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Presentation

Operator

Good afternoon. My name is Elliot, and I will be your conference operator today. At this time, I would like to welcome everyone to Nextdoor's Fourth Quarter 2024 Earnings Conference Call. [Operator Instructions] Thank you. You may now begin your conference.

John T. Williams

Head of Investor Relations

Thank you, operator. I'm John T. Williams, Head of Investor Relations. Good afternoon, and thank you for joining us to review Nextdoor's Fourth Quarter and Full Year 2024 financial results. With us on the call today are Nirav Tolia, Chief Executive Officer; and Matt Anderson, Chief Financial Officer.

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 Q4 2024 shareholder letter released today.

With that, I'd like to turn the call over to Nirav.

Nirav N. Tolia

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

Thank you, John T. Good afternoon, everyone. I'm happy to be with you today to discuss our fourth quarter 2024 financial results and outlook. When we created Nextdoor, we did so with the belief that connected neighborhoods, create stronger communities. Today, 14 years later, more than 100 million verified neighbors have joined our platform to improve their local lives. We've definitely made a real impact. At the same time, we haven't come close to fulfilling our potential, both as a business and more importantly, with our product. So about a year ago, I came back as CEO to drive complete transformation of our user experience we call it NEXT, a reimagined and significantly improved version of Nextdoor. Since my return, our team has worked hard to create a robust foundation for future growth.

And while there is much more work to do, I'm encouraged by our progress and excited to share some specific details about the emergence of NEXT on today's call. But before setting the stage for what's next, no pun intended, let's talk about our Q4 and full year 2024 results. Q4 marked a strong finish to the year. Weekly active users increased 10% year-over-year, reaching \$45.9 million. Revenue grew 17% year-over-year to \$65 million. For the first time, we achieved positive adjusted EBITDA and operating cash flow, an important milestone. Throughout Q4 and really all of 2024, we showed that a disciplined balance between strategic investment and cost controls can drive sustained productivity gains.

All of these results were made possible by an unwavering focus on execution and reinforce my most important belief about winning organizations. People are the core asset. Establishing the team was a key focus in 2024, and I'm confident that we now have the right talent in place across the organization to drive Nextdoor forward. This includes our additions of George Petschnigg from the New York Times as Chief Design Officer and our promotion of Michael Kiernan to Chief Revenue Officer.

Our entire company has embraced the challenge of transforming Nextdoor and last year's financial and operational results are clear evidence that we're making progress. But the most important piece of the transformation is NEXT and our top priority is very clear, delivering a new and radically improved user

experience. To do this right, we are moving away from incremental optimizations of our existing product and fully committing our focus and energy to iterating, refining and ultimately launching NEXT.

While we expect the switchover will impact short-term results, it is a necessary step to secure our long-term success. So let's talk in a little bit more detail about NEXT. Our vision is to unlock the full promise of the neighborhood, and we've spoken to our users a lot over the last year to understand exactly how we can do that for them. They've told us that they want to use Nextdoor, but they need it to work better for them. Simply put, they want the local information to be more relevant, the interface to be more intuitive and the notifications to be more high value. NEXT is purpose-built to meet these needs, and it focuses on 3 key areas: richer local content, timely local alerts and community-powered local recommendations.

These are the 3 pillars that comprise the foundation for our high conviction strategy for NEXT and deliver on the core needs of keeping users informed, safe and smart. I would like to explain each of these in a little bit more detail. First, we are adding new sources of local content to help keep users informed. Richer local content means providing all of the news and information related to what is happening locally. In the past, user-generated content has been our primary source of local updates. NEXT will now integrate third-party non-neighbor publisher content alongside these neighbor discussions, creating a richer and more reliable local news experience that delivers daily and predictable value.

Second, we are upgrading live local updates to help keep users safe. Weather, power, traffic, these are alerts that are essential for our users. In the past, these critical pieces of information might be hard to find or quickly become outdated. NEXT will deliver alerts in a more prominent design that prioritizes real-time delivery and accuracy, serving as an essential lifeline for neighbors during crises such as the recent L.A. fires or for everyday needs like your daily commute.

Third and finally, we are surfacing community-powered local recommendations to help keep users smart. Neighbor recommendations are at the heart of Nextdoor and have always made up a significant portion of our posts. In the past, this knowledge lived only in the feed making it difficult to find. NEXT, we'll use AI and ML to centralize recommendations in a new neighborhood hub where we can showcase the most valuable evergreen content contributed by users over many years.

In the last 6 months, we have prototyped and tested parts of NEXT in 6 markets around the country. We've seen some useful early signals and initial feedback gives us confidence in our strategy. Given these learnings, our product development teams have materially shifted their efforts during Q1 to prioritize NEXT related development work officially initiating the switch over to NEXT.

And I've said many times the product transformation is not a straight line, and we have always anticipated the uncertainty in shifting from vision to execution. But we're now ready to embrace this uncertainty because NEXT allows us to directly address our users' core needs. Delivering a materially better product is the only way to build the successful business that we all envision for Nextdoor.

With that in mind, we are intentionally making short-term trade-offs to prioritize long-term value. This may include things like focusing on existing users over acquiring new ones, reducing ad load to deepen engagement or other strategic shifts that certainly will influence usage patterns. As a result, we do expect impacts on weekly active users and impressions, which will affect near-term business results.

This is not a decision we take lightly, but we believe it is the right one. Embracing this switchover period of feedback and transition is essential to delivering a transformed product and ensuring Nextdoor's long-term success. With all that said, I'm pleased to share that we remain on track to launch NEXT as promised by mid-2025. We validated the product vision, built much of the technology and are now beginning to switch over process.

While we expect some ups and downs in the coming quarters, this work is laying the foundation for our long-term success. Nextdoor has tremendous potential, and we look forward to keeping you updated on the rollout of NEXT in the months ahead.

I'll now turn it over to Matt to discuss our financial results.

Matt Anderson

CFO & Treasurer

Thank you, Nirav, and good afternoon, everyone. In both Q4 and 2024, we saw progress across key measures of engagement, revenue and profitability. In Q4, nearly all of our new verified users joined organically. Among these new users, we saw the fastest growth from those aged 18 to 34. These younger users tend to have different usage habits when compared to our overall user base, but we believe that our expectations will increasingly align with the NEXT user experience. Q4 WAU of \$45.9 million grew 10% year-over-year, driven by a few factors. First, new user acquisition remains strong, particularly in the U.S.

Second, we improved notification delivery and relevance prompting many previously inactive users to reengage. As we have noted in past quarters, when users come to the platform, they are engaging with more content in each session. These optimizations drove positive business impact, but we now look ahead to bolder transformation in 2025. Many verified users have joined Nextdoor, but are not as engaged as they could be. With NEXT, we see a big opportunity to reconnect with them through richer local content, timely local alerts and community-powered local recommendations.

Now on to monetization. Q4 revenue of \$65 million grew 17% year-over-year driven by growth from self-serve advertisers and improved revenue retention. Q4 average revenue per weekly active user or ARPU grew 7% year-over-year to \$1.42 reflecting our ability to deliver more relevant ads to users. As a result, we delivered more ad impressions, more clicks and higher effective CPMs.

Within our self-serve channel, revenue growth, account retention and net revenue retention were all strong. Self-serve advertisers, in particular, continue to embrace our click optimization capabilities, which delivered 47% lower cost per click compared to nonoptimized campaigns and represented more than 40% of our self-serve revenue in Q4.

As we enter Q4, 100% of our U.S. self-serve revenue was being delivered via our Nextdoor ad server. Many of our large managed advertisers have now migrated, gaining access to improved targeting and performance. Looking ahead, we also expect to scale those same benefits to some international advertisers later this year.

Shifting to profitability. In Q4, we continue to be intentional in our resource allocation driving to positive quarterly adjusted EBITDA and operating cash flow for the first time. Q4 adjusted EBITDA was \$3 million or a 5% margin, representing 30 percentage points of year-over-year improvement. Operating cash flow was \$11 million, reflecting strong cash flow conversion given our asset-light model. Increasing revenue scale, lower sales and marketing and personnel expenses and rigorous management of hosting and data related expenses drove this improvement. We expect these efficiencies to sustain, providing us with a path to further leverage in the future. We ended the year with \$427 million in cash, cash equivalents and marketable securities and 0 debt.

In 2024, we repurchased 31 million shares and reduced our fully diluted share count by 5% year-over-year. As a result, our fully diluted share count is now lower than at the time we went public in 2021. Our strong balance sheet provides strategic and financial flexibility and we remain committed to disciplined capital allocation, including through more focused operating expense profile and share repurchases.

Now on to our outlook and financial guidance. We started the year on solid footing, but we are also embracing changes that will affect our guidance. First, with our decision to move more ambitiously towards developing a transformed product, our revenue outlook reflects initial reductions in ad impression supply tied to our next initiative rollout. This reflects shifting usage patterns and expected reductions in ad load as we redefine the user experience.

Second, we have observed reduced spending among certain large advertisers as we progress through the quarter, partly tied to large advertisers shifting budgets towards programmatic ad buying. While our ad delivery is improving, our self-serve advertiser spending remains strong quarter to-date, these are only part of the advertiser value equation. Ease of use is also critical, especially for large advertisers looking to buy through both direct and programmatic channels. In response, we have accelerated our efforts to integrate the new supply side and demand side platform partners and expect these new partnerships to

contribute to growth in late 2025 and beyond. We expect these 2 factors will reduce Q1 revenue growth by approximately \$7 million, with a corresponding flow-through impact to adjusted EBITDA.

We also expect year-over-year revenue growth in the first half of 2025 to be approximately flat. For Q1 2025 specifically, this translates to revenue of approximately \$53 million and an adjusted EBITDA loss of approximately \$13 million implying approximately 2 percentage points of year-over-year margin improvement. As Nirav noted earlier, we remain on track to deliver NEXT by mid-2025.

Now for a few final thoughts. We saw multiple signs of progress in 2024. We drove continued user growth over the course of the year. NEXT began to take shape. Our Nextdoor Ads Platform, drove performance gains for advertisers, and our more focused resource allocation drove consistent productivity improvement. We expect many of the drivers of our improvement last year, including an organic user growth acquisition and Ads Platform-driven growth to persist this year.

In 2025, we are making the decisions we expect will drive durable growth for the long term. We know some of these decisions, including our efforts on NEXT will affect our near-term results, but we are confident that our path is the right one. Nextdoor is already a key resource for users seeking everyday utility. With NEXT, we have the opportunity to reaffirm Nextdoor's role as the go-to resource for everything local. Thanks for joining our earnings call today.
I'll now turn it over to the operator to begin Q&A.

Question and Answer

Operator

[Operator Instructions] First question comes from Eric Sheridan with Goldman Sachs.

Eric James Sheridan

Goldman Sachs Group, Inc., Research Division

Maybe 2, if I could. First, on the user side of the equation, maybe talk a little bit more about the decision process around focusing on maybe going deeper and on the engagement side with the current base of users or a subset of current base of users rather than investments on the growth side in stimulating the broader base of users and how you think about what the output of that will look like for the platform when you look out over the next 12, 18, 24 months.

And then one more maybe sort of micro question would just be on the ad impression headwind. So it sounds like that's fully reflected in Q1. Does that remain a headwind, meaning you expect to bring down ad impressions on a continuous basis deeper into the year? Or that headwind will mostly be absorbed by the time you exit Q1, just thinking about the supply side for the advertising business.

Nirav N. Tolia

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

Eric, this is Nirav here. Thank you for both questions. I'm going to take the first one on users, and then I'll let Matt comment on the ad impression question that you asked at the end. So when it comes to users, let me kind of take a step back and tell you where we are in our process of launching NEXT. The way that Internet software is developed is never a big bang. It's always a series of iterative movements where you learn, you listen, you get better, you improve. And then ultimately, you may do a PR event that signals a big launch, but you're shipping all along. That is the process that we've been in for some time now.

As we mentioned in the letter, we actually have been testing in 6 markets around the U.S. It is the best practice to cohort users that way and learn against the current base and so this is a very standard thing that we're doing. Ultimately, we will get to the point where we flip the switch for everyone. And that's what we talk about as we say, we're initiating to switchover to completely all users getting NEXT.

As it relates to engagement, particularly the question you asked around 12 to 18 months, what we're looking for is deepening engagement with an already sizable user base. So over 100 million verified neighbors, but what we need is more frequent and deeper engagement. And so those are some of the NorthStar metrics for us. They can actually ultimately translate into more visits over a shorter frequency of time and more time spent on those visits, whether it's a minute metric or whether it's a number of stories read. That's the goal.

We are very optimistic given the early things that we've seen, but this is going to be a process. And that's why we talked about this idea that for the next few quarters, the optimal thing for us to do is to learn and optimize. And so that's where our focus is, and we're excited about where that takes us. I'll turn it over to Matt for the ad impression question.

Matt Anderson

CFO & Treasurer

Yes. Thanks, Eric. So a couple of pieces. I'll start with where we came into 2025, which is over the last several years, actually had a really strong and consistent ad supply growth. That's been really the core driver of our growth as we've been building our ad stack. Now as we look internally and we look ahead to 2025 and beyond, our core discussion is what do we need to do today to ensure that growth sustains for many years to come, and that led us to the intentional action related to NEXT. And really specifically, and when we talk about the first half of this year, we're really focused on ambitiously testing a number of different efforts that we think can give us a signal we need to drive durable growth. And Nirav talked about that for a few minutes.

And so really, as we look at the first half, we do expect limited supply growth relative to our current baseline because we're doing those tests with a deliberate focus on learning, understanding how those dynamics play out. And then this NEXT really becomes launched as we get into the midyear as we talked about in the past, that's where we can expect to see and observe all the different things that we're focused on. And so we think that will play out in a number of ways, but one of the things will be early signals around increasing that frequency that Nirav mentioned. And so we're going to be driving ambitiously towards that. But a lot of the supply dynamics that we're talking about today are delivered, they are tied to NEXT and they are tied to a long-term growth.

Operator

We now turn to Jason Kreyer with Craig-Hallum.

Jason Michael Kreyer

Craig-Hallum Capital Group LLC, Research Division

So obviously, you're integrating with a bunch of different publishers to bring in kind of that local community content. Just curious where you're at in that continuum of securing that kind of information across various markets across the country.

Nirav N. Tolia

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

Nirav here. And that's a great question. I just want to remind everyone on the call that we have 3 pillars of NEXT. We have a news pillar and alerts pillar and a recommendations pillar. You are talking about the news thing and specifically, you're talking about the fact that for the first time, we are moving beyond primarily using user-generated content from neighbors as the new source to going and getting content and really establishing distribution for existing third-party publishers. By our estimates, there are probably anywhere between 8,000 and 10,000 local news publishers across the U.S. We already have several thousands.

So I don't think getting coverage is ultimately the long pull. The thing that we're going to do that we think is different and better and ultimately, the most useful for our users is not just show them the articles. It's to bring them the articles and then allow them to have discussions with verified neighbors about the issues in those articles. And so if we take a step back, the hard thing here is not actually delivering the content to our users. The users can actually get the content today. It's actually not something that's unique to Nextdoor.

What is unique to Nextdoor is over 100 million verified neighbors that you know are thinking about the same things you are because they live in your local community. And so to have the content bolstered by the neighbor conversation, that's what we think is really special. And we're excited to show that to the world.

Jason Michael Kreyer

Craig-Hallum Capital Group LLC, Research Division

And then just going back to the comments you made on the moves by large advertisers. Just wondering if there's additional detail you can provide or if there's conversations feedback you've gotten from those advertisers and how you gain comfort that this is macro related and not necessarily micro related?

Matt Anderson

CFO & Treasurer

Yes, Jason, I'm happy to take that one. So really, it starts with something that I referenced in my comments, which is a focus on the advertiser value equation. And one thing that we talked about quite a bit over the last couple of quarters is driving performance for advertisers. This is where when we talk about things like improving cost per click, improving retention, increasing self-serve. That's been a key part of it. Now as we've entered the year, one of our big focuses is understanding how do we get better at meeting where advertisers where they need to be, particularly larger advertisers. And we do have

feedback for both new and potential advertisers that they ultimately want the option and the ability to buy programmatically.

And so we see that as we look across our base of existing advertisers, it's a real opportunity to make it easier for them to buy to have multiple channels. And so it's really based on that feedback. Now there are other factors as well. I think it's too early to try and discern between macro versus idiosyncratic customer-specific dynamics, but we are very much focused on making it easier, especially for our larger advertisers to buy, to come onto the platform. And then ultimately, as we move further towards NEXT, we think we have an opportunity to deliver more value to them.

Operator

[Operator Instructions] We now turn to Jamesmichael Sherman-Lewis with Citi.

Jamesmichael Charles Sherman-Lewis

Citigroup Inc., Research Division

First for me, with 10% year-over-year WAU growth of flat net ads sequentially. As we think about NEXT supporting session depth and retention, can we also revisit your leverage to drive top-of-funnel WAU growth? As well as the impact of these newer notification delivery strategies, feed ranking models and how you're driving usage with younger users?

Nirav N. Tolia

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

Nirav, here, Jamesmichael. So the first is I think you probably have noted that a lot of the growth that we saw in Q4 in new verified neighbors was from a younger demographic. And so that's actually a really encouraging sign. And we think much of what we've built with NEXT will broaden our value proposition across our existing base of users and also for younger users, for urban users, for segments that maybe we historically have not served as well as we can. So that's kind of the first thing. As it relates to ad inventory, I just want to get specific because this question has actually been asked a couple of times. We are in the phase for the next few quarters where we are optimizing learning and specifically learning about engagement.

As we learn more and we drive more engagement, that obviously gives us the opportunity to start to increase ad load or to create new ad units or to do all of the things that we can do to make sure that we are serving the needs of our advertisers. But that's something that comes after we understand the best way to serve our consumer base.

The last part of the question, when you asked about new users versus existing users, we have a really large base. That large base is very familiar with Nextdoor. The first thing we want to do is understand how they are comparing before and after. It's really important for us. We think the new experience is dramatically better. We want to learn the ways that our existing users feel that as well.

Within that existing user experience, there are lots of opportunities for our existing base to take the content on Nextdoor and share it with neighbors who are not yet on Nextdoor. So the way these social networks typically grows through virality, we know that if we do a good job of serving our existing user base, we will also drive new user growth. That is why we're focused on our existing base.

Matt Anderson

CFO & Treasurer

And Jamesmichael, I'll just add one other note to acknowledge your comment on Q4 specifically. Typically, in the fourth quarter, we see some seasonal flatness, particularly around the Christmas and New Year period when engagement tends to be lower. That's been obscured in past years. But ultimately, I think the year-over-year growth is a good indicator of our progress in the quarter.

Jamesmichael Charles Sherman-Lewis

Citigroup Inc., Research Division

Very clear. I have a follow-up. And then it's encouraging to see the positive EBITDA inflection with leverage across expenses, but led by S&M savings, particularly cuts in branded performance marketing. Can you set some light on the strategic shift here in your customer and advertiser acquisition strategies?

Matt Anderson
CFO & Treasurer

Just to clarify, you were talking about operating leverage and sales and marketing expense. Did I hear you correctly?

Jamesmichael Charles Sherman-Lewis
Citigroup Inc., Research Division

Yes, operating leverage in sales and marketing.

Matt Anderson
CFO & Treasurer

Yes. So there's a couple of pieces there. One, I actually want to start with an overall comment, which is the leverage we've seen in the business, including the 30 points of the year-over-year margin improvement in Q4 is broad-based across every function, across every type of spend. And so that is, I think, an important point. Now the area as we think about how some of these strategic decisions will flow through our model, sales and marketing is a good example. It partly reflects the lower personnel costs, which is true across the company. But importantly, it reflects a couple of different things. It really shift towards organic growth.

So one we talked about before, which is with substantially all of our neighbors coming to platform organically, we effectively do not spend on neighbor acquisition anymore. So over the course of the last couple of years, that's a real source of leverage. As we look forward, we then look to where are the areas where we can apply that same approach investing in a better product, investing in scalable growth. And so we look to other areas, for example, for SMBs, we do spend with some pay channels to acquire SMB customers to the platform, but we're actually shifting our focus to invest in product, to improve our road map so that we can help those SMBs have better tools with better organic presence. And so as we look forward over '25 and beyond, we are very focused on getting further leverage from SMBs because we will really be based on improving product. And so that backward-looking improvement around neighbor acquisition, we think there's an equal opportunity as we look at SMBs over the next couple of years.

Operator

We now turn to Rohit Kulkarni with ROTH Capital.

Rohit Rangnath Kulkarni
ROTH Capital Partners, LLC, Research Division

Just to kick things off. On these short-term trade-offs versus long-term wins. Any more color you can give Nirav on over the last 6 months, what is it that you're seeing that gives you greater confidence that the next 6 months of pain is going to lead to a lot bigger win in the longer term with regards to users or advertisers. Would love to get more color on kind of the tea leaves that you're reading through the data as to the next switchover as such?

Nirav N. Tolia
Co-Founder, CEO, President & Chairperson of the Board

It's a great question. So let me actually take a step back and say that when we look at our feedback, we're really trying to pull together 3 different things. We have qualitative feedback directly from our users, and we have a great research team and our entire product development organization is always trying to listen to users to understand what we can do to better serve them. We have quantitative feedback, which is typically just dashboards and metrics and things that we can look at to understand with the system of our scale, how are the knobs and dials being moved.

And then the third thing is we have our intuition. Because when you create a new product vision, you are actually creating something that you believe users need, but they haven't necessarily told you that they want those things because they don't even know necessarily that they want them. right? So it's balancing those 3 things. I will give you one example of something that we've seen as an early indicator that we are on the right track. And it's still early.

The reason that we've taken the next few quarters to really learn and understand the impacts is because we're now at a stage where we can initiate the switchover and do so without having to incrementally optimize the current system. But one example is we have seen the third-party publisher content is resulting in infrequent users using the platform more. That's just one example. It's still early.

We can't even really quantify it given the size of the audience that we're experimenting against and the different types of content that we're showing. But that is a very specific example of the fact that when we show more relevant local content, we know that Nextdoor begins to turn into a more habitual service.

Rohit Rangnath Kulkarni

ROTH Capital Partners, LLC, Research Division

And then a finance question on first half '25 guide. Maybe to the extent you can provide more color on the drivers underlying be it number of advertisers, number of users, revenue per user on the kind of first half revenue guide that you have and as a sub-question to that, what can you do to get the large advertisers who are shifting towards programmatic back onto the platform? Are there specific go-to-market things that you could do or some tech upgrades that you need to do to kind of reignite that spend bucket?

Matt Anderson

CFO & Treasurer

So happy to -- I'll break down to a couple of pieces. So with regard to the first half, it goes back to something we've talked about a bit on this call, which is very simply, we have the total ad supply and ad inventory, which is tied to our user growth, but also decisions around frequency, depth, testing, ad load. And we have never increased our ad load over the last couple of years and it's really been come through organic feed item views.

Now as we've talked about, we are going to test the different ways we can do things that might affect supply, less frequent or more dynamic notifications, certain dynamically changing ad load. Thinking about those types of dynamics will affect the total supply. But as I mentioned earlier, that is intentional. Now that does mean that as we flow that down through the model, that will constrain growth more than it would have, all else equal, if we just proceeded with our continued optimization through the quarter.

So a lot of it really is tied towards those changes, those optimizations, those tests. And that's why it is linked to that effort to drive towards the NEXT in mid-2025. As we move into the second half of the year, we'll be looking closely to see where those can start to drive things like supply growth, user growth, and we'll certainly share more on those as we go.

And then as it relates to large advertisers, it is certainly, as I mentioned earlier, making it easier for them to buy. It's also making sure we're continuing to deliver performance. And so there's been an effort that's been underway and continues to progress, which is making sure those larger advertisers, including ones with whom we have a more active relationship that they are getting benefits from our ad server as well. And so the same way our self-serve advertisers are seeing leverage and better performance from the ad server, we're going to make sure that our larger advertisers see those same benefits, and we're continuing to march as expected through that ad stack transition.

And so when you pair that with the going-forward efforts around programmatic partnerships, and really just a focus on helping them reach the audience and evolving our go-to-market, we think there's an opportunity. It's not something that will change in a quarter. But in conjunction with NEXT, in conjunction with the new ways of buying, we think there's a real opportunity to show progression here over the course of the full year.

Nirav N. Tolia

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

Okay. I think we've taken all of the questions. And so before we close, I'd like to take a minute to briefly recap and reinforce the things that matter most, about where we are today and where we're going. First, in Q4 and in 2024, the team executed well. We created a solid foundation. We were able to balance strategic investment with cost controls, and that's why you saw sustained productivity gains.

But second, we are now intentionally going to make short-term trade-offs to prioritize the long term. This will impact metrics, it will impact performance, but it's in the near term. And it's not something we take lightly. But it is the right thing to do because we are building this company to be a company for long-term investors.

Third and most importantly, we are moving very ambitiously on the switchover to NEXT. The 3 pillars of NEXT, we talked about them, adding new sources of local content to help keep users informed, upgrading live local updates to help keep her users safe and finally surfacing community-powered recommendations to help keep users smart. We are excited to share more with you about next in the coming months. We appreciate you joining the call, and thank you for your interest in Nextdoor.

Operator

Ladies and gentlemen, today's call has now concluded. We'd like to thank you for your participation. You may now disconnect your lines.

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