Q1 2022

Shareholder Letter

nerdwallet

Q1 BUSINESS HIGHLIGHTS

Vertical Integration

We continued to implement our vertical integration playbook in SMB, directing our strong organic traffic through an efficient and re-occurring funnel, resulting in triple-digit year-over-year SMB products revenue growth.

Record User Registrations

We drove a 65% year-over-year increase in user registrations attributable to our successful Q1 brand campaign, combined with an increase in tactical registration on-ramps across our desktop and mobile experiences.

All-Time High Brand Awareness

We achieved our highest-ever aided brand awareness, with double-digit gains seen among our target audience, consumers who are most likely to be in the market and eligible for financial products.

Registered User Revenue Growth

We grew Registered User revenue 80%+ year-over-year as we continued to register users and “nudge” them towards smart money insights.

Q1 FINANCIAL HIGHLIGHTS

43%

Year-over-year revenue growth generating $129M of revenue, driven by our continued diversification across verticals.

~30%

Three-year pre-COVID revenue CAGR from Q1'19, signaling that our sustained growth is on track.

$8.9M

Adjusted EBITDA at a 7% margin while strategically investing in our trusted brand, product vision and our Nerds.

22M

Monthly Unique Users, as we continue to see strong engagement in many of our verticals such as SMB products and Credit Cards.

MAY 3, 2022

Fellow Shareholders:

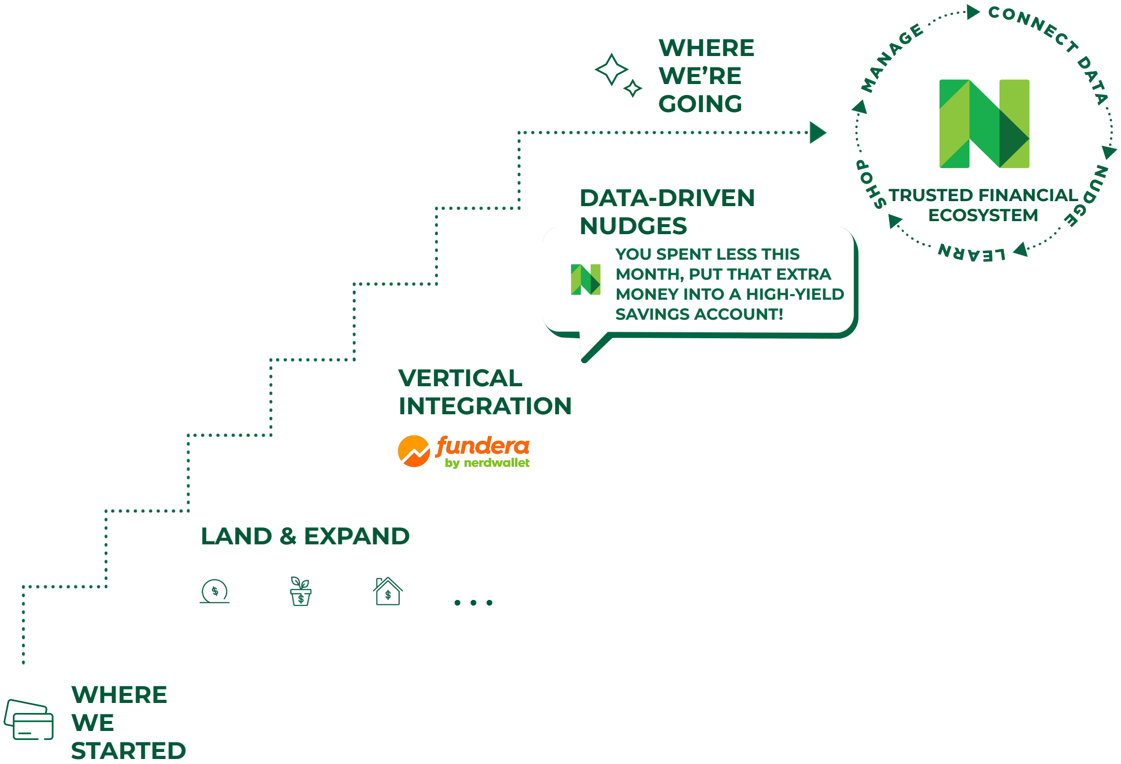
The first quarter of a new year is a great time to reflect back on what we've accomplished and look ahead to where we're going next.

While NerdWallet has evolved considerably throughout the years, one thing has remained constant: our focus on building long-term trust. Trust is critical to achieving our vision, a world where everyone makes financial decisions with confidence, and we also think it's our single biggest differentiator.

For 12 years, we have built trust in NerdWallet with intention and conviction. We started by offering consumers trustworthy and knowledgeable credit card guidance, powered by our industry-leading editorial team, and in subsequent years we have expanded this guidance to a variety of other financial decisions. Today, we're making huge headway leveraging our trusted brand to vertically integrate in areas that capture re-occurring revenue and seeing promising results: SMB was our fastest growing vertical in Q1 as we continued to successfully direct our strong organic traffic through an efficient and re-occurring funnel. Simultaneously, we're in the early innings of delivering more value to consumers and SMBs by "nudging" them with opportunities to make smart money moves through emails, push, and in-app notifications.

We believe that the combination of these efforts will propel us to become a "financial ecosystem," a single platform consumers and SMBs rely on to learn about various financial topics, shop for products, connect their data and receive data-driven nudges—all while having peace of mind that the guidance they receive is trustworthy and knowledgeable.

In Q1 2022, we continued to build towards this vision by investing in our brand, registering a record number of users, and doubling down on timely financial guidance.



Q1 BUSINESS UPDATE

Our trusted brand not only underpins every aspect of our strategy, it also serves as an accelerant across all areas of our business: It helps us succeed quickly as we "land and expand" and vertically integrate, supports registration growth, and enhances the trustworthiness of our guidance. As such, we continue to make strategic investments in building our awareness and reputation via brand marketing. Most recently, our "Unlock Your Dreams" brand campaign helped us achieve our highest-ever aided brand awareness and brand preference metrics. This campaign was also extremely effective in reaching our target audience, consumers who are most likely to be in the market and eligible for financial products, with our brand awareness and preference metrics spiking even higher among this valuable group.

Historically, we've also seen our brand marketing investments support user registration and Q1 2022 was no exception: We drove a record number of quarterly registrations to our platform. We believe our "Unlock Your Dreams" brand campaign, combined with a significant increase in the number of registration on-ramps we rolled out across our desktop and mobile experiences, helped us achieve a 65% increase in registrations year-over-year, as well as registered user revenue growth of over 80% year-over-year. Moving forward, we will continue efforts to grow and retain this base of registered users by providing more relevant nudges and further contextualizing registration on-ramps throughout our site and in our app.

The high-quality financial guidance developed by our Content Nerds reinforced trust in our brand during yet another period of macroeconomic volatility—and also served as the basis for some of our most successful nudge of the quarter. Faced with a variety of new financial challenges, consumers and SMBs turned to the Nerds for guidance across a variety of pressing topics, including the impact of interest rate hikes on credit cards, mortgages, bank accounts and personal loans; how to save at the gas pump; the return to travel, and more. And we leveraged this relevant guidance to engage our users, nudging them with personalized insights about smart money moves they could make during this volatile period.

Q1 FINANCIAL UPDATE

In Q1, we delivered 43% year-over-year revenue growth. Our significant revenue growth comes off a 2021 quarter which was recovering from COVID-19 lows, but we are encouraged by our three-year pre-COVID compound annual growth rate, which at roughly 30% is consistent with historical levels.

We provided trustworthy guidance to 22 million average monthly unique users in Q1. As expected, MUUs decreased slightly on a year-over-year basis given the abnormally high user engagement in our Investing vertical in Q1'21, but increased 22% quarter-over-quarter in line with our typical seasonality.

To drive our future growth, we made disciplined investments in building our brand awareness, in growing our user base through our various marketing channels and in growing our Nerd teams across North America and the United Kingdom. Even with those investments, we generated $8.9 million of Adjusted EBITDA for the quarter and believe the investments we are making are aligned with our vision for long-term sustainable growth. You can find more detail on our business trajectory and investments below.

TRUST COMPOUNDS LIKE INTEREST

I tell our Nerds that trust, like interest, compounds over time. We've banked a lot of trust over the years by always putting the consumer first and remaining focused on long-term trust over short-term gains. By maintaining this consumer-first ethos, creating even more user value as we evolve towards becoming a financial ecosystem, and leveraging strategic brand investments as an accelerant, the trust we've built will continue to compound over time.

From the day I started NerdWallet, I've felt that the company that builds the most trusted relationship with consumers is the company that will secure its place at the center of the massive financial services industry. With both our track record of trust and our commitment to our long-term vision, I believe NerdWallet is uniquely positioned to be that company.

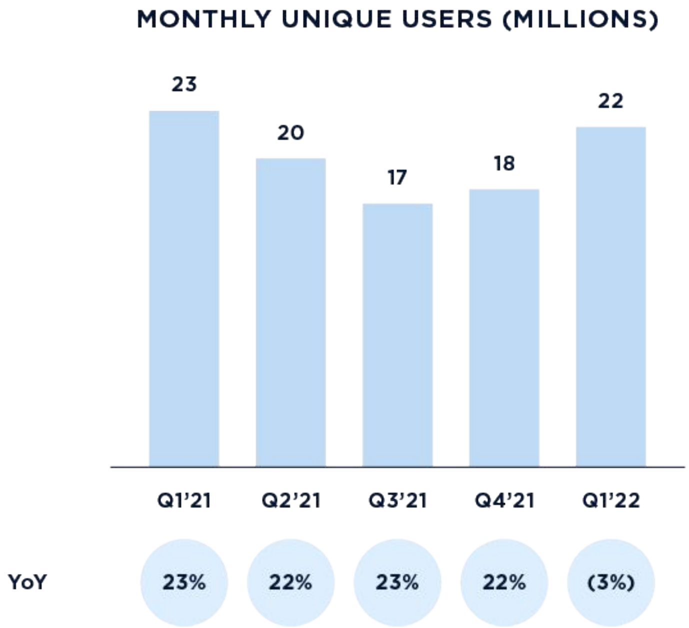
Thank you,

Tim Chen
Co-Founder & CEO

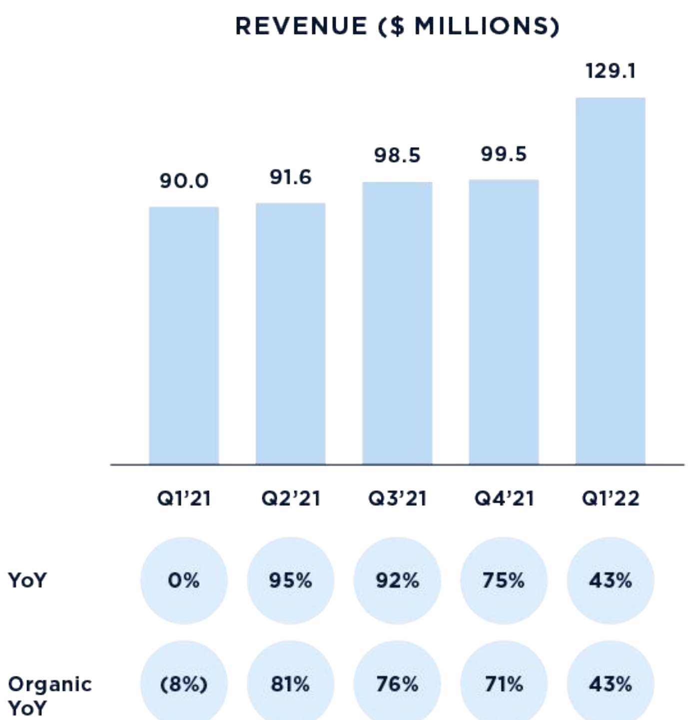
Financial Highlights

Q1 2022 RESULTS
FINANCIAL HIGHLIGHTS

MUUs were supported by strong engagement in many of our verticals such as SMB products and credit cards, but decreased 3% on a year-over-year basis overall, given, as previously mentioned, we experienced abnormally high traffic in our Investing vertical in Q1'21. We achieved 22% quarter-over-quarter MUU growth as consumers refocused on their finances at the start of the new year.



Strong Q1 year-over-year revenue growth with significant growth in SMB products, credit cards, personal loans and banking. Our business was well-positioned to take advantage of the typical seasonal uplift from Q4 to Q1.



Q1 2022 RESULTS
SUMMARY FINANCIAL RESULTS

	THREE MONTHS ENDED		
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	MAR 31, 2021	MAR 31, 2022	YEAR VS. YEAR
Revenue	**$ 90.0**	**$ 129.1**	**43%**
Credit cards [1]	22.9	45.2	97%
Loans [2]	32.3	34.3	6%
Other verticals [3]	34.8	49.6	43%
Loss from operations	**$ (13.2)**	**$ (9.1)**	**(31%)**
Net loss	**$ (12.9)**	**$ (10.5)**	**(19%)**
Net loss per share			
Basic	$ (0.27)	$ (0.16)	(41%)
Diluted	$ (0.27)	$ (0.16)	(41%)
Non-GAAP financial measure [4]			
Adjusted EBITDA	**$ 3.2**	**$ 8.9**	**179%**
Cash and cash equivalents	**$ 60.6**	**$ 161.6**	**167%**
Average monthly unique users [5]	**23**	**22**	**(3%)**

(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 (MUU) as a unique user with at least one session in a given month as determined by unique device identifiers.

REVENUE

CREDIT CARDS

Credit cards growth remains strong, delivering $45 million of Q1 revenue, a 97% increase year-over-year. Revenue in Credit cards continues to rebound significantly from the lows of 2020, which we attribute to the overall macroeconomic recovery, the high-intent nature of our audience, and our deep alignment with partners to deliver quality matches.

REVENUE

LOANS

Loans revenue consists of mortgage, personal, student and auto loans. Loans delivered revenue of $34 million in Q1, growing 6% year-over-year. Personal Loans grew significantly as we saw strong consumer demand and optimized our user experience to drive increased conversion. Student loans also grew despite continued federal government forbearance. These gains were able to offset decreases in mortgage refinancing. We are encouraged by our execution and year-over-year growth in the Loans category despite the increased headwinds in the mortgage vertical as interest rates rise.

REVENUE

OTHER VERTICALS

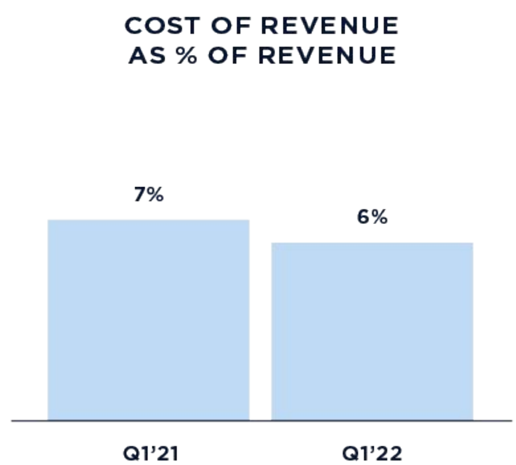
Other Verticals revenue increased 43% year-over-year to $50 million in the first quarter. Other Verticals consists of SMB products, banking, insurance, and investing verticals as well as NerdWallet UK. SMB continues its impressive growth trajectory as we run our integration playbook, directing our strong organic traffic through an efficient and re-occurring funnel. Banking also posted year-over-year growth, benefiting from an increasing interest rate environment. These strong verticals more than offset year-over-year pressure seen in areas such as Investing due the "meme stock" phenomenon in Q1'21.

OPERATING EXPENSES

($ MILLIONS)	Q1'21	Q1'22	% CHANGE
Cost of Revenue	$ 6.5	$ 7.7	19%
Research & Development	12.2	17.4	43%
Sales & Marketing	68.6	96.1	40%
General & Administrative	8.9	13.1	46%
Change in fair value of contingent consideration related to earnouts	7.0	3.9	(43%)
Total Costs & Expenses	$ 103.2	$ 138.2	34%

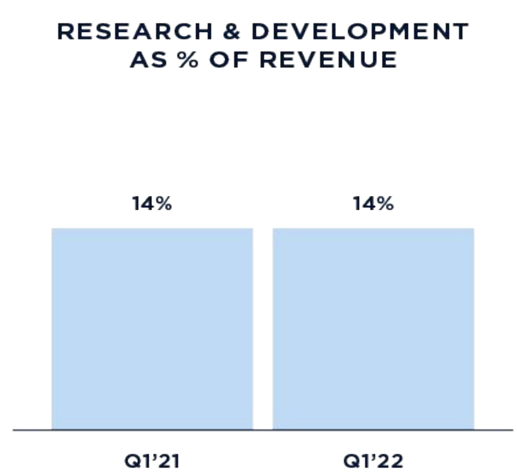
COST OF REVENUE

Q1 Cost of Revenue expenses increased 19% year-over-year, but were one point lower as a percentage of our Revenue. Increases versus prior year were primarily driven by continued investment in our platform and the amortization of internally developed assets.



RESEARCH & DEVELOPMENT

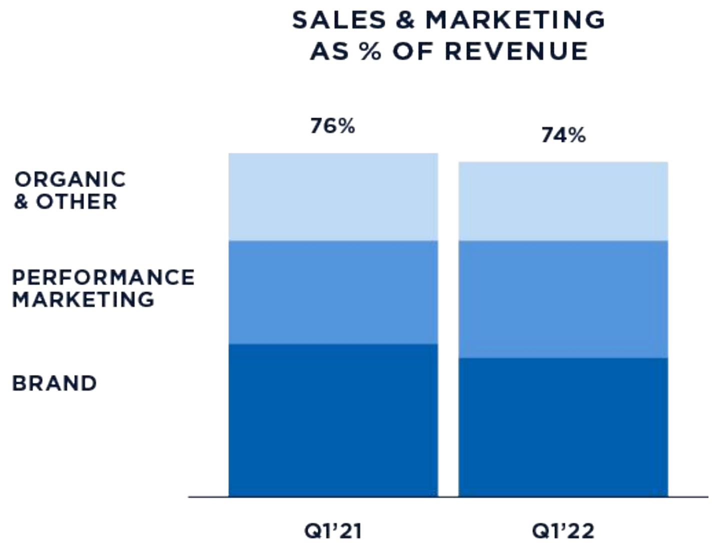
Q1 Research & Development expenses increased 43% year-over-year and were stable as a percentage of our Revenue. Increases versus prior year were primarily driven by the hiring of additional Nerds as we scale our product and engineering teams given our continued emphasis on the development of key platform capabilities.



OPERATING EXPENSES

SALES & MARKETING

Q1 Sales & Marketing expenses increased 40% year-over-year and were two points lower as a percentage of our Revenue. Sales & Marketing expense was comprised of approximately 42% Brand marketing, 35% Performance marketing, and 23% Organic & other. As a reminder, Sales & Marketing expense consists of: Brand marketing, primarily advertising costs to increase awareness; Performance marketing, primarily costs to drive traffic directly to our platform; and Organic & other, primarily personnel-related costs for content and other marketing and sales teams.



Our Brand marketing creates a virtuous cycle and "halo effect" across all marketing channels as we aim to improve our ability to remain top-of-mind with consumers. We are greatly encouraged by our Q1'22 Brand campaign, as we exit the quarter with all-time highs in aided brand awareness and preference. Our spend on Brand marketing will have significant seasonal margin impacts as optimal timing for campaign effectiveness is not consistent across our fiscal quarters.

Performance marketing continues to be an effective channel for us to drive traffic and engagement to the NerdWallet platform, diversifying from our strong organic traffic base. In Q1, over 70% of our traffic continued to come from direct or unpaid sources.

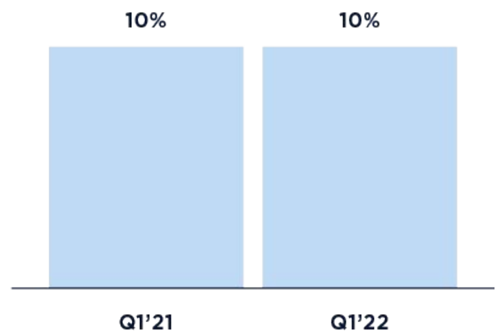
Organic & other expenses increased year-over-year as we scaled our recent acquisitions, mostly through incremental personnel costs as we execute our organic traffic playbook and deliver results in SMB products and NerdWallet UK.

OPERATING EXPENSES

GENERAL & ADMINISTRATIVE

Q1 General & Administrative expenses increased 46% year-over-year and were stable as a percentage of our Revenue primarily due to public company capabilities and functions added during 2021.

GENERAL & ADMINISTRATIVE AS % OF REVENUE



BALANCE SHEET AND LIQUIDITY

Our balance sheet and liquidity position remain strong. We ended the first quarter with $161.6 million of cash on hand and no debt.

FINANCIAL OUTLOOK

Q2 Revenue: $118 - $121 million; representing 30% year-over-year growth at the midpoint
Q2 Adjusted EBITDA: $8 - $10 million

Consistent with our previous outlook, brand investments will create variability in our quarterly margins, but we expect year-over-year accretion in our 2022 annual Adjusted EBITDA margin.

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 new 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 measures discussed in this communication, please see "Non-GAAP Financial Measure" below.

QUARTERLY CONFERENCE CALL

A conference call to discuss NerdWallet's first quarter 2022 financial results will be webcast live today, May 3, 2022 at 2:00 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.

Appendix

FORWARD-LOOKING STATEMENTS

This letter to shareholders 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 letter 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, statements concerning the following:

- the effect of the ongoing COVID-19 pandemic on our business, results of operations, financial condition, and stock price;
- our expectations regarding our future financial performance, including total revenue, costs 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 letter 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 other filings we make with the SEC from time to time.

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

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 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, we have included Adjusted EBITDA because it 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 derivative embedded in long-term debt;
- Adjusted EBITDA excludes certain recurring, non-cash charges, such as depreciation of property and equipment and amortization of intangible assets, and 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 expense, 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 does not include the impact of impairment of assets previously acquired, 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.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED MAR 31, 2022	MAR 31, 2021	% CHANGE
Revenue	**$ 129.1**	**$ 90.0**	**43%**
Costs and Expenses:			
Cost of revenue	7.7	6.5	19%
Research and development	17.4	12.2	43%
Sales and marketing	96.1	68.6	40%
General and administrative	13.1	8.9	46%
Change in fair value of contingent consideration related to earnouts	3.9	7.0	(43%)
Total costs and expenses	138.2	103.2	34%
Loss From Operations	**(9.1)**	**(13.2)**	**(31%)**
Other expense:			
Interest expense	(0.2)	(0.3)	(46%)
Other losses, net	—	(0.1)	NM
Total other expense	(0.2)	(0.4)	(54%)
Loss before income taxes	(9.3)	(13.6)	(32%)
Income tax provision (benefit)	1.2	(0.7)	NM
Net Loss	**$ (10.5)**	**$ (12.9)**	**(19%)**
Net Loss Per Share Attributable to Common Stockholders			
Basic	$ (0.16)	$ (0.27)	(41%)
Diluted	$ (0.16)	$ (0.27)	(41%)
Weighted-Average Shares Used in Computing Net Loss Per Share Attributable to Common Stockholders			
Based	66.9	48.5	
Diluted	66.9	48.5	

NON-GAAP FINANCIAL MEASURE

We compensate for the limitations on the prior page by reconciling Adjusted EBITDA to net loss, the most comparable GAAP financial measure, as follows:

	THREE MONTHS ENDED		
(IN MILLIONS)	MAR 31, 2022	MAR 31, 2021	% CHANGE
Net loss	$ (10.5)	$ (12.9)	(19%)
Depreciation and amortization	7.2	6.2	15%
Interest expense, net	0.2	0.3	(47%)
Income tax provision (benefit)	1.2	(0.7)	NM
Other losses, net	—	0.1	(73%)
Loss on impairment and on disposal of assets	—	0.3	(100%)
Change in fair value of contingent consideration related to earnouts	3.9	7.0	(43%)
Deferred compensation related to earnouts	0.4	0.5	(27%)
Stock-based compensation	6.5	2.3	185%
Acquisition-related expense	—	0.1	(100%)
Adjusted EBITDA	$ 8.9	$ 3.2	179%

Net loss margin	(8%)	(14%)	
Adjusted EBITDA margin [1]	7%	4%	

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

CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(IN MILLIONS)	MAR 31, 2022	DEC 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 161.6	$ 167.8
Accounts receivable	72.5	57.6
Prepaid expenses and other current assets	19.2	17.4
Total current assets	253.3	242.8
Property, equipment, and software — net	39.6	34.9
Goodwill	43.6	43.8
Intangibles — net	25.5	27.6
Right-of-use assets	13.3	13.9
Other assets	0.8	1.1
Total Assets	**$ 376.1**	**$ 364.1**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5.2	$ 3.2
Accrued expenses and other current liabilities	41.5	32.1
Contingent consideration — current	30.5	30.5
Total current liabilities	77.2	65.8
Contingent consideration — noncurrent	28.1	24.2
Deferred tax liability — noncurrent	1.1	1.8
Other liabilities — noncurrent	14.3	14.7
Total liabilities	120.7	106.5
Commitments and contingencies		
Stockholders' equity	255.4	257.6
Total Liabilities and Stockholders' Equity	**$ 376.1**	**$ 364.1**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

(IN MILLIONS) THREE MONTHS ENDED MARCH 31,	2022	2021
Operating Activities:		
Net loss	$ (10.5)	$ (12.9)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	7.2	6.2
Stock-based compensation	6.5	2.3
Change in fair value of contingent consideration related to earnouts	3.9	7.0
Deferred Taxes	(0.7)	(1.3)
Non-cash lease costs	0.7	1.9
Other, net	0.2	0.3
Changes in operating assets and liabilities:		
Accounts receivable	(15.2)	(16.4)
Prepaid expenses and other assets	(1.6)	(1.1)
Accounts payable	1.3	(1.9)
Accrued expenses and other current liabilities	9.7	14.1
Operating lease liabilities	(0.3)	(2.1)
Other liabilities	0.4	0.3
Net cash provided by (used in) operating activities	1.6	(3.6)
Investing Activities:		
Capitalized software development costs	(6.6)	(5.2)
Purchase of property and equipment	(1.9)	(0.2)
Net cash used in investing activities	(8.5)	(5.4)
Financing Activities:		
Repurchase of Class A common stock	—	(0.4)
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	—	(0.2)
Proceeds from exercise of stock options	0.7	3.1
Payment of offering costs related to initial public offering	—	(0.4)
Net cash provided by (used in) financing activities	0.7	(13.8)
Net decrease in cash and cash equivalents	(6.2)	(22.8)
Cash and Cash Equivalents:		
Beginning of period	167.8	83.4
End of period	$ 161.6	$ 60.6

nerdwallet