REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q4 2023 NerdWallet Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 14, 2024 / 9:30PM GMT

CORPORATE PARTICIPANTS

Caitlin MacNamee *NerdWallet Inc - Investor Relations*
Tim Chen *NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder*
Lauren StClair *NerdWallet Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

James Faucette *Morgan Stanley - Analyst*
Ralph Schackart *William Blair & Company - Analyst*
Ross Sandler *Barclays - Analyst*
Jed Kelly *Oppenheimer & Co., Inc. - Analyst*
Youssef Squali *Truist Securities - Analyst*
Justin Patterson *KeyBanc Capital Markets Inc. - Analyst*
Pete Christiansen *Citi - Analyst*

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the NerdWallet, Inc., Q4 2023 earnings conference 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 MacNamee.

Caitlin MacNamee ***NerdWallet Inc - Investor Relations***

Thank you, operator. Welcome to the NerdWallet Q4 2023 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.

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, Chief Executive Officer & Co-Founder***

Thanks, Caitlin. In 2023, headwinds outweighed tailwinds in our business. In the spring, we faced increasing macroeconomic headwinds following the regional banking crisis, as well as ongoing rate hikes. This affected several verticals, including loans, credit cards, and SMB, and they have not all fully recovered yet.

In addition, the strong insurance rebound we saw in Q1 of '23 was premature. The industry pulled back through the remainder of the year, while the rising rate environment did create tailwinds in areas like banking, which continued to outperform our expectations through the end of the year. This did not offset the headwinds in our other verticals.

We did not meet our revenue or adjusted EBITDA outlook in Q4, and this is the first time as a public company when we have fallen short of our outlook. We attribute our Q4 miss to underperformance in credit cards and personal loans. While consumer demand remained strong for balance transfer products, incremental underwriting tightening and balance sheet constraints limited issuer appetite.

We also encountered unexpected growing pains with matching sub and near-prime users with the best products, which required us to take a step back. But we believe we're making progress in routing these consumers to the right offers.

Our business is cyclical. While I believe there are positive signals to suggest that conditions will improve in 2024, we know that headwinds and tailwinds offset each other over time. So our priority is growing from cycle to cycle.

We continue to take share across the cycle in a large and growing market, independent of macroeconomic factors. Our primary addressable market, US financial services digital advertising is expanding with a 2023 four-year CAGR of approximately 15%. And NerdWallet's share in this market has also increased, with a four-year revenue CAGR of 27%. And in Q4, we achieved record monthly unique users, up 24% year-over-year, suggesting a significant opportunity for revenue growth as monetization improves.

Also critical to my mind are the structural improvements we made to our business in 2023. We are dedicated to relentlessly improving our operations and increasing our efficiency. This past year, we made our brand spend work harder, and we also efficiently managed R&D expense growth while still launching several new product initiatives, including NerdAI and NerdUp by NerdWallet. As a result, full year non-GAAP operating income increased $27 million versus the prior year.

And in Q4, we maintained relatively similar margins despite our declining year-over-year revenue. This work should set us up for improved margin leverage as growth returns. We build NerdWallet with a long-term orientation. And this means relentlessly improving while executing our strategy to create a trusted financial ecosystem or single platform where consumers and SMBs can learn, shop, connect their data, and make decisions about their money. I continue to believe that this is the right path forward for our consumers, partners, and business, driven by the meaningful progress we made against our growth pillars in 2023.

I'd like to provide you with more insight into these pillars, the progress we've made toward them this year, and how I think they can accelerate our business. As a reminder, land-and-expand initiatives extend NerdWallet's guidance to new markets, categories, and audiences. While we cover a range of topics today, we know the financial landscape is vast and there's still plenty of territory to explore.

In 2023, we strengthened our presence in Canada and Australia and in topics, including Medicare, social security, estate planning, and auto loans.

Looking specifically at Q4, our land-and-expand efforts have shown particularly strong results in Canada as MUUs were up 56% year-over-year last quarter. Similarly, Q4 saw continued acceleration in our Medicare category. Our traffic was up over 150% year-over-year as we built out our library and enhanced our marketplace to serve more consumers during the open-enrollment period.

Vertical integration pairs our competitive advantages in top-of-funnel and brand with best-in-class user experiences, and throughout 2023, this is a significant focus for NerdWallet. We pursued vertical integration via continued integration of On the Barrelhead, including introducing their pre-qualification technology to our credit cards vertical as well as through several key organic initiatives. Our hypothesis is that investing in best-in-class user experiences will not only provide consumers with new more personalized ways to shop for products, but will also increase our monetization and re-engagement capabilities, ultimately setting us up to capitalize more effectively on our growing audience from cycle to cycle.

In Q4, we focused on two organic initiatives. Early in Q4, we launched NerdWallet's first branded product, NerdUp by NerdWallet, which is a secured card designed to provide no file, thin file, and subprime consumers with an option to build their credit, while also benefiting our partners. Meanwhile, our team has recently launched NerdWallet Taxes, a tax preparation software, in partnership with Column Tax.

This product seeks to capitalize on the significant organic traffic to our taxes category, which previously went largely unmonetized, by leveraging our unit economics to offer consumers a fixed fee option for preparing their tax returns. We also continued to integrate On the Barrelhead's technology, extending their personalized experiences to mortgages in anticipation of increased demand when interest rates decrease.

Land and expand and vertical integration support our registrations and data-driven engagement strategy. They drive more MUUs to convert to registered users and give consumers reasons to register and connect their data. At the same time, we invest in specific registration and data-driven engagement efforts to help foster loyalty-based relationships with consumers. As a result, our registered user base ended the year growing 37%.

In 2023, this work included introducing and optimizing new product features, as well as upleveling our CRM capabilities to more effectively nudge our registered users with targeted insights. Our registered users have five times the lifetime value of visitors. So expanding our registrations and data-driven engagement work to furnish more cross-sell opportunities and build loyalty-based relationships with consumers present significant growth potential for the business.

Our registrations and data-driven engagement work in Q4 included a significant focus on developing our cross-sell capabilities. We launched several campaigns to surface personalized product recommendations to registered users based on their data, and we plan to continue developing this program in the quarters to come.

By now, 2024 is well underway, and I'm looking forward to sharing our results with you over the next four quarters as we continue to execute our strategy. As in 2023, we will embrace relentless self-improvement, a long-term orientation, and our commitment to consumers to drive results. In the meantime, I'll pass it over to Lauren to provide a financial update.

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

Thanks, Tim. We delivered Q4 revenue of $134 million, down 6% year-over-year; and we finished the year with $599 million in revenue, an 11% increase versus prior year. We remain in a cyclically depressed macroeconomic environment, particularly in interest-rate sensitive areas such as loans, as well as balance sheet intensive prime lending.

We also ended 2023 with a bit more headwinds in credit cards and personal loans than originally anticipated, causing us to deliver revenue below our previous outlook for the quarter. But we are cautiously optimistic about the macro outlook as well as partner sentiment, and we believe that the beginning of recovery is within sight.

Let's take a deeper look at the revenue performance during the quarter within each category. Credit cards delivered Q4 revenue of $43 million, declining 18% year-over-year. As we've spoken about previously, the regional banking crisis in the spring of 2023 drove increased balance sheet constraints and issuer conservatism. We believe these dynamics are temporal rather than structural and are weighing on our year-over-year results.

During Q4, we experienced a higher-than-usual seasonal decline versus Q3 and slightly worse than our expectations, driven by moderately increased levels of issuer conservatism in balance sheet intensive areas such as balance transfer cards. We will continue to leverage our strong top-of-funnel and maintain the discipline to lean back into profitable paid acquisition once we see issuer demand and monetization recover.

For the full year, credit cards delivered $210 million of revenue, roughly flat to the prior year. Loans generated Q4 revenue of $24 million, growing 5% year-over-year. Q4 delivered a larger-than-normal seasonal decline from Q3, primarily driven by incremental lender tightening as delinquency rates continue to rise and personal loans, as well as coming off a strong Q3 in student loan originations. We believe that at this part of the credit cycle, there is a backlog of consumer demand and personal loans as high loan rates have reduced the incentive for consumers to refinance credit card debt.

A declining rate environment, combined with leveraging our improved ability to align consumer demand more effectively with financial service providers, will put us in prime position to take advantage of that demand as it surfaces. While our mortgage vertical remains pressured by the high interest rate environment, we continue to believe that structural improvements we've made to our marketplaces will help us capture meaningful share when the market returns.

We also saw a material quarter-over-quarter decline in our student loans vertical as we lapped the back-to-school seasonal impact of loan originations from Q3 and have yet to see a significant pickup in refinance demand. For the full year, loans delivered $102 million of revenue, declining 7% year-over-year.

Beginning this quarter, we have changed our revenue product category presentation and are now providing SMB products revenue as a separate disclosure. SMB products consist of loans, credit cards, and other financial products and services intended for small and mid-size businesses. Previously, SMB products was a component of our other verticals revenue disclosure. But given the relative size and long-term opportunity, you will see us break out their revenue contribution separately. Please refer to our earnings press release for historical revenue data.

SMB products delivered Q4 revenue of $28 million, growing 6% year-over-year. While we continue to face some underwriting challenges in our loans category, renewals have started to rebound, signaling a path to a recovering macro environment and validating our vertical integration strategy with the reoccurring nature of our funnel.

Outside of loans, we have also been scaling our additional product offerings for small and mid-size businesses, including credit cards, banking and software to drive overall revenue growth for the quarter. For the full year, SMB products delivered $101 million of revenue, growing 11% year-over-year.

Finally, our emerging verticals, formerly named our other verticals revenue product category, finished Q4 with revenue of $39 million, declining 3% year-over-year. As a reminder, after the regrouping of SMB products revenue, emerging verticals consists of areas such as banking, insurance, investing, and international.

Banking grew 5% year-over-year, decelerating versus previous quarters as we lapped our toughest prior-year comparison period, combined with continuing signs of moderating consumer demand. And while we previously mentioned that moderating consumer demand would cause near-term year-over-year declines, demand remained a bit more robust than we had previously anticipated in Q4.

Growth in emerging verticals was more than offset by headwinds in insurance, which declined 22% year-over-year. Carrier-driven profitability pressures continued through most of the quarter, but we're optimistic that the positive momentum we saw at the end of last year and so far into Q1 means that carriers are willing to increase customer acquisition budgets for the upcoming quarters. For the full year, emerging verticals delivered $187 million of revenue, growing 46% year-over-year.

Moving on to investments and profitability. During Q4, we earned $29 million of adjusted EBITDA at a 22% margin, roughly flat versus the prior year. For the full year, we earned $98 million of adjusted EBITDA at a 16% margin, roughly a 4-point increase versus 2022 as we were able to deliver leverage across the majority of our cost base.

In the fourth quarter, we also earned over $12 million of non-GAAP operating income at a 9% margin. For the full year, we earned $26 million of non-GAAP operating income at a 4% margin. In the fourth quarter, we had a GAAP net loss of $2.3 million, which includes a $7.6 million income tax provision.

Similar to what we've mentioned in previous quarters, we expect to be in a tax expense position for the year and also 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 24 million average monthly unique users in Q4, up 24% year-over-year.

Growth was a result of strength in many areas across NerdWallet, such as travel, personal loans, and insurance. We are seeing consistently strong consumer demand for both our learn and shop contentthough our learn content has been a larger portion of where consumer demand has more recently concentrated, causing higher MUU growth with some pressure on revenue per MUU.

Despite these near-term monetization pressures, we think this helps fuel our ecosystem. In the long run, more MUUs engaging with our learn content builds our brand recognition and trust, and that creates an asset that will ultimately pay dividends.

Onto our financial outlook. As we enter 2024, we believe that we have line of sight to recovering growth in our business. Though some level of uncertainty remains, we plan to continue providing quarterly guidance, and we'll also provide qualitative commentary for full-year expectations.

We expect to deliver first-quarter revenue in the range of $155 million to $160 million, which at the midpoint would decline 7% versus prior year, but increase sequentially roughly 18%, indicating the step-up we typically see from Q4 to Q1.

To give you more color on our Q1 expectations, we're still facing headwinds related to balance transfer credit cards, while banking demand continues to moderate. We expect a material quarter-over-quarter increase in insurance, and we are also seeing positive momentum in SMB products. But just as a reminder, we'll have a tough Q1 comp in insurance.

As we look to the rest of the year, we expect to return to double-digit revenue growth during the second half, given recent recovery in SMB products and insurance. The timing of the recovery in areas such as balance transfer cards, combined with how interest rate decreases will impact inversely correlated demand in banking and loans, will influence how high those double-digit growth rates will be. But we're confident that we see signs of progress towards growth reacceleration. And as we experience additional monetization unlocks from our partners, we will lean back into profitable growth acquisition channels.

Moving to profitability. We expect Q1 non-GAAP operating income in the range of $5 million to $8 million, or approximately 4% of revenue at the midpoint, roughly a 2-point increase versus prior year. Consistent with what we've mentioned previously, we anticipate that the cadence of our brand spend will be similar to 2023, where the majority of spend will occur during the first three quarters with reduced spend during the fourth. But with this being said, our Q1 brand investments will be lower than last year.

For the full year, we plan to deliver increasing margins as a result of slowing growth in our cost base and roughly similar brand spend to 2023, resulting in approximately 6.5% to 8% of revenue for full-year 2024 non-GAAP OI margin. And while our main profitability metric will be non-GAAP OI moving forward, as a continuation of our previous disclosures and commitments, we expect a full-year 2024 adjusted EBITDA margin in the range of 18% to 19.5% of revenue. Aligned with our previous commitments, this outlook range would have us return to 2019 adjusted EBITDA margin levels, while strategically investing in our long-term vision.

As you may have read in our shareholder letter posted today, on March 4, we are planning to release a video presentation for investors, sharing more detail on our business and vision for NerdWallet as well as our mid- to long-term financial goals. The video will be available on our Investor Relations website, and we look forward to hearing your feedback.

We enter this year optimistic about the future, while pragmatic on the gradually improving macroeconomic environment. We know we have a responsibility to our users to help them navigate their financial questions, all while maintaining our long-term view, prioritizing trust, and continuing to diversify and improve our product experiences from cycle to cycle.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) James Faucette, Morgan Stanley.

James Faucette ***Morgan Stanley - Analyst***

Great. Sorry about that. I was fumbling with the mute button. Wanted to ask quickly, it sounds like you're seeing some indications that things can improve. And specifically, you mentioned small, medium-size business and insurance and seem pretty confident about that. Can you just describe what is driving your confidence in that, particularly for the second half of the year?

And I'll just tie on my second question, which is kind of related. In the broader credit market, we've seen lots of comments around prime and subprime credit performance, et cetera. Seems like there may be some improvements there. But in your conversations with your partners, how do you usually see that communicated to you? And what kind of things should we be tracking to see if the potential for the credit part of the market to contribute to the second-half growth is able to materialize? Thanks.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Hey, yeah. Thanks for the question. So I'll take those one piece at a time. I guess in terms of insurance, the inflation-driven insurance industry headwinds continued throughout all of last year and into Q4. So we saw a 22% decline on a year-over-year basis.

We started to see a recovery at the end of last year and into Q1, which is represented in our outlook for Q1. Exiting Q1, carriers seem to be expecting a pretty broad-based and durable recovery throughout 2024. So for some context, large parts of the US population today still aren't being served from the perspective of carriers wanting to write home and auto policies.

So you can imagine that as this resolves itself, there will be a medium-term tailwind as those markets open back up. And so that's one of the main drivers in terms of our 2024 outlook, where we're expecting double-digit year-over-year growth in the back half. Really that recovery from the worst insurance hard market in a few decades.

And then in terms of small business, I'd say with that one, we saw a lot of progress. We just crossed the three-year anniversary of integrating Fundera. We more than tripled revenue, a lot of success in vertical integration and land and expand within SMB. So really happy with that.

That being said, we're still in a really tough macro right now. A lot of the underwriting is a bit tighter than what we've seen historically. And so we do expect at some point for that to become a tailwind as there's a macro recovery. The timing on that one is a little bit harder to call.

And then, yeah, you're certainly right on the commentary around prime consumers. We're hearing the same thing, both in the credit card and the personal lending markets. I'd say what we saw is going into Q4 and throughout probably starting the middle of Q4, there is a bit of a upside surprise in some of the delinquencies in the prime part of the market. Given how strong the employment market was, I think that caught a few people off guard.

And so what I'd say here is that card issuers have pretty robust predictive models, right? Like the good ones can predict almost within minutes of the first payment due date how delinquencies are going to trend a few quarters out. So what we see in terms of underwriting timing is really a reaction to that. And it's been pretty present the majority of the last seven quarters. And so, definitely saw that impacting cards.

I'll say that while delinquencies have overshot 2019 levels, issuers are largely calling out that this is expected normalization and that we've already either seen a peak in delinquencies or that they're kind of expecting a peak by the middle of the year and are in wait-and-see mode in terms of when to get aggressive again. So that could be a tailwind at some point in the future.

I will say also on the balance transfer side, things are still a little bit balance sheet constrained. So there's some caps there. So that's another potential tailwind at some point down the road.

James Faucette ***Morgan Stanley - Analyst***

Great. Thanks for that, Tim.

Operator

(Operator Instructions) Ralph Schackart, William Blair.

Ralph Schackart ***William Blair & Company - Analyst***

Good afternoon. Thanks for taking my question. Just on credit cards. Just maybe talk about any recoveries you might be seeing. I think you might have called out maybe some early signs. So any color on that.

And maybe something kind of broader just from the credit card issuers. What are they sharing with you just in terms of what they're watching for before they may return back to more normalized levels that you've seen historically? Then I have a follow-up.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Sure, yeah. I think it's largely around -- there's two factors happening, right? Like so in some prime areas, like, say, balance transfer that are a bit more balance sheet intensive, I mean, I think there's non-credit related factors just affecting how many units of demand that balance sheets can handle, right? So I think some of that will resolve itself as we move through the cycle of it.

And then from a credit specific perspective, I think it's really tracking these early delinquency trends and making sure that they've adjusted underwriting appropriately to be comfortable with some of the trajectories there. So I'd really point to this quarter quite a lot of commentary from card issuers on feeling a little bit more optimistic there and eyes forward in terms of recovery.

Ralph Schackart ***William Blair & Company - Analyst***

And just maybe a follow-up to that. As we think about credit cards and modeling that for, I guess, Q1, what's sort of contemplated in guidance. I know you can't give specific numbers, but just maybe help us think through some of the puts and takes as we sort of recalibrate our models. Thank you.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Sure.

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

Yeah, let me take that, Tim. I can go over Q1 guidance specifically. So in your question around credit cards and what's contemplated, first, I'll just remind everyone that the guide for Q1 for revenue is $155 million to $160 million, which at the midpoint, would be declining 7% year-over-year, but up 18% quarter over quarter. And some context on that, from Q4 to Q1, we would typically expect to see a material increase quarter over quarter, which in a normal year is driven primarily by consumer demand at the start of the new year, supported by our brand efforts.

Last year was a fairly typical Q1 for us. And while we are seeing our typical Q4 to Q1 step-up this year, we are still facing many of the headwinds from prior quarters. And so it becomes a tougher comp year-over-year.

So to your question, we are still experiencing headwinds in credit cards, but we have called out that we're starting to see a recovery in areas like insurance and also SMB products. But just as a reminder, insurance is still going to have a tough comp in Q1. So even though we expect a material increase quarter over quarter, the comp year-over-year basis will be tough.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. And I'll add on. I guess, credit card specific, as we look at our '24 outlook, it's kind of hard to call exactly when underwriting starts to loosen again. So we're being relatively conservative about that. I would definitely encourage you to look at 2019 seasonality in cards as being a more normal historical year. We saw some pretty unusual patterns in the years following as we recovered from COVID. But, yeah, in 2019, you saw a pretty large sequential decline from Q3 to Q4, and then I think that matches more of a normal seasonality pattern.

Ralph Schackart ***William Blair & Company - Analyst***

Great. Thanks, Tim. Thanks, Lauren.

Operator

(Operator Instructions) Ross Sandler, Barclays.

Ross Sandler ***Barclays - Analyst***

Tim, you mentioned the challenges in matching in the credit card business that you realized in the fourth quarter. Can you just elaborate a little bit more on that? Was this technical issue on your side or something external? And did you leave any money on the table as a result of this? And can you just walk us through when do you think that'll be resolved?

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Sure. So, right, I describe us as being matchmakers, right? So we just got some things wrong in Q3 and over earned in terms of our matching algorithm for near and subprime consumers and extrapolated incorrectly from there. But we want to get this right for consumers and financial institutions. So we basically hit pause and rebuild things from the ground up.

And this is not the first time this has happened, right? When you go into a new market, sometimes it takes a few cycles and some feedback to get that matching, right? But we feel like we're back on the right path now. So I'm encouraged going forward.

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

Yeah, maybe I just wanted to clarify the commentary around challenges with matching was not in credit cards, it is in personal loan. So Tim's commentary right now is about personal loans, not cards.

Operator

(Operator Instructions) Jed Kelly, Oppenheimer.

Jed Kelly ***Oppenheimer & Co., Inc. - Analyst***

Hey, great. Thanks for taking my questions. Just two. Can you talk about how we should think about margins if marketer demand comes back and how you would lean into it? I assume you wouldn't mind sacrificing some margin if the gross profit dollars make sense. And then how should we think about the overall opportunity in insurance? It's a huge market, but the customer service isn't always the best. So how do you think about leaning into that market and trying to grow your percentage of the overall carrier budget? Thanks.

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

Great. I'll take the first part of your question and then I'll hand it off to Tim for the insurance piece.

I'll just -- to your question around margins, I'll just remind everyone that Tim built NerdWallet for the long term, and this is also how we think about margins. We've been working towards margin accretion that would get us back to and eventually surpass our 2019 adjusted EBITDA levels, which, in the range of our outlook for full-year 2024, we would get back to this year.

And we've worked to achieve this through getting leverage in the portion of our cost base that is relatively fixed in nature. That includes, one, hitting a logical ceiling on our brand spend; two, no longer having the step change in G&A expenses as a result of becoming a public company; and three, continuing to gain leverage in areas such as R&D and the organic portion of our sales and marketing. We're really proud that we've been able to deliver consistent margin accretion on an annual basis since our IPO in late 2021, even in difficult macroeconomic environment.

And our outlook showcases our commitment to continuing this trend. So if the top line picks up faster than what we are currently contemplating, we will clearly lean in on things like variable expenses that we've talked about. So when it's profitable in period, we will lean into things like performance marketing, you could expect those costs to come up. But for the fixed portion of our cost base, I would expect to get leverage out of those over the long term.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. Great question on insurance. It's a big strategic question that we're constantly trying to work our way towards. You're right, it's a huge market. There are a lot of challenges in terms of providing consumers with a sensible experience there. All I can say is that we're trying to be creative and exploring a bunch of different avenues and hope to have something to talk about in the coming years there. But it's going to be a long investment.

Jed Kelly ***Oppenheimer & Co., Inc. - Analyst***

Thank you.

Operator

(Operator Instructions) Youssef Squali, Truist Securities.

Youssef Squali ***Truist Securities - Analyst***

Great. Thank you. A couple of questions. One for Lauren -- maybe both for Lauren. You talked about for full-year adjusted EBITDA margin, the 18% to 19.5% of revenues. So thanks for that. And now the obvious question is what's your base case to get either to the low end or the high end on that in terms of growth? I'm assuming it's a mix and kind of the acceleration in the second half. But any kind of guardrails you can share that for that would be helpful.

And kind of related to that, is that also related somehow to changes in the rate environment? Just maybe, Tim, what's your base case for the rates environment as we go through it? Because obviously, it's been very, very fluid in the last four weeks.

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

So the first part of your question, you said in terms of full-year adjusted EBITDA. As we said before, we're really proud of the margin accretion that we've been able to continue to show for full year, even despite some volatility in the macro. But what we're expecting in terms of full year on the top line, we said that we currently expect to return to double-digit rates of revenue growth starting in the second half. This would be led by SMB products and insurance.

And I will reiterate what I said in my remarks, though, that the exact timing of the recovery, especially in areas such as balance transfer cards as well as any interest rate-driven demand changes in both banking and loans, will influence how high those double-digit growth rates will be and by when.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. And in terms of the base case, we're trying to be -- it's hard to call exact timing on a lot of these things. So we're definitely trying to be conservative. I will paint the overall macro picture just as being if there is a soft-landing scenario, that would be pretty ideal for us because what would happen is you'd see easing headwinds in credit cards and our loans business as balance sheet constraints and underwriting loosen.

And you'd also see an increase in refi demand across all lending areas as rates decline. And then we'd also see easing headwinds in our insurance business as inflation continues to moderate and carriers get back on their feet as this pricing flows through.

So should we experience more of a hard landing scenario, you should expect revenue recovery to take a bit longer, possibly even getting more challenged in the near term. And we'll be prudent with our expense management in order to deliver on our margin commitments. The timing of any material changes in the macro environment could impact shorter-term progress in some of those margin efforts.

Youssef Squali ***Truist Securities - Analyst***

Thank you. Just one quick clarification, maybe Lauren. When you talk about same brand spend levels in 2024 as in 2023, is that on a percentage basis or is that in aggregate dollars?

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

That's for the full year in absolute dollars.

Youssef Squali ***Truist Securities - Analyst***

Absolute dollars, okay. Great. Thank you both.

Operator

(Operator Instructions) Justin Patterson, KeyBanc.

Justin Patterson ***KeyBanc Capital Markets Inc. - Analyst***

Thank you very much. Good afternoon. Tim, could you tease out some of your top priorities each year across your big three growth pillars? What can we expect around land and expand, vertical integration, and engagement initiatives? And then I'll have a follow-up for Lauren.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. Thanks for the question. So those are our three growth pillars, right? I'd say land and expand is really more of our tried-and-true playbook. I mean, we're always pushing on that. In terms of the stuff that's going to be a bit more novel over the coming several years, I think it's really in terms of the vertical integration and the registration and data-driven engagement.

So we're thinking really hard about where there's still gaps and customer experiences where we can uniquely play. NerdUp is a great example of that. But also, things like -- we've launched Drive Like a Nerd; we've launched NerdWallet Advisors. So there's a lot of different thought processes that we're exploring and a lot of hypotheses that we're eager to evaluate.

Justin Patterson ***KeyBanc Capital Markets Inc. - Analyst***

Got it. Thanks. And then the follow-up for Lauren. Appreciate the details you gave around just the revenue growth in the second half of the year. I wanted to confirm, was that double-digit growth on the second half as a whole or on a quarterly basis? And then as you're thinking about just the growth vectors in there, how should we think about the puts and takes between user growth versus just brand spend or advertiser spend starting to improve again? Thank you.

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

Sure. So the first part of your question, Justin, was around revenue growth. So what we've said was that we expect to return to double digit rates of growth for revenue year-over-year starting in the second half. And then the second part of the question was, I believe, around MUU growth and user growth as well as brand spend. Is that correct?

Justin Patterson ***KeyBanc Capital Markets Inc. - Analyst***

Yeah. Just thinking about the buckets in there, user growth is obviously well above total revenue growth right now. So just wondering if there's any views off of how users persist versus, say, pricing recovery that's driving that reacceleration?

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

Yeah. Let's talk a little bit about MUUs. We're really proud of that growth in Q4. We grew roughly 24% year-over-year from strength in many verticals, both from high levels of consumer intent as well as our success in landing and expanding.

Similar to areas where we saw growth in revenue, we see growth in MUUs. You can think of banking and personal loans. And we also saw high consumer interest in areas like travel and investing.

As we expected, to your point, MUUs grew faster than revenue again in Q4. This trend gives us confidence that consumer demand remains healthy despite ongoing partner conservatism. And we expect that this outperformance of MUUs versus revenue, we expect that to continue into Q1 as we see really strong engagement with our learn content as consumers are continuously looking for unbiased guidance and financial content during these complex macroeconomic times. And despite some of the near-term revenue pressure, we expect that the strength in MUUs, combined with our ability to match consumers with our financial service providers, will accelerate our growth as the macro environment improves.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. I guess just to add on a thought there. Yeah. In past cycles, as the macro recovers, you definitely get this tailwind, as partners are loosening underwriting, they're getting more aggressive around acquisition. So pricing should definitely be a tailwind as well.

Justin Patterson ***KeyBanc Capital Markets Inc. - Analyst***

Got it. Thank you.

Operator

(Operator Instructions) Pete Christiansen, Citi.

Pete Christiansen ***Citi - Analyst***

Thanks. Good evening. Appreciate you answering questions here. I know you called out prime as an issue earlier, and we've heard it in other areas as well. Just curious what you're seeing on the subprime side in terms of partner willingness to extend offers or to invest there. My understanding is that the delinquencies kind of peak there already, things are stabilizing, at least on the subprime, near prime area. Just curious if you're seeing any improving activity there.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

So I think certainly, subprime is more stable. We had limited surprises there. I think really the tightening there started probably in the middle of 2022, probably 2Q, 3Q, and incrementally got tighter and tighter. I think that feels like it's on more of a floor.

Pete Christiansen ***Citi - Analyst***

And then, Tim, in cards real quick. Just curious, you called that travel still being a nice growth vertical there within cards. Just curious if you can put some color on that in terms of travel-related products and how they're faring on the platform.

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

Yeah, maybe I'll clarify with that one. So the commentary around travel was the travel vertical as a whole, not related specifically to credit cards, although that is a piece of it. But the commentary was around the user growth and MUU growth, specifically in Q4, and where areas where we saw strength, one of those areas was travel.

Pete Christiansen ***Citi - Analyst***

Okay.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Yeah. So we've got a lot of great content and insights around travel. And I think it's an amazing way to get in front of users and introduce them the NerdWallet and reengage them as well.

Pete Christiansen ***Citi - Analyst***

That's super helpful. Thank you both.

Operator

Thank you. I would now like to turn the call back over to management for any closing remarks.

Tim Chen ***NerdWallet Inc - Chairman, Chief Executive Officer & Co-Founder***

Thanks all for your questions today. As always, I'd like to thank the Nerds for their hard work in 2023. Their efforts to drive progress towards our vision last year mean we are well set up for 2024 and beyond.

To learn more about NerdWallet's business and vision, mark your calendars for March 4, when we plan to release a new investor video on our IR website. I'm looking forward to hearing your thoughts. With that, we'll see you next quarter.

Operator

Thank you for your participation. You may now disconnect.