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# Nextdoor Holdings, Inc.

NYSE:NXDR

## *Earnings Call*

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# Call Participants

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## EXECUTIVES

**John T. Williams**

*Head of Investor Relations*

**Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

## ANALYSTS

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**Sherman-Lewis**

*Citigroup Inc., Research Division*

**Jason Michael Kreyer**

*Craig-Hallum Capital Group LLC,  
Research Division*

**Ryan James Powell**

*B. Riley Securities, Inc., Research  
Division*

# Presentation

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## Operator

Good afternoon. My name is Jordan, and I'll be your conference operator today. At this time, I'd like to welcome everyone to Nextdoor's Third Quarter 2025 Earnings Conference Call. [Operator Instructions] Thank you. You may begin the conference.

## John T. Williams

*Head of Investor Relations*

Thank you, operator. Good afternoon, everyone, and welcome to Nextdoor's Third Quarter 2025 Earnings Conference Call and Webcast. I'm John T. Williams, Nextdoor's Head of Investor Relations. With me today is Nirav Tolia, our Chief Executive Officer.

As a reminder, during this call, we may make statements related to our business that are forward-looking statements under federal securities laws. These statements are not guarantees of future performance. They are subject to a variety of risks and uncertainties. Our actual results could differ materially from expectations reflected in any forward-looking statements. For a discussion of the material risks and other important factors that could affect our actual results, please refer to our SEC filings available on the SEC's website and in the Investor Relations section of our website as well as the risks and other important factors discussed in today's earnings release.

Additionally, non-GAAP financial measures will be discussed on today's conference call. A reconciliation of these measures to their most directly comparable GAAP financial measures can be found in the Q3 2025 Nextdoor investor update released today.

And now I'll turn it over to Nirav.

## Nirav N. Tolia

*Co-Founder, CEO, President & Chairperson of the Board*

Thank you, John, and good afternoon, everyone. I'm Nirav Tolia, Co-Founder and CEO of Nextdoor. Q3 was a quarter of steady execution, and our results are consistent with the plan we've communicated. We delivered our highest quarterly revenue ever and generated positive Q3 adjusted EBITDA. In addition, we are on track for positive adjusted EBITDA in Q4 and are reaffirming our expectation for full year 2026 breakeven.

Let's talk more about Q3. Revenue grew to \$69 million, up 5% year-over-year and reflecting strong demand from self-serve advertisers who continue to be drawn to our Nextdoor Ads platform. ARPU improved 8% year-over-year even amidst reduced ad load.

On the large customer front, we delivered on our commitment to complete our programmatic supply integrations, enabling deeper collaboration with scaled parties who are looking to reach audiences on Nextdoor more efficiently. Our self-serve channel continues to be a growth engine. Q3 self-serve revenue grew 33% year-over-year and made up roughly 60% of total revenue.

Advertisers saw meaningful gains, including higher click-through rates and lower cost per click. We also grew our active customer base and associated net new advertiser spend. In short, our ad stack investments are delivering results, and we expect the introduction of new ad formats and deeper AI integration over the coming months may further improve monetization.

Q3 platform WAU, defined as users who engage directly on the Nextdoor app or website was \$21.6 million, a modest sequential decline. This was driven by an intentional decision to reduce notification and e-mail volumes, reflecting our focus on engagement quality over quantity.

In the short term, Platform WAU may continue to fluctuate due to seasonality and our continued commitment to delivering the best user experience. As I've said many times before, we will deliberately make trade-offs even if they are difficult, all in the interest of driving long-term and sustainable growth.

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Continuing, Q3 GAAP net loss was \$13 million. Q3 adjusted EBITDA was \$4 million, a positive 6% margin, representing 8 points of year-over-year improvement. This reflects our strong revenue performance and continued focus on operating the company as efficiently as possible. Further, revenue per employee has now increased 21% year-to-date. And at quarter end, we had \$403 million in cash, cash equivalents and marketable securities, along with 0 debt.

Now let's move on to our financial outlook. We expect Q4 revenue between \$67 million and \$68 million and adjusted EBITDA in a range between \$3.5 million and \$4.5 million. This implies full year 2025 revenue growth of 3% to 4% and an approximately \$3 million adjusted EBITDA loss. We do continue to expect full year adjusted EBITDA breakeven in 2026.

Here are some key factors to consider related to our Q4 outlook. Our Q4 guidance reflects normal seasonality and a full quarter of savings from our recent workforce reduction, partially offset by incremental platform investments. We do not plan to increase ad load in Q4 or into 2026 as we continue to prioritize the best user experience. Consistent with this approach, we also expect to intentionally reduce new user acquisition efforts during Q4. Those are the numbers, and now I'm excited to go into more detail about our product, the true driver of long-term value.

The first phase of our transformation, marked by the launch of the new Nextdoor, rebuilt our foundation. We reset our expense base, strengthened our team and instilled greater operating discipline. At the same time, we enriched the platform by pairing user-generated content with trusted third-party local information that drives meaningful conversations and real-world utility.

At quarter end, more than 4,000 local publishers are live on Nextdoor, and local news now accounts for approximately 7% of total feed content. We also created a real-time local alert system to help neighbors stay informed and safe during high-impact local events such as fires, inclement weather and utility outages. New integrations include WAU's real-time traffic and road updates and instant earthquake alerts from the U.S. Geological Survey.

Looking ahead, we will continue leveraging third-party content to reinforce Nextdoor as the neighborhood's go-to source for what's happening nearby. This foundational work has helped clarify what users truly value and has given us a stronger and more sustainable baseline for growth. That said, the takeaway is clear. We must continue to dramatically increase high-quality content and distribute it more effectively to the right users at the right times.

So now we're entering the next phase. We're moving beyond the content feed to build a stronger neighborhood ecosystem grounded in a vibrant, useful and trusted local community. Community-driven content has always been part of our DNA. Our opportunity now is to modernize how we surface and connect it, focusing on the interactions that drive real-world outcomes, providing utility for neighbors and visibility for local businesses.

Authenticity is what matters, and we have a material opportunity to invest further in neighbor recommendations. Neighbors want to know why a business is trusted. Real recommendations from verified neighbors build that trust, and we know that's what sets Nextdoor apart. With this in mind, we plan to reinvent our recommendations ecosystem to turn authentic word of mouth into actionable insights that help neighbors make smart decisions and help local businesses thrive.

We believe these efforts can meaningfully improve engagement and monetization all across our platform. Ultimately, our goal is to create more relevant and trusted connections that reflect how neighbors engage in the real world with each other and with local businesses.

The first phase gave us stability and insight. The current phase is where we take bold swings and begin to see the results. As we move forward, we'll focus on a few key indicators: quality and quantity of content, depth of engagement and the value we create for advertisers. We will avoid chasing short-term metrics in favor of investing in durable compounding growth initiatives. Transformation takes focus, it takes courage, and it takes time. It is not a straight line and is neither predictable nor immediate, but it represents the best path for us to unlock the next phase of growth for Nextdoor and create lasting value for our users, advertisers and shareholders.

Before wrapping up, I'd like to share an important leadership update. I'm pleased to announce that we've hired our next Chief Financial Officer. Indrajit Ponnambalam will be joining Nextdoor as CFO, effective December 1, 2025. Indrajit brings more than 2 decades of experience leading high-performing finance and operations teams, most recently as CFO at Premion, an industry-leading connected TV advertising platform and prior to that, at Match Group, Time Warner Cable and AOL. He has a proven track record of driving growth, achieving operational excellence and financial rigor at scale, and we are thrilled to have him on board.

In closing, we remain laser-focused on building a platform that makes neighborhoods more vibrant, more connected and more useful. At our core, Nextdoor is about real local connections that create value every day. That vision will continue to guide us in everything we do. Thanks for joining our earnings call today. I'll now turn it over to the operator to begin Q&A.

## Question and Answer

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### Operator

[Operator Instructions]

Our first question comes from the line of James Sherman-Lewis from Citigroup.

### **James Michael Charles Sherman-Lewis**

*Citigroup Inc., Research Division*

Nirav, first for me here, we're only about 4 months out from the launch of the new Nextdoor and understood the commentary around it being a nonlinear transformation, but would love any insights you have into the underlying customer engagement, specifically that depth of engagement metric that you mentioned? And then I have a follow-up.

### **Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

Great. Thank you for the question. And yes, we're 4 months out, and we are excited about the progress. You may remember that initially, we talked about the new Nextdoor as being focused on news, alerts and recommendations. We now have news as approaching 10% of newsfeed content. We know that alerts are essential to our users, and we've seen that in the metrics.

And then finally, I talked about in the comments that recommendations is the big swing that we plan to take next because we think it has the most potential of anything that we've worked on. What we're seeing with our user base gives us a lot of optimism. We know that we've made the content more relevant even amidst reducing notifications and keeping ad load exactly where it is. What we also know is that 7% of new content, which is what the news represents is not enough.

The way Nextdoor works best is when there is so much content that's showing up in your neighborhood that we can use AI and ML to show you the most relevant things for you, whether that's from a proximity standpoint or from your affinity standpoint. And so the real focus for us is on dramatically increasing the amount of content. What we've learned from the new Nextdoor is when we add more high-quality content, we see deeper engagement. And so we now have the signal that we need to really bear down and do our best work.

### **James Michael Charles Sherman-Lewis**

*Citigroup Inc., Research Division*

That's helpful. Second here and potentially a little bit more tactical. The notification changes in 3Q and the planned pullback in new user acquisition for 4Q, can you update us on how you see your user acquisition strategies evolving into 2026?

### **Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

Yes, it's a great question. So the reason that we mentioned that is because as we continue to focus on the best user experience, the thing that we need to do is to ensure that the first time a user comes to Nextdoor, they have the best possible experience. We have a number of things that we plan to release over the next couple of months that we believe will create a better cold start experience. And we use cold start to represent the first time that you come to Nextdoor.

Today, when you come to Nextdoor, you see the same thing that someone who's been a Nextdoor member for 10 years may see. And we know that it should be a different experience. And so as we work towards a specialized experience that will be fully suited for the new user to Nextdoor, it makes sense for us not to be aggressive in new user acquisition. We just wanted to make that statement as an example of how we are looking at long-term value creation versus trying to make all the metrics go up in the short term.

**Operator**

Your next question comes from the line of Jason Kreyer from Craig-Hallum.

**Jason Michael Kreyer**

*Craig-Hallum Capital Group LLC, Research Division*

Nirav, so when you talk about adding more content, can you just give us a sense of where that comes from? Like are you talking about inspiring more user-generated content? Or is this an expansion of some of the third-party publisher partners that you've already started to ingest on the platform?

**Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

Jason, thank you for the question. And you kind of answered it, but I'll give you more specifics. So we've now got at quarter end, 4,000 publishers that are pumping news content into Nextdoor. We think there's more upside there, and we certainly think that there's more upside in integrating more third-party alerts but as you indicated, we believe the greatest opportunity is where Nextdoor's DNA is, and that's user-generated content.

And so the next phase for us is to think less about integrating external content and to think more about revving up our internal user-generated content engine on Nextdoor, which has really been, again, at the DNA of how we were created. We think the natural place for that to start and potentially the most impactful is in neighbor recommendations. And so you should expect to hear a lot more about that in the months to come.

**Jason Michael Kreyer**

*Craig-Hallum Capital Group LLC, Research Division*

That's great. Also, I just wanted to see if you could give an update on the build-out of your programmatic capabilities. Curious on kind of what you're doing on platform and then off-platform. I know you recently did a deal with Yahoo. So maybe a little perspective on both would be great.

**Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

Yes. That's a great question as well because we have spoken about this throughout the year. So the first thing to say very specifically is that we've completed the supply side platform integration earlier this year, and we're currently testing with DSPs. We have announced that off-platform deal with Yahoo!, so now an advertiser can go into Yahoo's DSP, find Nextdoor audiences to target against and then campaign directly from Yahoo.

The way we see this is that programmatic generally complements direct sold inventory and is additive. It was a capability that we were asked to add to what we were doing at Nextdoor, and we always knew that we would. We announced it back, I think, in the Q4 earnings call almost 6 or 7 months ago. And I'm delighted to say that we've actually lived up to what we said. And so we expect that to pay dividends again in the months and quarters to come.

**Operator**

Your final question comes from the line of Naved Khan from B. Riley Securities.

**Ryan James Powell**

*B. Riley Securities, Inc., Research Division*

This is Ryan Powell on for Naved. So I wanted to ask another question on the alerts and notifications. So obviously, you mentioned that you had reduced the alerts. Was there an improvement in engagement for the alerts that you were surfacing? And then also, were there any differences in trends for users coming from alerts versus entering the app organically?

**Nirav N. Tolia**

*Co-Founder, CEO, President & Chairperson of the Board*

That's a great question. So obviously, if we are materially decreasing the number of notifications, but yet experiencing a growth in revenue, you can see that the alerts and notifications that we are sending are more effective. And so that's obviously playing out in the numbers, and we expect that to continue to play out.

In terms of what we are seeing specifically in user behavior, the third-party alerts in particular, around inclement weather, around now traffic with ways and earthquake alerts from the USGS, those are particularly effective at resurrecting users who may not have been to Nextdoor in some time. And so if we're very honest with ourselves over the past few years, we lost our way a little bit. And the content was not as relevant as it should have been.

Alerts on the other hand, particularly the way we built the new alerts platform, which targets a particular area that is very specifically being affected by the alert, those perform quite well. And we think that they are a way to get lapsed users back onto the platform. And when they come back on the platform, because of the other improvements that we've made, they should come back more frequently.

Okay. I think that was our final question. And so I'd just like to make a few closing remarks. We are very excited about this next phase of our transformation. We know that our foundation is strong. We've stabilized the business, driven material gains in productivity and our product and operational changes are starting to bear fruit. But it's very, very important for us to state that we're fully committed to building the best product. There are no shortcuts here, and we will make the necessary trade-offs to unlock long-term and sustainable growth. And that's all because our conviction in Nextdoor's potential has never been higher. We have a clarified strategy. The team is super focused, and now it's all about having the courage to do what it takes to win.

So with that, thank you for joining the call and for your interest in Nextdoor.

**Operator**

That concludes the meeting. You may disconnect.

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