenue includes revenue from mortgages, personal loans, student loans and auto loans.

(3) Other verticals revenue includes revenue from other product sources, including SMB products, banking, insurance, investing and NerdWallet UK.

(4) Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Financial Measure" for more information.

(5) We define a Monthly Unique User as a unique user with at least one session in a given month as determined by unique device identifiers.

QUARTERLY CONFERENCE CALL

A conference call to discuss NerdWallet's third quarter 2022 financial results will be webcast live today, November 2, 2022 at 1:30 PM Pacific Time (PT). The live webcast is open to the public and will be available on NerdWallet's investor relations website at <https://investors.nerdwallet.com>. Following completion of the call, a recorded replay of the webcast will be available on NerdWallet's investor relations website.

SHAREHOLDER LETTER

A shareholder letter providing additional information and analysis can be found at NerdWallet's investor relations website at <https://investors.nerdwallet.com>.

ABOUT NERDWALLET

NerdWallet (Nasdaq: NRDS) is on a mission to provide clarity for all of life's financial decisions. As a personal finance website and app, NerdWallet provides consumers with trustworthy and knowledgeable financial information so they can make smart money moves. From finding the best credit card to buying a house, NerdWallet is there to help consumers make financial decisions with confidence. Consumers have free access to our expert content and comparison shopping marketplaces, plus a data-driven app, which helps them stay on top of their finances and save time and money, giving them the freedom to do more. NerdWallet is available for consumers in the U.S., UK and Canada.

"NerdWallet" is a trademark of NerdWallet, Inc. All rights reserved. Other names and trademarks used herein may be trademarks of their respective owners.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Revenue	\$ 142.6	\$ 98.5	45%	\$ 396.9	\$ 280.1	42%
Costs and Expenses:						
Cost of revenue	11.7	7.5	56%	27.6	21.3	30%
Research and development	20.7	16.6	24%	58.2	43.6	33%
Sales and marketing	103.2	56.6	82%	288.1	207.8	39%
General and administrative	15.4	9.1	70%	43.8	26.9	63%
Change in fair value of contingent consideration related to earnouts	0.4	2.4	(87%)	6.1	10.1	(40%)
Total costs and expenses	151.4	92.2	64%	423.8	309.7	37%
Income (Loss) From Operations	(8.8)	6.3	NM	(26.9)	(29.6)	(9%)
Other expense, net:						
Interest income	0.5	—	NM	0.6	—	NM
Interest expense	(0.9)	(0.4)	155%	(1.3)	(1.1)	24%
Other gains (losses), net	—	(0.1)	NM	—	1.1	NM
Total other expense, net	(0.4)	(0.5)	15%	(0.7)	—	NM
Income (loss) before income taxes	(9.2)	5.8	NM	(27.6)	(29.6)	(6%)
Income tax provision (benefit)	(9.9)	13.6	NM	(8.5)	5.0	NM
Net Income (Loss)	\$ 0.7	\$ (7.8)	NM	\$ (19.1)	\$ (34.6)	(45%)

Net Income (Loss) Per Share Attributable to Common Stockholders

Basic	\$ 0.01	\$ (0.16)	NM	\$ (0.28)	\$ (0.70)	(60%)
Diluted	\$ 0.01	\$ (0.16)	NM	\$ (0.28)	\$ (0.70)	(60%)

Weighted-Average Shares Used in Computing Net Income (Loss) Per Share Attributable to Common Stockholders

Basic	73.4	49.8	69.2	49.2
Diluted	75.0	49.8	69.2	49.2

CONDENSED CONSOLIDATED BALANCE SHEETS
Unaudited

<i>(in millions)</i>	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 138.4	\$ 167.8
Accounts receivable	87.2	57.6
Prepaid expenses and other current assets	21.0	17.4
Total current assets	246.6	242.8
Property, equipment and software — net	47.1	34.9
Goodwill	110.7	43.8
Intangibles — net	68.3	27.6
Right-of-use assets	11.9	13.9
Other assets	0.7	1.1
Total Assets	\$ 485.3	\$ 364.1
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5.8	\$ 3.2
Accrued expenses and other current liabilities	48.6	32.1
Contingent consideration — current	30.3	30.5
Total current liabilities	84.7	65.8
Contingent consideration — noncurrent	—	24.2
Debt — noncurrent	70.0	—
Deferred tax liability — noncurrent	1.2	1.8
Other liabilities — noncurrent	10.8	14.7
Total liabilities	166.7	106.5
Commitments and contingencies		
Stockholders' equity	318.6	257.6
Total Liabilities and Stockholders' Equity	\$ 485.3	\$ 364.1

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

<i>(in millions)</i>	Nine Months Ended September 30,	
	2022	2021
Operating Activities:		
Net loss	\$ (19.1)	\$ (34.6)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	25.6	19.9
Stock-based compensation	25.3	10.8
Change in fair value of contingent consideration related to earnouts	6.1	10.1
Deferred taxes	(12.5)	4.6
Non-cash lease costs	2.0	5.8
Other, net	0.9	(0.6)
Changes in operating assets and liabilities, net of business combination:		
Accounts receivable	(18.7)	(18.7)
Prepaid expenses and other assets	(2.0)	(4.8)
Accounts payable	(4.0)	(1.7)
Accrued expenses and other current liabilities	15.9	15.2
Payment of contingent consideration	(11.5)	—
Operating lease liabilities	(1.7)	(7.9)
Other liabilities	(1.4)	0.4
Net cash provided by (used in) operating activities	4.9	(1.5)
Investing Activities:		
Capitalized software development costs	(20.5)	(15.6)
Purchase of property and equipment	(4.3)	(0.7)
Business combination, net of cash acquired	(69.5)	—
Net cash used in investing activities	(94.3)	(16.3)
Financing Activities:		
Payment of contingent consideration	(19.0)	—

Proceeds from line of credit	70.0	—
Proceeds from exercise of stock options	6.2	7.1
Issuance of Class A common stock under Employee Stock Purchase Plan	3.2	—
Repurchase of Class A common stock	—	(0.5)
Repurchase of Class F common stock	—	(12.4)
Repurchase of stock options	—	(1.4)
Repurchase of Series A redeemable convertible preferred stock	—	(2.1)
Tax payments related to net-share settlements on restricted stock units	(0.1)	(1.9)
Payment of offering costs related to initial public offering	—	(3.0)
Net cash provided by (used in) financing activities	60.3	(14.2)
Effect of exchange rate changes on cash and cash equivalents	(0.3)	0.1
Net decrease in cash and cash equivalents	(29.4)	(31.9)
Cash and Cash Equivalents:		
Beginning of period	167.8	83.4
End of period	\$ 138.4	\$ 51.5

NON-GAAP FINANCIAL MEASURE

Adjusted EBITDA

We use Adjusted EBITDA in conjunction with GAAP measures as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, to evaluate the effectiveness of our business strategies, and to communicate with our Board of Directors concerning our financial performance.

We define Adjusted EBITDA as net income (loss) from continuing operations adjusted to exclude depreciation and amortization, interest expense, net, provision (benefit) for income taxes, and further exclude (1) loss (gain) on impairment and on disposal of assets, (2) remeasurement of the embedded derivative in our previously outstanding long-term debt, (3) change in fair value of contingent consideration related to earnouts, (4) deferred compensation related to earnouts, (5) stock-based compensation, and (6) acquisition-related costs.

The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, or because the amount is not driven by core operating results and renders comparisons with prior periods less meaningful.

We believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results and in comparing operating results across periods. Moreover, Adjusted EBITDA is a key measurement used by our management internally to make operating decisions, including those related to analyzing operating expenses, evaluating performance, and performing strategic planning and annual budgeting. However, the use of this non-GAAP measure has certain limitations because it does not reflect all items of income and expense that affect our operations. Adjusted EBITDA has limitations as a financial measure, should be considered as supplemental in nature, and is not meant as a substitute for the related financial information prepared in accordance with GAAP. These limitations include the following:

- Adjusted EBITDA does not reflect interest income (expense) and other gains (losses), net, which include unrealized and realized gains and losses on foreign currency exchange and the embedded derivative in our previously outstanding long-term debt, as well as certain nonrecurring gains (losses);
- Adjusted EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment, amortization of intangible assets, and losses/gains on disposal of assets. Although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation, including for acquisition-related inducement awards, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy; and
- Adjusted EBITDA excludes acquisition-related costs, including acquisition-related retention compensation under compensatory retention agreements with certain key employees, acquisition-related transaction expenses, contingent consideration fair value adjustments related to earnouts, and deferred compensation related to earnouts.

In addition, Adjusted EBITDA as we define it may not be comparable to similarly titled measures used by other companies. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net income (loss) and our other GAAP results.

We compensate for these limitations by reconciling Adjusted EBITDA to net income (loss), the most comparable GAAP financial measure, as follows:

<i>(in millions)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	% Change	2022	2021	% Change
Net income (loss)	\$ 0.7	\$ (7.8)	NM	\$ (19.1)	\$ (34.6)	(45%)
Depreciation and amortization	10.8	7.1	54%	25.6	19.9	29%
Stock-based compensation	9.1	4.3	110%	25.3	10.8	134%
Acquisition-related retention	1.4	—	NM	1.4	—	NM

Deferred compensation related to earnouts	0.4	0.6	(30%)	1.2	1.5	(17%)
Loss on disposal of assets	—	0.5	(100%)	—	0.8	(100%)
Change in fair value of contingent consideration related to earnouts	0.4	2.4	(87%)	6.1	10.1	(40%)
Acquisition-related expenses	1.2	—	NM	3.4	0.1	NM
Interest expense, net	0.4	0.4	30%	0.7	1.1	(31%)
Other (gains) losses, net	—	0.1	NM	—	(1.1)	NM
Income tax provision (benefit)	(9.9)	13.6	NM	(8.5)	5.0	NM
Adjusted EBITDA	<u>\$ 14.5</u>	<u>\$ 21.2</u>	<u>(31%)</u>	<u>\$ 36.1</u>	<u>\$ 13.6</u>	<u>166%</u>
Net income (loss) margin	0%	(8%)		(5%)	(12%)	
Adjusted EBITDA margin ¹	10%	21%		9%	5%	

(1) Represents Adjusted EBITDA as a percentage of revenue.

FINANCIAL OUTLOOK

We are providing guidance for the fourth quarter of 2022:

- Revenue is expected in the range of \$138 - \$141 million, 40% year-over-year growth rate at midpoint
- Adjusted EBITDA is expected in the range of \$26 - \$28 million

We expect a 2022 annual Adjusted EBITDA margin of approximately 12%, a year-over-year increase of approximately five percentage points.

NerdWallet has not provided a quantitative reconciliation of forecasted GAAP net income (loss) to forecasted total Adjusted EBITDA within this communication because the Company is unable, without making unreasonable efforts, to calculate certain reconciling items with confidence. These items include, but are not limited to: income taxes which are directly impacted by unpredictable fluctuations in the market price of the Company's capital stock; depreciation and amortization expense from acquisitions; impairments of assets; gains or losses on extinguishment of debt and acquisition-related costs. These items, which could materially affect the computation of forward-looking GAAP net income (loss), are inherently uncertain and depend on various factors, many of which are outside of NerdWallet's control. For more information regarding the non-GAAP financial measure discussed in this communication, please see "Non-GAAP Financial Measure" above.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release are forward-looking statements, including, but not limited to, the statements in the section titled "Financial Outlook." In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to navigate macroeconomic challenges such as market volatility, inflation and an increasing interest rate environment;
- our expectations regarding the benefits of our acquisition of On the Barrelhead, including expected accretive contributions to our revenue and adjusted EBITDA;
- our ability to successfully integrate On the Barrelhead and achieve our expected synergies from this acquisition;
- our expectations regarding our future financial performance, including total revenue, cost of revenue, Adjusted EBITDA and MUUs;
- our ability to grow traffic and engagement on our platform;
- our expected returns on marketing investments and brand campaigns;
- our expectations about consumer demand for the products on our platform in 2022;
- our ability to convert users into Registered Users and improve repeat user rates;
- our ability to convert consumers into matches with financial services partners;
- our ability to grow within existing and new verticals, including our ability to expand SMB product marketplaces;
- our ability to expand geographically;
- our ability to build efficient and scalable technical capabilities to deliver personalized guidance and nudge users;
- our ability to maintain and enhance our brand awareness and consumer trust;
- our ability to generate high quality, engaging consumer resources;
- our ability to adapt to the evolving financial interests of consumers;
- our ability to compete with existing and new competitors in existing and new market verticals;
- our ability to maintain the security and availability of our platform;
- our ability to maintain, protect and enhance our intellectual property;
- the sufficiency of our cash, cash equivalents, and investments to meet our liquidity needs; and
- our ability to successfully identify, manage, and integrate any existing and potential acquisitions.

You should not rely on forward-looking statements as predictions or guarantees of future events. We have based the forward-looking statements contained in this press release primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. These forward-looking statements are subject to risks, uncertainties and other factors that may cause actual results or outcomes to be materially different from any future results expressed or implied by these forward-looking statements, including those factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and in other filings we make with the SEC from time to time.

The forward-looking statements made in this press release are made only as of the date hereof. We undertake no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

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