Klaviyo Announces Second Quarter 2024 Financial Results

2024-08-07

Second quarter revenue of $222.2 million, representing 35% year-over-year growth

Raises full year 2024 revenue guidance

BOSTON--(BUSINESS WIRE)-- **Klaviyo** (NYSE: KVYO), the company that powers smarter digital relationships, today announced results for its second quarter ended June 30, 2024.

“We delivered another strong quarter, as businesses of all sizes turn to our platform to power smarter digital relationships and drive revenue,” said Andrew Bialecki, co-founder and CEO of Klaviyo. “Klaviyo continues to prove itself essential for our customers, providing them with a powerful data platform that’s not only fast, flexible, and intuitive, but also uses leading AI technology to give marketers an edge. We’re continuing to invest across the business as our customers prepare for their busiest season of the year."

Recent Business Highlights:

- Expanded Klaviyo AI suite with new features including Flows AI, personalized campaigns, and review sentiment AI, to help marketers work faster and spark new ideas to build customer relationships.
- Expanded SMS offering to 12 countries with availability in Austria, Switzerland and Spain.
- Announced new integrations with Toast, BazaarVoice, TikTok, and Pinterest, adding to the company's more than 350 third-party integrations.
- New and expansion deals closed with Samsonite, Herschel Supply Company, and Barstool Sports and others during the quarter ended June 30, 2024.
- Over 151,000 customers were using Klaviyo to drive their own revenue growth as of June 30, 2024, compared to over 130,000 customers as of June 30, 2023.
- Increased penetration up market, ending the quarter with 2,386 customers generating over $50,000 of ARR, compared to 1,458 at the end of the second quarter of 2023, an increase of 64% year-over-year.
- Continued to expand current customer base, with NRR of 112% as of June 30, 2024.

“Our strong momentum continued in the second quarter, as new companies adopted Klaviyo, and existing customers expanded their use of our platform to drive growth,” said Amanda Whalen, CFO of Klaviyo. “We grew our revenue 35% year-over-year to $222 million, and we delivered $41 million in operating cash flow and $37 million in free cash flow. We are well positioned for the back half of the year and beyond as we continue to invest in our strategic initiatives to drive efficient and durable growth.”

Second Quarter 2024 Financial Highlights:

- Revenue: Total revenue of $222.2 million, up from total revenue of $164.6 million in the second quarter of 2023, representing year-over-year growth of 35%.
- Gross profit: Gross profit of $171.9 million, representing a gross margin of 77%, compared to gross profit of $127.1 million in the second quarter of 2023, representing a gross margin of 77%.
- Non-GAAP gross profit: Non-GAAP gross profit of $174.7 million, representing a non-GAAP gross margin of 79%, compared to non-GAAP gross profit of $127.1 million in the second quarter of 2023, representing a non-GAAP gross margin of 77%.
- Operating (loss) income: Operating loss of $(14.1) million, representing operating margin of (6)%, compared to operating income of $7.0 million in the second quarter of 2023, representing an operating margin of 4%.
- Non-GAAP operating income: Non-GAAP operating income of $34.3 million, representing non-GAAP operating margin of 15%, compared to non-GAAP operating income of $20.8 million in the second quarter of 2023, representing non-GAAP operating margin of 13%.
- Net (loss) income per share attributable to Klaviyo Series A and Series B common stockholders - basic and diluted: Net (loss) income per basic and diluted share attributable to Klaviyo Series A and Series B common stockholders was $(0.02) and $(0.02), respectively, for the second quarter of 2024, compared to $0.05 and $0.04, respectively, for the second quarter of 2023.
- Non-GAAP net income per share attributable to Klaviyo Series A and Series B common stockholders - basic and diluted: Non-GAAP net income per basic and diluted share attributable to Klaviyo Series A and Series B common stockholders was $0.16 and $0.15, respectively, for the second quarter of 2024, compared to $0.10 and $0.09, respectively, for the second quarter of 2023.
- Balance sheet and cash flow: Cash, cash equivalents, and restricted cash as of the end of the second quarter was $794.6 million. Cash from operating activities was $40.9 million, representing a margin of 18%. Free cash flow for the second quarter was $37.1 million, representing free cash flow margin of 17%.

Financial Outlook

$ in millions	Q3 FY24 Guidance	FY24 Guidance

	Low	High	Low	High
Revenue	$225.0	$227.0	$910.0	$918.0
Year-over-year Growth Rate	28%	29%	30%	31%
Non-GAAP Operating Income	$21.5	$24.5	$103.0	$111.0
Non-GAAP Operating Margin	10%	11%	11%	12%

Klaviyo has not provided a reconciliation of non-GAAP operating income guidance measures to the most directly comparable GAAP measures because certain items excluded from GAAP cannot be reasonably calculated or predicted at this time. Accordingly, a reconciliation is not available without unreasonable effort. Stock-based compensation-related charges, including employer payroll tax-related items on employee stock transactions, are impacted by the timing of employee stock transactions, the future fair market value of our common stock, and our future hiring and retention needs, all of which are difficult to predict and subject to constant change.

Dilutive Securities

Klaviyo has various dilutive securities. The table below details these securities (shares in millions; rounding differences may occur):

	Price as of June 30, 2024	Weighted Average Exercise Price	Shares
Share price	$ 24.89		
Common stock outstanding as of 6/30/2024			266.6
Warrants outstanding			4.5
RSUs outstanding			17.9
Options outstanding		$ 0.45	27.3
ESPP shares outstanding			0.2
Total estimated fully diluted shares			316.5

We have excluded the impact of the Shopify investment option of 15,743,174 shares at $88.93 per share as it was out of the money as of June 30, 2024. The investment option expires on July 28, 2030.

Conference Call Information

In conjunction with this announcement, Klaviyo will host a conference call for investors at 4:30 p.m. ET (1:30 p.m. PT) today to discuss the results for its second quarter ended June 30, 2024 and its outlook for its third quarter ending September 30, 2024 and fiscal year ending December 31, 2024. The live webcast and a replay of the webcast will be available at the Investor Relations section of Klaviyo's website: **https://investors.klaviyo.com** (live and replay).

Select Defined Terms

Customers. We define a customer as a distinct paid subscription to our platform. A single organization could

have multiple discrete contracting divisions or subsidiaries or brands each with paid subscriptions to our platform, which would, in general, constitute multiple distinct customers. In some cases at the customer's request, we allow subscriptions under the same parent organization to be consolidated into a single paid subscription in which case such consolidated paid subscriptions would constitute a single customer. We measure our total number of customers as a point-in-time calculation measured as of the end of a particular period. Customers do not include persons or entities that use our platform on a free trial basis.

Customers Generating Over $50,000 of ARR. We calculate our number of customers generating over $50,000 of ARR (as defined below) as those customers that have an average ARR of greater than $50,000 over the prior twelve months (or the entire duration of the customer's paying relationship, if it is less than twelve months) as of the date of determination. We believe the number of customers generating over $50,000 of ARR is a key performance metric to help investors and others understand and evaluate our results of operations in the same manner as our management team, as it is an indicator of our ability to grow the number of customers that are exceeding this ARR threshold, both from our existing customers expanding their usage of our platform and from our sales to larger customers. We believe this is an important indicator of our ability to continue to successfully move up market.

Dollar-Based Net Revenue Retention Rate. We calculate our Dollar-Based Net Revenue Retention Rate ("NRR") by first identifying the cohort of customers as of twelve months prior to the date of determination. We then calculate the Annualized Recurring Revenue ("ARR") from this customer cohort as of twelve months prior to the date of determination (the "Prior Period ARR") and the ARR from this customer cohort as of the date of determination (the "Current Period ARR"). ARR, for any date of determination, is the annualized value of existing paid subscriptions, which we calculate by taking the amount of revenue that we expect to receive in the next monthly period for our existing paid subscriptions, assuming no changes to such subscriptions in the next month, as of that date of determination, and multiplying that amount by twelve. Current Period ARR includes any expansion, price increases, and customer subscriptions that are deactivated and subsequently reactivated during the applicable twelve-month period and reflects contraction or attrition over the last twelve months from this customer cohort, but excludes any ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time NRR. We then calculate the weighted average point-in-time NRR as of the last day of each month in the current trailing twelve-month period to arrive at the NRR, with the weightings determined by the total ARR at the end of each period. We believe NRR is a key performance metric to help investors and others understand and evaluate our results of operations in the same manner as our management team, as it represents the expansion in usage of our platform by our existing customers, which is an important measure of the health of our business and future growth prospects. We measure dollar-based net revenue retention rate to measure this growth.

About Klaviyo

Klaviyo (CLAY-vee-oh) powers smarter digital relationships, making it easy for businesses to capture, store, analyze, and predictively use their own data to drive measurable, high-value outcomes. Klaviyo's modern and intuitive SaaS platform enables business users of any skill level to harness their first-party data from more than 350 integrations to send the right message at the right time across email, SMS, and push notifications. Innovative businesses like Mattel, TaylorMade, Liquid Death, Stanley 1913, and more than 151,000 other paying customers leverage Klaviyo to acquire, engage, and retain customers—and grow on their own terms.

Source: Klaviyo
Tag: IR

Forward Looking Statements

This press release includes certain "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Other than statements of historical facts, all statements contained in this press release, including, but not limited to, statements about Klaviyo's outlook for the third quarter of fiscal year 2024 ending September 30, 2024 and the full fiscal year ending December 31, 2024, and Klaviyo's expectations regarding possible or assumed business strategies, potential growth and innovation opportunities, new products, potential market opportunities, and other similar matters, are forward-looking statements. Words such as "aim," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "future," "going to," "guidance," "intend," "keep," "may," "opportunity," "outlook," "plan," "potential," "predict," "project," "shall," "should," "strategy," "target," "will," "would," or words of similar meaning or similar references to future periods may identify these forward-looking statements, although not all forward-looking statements contain these identifying words.

Forward-looking statements reflect management's beliefs, expectations and assumptions about future events as of the date hereof, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. These risks include, among others, the following: our ability to achieve future growth and sustain our growth rate; our ability to successfully execute our business and growth strategy, such as the success of our investment in our key growth initiatives and our ability to recognize effective areas for growth; our ability to successfully integrate with third-party platforms; our relationships with third parties, such as our marketing agency and technology partners; unfavorable conditions in our industry; our ability to attract new customers, including mid-market and enterprise customers, retain revenue from existing customers and increase sales from both new and existing customers; success of our marketing and sales strategies; costs and expenses associated with being a public company; as well as other risks and uncertainties set forth under

the caption “Risk Factors” and elsewhere in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission (the “SEC”), and the other filings and reports we make with the SEC from time to time, which may be obtained on our Investor Relations website at **https://investors.klaviyo.com** and on the SEC website at **www.sec.gov**. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor(s) may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make. In light of the risks, uncertainties, assumptions, and other factors, the future events and trends discussed in this press release may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Therefore, you should not rely on any of the forward-looking statements. Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. Other than as required by law, we assume no obligation to update any forward-looking statements contained in this press release in the event of new information, future developments or otherwise.

Statement Regarding Use of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles in the United States (GAAP), this press release and the accompanying tables contain non-GAAP financial measures, including non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per share attributable to Klaviyo Series A and Series B common stockholders - basic, non-GAAP net income per share attributable to Klaviyo Series A and Series B common stockholders - diluted, free cash flow, and free cash flow margin. The non-GAAP financial information is presented for supplemental informational purposes only and is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Please see the accompanying tables for reconciliations of these non-GAAP financial measures to their nearest GAAP equivalents.

Our non-GAAP gross profit, non-GAAP operating income, non-GAAP operating expenses, and non-GAAP net income exclude significant expenses and income that are required by GAAP to be recorded in our consolidated financial statements, including, but not limited to, (i) amortization of prepaid marketing expenses, (ii) stock-based compensation and related employer payroll taxes, and (iii) restructuring expenses. Our non-GAAP gross margin is calculated as non-GAAP gross profit divided by total revenue. Our non-GAAP operating margin is calculated as non-GAAP operating income divided by total revenue. Our non-GAAP net income per share attributable to Klaviyo Series A and Series B common stockholders - basic is calculated as non-GAAP net income divided by weighted average shares outstanding - basic for purposes of calculating non-GAAP net income per share. Our non-GAAP net income

per share attributable to Klaviyo Series A and Series B common stockholders - diluted is calculated as non-GAAP net income divided by weighted average shares outstanding - diluted for purposes of calculating non-GAAP net income per share. Free cash flow is defined as cash and cash equivalents provided by or used in operating activities less purchases of property and equipment and capitalization of software development costs. Free cash flow margin is a non-GAAP financial measure that is calculated as free cash flow divided by total revenue.

Stock-based compensation expense includes the net effects of capitalization and amortization of stock-based compensation expense related to capitalized software. Stock-based compensation expense has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of the compensation provided to our employees. Because of varying available valuation methodologies, subjective assumptions, and the variety of equity instruments that can impact a company's non-cash expenses, we believe that providing non-GAAP financial measures that exclude stock-based compensation expense allows for meaningful comparisons between our operating results from period to period. When evaluating the performance of its business and making operating plans, Klaviyo does not consider these items (for example, when considering the impact of equity award grants, the company places a greater emphasis on the amount of overall stockholder dilution than the accounting charges associated with such grants). The amount of employer payroll tax-related items on employee stock transactions is dependent on restricted stock unit settlements, option exercises, related stock price, and other factors that are beyond Klaviyo's control and that do not correlate to the operation of the business. The amount of employer payroll tax-related items on employee stock transactions was immaterial prior to being publicly listed. The expense related to amortization of prepaid marketing expense of warrants issued to Shopify is dependent upon estimates and assumptions; therefore, Klaviyo believes non-GAAP measures that adjust for the amortization of prepaid marketing expense provide investors a consistent basis for comparison across accounting periods. Klaviyo believes that the economic impact of the partnership is best measured in the form of stockholder dilution and as such has provided a reconciliation that shows the full dilutive impact of all outstanding equity instruments. Overall, Klaviyo believes it is useful to exclude these expenses in order to better understand the long-term performance of its core business and to facilitate comparison of its results period-over-period and to those of peer companies. All of these non-GAAP financial measures are important tools for financial and operational decision-making and for evaluating Klaviyo's own operating results over different periods of time.

We believe that all these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects and allow for greater transparency with respect to decision making by our management, who use these measures as important tools for financial and operational decision-making and for evaluating Klaviyo's own operating results over different periods of time.

Investors are cautioned that there are material limitations associated with the use of non-GAAP financial measures

versus their nearest GAAP equivalents. Other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Further, stock-based compensation expense has been, and will continue to be for the foreseeable future, a significant recurring expense in Klaviyo's business and an important part of the compensation provided to attract and retain its employees to create long-term incentive alignment with stockholders.

Klaviyo, Inc.
Condensed Consolidated Balance Sheet (Unaudited)
(In Thousands)

	As of June 30, 2024	As of December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 793,555	$ 738,562
Restricted cash	402	409
Accounts receivable, net of allowance for doubtful accounts	29,226	23,076
Deferred contract acquisition costs, current	18,031	15,198
Prepaid expenses and other current assets	31,149	26,244
Total current assets	872,363	803,489
Property and equipment, net	44,367	43,450
Right-of-use assets, net	32,073	36,987
Deferred contract acquisition costs, non-current	26,696	23,177
Restricted cash, non-current	672	686
Prepaid marketing expense	163,595	173,844
Other non-current assets	10,072	7,417
Total assets	$ 1,149,838	$ 1,089,050
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 9,418	$ 13,597
Accrued expenses	62,404	62,838
Lease liabilities, current	13,009	14,081
Deferred revenue	46,782	40,100
Total current liabilities	131,613	130,616
Lease liabilities, non-current	32,069	37,498
Other non-current liabilities	6,656	6,159
Total liabilities	170,338	174,273
Stockholders' equity		
Preferred stock	—	—
Common stock - Series A	73	41
Common stock - Series B	194	219
Additional paid-in capital	1,796,100	1,713,560
Accumulated deficit	(816,867)	(799,043)
Total stockholders' equity	979,500	914,777
Total liabilities and stockholders' equity	$ 1,149,838	$ 1,089,050

Klaviyo, Inc.
Condensed Consolidated GAAP Statement of Operations (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023

	2024	2023
Revenue	$ 222,213	$ 164,586
Cost of revenue	50,271	37,476
Gross profit	171,942	127,110
Operating expenses:		
Selling and marketing	94,501	63,357
Research and development	55,735	33,055
General and administrative	35,759	23,666
Total operating expenses	185,995	120,078
Operating (loss) income	(14,053)	7,032
Other income (expense)	(7)	(54)
Interest income	9,979	4,485
Total other income	9,972	4,431
(Loss) income before income taxes	(4,081)	11,463
Provision for income taxes	861	576
Net (loss) income	$ (4,942)	$ 10,887
Net (loss) income per share attributable to Series A and Series B common stockholders		
Basic	$ (0.02)	$ 0.05
Diluted	$ (0.02)	$ 0.04
Weighted average shares outstanding		
Basic	265,293,214	236,590,235
Diluted	265,293,214	268,718,121

Klaviyo, Inc.
Condensed Consolidated GAAP Statement of Operations (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Six Months Ended June 30,	
	2024	2023
Revenue	$ 432,206	$ 320,674
Cost of revenue	95,209	74,050
Gross profit	336,997	246,624
Operating expenses:		
Selling and marketing	186,359	123,970
Research and development	111,832	68,087
General and administrative	74,951	46,657
Total operating expenses	373,142	238,714
Operating (loss) income	(36,145)	7,910
Other income (expense)	61	(79)
Interest income	19,525	8,301
Total other income	19,586	8,222
(Loss) income before income taxes	(16,559)	16,132
Provision for income taxes	1,265	967
Net (loss) income	$ (17,824)	$ 15,165
Net (loss) income per share attributable to Series A and Series B common stockholders		
Basic	$ (0.07)	$ 0.06
Diluted	$ (0.07)	$ 0.06
Weighted average shares outstanding		
Basic	263,319,667	236,047,282
Diluted	263,319,667	268,577,570

Klaviyo, Inc.
Condensed Consolidated Statement of Cash Flow (Unaudited)
(In Thousands)

	Three Months Ended June 30,	
	2024	2023

Operating activities		
Net (loss) income	$ (4,942)	$ 10,887
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	4,235	3,166
Non-cash operating lease costs	3,236	3,218
Amortization of deferred contract acquisition costs	4,463	3,766
Amortization of prepaid marketing expense	13,225	13,224
Bad debt expense	349	720
Stock-based compensation expense	33,506	519
Other	10	9
Changes in operating assets and liabilities:		
Accounts receivable	(6,334)	(2,013)
Deferred contract acquisition costs	(7,506)	(6,023)
Prepaid expenses, prepaid taxes, and other assets	(494)	2,114
Accounts payable	811	(1,725)
Accrued expenses	(211)	14,282
Deferred revenue	4,263	3,011
Operating lease liabilities	(3,930)	(3,740)
Other non-current liabilities	219	59
Net cash provided by operating activities	40,900	41,474
Investing activities		
Acquisition of property and equipment	(769)	(444)
Capitalization of software development costs	(3,066)	(1,530)
Net cash used in investing activities	(3,835)	(1,974)
Financing activities		
Proceeds from exercise of common stock options	721	2,036
Cash paid for finance leases	(6)	(6)
Proceeds from exercise of warrants	3	6
Payment of deferred offering costs	—	(2,954)
Employee taxes paid related to net share settlement of stock-based awards	(1,904)	—
Proceeds from employee stock purchase plan	1,873	—
Net cash provided by (used in) financing activities	687	(918)
Net increase in cash, cash equivalents, and restricted cash	37,752	38,582
Cash, cash equivalents, and restricted cash, beginning of period	756,877	401,221
Cash, cash equivalents, and restricted cash, end of period	$ 794,629	$ 439,803

Klaviyo, Inc.
Condensed Consolidated Statement of Cash Flow (Unaudited)
(In Thousands)

	Six Months Ended June 30,	
	2024	2023
Operating activities		
Net (loss) income	$ (17,824)	$ 15,165
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	8,209	6,467
Non-cash operating lease costs	6,288	6,561
Amortization of deferred contract acquisition costs	8,396	7,263
Amortization of prepaid marketing expense	26,449	26,448
Loss on disposal of property and equipment	32	—
Bad debt expense	289	(47)
Stock-based compensation expense	69,133	2,342
Other	(11)	19
Changes in operating assets and liabilities:		
Accounts receivable	(6,439)	(2,396)
Deferred contract acquisition costs	(14,748)	(12,038)
Prepaid expenses, prepaid taxes, and other assets	(7,332)	(3,922)
Accounts payable	(4,250)	(908)
Accrued expenses	(455)	15,588
Deferred revenue	6,682	4,051
Operating lease liabilities	(7,845)	(7,636)
Other non-current liabilities	508	69
Net cash provided by operating activities	67,082	57,026
Investing activities		
Acquisition of property and equipment	(2,028)	(769)
Capitalization of software development costs	(5,032)	(2,836)
Net cash used in investing activities	(7,060)	(3,605)
Financing activities		

Proceeds from exercise of common stock options	4,310	2,419
Cash paid for finance leases	(11)	(11)
Proceeds from exercise of warrants	7	12
Payment of deferred offering costs	—	(2,954)
Employee taxes paid related to net share settlement of stock-based awards	(13,769)	—
Proceeds from employee stock purchase plan	4,413	—
Net cash used in financing activities	(5,050)	(534)
Net increase in cash, cash equivalents, and restricted cash	54,972	52,887
Cash, cash equivalents, and restricted cash, beginning of period	739,657	386,916
Cash, cash equivalents, and restricted cash, end of period	$ 794,629	$ 439,803

Klaviyo, Inc.
Reconciliation of Gross Profit to Non-GAAP Gross Profit (Unaudited)
(In Thousands)

	Three Months Ended June 30,	
	2024	2023
Gross profit	$ 171,942	$ 127,110
Stock-based compensation	2,621	17
Employer payroll tax on employee stock transactions	180	—
Non-GAAP gross profit	$ 174,743	$ 127,127
Gross margin	77.4%	77.2%
Non-GAAP gross margin	78.6%	77.2%

Klaviyo, Inc.
Reconciliation of Operating Loss to Non-GAAP Operating Income (Unaudited)
(In Thousands)

	Three Months Ended June 30,	
	2024	2023
Operating (loss) income	$ (14,053)	$ 7,032
Stock-based compensation	33,506	519
Employer payroll tax on employee stock transactions	1,647	—
Amortization of prepaid marketing	13,225	13,224
Non-GAAP operating income	$ 34,325	$ 20,775
Operating margin	(6.3)%	4.3%
Non-GAAP operating margin	15.4%	12.6%

Klaviyo, Inc.
Reconciliation of Net (Loss) Income to Non-GAAP Net Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Three Months Ended	
	June 30, 2024	June 30, 2023
Net (loss) income	$ (4,942)	$ 10,887
Stock-based compensation	33,506	519
Employer payroll tax on employee stock transactions	1,647	—
Amortization of prepaid marketing	13,225	13,224
Non-GAAP net income	$ 43,436	$ 24,630

Non-GAAP net income per share attributable to Series A and Series B common stockholders:		
Basic	$ 0.16	$ 0.10
Diluted	$ 0.15	$ 0.09
Shares used in non-GAAP per share calculations:		
Basic	265,293,214	236,590,235
Diluted	297,466,637	268,718,121

Klaviyo, Inc.
Reconciliation of Operating Expenses to Non-GAAP Expenses (Unaudited)
(In Thousands)

	Three Months Ended June 30,	
	2024	2023
Selling and marketing	$ 94,501	$ 63,357
Stock-based compensation	(10,175)	(52)
Employer payroll tax on employee stock transactions	(472)	—
Amortization of prepaid marketing	(13,225)	(13,224)
Non-GAAP Selling and marketing	$ 70,629	$ 50,081
Research and development	$ 55,735	$ 33,055
Stock-based compensation	(13,053)	(262)
Employer payroll tax on employee stock transactions	(706)	—
Non-GAAP Research and development	$ 41,976	$ 32,793
General and administrative	$ 35,759	$ 23,666
Stock-based compensation	(7,657)	(188)
Employer payroll tax on employee stock transactions	(289)	—
Non-GAAP General and administrative	$ 27,813	$ 23,478
Total operating expenses	$ 185,995	$ 120,078
Stock-based compensation	(30,885)	(502)
Employer payroll tax on employee stock transactions	(1,467)	—
Amortization of prepaid marketing	(13,225)	(13,224)
Non-GAAP Total operating expenses	$ 140,418	$ 106,352

Klaviyo, Inc.
Reconciliation of Operating Cash Flow to Free Cash Flow (Unaudited)
(In Thousands)

	Three Months Ended June 30,	
	2024	2023
Cash provided by operating activities	$ 40,900	$ 41,474
Acquisition of property and equipment	(769)	(444)
Capitalization of software development costs	(3,066)	(1,530)
Free cash flow	$ 37,065	$ 39,500
Operating cash flow margin	18.4%	25.2%
Free cash flow margin	16.7%	24.0%

Klaviyo, Inc.

Reconciliation of Gross Profit to Non-GAAP Gross Profit (Unaudited)
(In Thousands)

	Six Months Ended June 30,	
	2024	2023
Gross profit	$ 336,997	$ 246,624
Restructuring expense	—	1,156
Stock-based compensation	4,999	43
Employer payroll tax on employee stock transactions	364	—
Non-GAAP gross profit	$ 342,360	$ 247,823
Gross margin	78.0%	76.9%
Non-GAAP gross margin	79.2%	77.3%

Klaviyo, Inc.
Reconciliation of Operating Loss to Non-GAAP Operating Income (Unaudited)
(In Thousands)

	Six Months Ended June 30,	
	2024	2023
Operating (loss) income	$ (36,145)	$ 7,910
Stock-based compensation	69,133	2,342
Employer payroll tax on employee stock transactions	4,230	—
Amortization of prepaid marketing	26,449	26,448
Restructuring expense	—	7,366
Non-GAAP operating income	$ 63,667	$ 44,066
Operating margin	(8.4)%	2.5%
Non-GAAP operating margin	14.7%	13.7%

Klaviyo, Inc.
Reconciliation of Net (Loss) Income to Non-GAAP Net Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Six Months Ended	
	June 30, 2024	June 30, 2023
Net (loss) income	$ (17,824)	$ 15,165
Stock-based compensation	69,133	2,342
Employer payroll tax on employee stock transactions	4,230	—
Amortization of prepaid marketing	26,449	26,448
Restructuring expense	—	7,366
Non-GAAP net income	$ 81,988	$ 51,321
Non-GAAP net income per share attributable to Series A and Series B common stockholders:		
Basic	$ 0.31	$ 0.22
Diluted	$ 0.28	$ 0.19
Shares used in non-GAAP per share calculations:		
Basic	263,319,667	236,047,282
Diluted	295,680,113	268,577,570

Klaviyo, Inc.
Reconciliation of Operating Expenses to Non-GAAP Expenses (Unaudited)

(In Thousands)

	Six Months Ended June 30,	
	2024	2023
Selling and marketing	$ 186,359	$ 123,970
Restructuring expense	—	(1,802)
Stock-based compensation	(21,459)	(179)
Employer payroll tax on employee stock transactions	(1,118)	—
Amortization of prepaid marketing	(26,449)	(26,448)
Non-GAAP Selling and marketing	$ 137,333	$ 95,541
Research and development	$ 111,832	$ 68,087
Restructuring expense	—	(3,300)
Stock-based compensation	(26,174)	(813)
Employer payroll tax on employee stock transactions	(1,952)	—
Non-GAAP Research and development	$ 83,706	$ 63,974
General and administrative	$ 74,951	$ 46,657
Restructuring expense	—	(1,108)
Stock-based compensation	(16,501)	(1,307)
Employer payroll tax on employee stock transactions	(796)	—
Non-GAAP General and administrative	$ 57,654	$ 44,242
Total operating expenses	$ 373,142	$ 238,714
Restructuring expense	—	(6,210)
Stock-based compensation	(64,134)	(2,299)
Employer payroll tax on employee stock transactions	(3,866)	—
Amortization of prepaid marketing	(26,449)	(26,448)
Non-GAAP Total operating expenses	$ 278,693	$ 203,757

Klaviyo, Inc.
Reconciliation of Operating Cash Flow to Free Cash Flow (Unaudited)
(In Thousands)

	Six Months Ended June 30,	
	2024	2023
Cash provided by operating activities	$ 67,082	$ 57,026
Acquisition of property and equipment	(2,028)	(769)
Capitalization of software development costs	(5,032)	(2,836)
Free cash flow	$ 60,022	$ 53,421
Operating cash flow margin	15.5%	17.8%
Free cash flow margin	13.9%	16.7%

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