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Q2 2024 NERDWALLET INC EARNINGS CALL

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- **Operator**
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- **Justin Patterson** *KeyBanc - Analyst*
- **Michael Infante** *Morgan Stanley - Analyst*
- **Jed Kelly** *Oppenheimer & Co - Analyst*
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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the NerdWallet, Inc., Q2 2024 earnings call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Caitlin McNamee, Investor Relations.

Please go ahead.

Caitlin MacNamee *NerdWallet Inc - Head, Investor Relations*

Thank you, operator. Welcome to the NerdWallet Q2 2024 earnings call. Joining us today are Co-founder and Chief Executive Officer, Tim Chen; and Chief Financial Officer, Lauren StClair. Our press release and shareholder letter are available on our Investor Relations website and a replay of this update will also be available following the conclusion of today's call.

We intend to use our Investor Relations website as a means of disclosing certain material information and complying with disclosure obligations under SEC Regulation FD from time to time. As a reminder, today's call is being webcast live and recorded.

Before we begin today's remarks and question-and-answer session, I would like to remind you that certain statements made during this call may relate to future events and expectations, and as such, constitute forward-looking statements.

Actual results and performance may differ from those expressed or implied by these forward-looking statements as a result of various risks and uncertainties, including the risk factors discussed in reports filed or to be filed with the SEC.

We urge you to consider these risk factors and remind you that we undertake no obligation to update the information provided on this call to reflect subsequent events or circumstances. You should be aware that these statements should not be considered a guarantee of future performance.

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Furthermore, during this call, we will present both GAAP and non-GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is included in today's earnings press release, except where we are unable without reasonable efforts to calculate certain reconciling items with confidence.

With that, I will now turn it over to Tim Chen, our Co-Founder and CEO. Tim?

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Thanks, Caitlin. Over the past several years, I've spoken to you frequently about NerdWallet's long-term orientation. Our business is cyclical, and headwinds and tailwinds will offset each other over time. So our priority is growing from cycle to cycle, which we've done through a pandemic, a regional banking crisis, a prolonged zero interest rate period, and a series of rate hikes.

A large part of our ability to grow consistently through such a varied set of cycles has been our diversification since macroeconomic conditions pressuring one area of our business will tend to lift another area of our business.

In Q2, we hit an air pocket in the cycle. The banking market started to decelerate as consumer demand for products like high interest savings accounts waned, but the absence of rate cuts and elevated delinquency rates mean we have not yet seen a corresponding uptick in our loans business.

We expect a tailwind in loans and credit cards when widely anticipated rate cuts materialize, and as delinquency rates stabilize then improve. However, this quarter, we saw a significant uptick in our insurance business, which grew revenue 196% year over year as carriers came back online and consumer demand increased.

Because insurance is legally mandated, it is not subject to the same credit cycle drivers as our other verticals, and our results in the category this quarter further highlight the benefit of our diversification. Through this transition period, we've shown our business' durability.

We ended Q2 in line with our expectations for revenue growing 5% year over year despite headwinds and monthly unique users, while down quarter-over-quarter, still grew 7% year over year.

With that said, we fell short of our goal for non-GAAP operating income due to a higher mix of paid marketing based revenue. We attribute this to two factors: first, in Q2, we saw unexpected headwinds in organic search traffic. Although we are seeing early signs of recovery here, our expectations bake in a conservative outlook in terms of the timing and magnitude of a full recovery.

Second, we have made significant improvements to our insurance marketplaces that have opened up the ability to scale performance marketing channels while registering a large percentage of traffic, allowing us to proactively reengage these consumers over time. This contributed to increasing our cumulative registration base to 22 million users in Q2.

We've extended these improvements to other verticals, which should increase our ability to pay to acquire users profitably while registering more of our traffic as macro conditions accelerate our loans business. These registered users should lead to future organic growth as registered users have 5 times lifetime value of nonregistered users. Moreover, with early signals indicating organic search traffic recovery, I continue to feel we have a path to achieve the mid- and long-term targets we shared in March of this year.

We have made strategic decisions to reduce portions of our cost base. As a result, yesterday, we completed a reduction in force, which we expect to lead to approximately $30 million in annualized cost savings. I would like to take a moment and reiterate my sentiments from the statement contained in yesterday's 8-K filing. Saying goodbye to fellow Nerds is never easy, and we're dedicated to supporting each of them through this transition.

The primary objective behind our continued push for efficiency is to invest more in our most important long-term strategic initiatives. Previously, I've shared our focus on bringing more consumers and SMBs to NerdWallet directly by making it a no-brainer to shop for financial products in our trusted financial ecosystem. We see our vertical integration efforts as key to achieving this vision.

Earlier this year, we also launched a paid membership offering that will help us make this vision a reality. NerdWallet+, which rewards members for healthy financial behavior and provides access to better rates on certain products from participating financial institutions. This initiative is in its early days, but our increased efficiency will allow us to double down on improved consumer experiences like this in addition to relentlessly improving our core business.

In Q2, we continued investing across our strategic pillars. Land and expand is a significant driver of our diversification, extending our brand and reach to new categories and geographies as well as audiences. In Q2, we made progress in international expansion as

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we launched our first credit cards product overview in Australia. Our Canada team also continues to expand in key categories like mortgages, capitalizing on the Bank of Canada's recent rate cut to drive traffic to our site, growing MUUs by 20% year over year.

Meanwhile, in the US, we continue to invest in building strong off page audiences, including on YouTube and TikTok, but most notably with our Smart Money podcast. Since the start of the year, we have more than doubled our podcast follower account and we ended Q2 consistently ranking as one of Apple's top investing podcasts.

As we look to drive more direct traffic to NerdWallet, we've invested significantly in vertical integration with the hypothesis that offering consumers more convenient, personalized shopping experiences will increase their likelihood of registering and overall brand loyalty.

In Q2, NerdWallet Advisors expanded to offer NerdWallet Coach, an AI-enhanced financial planning tool while also scaling our digital RIA offering. At the same time, our loans team continued to extend our loan matching technology to provide shoppers with better outcomes, directing personal loan shoppers who could also qualify for home equity loan to a new cross-sell experience.

In SMB, we introduced new AI train models to replace a third-party processing service with the goal of saving significant time off our human-assisted brokering process. We also continue to optimize our use of machine learning to route shoppers to the best experience based on their needs, a model that we recently introduced in our auto insurance marketplace with further expansion plans in the future.

As I shared in Q2, we increased our cumulative registration base to 22 million users. We know there is considerable long-term upside to registering users. Registered users are easier for us to reengage to come back to NerdWallet directly, and as discussed, they have 5 times the lifetime value of non-registered visitors. We attribute our growth this quarter to our push to offer more personalized shopping experiences.

Additionally, we have made significant progress on our ability to reengage users with more personalized targeted cross-sell offers once they've registered with us. We also made progress in our new paid membership initiative, NerdWallet+.

In Q2, we launched our first NerdWallet+ banking offer, providing members with $100 reward after opening a high-yield savings account and setting up direct deposit. We also introduced Ask a Nerd, which offers NerdWallet+ members more personalized financial guidance.

Before I hand it over to Lauren, I want to thank the Nerds for their hard work and focus this past quarter as we navigated headwinds in areas of our business, including those Nerds we unfortunately had to part ways with yesterday. These decisions were not a reflection on them, but rather a necessary step to right size and align to meet the needs of our consumers and the business as we pursue sustainable long-term growth. Lauren?

Lauren StClair *NerdWallet Inc - Chief Financial Officer*

Thanks, Tim. We ended the quarter within our revenue guidance range, delivering Q2 revenue of $151 million, up 5% year over year. While we remain in a cyclically depressed lending environment and are seeing continued slowdown in areas such as banking, we believe that our return to revenue growth in our second quarter results showcase signs of a recovery. We expect to maintain this growth path as the lending environment improves and as we see continued strength in insurance.

Let's take a deeper look at the revenue performance during the quarter within each category. Credit cards delivered Q2 revenue of $46 million, declining 10% year over year. We're still facing conservatism in balance sheet-intensive areas such as balance transfer cards. And while we continue to believe that these dynamics are temporal rather than structural, they weighed on our year-over-year results.

We saw our seasonal cadence of a quarter-over-quarter decline from Q1 to Q2, but as Tim mentioned, we are also facing broader pressures in organic search traffic. We believe we will see an eventual recovery as issuer appetite returns and consumer underwriting sensitive metrics remain healthy.

Loans generated Q2 revenue of $22 million, declining 6% year over year. Our personal loans vertical declined 17% year over year, a growth deceleration versus Q1 levels as we start to lap tougher comparisons from 2023, though we did see moderate sequential improvement quarter over quarter.

As we mentioned previously, while we do not expect to fully recover from the pullback that began at the end of last year, we are starting to see early signs of improvement despite remaining in a tight lending environment.

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We still believe that there is a backlog of consumer demand in personal loans as high loan rates have reduced the incentive for consumers to refinance credit card debt, and elevated delinquency rates have kept underwriting standards tight.

Partially offsetting the declines in personal loans was growth in both mortgages and student loans. Q2 was the first quarter of year-over-year revenue growth in mortgages in over two years and was primarily driven by strength in home equity products as consumers access the record levels of equity in their homes.

We believe that we remain in a prime position to take advantage of further increasing loan demand as it surfaces. SMB products, consisting of loans, credit cards, and other financial products and services intended for small and midsized businesses delivered Q2 revenue of $26 million, growing 10% year over year.

SMB loans, particularly in originations, saw an increasing amount of pressure in Q2 as elevated rates and tighter underwriting persisted, combined with some of the organic search traffic challenges. So we continue to drive growth in the quarter with our diversified product offerings for small and midsized businesses in areas such as credit cards and banking.

We believe we have a substantial runway for growth in both diversifying SMB subcategories as well as scaling SMB loans over the long run, though expect to face a tougher growth profile in the near term as we await a more robust lending environment.

Finally, our emerging verticals, formerly named our other verticals product revenue category, finished Q2 with revenue of $57 million, growing 25% year over year. As a reminder, after the regrouping of SMB products revenue, emerging verticals consist of areas such as banking, insurance, investing, and international.

Insurance revenue grew 196% year over year in Q2, more than offsetting other pressured areas in emerging verticals. We are seeing consistently improving demand from both consumers and partners and believe that the end market will continue to improve, assuming inflation remains stable. Partially offsetting this growth, banking declined 26% year over year as we saw decelerating consumer demand during the quarter.

As we mentioned in Q1, this decline is primarily from softness in organic demand and is contributing to the overall margin pressure we saw in Q2. The decline in banking was combined with a sequential slowdown in investing as we came off a strong Q1 driven by stock market strength at the beginning of the year.

Moving on to investments and profitability. During Q2, we had a $2.7 million non-GAAP operating loss and missed our Q2 guidance range. The decline in profitability versus our expectations was primarily driven by the headwinds in organic search traffic, combined with a steeper-than-expected decline in banking. Compared to prior quarters, where despite revenue declines, we saw year-over-year margin accretion, we spent only a moderately lower amount of brand versus Q2 of last year, delivering minimal margin accretion.

We believe continuing to invest in brand advertising even through cyclical troughs will benefit the brand in the long term, and we will be data driven on the levels at which we spend during shorter time frames. We also earned over $14 million of adjusted EBITDA.

In the second quarter, we had GAAP operating loss of $9.6 million and net loss of $9.4 million, which includes a $1.1 million income tax provision. Similar to what we've mentioned in previous quarters, we expect to be a cash taxpayer for the foreseeable future. Please refer to today's earnings press release for a full reconciliation of our GAAP to non-GAAP measures.

Consumers continue to turn to the Nerds for their money questions. We provided trustworthy guidance to 23 million average monthly unique users in Q2, up 7% year over year. We still saw strength in many areas across NerdWallet such as travel, investing, and insurance.

As we mentioned previously, we have been seeing strong consumer demand for our content, though our learn focused content became a larger portion of where consumer demand was concentrated in the past few quarters, causing pressure on revenue per MUU. Versus Q1, we saw our normal seasonal decline amplified by softening organic consumer interest in banking, investing, and taxes.

As an example of some of the idiosyncratic events that have now subsided, Q1 investing traffic had been bolstered by interest in the stock market as well as Bitcoin strength. We believe that we experienced a stronger than our typical seasonal demand last year primarily in our learn content. And while we continue to see high levels of interest in certain areas of the business, we will begin lapping those high growth rates during the second half.

As a result, we expect to see revenue growth outpace MUU growth in the short term, but believe we can deliver a double-digit, two-year compounded annual growth rate for the full year showcasing our ability to drive increasing consumer demand through the NerdWallet brand.

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On to our financial outlook. Similar to what we discussed last quarter, we believe that we still have line of sight to accelerating levels of revenue growth. We will continue providing quarterly guidance along with a mix of quantitative and qualitative commentary for full-year expectations.

We expect to deliver third-quarter revenue in the range of $172 million to $180 million, which at the midpoint, would increase 15% versus prior year. To give you more color on our Q3 revenue expectations, we typically see a sequential increase in our overall revenue from Q2 to Q3, which we expect to happen this year.

The primary driver of quarter-over-quarter revenue growth is expected to come from strength in insurance, while we expect to continue facing tight lending conditions across both credit cards and loans. We remain confident in our ability to drive consistent double-digit growth in the second half, though given more recent softness in SMB loans revenue, we no longer expect SMB to be as a large of a revenue growth driver as we await lending macro improvements.

Moving to profitability. We expect Q3 non-GAAP operating income in the range of $17 million to $21 million. We expect to have $8 million to $10 million of restructuring charges recognized in the third quarter. Our non-GAAP operating income outlook assumes expected cost reductions as a result of these actions should deliver approximately $30 million in annualized expense savings inclusive of stock-based compensation.

As it relates to our brand investment, we will still be running brand campaigns to support long-term engagement but expect to invest less than we did during the second half of 2023, while we rightsized the investment for current returns.

The headwinds we are facing in our organic search traffic are putting pressure on our near-term margins, lowering second-half expectations. We have been through some of these challenges in the past, and while we're seeing early signs of recovery, we're baking in some conservatism to our 2024 outlook. We now expect full-year '24 non-GAAP OI margin of approximately 5.75% to 7% of revenue, and adjusted EBITDA margin in the range of 14.75% to 15.75% of revenue.

Roughly one-third of the non-GAAP OI margin decrease versus our previous guidance midpoint is driven by the miss versus our expectations in Q2, and the remainder is driven by the revenue mix pressure as we see a larger portion of our revenue growth coming from paid marketing, partially offset by the cost reductions we've made.

As we've mentioned in the past, we view paid marketing as a means to an end, and we'll continue to spend in a disciplined manner with the aim to be paid back within the quarter in which we spend and expect paid marketing to remain a larger component of our monetizing traffic in the future.

We expect that as we see recovery in the interest rate sensitive areas of our business, we will experience both organic and paid marketing-driven revenue growth to support margin accretion in future years.

We believe that there is still a path to the medium- and long-term targets that we issued back in March, and despite remaining in a cyclically depressed portion of the cycle for many of our prime lending verticals, our expected second half revenue outlook puts us well on the way back to the cycle-to-cycle growth levels, we believe we can deliver over the long run.

We missed on our profitability commitments to you this quarter, and we take that very seriously. But we are proud of the way our Nerds have rallied around improving the things within our control and are operating with an even sharper focus towards our long-term vision as we work to directly connect with and reengage users over time.

With that, we're ready for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ralph Schackart, William Blair.

Ralph Schackart *William Blair - Analyst*

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Hi. Good afternoon. Thanks for taking my question. Just wanted to touch on the search traffic commentary and as well as organic I think in the prepared remarks on the call, you had said some of that organic traffic had returned. Just want to get a sense of how much of that organic traffic has returned since the quarter? And then I have a follow-up, please.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah, I'll take that. So during Q2, yes, like we said, major algorithm update and created meaningful headwinds on our search ads, and to a lesser extent, our traffic. So I'd characterize it as saying it's stabilized and started getting a little better. Generally speaking, we think search is working well when it matches user intent and surfaces the best answers. And by that standard, we and a lot of industry observers felt like things went a bit haywire last quarter.

So for example, let's say, you're searching for a small business loan. You ideally, I think, want to comparison shop relevant choices, leveraging a brand you trust. And so if you see a government website explaining what a small business loan is, that doesn't help, neither does a nonprofit website showcasing local grants nor is it helpful to see a regional bank that doesn't do small business loans, right?

So we think it's inevitable, some of these kinks get worked out because there are strong commercial incentives for search engines to get it right. They want happy customers who keep coming back so they can sell more search ads.

So that being said, given recent volatility, we baked in some extra conservatism going forward. And we've taken out about $30 million in annualized costs, which feels appropriate, but this would turn into a tailwind if things get better.

And so our past experience tells us that a period of testing like this tends to be followed by a long period of normalization. And in the long run, matching user intent and high-quality content is really a win-win. So I mean, we took a $2.7 million hit on Q2 NGOI versus the midpoint of our prior guidance, which is definitely not how we want to show up as stewards of your capital.

However, relative to the magnitude of the headwinds we saw, it does highlight the progress we've made I think really over the past five years in building a brand and registering users, those things have insulated us from a worse outcome. And so looking forward, the investments we're making behind registered user experiences like NerdWallet+, and in vertical integration, will further diversify our business from any particular channel and deepen our direct relationship with our users.

Ralph Schackart *William Blair - Analyst*

That's really helpful. Just a follow-up on the cost savings. I think you called out about $30 million annually. Just curious about how much of this annualized savings do you expect to flow through the income statement versus opportunities to maybe reinvest some of this. Thank you.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah. I guess I'd characterize it as like we took down annual guidance for NGOI. So I mean it's roughly offsetting some of the impact from search as well as the falloff in banking that we talked about.

Lauren StClair *NerdWallet Inc - Chief Financial Officer*

Yeah. And I'll just add that despite some of the savings that we have, we still will have the same discipline in terms of how we think about investing all of our capital and we'll continue to do that in a disciplined way, but it doesn't change how we think about investing for the long term.

Ralph Schackart *William Blair - Analyst*

Okay. Great. Thanks.

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Operator

Justin Patterson, KeyBanc.

Justin Patterson *KeyBanc - Analyst*

Great. Thanks. I guess following up on Ralph's search question. AI overviews is another thing that rolled out during the period. Could you see any headwinds from that? Or just any initial learnings around that product? And then I've got one follow-up.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah. Not much of an impact. I think if anything, well, when we think about this in two ways, right? So first is Google's share. And so in recent months, we haven't seen a share shift from Google's alternative platforms in terms of where people start their search.

If anything, there are some signs that Google is actually gaining share. Sell-side analysts recently reported that Google search market share increased month over month in June. And ChatGPT web visits actually fell 12% month over month.

And so I think from that perspective, the AI overviews you mentioned are interesting, right? So Google has embedded this into a lot of their search results. And so there's not maybe as great of a reason to open up a separate app for an AI answer, especially when you consider that Google Search is embedded in Chrome. It's -- they've got Android, and they have that special relationship with Apple. So we don't think that's likely to have much of an impact, and we're not seeing it right now.

Justin Patterson *KeyBanc - Analyst*

Got it. And then I just wanted to come back to something you're closing with just around marketing. Should we be thinking about this as just a temporary mix shift toward more paid marketing over the near term? Or is this more like a higher for longer paid marketing is now something that should be like a bigger piece of the business going forward? Thank you.

Lauren StClair *NerdWallet Inc - Chief Financial Officer*

Yeah. Hi, Justin. I'll take this one. So despite some of the recent challenges we've called out in organic search traffic, we still see that over 70% of our traffic comes through organic channels. And that's allowed us to reinvest in more acquisition channels like brand and performance marketing.

Our approach on how we operate performance marketing, though has not changed. We do so in a disciplined way, aiming to be in-quarter profitable and adding incremental non-GAAP OI dollars.

We also remind everyone to keep in mind that we look at performance marketing as a variable expense, and we can dial it up or down depending on our returns. And we also view it as a means to an end as part of our registration and engagement initiatives.

We see increased spend as a positive as performance marketing as a flexible lever to add incremental non-GAAP OI dollars, getting more folks the opportunity to register and to continue to take share.

In Q2, we leaned in a bit more due to the strength we saw in areas such as insurance, and where we see opportunities in the future, you can expect us to invest more heavily. And in verticals where we're seeing conservatism with partners, you'll see us pull back, which we can do in pretty short order.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yes. I'd probably tag on, too, right? Like our improvements in improving personalization have led to conversion improvements, for example, in our insurance vertical right? And what that does is it opens up paid channels in a bigger way. So we think that there -- this is incremental, right? We're basically getting better at serving consumers and therefore, we're becoming more competitive in paid as well.

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Justin Patterson *KeyBanc - Analyst*

Right. Thank you, both.

Operator

Michael Infante, Morgan Stanley.

Michael Infante *Morgan Stanley - Analyst*

Thanks for taking our question. Tim, I just wanted to follow up on some of the commentary just on the credit cards and the loans verticals, obviously, still seeing some stress there generally. But I think in terms of tracking some of the card issuers and lenders that you partner with, it looks like the second derivative at least on the delinquency side, is starting to improve, and we're arguably very close to peak losses. So just curious how you're thinking about how that sets up for you from a backdrop perspective in 4Q and beyond? Thanks.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah. I think that's spot on, right? So just as some context, right? Credit card revenue peaked in Q1 of '23 alongside the regional banking crisis and yes. Since then, the delinquencies has gone up and then they've plateaued and then are on the way down in some cases.

So that means since Q1 '23 underwriting has tightened a lot. And then also, I'd call out again, the bigger balance transfer players are still a bit balance sheet constrained post SVB, and so their appetite is still constrained.

It's unusual to see, for example, caps on acquiring high FICO borrowers such as your typical balance transfer credit card customer. However, that seems to be easing, right? As the regulatory ratio requirements seem to be trending better than some of the worst-case scenarios.

So what we're seeing day to day is in our conversations, we're seeing budgets start to improve, which sure beats shrinking budgets, but we're still not fully back. And I think the hard thing to call really is just the timing. But yeah, certainly declining delinquencies and increasing budgets are good leading indicators.

Michael Infante *Morgan Stanley - Analyst*

That's helpful. And then for my follow-up, I just had a couple of questions on the NerdWallet+ membership. I was looking at some of the rewards payouts and it looks like the reward for opening a credit card is roughly 2x that of debit.

So I was curious, is there any read there just in terms of maybe the bounty or the pricing that's being paid for opening up a credit card versus another product? And as we play this out over the medium term, do you intend to roll out some of that rewards functionality across the full breadth of solutions that you have on the platform? Thanks.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah. So the way to think about this, right? Our third growth pillar is registration and data-driven engagement. So NerdWallet+ is a paid membership that gives you rewards for being smart with your money. And we think it's a great deal for consumers.

So yeah, right now, we're charging members an annual fee of $49 and they can earn back up to $350, whether through rewards for making smarter decisions about their finances or better deals on exclusive financial products and tools.

So in terms of some of those rewards, yeah, sure, there's probably a correlation between what we can give back to users and some -- maybe some of like what the going rates are on those products. But as we think about bringing more users to us directly, this is an

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area where we'll be investing more to achieve our long-term vision.

Michael Infante ***Morgan Stanley - Analyst***

Thanks, Tim.

Operator

Jed Kelly, Oppenheimer & Co.

Jed Kelly ***Oppenheimer & Co - Analyst***

Hey. Great. Thanks for taking my question. It sounds like some of the paid marketing is being driven by investing in an insurance up cycle. So can you just talk about how you can fully take advantage of this up cycle while maintaining your site integrity? And then just on the cost reduction, was it targeted to one product or was it broad-based? Thank you.

Tim Chen ***NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder***

Sure. So yeah, a quick reminder for those people newer to the story, this insurance hard market has been going on for a few years now. But yes, we've been investing in product improvements along the way. So I mentioned this earlier, but the biggest one was improving personalization which has led to conversion improvements, which in turn, has opened up our ability to do paid channels in a bigger way.

So for perspective, we think we've been gaining share. Our Q2 revenue was nearly 3 times our 2021 peak quarter in insurance before the hard market. So that's a much larger cycle-to-cycle improvement than what others are seeing. And in terms of the market coming back, yeah, we're lapping some pretty easy comps there.

We think we're really doing this, to your point, without compromising our site integrity in terms of like selling leads a bunch of times. So we think that's the right long-term move. And yeah, that's -- I think that's some of where the momentum is coming from.

And just a quick note on insurance, too. I mean looking forward, Medicare is a big opportunity. Also homeowners insurance remains an area where we think we have substantial room to grow as the housing market recovers. And big picture, we're still tiny in this market. So a lot of things to do beyond autos.

Lauren StClair ***NerdWallet Inc - Chief Financial Officer***

Yeah. And the second part of the question, I just want to make sure you got that right, Jed. It was the $30 million in cost reductions, I think the question was whether that was in one particular area of the business.

Jed Kelly ***Oppenheimer & Co - Analyst***

Yeah. Was that being targeted to a certain product segment or was that broad-based?

Lauren StClair ***NerdWallet Inc - Chief Financial Officer***

No, that was more broad-based.

Jed Kelly ***Oppenheimer & Co - Analyst***

And was the reduction assumed in your medium-term outlook that you gave last March?

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Lauren StClair *NerdWallet Inc - Chief Financial Officer*

No. Let me -- maybe I'll just go over guidance right now. Maybe that would help a little bit. So first, let me start with Q3, and then I'll give a little bit of color on what to expect for the cadence for the rest of the year. So for revenue, the Q3 guide was $172 million to $180 million, which at the midpoint would be growing 15% year over year.

And so for some context, we're expecting something more like our normal seasonality during the second half of this year, which means that we expect Q3 to be larger than Q2. And this year, our guidance assumes insurance continues to scale and no material changes in partner behavior in areas like credit cards and loans.

Overall, we're happy that we've been able to continue to drive a return to revenue growth despite the recent organic search traffic pressures. And based on the Q3 guide, we're now more confident in our ability to deliver consistent double-digit rates of growth of revenue during the second half of this year.

From a profitability perspective, non-GAAP OI, we've guided for Q3 $17 million to $21 million, which implies we'll deliver a 4 points of margin accretion versus prior year, as the recent actions to reduce our cost base as well as lower brand investment are expected to help offset the organic search traffic driven margin challenges that we're facing.

For the full year, the organic search traffic pressures we are experiencing are causing us to reduce our near-term margin expectations. Though the recent cost actions will set us up to be efficient while continuing to invest in our long-term vision, and we expect to deliver approximately 5.75% to 7% non-GAAP OI margin and 14.75% to 15.75% of adjusted EBITDA margin.

I'll -- we're not guiding to Q4, but I just want to give a little color on the cadence. So the full-year margin guidance that I just mentioned assumes a few things. That one, we continue our normal seasonal -- or revenue seasonality of a sequential decline in revenue from Q3 to Q4. We've also talked about we're baking in a more conservative outlook for organic revenue throughout the year.

And the third piece is that while we're pulling back on brand year over year during Q3, during the fourth quarter, we expect to invest more brand dollars versus prior years as our second half campaign is expected to span into October.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

Yeah. And maybe I'd tack on there, Jed. Yes, like we certainly do always have efficiency investments we're thinking about internally, right? It's -- sometimes it's invest now to save money later. But relative to what we talked about in March, I think this -- we got a little bit more aggressive than that with the recent action.

Jed Kelly *Oppenheimer & Co - Analyst*

Thank you.

Operator

(Operator Instructions) Pete Christiansen, Citi.

Peter Christiansen *Citi - Analyst*

Good evening. Thanks for the question. Tim, if you look at some of your peers, it seems like there's a similar traffic pattern as you get into May and June, so it doesn't look like you're losing traffic share, at least competitively.

So I guess I'm curious to hear your opinion on whether there's category fatigue, meaning that hey, consumers have been coming to these sites for some time.

Maybe they're not making matches, given the tight credit environment that we're in right now. Do you see any of that impacting your organic traffic? And I'm not sure if you've faced this issue in the past.

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Tim Chen ***NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder***

Yeah. Thanks for the question. I don't think that -- we don't think about that as like the major driver. I mean, obviously, we -- I mentioned the example of searching for small business loans. I think that things are a little bit haywire in some of the search results right now. So that has a bit of an impact on us. But I think in general, consumer trends are -- seem to be pretty healthy.

Peter Christiansen ***Citi - Analyst***

And do you think there's any pent-up demand given -- I know there was some talk about it in your prepared remarks, but any pent-up demand given potential Fed pivot here or consumers just waiting for that as a catalyst to move on making financial decisions? Any sense there would be helpful.

Tim Chen ***NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder***

Yeah, I would say so. So if I use personal loans as an example, it's a tough lending environment. Personal loans is down year over year for us. But yeah, with the higher delinquency rates, obviously underwriting is pretty tight. But the other thing to think about is that rates are high right now, right? So the number one use case for personal loans is refinancing credit card debt.

So you see a spread of like credit card interest rates averaging something like 21% right now versus maybe 14%, 15% on a personal loan. So that makes refinancing mathematically attractive, but what you have to remember then is a lot of folks in this situation are optimizing for monthly cash flow, not interest expense, right?

So consumers are more likely to stick with their interest-only credit card payments then take on the principal and interest payments required for a personal loan. So I think things like that are factors that will drive a tailwind as rates come down. And then, obviously, things like mortgage refi are very rate sensitive as well.

Peter Christiansen ***Citi - Analyst***

That's helpful. Last one for me. On the restructuring, can you just give us a broad sense of what areas that you trend should the tide turn your ability to flex back up quickly and, hopefully, as we see some normalization.

Lauren StClair ***NerdWallet Inc - Chief Financial Officer***

Yeah. I'll give some thoughts and then, Tim, if you want to add any more. So the restructuring that we took, as we just mentioned, was broad-based, but we're constantly looking to be more efficient in how we operate. And we're going to continue to invest in areas of the business. Tim talked about our data-driven approach and reengaging with users through products like NerdWallet+, and things like that. So we'll continue to look at those pieces.

We've also talked about how we can lean in very quickly to areas like performance marketing when we're seeing really good returns and the expectation is we'll continue to lean in there, especially in areas like insurance in the short term. And over the mid- to long term, we know that as the lending environment eases that will also have tailwinds there, and we can reinvest behind those.

Tim Chen ***NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder***

Yeah. And the only thing I'd add is I think as we scale back up, right, I think of it more in terms of incremental investments in growth areas rather than additional investment needed to support our core areas.

Peter Christiansen ***Citi - Analyst***

No. That's very helpful. Thank you, Tim. Thank you, Lauren.

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Operator

Thank you. I'm showing no further questions at this time. I would now like to turn it back to Tim Chen and management for closing remarks.

Tim Chen *NerdWallet Inc - Chairman of the Board, Chief Executive Officer, Founder*

All right. Thanks all for your questions. Before we end the call, I'll reiterate that throughout the past 15 years, NerdWallet has weathered a number of cycles, but we've always emerged stronger on the other side, thanks to our focus on long-term growth and relentless improvement.

While we recently made some tough decisions, I feel strongly that we have the focus and capabilities to achieve our vision for consumers and the business. I look forward to sharing our progress with you again next quarter.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.

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