

Nextdoor Investor Presentation

investors.nextdoor.com

Q3 2024



Certain statements in this presentation may be considered “forward-looking statements” within the meaning of the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expect,” “intend,” “will,” “estimate,” “anticipate,” “believe,” “predict,” “project,” “target,” “plan,” or “potentially” or the negatives of these terms or variations of them or similar terminology. These statements include, but are not limited to, statements regarding our future performance and our market opportunity, including expected financial results for the second quarter of 2024 and full year 2024, trends and expectations regarding our business and operating results, our expectations on Verified Neighbor growth, the expected benefits to our cost reduction plan and share repurchases, our business strategy and plans, and our objectives and future operations, including our expansion into new markets.

Forward-looking statements are based upon various estimates and assumptions, as well as information known to us as of the date of this investor presentation, and are subject to risks and uncertainties. Accordingly, actual results could differ materially due to a variety of factors, including: our ability to scale our business and monetization efforts; our ability to expand business operations abroad; our limited operating history; risks associated with managing our growth; our ability to achieve and maintain profitability in the future; the effects of the highly competitive market in which we operate; the impact of macroeconomic conditions on our business; our ability to attract new and retain existing customers and users, or renew and expand our relationships with them; our ability to anticipate and satisfy customer preferences; market acceptance of our platform; our ability to successfully develop and timely introduce new products and services; our ability to achieve our objectives of strategic and operational initiatives; cybersecurity risks to our various systems and software; the impact of privacy and data security laws; and other general market, political, economic, and business conditions.

Additional risks and uncertainties that could affect our financial results and business are more fully described in our Quarterly Report on Form 10-Q for the period ended September 30, 2024, filed on November 6, 2024, and our other SEC filings, which are available on the Investor Relations page of our website at investors.nextdoor.com and on the SEC’s website at www.sec.gov. All forward-looking statements contained herein are based on information available to us as of the date hereof and you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this investor presentation or to conform these statements to actual results or revised expectations, except as required by law. Undue reliance should not be placed on the forward-looking statements in this investor presentation.

This presentation includes certain non-GAAP financial measures (including on a forward-looking basis). These non-GAAP measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to their nearest GAAP equivalent or any other performance measures derived in accordance with GAAP. A reconciliation of the non-GAAP financial measures used in this Presentation to their nearest GAAP equivalent is included in the Appendix to this Presentation. Nextdoor believes that these non-GAAP measures of financial results (including on a forward-looking basis) provide useful supplemental information to investors about Nextdoor. Nextdoor’s management uses forward-looking non-GAAP measures to evaluate Nextdoor’s projected financials and operating performance. However, there are a number of limitations related to the use of these non-GAAP measures and their nearest GAAP equivalents, including that they exclude significant expenses that are required by GAAP to be recorded in Nextdoor’s financial measures. In addition, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore, Nextdoor’s non-GAAP measures may not be directly comparable to similarly titled measures of other companies. Additionally, to the extent that forward-looking non-GAAP financial measures are provided, they are presented on a non-GAAP basis without reconciliations of such forward-looking non-GAAP measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations.



Introducing Nextdoor



Nextdoor is the *essential* neighborhood network...

99M

Verified Neighbors

46M

Weekly Active Users¹

1 in 3

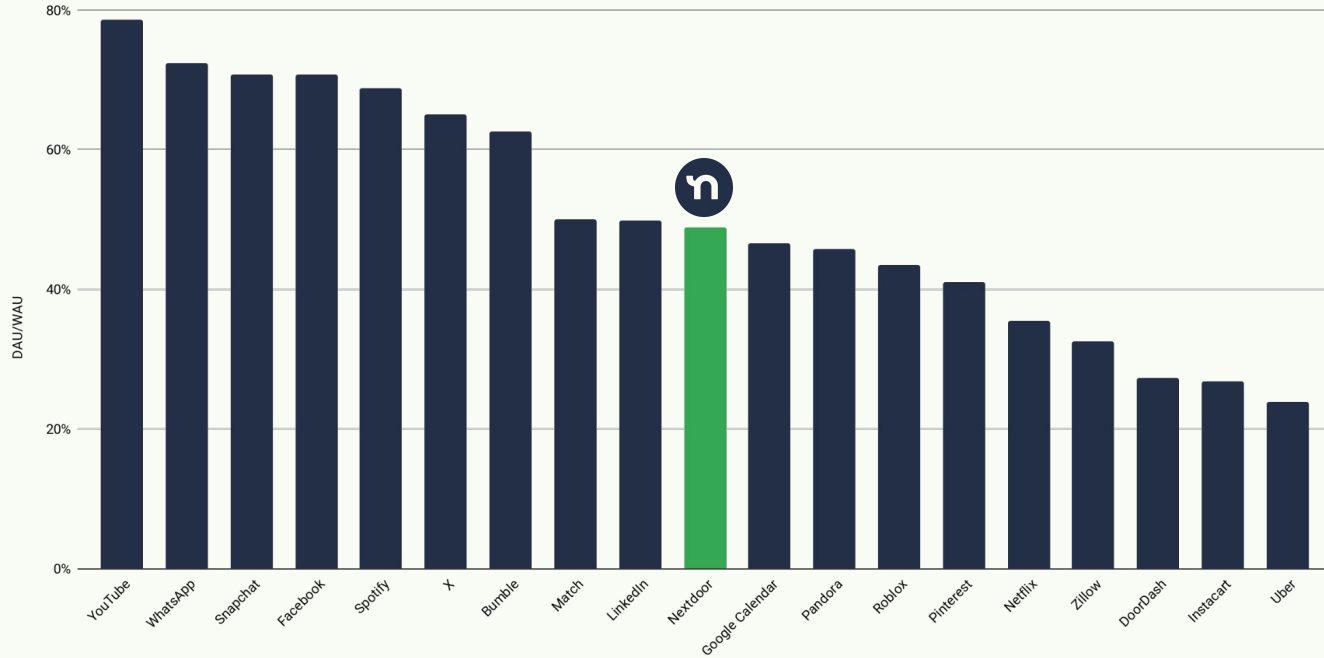
US households on Nextdoor

Metrics as of 9/30/2024.

(1) WAU is defined as a Nextdoor user who opens our application, logs on to our website, or engages with an email with monetizable content at least once during a defined 7-day period. Some figures may not tie due to rounding.



...and is one of the most frequently used consumer products



Source: Sensor Tower data from 8/19/2023-8/18/2024. DAU/WAU ratio based on DAU and WAU averages over the 12-month time period. Nextdoor DAU/WAU based on company data as of 6/30/2024. DAU defined as a Nextdoor user who starts a session or opens a content email on a given day. WAU defined as a Nextdoor user who opens our application, logs on to our website, or engages with an email with monetizable content at least once during a defined 7-day period.



An existing audience unlike any other platform...

Real people

An authentic user base looking to find and share trusted recommendations and local information

With high-intent

Neighbors use the platform with commercial intent and a desire to discover and discuss local information

Located everywhere

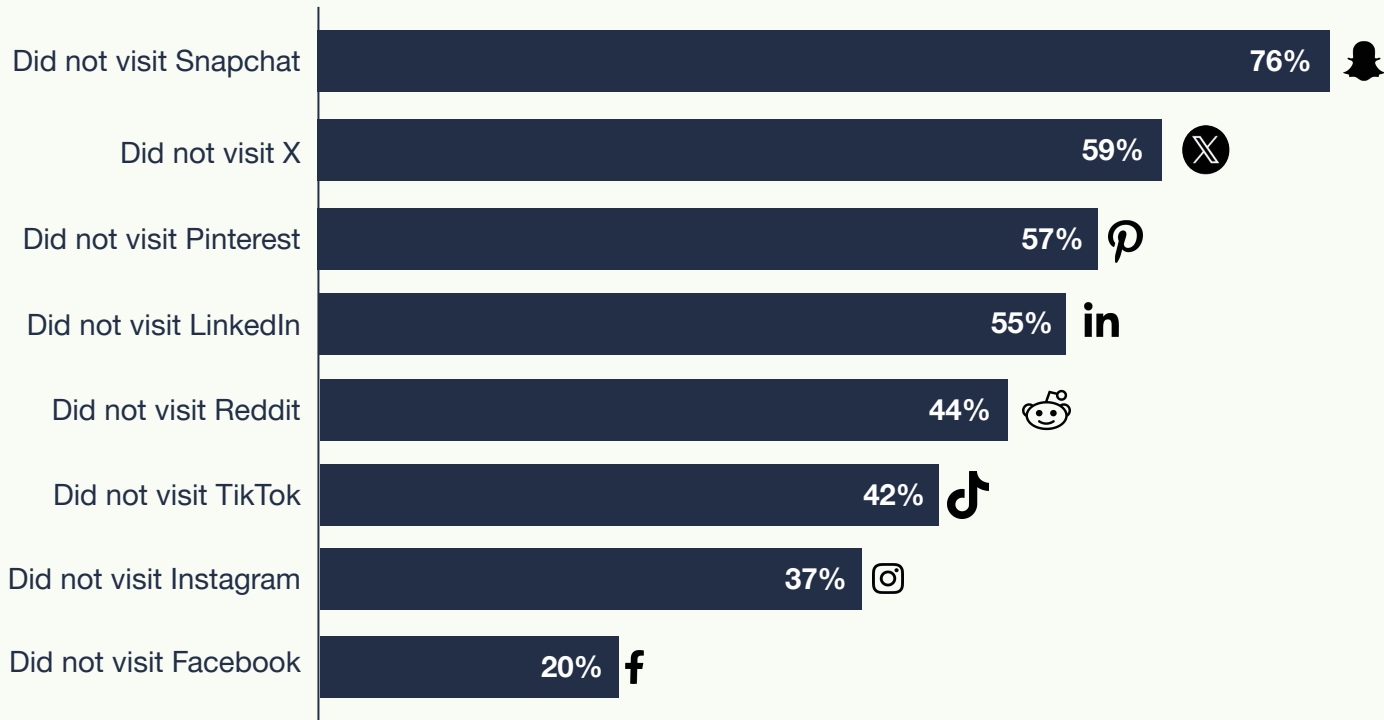
Advertisers can tailor messages with local personalization at national scale



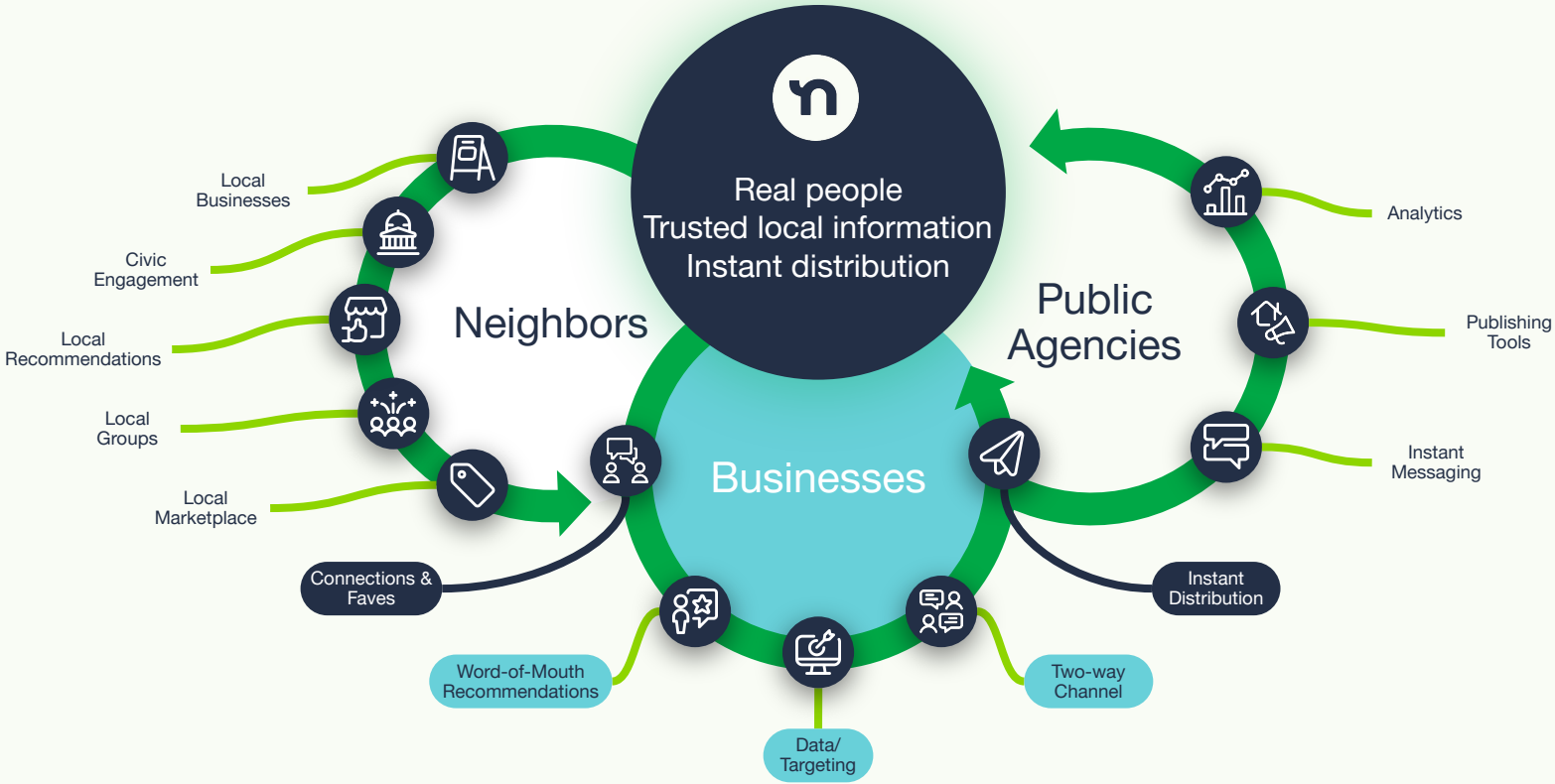
...with differentiated reach

%

of people who visit
Nextdoor at least
1x/month but did not
visit this social
media platform at
least 1x/month



Nextdoor is a distribution network for all things local



We have a unique foundation for growth

Local Focus	Nextdoor is the essential neighborhood network, reaching 340K+ neighborhoods
Real Users	Verified 99M user base includes real names/addresses and valuable 1P data
Engaged User Base	46M weekly active users and opportunity to drive deeper engagement
Product Focus	Improving user experience focused on intent + discovery, plus more relevant local content
Better Monetization	Nextdoor Ads Platform allowing us to fully leverage our differentiated 1P data



And multiple paths to value creation

User Growth & Engagement

Top of funnel user acquisition is strong and almost entirely organic
Our focus: drive deeper engagement by bringing more relevant content to Nextdoor

Advertiser Growth & Retention

Nextdoor Ads Platform driving strong self-serve advertiser retention and higher spend

Monetization

Nextdoor Ads Platform driving better advertiser outcomes and revenue growth: click optimization yielded a 2x performance improvement for advertisers using it in Q3'24

Efficiency

Doing more with less: revenue/employee grew ~60% y/y in Q3

Capital Allocation

Organic investments and share repurchases are priorities: focused resource allocation drives faster growth, reduced cash burn



Q3'24 Performance Highlights



Users, revenue, & margin improvement again accelerated in Q3

13%

WAU growth (y/y)

17%

Revenue growth (y/y)

33

Points of Adjusted EBITDA Margin^{1,2} improvement (y/y)

~50%

of VNs are active weekly and ~50% of WAU are active daily

~50%

of total Q3 revenue came from self-serve customers

\$425M

cash and investments at quarter-end, zero debt

Metrics as of 9/30/2024.

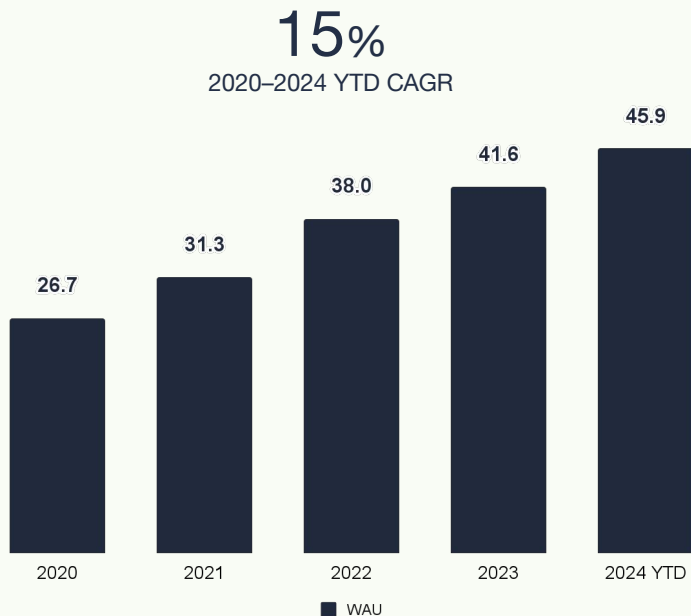
(1) Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.
(2) A reconciliation of non-GAAP metrics to their most comparable GAAP measures is provided at the end of this presentation.



A growing base of engaged users...

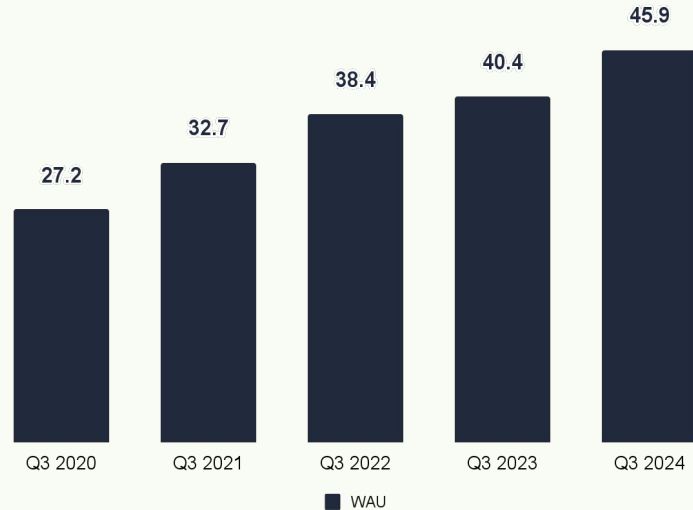
Annual (M)

Avg. Weekly Active Users (WAU), millions



Quarterly (M)

14%
Q3 2020–Q3 2024 CAGR

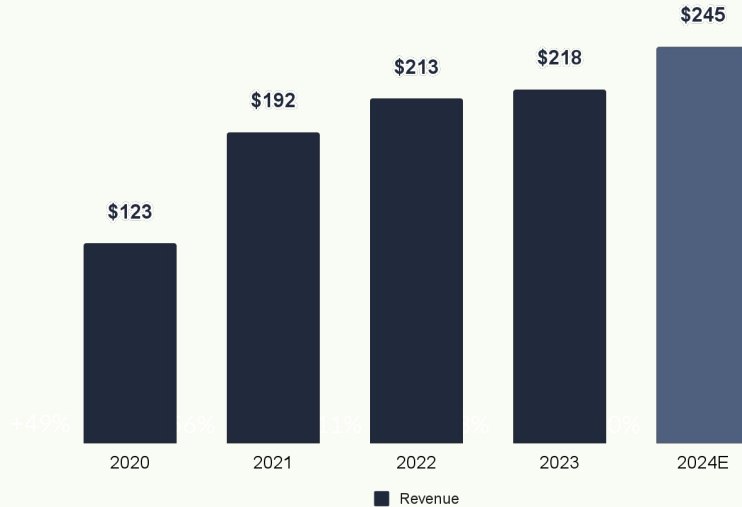


...driving an improving revenue growth trajectory...

Annual (\$M)

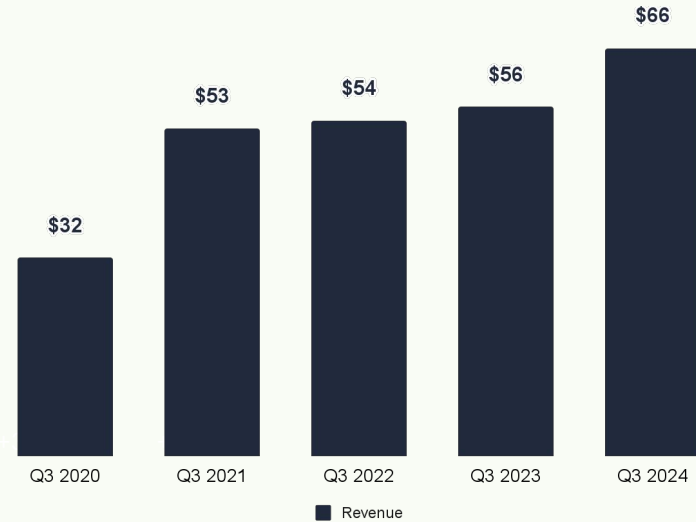
Revenue, \$M

19%
2020–2024E CAGR



Quarterly (\$M)

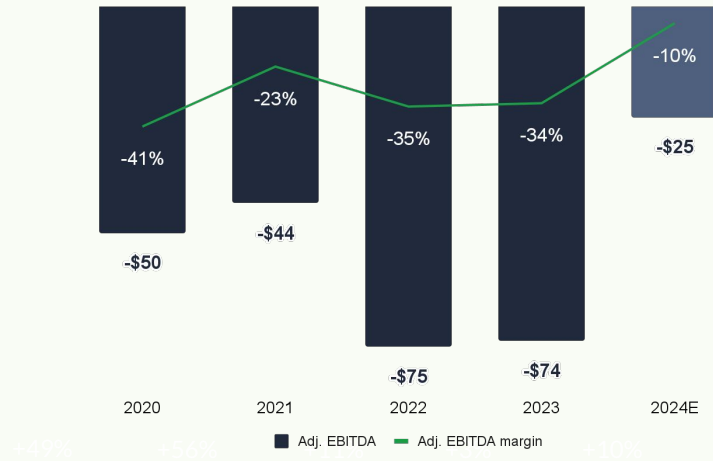
20%
Q3 2020–Q3 2024 CAGR



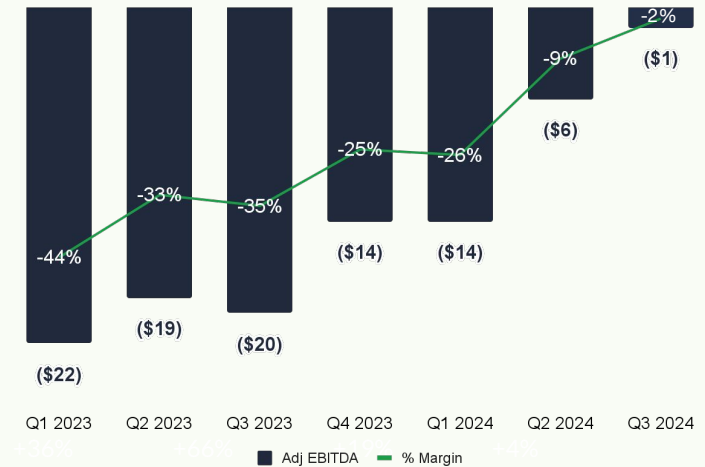
...with improved efficiency and resource allocation

Annual (\$M)

Adjusted EBITDA (\$M) and Adjusted EBITDA margin (%)



Quarterly (\$M)



Current & Future Growth



How we drive Verified Neighbor and engagement growth

Verified Neighbors

Invites

Digital invite

Neighbor-to-guest

Page-to-guest

Earned/WOM

Word-of-mouth
(WOM)

Content engine

Brand/earned
media

Marketing
partnerships

Unattributed
“halo” effect

Content

Partnerships

SEO

Social
sharing

Paid

Invitation
letters

Digital
paid

Engagement

Activation

Initial user verification

Help neighbors
discover and get
started on Nextdoor

Retention

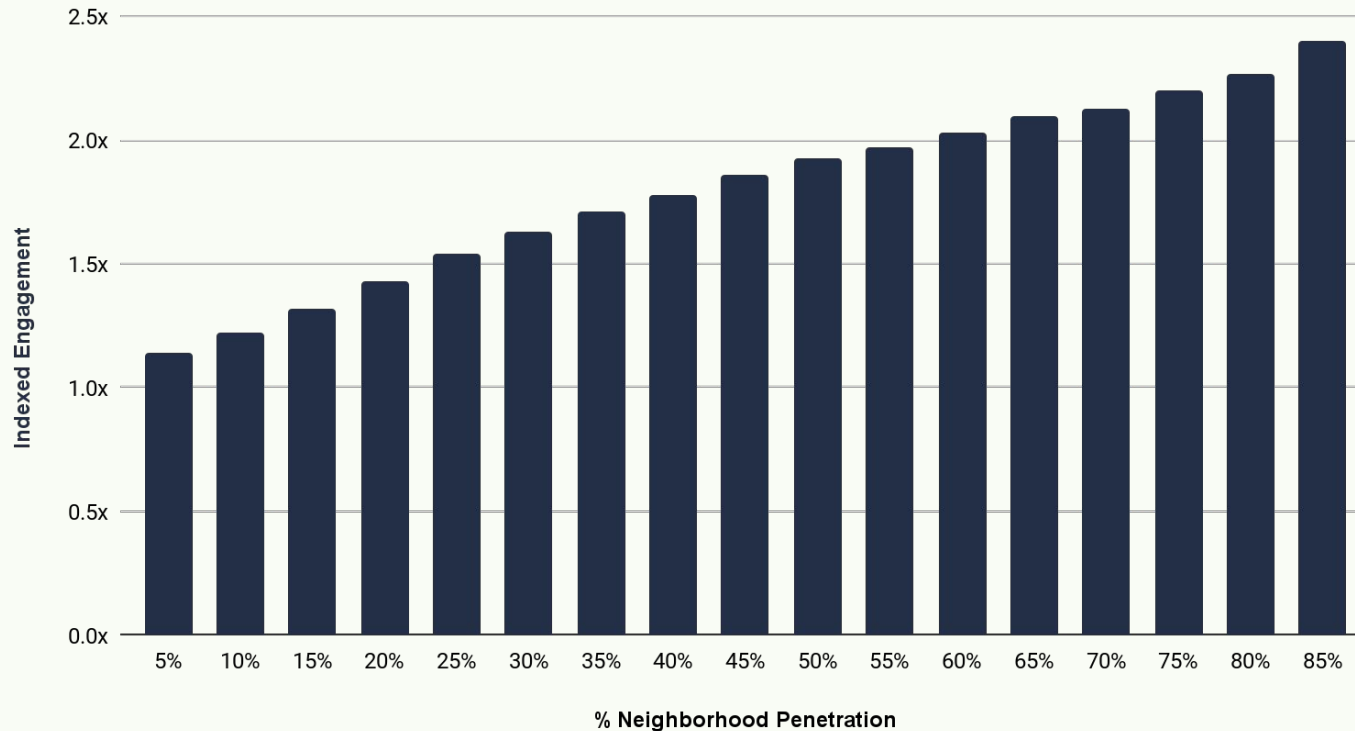
Content: ensure availability
of high-quality local content

Feed: help neighbors
discover local, fresh, and
relevant conversations

Notifications: keep users up
to date with local, relevant
information about their
neighborhood(s)



Enduring retention combined with strong network effects



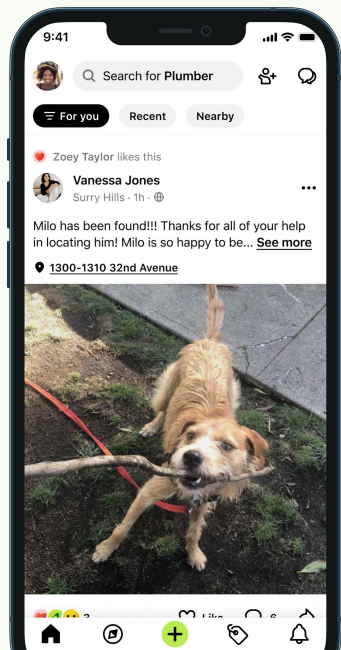
Our path to engagement growth is proven:

- After two years **nearly 50% of our audience remains engaged**
- **2.5x increase in weekly engagement** as more neighbors join

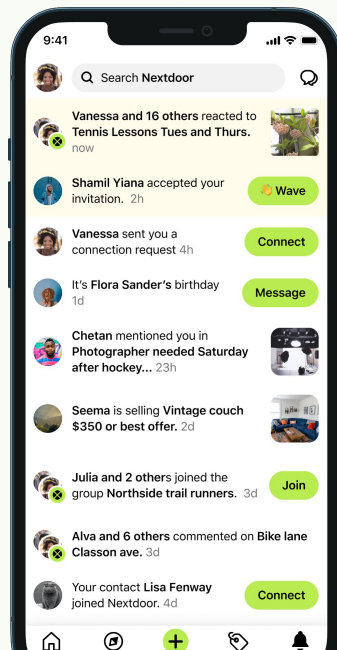


Nextdoor users presently engage in multiple ways

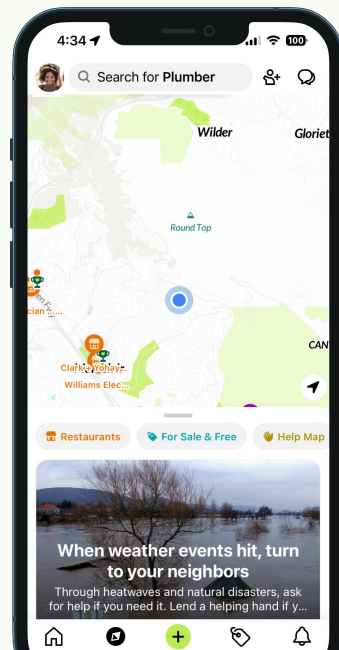
Newsfeed



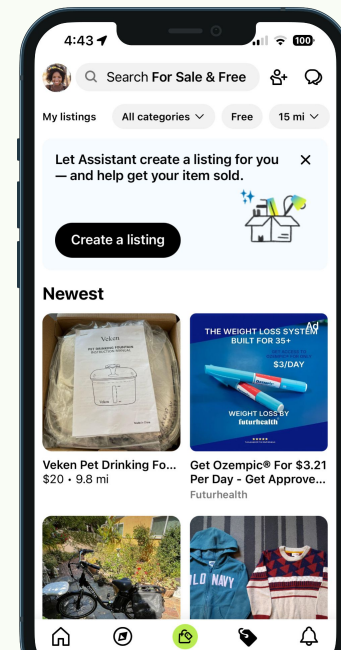
Digest




Discover



For Sale & Free



What users want to do on Nextdoor



Discover
and discuss
86%¹

Exchange
goods and
services
54%*

Connect
and
belong
40%*

¹ Percentage of users who want to use Nextdoor for each category.
Source: Internal data, 9/30/2024.



Initial focus: A new UI, non-neighbor content, multi-location



Elevated design

Create an intuitive, modern, and relevant product experience.



New voices

Add content from publishers, governments, and businesses.



More places

Enable users to view all relevant neighborhoods.



NEXT reinvents our product to better meet user needs

Targeted Outcomes

Increase the amount of relevant content on Nextdoor.

Drive higher frequency of usage and transform Nextdoor into a daily use case.

Update our user experience and interface.

Business Impact

Improve product and experience for users and advertisers.

Step changes in usage and engagement unlock improved monetization.

Flywheel drives profitable growth and increased shareholder value over time.

How & When

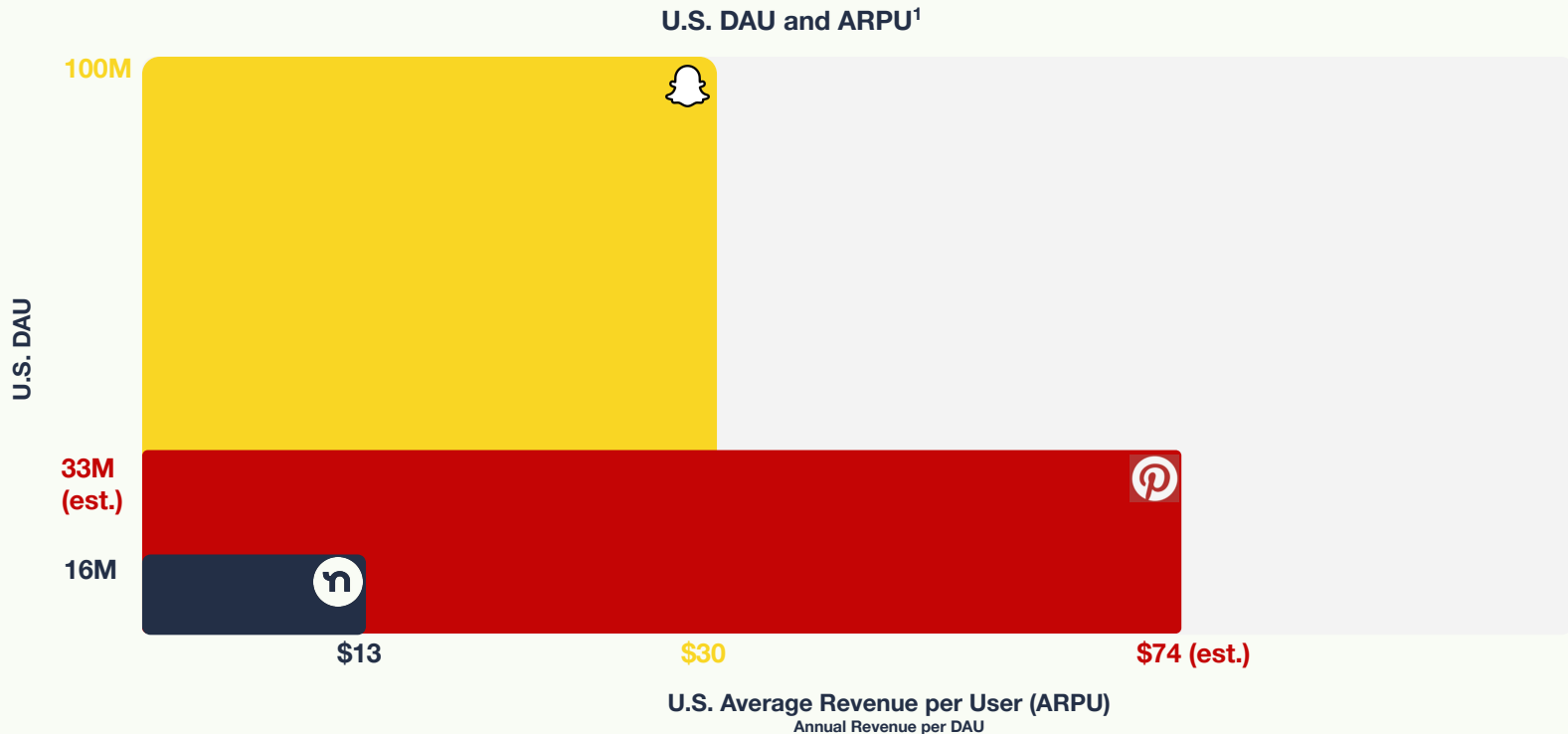
We are delivering continual product improvements today, and transformative change via NEXT.

We expect product-related progress will be ongoing.

Our timing is measured in quarters – not years.



Our verified audience has significant monetization potential



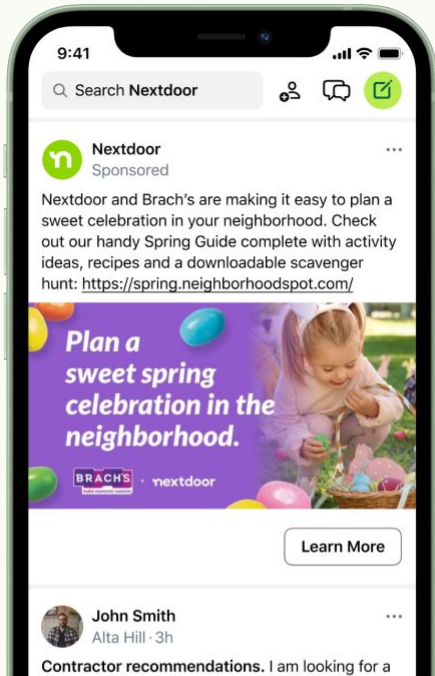
(1) Snap DAU and ARPU figures reflect data provided in their 2023 10-K. PINS DAU is an estimate based on U.S. and Canada MAU reported by PINS. Source: Nextdoor data is based on 2023. Total WAU in FY23 was ~42M. Average U.S. % of total WAU was ~80%. DAU/WAU is ~50% = 16M U.S. DAU in FY23. Comparison is illustrative as each company calculates daily active users differently. Snap includes U.S., Canada, Mexico, the Caribbean and Central America. Nextdoor includes the U.S. only.



Organizations use Nextdoor to connect locally

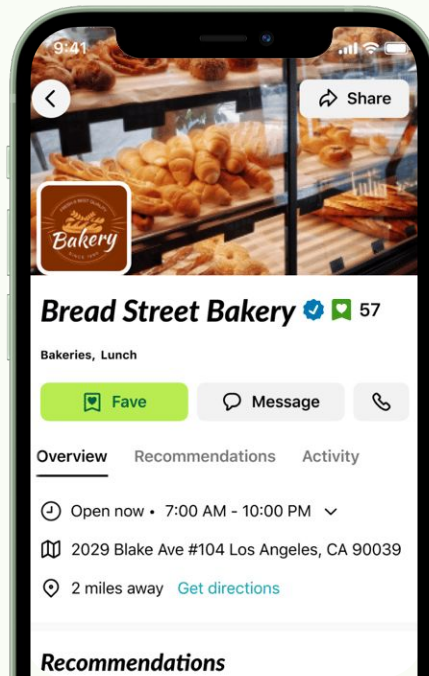
Global/National Brands

>1,000 enterprise & mid-market brands



SMBs/Neighbors For Hire

~5M local claimed business pages



Public Agencies/Utilities

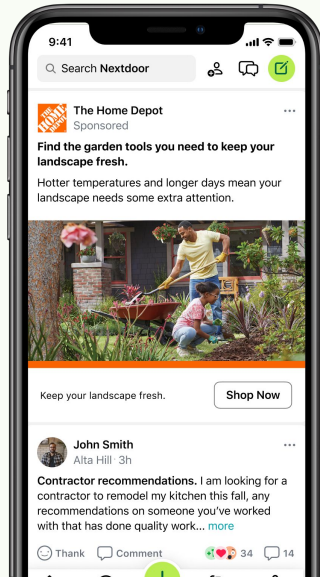
>6,000 public agencies on platform



We offer ad formats for any objective

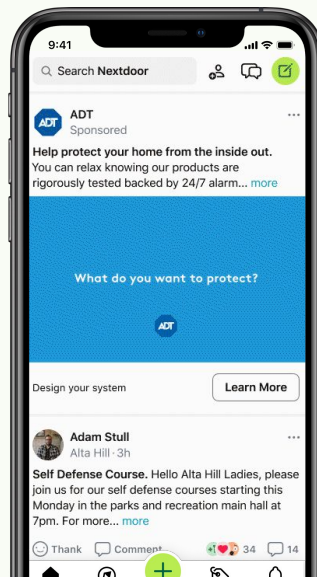
Display

Reach neighbors in newsfeed surrounded by relevant content



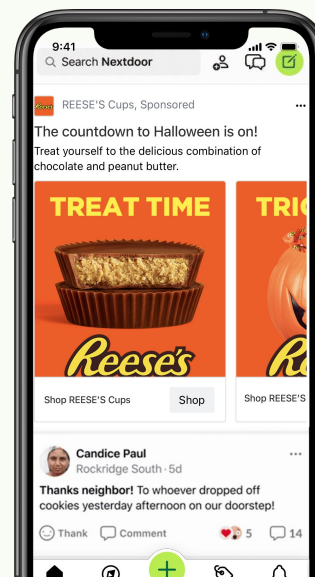
Video

Capture scrollers' attention with engaging content



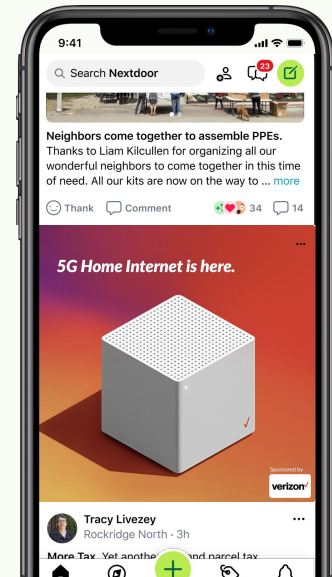
Carousel

Showcase multiple products or services



Spotlight

Large format image to stand out in-feed in a breakthrough way



The advertiser value equation

1 Growing unique, monetizable users is critical to meeting more advertisers' expectations for scale and performance

2 Building the Nextdoor Ads Platform is key to improving performance and reducing effort required to realize that improved Performance

The diagram shows the equation $\text{Customer Value} = \frac{\text{Scale} \times \text{Performance}}{\text{Effort}}$. A dashed line connects point 1 to the 'Scale' term and point 2 to the 'Performance' and 'Effort' terms. A dashed box encloses the entire right side of the equation (Scale × Performance / Effort).

$$\text{Customer Value} = \frac{\text{Scale} \times \text{Performance}}{\text{Effort}}$$

Our Ads Platform Drives Value for customers of all sizes

Nextdoor Ads Manager (NAM)

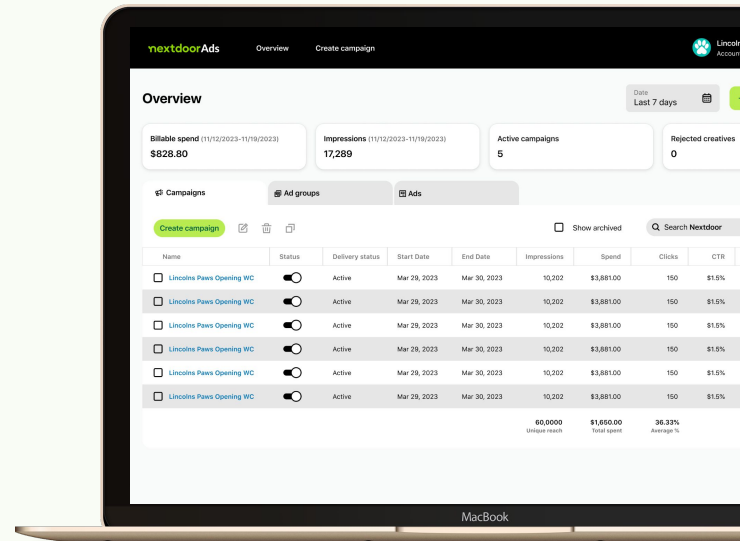
Allows self-serve advertisers to create and manage ad campaigns on Nextdoor.

Includes an improved UX flow, custom reporting, flexible user management, pay-as-you go billing, campaign management functions.

Nextdoor Ad Server (NAS)

Taken together, NAM and NAS deliver improved platform stability and improved advertiser performance.

Having our own ad server lets us optimize performance for advertisers and capture more value from our ad inventory.



A Giant Self-Serve Leap for Advertisers

Platform signup

Self-serve sign up

Agencies can easily create new advertiser profiles to manage and invite users

Billing

Pay-as-you-go model
(was pre-pay)

Automated email notifications

Billing flexibility for agencies

Usability enhancements

Improved ad creation and easy editing

Creatives can be used across multiple campaigns

Campaign/ad group/asset duplication

Granular roles and permissions

GenAI-powered Assistant to help advertisers quickly generate effective and compelling ad copy

Reporting

Lifetime and customizable reporting vs. limited time windows



Long-term, we expect AI will touch almost everything we do

Multiple applications

- Increase user engagement
- Improve advertiser performance
- Unlock operational efficiencies

Current initiatives

To-date we have focused on driving community engagement or make using our platform easier for advertisers

Longer-term

Nextdoor is one of the world's largest applications of consumer AI. We have:

The technology

The data

The audience



AI is currently elevating our platform

Driving Content Relevance & User Engagement

AI and machine learning (ML) are improving the relevance of content, feeds, notifications, and invitations – driving engagement and user growth.

Gen AI for Neighbors & SMBs: Post Assistant

Generative AI at Nextdoor is accelerating new user content creation, driving deeper engagement and enhancing the community experience.

Gen AI for Advertisers: Ad Content Assistant

The Nextdoor Ads Manager (NAM) is leveraging AI to drive better ad content and performance.

AI is particularly helpful to SMBs, by lowering friction to create pages and ad campaigns.



KIND: a compelling opportunity for investors

We are driving growth

Delivering user and engagement growth.

Our Nextdoor Ads Platform is delivering value for advertisers.

We are doing more with less

We better allocated resources toward growth across the business and delivered 33 points of y/y Adjusted EBITDA margin improvement in Q3'24.

Increased full-year 2024 revenue and adjusted EBITDA outlook.

The Future is NEXT

NEXT combines our deep local expertise with a new approach and feature set.

While it will take time to show product progress, the potential payoff is big: a better product and experience for users and advertisers, and better monetization for Nextdoor.



Appendix



Definitions

Metrics	Definition
U.S. Household	A single (U.S.) residence containing at least one current Verified Neighbor
Neighborhoods	The number of active Launched (10+ member) neighborhoods. A “neighborhood” is a specific geographic area with a defined boundary. Neighborhoods do not overlap
Verified Neighbors/Users	Individuals who have joined Nextdoor and completed the verification process for their account
Daily Active Users (DAU)	Count of unique neighbors who have started a session or opened a content email on a given day
Weekly Active Users (WAU)	Users who open our application, log on to our website, or engage with an email with monetizable content at least once during a defined 7-day period
Monthly Active User (MAU)	Count of unique neighbors who have started a session or opened a content email over the trailing 30 days
Engagement	Used to refer to neighbor activity — usually WAU unless otherwise specified
Neighborhood penetration	U.S. Households (see above) divided by the total number of Households (claimed or otherwise) in the neighborhood.
Local Business Claimed Pages	Local business pages that have been claimed by a Nextdoor partner
Total Addressable Market (TAM)	Digital advertising spend in the U.S. excluding B2B (not addressable by Nextdoor). Source: eMarketer

Non-GAAP operating expenses reconciliation

	2021A	2022A	2023A
<i>Operating Expenses</i>			
Cost of revenue	\$28.8M	\$39.0M	\$41.6M
Sales and marketing	106.4M	123.2M	122.9M
Research and development	97.1M	127.1M	150.0M
General and administrative	54.7M	67.7M	76.1M
Total GAAP Operating Expenses	\$287.0M	\$357.0M	\$390.6M
(-) Depreciation and amortization	(\$4.2M)	(\$5.7M)	(\$5.8M)
(-) Stock-based compensation	(47.5M)	(64.4M)	(83.0M)
(-) Restructuring charges	–	–	(\$9.9M)
Non-GAAP Operating Expenses	\$235.3M	\$286.9M	\$291.9M
<i>% of Total Revenue</i>	122%	135%	134%
<i>% Growth</i>	35%	22%	2%

Some figures may not tie due to rounding.



Adjusted EBITDA reconciliation

	2021A	2022A	2023A
Net Loss	(\$95.3M)	(\$137.9M)	(\$147.8M)
Depreciation and amortization	4.2M	5.7M	5.8M
Stock-based compensation	47.5M	64.4M	83.0M
Interest	(0.2M)	(9.3M)	(25.8M)
Provision for income taxes	0.2M	1.7M	0.8M
Restructuring charges	–	–	\$9.9M
Acquisition-related costs	–	–	–
Adjusted EBITDA	(\$43.7M)	(\$75.5M)	(\$74.1M)

Some figures may not tie due to rounding.





IR@nextdoor.com