

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-41806

Klaviyo, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-0989964

(I.R.S. Employer
Identification No.)

**125 Summer Street, 6th Floor
Boston, MA 02110**

(Address of Principal Executive Offices and Zip Code)

(617) 213-1788

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (as amended, the "Exchange Act"):

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Series A common stock, par value \$0.001 per share	KVYO	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Exchange Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant’s voting and non-voting common equity held by non-affiliates of the registrant on December 29, 2023, based on the closing price of \$27.78 per share of the registrant’s Series A common stock as reported by The New York Stock Exchange on December 29, 2023, was approximately \$2.6 billion. The registrant has elected to use December 29, 2023 as the calculation date, which was the last business day of the registrant’s most recently completed fiscal year, because on June 30, 2023 (the last business day of the registrant’s second fiscal quarter), the registrant was a privately-held company. Solely for purposes of this disclosure, shares of the registrant’s common stock held by each executive officer and director and by each other person who may be deemed to be an affiliate of the registrant have been excluded from this computation. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 23, 2024, there were 64,329,482 shares of the registrant’s Series A common stock and 196,905,047 shares of the registrant’s Series B common stock, each with a par value of \$0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement relating to its 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K where indicated. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year	to	which	this	report	relates.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which are statements that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. All statements other than statements of historical fact included in this Annual Report on Form 10-K, including statements regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “shall,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our expectations regarding our revenue, expenses, and other operating results;
- our ability to acquire new customers and grow our customer base;
- our ability to successfully retain existing customers and expand sales within our existing customer base;
- our ability to increase usage of our platform and upsell and cross-sell additional products and communications channels;
- our ability to move up market and address enterprise and other larger customers;
- launching new products and adding new product capabilities;
- future investments in developing and enhancing our platform and our business;
- our expectations regarding our ability to expand internationally;
- our ability to add more use cases to our platform and increase our presence in other verticals;
- our anticipated capital expenditures and our estimates regarding our capital requirements;
- the estimated size of our addressable market opportunity for our platform;
- investments in our selling and marketing efforts and our ability to promote our brand;
- expectations regarding our integrations with third-party platforms, including Shopify;
- our ability to compete effectively with existing competitors and new market entrants;
- our reliance on our senior management team and our ability to identify, recruit, and retain skilled personnel;
- our growth strategies for our platform and our ability to effectively manage our growth;
- economic and industry trends and other macroeconomic factors, such as fluctuating interest rates and rising inflation, including the impact on our customer spending and consumer spending generally; and

- the impact of the COVID-19 pandemic or future global pandemics and other global financial, economic, and political events on our industry, business, and results of operations.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on management's current beliefs and our current expectations and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described, anticipated, or implied in the forward-looking statements. Therefore, you should not rely on any of the forward-looking statements as predictions of future events.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law.

Unless the context otherwise indicates, references in this Annual Report on Form 10-K to the terms "Klaviyo," "the Company," "we," "our," and "us" refer to Klaviyo, Inc. and its subsidiaries.

RISK FACTORS SUMMARY

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business. The following is a summary of some of these risks and uncertainties. As a result, this risk factor summary does not contain all of the information that may be important to you, and this summary should be read together with the more detailed description of each risk factor below as well as elsewhere in this Annual Report on Form 10-K. Additional risks, beyond those summarized below or discussed elsewhere in this Annual Report on Form 10-K, may apply to our business, activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate. These risks include, but are not limited to, the following:

- Our rapid historical revenue growth is not indicative of our future revenue growth, and we may not be able to sustain our historical revenue growth rate, in the near term and in the future;
- Our business has experienced rapid growth, and we may fail to effectively manage our growth or anticipated growth;
- We have a limited operating history in a rapidly changing industry, which makes it difficult to evaluate our current business and future prospects and increases the risk of your investment;
- We operate in a highly competitive industry, and we may not compete effectively with established companies or new market entrants;
- Our business and success depend, in part, on our ability to successfully integrate with third-party platforms, especially with eCommerce platforms such as Shopify, and there may be disruptions to these third-party platform integrations or our relationships with third-party platform providers;

- Our business and success depend, in part, on the success of our relationships with third parties, such as our marketing agency and technology partners;
- We may experience unfavorable conditions in our industry or the global economy, or reductions in spending on marketing;
- We may not be able to add new customers, retain existing customers, or increase sales to existing customers;
- We have a history of net losses, we anticipate increasing operating expenses in the future, and we may not be able to achieve and maintain profitability in the future;
- As we seek to move up-market, we expect our sales cycle with enterprise customers to be longer than with small-and-mid size businesses and we will be required to scale our operations, including by expanding our sales efforts, which may require considerable time and expense;
- We have historically invested significantly in research and development and expect this investment to continue;
- If we fail to adapt and respond effectively to technological changes, evolving industry standards, changing regulations or changing customer or consumer needs, requirements or preferences, our platform may become less competitive;
- We depend on our senior management team, and may lose one or more members of our senior management team or our key employees, or be unable to attract and retain highly skilled employees;
- We collect, process, store, share, disclose, and use personal information and other data, which subjects us to legal obligations related to privacy and security, and we may fail to comply with these obligations;
- We may fail to protect our proprietary technology and intellectual property rights;
- We have incorporated and may continue to incorporate artificial intelligence technology into our products and services, which may expose us to additional risks due to the emerging nature of the technology;
- There has been a limited public market for our Series A common stock. The trading price of our Series A common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the price at which you purchased those shares; and
- The dual series structure of our common stock has the effect of concentrating voting control with those stockholders who hold shares of our Series B common stock, including our directors, executive officers, and their respective affiliates. This ownership limits or precludes your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval.

Part I

Item 1. Business

Overview

We founded Klaviyo in 2012 to provide businesses of all sizes with powerful technology that captures, stores, analyzes, and predictively uses their own data to drive measurable, high-value outcomes. Klaviyo enables businesses to drive revenue growth by making it easy to bring their first-party data together and use it to create and deliver highly personalized consumer experiences across digital channels.

Our modern and intuitive SaaS platform combines our proprietary data and application layers into one vertically-integrated solution with advanced machine learning and artificial intelligence capabilities. This enables business users of any skill level to harness their data in order to send the right message at the right time across email, SMS, and push notifications, more accurately measure and predict performance, and deploy the specific actions and campaigns that drive the highest impact. By combining easy implementation, rapid time-to-value, and clearly attributable outcomes, we drive substantial ROI for our customers. We focused on marketing automation within retail and eCommerce as our first application use case, and we believe our software is highly extensible across a broad range of functions and verticals. As of December 31, 2023, our platform had efficiently scaled to over 143,000 customers, and in 2023 we delivered over \$50 billion of KAV (as defined below) to our customers.

Businesses today struggle to deliver impactful consumer experiences because they cannot effectively harness increasingly complex consumer data. At a time when consumers expect more personalized, relevant, and consistent interactions across digital channels, they are instead inundated with an overwhelming number of inconsistent and ineffective marketing messages. As user tracking rules change, third-party data has become unreliable, complicated, and expensive to use. Meanwhile, the proliferation of first-party data has made it difficult for businesses to aggregate, synthesize, and use these disparate data sets.

Other software solutions were not purpose-built to harness customers' first-party data to deliver impactful consumer experiences. Data-focused offerings, such as cloud data warehouses or operational databases, provide the ability to store and analyze significant volumes of data for general-purpose use cases but are not purpose-built for consumer data and lack the front-end application layer. Marketing solutions are insufficient because they lack the underlying data intelligence. Simple marketing solutions use a flattened and narrowed view of a consumer's historical data. This basic profile data alone significantly limits the granularity of segmentation businesses can use. Profile data is also difficult to combine with event data, which includes all digital touch points of a consumer's engagement with a brand and provides necessary real-time information. Point marketing solutions tend to focus on single engagement channels, driving inconsistent and disjointed consumer experiences across digital channels. In an attempt to bridge this gap, other marketing solutions use a patchwork of third-party technologies, such as separate consumer data, learning, and messaging applications. These solutions often require significant technical expertise to implement, operate, and maintain, which limits flexibility, reduces speed, and increases costs. Furthermore, these solutions are not able to provide clear revenue attribution, minimizing ROI.

We built Klaviyo to address these challenges. By vertically integrating our data layer and marketing application, we make it easy for businesses to create and store unified consumer profiles and then use those profiles to derive new insights and ultimately drive revenue generation. We purpose-built a centralized, scalable, and flexible cloud-native data store for our customers to intelligently aggregate and process first-party consumer profile and event data without friction. This approach enables our customers to seamlessly generate unified and highly-granular consumer profiles, populated with data from customers' systems and from over 350 third-party integrations, from eCommerce platforms – such as Shopify, Salesforce Commerce Cloud, and WooCommerce – to loyalty, customer service, and shipping solutions. We built an application layer on top of our data layer to provide a comprehensive set of tools and features that enable our customers to

easily turn consumer preferences into insights and actions. Combining our data layer and application layer into one vertically-integrated platform allows our customers to rapidly segment their consumers, easily create highly-personalized experiences, and automatically send messages customized to their unique brands. This integrated approach also means our customers do not have to pre-configure their data or manage complex integrations.

Our platform and customers benefit from significant network effects. As of December 31, 2023, we assembled over 8.9 billion consumer profiles across our customer base, and in the twelve month period ended December 31, 2023, we processed over 835 billion events, which are data on how consumers engage across channels, such as opening an email, browsing a website, or placing an order. As we add more customers and more anonymized data on our platform, we are able to better refine our predictive models of consumer behavior. These network effects also enable us to continually refine our guided software recommendations to drive more impactful campaigns and specific actions.

Our land-and-expand strategy aligns our own success with that of our customers. We generate revenue through the sale of subscriptions to our customers for the use of our platform. Our subscription plans are tiered based on the number of active consumer profiles stored on our platform combined with the number of emails and SMS messages sent. As our customers' businesses grow, they utilize more consumer profiles and send more emails and SMS messages, which naturally increases their usage of our platform. Our revenue also expands when our customers add additional channels, such as SMS, or when their other brands, business units, and geographies start using the platform. In addition, we recently launched our reviews and customer data platform ("CDP") products. Klaviyo reviews allows customers to collect product reviews alongside consumer data and messages. Klaviyo CDP gives customers user-friendly ways to transform and cleanse data, run more advanced reporting and predictive analysis to drive revenue growth, and sync data into and out of Klaviyo at scale. Our CDP offering provides enhanced features and functionality to our core platform offering, including advanced reporting and improved data management tools with minimal additional implementation required.

Our go-to-market strategy is primarily product-led, and we attract the majority of our new customers through inbound channels, such as word-of-mouth, agency partnerships, and platform integrations. Many of our customers come through our self-service channel by simply signing up for our platform without the need for a salesperson's involvement. We have built a large and growing ecosystem of major eCommerce platforms, agency partnerships, and developers, which helps us efficiently attract new customers. More recently, we have developed an outbound sales team focused on larger accounts. Once customers access the Klaviyo platform, they can easily integrate with more than 350 third-party data sources to import and explore their first-party data and design and run campaigns and automations, providing rapid time-to-value.

Today, our customers primarily operate within the retail and eCommerce vertical, and we are also seeing organic demand from customers in other verticals, such as education, events and entertainment, restaurants, and travel, as well as from business-to-business ("B2B") companies. We have begun to explore ways to serve these new verticals more intentionally, and to that end we launched Klaviyo for Wellness in 2023. When we first launched our platform, we intentionally focused on serving entrepreneurs and small and medium-sized businesses ("SMBs"). As our customers have scaled and become mid-market companies and larger enterprises themselves, their success with Klaviyo has attracted more interest from similarly sized businesses that are looking to drive better engagement with their consumers. As such, we have continued to build out a sales team to focus on mid-market and enterprise customers.

We grew our revenue 47.7% year-over-year, from \$472.7 million in 2022 to \$698.1 million in 2023. Our net losses for 2022 and 2023 were \$49.2 million and \$308.2 million, respectively, representing a year-over-year increase of 526.6%. This increase in net loss year-over-year was mainly driven by \$340.8 million in stock-based compensation expense, the majority of which was incurred in connection with the vesting of outstanding equity awards upon our Initial Public Offering ("IPO"). We grew our gross profit 50.9% year-over-year, from \$344.7 million in 2022 to \$520.2 million in 2023, representing gross profit margins of 72.9% and 74.5%, respectively.

Our Platform

We built Klaviyo because businesses need powerful technology to capture, store, analyze, and predictively use data to drive measurable, high-value outcomes. Our vertically-integrated, highly-scalable, and flexible platform unifies the data and application layers with our messaging infrastructure into one modern tech stack.

- **Data Layer.** Our highly-scalable platform is optimized for large volumes of data, delivers sub-second-level accessibility, and provides extremely high levels of personalization and attribution. We built our data store from the ground up to be agile, unbound by specific schema or data structures. Our data store synchronizes unaggregated, historical profile data with real-time event data in a single system-of-record. Profile data enables our customers to generate unified consumer profiles with extremely granular segmentation, grouping consumer profiles into precise audiences that update in real-time as consumers interact with our customers. Event data allows customers to send behavior-triggered messages that keep consumers engaged with the right message at the right time. This industry-agnostic, data-first approach represents a new foundational capability in our market and can be applied to new verticals in the future that require the combination of fast performance with real time, predictive intelligence.
- **Application Layer.** We built an application layer on top of our data layer, which provides a comprehensive set of tools and features that enable our customers to easily turn consumer learnings into insights and actions to drive revenue growth without the need to hire sophisticated and expensive in-house engineers. We started with our marketing application, enabling our customers to create and manage targeted marketing campaigns and flows, track customer behavior, and analyze campaign performance to grow revenue. Our advanced data science and predictive analytics capabilities also utilize artificial intelligence and machine learning so businesses can estimate consumer lifetime value, predict a consumer's next order date, and calculate potential churn risk. As a result, our application helps companies deliver contextually-relevant and personalized experiences throughout the entire consumer journey and across digital channels, such as email, SMS, and push notifications, through our messaging infrastructure. We focused on marketing automation for business-to-consumer ("B2C") companies within retail and eCommerce as our first application, and we believe our software is highly extensible across a broad range of functions for B2C and B2B businesses alike.

Because we vertically integrated our data layer, application layer, and messaging infrastructure into one technology stack, our platform provides customers the complete set of technologies needed to design and deliver highly personalized consumer experiences across multiple digital channels.

Key Benefits of Our Platform

We founded Klaviyo in 2012 with a data-first approach to enable our customers to effectively harness their first-party data to deliver impactful consumer experiences. This approach has enabled us to deliver the following key benefits:

- **Granular segmentation with real-time action by unifying profile and event data.** Our customer data store was designed to consolidate customers' first-party data at scale, synchronizing and unifying data from over 350 integrations seamlessly into a single system-of-record. To ensure companies have the right information to engage with consumers effectively, our data store is optimized for very large data sets with the capacity to combine and store the entire consumer history of profile and event data of our customers in real time.
- **Vertical integration that enables fast execution.** Our platform combines our centralized data layer with our front-end application layer in one vertically-integrated technology stack. This offers our customers the ability to store and rapidly analyze consumer data in real-time, then send automated messages with targeting based on these analytics, all within one single platform. This approach also allows our customers to get up-and-running quickly without having to pre-configure their data and manage complex integrations. Going forward, our vertically-

integrated technology stack also gives us the ability to easily extend our platform into new channels and applications.

- **Predictive insights enhanced by machine learning and artificial intelligence to drive revenue growth.** Our advanced predictive analytics capabilities utilize machine learning and artificial intelligence so businesses can estimate consumer lifetime value, predict a consumer's next order date, and calculate potential churn risk. Our platform also allows our customers to compare their performance against similar companies in their respective industries and makes recommendations on how to optimize future engagements.
- **Easy-to-use functionality purpose-built for business users of any technical skill level.** Our easy-to-use platform gives business users of any technical skill level the ability to easily build consumer segments, personalize content, create new automations, run tests, engage with their consumers, and launch marketing campaigns with differentiated experiences. Our platform offers simple, one-click drag-and-drop customizable templates for designing messages and generative artificial intelligence tools for creating content, allowing our customers to easily create impactful experiences customized to their unique brands. For advanced functionality, we offer a suite of tools to enable developers to build rapid automations for different use cases and quickly integrate with other systems efficiently, all from a simple and intuitive user interface.
- **Coordinated engagement across channels.** We enable our customers to coordinate their multi-channel consumer engagement strategy across digital channels, such as email, SMS, and push notifications, without friction. Our predictive analytics solutions also provide recommendations on which channel to use to drive higher engagement. Our multi-channel capability results in fewer integrations to maintain and reduces the number of tools that our customers need to learn, while ensuring the right communication is used for the right channel, ultimately increasing speed and efficiency while reducing costs. Our vertical integration also allows us to easily expand into new channels, enabling our platform to evolve with consumer preferences.
- **Rapid and efficient implementation with clear, attributable value to drive high ROI.** Due to our pre-configured data model and automatic integrations, our platform offers rapid and efficient implementation. Meanwhile, due to our advanced technological architecture and vertical integration, we can ascribe the amount of revenue that our customers generate with specific engagements through our platform, quickly and easily quantifying their success.

Our Growth Strategies

We intend to leverage our differentiated approach to capitalize on our large market opportunity and leading market position to fuel future growth with the following key growth strategies:

- **Attract new customers.** We have rapidly expanded our customer base to over 143,000 as of December 31, 2023 due to our product-led growth strategy. We expect to continue to acquire new customers through inbound channels, such as word-of-mouth, expanding platform integrations and agency partnerships, and growing our sales team that focuses on larger accounts. As the customers on our platform continue to grow, this creates a powerful network effect for our brand when existing Klaviyo users change employment and advocate for the adoption of our platform at their new employer.
- **Expand sales within our existing customer base.** We believe our product-led growth strategy enables us to efficiently expand penetration within our existing customer base. We are maniacally focused on making our platform intuitive and exceptionally easy-to-deploy, driving our customers to expand their usage of our platform in a self-serve manner. We focus on expansion in three primary ways. First, as our customers increase their usage of our platform through the number of active consumer profiles they have and email and SMS messages they

send, they move to higher subscription tiers. Second, adding more communication channels and use cases, such as SMS and reviews, further expands the sales we generate from existing customers. We also recently launched our CDP offering, which gives our customers user-friendly ways to transform and cleanse data, run more advanced reporting and predictive analysis to drive revenue growth, and sync data into and out of Klaviyo at scale. Finally, we expect to continue to see growth from selling our platform to our customers' other brands, business units, and geographies.

- **Grow our mid-market and enterprise presence.** While we started with SMB customers, we have also driven significant growth with mid-market companies and have an emerging presence with large enterprises. As customers drive growth and value by using our platform, their success with Klaviyo has attracted more interest from other mid-market companies and enterprises that are looking to drive better engagement with their consumers, bringing our business and sales motion up-market.
- **Expand internationally.** We believe we have significant expansion opportunities in international markets. We initially started by serving customers in North America and, in 2019, we opened our London, England office to serve the European region, followed by our Sydney, Australia office in 2022 to target the Asia Pacific region. We currently offer our platform and service only in English and only bill in US Dollars. Based on these successful expansions, we believe we have significant international opportunities ahead, especially as we add additional languages and currencies to our platform.
- **Invest in our platform.** We have a history of innovation and will continue to develop and invest in our platform to provide more value to our customers over time. We launched with our data platform and email offering, and have since added additional communication channels, such as SMS and push notifications, and additional use cases, such as reviews and our CDP offering. Near term, we have a clear product roadmap ahead of us, including the launch of other marketing applications. Given the broad applicability of our platform, we believe that long-term we can continue to launch new channels and capabilities to attract new customers as well as cross-sell to our existing customers.
- **Expand into new verticals and use cases.** We chose eCommerce as our initial focus area because we found that there was a massive need for our technology solution in that market. We believe that our technology platform has broad applicability across a range of industry verticals and use cases. We have already seen organic adoption of our platform in verticals such as education, events and entertainment, restaurants, and travel, as well as from B2B companies.

Our Products

Our vertically-integrated, highly-scalable and flexible platform unifies the data and application layers with our messaging infrastructure into one modern tech stack, providing all the features and automation tools necessary to drive personalized consumer engagement:

Messaging Infrastructure

Email: The core capability of our platform is to enable businesses to send personalized emails to their consumers. This includes a range of drag-and-drop email templates, allowing customers to easily edit and customize pre-built templates; email campaigns and automations, including Smart Send Time features, generative AI for subject line creation, and A/B testing tools; and advanced consumer list segmentation, all of which are tools to help create high-performing email engagements.

SMS: Our SMS marketing capability enables customers to send targeted text messages to their consumers and strengthen relationships through our conversational SMS feature, which allows businesses to send personalized responses

to consumers in real-time. We also offer built-in contact cards to ensure that texts from our customers don't appear as random numbers. Our consent management and compliance tools save time and money for our customers and enable them to focus on delivering a highly personalized consumer experience. Our AI-powered SMS suggested responses generate replies for our customers when consumers send them texts.

Push: Our push notification channel allows customers to send personalized push notifications on iOS and Android devices to engage consumers with timely and relevant mobile app notifications to build omnichannel experiences.

Our multi-channel approach allows our customers to communicate with their consumers in the manner that best serves their diverse business needs. By creating a single, holistic view of the consumer, we can help customers understand and communicate with their consumers across all channels. For example, some customers may choose to engage with consumers asynchronously through email with highly-segmented, personalized, and cost-effective messages. However, in some cases, such as notification of a flash sale, customers may choose to drive revenue through concise, action-oriented interactions delivered in real-time through SMS or push. Because our platform was purpose-built to help customers understand their consumers, our customers can leverage consumer profiles, event data, and AI-powered predictive analytics to deliver highly personalized messages across relevant communication channels, rather than through disparate and disjointed channels.

Other Applications

Reviews: Our recently launched reviews add-on allows our customers to collect product reviews alongside their existing consumer data and messaging in Klaviyo, delivering a more seamless experience across the customer lifecycle.

Customer Data Platform: Our recently launched CDP offering allows our customers to manage and deploy their data in Klaviyo more effectively. Our CDP is built on the same infrastructure as Klaviyo's marketing application and provides user-friendly tools to unify, enrich, and transform data, run more advanced reporting and predictive analysis, and sync data into and out of Klaviyo at scale. Our CDP is built for businesses of all sizes and gives customers access to powerful predictive analysis functionality.

Product Features

Integrations: We integrate with a wide range of data sources such as retail and eCommerce platforms, including Shopify, Salesforce Commerce Cloud, and WooCommerce, to comprehensively replicate all historical profile and event data in Klaviyo and synchronize data going forward. These integrations allow our customers to create a complete consumer source of record, bringing additional profile and event information into Klaviyo with minimal engineering effort.

Segmentation: Our advanced audience segmentation allows businesses to create consumer segmentation based on all the consumer data they have available in Klaviyo, including purchase history, engagement levels, and Klaviyo-powered predicted customer lifetime value. The segmentation feature enables our customers to better target consumers with personalized engagement. Via Klaviyo's outbound integrations, segments can be automatically pushed to ad networks to further target consumers or accessed via API to power actions in other systems.

Automation — Campaigns and Flows: Our Flow Builder allows customers to set up automations that trigger messaging or actions in other systems via webhooks based on any consumer information stored in Klaviyo. With our campaign management software, businesses can easily build personalized marketing campaigns based on their consumer data. These campaigns can be delivered across our communication channels to deliver a personalized omnichannel experience. Businesses can also use our marketing automation software for campaigns, which deliver regular interactions to inform their consumers about new channel launches, sales announcements, and newsletters. Our platform has built-in generative artificial intelligence capabilities to allow users to auto-generate email and SMS content. Our built-in attribution allows customers to quantify and understand the revenue impact of campaigns and flows.

Analytics and Benchmarks: Our predictive analytics features use artificial intelligence and machine learning to drive valuable consumer insights related to consumer lifetime value, churn risk, and behavior forecasting. Our benchmark feature aggregates anonymized performance data across our customer engagement strategies and allows businesses to compare their performance to that of their industry peers. Business metric comparisons such as open rate, average cart value, and subscriber rate allow businesses to evaluate the effectiveness of their engagement strategy and identify key areas of opportunity.

Our Technology

The Klaviyo platform was engineered from the ground up to be cloud-native, consisting of a set of reusable primitives — for example, the data store, segmentation engine, campaigns and flows, and messaging infrastructure — that provide tight vertical integration but are independent and extensible. Our entire data platform was designed to power many applications, with marketing as the first one.

Our data layer is the core of the Klaviyo platform and the foundation on which we built all our functionality. We built a composite data store that aggregates effectively unlimited amounts of data in a way suitable for transactional, analytical, and machine learning workloads. The extensible architecture of our data store runs an ingestion pipeline responsible for deduping, data augmentation, and identity resolution. This pipeline spawns multiple projections in real-time as billions of facts and actions are ingested, enabling us to store the processed data in multiple formats. The extensibility of the projection mechanism allows us to easily add more use cases as needed.

The overarching architectural decision to use independent reusable primitives across the data layer, application layer, and messaging infrastructure was key to providing the level of scalability, reliability, and performance that our platform offers.

Scalability

Efficient Computation and Storage: Our vertically-integrated platform is built for massive scale using cloud computing. In order to enable our customers to create dynamic, personalized experiences for their end users, we efficiently ingested and stored over 2.2 billion events every day on average during 2023. We use this data to power personalization and send billions of messages across multiple channels each month, including email, SMS, and push notifications.

Optimized for Large Data Sets: Our data store is optimized for very large data sets with the capacity to combine and store our customers' entire consumer history of profile and event data in real time without expiration of the ingested data. Architectural techniques such as data partitioning and indexing across natural query seams allow our platform to scale with our customers.

Reliability

We store all Klaviyo data in the cloud and use fundamental building blocks of that platform, such as elastic compute cloud instances, elastic load balancers, and block storage.

Our systems are designed to be redundant and most of the intra-system communication is done asynchronously, which allows us to achieve a high degree of reliability. We built redundancy in every level of the stack. For example, every sub-system runs on multiple data centers, reducing the dependency on a specific data center. Additionally, we have built extensive monitoring to detect and recover from incidents and alert for potential anomalies.

In addition to reliability, we also built our platform with message deliverability as a top concern. Our customers demand tools that help them maintain a trusted reputation with their consumers and channel providers, which we accomplish by delivering personalized experiences on time and in accordance with applicable laws, regulations, and best

practices. To further ensure trust in delivery, we also provide features like guided warming, shared and dedicated sending internet protocol addresses, and a tight feedback loop with channel providers. We ensure a frictionless experience for our customers, and therefore a differentiated user experience, with this focus on the reliability and scale of our messaging platform.

Performance

Fast Access to Data: Our composite data store is engineered for scale and speed without requiring workarounds and limitations. Our strong data store performance is based on our projection architecture and the selection of multiple backing databases including technologies such as MySQL, PostgreSQL, Clickhouse, and S3. This allows us fast access to range and point queries, complex segmentation, and aggregations, such as the amount spent by a consumer over the last 30 days.

We have intentionally separated our application layer from our data stores through the implementation of rich front-ends including HTML, JavaScript, and CSS that use techniques like backend-for-frontend APIs and leverage content delivery networks to reduce latency in accessing data.

Research and Development

Our research and development organization is responsible for leading continuous innovation of our platform and channels, through the design, development, testing and delivery of features, and new technologies. It is also responsible for reliably operating and scaling our platform including the underlying cloud infrastructure. Our research and development team is organized in pillars aligned with our vertically-integrated stack. We additionally have small teams focused on new ventures that are oriented towards long-term growth initiatives.

Each pillar is organized as small teams with high levels of ownership of the technology they develop/deploy and a mindset of continuous delivery for our customers. We believe this setup allows for rapid innovation of our platform. Research and development employees are primarily in Boston, Massachusetts. We intend to continue to invest in our research and development capabilities to expand our platform capabilities and offerings.

Our Ecosystem

Our partner ecosystem enriches our customer offerings and helps us reach a broader audience than we would be able to reach on our own. Our partner ecosystem includes commerce platforms, other technology companies, marketing agencies, systems integrators, and developers. Each constituent of our ecosystem contributes to the growth of our business increasing our collective reach, the depth of our integration portfolio, and the breadth of our customer data.

Commerce Platforms

Through our partnerships and data integrations with commerce platforms, we are able to aggregate and analyze our customers' first-party consumer data in real-time to drive more and better insights for our customers. Our platform completes the technology stack for direct-to-consumer businesses, combining their commerce engines with our powerful solution to drive revenue growth through data-driven, highly personalized experiences. In July 2022, we completed a series of transactions to memorialize our strategic partnership with Shopify, which established Klaviyo as the recommended email solution for all Shopify Plus merchants. We also partner with most other major commerce platforms, including BigCommerce, Centra, Magento, Nuvemshop, PrestaShop, Magento (Adobe), Salesforce Commerce Cloud, Square, Wix, and WooCommerce. We have additionally integrated with Amazon Buy with Prime. Our platform integrations create value

for customers across a variety of verticals beyond retail and eCommerce. For example, we integrate with Olo in the restaurant industry, Mindbody in the fitness and wellness industry, and Eventbrite in the events industry.

Other Technology Partnerships

We enhance our platform through our large technology partner ecosystem and robust library of integrations with other technology platforms, including Google, Meta, Zendesk, Gorgias, LoyaltyLion, Okendo, and Yotpo. We have built a robust suite of over 350 pre-built integrations and native data sources that customers want connected to their Klaviyo hub. Customers can leverage our fast, easy-to-use integrations to synchronize real-time data from technology companies specializing in payments, credit cards, order management, support tickets, subscriptions, shipping, surveys, referrals, and reviews, among others. Through these integrations, we have been able to build comprehensive consumer profiles on behalf of our customers that include information on consumer spend and details on non-financial activities, such as interactions with customer service, website activity, loyalty, social media, and more.

Marketing Agencies and Systems Integrators

We have built a deeply-invested community of digital marketing agencies, systems integrators, freelancers, and other consulting partners who recommend their clients use Klaviyo to design, run, and measure their marketing campaigns. In 2023, more than 5,000 unique marketing agency and consulting partners referred leads to Klaviyo. These agencies help our customers run effective campaigns using Klaviyo, and provide strategic guidance to help our customers achieve their goals utilizing our platform. Many of these partners develop in-house Klaviyo expertise, build Klaviyo-dedicated service offerings, and go-to-market as a Klaviyo partner. We mirror the investment these partners have made in Klaviyo by offering them a partner program (including incentives and requirements), partner-specific tools, and dedicated training and support. Marketing agencies partner with us because our platform is able to help their clients more effectively target consumers, and in the process, the agencies are able to grow their own businesses.

Systems integrators support many of our mid-market and enterprise customers and work with businesses to help them get started on our platform. In some cases, our systems integrator partners leverage our flexible and scalable APIs to build custom integrations and bespoke solutions for their customers.

Developers

We provide many developer-friendly features, including a flexible data architecture, no data pre-configuration requirements, API reference documentation and guides, new SDKs and developer tools, a community forum for collaboration, and monthly newsletters to help developers stay informed on all upcoming releases. We offer several incremental features that serve developers, including the ability to run code hosted on our platform. As a result, when developers are using our platform to build and test code, they can do so without needing to set up separate hosting environments. We also provide developers with data sample generation tools, allowing developers to run and test their code against real, anonymized datasets which we generate for them as sample sets, versus relying on the developer to identify, obtain and ingest relevant data sets for their work.

Our Customers

Our platform serves businesses of all sizes, across industries and geographies. Our customers range from entrepreneurs and small and medium-sized businesses to mid-market businesses and enterprises. Today we have a strong presence in the retail and eCommerce vertical and see growth from international customers. As of December 31, 2023, we served over 143,000 customers, up from 119,000 customers as of December 31, 2022.

Our Go-To-Market Strategy

Our product-led growth motion has helped build a highly efficient go-to-market engine powered by our strong platform and fast time-to-value, with limited reliance on professional services teams for implementation. Our marketing activities are designed to build broad brand awareness, generate thought leadership and create demand and leads for our sales organizations within our target markets.

Our large and growing ecosystem of major eCommerce platforms, agency partnerships, and developers, helps us efficiently attract new customers. We primarily attract new customers through inbound channels based on our reputation and product quality, such as word-of-mouth, commerce platform partnerships, and agency partnerships. We have a customer first approach and have designed our platform with the north star of helping businesses improve their engagement and drive revenue. As we deliver significant measurable and attributable value to our customers, they have become powerful advocates of our solution which allows us to benefit from a strong word-of-mouth motion.

Many of our customers come through our self-service channel by simply coming to our website and signing up for our platform without the need for our sales team's involvement. Customers can start with a free tier of our platform or land directly with one of our paid subscription tiers.

With geographic coverage across Americas, EMEA, and APAC, our sales organization serves prospective customers and existing customers of all sizes. In addition to our self-service model, we deploy a high-velocity inside sales team focused on new customer acquisition, a mid-market and enterprise sales team, and a customer growth team focused on maximizing customer value and introducing all Klaviyo SKUs. Our acquisition teams respond to inbound and partnership-referred leads while also supplementing this demand by going outbound directly to businesses to introduce Klaviyo. Our go-to-market motion targets decision makers participating in the marketing-spend cycle, including the chief marketing officer, chief customer officer, and other key functional marketing heads.

Our outbound sales motion and sales process for all customers is differentiated by the amount of tangible advice and recommendations we are able to provide. Using all available channels, including social, video, email, phone, and SMS, we are able to deliver actionable insights to prospective customers that help them drive revenue growth.

Customer Experience and Customer Success

As a customer-first organization, our customers are at the heart of everything we do. We believe that the customer experience, along with the value they derive from Klaviyo, differentiates us in the marketplace. We provide our customers a comprehensive set of capabilities and services that support their journey with us. As a partner that creates value, we earn our customers' trust, and that trust helps drive net retention through renewals and expansion.

We engage with our customers from large to small through dedicated programs, such as Customer Success at Scale, Voice of the Customer, and with dedicated Customer Success Managers for our largest customers. With this ongoing feedback, we can continue to make impactful improvements to our platform and to the customer success and support experiences we offer.

Our Customer Success and Support teams provide a wide range of services that help meet our customers' needs, including the following:

- Starting from the beginning of their journey, our onboarding teams work quickly to get customers set up with the right configuration and features to meet their business goals.
- For our smallest customers, we offer self-service journeys that support and guide them from on-boarding to adoption to expansion.

- For our largest customers we offer white glove engagement, guiding the customer as a trusted advisor around best practices, industry trends, and new product features and functionality, helping our customers optimize their success with Klaviyo and ultimately drive their own growth.
- Our Customer and Partner Education Services team offers capabilities from free ungated content via social channels, learning tutorials, and live virtual hands-on training sessions, to helping customers set up segmentation, flows, and campaigns.
- We offer dedicated developer education and technical documentation as well as a developer-specific community to support and grow our developer ecosystem.

Our Customer Success and Support teams are the face of Klaviyo. In every interaction, we have the opportunity to educate and inspire our customers and partners. All of our customers, from a single entrepreneur to a Fortune 500 executive, rely on Klaviyo to drive their business. We take this responsibility seriously, and offer global support to all customers regardless of size.

Competition

The market in which we compete is evolving and highly competitive. There are several established and emerging competitors that address specific aspects of our platform, but we believe that none of our competitors currently offer comparable solutions that have the comprehensive functionality of our platform. Our main competitors are:

- Marketing solution providers, such as Mailchimp and Braze;
- Large, consolidated marketing automation software providers, such as Adobe and Salesforce; and
- Data-focused vendors, such as providers of cloud data warehouses or operational database technologies, which provide data infrastructure but are not purpose-built for consumer data and lack the front-end application layer.

In addition, our competitors could merge or partner with one-another or strengthen cooperative relationships with strategic distribution and technology partners or other parties.

Our market is fragmented, highly competitive, and continues to evolve. We believe that the key competitive factors in our market are:

- Fast time-to-value and ROI for customers;
- Ease of deployment, implementation, and use;
- Unified data architecture, with the ability to synchronize unaggregated, historical customer profile data with real-time event data in a single system-of-record;
- Integration with third-party applications, data sources, and open-source technologies;
- Breadth and depth of features and functionality;
- Quality and accuracy of data and predictive intelligence;
- Ability to support multiple use cases and verticals;
- Strength of sales & marketing and partnership efforts;

- Market vision and product strategy;
- Pace of innovation;
- Brand awareness and reputation;
- Performance, scalability, security, and reliability; and
- Quality of service and customer satisfaction.

We believe that we compare favorably on each of these factors relative to our competitors. However, some of our competitors and potential competitors may be larger and have greater brand awareness, longer operating histories, larger marketing budgets and established marketing relationships, access to larger customer bases, and significantly greater resources for product development. Additionally, because our market is rapidly developing, it is possible that new entrants, particularly those with extensive resources, could introduce new products or services that compete in our market and better address our customers and potential customers. See the section titled “Risk Factors” section for a more detailed description of risks related to competition.

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on a combination of patents, trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements, as well as other legal and contractual rights, to establish and protect our proprietary rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees, the functionality and infrastructure of our platform and our business, and frequent enhancements to and expansions of our platform are more important contributors to our success.

As of December 31, 2023, we had 3 issued and allowed patents and 30 pending patent applications in the United States that cover various aspects of our business in the United States and abroad. Our issued patents are scheduled to expire between February 2042 and October 2042. These patents and patent applications are intended to protect our proprietary inventions relevant to our business. We continually review our development efforts to assess the existence and patentability of new intellectual property.

We have an ongoing trademark and service mark registration program pursuant to which we register our brand names and product names, taglines, and logos in the United States and internationally to the extent we determine appropriate and cost-effective.

As of December 31, 2023, we had 3 registered trademarks and 6 pending trademarks in the United States and 96 registered trademarks and 39 pending trademarks in non-U.S. jurisdictions. We also have registered domain names for websites that we use in our business, such as www.klaviyo.com and other similar variations.

In addition, we seek to protect our intellectual property rights by requiring our employees and independent contractors involved in development of intellectual property on our behalf to enter into agreements acknowledging that all works or other intellectual property generated or conceived by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim or otherwise have in those works or property, to the extent allowable under applicable law.

From time to time, we also incorporate certain intellectual property licensed from third parties, including under certain open-source licenses. See the section titled “Risk Factors” for a more comprehensive description of risks related to our intellectual property.

Regulatory Matters

We are subject to a number of U.S. federal and state and foreign laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data protection and information security, intellectual property, competition, consumer protection, taxation, anti-bribery, anti-money laundering and corruption, economic or other trade prohibitions or sanctions or securities law compliance or other subjects. Many of the laws and regulations to which we are subject are still evolving and being tested in courts and could be interpreted and applied in a manner that is inconsistent across jurisdictions and may also be inconsistent with our current policies and practices, any or all of which could harm our business. In addition, the application and interpretation of these laws and regulations often are ambiguous or inconsistent, particularly in the new and rapidly evolving industry in which we operate, and the extent they apply to us is at times unclear. For more information on the potential impacts of government regulations affecting our business, see the section titled “Risk Factors.”

Human Capital Resources

As of December 31, 2023, we had a total of 1,815 employees located in three countries, with the substantial majority of our employees located in the United States. We supplement our workforce with contractors and consultants. In March 2023, in an effort to streamline our operations and improve cost efficiencies to align with our priorities, we announced a reduction-in-force affecting approximately 8% of our global workforce.

To our knowledge, none of our employees is represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good. Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and new employees. The principal purposes of our equity incentive plans are to attract, retain, and reward personnel through the granting of share-based compensation awards in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Corporate Information

We were incorporated in 2012 under the name Klaviyo, Inc. as a Delaware corporation. Our principal executive offices are located at 125 Summer Street, 6th Floor, Boston, MA 02110, and our telephone number is (617) 213-1788.

“Klaviyo” is our registered trademark in the United States, the European Union, the United Kingdom, Australia, and other jurisdictions. The Klaviyo design logo and our other registered or common law trademarks, service marks or trade names appearing in this Annual Report on Form 10-K are the property of Klaviyo, Inc. and are protected under applicable intellectual property laws. Other trademarks and trade names referred to in this Annual Report on Form 10-K are the property of their respective owners. We do not intend our use or display of other companies’ trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

Available Information

Our website is located at www.klaviyo.com, and our investor relations website is located at <https://investors.klaviyo.com>. Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the U.S. Securities and Exchange Commission (the “SEC”). The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov. We use our <https://investors.klaviyo.com> and www.klaviyo.com websites, as well as our blog posts, press releases, public conference calls, webcasts, our X (formerly known as Twitter) feed, our Instagram page, our Facebook page, and our LinkedIn page, as a means of disclosing material nonpublic information and for complying with

our disclosure obligations under Regulation FD. The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes. The risks described below are not the only ones we face. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties not currently known to us or that we do not currently believe to be material. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially adversely affected. In that event, the trading price of our Series A common stock could decline, and you could lose part or all of your investment. You should not interpret our disclosure of any of the following risks to imply that such risks have not already materialized. Certain statements contained in the risk factors described below are forward-looking statements. See the section titled “Special Note Regarding Forward-Looking Statements” for more information.

Risks Relating to Our Business and Industry

Our rapid historical revenue growth is not indicative of our future revenue growth, and we may not be able to sustain our historical revenue growth rate, in the near term and in the future.

We have experienced rapid revenue growth in recent periods. Our revenue was \$698.1 million, \$472.7 million, and \$290.6 million for the years ended December 31, 2023, 2022, and 2021, respectively, representing a growth rate of 47.7% in 2023 and 62.7% in 2022. Our rapid revenue growth has been driven by increases in our customer count, growth of existing customers, our expansion into international markets, our sales to mid-market businesses, and the cross-selling of our SMS offering alongside our data platform and email offering. In addition, we implemented a price increase in September 2022, which positively increased revenue growth in 2022. This price increase also impacted the various measures we use to assess our usage and subscription levels based on revenue, such as NRR and our revenue growth rate, and following its implementation, those measures experienced corresponding increases as a result. As we have reached the one year anniversary of this price increase, these measures have seen a corresponding decrease. We anticipate that our revenue growth rate will decelerate over time as a result of a variety of factors, including the maturation of our business, and you should not rely on our historical revenue growth as an indication of our future performance. Overall growth of our revenue depends on several factors, including our ability to:

- expand subscriptions to our platform for our existing customers;
- increase the number of products we sell;
- improve the functionality of our products and our platform and achieve and/or maintain market acceptance for them;
- retain existing customers;
- attract new customers;
- succeed in selling our products in new verticals and in markets outside the United States;
- keep pace with technological developments;
- price our platform subscriptions competitively;

- increase pricing on sales of our products, which may differ from product to product;
- provide our customers with support that meets their needs;
- successfully identify and acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform; and
- increase awareness of our brand on a global basis and successfully compete with other companies.

We may not successfully accomplish any of these objectives. If we do not, or if the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain our revenue growth for any reason, including the reasons listed above, it may be difficult to maintain profitability, the trading price of our Series A common stock may be volatile, demand for our products and our platform could decline, and our business, financial condition, and results of operations may be adversely affected.

Our business has experienced rapid growth, and if we fail to effectively manage our growth or anticipated growth, our business, results of operations, and financial condition could be adversely affected.

We have experienced rapid growth in our business since inception, and we may continue to experience rapid growth. Our headcount has grown from 1,544 employees as of December 31, 2022 to 1,815 employees as of December 31, 2023. In addition, we have been expanding our international operations since 2019. We opened offices in the United Kingdom and Australia in 2019 and 2022, respectively. We have also experienced significant growth in the number of customers using our platform, including the number of international customers, which increased from approximately 61,000 on December 31, 2022 to approximately 76,000 on December 31, 2023. We plan to continue to expand our international operations in the future. We have also experienced significant growth in the number of products and features we offer (such as adding SMS and push offerings alongside our data platform and email offering) and the usage and amount of data that our platform and associated infrastructure support. This growth has placed and may continue to place significant demands on our operational infrastructure, financial resources, corporate culture, and management team.

In addition, our organizational structure has become more complex over time. In order to manage these increasing complexities, we will need to continue to scale and adapt our operational, financial and management controls, as well as our reporting systems and procedures. The expansion of our systems and infrastructure will require us to commit substantial operational, financial, and management resources before our revenue increases and without any assurances that our revenue will increase.

In order to successfully manage our future growth and manage our business effectively, we will need to continue to improve our operating and administrative systems, and our ability to manage headcount, capital, and internal processes. Continued growth could challenge our ability to develop and improve our operational, financial, and management controls, enhance our reporting systems and procedures, recruit, train, and retain highly skilled personnel in a timely manner or at all, and maintain user satisfaction. If we fail to achieve the necessary level of efficiency in our organization as we grow, then our business, results of operations, and financial condition could be adversely affected.

Further, as our customer base continues to grow, we will need to expand our account management and customer service teams and continue to scale our platform. If we are not able to continue to provide high levels of customer service, our reputation could suffer, which could adversely affect our business, results of operations, and financial condition.

We have a limited operating history in a rapidly changing industry, which makes it difficult to evaluate our current business and future prospects and increases the risk of your investment.

We were founded and launched our platform in 2012. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for future growth. Our historical growth should not be considered indicative of our future performance. We have encountered

and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as risks and uncertainties related to:

- retention of customers;
- adding new customers, particularly in the mid-market and enterprise categories;
- competition;
- our ability to control costs, particularly our operating expenses;
- network outages or security breaches and any associated expenses;
- foreign currency exchange rate fluctuations;
- executing acquisitions and integrating the acquired businesses, technologies, products, and other assets; and
- general economic and political conditions.

If we do not address these risks successfully, our business, results of operations, and financial condition could be adversely affected.

We operate in a highly competitive industry, and if we do not compete effectively with established companies or new market entrants, our business, results of operations, and financial condition could be adversely affected.

We operate in a highly competitive industry, and we expect competition to continue to increase. We face competition from a number of companies, including Adobe, Salesforce, Mailchimp, and Braze. We believe that our ability to compete depends upon many factors both within and beyond our control, including:

- fast time-to-value and ROI for customers;
- ease of deployment, implementation, and use;
- unified data architecture, with the ability to synchronize unaggregated, historical customer profile data with real-time event data in a single system-of-record;
- integrations with third-party applications, data sources, and open-source technologies;
- breadth and depth of features and functionality;
- quality and accuracy of data and predictive intelligence;
- ability to support multiple use cases and verticals;
- strength of sales & marketing and partnership efforts;
- market vision and product strategy;
- pace of innovation;
- brand awareness and reputation;
- performance, scalability, security, and reliability; and
- quality of service and customer satisfaction.

Many of our current and potential competitors have or may have significantly greater financial, technical, marketing, and other resources than we do. They may secure better terms from partners, adopt more aggressive or alternative pricing

policies, or devote more resources to technology, infrastructure, sales, marketing, and customer service. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns, and adopt more aggressive or alternative pricing policies which may allow them to attract customers or partners. For example, for our SMS offering, we do not currently separate carrier fees from the fees that our customers pay for our product. In contrast, some of our competitors separate carrier fees from their product fees, which may create the appearance of a lower product fee and which may appear more attractive. Our competitors may also develop a platform or products that are similar to ours or that achieve greater market acceptance than ours. This could attract customers or partners away from our platform or our products and reduce our market share.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, our ability to compete effectively could be adversely affected. Our competitors may also establish or strengthen cooperative relationships with our current or future strategic distribution and technology partners or other parties with whom we have relationships, thereby limiting our ability to promote and increase the usage and adoption of our platform. We expect to encounter new competitors, which may include any of our current or future third-party platform providers or technology partners, both geographically and in our market verticals in and outside of retail and eCommerce. We may not be able to compete successfully against current or future competitors, and competitive pressures could adversely affect our business, results of operations, and financial condition.

Our business and success depend, in part, on our ability to successfully integrate with third-party platforms, especially with eCommerce platforms such as Shopify, and our business would be harmed as a result of any disruptions to these third-party platform integrations or our relationships with third-party platform providers.

We depend on product integrations with various third-party platforms, especially eCommerce platforms, to sustain and grow our business. The integration of our platform and our products with these third-party platforms, including eCommerce platforms, provides us with substantial amounts of additional first-party data that would otherwise be costly or difficult to obtain. These integrations also allow us to attract customers that use these platforms to conduct their business activity. Further, our customers' experience with our platform is dependent on our ability to connect easily to these third-party platforms as well as the effectiveness and utility of these integrations. The companies that operate these third-party platforms generally dictate, to varying degrees, the terms of use of their respective platforms, including the manner and procedure by which we integrate with their respective platforms. We may fail to maintain and improve upon these integrations or relationships for many reasons, including due to our or the third parties' failure to maintain, support, or secure their third-party platforms in general and our integrations in particular, or errors, bugs, or defects in our or their technology, or changes in our or their technology platforms or our relationship with such third parties due to actual or perceived competing platforms or offerings. Any such failure to integrate data from a third-party platform, or any disruption on an eCommerce platform that prevents us from integrating with that platform or reduces the interoperability between our platform and the respective third-party platform, could harm our relationship with our customers, adversely impact our reputation and brand, and adversely affect our business, financial condition, and operating results.

As of December 31, 2023, approximately 77.7% of our ARR was derived from customers who also use Shopify's platform, while only approximately 9.4% of our new ARR was derived from customers that came to us through the Shopify app store. Shopify also helps to promote our brand by referring new customers to us, and under our partnership with Shopify Inc. ("Shopify"), we are the recommended email solution for Shopify Plus customers globally. Any disruption to the functionality of our integration with Shopify, including our removal from their app store, could create delays in data synchronization for our customers and adversely affect the customer experience. Further, if Shopify is unable or unwilling to continue to integrate with our platform for any reason, or if our products or our platform no longer integrate with Shopify's platform, our customers that use Shopify's eCommerce platform could be required to switch to another eCommerce platform in order to continue using our platform and our products. However, the termination or degradation of our integration with Shopify could cause us to lose customers if these customers do not transition to a new eCommerce platform, or if they transition to a platform that does not integrate with our platform. We also have integrations with other third-party eCommerce platforms, such as BigCommerce, Centra, Magento, Nuvemshop, PrestaShop, Salesforce

Commerce Cloud, Square, Wix, and WooCommerce, and some of our customers transition from one third-party eCommerce platform to another while remaining on our platform each month. Further, diversifying our contractual relationships and operations with other platforms could increase the complexity of our operations and lead to increased costs. The current term of our agreement with Shopify expires in 2029, and Shopify could refuse to renew such agreement or renegotiate such agreement on terms that are neither favorable to us nor commercially reasonable. If our agreement with Shopify is not renewed, if there are any disruptions to our Shopify integration or if we are unsuccessful in maintaining our relationship with Shopify, for any reason, including actual or perceived competing offerings, the utility of and demand for our platform and our products could decline, and our business, financial condition, and operating results could be materially and adversely affected.

Our business and success depend, in part, on the success of our relationships with third parties, such as our marketing agency and technology partners.

We rely on third-party relationships, such as marketing agency and technology partners, to attract customers and enhance the utility of our platform. If any of the third parties on which we rely fail to perform as expected, breaches or terminates their agreement with us, or becomes engaged in a dispute with us, our reputation could be adversely affected and our business could be harmed.

For example, we rely on third-party agency partners and other marketing partners to help us acquire and retain customers. If these partners fail to promote our platform or refer new customers to us, fail to support our existing customers, begin promoting competing brands in addition to or instead of ours, are forced to change their marketing practices in response to new or existing regulations or cease to be viewed as credible sources of information by our potential customers, we may face decreased demand for our solutions, higher than expected customer acquisition costs and loss of revenue.

We also collaborate with third-party technology partners, including systems integrators and third-party developers, to enhance the utility of our platform. For example, these partners build integrations that extend our platform's core product functionality or bring additional data into our platform. These technology partners may fail to maintain, support, or improve their integrations, which could reduce the utility of our platform and in turn could decrease demand for our platform and products, harm our reputation and brand, and have a negative effect on our business, financial condition, and operating results.

In order to grow our business, we anticipate that we will continue to depend on relationships with third parties. Identifying, negotiating, and documenting relationships with partners requires significant time and resources. Our competitors may be more effective in providing incentives to third parties to favor their products or services or to prevent or reduce use of our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our service by potential customers.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or grow our revenues could be impaired and our business, financial condition, and operating results may suffer.

Unfavorable conditions in our industry or the global economy, or reductions in spending on marketing, could adversely affect our business, financial condition, and results of operations.

Our results of operations may vary based on changes in our industry, particularly changes in the retail and eCommerce industry, as well as the impact of the global economy on our customers. Our results of operations currently depend, in part, on the demand for marketing and related services, of which the vast majority are for retail and eCommerce businesses. In addition, our revenue is dependent on the usage of our platform and the demand for our products, which in turn are

influenced by the amount of business that our customers conduct. To the extent that weak or volatile economic conditions, including due to the COVID-19 pandemic, labor shortages, supply chain disruptions, inflation, a government shutdown, geopolitical developments (such as the Russia-Ukraine conflict and the conflict in the Gaza Strip, as well as the implementation of, or changes to or further expansions of, trade sanctions, export restrictions, tariffs, and embargoes), deterioration of the financial services industry and other events outside of our control, result in a reduced volume of business for our customers and prospective customers, demand for, and use of, our platform and our products may decline. Specifically, because we currently operate primarily in the retail and eCommerce space, any disruption caused to the customers in this space, such as a weak global economy causing a shift in the economic viability of the retail and eCommerce businesses, may require us to adapt our business model and our operations accordingly. Furthermore, weak economic conditions may make it more difficult to collect on outstanding accounts receivable and increase our expenses. Specifically, customers may fail to make payments when due, default under their agreements with us, or become insolvent or declare bankruptcy, or a supplier may determine that it will no longer do business with us as a customer. Additionally, we generate a significant portion of our revenue from small businesses, which may be affected by economic downturns and other adverse macroeconomic conditions, as small businesses may be more likely to reduce their marketing expenses during such periods and do so to a greater extent than larger enterprises and typically have more limited financial resources, including capital borrowing capacity. In addition, a customer or supplier could be adversely affected by any of the liquidity or other risks that are described above as factors that could result in material adverse impacts on us, including but not limited to delayed access or loss of access to uninsured deposits or loss of the ability to draw on existing credit facilities involving a troubled or failed financial institution. If our customers reduce their use of our platform, or prospective customers delay adoption or elect not to adopt our platform or purchase our products, as a result of a weak economy or rising inflation and increased costs or otherwise, our business, results of operations, and financial condition could be adversely affected.

We may not be able to add new customers, retain existing customers, or increase sales to existing customers, which could adversely affect our business, results of operations, and financial condition.

We derive, and expect to continue to derive, the significant majority of our revenue from the sale of subscriptions to our platform. Our business and our growth are dependent on our ability to continue to attract and acquire new customers while retaining existing customers and expanding both their usage of our platform and the products we sell to them. The demand for our products may be inhibited, and we may be unable to grow our business and customer base, for a number of reasons, including, but not limited to:

- our failure to develop or offer new or enhanced products or features in a timely manner that keeps pace with new technologies, competitor offerings, and the evolving needs of our customers;
- difficulties providing or maintaining a high level of customer satisfaction, which could cause our existing customers to cancel or decrease their subscriptions or stop referring prospective customers to us;
- increases in our customer churn, decreases in our customer renewals or our failure to convert customers from lower tiers to higher tier priced subscriptions;
- perceived or actual security, availability, integrity, privacy, reliability, quality, or compatibility problems with our platform, including unscheduled downtime, outages, or security breaches;
- changes in search engine ranking algorithms or in search terms used by potential customers;
- our inability to market our platform in a cost-effective manner to new customers or to our existing customers due to changes in regulation, or changes in the enforcement of existing regulation, that would affect our marketing or pricing practices;
- unexpected increases in the costs of acquiring new customers;
- our ability to expand into new industry verticals and use cases; and

- our ability to expand into new geographic regions.

In order for us to sustain demand for our products and maintain or increase our revenue growth, it is important that our customers renew and/or expand their subscriptions. Most of our customers' subscriptions with us are month-to-month, and they therefore have no obligation to renew their subscriptions or maintain their usage levels. Some of our customers have elected not to renew their subscriptions with us in the past, and it is difficult to accurately predict long-term customer retention. Further, to achieve continued growth, we must not only maintain our relationships with our existing customers, but expand our commercial relationships with our existing customers and encourage them to increase usage of our platform.

In order to increase our sales to new and existing customers, we may need to significantly expand our selling and marketing operations, including our sales force and third-party referral and marketing agency partners, and continue to dedicate significant resources to selling and marketing programs, both domestically and internationally. We rely on our marketing agency partners to provide certain services to our customers, as well as refer new customers to our platform. Our ability to increase our customer base and achieve broader market acceptance of our platform will depend, in part, on our ability to effectively organize, focus, and train our selling and marketing personnel, attract new marketing agency partners and retain existing marketing agency partners.

Any failure to continue to attract new customers, retain existing customers or increase usage of our platform by existing customers could have a material adverse effect on our business, results of operations, and financial condition.

We have a history of net losses, we anticipate increasing operating expenses in the future, and we may not be able to achieve and maintain profitability in the future.

We incurred net losses of \$308.2 million, \$49.2 million, and \$79.4 million in the years ended December 31, 2023, 2022, and 2021, respectively. We are not certain whether we will be able to achieve profitability in the future. Based on our current planned operations, we expect our cash and cash equivalents will enable us to fund our operating expenses for at least the next twelve months. We have based this estimate on assumptions that in the future may prove to be wrong, and we could use our capital resources sooner than we currently expect. We also expect our costs and expenses to increase in future periods as we continue to invest in our business and increase our product offerings, which could negatively affect our future results of operations if our revenue does not continue to increase. In particular, we intend to continue to expend substantial financial resources on:

- our technology infrastructure and operations, including systems architecture, scalability, availability, performance, and security;
- platform development, including investments in our platform development team and the development of new products and functionality for our platform as well as investments in further improving our existing platform and infrastructure;
- international expansion;
- our selling and marketing organization, to engage our existing and prospective customers, increase brand awareness and drive adoption of our products;
- acquisitions or strategic investments; and
- general administration, including increased insurance, legal, and accounting expenses associated with being a public company.

We may not achieve the benefits anticipated from these investments, which could be more costly than we currently anticipate, or the realization of these benefits could be delayed. These investments may not result in increased revenue or growth in our business. If we are unable to maintain or increase our revenue at a rate sufficient to offset the expected

increase in our costs, our business, financial condition, and results of operations could be adversely affected, and the trading price of our Series A common stock could decline as a result.

As we seek to move up-market, we expect our sales cycle with enterprise customers to be longer than with small-and-mid size businesses and we will be required to scale our operations, including by expanding our sales efforts, which may require considerable time and expense.

The majority of our customers are small to mid-size businesses and subscribe to our platform on a month-to-month basis. However, as we scale our business and enter into agreements with larger customers, such as enterprise customers, we expect that we will enter into longer-term agreements for usage of our platform and products. We anticipate that these prospective enterprise customers may have lengthy sales cycles for the evaluation and procurement of our platform and the timing of our sales cycles with these enterprise customers and the related revenue may be difficult to predict. For deals that were closed by our sales team in the years ended December 31, 2023 and 2022, our median sales cycle was approximately 8 weeks. This measure excludes any business generated through self-serve channels. Any delays in our sales cycles may increase the amount of time between when we incur the operating expenses related to these sales efforts and, upon successful sales, the generation of corresponding revenue. Further, we may incur additional selling and marketing expenses as we move up-market and shift our sales strategy to adapt not only to longer sales cycles but to the nature of a new sales motion associated with enterprise sales. As we seek to acquire these enterprise customers, we also anticipate that we will need to increase our sales and customer support capabilities. We may also be required to spend a significant amount of time and resources to train our sales and customer support teams for interfacing with enterprise customers, as well as educating our potential enterprise customers and familiarizing them with our platform. Additionally, these large organizations may have large data sets that require us to evaluate our existing data storage, collection and processing capabilities, and enhance the features and scalability of our platform. Enterprise customers may also view a subscription to our platform and products as a strategic decision with significant investment. As a result, these customers may require considerable time to evaluate, test, and qualify our platform prior to entering into or expanding a subscription. As we engage with enterprise customers, we may expend a greater amount of time and money on selling and marketing and contract negotiation activities, which may not result in a sale. Additional factors that may influence the length and variability of our sales cycle include:

- the effectiveness of our sales team as we hire and train our new salespeople to sell to large enterprise customers;
- the discretionary nature of purchasing, budget cycles, and decisions;
- the obstacles placed by customers' procurement processes;
- economic conditions and other factors impacting customer budgets;
- customers' familiarity with our products;
- customers' evaluation of competing products during the purchasing process; and
- evolving customer demands.

In light of these factors, it is difficult to predict whether and when a sale will be completed, and if completed, the additional customer engagement and services we will need to provide for the duration of the agreement. Consequently, our efforts to expand up-market and enter into agreements with larger organizations may be difficult and could have a material adverse effect on our business, results of operations, and financial condition if we do not adapt our business to the needs of the enterprise customer base.

We have historically invested significantly in research and development and expect this investment to continue. If these investments do not translate into new products or enhancements to our current products or product features, or if we do

not use those investments efficiently, our business, financial condition, and results of operations could be adversely affected.

For the years ended December 31, 2023, 2022, and 2021, our research and development expenses were 37.6%, 22.0%, and 22.6% of our revenue, respectively. Research and development projects can be technically challenging and expensive, particularly as we work to expand both the channels through which we offer our products and the use cases for our products beyond marketing. In addition, our products have varying associated communication sending costs, and our research and development team may not be able to mitigate the impact of growth in any of those higher-cost channels, such as SMS, by maintaining efficiency. The nature of research and development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we are able to offer compelling products and generate revenue, if any, from this investment. Additionally, anticipated customer demand for a product we are developing could decrease after the development cycle has commenced, and we would nonetheless be unable to avoid substantial costs associated with the development of any such product. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of products that are competitive in our current or future markets or if we do not spend our research and development budget efficiently or effectively on compelling innovation and technologies, our competitive advantage may be adversely affected, which could materially adversely affect our business, financial condition, and results of operations.

If we fail to adapt and respond effectively to technological changes, evolving industry standards, changing regulations or changing customer or consumer needs, requirements or preferences, our platform may become less competitive.

The market in which we compete is relatively new and subject to rapid technological change, evolving industry standards, and changing regulations, as well as changing customer and consumer needs, requirements, and preferences, including changes in the use of channels through which consumers desire to communicate with brands. For example, while email marketing has been the primary product on our platform, our SMS offering is relatively new, and customers may prefer SMS or push marketing campaigns or campaigns using other new types of communication channels to email campaigns in the future. Further, as consumer preferences with respect to communication channels evolve, we may need to adapt to the varying margin profiles of these new technologies and address potential margin compression. The success of our business will depend, in part, on our ability to adapt and respond effectively to changes in customer and consumer preference on a timely basis in the markets that we currently serve, such as retail and eCommerce, and in markets we may enter in the future. Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our platform and products, offer new features as part of our existing products, offer new products, and increase adoption and usage of our platform and products. For example, we expect that the number of integrations with our customers' infrastructure that we will need to support will continue to expand as customers and developers adopt new software solutions, and we may have to develop new integrations to work with those new solutions. The success of any enhancements to our existing or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, and overall market acceptance. Enhancements to our existing and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with our platform or products, or may not achieve the broad market acceptance necessary to generate significant revenue. Further, the use of machine learning and artificial intelligence is becoming increasingly prevalent in our industry, and, although we intend to continue developing our platform's machine learning and artificial intelligence capabilities to meet the needs of our customers and partners, we may be unable to accurately or efficiently integrate machine learning and artificial intelligence features or functionalities of the quality or type sought by our customers and partners or offered by our competitors. These development efforts may also require significant engineering, sales, and marketing resources, all of which could require significant capital and management investment. If we are unable to enhance our platform and product offerings to keep pace with rapid technological and regulatory change, or if new technologies, including machine learning and artificial intelligence solutions, emerge that are able to deliver competitive products at aggressive or alternative prices, more efficiently, more conveniently or more securely than our platform, demand for our platform and product offerings may decline, and our business, financial condition, and results of operations may be adversely affected.

We depend on our senior management team, and the loss of one or more members of our senior management team or our key employees, or an inability to attract and retain highly skilled employees, could adversely affect our business.

Our success depends upon the continued service and contributions of our executive officers. We rely on our leadership team for research and development, marketing, sales, services, and general and administrative functions, and on mission-critical individual contributors. In particular, we depend on the vision, skills, experience, and effort of our co-founder and Chief Executive Officer, Andrew Bialecki. From time to time, our executive management team may change due to the hiring or departure of executives, which could disrupt our business. We do not maintain key person life insurance policies on any of our employees, so the loss of one or more of our executive officers or key employees (including any limitation on the performance of their duties or short-term or long-term absences as a result of illness or disability) could adversely affect our business.

Our future success also depends, in part, on our ability to continue to attract and retain highly skilled personnel. Competition for this type of personnel is intense, especially for experienced software engineers and senior sales executives. In addition, partially in response to the COVID-19 pandemic, we have a large, remote workforce, which adds to the complexity of our business operations. We expect to continue to experience difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources.

Many of our key personnel are vested in a substantial amount of shares of Series A common stock, restricted stock units, or stock options. Employees may be more likely to terminate their employment with us if the shares they own or the shares underlying their vested restricted stock units or options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise price of the options or grant date values of the restricted stock units, or, conversely, if the exercise price of the options that they hold are significantly above the trading price of our Series A common stock. In addition, job candidates and existing employees often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, it could adversely affect our business and future growth prospects.

If we fail to maintain and enhance our brand, our ability to maintain or expand our customer base may be impaired and our business, financial condition, and results of operations could be adversely affected.

We believe that maintaining and enhancing our brand is important to support the marketing and sale of our existing and future products to new customers and expand sales of our platform and products to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on our ability to carry out effective marketing efforts, provide reliable products that continue to meet the needs of our customers at competitive prices, maintain our customers' trust, ensure the protection of our customers' data, develop new functionality and use cases, and successfully differentiate our products and platform capabilities from the products of our competitors. Our brand promotion activities may not generate customer awareness or yield increased revenue and, even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, the demand for our products may decline, and our business, results of operations, and financial condition may be adversely affected.

Doing business internationally exposes us to significant risks, and our future success depends in part on our ability to navigate the international business environment and drive the adoption of our products by international customers.

The future success of our business will depend, in part, on our ability to expand our customer base worldwide, and we are continuing to expand our international operations to increase our revenue from customers located outside of the United States as part of our growth strategy. For the years ended December 31, 2023, 2022, and 2021, we derived 36.5%, 35.0% and 32.1% of our revenue, respectively, from customer accounts outside of the United States. We currently have offices in

the United Kingdom and Australia, and we expect that we may in the future open additional offices internationally and hire employees to work at these offices in order to grow our business, reach new customers, and gain access to additional technical talent. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic, and political risks in addition to those we already face in the United States. Because of our limited experience with international operations as well as developing and managing sales in international markets, we may not succeed in marketing our products to potential customers internationally, as a result of which our international expansion efforts may not be successful, which could have a material adverse effect on our business, results of operations, and financial condition.

In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- changes, which may be unexpected, in a specific country's or region's political, economic, or legal and regulatory environment, including pandemics, terrorist activities, tariffs, trade wars, or long-term environmental risks;
- the need to adapt and localize our platform for specific countries, and the costs associated with adapting and localizing our platform;
- longer payment cycles and greater difficulty enforcing contracts, collecting accounts receivable, or satisfying revenue recognition criteria, especially in emerging markets;
- differing and potentially more onerous labor regulations, especially in Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems;
- increased travel, real estate, infrastructure, and legal compliance costs associated with international operations;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- laws and business practices favoring local competitors or general market preferences for local vendors or domestic products;
- limited or insufficient intellectual property protection or difficulties obtaining, maintaining, protecting, or enforcing our intellectual property rights, including our trademarks and patents;
- global health crises, such as COVID-19, that could decrease economic activity in certain markets, decrease use of our products, or decrease our ability to import, export, or sell our products to existing or new customers in international markets;
- exposure to liabilities under export control, economic and trade sanctions, anti-corruption, and anti-money laundering laws, including the Export Administration Regulations, the OFAC regulations, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), U.S. bribery laws, the U.K. Bribery Act 2010 (the "U.K. Bribery Act"), and similar laws and regulations in other jurisdictions;
- increased financial accounting and reporting burdens and complexities;
- differing technical standards, existing or future regulatory and certification requirements, and required features and functionality;

- burdens of complying with the foreign equivalents of the Telephone Consumer Protection Act (the “TCPA”), the Controlling the Assault of Non-Solicited Pornography And Marketing Act of 2003 (“CAN-SPAM”), and similar laws and regulations in other jurisdictions;
- burdens of complying with laws and regulations related to privacy and data security, including the EU GDPR and similar laws and regulations in other jurisdictions;
- burdens of complying with laws and regulations related to taxation; and
- adverse tax burdens, foreign exchange controls, and other regulations that could make it difficult to repatriate earnings and cash.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations, and financial condition.

Our business and reputation could be adversely affected if our customers are not satisfied with the integration or implementation of our platform and products provided by us or our partners.

The success of our business depends on our customers’ satisfaction with our platform and our products and the support that we provide for our platform and products to help customers integrate and utilize our platform and products. If a customer is not satisfied with the quality of work performed by us or a third party or with the solutions delivered, we could incur additional costs to address the deficiency, which would diminish the profitability of the customer relationship. If we do not help our customers quickly resolve issues and provide effective ongoing support, our ability to sell new products to existing and new customers will suffer and our reputation with existing or potential customers will be harmed, even if the dissatisfaction resulted from services provided by a third-party partner. Further, customer dissatisfaction with our products or support services, or negative publicity related to our customer relationships, could impair our ability to expand the subscriptions within our customer base or adversely affect our customers’ renewal of existing subscriptions.

We may experience quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict, could cause the trading price of our Series A common stock to fluctuate, and could cause our results of operations to fall below analyst or investor expectations.

Our quarterly results of operations may fluctuate from quarter to quarter as a result of a number of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance, and comparing our results of operations on a period-to-period basis may not be meaningful. For example, in the past we have seen an increase in demand for our platform and our products during the fourth quarter of each year and around Black Friday and Cyber Monday. Additionally, factors that may impact these fluctuations include, but are not limited to:

- demand for our platform and products by our customers;
- our success in retaining existing customers and attracting new customers;
- the timing and success of new capabilities by us or by our competitors or any other change in the competitive landscape of our market;
- the amount and timing of operating expenses and capital expenditures, as well as entry into operating leases, that we may incur to maintain and expand our business and operations and remain competitive;
- the timing of expenses and recognition of revenue;
- reduction in certain customers’ usage of our platform that is subject to seasonal fluctuations;
- security breaches, and technical difficulties involving our platform or interruptions or disruptions of our platform;
- adverse litigation judgments, other dispute-related settlement payments, or other litigation- related costs;

- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- the timing of hiring new employees;
- the rate of expansion and productivity of our sales force;
- the timing of the grant or vesting of equity awards to employees, directors, consultants, or advisors and the recognition of associated expenses;
- fluctuations in foreign currency exchange rates;
- costs and timing of expenses related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- the impact of tax charges as a result of non-compliance with federal, state, or local tax regulations in the United States;
- changes to generally accepted accounting standards in the United States;
- health pandemics, such as the COVID-19 pandemic, influenza, and other highly communicable diseases or viruses; and
- general economic conditions in either domestic or international markets, including conditions resulting from geopolitical uncertainty and instability.

Any one or more of the factors above may result in significant fluctuations in our quarterly results of operations.

The variability and unpredictability of our quarterly results of operations or other operating metrics could result in our failure to meet our expectations, or those of our investors or analysts that cover us. If we fail to meet or exceed such expectations for these or any other reasons, the trading price of our Series A common stock could fluctuate, and our business, financial condition, and results of operations could be adversely affected.

We rely upon a third-party provider of cloud-based infrastructure to host and sell our products. Any disruption in the operations of this provider or limitations on capacity or interference with our use could adversely affect our business, financial condition, and results of operations.

We outsource substantially all the infrastructure relating to our cloud-based platform to a third-party hosting provider. Our customers need to be able to access our platform at any time, without interruption or degradation of performance. Our products depend on protecting the virtual cloud infrastructure hosted by a third-party hosting provider by maintaining its configuration, architecture, features, and interconnection specifications, as well as the information stored in these virtual data centers, which is transmitted by a third-party internet service provider. Any limitation on the capacity or availability of our third-party hosting provider could impede our ability to onboard new customers or expand the usage of our existing customers, which could adversely affect our business, financial condition, and results of operations.

In the event that our service agreements with our third-party hosting provider are terminated or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such provider's facilities, we could experience interruptions in access to our platform as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud solution for deployment on a different cloud infrastructure service provider, which would adversely affect our business, financial condition, and results of operations.

Our business depends on our ability to send consumer engagement messages, including emails, SMS, and mobile and web notifications, and any significant disruption in service with our third-party providers or on mobile operating

systems could result in a loss of customers or less effective consumer-brand engagement, which could harm our business, financial condition, and results of operations.

Our brand, reputation, and ability to attract new customers depend on the reliable performance of our technology infrastructure and content delivery. Our platform engages with consumers through emails, SMS and push notifications, and we in large part depend on third-party services for delivery of such notifications. Any incident broadly affecting the interaction of third-party devices with our platform, including any delays or interruptions in these services that could cause delays to emails, SMS, or mobile and web notifications, could adversely affect our business. Similarly, cybersecurity events could result in a disruption to such third-party's services, including regulatory investigations, reputational damage, and a loss of sales and customers, which could in turn impact our business. A prolonged disruption, cybersecurity event or any other negative event affecting a third-party service could lead to customer dissatisfaction and could in turn damage our reputation with current and potential customers, result in a breach under our agreements with our customers, and cause us to lose customers or otherwise harm our business, financial condition, and results of operations.

We depend in part on mobile operating systems and their respective infrastructures to send notifications through various applications that utilize our platform. As new email, mobile devices, and mobile and web platforms are released, existing email, mobile devices, and platforms may cease to support our platform or effectively roll out updates to our customers' applications. Any changes in these systems or platforms that negatively impact the functionality of our platform could adversely affect our ability to interact with consumers in a timely and effective fashion, which could adversely affect our ability to retain and attract new customers. The parties that control the operating systems for mobile devices and mobile, web, and email platforms have no obligation to test the interoperability of new mobile devices or platforms with our platform, and third parties may produce new products that are incompatible with or not optimal for the operation of our platform. Additionally, in order to deliver high-quality consumer engagement, we need to ensure that our platform is designed to work effectively with a range of mobile technologies, systems, networks, and standards. If consumers choose to use products or platforms that do not support our platform, or if we do not ensure our platform can work effectively with such products or platforms, our business and growth could be harmed. We also may not be successful in developing or maintaining relationships with key participants in the email or mobile industries that permit such interoperability. If we are unable to adapt to changes in popular operating systems and platforms, we expect that our customer retention and customer growth would be adversely affected.

We rely heavily on the reliability, security, and performance of our software. If our software contains serious errors or defects, or we have difficulty maintaining our software, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers.

The reliability and continuous availability of our platform is critical to our business. However, software and products in our industry often contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Our platform may contain serious errors or real or perceived defects, security vulnerabilities, failures or software bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance of our platform, negative publicity, loss of competitive position, lower customer retention or claims by customers for losses sustained by them and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition, and results of operations. In such an event, we may be required, or may choose, to expend additional resources in order to help correct the problem(s). In addition, we may not carry insurance sufficient to compensate us for any losses that may result from claims arising from defects or disruptions in our products.

Furthermore, our platform is a cloud-based solution that allows us to deploy new versions and enhancements to all of our customers simultaneously. As a result of any of these events, our reputation and our brand could be harmed, and our business, results of operations, and financial condition may be adversely affected.

Any failure to offer high-quality technical support services may harm our relationships with our customers, our brand, and our results of operations.

Once our products are deployed, our customers depend on our support organization to resolve technical issues relating to our products. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services. We may also be unable to modify the format of our support services to compete with changes in support services provided by our competitors. Increased customer demand for these services could increase costs and harm our results of operations because we do not charge our customers for the technical support services we provide. In addition, our sales process is highly dependent on the quality of our products, the reputation of our business, the positive recommendations from our existing customers and through word-of-mouth generally. Any failure to maintain high-quality technical support, or a perception by our customers and others that we do not maintain high-quality support, could harm our reputation and our ability to sell our products to existing and prospective customers, and as a result, could adversely affect our business, results of operations, and financial condition.

If we are unable to maintain our culture and core values as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success, and our business may be harmed.

We believe our culture and core values are critical to our success and have delivered tangible financial and operational benefits to our customers, employees, and stockholders. Our values impact everything we do in our organization, and we have designed our core values as a guiding set of principles for our employees and business. Accordingly, we have invested substantial time and resources in building a team that reflects our culture and core values. As we continue to grow and develop our infrastructure as a public company, our operations are likely to become increasingly complex, and we may find it difficult to maintain these important aspects of our culture and core values. Any failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture and core values could hurt our ability to recruit and retain personnel and effectively focus on and pursue our corporate objectives. In addition, the growth of our remote workforce may impact our ability to preserve our culture and core values. Any failure to preserve our culture or core values could negatively affect our future success, including our ability to retain and recruit personnel, and effectively focus on and pursue our corporate objectives.

Our inability to streamline operations and improve cost efficiencies could result in the contraction of our business and the implementation of additional significant cost cutting measures. Our restructuring and reorganization activities may also be disruptive to our operations.

We have previously undertaken efforts to streamline our operations and improve cost efficiencies to align with our priorities for 2023, and in March 2023 we announced a reduction-in-force affecting approximately 8% of our global workforce. We may not realize, in full or in part, the anticipated benefits, such as operational improvements and savings, from these efforts due to unforeseen difficulties, delays or unexpected costs. If there are unforeseen expenses associated with these efforts and we incur unanticipated charges or liabilities, or if we are unable to realize the expected operational efficiencies and cost savings, our business, results of operations, and financial condition could be adversely affected.

Furthermore, our workforce reductions may be disruptive to our operations. For example, our workforce reductions could yield unanticipated consequences, such as attrition beyond planned staff reductions, increased difficulties in our day-to-day operations and reduced employee morale or productivity. We may also discover that the reductions in workforce and cost cutting measures will make it difficult for us to pursue new opportunities and initiatives and require us to hire qualified replacement personnel, which may require us to incur additional and unanticipated costs and expenses.

We may take similar steps in the future as we seek to realize operating synergies, optimize our operations to achieve our target operating model and profitability objectives, respond to market forces or better reflect changes in the strategic direction of our business. Our failure to successfully accomplish any of the above activities and goals could adversely affect our business, results of operations, and financial condition.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our results of operations.

Accounting principles generally accepted in the United States (“GAAP”) and related accounting pronouncements, implementation guidelines, and interpretations we apply to a wide range of matters that are or could be relevant to our business, such as accounting for long-lived asset impairment, goodwill, variable interest entities, and stock-based compensation, are complex and involve subjective assumptions, estimates, and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change or add significant volatility to our reported or expected financial performance. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred in the past, and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. In addition, if we were to change our critical accounting estimates, including those related to the recognition of subscription revenue and other revenue sources or the period of benefit for deferred contract acquisition costs, our results of operations could be significantly affected. For more information, see Note 2. Summary of Significant Accounting Policies in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

If our judgments or estimates relating to our critical accounting estimates are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline of the trading price of our Series A common stock.

The preparation of our financial statements in conformity with GAAP requires management to make judgments, estimates, and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Series A common stock. Significant judgments, estimates, and assumptions used in preparing our consolidated financial statements include, or may in the future include, those related to revenue recognition, stock-based compensation expense, business combinations, and tax sharing liability.

We track certain operational metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and materially adversely affect our stock price, business, results of operations, and financial condition.

We track certain operational metrics, including metrics such as KAV and NRR, which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools are subject to a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate.

Limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operational metrics are not accurate representations of our business, or if investors do not perceive these metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, our stock price could decline, we may be subject to stockholder litigation, and our business, results of operations, and financial condition could be materially adversely affected.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the New York Stock Exchange. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and effective internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting have been discovered in the past and may be discovered in the future. For example, in connection with the audit of our consolidated financial statements for the year ended December 31, 2021 included elsewhere in this Annual Report on Form 10-K, our management identified a material weakness in our internal control over financial reporting related to equity accounting, which was subsequently remediated. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Series A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange. We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second Annual Report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations, and financial condition, and could cause a decline in the trading price of our Series A common stock.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations, and financial condition.

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates will increase. We expect to expand the number of transactions with customers that are denominated in foreign currencies in the future as we continue to expand our business internationally. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our results of operations due to transactional and translational remeasurements. As a result of these foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

Changes in tax law could adversely affect our business, financial condition, and results of operations.

The rules governing U.S. federal, state, and local and non-U.S. taxation are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the U.S. Treasury Department, and other taxing authorities. Changes to tax laws or tax rulings, or changes in interpretations of existing laws (which changes may have retroactive application), could adversely affect us or holders of our Series A common stock. These changes could subject us to additional income-based taxes and non-income taxes (such as payroll, sales, use, value-added, digital tax, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations.

Additionally, new, changed, modified, or newly interpreted or applied tax laws could increase our customers' and our compliance, operating, and other costs, as well as the costs of our products. In recent years, many such changes have been made, and changes are likely to continue to occur in the future. For example, under Section 174 of the Internal Revenue Code as amended (the "Code"), in taxable years beginning after December 31, 2021, expenses that are incurred for research and development in the U.S. will be capitalized and amortized, which may have an adverse effect on our cash flow.

Furthermore, as we expand the scale of our business activities, any changes in the U.S. and non-U.S. taxation of such activities may increase our effective tax rate and harm our business, financial condition, and results of operations. For example, many countries are actively considering or have proposed or enacted changes to their tax laws based on the model rules adopted by The Organization for Economic Cooperation and Development defining a 15% global minimum tax (commonly referred to as Pillar Two) that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business.

Our international operations and structure subject us to potentially adverse tax consequences.

We currently conduct our operations in the United Kingdom and Australia through subsidiaries. Our intercompany arrangements with those subsidiaries are subject to complex transfer pricing regulations administered by taxing authorities in those jurisdictions, and these taxing authorities may challenge our methodologies for our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. In addition, our tax expense could be affected depending on the applicability of withholding and other taxes (including withholding and indirect taxes on software licenses and related intercompany transactions) under the United Kingdom and Australian laws. The relevant revenue and taxing authorities may also disagree with positions we have taken generally. If any such disagreements were to occur (whether with the taxing authorities in jurisdictions where we currently do business or in those of jurisdictions where we may in the future operate) and our position were not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations.

Our ability to use net operating loss carryforwards to offset future taxable income for U.S. federal tax purposes is subject to limitation and risk that could further limit our ability to utilize our net operating losses.

As of December 31, 2023, we had approximately \$349.2 million of federal net operating losses (“NOLs”), which have an indefinite life. As of December 31, 2023, we had approximately \$245.1 million of state NOLs. State NOLs have a definite life, with various expiration dates beginning in 2027. Under current law, federal NOLs generated in taxable years ending after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs may be limited to 80% of our taxable income annually for tax years beginning after December 31, 2020. NOLs generated prior to December 31, 2017, however, have a 20-year carryforward period, but are not subject to the 80% limitation.

Under U.S. federal income tax law, a corporation’s ability to utilize its NOLs to offset future taxable income may be significantly limited if it experiences an “ownership change” as defined in Section 382 of the Code. In general, an ownership change will occur if there is a cumulative change in a corporation’s ownership by “5 percent shareholders” that exceeds 50 percentage points over a rolling three-year period, including changes in ownership arising from new issuances of stock. Similar rules may apply under state tax laws. Our ability to use net operating loss to reduce future taxable income and liabilities may be subject to annual limitations as a result of ownership changes that may occur in the future. A corporation that experiences an ownership change will generally be subject to an annual limitation on the use of its pre-ownership change NOLs equal to the value of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate (subject to certain adjustments). Furthermore, our ability to utilize NOLs of companies that we have acquired or may acquire in the future may be subject to similar limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs by federal or state taxing authorities or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to reduce future income tax liabilities. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our business, results of operations, and financial condition.

We may require additional capital to support the growth of our business, and this capital might not be available on acceptable terms, if at all.

We have funded our operations since inception primarily through equity financings and cash generated from our operations through sales of subscriptions to our platform. We cannot be certain when, or if, our operations will generate sufficient cash to fully fund our ongoing operations or the growth of our business. We intend to continue to make investments to support our business and our growth, and may require additional funds to respond to future business challenges, including the need to develop new features or enhance our platform, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we incur debt, the debt holders would have rights senior to holders of our Series A common stock to make claims on our assets, and the terms of any debt could include restrictive covenants relating to our capital raising activities and other financial and operational matters, any of which may make it more difficult for us to obtain additional capital and to pursue business opportunities. Furthermore, if we issue equity or equity-linked securities, our existing stockholders could experience dilution, and new equity securities we issue could have rights, preferences, and privileges senior to those of our Series A common stock. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our Series A common stock and diluting their interests. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, financial condition, and results of operations.

Partnerships, strategic investments, alliances or acquisitions could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our business, financial condition, and results of operations.

We have in the past and may in the future seek to enter into joint ventures, or acquire or invest in new businesses, products, platform capabilities or technologies that we believe could complement our products or expand our platform capabilities, enhance our technical capabilities, or otherwise offer growth opportunities. For example, in October 2022, we acquired Napkin.io, a platform that provides developers an easy and secure way to write and deploy code. We may not be able to find and identify desirable joint ventures, acquisition targets or business opportunities or be successful in entering into an agreement with any particular potential strategic partner. Additionally, any such venture, acquisition or investment may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel or operations of any acquired companies, particularly if the key personnel of an acquired company choose not to work for us, their software is not easily adapted to work with our platform or our products, or if we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. These transactions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for the development of our existing business. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in impairment charges that could be substantial. These transactions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our business, financial condition, and results of operations. In addition, if the resulting business from such a transaction fails to meet our expectations, our business, financial condition, and results of operations may be adversely affected, or we may be exposed to unknown risks or liabilities.

Any future litigation against us could be costly and time-consuming to defend.

We may from time to time become subject to litigation and legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, financial condition, and results of operations. We evaluate these litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves and/or disclose the relevant litigation claims or legal proceedings, as and when required or appropriate. These assessments and estimates are based on information available to management at the time of such assessment or estimation and involve a significant amount of judgment. As a result, actual outcomes or losses could differ materially from those envisioned by our current assessments and estimates. In addition, insurance might not cover those claims, provide sufficient payments to cover all the costs to resolve one or more such claims or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, and our business, financial condition, and results of operations may be adversely affected.

Additionally, members of our board or management team who have had experience as board members, officers, executives or employees of other companies have been, are currently, or may become, involved in litigation, investigations or other proceedings, including related to those companies or otherwise. The defense or prosecution of these matters could be time-consuming, and the potential outcomes of such actions may negatively affect our reputation.

We agree to indemnify customers and other third parties pursuant to various contractual arrangements we enter into in the course of business, which exposes us to substantial potential liability.

The contracts that we enter into with our customers and various other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to those parties for losses arising from alleged

infringement, misappropriation, or other violation of intellectual property rights, data protection violations, breaches of representations and warranties, damage to property or persons, or other liabilities arising from our platform, technology, or obligations under such contracts. An event triggering our indemnity obligations could give rise to multiple claims involving multiple customers or other third parties. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers and other third parties, regardless of the merits of these claims. We may not have adequate or any insurance coverage and may be liable for up to the full amount of the indemnified claims. Even where the terms of our contractual arrangements with our customers do not require us to indemnify our customers, we may agree to indemnify or support our customers and various other third parties in connection with litigation involving our products. The foregoing could result in substantial liability or material disruption to our business or could negatively impact our relationships with customers or other third parties, reduce demand for our products, and materially adversely affect our business, results of operations, and financial condition.

We are subject to anti-corruption, anti-bribery, and similar laws, and non-compliance with these laws can subject us to criminal penalties or significant fines and adversely affect our business and reputation.

We are subject to anti-corruption and anti-bribery and similar laws, such as the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act, and other anti-corruption, anti-bribery, and anti-money laundering laws in countries where we conduct activities. Anti-corruption and anti-bribery laws have been interpreted broadly and enforced aggressively in recent years, and prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. As we increase our international sales and business, our risks under these laws may increase.

In addition, in the future we may use third parties to conduct business on our behalf abroad. We or such future third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we can be held liable for the corrupt or other illegal activities of such future third-party intermediaries and our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented an anti-corruption compliance program but cannot assure you that all our employees and agents, as well as those companies we outsource certain of our business operations to, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, prosecutions, loss of export privileges, suspension or debarment from U.S. government contracts, substantial diversion of management's attention, significant legal fees and fines, settlements, damages, severe criminal or civil sanctions, penalties or injunctions against us, our officers or our employees, disgorgement of profits, and other sanctions, enforcement actions and remedial measures, and prohibitions on the conduct of our business, any of which could have a materially adverse effect on our reputation, business, trading price, results of operations, financial condition, and prospects.

The effects of a pandemic, epidemic, outbreak of an infectious disease or public health crises, such as the COVID-19 pandemic, may materially affect how we and our partners and customers are operating our businesses, and the duration and extent of these kinds of events may impact our future results of operations and overall financial performance.

Our business could be adversely affected by health crises in regions where we operate or otherwise do business. For example, the policies and regulations implemented in response to the outbreak of the novel coronavirus disease ("COVID-19") have had a significant impact, both directly and indirectly, on businesses and commerce. Although restrictions have generally been lifted, additional indirect effects such as supply shortages continue to impact segments of the global economy. Other global health concerns could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. As recently seen in our industry, the conditions caused by the COVID-19 pandemic and its aftermath as well as macroeconomic conditions have caused diminished

liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, and uncertainty about economic stability, and any future health crisis may have a similar impact.

Our operations have in the past been negatively affected by a range of external factors related to the effects of the COVID-19 pandemic that are not within our control. The ultimate extent of the impact of the pandemic, including as a result of possible subsequent outbreaks of COVID-19 or of new variants thereof and measures taken in response will depend on future developments, which remain uncertain and cannot be predicted. We may also be negatively affected by a future pandemic, epidemic, outbreak of an infectious disease or public health crisis. In the past, many cities, counties, states, and even countries have imposed or may impose a wide range of restrictions on the physical movement of our employees, partners, and customers to limit the spread of COVID-19, including physical distancing, travel bans and restrictions, closure of non-essential business, quarantines, work-from-home directives, and shelter-in-place orders. These measures have previously caused, and may cause in the future, business slowdowns or shutdowns in affected areas, both regionally and worldwide. If the COVID-19 pandemic or other global health crisis has a substantial impact on the productivity of our employees and partners, or a continued substantial impact on the ability of our employees to execute responsibilities, or a continued and substantial impact on the ability of our customers to subscribe to our platform or purchase our products, our results of operations, and overall financial performance may be harmed.

To the extent the COVID-19 pandemic or a future pandemic, epidemic, outbreak of an infectious disease or public health crisis adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described herein.

Risks Relating to Privacy, Data Security, and Data Protection Laws

We collect, process, store, share, disclose, and use personal information and other data, which subjects us to legal obligations related to privacy and security, and our actual or perceived failure to comply with these obligations could harm our business.

We collect, process, store, share, disclose, and use information from and about individuals, including our customers, their customers and users, including personal information, and other data. As a result, we are subject to a number of different legal requirements applicable to privacy. There are numerous laws around the world regarding privacy and security, including laws regarding the collection, processing, storage, sharing, disclosure, use and security of personal information, and other data from and about our customers, respondents, and users. The scope of these laws is changing, subject to differing interpretations and governmental agency enforcement priorities, may be costly to comply with, and may be inconsistent among countries and jurisdictions or conflict with other rules.

We are also subject to contractual obligations regarding the processing of personal information and must comply with our own privacy and security policies. Additionally, if third parties we work with, such as customers, partners, vendors or developers, violate applicable laws, our policies or other privacy or security-related obligations, these violations may also put our users' information at risk and could in turn have an adverse effect on our business. In the provision of our services to our customers, we generally act as a "processor" or "service provider" (as such terms are understood under applicable privacy and data protection laws) for our customers, and we rely on our sub-processors to be compliant with applicable law. However, we cannot be certain that all customers will materially comply with their obligations as "controllers" or "businesses" under applicable privacy and data protection law. As "processors" or "service providers" we may be contractually liable to our customers if we fail to meet the terms of our data processing agreements. In addition, we may be subject to investigation or administrative fines from supervisory authorities or subject to individual claims that we failed to comply with the requirements of applicable privacy and data protection law or that we acted without or against the data controller's lawful instructions. While we generally act as a "processor" or "service provider" in connection with our provision of services to our customers, we also act as "controller" or "business" in certain instances (such as, for instance, in connection with our processing of data concerning our own employees and contractors, the employees and representatives of our customers and in connection with our direct marketing activities). In connection with our activities

undertaken in connection with our role as a “controller” or “business,” we are subject to more onerous obligations, the violation of which could cause us to be subject to fines, penalties, judgments, and other losses.

We strive to comply with applicable laws, policies, and legal obligations relating to privacy and data protection and are subject to the terms of our privacy policies and privacy-related obligations to third parties. However, these obligations may be interpreted and applied in new ways and/or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. If we are unable to comply with law, policy or contractual obligations related to privacy and/or the processing of any personal information, we may be subject to lawsuits or governmental investigations, each of which could result in fines, penalties, settlements, judgments or other losses. Any failure or perceived failure by us to comply with our privacy-related policies and/or obligations to customers, respondents, users or other third parties, our data disclosure and consent obligations or our privacy or security-related legal obligations, or any compromise of security that results in the unauthorized disclosure, transfer or use of personal or other information, which may include personally identifiable information or other data, may result in governmental enforcement actions, litigation or public statements critical of us by consumer advocacy groups, competitors, the media or others and could cause our users to lose trust in us, which could have an adverse effect on our business.

We are subject to stringent and changing laws and regulations related to privacy, data security, and data protection. The restrictions and costs imposed by these requirements, and our actual or perceived failure to comply with them, could harm our business.

Our business and platform involves the collection, use, processing, storage, transfer, and sharing of personal information, including such information that we handle on behalf of our customers, as well as confidential information and other sensitive data. Our data processing activities are regulated by a variety of laws, regulations, and industry standards, which have become increasingly stringent in recent years, are rapidly evolving, and are likely to remain uncertain for the foreseeable future. Increasingly, laws that regulate data processing activities are extra-territorial in their scope of application. The global nature of our customer base renders us particularly exposed to being subject to a wide range of such laws and the varying, potentially conflicting compliance obligations they impose on our business.

State legislatures also have been adopting new privacy laws or amending existing laws with increasing frequency, requiring attention to frequently changing regulatory requirements, and we expect that this trend will continue. For example, the California Consumer Privacy Act of 2018 (the “CCPA”) imposes a number of requirements on covered businesses and gives California residents certain rights related to their personal information, including the right to access and delete their personal information, to receive detailed information about how their personal information is used and shared, and to opt out of certain sharing of their personal information. The CCPA provides for civil penalties for violations of up to \$7,500 for each intentional violation and creates a private right of action for certain data breaches that is expected to increase data breach litigation. In addition, similar comprehensive privacy laws have entered into force in other states, and several more will be entering into force in the coming years. The interpretation and enforcement of these laws are not yet established, and our business operations may not be compatible with the eventual interpretations of these laws, and we may be required to modify those practices, which may harm our business.

Other federal laws impose general, broad requirements designed to protect the privacy and security of personally identifiable information. For example, according to the Federal Trade Commission (the “FTC”), failing to take appropriate steps to keep consumers’ personal information secure constitutes unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a). In recent years, the FTC has paid increased attention to privacy and data security matters, and we expect them to continue to do so in the future.

In addition, comprehensive privacy laws have also been proposed in many other states and at the federal level. Such proposed legislation, if enacted, may add additional complexity, variation in requirements, restrictions, and potential legal risk, require additional investment of resources in compliance programs, impact strategies, and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

Foreign privacy laws have become more stringent in recent years and may increase the costs and complexity of offering our platform and products in new and existing geographies. Outside of the United States, we are also subject to stringent privacy and data protection laws in many jurisdictions. For example, we are subject to the European Union General Data Protection Regulation (the “EU GDPR”) and the UK General Data Protection Regulation (the “UK GDPR,” and collectively, the “GDPR”) which impose strict obligations regarding personal data processing activities.

The GDPR also imposes restrictions in relation to the international transfer of personal data. For example, in order to transfer data outside of the European Economic Area or the United Kingdom to a non-adequate country, the GDPR requires us to enter into an appropriate transfer mechanism and may require us to take additional steps to ensure an essentially equivalent level of data protection. These transfer mechanisms are subject to change, and implementing new or revised transfer mechanisms or ensuring an essentially equivalent protection may involve additional expense and potentially increased compliance risk. Such restrictions may increase our obligations in relation to carrying out international transfers of personal data and cause us to incur additional expense and increased regulatory liabilities.

Despite Brexit, the UK GDPR remains largely aligned with EU GDPR. Currently, the most impactful point of divergence between the EU GDPR and the UK GDPR relates to these transfer mechanisms as explained above. There may be further divergence in the future, including with regard to administrative burdens. The United Kingdom has announced plans to reform the country’s data protection legal framework in its Data Reform Bill, which will introduce significant changes from the EU GDPR. This may lead to additional compliance costs and could increase our overall risk exposure as we may no longer be able to take a unified approach across the European Union and the United Kingdom, and we will need to amend our processes and procedures to align with the new framework.

Companies that violate the GDPR can face robust regulatory enforcement and greater penalties for noncompliance, including fines of up to €20 million (or £17.5 million under UK GDPR) or 4% of their worldwide annual turnover, whichever is greater. A wide variety of other potential enforcement powers are available to competent supervisory authorities in respect of potential and suspected violations of the GDPR, including audit and inspection rights, and powers to order temporary or permanent bans on all or some processing activities. The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies, and obtain compensation for damages resulting from violations of the GDPR.

In addition to the GDPR, other European data protection laws require that affirmative opt-in consent is procured to the placement of cookies and similar tracking technologies on users’ devices (other than those that are “strictly necessary” to provide services requested by the user). These requirements may increase our exposure to regulatory enforcement actions, increase our compliance costs and reduce demand for our platform. A new regulation proposed in the EU, which would apply across the European Economic Area, known as the ePrivacy Regulation, if and when enacted, may further restrict the use of cookies and other online tracking technologies on which our platform relies, as well as increase restrictions on the types of direct marketing campaigns that our platform enables.

In Canada, our collection, use, disclosure, and management of personal information must comply with both federal and provincial privacy laws, which impose separate requirements, but may overlap in some instances. The federal Personal Information Protection and Electronic Documents Act (“PIPEDA”) and various provincial laws impose strict requirements on companies that handle personal information. Notably, Québec’s Act respecting the protection of personal information in the private sector (the “Private Sector Act”) was recently amended by Bill 64, which introduced major amendments to the Private Sector Act, notably, to impose significant and stringent new obligations on Québec businesses while increasing the powers of Québec’s supervisory authority. We may incur additional costs and expenses related to compliance with these laws and may incur significant liability if we are not able to comply with existing and emerging legal requirements in Canada.

Apart from the requirements of privacy and data security laws, we have obligations relating to privacy and data security under our published policies and documentation and certain of our contracts. Although we endeavor to comply with these obligations, we may have failed to do so in the past and may be subject to allegations that we have failed to do so or have otherwise processed data improperly. Such failures or alleged failures could result in proceedings against us by governmental entities, private parties or others as well as negative publicity and reputational damage.

Compliance with applicable privacy, data security or data protection requirements, many of which vary across jurisdictions, is a rigorous and time-intensive process, and we may be required to implement costly mechanisms to ensure compliance. The proliferation of privacy, data security, and data protection laws, regulations, policies, and standards increases the likelihood of differences in approaches across jurisdictions. These differences make it difficult to maintain a standardized global privacy program. Creating jurisdiction-specific approaches requires significant time and resources and the associated complexity increases the risk of potential non-compliance.

Our customers may implement compliance measures that do not align with our platform and products, which could limit the scope and type of platform and products we are able to provide. Our customers may also require us to comply with additional privacy and security obligations, causing us to incur potential disruption and expense related to our business processes. We may also be exposed to certain compliance and/or reputational risks if our customers do not comply with applicable privacy or data protection laws and/or their own privacy notices and terms of use in particular in connection with their processing of personal data, their sharing of personal data with us, the legal bases on which they rely (where applicable) under applicable privacy and data protection legislation for the processing we carry out on their behalf and/or their management of data subject requests which pertain to the processing we carry out on their behalf. In addition, we may decide not to enter into new geographic markets where we determine that compliance with such laws, regulations, policies, and standards would be prohibitively costly or difficult. Geographic markets in which we currently operate could require us to process or store regulated information within such markets only, and establishing hosting facilities in such markets could be disruptive to our business and costly. If our policies and practices, or those of our customers, service providers, contractors and/or partners, are, or are perceived to be non-compliant, we could face (1) litigation, investigations, audits, inspections, and proceedings brought by governmental entities, customers, individuals or others, (2) additional reporting requirements and/or oversight, temporary or permanent bans on all or some processing of personal data, orders to destroy or not use personal data and imprisonment of company officials, (3) fines and civil or criminal penalties for us or company officials, obligations to cease offering or to substantially modify our solutions in ways that make them less effective in certain jurisdictions, and (4) negative publicity, harm to our brand and reputation and reduced overall demand for our platform. These occurrences could adversely affect our business, financial condition, and results of operations.

Because the interpretation and application of privacy and data protection laws, regulations, rules, and other standards are still uncertain and likely to remain uncertain for the foreseeable future, it is possible that these laws, rules, regulations, and other obligations, such as contractual or self-regulatory obligations, may be interpreted and applied in a manner that is inconsistent with our data management practices or the features of our software. If so, in addition to the possibility of fines, lawsuits, and other claims, we could be required to fundamentally change our business activities and practices or modify our software, which we may be unable to do in a commercially reasonable manner or at all, and which could have an adverse effect on our business. Any inability to adequately address privacy concerns, even if unfounded, or comply with applicable privacy or data protection laws, rules, regulations, and other obligations, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business.

Existing federal, state, and foreign laws regulate the senders of commercial emails and text messages and changes in privacy laws could adversely affect our ability to provide our products and could impact our results from operations or result in costs and fines.

Our business offerings rely heavily on a variety of direct marketing techniques, including email marketing and marketing conducted via SMS. These activities are regulated by legislation such as CAN-SPAM and the TCPA as well as state laws regulating marketing via telecommunication services.

The CAN-SPAM Act, among other things, obligates the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender. The ability of our customers' message recipients to opt out of receiving commercial emails may minimize the effectiveness of the email components of our platform. In addition, certain states, and foreign jurisdictions, such as Australia, Canada, the United Kingdom, and the European Union, have enacted laws that regulate sending email, and some of these laws are more restrictive than U.S. laws. For example, some foreign laws prohibit sending unsolicited email unless the recipient has provided the sender advance consent to receipt of such email, or in other words has "opted-in" to receiving it. A requirement that recipients opt into, or the ability of recipients to opt out of, receiving commercial emails may minimize the effectiveness of our platform. Any failure by us or our customers to comply fully with the CAN-SPAM Act may leave us subject to substantial fines and penalties.

Foreign privacy laws also regulate our and our customers' ability to send commercial messages via email. For example, Canada's Anti-Spam Legislation ("CASL") prohibits email marketing without the recipient's consent, with limited exceptions. Failure to comply with CASL could result in significant fines and penalties or possible damage awards.

We also face stringent regulation in connection with our use of telecommunication services for the transmission of marketing messages. The TCPA is a federal statute that protects consumers from unwanted telephone calls, faxes, and text messages. TCPA violations can result in significant financial penalties as a business can incur civil forfeiture penalties or criminal fines imposed by the Federal Communications Commission (the "FCC"), or be fined for each violation through private litigation or state attorneys general or other state actor enforcement. Class action suits are the most common method for private enforcement. Our SMS texting product is a potential source of risk for class-action lawsuits and liability for our company. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct call and SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. While we strive to adhere to strict policies and procedures, the FCC, as the agency that implements and enforces the TCPA, may determine that our efforts to address the TCPA are insufficient and may subject us to penalties and other consequences for noncompliance. Determination by a court or regulatory agency that our platform or our products violate the TCPA could subject us to civil penalties, could invalidate all or portions of some of our client contracts, could require us to change or terminate some portions of our business, could require us to refund portions of our service fees, and could have an adverse effect on our business. Further, we could be subject to class action lawsuits for any claimed TCPA violations. Even an unsuccessful challenge by consumers or regulatory authorities of our activities could result in adverse publicity and could require a costly response from us. Additionally, the scope of the TCPA is frequently under review and future regulations interpreting the TCPA may impose new limitations on our or our customers' ability to send commercial messages via telephone calls, faxes, and text messages. Further, some states have enacted laws similar to, or broader than, the TCPA, which may be an additional source of potential claims or liability. In particular, Florida, Washington, and Oklahoma have enacted statutes that impose broader obligations than the TCPA upon companies that rely upon telephone calls or text messages for commercial communications. More U.S. states may pass similar laws in the future, and our ability to conduct our services via telephone or text message may be further limited or expose us to currently unforeseen liability.

In addition, any future restrictions in laws such as CAN-SPAM, the TCPA, and various United States state laws, or new federal laws regarding marketing and solicitation or international data protection laws that govern these activities could adversely affect the continuing effectiveness of our marketing efforts and could force changes in our marketing strategies. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could impact the amount and timing of our revenues.

If our security measures are breached or there is otherwise unauthorized disclosure of or access to customer data, our data, or our platform, our platform may be perceived as insecure, we may lose customers or fail to attract new customers, our reputation and brand may be harmed, and we may incur significant liabilities.

Use of our platform involves the storage, transmission, and processing of our customers' proprietary data, including personal or identifying information of their customers or employees. Unauthorized disclosure of or access to or security breaches of our platform could result in the loss of data, loss of business, severe reputational damage adversely affecting customer or investor confidence, damage to our brand, diversion of management's attention, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, and significant costs for remediation that may include liability for stolen assets or information and repair of system damage that may have been caused, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and other liabilities. We have incurred and expect to continue to incur significant expenses to prevent security breaches, including deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. Even though we do not control the security measures of third parties who may have access to our customer data, our data, or our platform, we may be responsible for any breach of such measures or suffer reputational harm even where we do not have recourse to the third party that caused the breach. In addition, any failure by our vendors to comply with applicable law or regulations could result in proceedings against us by governmental entities or others.

Cyberattacks, denial-of-service attacks, ransomware attacks, business email compromises, computer malware, viruses, and social engineering (including phishing) are prevalent in our industry and our customers' industries. In addition, we may experience attacks, unavailable systems, unauthorized access to systems or data or disclosure due to employee theft or misuse, denial-of-service attacks, sophisticated nation-state and nation-state supported actors, and advanced persistent threat intrusions. Electronic security attacks designed to gain access to personal, sensitive, or confidential data are constantly evolving, and such attacks continue to grow in sophistication. While we believe we have taken reasonable steps to protect our data, the techniques used to sabotage or to obtain unauthorized access to our platform, systems, networks, or physical facilities in which data is stored or through which data is transmitted change frequently, and we may be unable to implement adequate preventative measures or stop security breaches while they are occurring. We have previously been, and may in the future become, the target and victim of cyberattacks by third parties seeking unauthorized access to our or our customers' data or to disrupt our operations or ability to sell our products. Specifically, in November 2019, we experienced an incident whereby an unauthorized third party manipulated a public-facing URL and accessed certain information, including email addresses, regarding a subset of platform users. Additionally, in July 2022, we were the victim of an attack whereby an unauthorized third party compromised an employee's credentials and gained access to our internal systems, including email as well as some of our internal support tools, and, as a result, accessed certain information, including name, email address, and phone number, for a subset of our customers.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security incidents or data breaches involving certain types of data. In addition, our agreements with certain customers may require us to notify them in the event of a security incident or data breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures, and require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security incident or data breach and otherwise comply with the multitude of foreign, federal, state, and local laws and regulations relating to the unauthorized access to, or use or disclosure of, personal information.

Additionally, as a result of a breach or other security incident, we could be subject to demands, claims, and litigation by private parties and investigations, related actions, and penalties by regulatory authorities.

If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to our customers' data, our data, or our platform, our platform or our products may be perceived as not being secure,

our reputation may be harmed, demand for our platform and products may be reduced, and we may incur significant liabilities.

Operating our business and platform involves the collection, processing, storage, and transmission of sensitive, regulated, proprietary and confidential information, including personal information of our customers, their users, and our personnel and our and our customers' proprietary and confidential information. Security incidents compromising the confidentiality, integrity and availability of this information and our systems have occurred in the past and in the future could result from cyberattacks, computer malware, viruses, social engineering (including phishing and ransomware attacks), credential stuffing, efforts by individuals or groups of hackers and sophisticated organizations (including state-sponsored and criminal organizations), errors or malfeasance of our personnel or our third-party service providers and security vulnerabilities in the software or systems on which we rely. Such incidents have occurred in the past and may occur in the future, resulting in unauthorized access to, inability to access, disclosure of, or loss of our or our customers' information or our inability to sell our products.

We also rely on third-party service providers and technologies to operate critical business systems to process confidential and personal information in a variety of contexts, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions. Our ability to monitor these third parties' cybersecurity practices is limited.

These third-party providers and technologies may not have adequate measures in place, and could experience or cause a security incident that compromises the confidentiality, integrity or availability of the systems or technologies they provide to us or the information they process on our behalf.

While we have taken steps designed to protect the proprietary, regulated, sensitive, confidential, and personal information in our control, our security measures or those of the third parties on which we rely may not be effective against current or future security risks and threats. Cybercrime and hacking techniques are constantly evolving and a challenge of the modern global economy, and we or our third-party service providers may be unable to anticipate threats, detect or react in a timely manner, or implement adequate preventative measures, particularly given increasing use of hacking techniques designed to circumvent controls, avoid detection, and remove or obfuscate forensic artifacts. Moreover, we or our third-party service providers may be more vulnerable to such attacks in remote work environments.

If we or our third-party service providers suffer, or are perceived to have suffered, a security breach or other security incident, we may experience a loss of customer confidence in the security of our platform and damage to our brand, reduced demand for our products and disruption of normal business operations. Such a circumstance may also require us to spend material resources to investigate, remediate or correct the issue and prevent recurrence, notify regulators, and affected customers and individuals, expose us to legal liabilities, including litigation, regulatory enforcement, indemnity obligations, fines, and penalties, and adversely affect our business, financial condition, and results of operations. These risks are likely to increase as we continue to grow and process, store, and transmit increasingly large amounts of data.

Additionally, we cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, will cover any indemnification claims against us relating to any incident or will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, business, financial condition, and results of operations.

A security breach may cause us to breach customer contracts. Our agreements with certain customers may require us to use industry-standard or reasonable measures to safeguard personal information or confidential information. A security breach could lead to claims by our customers, their end-users, or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with us.

Because data security is a critical competitive factor in our industry, we make numerous statements in our customer contracts, privacy policies, terms of service, and marketing materials, providing assurances about the security of our platform including detailed descriptions of security measures we employ. Should any of these statements be untrue or become untrue, even in circumstances beyond our reasonable control, we may face claims of misrepresentation or deceptiveness by the FTC, state, federal, and foreign regulators, and private litigants.

We enter into agreements with our customers regarding our collection, processing, use, and disclosure of personal information in relation to the products we sell to them. Although we endeavor to comply with these agreements, we may at times fail to do so or may be perceived to have failed to do so, including due to the errors or omissions of our personnel and third-party service providers. If we fail to detect or remediate a security breach in a timely manner, or a breach otherwise affects a large amount of data of one or more customers, or if we suffer a cyberattack that impacts our ability to operate our platform, we may suffer damage to our reputation and our brand, and our business, financial condition and results of operations may be materially adversely affected. Further, although we maintain insurance coverage, our insurance coverage may not be adequate for data security breaches, indemnification obligations, or other liabilities. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim. Our risks are likely to increase as we continue to expand our platform, grow our customer base, and process, store, and transmit increasingly large amounts of proprietary and sensitive data. Even if we eventually prevail in any such dispute, resolving them could be expensive and time-consuming to defend and could result in adverse publicity and reputational harm that could adversely affect our business, financial condition, and results of operations.

If our platform fails to function in a manner that allows our customers to operate in compliance with regulations and/or industry standards, our business, financial condition, and results of operations could be adversely affected.

Since our customers are able to upload data into our platform, we may host or otherwise process substantial amounts of personally identifiable information. Some of our customers may require our platform to comply with certain privacy, security, and other certifications and standards. Our cloud-based platform holds various security certifications from industry organizations, designed to meet, in all material respects, the International Organization for Standardization 27001 (“ISO 27001”) standards. Governments and industry organizations may also adopt new laws, regulations or requirements, or make changes to existing laws or regulations, that could impact the demand for, or value of, our applications. If we fail to maintain our current security certifications and/or to continue to meet security standards, or if we are unable to adapt our platform to changing legal and regulatory standards or other requirements in a timely manner, our customers may lose confidence in our platform, and our revenue, business, financial condition, and results of operations could be adversely affected.

We could face liability, or our reputation might be harmed, as a result of the activities of our customers, the content sent through our platform or the data they store on our servers.

We may be subject to potential liability for the activities of our customers on or in connection with the content or data they store on or send through our platform. Although our customer terms of use and our acceptable use policy (“AUP”) prohibit, among other things, (1) illegal use of our platform and our products by our customers, (2) the use of our products for certain activities that do not comply with industry standards and guidelines outlined in our AUP, and (3) the use of our products in any manner that would infringe, misappropriate or otherwise violate the intellectual property rights of third parties, customers may nonetheless engage in prohibited activities or upload or store content with us in violation of our

terms of use, our AUP, applicable law or the customer's own policies, which could subject us to liability and/or harm our reputation.

We do not have a process in place to systematically and comprehensively monitor the content, activities, or messages of our customers in connection with their use of our services, so inappropriate content may be sent to third parties, which could subject us to legal liability. Even if we comply with legal obligations to remove or disable certain content, our customers may continue to send messages through our platform that third parties may find hostile, offensive, or inappropriate. The activities of our customers or the content of our customers' messages may lead us to experience adverse political, business, and reputational consequences, especially if such use is high profile. Conversely, actions we take in response to the activities of our customers or users, up to and including suspending their use of our platform or products, may harm our brand and reputation.

There are certain statutory and common law frameworks and doctrines that offer defenses against liability for customer activities, including the Digital Millennium Copyright Act, the Communications Decency Act, the fair use doctrine in the United States and the Electronic Commerce Directive in the EU. Although these and other statutes and case law in the United States offer certain defenses against liability from customer activities under U.S. copyright law or regarding secondary liability from the TCPA or CAN-SPAM, they are subject to uncertain or evolving judicial interpretation and regulatory and legislative amendments, and in any event we cannot assure you that we will be successful in asserting them. In addition, pending or recently adopted legislation in the EU may impose additional obligations or liability on us associated with content uploaded by users to our platform. Laws governing these activities are unsettled in many international jurisdictions, or may prove difficult or impossible for us to comply with in some international jurisdictions. Even if ultimately resolved in our favor, we may become involved in related complaints, lawsuits or investigations which add cost to our doing business and may divert management's time and attention or otherwise harm our reputation.

The standards that private entities and inbox service providers use to regulate and filter the use and delivery of email may interfere with the effectiveness of our platform and our ability to conduct business.

Many of our customers rely on email to communicate with their existing or prospective customers. Various private entities attempt to regulate the use of email for commercial solicitation. These entities often advocate standards of conduct or practice that significantly exceed current legal requirements and classify certain email solicitations that comply with current legal requirements as spam. Some of these entities maintain "blacklists" of companies and individuals, and the websites, inbox service providers, and IP addresses associated with those entities or individuals that do not adhere to those standards of conduct or practices for commercial email solicitations that the blacklisting entity believes are appropriate. If a company's IP addresses are listed by a blacklisting entity, emails sent from those addresses may be blocked if they are sent to any internet domain or internet address that subscribes to the blacklisting entity's service or uses its blacklist.

From time to time, some of our IP addresses have become, and we expect will continue to be, listed with one or more blacklisting entities due to the messaging practices of our customers and other users. We may be at an increased risk of having our IP addresses blacklisted due to our scale and volume of email processed compared to our smaller competitors. While the overall percentage of such email solicitations that our individual customers send may be at or below reasonable standards, the total aggregate number of all emails that we process on behalf of our customers may trigger increased scrutiny from these blacklisting entities. There can be no guarantee that we will be able to successfully remove ourselves from those lists. Because we fulfill email delivery on behalf of our customers, blacklisting of this type could undermine the effectiveness of our customers' transactional emails, email marketing programs, and other email communications, and could result in a decline in click through rates, all of which could have a material negative impact on our business, financial condition, and results of operations.

Some inbox service providers categorize as "promotional" emails that originate from email marketing platforms and, as a result, direct them to an alternate or "tabbed" section of the recipient's inbox. Additionally, inbox service providers can block emails from reaching their users. While we continually improve our own technology and work closely with inbox

service providers and our customers to maintain our deliverability rates, the implementation of new or more restrictive policies by inbox service providers may make it more difficult to deliver our customers' emails, particularly if we or our customers are not given adequate notice of a change in policy or struggle to update our platform or products to comply with the changed policy in a reasonable amount of time. For example, Google and Yahoo recently announced new email sender requirements that impact customers of email marketing platforms, including our platform. Beginning February 2024, Google and Yahoo now require bulk senders to authenticate their emails following certain industry standard authentication systems, enable easy unsubscribe, and ensure they only send wanted emails and stay under a certain spam rate threshold. Our customers that fail to comply with these new requirements may have their emails blocked from reaching their customers by Google or Yahoo and may not be able to effectively use our platform. If we or our customers fail to comply with new inbox service provider requirements, if inbox service providers materially limit or halt the delivery of our customers' emails, if we fail to deliver our customers' emails in a manner compatible with inbox service providers' email handling or authentication technologies or other policies, if the open, unsubscribe or spam rates of our customers' emails are negatively impacted by the actions of inbox service providers to categorize or block emails or new requirements imposed by inbox service providers, or if our customers send fewer emails or send emails to or maintain fewer profiles on our platform as a result of new inbox service provider requirements, then customers may question the effectiveness of our platform and downgrade or cancel their subscriptions. This could harm our business, financial condition, and results of operations.

Risks Relating to Our Intellectual Property

Any failure to protect our proprietary technology and intellectual property rights could substantially harm our business, financial condition, and results of operations.

To be successful, we must protect our technology and brand in the United States and other jurisdictions through trademarks, trade secrets, patents, copyrights, service marks, invention assignments, contractual restrictions, and other intellectual property rights and confidentiality procedures. Despite our efforts to implement these protections, these measures may not protect our business or provide us with a competitive advantage for a variety of reasons, including:

- our failure to obtain patents and other intellectual property rights for important innovations or maintain appropriate confidentiality and other protective measures to establish and maintain our trade secrets;
- uncertainty in, and evolution of, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights;
- potential invalidation of our intellectual property rights through administrative processes or litigation;
- any inability by us to detect infringement or other misappropriation of our intellectual property rights by third parties; and
- other practical, resource, or business limitations on our ability to enforce our rights.

Further, the laws of certain foreign countries, particularly certain developing countries, do not provide the same level of protection of corporate proprietary information and assets, such as intellectual property (including, for example, patents, trademarks, trade secrets, and copyrights), know-how, and records, as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property or proprietary rights in foreign jurisdictions. Additionally, we may also be exposed to material risks of theft or unauthorized reverse engineering of our proprietary information and intellectual property, including technical data, data sets, or other sensitive information. Our efforts to enforce our intellectual property rights in such foreign countries may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop, which could have a material adverse effect on our business, financial condition, and results of operations.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in controlling access to and protecting our proprietary and intellectual property rights in our products, technology, and proprietary information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform and offerings.

Further, litigation may be necessary to enforce and protect our intellectual property or proprietary rights, or determine the validity and scope of proprietary rights claimed by others. Any litigation, whether or not resolved in our favor, could result in significant expense to us, divert the efforts of our technical and management personnel and result in counterclaims, including with respect to infringement of intellectual property rights by us. If we are unable to prevent third parties from infringing upon or misappropriating our intellectual property or are required to incur substantial expenses defending our intellectual property rights, our business, financial condition, and results of operations may be materially adversely affected.

In the future we may be party to intellectual property rights claims, disputes, and other litigation brought by others which are expensive to support, and if resolved adversely, could have a significant impact on us.

We compete in markets where there are a large number of patents, copyrights, trademarks, trade secrets, and other intellectual property and proprietary rights, as well as disputes regarding infringement of these rights. Many of the holders of patents, copyrights, trademarks, trade secrets, and other intellectual property and proprietary rights have extensive intellectual property portfolios and greater resources than we do to enforce their rights. As compared to our larger competitors, our patent portfolio is relatively undeveloped and may not provide a material deterrent to such assertions or provide us with a strong basis to counterclaim or negotiate settlements. Further, to the extent assertions are made against us by entities that hold patents but are not operating companies, our patent portfolio may not provide deterrence because such entities are not concerned with counterclaims.

Any intellectual property claims, with or without merit, that we may become involved with may require us to do one or more of the following:

- cease selling, licensing, or using products or features that incorporate the intellectual property rights that we allegedly infringe upon, misappropriate, or violate;
- make substantial payments for legal fees, settlement payments, subscription fee refunds, or other costs or damages, including indemnification of third parties;
- obtain a license or enter into a royalty agreement, either of which may not be available on reasonable terms or at all, in order to obtain the right to sell, offer to sell, import, make or use the relevant intellectual property; or
- redesign certain portions of the allegedly infringing products to avoid infringement, misappropriation, or violation, which could be costly, time-consuming, or impossible.

Intellectual property infringement claims, with or without merit, are typically complex, time consuming, and expensive to resolve and would divert the time and attention of our management and technical personnel. These claims could also subject us to significant liability for damages, including treble damages if we are found to have willfully infringed third-party patents. It may enjoin us from continuing to use certain features or portions of allegedly infringing products or even the allegedly infringing products themselves. It may also result in adverse publicity, which could harm our reputation and ability to attract or retain customers or otherwise prevent us from competing effectively in the market. As we grow, we may experience a heightened risk of allegations of intellectual property infringement. An adverse result in any litigation claims against us could have a material adverse effect on our business, financial condition, and results of operations.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

We use open source software in our products, and we expect to continue to incorporate open source software in our products in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products or to maintain the confidentiality of our proprietary source code. Moreover, we may encounter instances in which we have incorporated additional open source software in our proprietary software in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. While we have adopted guidelines for the appropriate use of, and regularly audit our use of, open source software, these measures may not always be effective. If we were to combine or link our proprietary software products with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software products and allow others to use it at no cost. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software, and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products or put our proprietary source code at risk.

From time to time, there have been claims challenging the ownership rights in open source software against companies that incorporate it into their products and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our business, financial condition, and results of operations, or require us to devote additional research and development resources to change our products. Some open source projects have known vulnerabilities and architectural instabilities and are provided on an “as-is” basis which, if not properly addressed, could negatively affect the performance of our platform. If we inappropriately use or incorporate open source software subject to certain types of open source licenses that challenge the proprietary nature of our platform, we may be required to re-engineer our platform, discontinue the sale of affected products, or take other remedial actions, which may adversely affect our business, financial condition, and results of operations.

Our use of AI technology and the integration of AI technology with our products and services may subject us to increased risk given the emerging nature of AI technology.

We have incorporated, and may continue to incorporate, artificial intelligence technology (“AI Technology”) in our products and services, including our email, SMS, and reviews offerings, and this incorporation of AI Technology in our business and operations may become more significant over time. The use of generative AI, a newer and emerging technology in the early stages of commercial use, may expose us to additional risk, such as damage to our reputation, competitive position, additional costs, and other business, legal and regulatory risks. For example, generative AI has been known to produce false or “hallucinatory” inferences or output, and certain generative AI technology use machine learning and other predictive analysis techniques, which can produce inaccurate, incomplete, or misleading content, unintended biases, and other discriminatory or unexpected results, errors or inadequacies, any of which may not be easily detectable by us or any of our related service providers. Accordingly, while AI-powered applications may help provide more tailored or personalized user experiences, if the content, analyses, or recommendations produced by AI-powered applications are, or are perceived to be, deficient, inaccurate, biased, unethical or otherwise flawed, our reputation, competitive position, and business may be materially and adversely affected.

In addition, new laws and regulations, or the interpretation of existing laws and regulations, in any of the jurisdictions in which we operate may affect our use of AI Technology and expose us to government enforcement or civil lawsuits. As

the legal and regulatory framework relating to use of AI Technology changes and matures, there may be an increase in our operational and development expenses that impact our ability to earn revenue from or utilize certain AI Technology.

Furthermore, the use of AI Technology has resulted in, and may result in, an increase in our risk with respect to intellectual property rights, privacy rights, publicity rights and cybersecurity incidents, including as it relates to personal data that we have in our possession or process on behalf of our customers. Certain output produced by us using AI Technology may not be subject to patent or copyright protection, which may adversely affect our intellectual property rights in, or ability to commercialize or use, any such output. In addition, output produced by AI Technology may include information subject to certain privacy or rights of publicity laws or constitute an unauthorized derivative work of copyrighted material used in training the underlying AI Technology, any of which could create a risk of liability for us, or adversely affect our business or operations. To the extent that we do not have sufficient rights to use the data or other material or content used in or produced by the AI Technology used in our business, or if we experience cybersecurity incidents in connection with our use of AI Technology, it could adversely affect our reputation and expose us to legal liability or regulatory risk, including with respect to third-party intellectual property rights, privacy, publicity, contractual or other rights.

As the use of AI Technology becomes more prevalent, we anticipate that it will continue to present new or unanticipated legal, reputational, technical, operational, ethical, competitive, and regulatory issues. We expect that our incorporation of AI Technology in our business will require additional resources, including the incurrence of additional costs, to develop and maintain our products, services, and features to minimize potentially harmful, unintended or other adverse consequences, to comply with existing and new laws and regulations, to maintain or extend our competitive position, and to address any legal, reputational, technical, operational, ethical, competitive, and regulatory issues that may arise as a result of any of the foregoing. Furthermore, our competitors or other third parties may incorporate AI Technology into their products more quickly or more successfully than us, which could impair our ability to compete effectively. As a result, the challenges presented with our use of AI Technology may adversely affect our business, financial condition, and results of operations.

Risks Relating to Ownership of Our Series A Common Stock

Our IPO occurred in September 2023. As such, there has only been a public market for our Series A common stock for a short period of time. The trading price of our Series A common stock may continue to be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the price at which you purchased those shares.

The market prices of the securities of other newly public companies have historically been highly volatile and markets in general have been highly volatile in light of the COVID-19 pandemic, the Russia-Ukraine conflict, the conflict in the Gaza Strip, and other factors. Additionally, we have a relatively small public float due to the relatively small size of our IPO and the concentrated ownership of our common stock among our executive officers, directors, and greater than 5% stockholders. As a result of our small public float, our Series A common stock may be less liquid and have greater stock price volatility than the common stock of companies with broader public ownership. The trading price of our Series A common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets and/or publicly-listed technology companies;
- actual or anticipated fluctuations in our revenue or other operating metrics;
- our actual or anticipated operating performance and the operating performance of our competitors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;

- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates by any securities analysts who follow our company, or our failure to meet the estimates or the expectations of securities analysts or investors;
- the economy as a whole and market conditions in our industry;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations; new products, services, or capabilities; acquisitions, strategic partnerships, or investments; joint ventures; or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business, including those related to privacy and cybersecurity in the United States or globally;
- lawsuits threatened or filed against us;
- actual or perceived privacy or data security incidents;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, products, services, or technologies by us or our competitors;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any major change in our board of directors, management, or key personnel;
- other events or factors, including those resulting from war (including the Russia-Ukraine conflict and the conflict in the Gaza Strip), incidents of terrorism, pandemics (including the COVID-19 pandemic), or elections, or responses to these events; and
- sales of additional shares of our Series A common stock by us or our stockholders.

In addition, stock markets, and the market for technology companies in particular, have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Often, trading prices of many companies have fluctuated in ways unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have filed securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, results of operations, and financial condition.

Moreover, because of these fluctuations, comparing our results of operations on a period-to-period basis may not be meaningful. You should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the trading price of our Series A common stock could decline substantially. Such a trading price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

The dual series structure of our common stock has the effect of concentrating voting control with those stockholders who hold shares of our Series B common stock, including our directors, executive officers, and their respective affiliates. This ownership limits or precludes your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all

of our assets, or other major corporate transaction requiring stockholder approval, and that may depress the trading price of our Series A common stock.

Our Series B common stock has ten votes per share, and our Series A common stock has one vote per share. Our directors, executive officers, and their affiliates, beneficially own in the aggregate 57.2% of the voting power of our capital stock as of December 31, 2023. Our co-founders, Andrew Bialecki and Ed Hallen, beneficially own 41.2% and 15.1%, respectively, of our Series B common stock and together 55.0% of our Series B common stock as of December 31, 2023. As such, our co-founders individually or together hold significant influence and control over matters requiring the vote of our stockholders including the sale, merger or acquisition of our company. Because of the ten-to-one voting ratio between our Series B and Series A common stock, the holders of our Series B common stock collectively continue to control a majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval until the seventh anniversary of our IPO, when all outstanding shares of Series A common stock and Series B common stock will convert automatically into shares of a single series of common stock, or until they no longer hold a majority of the combined voting power of our common stock. This concentrated control may limit or preclude your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may believe are in your best interest as one of our stockholders.

Future transfers by holders of Series B common stock will generally result in those shares converting to Series A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Series B common stock to Series A common stock will have the effect, over time, of increasing the relative voting power of those holders of Series B common stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Series B common stock could gain significant voting control as other holders of Series B common stock sell or otherwise convert their shares into Series A common stock.

We cannot predict the effect our dual series structure may have on the trading price of our Series A common stock.

We cannot predict whether our dual series structure will result in a lower or more volatile trading price of our Series A common stock, adverse publicity, or other adverse consequences. For example, certain index providers have announced restrictions affecting companies with multiple-class or series share structures in certain of their indices. In July 2017, FTSE Russell announced that it would require new constituents of its indices to have greater than 5% of a company's voting rights in the hands of public stockholders. Under this policy, the dual series structure of our common stock could make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices may not invest in our Series A common stock. These policies are relatively new and it is unclear what effect, if any, they will have or continue to have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Because of the dual series structure of our common stock, we may be excluded from certain indices, and other stock indices may take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices could preclude investment by many of these funds and could make our Series A common stock less attractive to other investors. As a result, the trading price of our Series A common stock could be adversely affected.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Series A common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and Annual Report on Form 10-K; and
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of our IPO. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than \$1.235 billion in annual revenue;
- the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of our IPO.

We cannot predict if investors will find our Series A common stock less attractive if we choose to rely on the exemptions afforded to emerging growth companies. If some investors find our Series A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Series A common stock and the trading price of our Series A common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the trading price of our Series A common stock and trading volume could be adversely affected.

The trading market for our Series A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts cover us, or if industry analysts cease coverage of us, the trading price for our Series A common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Series A common stock or publish inaccurate or unfavorable research about our business, our Series A common stock trading price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us on a regular basis, demand for our Series A common stock could decrease, potentially causing our Series A common stock trading price and trading volume to decline.

Sales of substantial amounts of our Series A common stock in the public markets, or the perception that sales might occur, could cause the trading price of our Series A common stock to decline.

Sales of a substantial number of shares of our Series A common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the trading price of our Series A common stock to decline. While shares held by directors, executive officers, and other affiliates are subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements, we are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our Series A common stock.

In addition, as of December 31, 2023, we had 31,734,725 options outstanding that, if fully exercised, would result in the issuance of an equal number of shares of Series B common stock, as well as 10,484,244 shares of Series B common stock and 4,206,173 shares of Series A common stock subject to outstanding RSU awards. Shares of Series B common stock will automatically convert into shares of Series A common stock upon certain transfers and other events. All of the shares of Series B common stock issuable upon the exercise of stock options or the vesting of RSU awards and the shares reserved for future issuance under our equity incentive plans have been registered on a registration statement on Form S-8 under the Securities Act. Accordingly, following conversion to shares of Series A common stock, these shares can be freely sold in the public market upon issuance, subject to volume limitations under Rule 144 for our executive officers and directors and applicable vesting requirements.

Certain holders of our Series B common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the Series A common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the trading price of our Series A common stock to decline or be volatile.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans, or otherwise will dilute all other stockholders and could negatively affect our results of operations.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, consultants, and advisors under our stock incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Series A common stock to decline. Any additional grants of equity awards under our stock incentive plans will also increase stock-based compensation expense and negatively affect our results of operations. Commencing in the fourth quarter of 2020, we began granting RSUs to employees. RSUs granted under our 2015 Plan prior to our IPO vest upon the satisfaction of both a service condition and a liquidity event condition. In September 2023, we completed our IPO, as a result of which the liquidity event condition was satisfied. Subsequent to the IPO, any unvested RSUs subject to both the service vesting condition and liquidity event vesting condition will vest as the service vesting condition is met over the remaining service period. During the year ended December 31, 2023, stock-based compensation expense recognized for RSUs was \$338.0 million, which represented \$331.0 million of cumulative stock-based compensation expense for RSUs that vested upon satisfaction of both a service condition and a liquidity event condition, including the RSUs that vested in connection with our IPO, and \$7.0 million of stock-based compensation expense for RSUs granted during the year ended December 31, 2023 that vest upon satisfaction of only a service condition. As a public company, our RSUs are only subject to service-based vesting, and accordingly we expect to continue to incur stock-based compensation expense as these RSUs vest.

We do not intend to pay dividends on our Series A common stock in the foreseeable future and, consequently, the ability of Series A common stockholders to achieve a return on investment will depend on appreciation in the trading price of our Series A common stock.

We have never declared or paid any cash dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Series A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate. Even if the markets in which we compete achieve the forecasted growth, our business could fail to grow at similar rates, if at all.

Market estimates and growth forecasts are uncertain and based on assumptions and estimates that may be inaccurate. The size of our addressable market depends on a number of factors, including the desire of businesses to differentiate themselves through digital customer engagement, partnership opportunities, changes in the competitive landscape, technological changes, data security and privacy concerns, customer budgetary constraints, changes in business practices, changes in the regulatory environment, and changes in economic conditions. Our estimates and forecasts relating to the size and expected growth of our market may prove to be inaccurate. Even if the market in which we compete meets the size estimates and growth rates we forecast, our business could fail to grow at similar rates, if at all, which could cause the trading price of our Series A common stock to decline or be volatile.

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current board of directors, and limit the trading price of our Series A common stock.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- provide that our board of directors is classified into three classes of directors with staggered three-year terms;
- permit our board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend our amended and restated bylaws; provided, however, that majority voting is required to amend our amended and restated bylaws if our board of directors recommends that the stockholders approve such amendment;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- after the date that the outstanding shares of Series B common stock no longer represent a majority of the combined voting power of our Series A and Series B common stock (the “Voting Threshold Date”), prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- until the Voting Threshold Date, our stockholders are able to act by written consent only if the action is first recommended or approved by our board of directors;
- provide that only our board of directors is authorized to call a special meeting of stockholders;
- provide for a dual series common stock structure where holders of our Series B common stock are able to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the

outstanding shares of our Series A and Series B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;

- provide that our board of directors is expressly authorized to alter or repeal our amended and restated bylaws; and
- contain advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law (the “DGCL”) may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Our amended and restated bylaws designate specific courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could potentially limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware is the sole and exclusive forum for any state law claims for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty owed by any of our current or former directors, officers, other employees, or stockholders to us or our stockholders;
- any action asserting a claim arising pursuant to the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws (including the interpretation, validity or enforceability thereof); or
- any action asserting a claim that is governed by the internal affairs doctrine (the “Delaware Forum Provision”).

Our amended and restated bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act (the “Federal Forum Provision”). In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders’ ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, employees, or stockholders which may discourage the filing of lawsuits against us and our directors, officers, employees, or stockholders even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court and other state courts have upheld the validity of federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

General Risk Factors

We have incurred, and we will continue to incur, increased costs as a result of operating as a public company, and our management is required to devote substantial time to support compliance with our public company responsibilities and corporate governance practices.

As a public company, we have incurred, and we will continue to incur, significant finance, legal, accounting, and other expenses, including director and officer liability insurance, that we did not incur as a private company, which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, stock exchange listing requirements, the reporting requirements of the Exchange Act, and other applicable securities rules and regulations impose various requirements on public companies in the United States. Our management and other personnel devote a substantial amount of time to support compliance with these requirements. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee. For example, the Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and results of operations and comply with the Sarbanes-Oxley Act and other rules and regulations. Moreover, these rules and regulations have increased, and will continue to increase, our legal and financial compliance costs and make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will continue to incur as a public company or the specific timing of such costs.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, potentially resulting in continued uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations, financial condition, and results of operations.

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”), was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (the “FDIC”), as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership followed by First Republic Bank on May 1, 2023. Although a statement by the U.S. Department of the Treasury, the Federal Reserve, and the FDIC indicated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit, and certain other financial instruments with SVB, Signature Bank or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. Although we are not currently a borrower or party to any such instruments with SVB, Signature or any other financial institution currently in receivership, if any of our future lenders or counterparties to any such instruments were to be placed into receivership, we may be unable to access such funds. In addition, if any of our customers, suppliers, or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements

with such a financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. In this regard, counterparties to SVB credit agreements and arrangements, and third parties such as beneficiaries of letters of credit (among others), may experience direct impacts from the closure of SVB and uncertainty remains over liquidity concerns in the broader financial services industry. Similar impacts have occurred in the past, such as during the 2008-2010 financial crisis.

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, FDIC, and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediate liquidity may exceed the capacity of such program. Additionally, there is no guarantee that the U.S. Department of Treasury, FDIC, and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect us, the financial institutions with which we have credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which we have financial or business relationships, but could also include factors involving financial markets or the financial services industry generally.

The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations, financial condition, and results of operations. These could include, but may not be limited to, the following:

- Delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets;
- Delayed or lost access to, or reductions in borrowings available under revolving existing credit facilities or other working capital sources and/or delays, inability, or reductions in our ability to refund, roll over or extend the maturity of, or enter into new credit facilities or other working capital resources;
- Potential or actual breach of contractual obligations that require us to maintain letters of credit or other credit support arrangements;
- Potential or actual breach of financial covenants in our credit agreements or credit arrangements;
- Potential or actual cross-defaults in other credit agreements, credit arrangements or operating or financing agreements; or
- Termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

In addition, investor concerns regarding the United States or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other

obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations, financial condition, and results of operations.

Our business is subject to the risks of earthquakes, fire, floods, and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches, or terrorism.

Our corporate headquarters are located in Boston, Massachusetts, and we have employees elsewhere in the United States. We also have offices in the United Kingdom and Australia. A significant natural disaster, such as an earthquake, fire, or flood, occurring at our headquarters, at one of our other facilities, or where a partner is located, could adversely affect our business, results of operations, and financial condition. Further, if a natural disaster or man-made problem were to affect our third-party vendors, it could adversely affect the ability of our customers to use our platform. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers' businesses, national economies, or the world economy as a whole. Health concerns or political or governmental developments in countries where we or our customers and vendors operate could result in economic, social, or labor instability and could have a material adverse effect on our business, results of operations, and financial condition.

Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations in part or in full and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations, and financial condition.

Climate change may have a long-term impact on our business.

We recognize that there are inherent climate-related risks wherever business is conducted. Any of our primary office locations may be vulnerable to the adverse effects of climate change. For example, our offices globally may experience climate-related events at an increasing frequency, including drought, water scarcity, heat waves, cold waves, wildfires, and resultant air quality impacts and power shutoffs associated with wildfire prevention. While this danger currently has a low-assessed risk of disrupting our normal business operations, it has the potential to disrupt employees' abilities to commute to work or to work from home and stay connected effectively. Furthermore, it is more difficult to mitigate the impact of these events on our employees to the extent they work from home. Climate-related events, including the increasing frequency of extreme weather events and their impact on the critical infrastructure of the United States, Europe, and other major regions, have the potential to disrupt our business, our third-party suppliers and/or the business of our customers, and may cause us to experience higher attrition, losses, and additional costs to maintain or resume operations. Regulatory developments, changing market dynamics and stakeholder expectations regarding climate change may impact our business, financial condition, and results of operations.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 1C. Cybersecurity

Governance Related to Cybersecurity Risks

Our board of directors recognizes the importance of our risk management program related to cybersecurity. As provided in the charter of the audit committee of our board of directors ("Audit Committee"), our Audit Committee serves a key function in our board of directors' oversight of these risks and processes. Our Chief Information Security Officer ("CISO") provides updates on the cybersecurity risks we face and our processes to address those risks to our Audit

Committee on a periodic, but at least quarterly, basis. These updates may include, but are not limited to, reports of identified cybersecurity risks, status of our risk management processes, and updates regarding regulatory requirements and policies.

Our Audit Committee comprises members of our board of directors with extensive experience in the technology sector who have held leadership positions at other publicly listed companies and have expertise in various aspects of our business. Cybersecurity matters are formally raised to the Chief Executive Officer, Chief Financial Officer, and Chief Legal Officer through their attendance of Audit Committee meetings. These individuals are also informed of significant events and updates through direct communication from our CISO as needed. We have a process for significant decisions over the Company's cybersecurity framework and identified incidents to be escalated to the board of directors for disclosure and oversight.

Our CISO leads our cybersecurity initiatives and is primarily responsible for the assessing, managing, and monitoring of the Company's cybersecurity risks. Our CISO has over 20 years of experience in the technology sector, including as CISO of other publicly listed technology companies. His knowledge of cybersecurity, compliance, and risk assessment has been leveraged to develop our cybersecurity governance and risk strategy. Our CISO oversees the Security Operations and Trust team, as well as our cybersecurity related programs and matters, which are reported on regularly to the Audit Committee.

Cybersecurity Risk Management and Strategy

We have integrated cybersecurity risk management into our enterprise risk management framework in an effort to identify, assess, and manage risks from cybersecurity threats that could affect our business and information systems. We have implemented a cybersecurity program that is informed by recognized industry standards and frameworks, and incorporates elements of the same, including elements of the National Institute of Standards and Technology Cybersecurity Framework and International Organization for Standardization and the ISO 27001 standards.

Our cybersecurity risk assessment program includes a number of components, including monitoring and reviewing relevant intelligence sources to identify potential cybersecurity risk and threats, penetration testing and vulnerability assessments, and audits and maturity assessments. These processes are conducted periodically by both internal and external resources. For example, independent third-party experts and assessors assist with our SOC 2 Type 2 examinations and penetration testing. Our internal audit function also periodically conducts an assessment of different systems to provide the Audit Committee with information on our cybersecurity risk management processes.

We have implemented a process to address identified risks from cybersecurity threats in which the Security Operations and Trust team works in consultation with management and other key stakeholders, as appropriate, to determine the associated risks, potential impact, and the recommended course of action to address those risks. We have an incident response plan that is designed to set out escalation procedures for informing management and other key stakeholders. Our process calls for significant incidents and significant cyber risks to be raised to the Audit Committee followed by notification to our board of directors.

We engage third-party service providers in the operation of our business. In an effort to mitigate risks from cybersecurity threats associated with our service providers, we perform security reviews of third-party service providers that are critical to our business or that could have an impact on our financial reporting. These security reviews may include, as appropriate, security questionnaires and vendor due diligence assessments. To monitor and manage third-party risk, we have a dedicated Security Operations and Trust team that reviews service providers' independent attestation reports and third-party certifications.

While we have been the target and victim of cyberattacks by third parties, as of the date of this Annual Report on Form 10-K, we are not aware of any cybersecurity incidents that may have materially affected or are reasonably likely to

materially affect the Company, including our business strategy, results of operations, or financial condition. See the section titled “Risk Factors” for further detail on identified risks, including those related to cybersecurity.

Item 2. Properties

Our corporate headquarters is located in Boston, Massachusetts, where we currently lease approximately 159,860 square feet pursuant to a lease agreement that expires in 2028. We also lease or purchase service memberships to additional facilities in Denver, Colorado; London, United Kingdom; and Sydney, Australia. We believe our facilities are adequate for our current needs.

Item 3. Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not currently a party to, nor is our property currently subject to, any material legal proceedings, nor are we involved in any legal proceedings the outcome of which we believe would have a material adverse effect on our financial condition or results of operations based on the status of the proceedings at this time. We are not aware of any governmental inquiries or investigations into our business.

Item 4. Mine Safety Disclosures

Not Applicable.

Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information For Common Stock

Our Series A common stock has been listed on the New York Stock Exchange under the symbol “KVYO” since September 20, 2023. Prior to that date, there was no public trading market for our common stock.

Our Series B common stock is neither listed on any stock exchange nor traded on any public market.

Holders of Record

As of February 23, 2024, there were 120 holders of record of our Series A common stock. The actual number of shareholders of our Series A common stock is greater than this number of record holders, and includes shareholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees.

As of February 23, 2024, there were 83 holders of record of our Series B common stock.

Dividend Policy

We have never declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings, if any, to fund the development and expansion of our business and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, any contractual restrictions, general business conditions, and other factors that our board of directors may deem relevant.

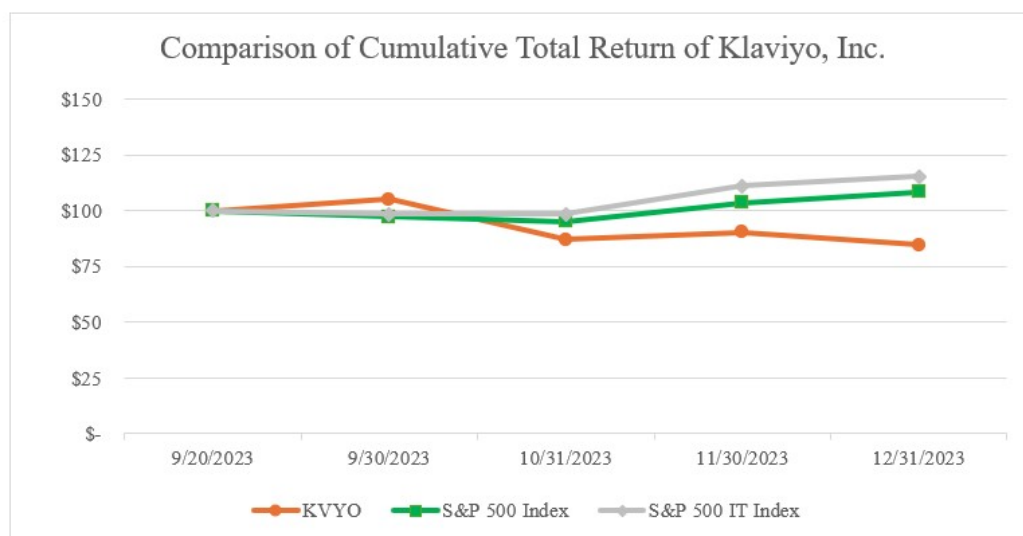
Securities Authorized for Issuance under Equity Compensation Plans

The information required by this item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Stock Performance Graph

The following performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act.

The following graph shows the cumulative total return to our stockholders between September 20, 2023 (the date that our Series A common stock commenced trading on the New York Stock Exchange) through December 31, 2023 in comparison to the S&P 500 Index and the S&P 500 Information Technology Index. The graph assumes that (i) \$100 was invested in each of our Series A common stock, the S&P 500 Index, and the S&P 500 Information Technology Index at their respective closing prices on September 20, 2023 and (ii) reinvestment of gross dividends. The stock price performance shown in the graph represents past performance and should not be considered an indication of future stock price performance.



	9/20/2023	9/30/2023	10/31/2023	11/30/2023	12/31/2023
KVYO	100	105	87	90	85
S&P 500 Index	100	97	95	104	108
S&P 500 Information Technology Index	100	99	99	111	115

Recent Sale of Unregistered Equity Securities

On October 31, 2023, Shopify Strategic partially exercised the Shopify Warrants in cash for 344,381 shares of our Series B common stock at a price per share of \$0.01 for an aggregate purchase price of \$3,443.81. The issuance of Series B common stock shares was exempt from registration pursuant to Section 4(a)(2) of the Securities Act.

Use of Proceeds from Initial Public Offering of Our Series A Common Stock

On September 19, 2023, the Registration Statement on Form S-1 (File No. 333-274211) (the “Registration Statement”) relating to our IPO was declared effective by the SEC and we priced our IPO. Pursuant to the Registration Statement, we registered an aggregate of 22,080,000 million shares of our Series A common stock, inclusive of the underwriters’ option to purchase additional shares from the selling stockholders. On September 22, 2023, we closed our IPO of 19,200,000 shares of our Series A common stock, including the sale by us of 11,507,693 of shares, at a price to the public of \$30.00 per share. We received net proceeds of approximately \$320.1 million, after deducting approximately \$17.7 million in underwriting discounts and commissions, and \$7.4 million in offering-related expenses. Goldman Sachs & Co. LLC, Morgan Stanley & Co, LLC and Citigroup Global Markets Inc. acted as representatives of the underwriters for the offering. No payments were made to our directors or officers or their associates, holders of 10% or more of any class of our equity securities or any affiliates, other than to directors or holders of 10% or more of our equity securities that were selling stockholders in the IPO, as described below.

The IPO also included the sale of 7,692,307 shares of our Series A common stock by selling stockholders. We did not receive any proceeds from the sale of Series A common stock by the selling stockholders. The selling stockholders granted the underwriters an option to purchase up to 2,880,000 additional shares of Series A common stock. The option was

exercised for 2,764,066 additional shares on October 19, 2023. Jennifer Ceran, one of our directors, and entities affiliated with Summit Partners, L.P., a holder of more than 10% of our equity securities, were selling stockholders in our IPO.

We used \$62.9 million of the net proceeds from our IPO to satisfy the tax withholding and remittance obligations related to the settlement of outstanding RSUs in connection with the offering. There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus, dated September 19, 2023, filed with the SEC on September 20, 2023 pursuant to Rule 424(b) (the “Final Prospectus”).

Issuer Purchase of Equity Securities

None.

Item 6. [Reserved]

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. As discussed in the section titled “Special Note Regarding Forward Looking Statements,” the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included under Part I, Item 1A within this Annual Report on Form 10-K.

This section of this Annual Report on Form 10-K discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 items and year-to-year comparisons between 2022 and 2021 can be found in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section within our Final Prospectus under the Securities Act, and are incorporated herein by reference. The period-to-period comparison of financial results is not necessarily indicative of future results.

Overview

We founded Klaviyo in 2012 to provide businesses of all sizes with powerful technology that captures, stores, analyzes, and predictively uses their own data to drive measurable, high-value outcomes. Klaviyo enables businesses to drive revenue growth by making it easy to bring their first-party data together and use it to create and deliver highly personalized consumer experiences across digital channels.

Our platform combines our proprietary data and application layers into one vertically-integrated solution with advanced machine learning and artificial intelligence capabilities. This enables business users of any skill level to harness their data in order to send the right message at the right time across email, SMS, and push notifications, more accurately measure and predict performance, and deploy the specific actions and campaigns that drive the highest impact. Our reviews add-on allows our customers (as defined below) to collect product reviews within our platform to provide a seamless experience across the customer lifecycle, and our CDP offering gives customers user-friendly ways to track new types of data, transform and cleanse data, run more advanced reporting and predictive analysis to drive revenue growth, and sync data in to and out of Klaviyo at scale. We focused on marketing automation within eCommerce as our first application use case, and we believe our software is highly extensible across a broad range of functions and verticals. As of December 31, 2023, our platform had efficiently scaled to over 143,000 customers. Today, our customers primarily operate within the retail and eCommerce vertical. Due to the flexibility and adaptability of our technology, we also see organic demand

growth from customers in other verticals, such as education, events and entertainment, restaurants, and travel, as well as from B2B companies. Based upon our available data today, we estimate verticals outside of retail represented less than 5% of our revenue for the year ended December 31, 2023. See the section below titled “Key Performance Metrics – Customers” for additional information on how we define customers and customers outside of retail.

We generate revenue through the sale of subscriptions to our customers for the use of our platform. Our subscription plans are tiered based on the number of active consumer profiles stored on our platform and the number of emails and SMS messages sent. We currently permit our customers to send unlimited push notifications, which are included as part of our email subscription plan. Active consumer profiles are identified profiles that can be reached via at least one enabled marketing channel in Klaviyo; this means the profile is not suppressed, either by revoking consent or being rendered undeliverable. The vast majority of our subscription plans today are monthly.

Our land-and-expand strategy is designed to align our success with that of our customers. As our customers’ businesses grow, they utilize more active consumer profiles and send more emails and SMS messages, which naturally increases their usage of our platform. Our revenue also expands when our customers add additional channels, such as SMS, and additional use cases, such as reviews and our CDP offering, or when their other brands, business units, and geographies start using the platform.

Initial Public Offering

On September 22, 2023, we completed our IPO of 19,200,000 shares of our Series A common stock at a price to the public of \$30.00 per share. We sold 11,507,693 of such shares and existing stockholders sold an aggregate of 7,692,307. Our shares of Series A common stock began trading on the New York Stock Exchange on September 20, 2023. We received net proceeds from the IPO of approximately \$320.1 million, after deducting approximately \$17.7 million in underwriting discounts and commissions, and \$7.4 million in offering-related expenses. On October 19, 2023, the underwriters for the IPO exercised their option to purchase additional shares granted in connection with the IPO, with respect to 2,764,066 shares of Series A common stock of a possible 2,880,000 shares. The Company received no proceeds from this transaction, as the option was an option to purchase additional shares of Series A common stock from the existing stockholders.

Immediately following the effectiveness of the registration statement relating to our IPO, we filed our Amended and Restated Certificate of Incorporation, which authorized a total of 3,000,000,000 shares of Series A common stock, 350,000,000 shares of Series B common stock, and 100,000,000 shares of undesignated preferred stock. All shares of common stock then outstanding were reclassified as Series B common stock.

Factors Affecting Our Future Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including the following factors:

Growth in New Customers

Attracting new customers to our platform is a key driver of our revenue growth strategy. We have successfully grown our retail and eCommerce customer base and believe we have significant room to expand within this vertical as well as expand into other industries, including education, events and entertainment, restaurants, and travel as well as from B2B customers. Our ability to attract new customers will depend on a number of factors, including our ability to innovate, the effectiveness and pricing of our new and existing products and capabilities, and the success of our selling and marketing efforts.

Expansion of Revenue From Our Existing Customer Base

We believe our product-led growth strategy enables us to efficiently expand penetration within our existing customer base. We focus on expansion in three primary ways. First, as our customers increase their usage of our platform through the number of active consumer profiles they have and email and SMS messages they send, they move to higher subscription tiers. Second, we cross-sell additional communication channels, such as SMS to customers who started on our platform with our email offering, as well as add-ons, such as reviews and our CDP offering. Finally, we sell our platform to our customers' other brands, business units, and geographies. Going forward, our ability to increase sales to existing customers will depend on a number of factors, including our customers' satisfaction with our solutions and the ability of our customers to attract new consumers. We expect these three forms of revenue expansion to continue in the future.

Growth with Larger Customers

When we first launched our platform, we intentionally focused on serving entrepreneurs and SMBs based on the need we saw for a simple and easy-to-use, yet powerful solution for customers in this category, and the large market opportunity within this group of customers. As our customers have scaled and become mid-market companies and larger enterprises themselves, their success with Klaviyo has attracted more interest from similarly sized businesses that are looking to drive better engagement with their consumers. Our ability to continue to move up market is dependent on a number of factors, including our ability to further adapt our platform to the needs of larger accounts, the effectiveness of our sales team, and pricing.

International Expansion

We believe we have significant expansion opportunities in international markets. We started by serving customers in North America and, in 2019, we expanded our operations to London, England to penetrate the European region. In 2022, we opened our office in Sydney, Australia to capitalize on the opportunities in Asia Pacific. Although we only recently expanded to these regions, we have already experienced significant growth with international sales outside of the Americas accounting for 31.0% of our revenue for the year ended December 31, 2023. We believe that the introduction of additional languages and currencies to our platform will increase our efficacy and ease of use in other regions, as our platform is currently only available in English and US Dollars.

Investment in Innovation and Product Development

Since our inception, we have been focused on product innovation, seeking to create what we believe is the best software solution for our customers. We originally launched our platform with email messaging as our first channel. Since then, we have successfully added other channels, such as SMS and push notifications, as well as additional use cases, such as reviews and our CDP offering. Our continued success depends on our ability to sustain product and technology innovation to continue delivering value to our customers. As technology and consumer preferences change, we believe that our ability to drive continuous product innovation will be critical to attract and retain customers and drive revenue growth.

Increased Adoption of Our SMS Offering

We have seen notable success in the expansion of our platform with our SMS offering, which launched in 2021. Once customers adopt our SMS offering, they typically grow their usage over time as they gain comfort and confidence in the new channel. Our SMS offering has higher associated communication sending costs, and as the number of SMS messages sent by our customers increases, we expect our gross margin to decline modestly. SMS messaging is particularly concentrated in the fourth quarter of each year due to the holiday shopping season, resulting in our gross margin being most heavily impacted in that quarter. This gross margin impact could be partially offset by our continued work on data storage architecture and gaining further leverage on costs with our increased scale. We believe we will see our overall gross profit dollars increase as customers send more SMS messages if our SMS offering continues to gain traction.

Expansion into New Industry Verticals and Use Cases

As more customers use our platform, we are seeing organic demand from customers in other verticals, such as education, events and entertainment, restaurants, and travel, as well as from B2B companies. While we started with consumer engagement as our initial use case in the retail and eCommerce vertical, we see a large opportunity into other products and verticals. Without an active sales motion, we have attracted customers from verticals other than retail and eCommerce, which indicates the strong interest and applicability of our platform to new verticals. We have begun to explore ways to serve these new verticals more intentionally. For example, we launched Klaviyo for Wellness in June 2023, which is tailored for fitness studios, salons, and other client-based services within the vertical. In the future, we intend to more actively invest in addressing new industry verticals and product use cases.

Key Performance Metrics

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. We define customers outside of retail as those customers who have an identified industry outside of retail, either through in-product selection or as part of the sales process.

Customers Generating Over \$50,000 of ARR. We calculate our number of customers generating over \$50,000 of ARR 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.

As of December 31, 2023, we had 1,958 customers generating over \$50,000 of ARR, compared to 1,085 customers generating over \$50,000 of ARR as of December 31, 2022, representing growth of 80% year-over-year.

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.

As of December 31, 2023 and 2022, our NRR was 117% and 119%, respectively. We implemented a price increase in September 2022, which positively increased revenue growth in 2022. This price increase also impacted the various measures we use to assess our usage and subscription levels based on revenue, such as NRR and our revenue growth rate, and following its implementation, those measures experienced corresponding increases as a result. As we have reached the one year anniversary of this price increase, these measures have seen a corresponding decrease.

Klaviyo Attributed Value. We define Klaviyo Attributed Value (“KAV”) as the amount of revenue our customers generated through orders placed by consumers within a specified period of time after a message is sent using our platform, which in the case of email is five days from when the message is sent, and in the case of SMS is twenty-four hours from when the message is sent. For email, the message also needs to be opened or clicked in order for the transaction to fall within our definition. KAV excludes orders placed with customers that do not opt-in to sharing data on placed orders, orders for which we cannot determine the currency or value, or unusual orders that appear to us to be anomalies. Since our definition of a customer does not include persons or entities that use our platform on a free trial basis, any revenue generated through orders placed with these persons or entities is also excluded from our definition of KAV. We do not net chargebacks or sales refunds from our calculation of KAV. If a customer leaves Klaviyo, we stop counting that customer’s KAV after their last contracted month. We believe KAV serves as a measure of the return-on-investment that we help generate for our customers and illustrates the value our platform can drive to our customers, which we believe enhances our ability to maintain existing customers and attract new customers. We use KAV as an internal estimate to track the value we drive to customers through our platform. KAV is an operational measure, does not represent revenue earned by us, and does not directly correlate to our pricing, revenue, or results of operations. Further, KAV is not a forecast of future revenue and investors should not place undue reliance on KAV as an indicator of our future or expected results.

Seasonality

Generally, demand for our services increases during the fourth quarter as our customers run more marketing campaigns and deploy marketing spend as a result of increased consumer spending patterns during the holiday shopping season. This is specifically prominent within the retail and eCommerce sector in which the majority of our customers operate today. Given our revenue model allows our customers to scale usage as needed, our sequential revenue growth has been historically stronger in the fourth quarter of each year compared to the revenue growth we see in other quarters. Our customers utilize the SMS offering in particular during the holidays; as such, to the extent that the SMS offering grows in proportion to our other channels, we expect that we would see further seasonality. We believe seasonality may continue to impact our quarterly results going forward.

Components of Results of Operations

Revenue

A significant majority of our revenues are derived from sales of subscriptions, which are comprised of fees paid by customers to access our cloud-based software platform for storing consumer’s first-party data and using it to create and deliver personalized and targeted email and SMS marketing services. A small portion of our revenue is currently derived from professional services. For more information on how we recognize our revenues, see *Note 2. Summary of Significant Accounting Policies* within the Notes to the Consolidated Financial Statements.

Cost of Revenue

Our cost of revenue primarily consists of cloud-based infrastructure costs, outbound communication sending costs, employee-related costs including payroll, benefits, bonuses, and stock-based compensation expense related to our customer support team, amortization of capitalized internal-use software development costs, and allocated overhead costs, including rent, facilities, depreciation, and costs related to information technology.

We expect our cost of revenue to increase in dollar amount as we continue to invest in our platform infrastructure and support, acquire new customers, and existing customers increase their usage of our platform.

Gross Profit

Our gross profit represents revenue, less all cost of revenue.

We expect our gross profit to increase over time due to an increase in revenue. We expect our gross margin to decline modestly in the near term as the volume of SMS messages sent through our platform increases, and it could fluctuate in the long term due to timing of investments and expected increases in our cloud-based infrastructure costs and outbound communication sending costs, including email and SMS, as our customers increase usage of our platform and capabilities. We expect to continue to optimize inputs to our cost of revenue through continued work on data storage architecture and gaining further leverage on costs with our increased scale.

Selling and Marketing

Our selling and marketing costs primarily consist of employee-related costs including payroll, benefits, bonuses, and stock-based compensation; sales commissions, partnership expenses for revenue sharing agreements, including to Shopify Inc. (“Shopify”), other commerce platform partners, and agency partners; costs associated with advertising and marketing activities; and allocated overhead costs, including rent, facilities, depreciation, and costs related to information technology. Sales commissions are considered an incremental cost to obtain contracts with customers and these costs are deferred and amortized over the expected benefit period. On July 28, 2022, we entered into a collaboration agreement and strategic partnership with Shopify pursuant to which we issued warrants to Shopify (and certain of its affiliates) (the “Shopify Warrants”), in exchange for promotion of our marketing services with customers within the Shopify ecosystem. In accordance with relevant accounting policies, we recognize a prepaid marketing expense in connection with the Shopify Warrants. This prepaid marketing expense represents the probable future economic benefit being amortized over a seven-year expected benefit period and is recorded based on the fair value of the warrants on the grant date.

We expect to continue to make investments in our selling and marketing organization, and expect selling and marketing expense to remain our largest operating expense in dollar amount. Selling and marketing expense may fluctuate from period to period depending on the extent and timing of our marketing initiatives. We expect selling and marketing expense to increase in dollar amount but decrease as a percentage of revenue over the longer term. In the short term, we expect selling and marketing costs to increase as we increase headcount in our go-to-market team, grow into new markets, and pay more in partnership fees to Shopify and other partners as we continue to grow.

Research and Development

Our research and development costs primarily consist of employee-related costs associated with research and development staff, including payroll, benefits, bonuses, stock-based compensation, and allocated overhead costs, including rent, facilities, depreciation, and costs related to information technology. We capitalize a portion of our research and development costs that meets the criteria for capitalization of internal-use software. All other research and development costs are expensed as incurred.

We believe continued investment and innovation in our platform, capabilities, and offerings are important for our growth and, as such, expect our research and development costs to continue to increase in dollar amount but remain consistent as a percentage of revenue for the foreseeable future. This percentage may fluctuate from period to period depending on the timing and amount of these expenses.

General and Administrative

Our general and administrative expenses consist of employee-related costs including payroll, benefits, bonuses, and stock-based compensation in general corporate functions; procurement, accounting and finance, tax, legal, project management, and human resources, as well as allocated overhead costs, including rent, facilities, depreciation, and costs related to information technology. Credit card processing fees are also part of general and administrative expenses.

We expect general and administrative expenses to increase in the near term as a result of operating as a public company, including expenses associated with compliance with the rules and regulations governing public companies, such as Section 404 of the Sarbanes-Oxley Act, and an increase in legal, audit, insurance, investor relations, professional services and other administrative expenses. Further, we expect an increase in dollar amount of credit card processing fees in line with the expected increase in revenue for the foreseeable future. As a result, we expect our general and administrative expenses to increase in dollar amount for the foreseeable future but to generally decrease as a percentage of our revenue over the longer term as we scale our business. This percentage may fluctuate from period to period depending on the timing and amount of our general and administrative expenses, including in the short term due to increased costs in connection with our initial public offering and heightened compliance requirements associated with operating as a public company. These expenses include increased professional service costs, the increased cost of directors' and officers' liability insurance, and costs associated with increasing our employee headcount in certain departments, such as accounting, internal audit, and investor relations.

Interest Income

Interest income consists of income earned from our cash deposits held in interest-bearing accounts and money market funds.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes related to U.S. states and foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our U.S. federal and state net deferred tax assets as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Segments

We operate our business through one reportable segment, as well as one business activity, providing software that brings consumers' first-party data together and uses it to create and deliver highly personalized consumer experiences across digital channels.

Results of Operations

The following tables set forth our results of operations for the fiscal years presented and express the relationship of certain line items as a percentage of revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	Year Ended December 31,		
	2023	2022	2021
(\$ in thousands)			
Consolidated Statements of Operations			
Revenue	\$ 698,099	\$ 472,748	\$ 290,640
Cost of revenue ⁽¹⁾	177,888	128,025	84,696
Gross profit	520,211	344,723	205,944
Operating expenses:			
Selling and marketing ⁽¹⁾	394,369	213,848	156,342
Research and development ⁽¹⁾	262,177	104,077	65,599
General and administrative ⁽¹⁾	194,287	81,834	63,236
Total operating expenses	850,833	399,759	285,177
Operating loss	(330,622)	(55,036)	(79,233)
Other income (expense):			
Other income (expense), net	(470)	388	28
Interest income	24,051	5,538	139
Interest expense	—	—	(8)
Total other income (expense), net	23,581	5,926	159
Loss before income taxes	(307,041)	(49,110)	(79,074)
Provision for income taxes	1,192	83	319
Net loss	\$ (308,233)	\$ (49,193)	\$ (79,393)

(1) Includes stock-based compensation expense as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 24,973	\$ 129	\$ 960
Selling and marketing	107,954	985	29,713
Research and development	120,184	1,230	8,193
General and administrative	87,688	5,958	13,123
Stock-based compensation, net of amounts capitalized	340,799	8,302	51,989
Capitalized stock-based compensation expense	1,349	—	2
Total stock-based compensation expense	\$ 342,148	\$ 8,302	\$ 51,991

The following table sets forth our consolidated statements of operations data expressed as a percentage of revenue:

	Year Ended December 31,		
	2023	2022	2021
Consolidated Statements of Operations			
Revenue	100.0 %	100.0 %	100.0 %
Cost of revenue	25.5	27.1	29.1
Gross profit	74.5	72.9	70.9
Operating expenses:			
Selling and marketing	56.5	45.2	53.8
Research and development	37.6	22.0	22.6
General and administrative	27.8	17.3	21.8
Total operating expenses	121.9	84.6	98.1
Operating income (loss)	(47.4)	(11.6)	(27.3)
Other income (expense):			
Other income (expense), net	(0.1)	0.1	—
Interest income	3.4	1.2	—
Interest expense	—	—	—
Total other income (expense), net	3.3	1.3	0.1
Income (loss) before income taxes	(44.0)	(10.4)	(27.2)
Provision for income taxes	0.2	—	0.1
Net income (loss)	(44.2)%	(10.4)%	(27.3)%

Comparison of the Years Ended December 31, 2023 and 2022

Revenue

	Year Ended December 31,			
			\$ Change	% Change
	2023	2022		
	(\$ in thousands)			
Revenue	\$ 698,099	\$ 472,748	\$ 225,351	47.7 %

Revenue for the year ended December 31, 2023 increased by \$225.4 million or 47.7%, to \$698.1 million compared to \$472.7 million for the year ended December 31, 2022. The increase was primarily due to expansion with existing customers driven by expanded usage of our platform as well as our SMS channel. For the year ended December 31, 2023, sales to existing customers accounted for approximately 68% of the increase in revenue. We estimate our price increase in September 2022 represented a low-double digit increase of incremental revenue dollars in 2023. For the year ended December 31, 2023, approximately 32% of the increase in revenue was related to new customers, particularly in the mid-market and outside of the Americas. Sales to new customers represent the revenue recognized from new customers acquired in the 12 months prior to the period end.

Cost of Revenue

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(\$ in thousands)			
Cost of revenue	\$ 177,888	\$ 128,025	\$ 49,863	38.9 %

Cost of revenue for the year ended December 31, 2023 increased by \$49.9 million or 38.9%, to \$177.9 million compared to \$128.0 million for the year ended December 31, 2022. This increase was primarily due to an increase of approximately \$24.8 million of stock-based compensation mainly due to the vesting of Double-Trigger RSUs upon and subsequent to the IPO, \$17.4 million in outbound communication sending costs on behalf of our customers, and \$7.3 million in salaries and personnel expenses as a result of increases in headcount and the implementation of a company-wide sabbatical program.

Gross Profit

	Year Ended December 31,			
			\$ Change	% Change
	2023	2022		
	(\$ in thousands)			
Gross profit	\$ 520,211	\$ 344,723	\$ 175,488	50.9 %

Gross profit for the year ended December 31, 2023 increased by \$175.5 million or 50.9%, to \$520.2 million compared to \$344.7 million for the year ended December 31, 2022. This increase was primarily due to revenue growth and ongoing efforts to optimize our costs including (i) higher volume-based discounts and pricing improvements on our purchases of third party cloud hosting infrastructure and (ii) more efficient use of data storage and elimination of legacy storage architecture.

Selling and Marketing

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(\$ in thousands)			
Selling and marketing	\$ 394,369	\$ 213,848	\$ 180,521	84.4 %

Selling and marketing expenses for the year ended December 31, 2023 increased by \$180.5 million or 84.4%, to \$394.4 million compared to \$213.8 million for the year ended December 31, 2022. This increase was primarily due to an increase of approximately \$107.0 million of stock-based compensation mainly due to the vesting of Double-Trigger RSUs upon and subsequent to the IPO, \$30.9 million in amortization of prepaid marketing expense driven by the Shopify Warrants issued in connection with the Shopify partnership, \$26.5 million in salaries and personnel expenses as a result of increases in headcount and the implementation of a company-wide sabbatical program, \$14.1 million in partnership-related expenses across our ecosystem, \$6.1 million in marketing expenses associated with our advertising campaigns across multiple channels of media, and \$1.5 million due to restructuring expenses incurred in the first quarter of 2023. The increase was offset by a decrease of approximately \$5.7 million due to a reduction in marketing professional services.

Research and Development

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(\$ in thousands)			
Research and development	\$ 262,177	\$ 104,077	\$ 158,100	151.9 %

Research and development costs for the year ended December 31, 2023 increased by \$158.1 million or 151.9%, to \$262.2 million compared to \$104.1 million for the year ended December 31, 2022. This increase was primarily due to an increase of approximately \$119.0 million of stock-based compensation mainly due to the vesting of Double-Trigger RSUs upon and subsequent to the IPO, \$34.2 million in salaries and related personnel expenses as a result of increases in headcount and the implementation of a company-wide sabbatical program, \$3.0 million in technology expenses, and \$2.5 million due to restructuring expenses incurred in the first quarter of 2023.

General and Administrative

	Year Ended December 31,			
			\$ Change	% Change
	2023	2022		
	(\$ in thousands)			
General and administrative	\$ 194,287	\$ 81,834	\$ 112,453	137.4 %

General and administrative expenses for the year ended December 31, 2023 increased by \$112.5 million or 137.4%, to \$194.3 million compared to \$81.8 million for the year ended December 31, 2022. This increase was primarily due to an increase of approximately \$81.7 million of stock-based compensation mainly due to the vesting of Double-Trigger RSUs upon and subsequent to the IPO, \$15.5 million in salaries and personnel expenses as a result of increases in headcount and the implementation of a company-wide sabbatical program, \$6.4 million in payment processing fees, \$5.1 million in professional expenses, primarily attributed to the IPO and public company readiness efforts, and \$2.7 million in technology expenses, primarily attributed to an increase in licenses as a result of the aforementioned increases in headcount.

Other Income

	Year Ended December 31,			
	2023	2022	\$ Change	% Change
	(\$ in thousands)			
Other income (expense), net	\$ (470)	\$ 388	\$ (858)	(221.1)%

Other income for the year ended December 31, 2023 decreased by \$0.9 million or 221.1%, to \$(0.5) million compared to \$0.4 million for the year ended December 31, 2022. This decrease was primarily due to unfavorable foreign exchange fluctuations.

Interest Income

	Year Ended December 31,			
			\$ Change	% Change
	2023	2022		
	(\$ in thousands)			
Interest income	\$ 24,051	\$ 5,538	\$ 18,513	334.3 %

Interest income for the year ended December 31, 2023 increased by \$18.5 million or 334.3%, to \$24.1 million compared to \$5.5 million for the year ended December 31, 2022. This increase was primarily due to an increase in interest rates, greater cash balances due to the IPO, and the volume of newly opened interest-bearing accounts, including money market funds, as part of our diversified cash management strategy.

Provision for Income Taxes

	Year Ended December 31,					
	2023	2022				
	(\$ in thousands)					
Provision for income taxes	\$ 1,192	\$ 83	\$	1,109		NM

NM - Not meaningful

Income tax expense for the year ended December 31, 2023 increased by \$1.1 million to \$1.2 million compared to \$0.1 million for the year ended December 31, 2022. This increase was primarily due to an increase in profits before taxes in our international entities.

Liquidity and Capital Resources

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. In doing so, we review and analyze our primary sources and uses of liquidity to include cash balances on hand and cash flows from operations.

Since our inception through December 31, 2023, we have financed our operations primarily through sales of equity securities and payments received from our customers. In September 2023, we completed our IPO which resulted in aggregate cash proceeds of approximately \$320.1 million, after deducting approximately \$17.7 million in underwriting discounts and commissions, and \$7.4 million in offering-related expenses.

As of December 31, 2023, our principal sources of liquidity included cash, cash equivalents, and restricted cash totaling \$739.7 million, with such amounts held for working capital purposes. Our cash equivalents were comprised of \$314.5 million in money market funds.

Our primary cash needs are for personnel-related expenses, selling and marketing expenses, and third-party cloud infrastructure expenses.

Based upon our current levels of operations, we believe our operating cash flows provide sufficient liquidity to support liquidity and financing needs for at least the next twelve months. Our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow from operations, and our ability to manage costs and working capital successfully. Additionally, our cash flow generation ability is subject to general economic, financial, competitive, legislative, and regulatory factors, and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations in an amount sufficient to enable us to fund our liquidity needs.

The following table sets forth, for the periods indicated, our working capital:

	As of December 31,	
	2023	2022
(\$ in thousands)		
Cash	\$ 738,562	\$ 385,820
Restricted cash, current ⁽¹⁾	409	409
Accounts receivable, net of allowance for doubtful accounts	23,076	10,723
Deferred contract acquisition costs	15,198	11,215
Prepaid expenses and other current assets	26,244	19,336
Accounts payable	13,597	8,890
Accrued expenses	62,838	36,126
Operating lease liabilities	14,081	14,864
Deferred revenue	40,100	25,109
Total Working Capital	\$ 672,873	\$ 342,514

(1) Restricted cash related to our required collateral to fund payroll and credit card obligations in the Australia entity.

Working capital consists of current assets (including cash, current portion of restricted cash, accounts receivable, current deferred contract acquisition costs, current prepaid expenses and other current assets), less current liabilities (including accounts payable, accrued expenses, current lease liabilities, and deferred revenue, all of which is current).

Statement of Cash Flows

The following table sets forth, for the periods indicated, our beginning balance of cash, net cash flows provided by operating, investing and financing activities, and our ending balance of cash. For additional detail, see our consolidated financial statements and the accompanying notes thereto included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,	
	2023	2022
(\$ in thousands)		
Net cash provided by (used in)		
Operating activities	\$ 119,371	\$ (23,552)
Investing activities	(9,358)	(18,745)
Financing activities	242,728	101,300
Net increase (decrease) in cash and restricted cash	\$ 352,741	\$ 59,003
Cash, cash equivalents, and restricted cash, beginning of period	386,916	327,913
Cash, cash equivalents, and restricted cash, end of period	\$ 739,657	\$ 386,916

Operating Activities

Net cash provided by operating activities of \$119.4 million for the year ended December 31, 2023 was primarily attributable to a net loss of \$308.2 million adjusted for non-cash charges of \$433.5 million and net cash outflows of \$5.9 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$340.8 million of stock-based compensation expense, \$52.9 million of prepaid marketing expense amortization, \$15.8 million of deferred contract acquisition cost amortization, \$13.7 million of depreciation and amortization expense, and \$13.0 million of operating lease costs. Net cash outflows from changes in operating assets and liabilities primarily

consisted of a \$26.9 million increase in deferred contract acquisition costs related to increase in sales commissions resulting from our increase in revenues, a \$15.2 million decrease in operating lease liabilities due to payments related to our operating lease obligations, and a \$12.9 million increase in accounts receivable due to an increase in customer billings. The cash outflow was offset by cash inflows primarily from a \$15.0 million increase in deferred revenue resulting from increased billings for subscriptions and a \$31.2 million net increase in accrued expenses and accounts payable due to timing of vendor payments and the implementation of a company-wide sabbatical program.

Net cash used in operating activities of \$23.6 million for the year ended December 31, 2022 was primarily attributable to a net loss of \$49.2 million adjusted for non-cash charges of \$61.1 million and net cash outflows of \$35.5 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$22.0 million of prepaid marketing expense amortization, \$9.0 million of depreciation and amortization expense, \$10.6 million of deferred contract acquisition cost amortization expense, \$6.8 million of stock-based compensation expense, and \$11.8 million of operating lease costs. Net cash outflows from changes in operating assets and liabilities primarily consisted of \$20.2 million increase in deferred contract acquisition costs related to increase in sales commissions resulting from our increase in revenues, \$9.3 million decrease in operating lease liabilities due to payments related to our operating lease obligations, \$5.2 million increase in accounts receivable due to an increase in customer billings, \$5.2 million increase in prepaid expenses due to prepayments for cloud infrastructure and hosting costs, and a \$5.7 million net decrease in accrued expenses and accounts payable due to timing of vendor payments. The cash outflow was offset by cash inflows primarily from a \$10.0 million increase in deferred revenue resulting from increased billings for subscriptions.

Investing Activities

Net cash used in investing activities of \$9.4 million for the year ended December 31, 2023 consisted of \$3.7 million purchases of property and equipment and \$5.7 million of capitalized software costs.

Net cash used in investing activities of \$18.7 million for the year ended December 31, 2022 consisted of \$15.8 million purchases of property and equipment, \$2.4 million of capitalized software costs, and \$0.5 million cash paid for an acquisition.

Financing Activities

Net cash provided by financing activities of \$242.7 million for the year ended December 31, 2023 primarily consisted of approximately \$320.1 million of IPO proceeds net of issuance costs and \$4.2 million of proceeds from the exercise of stock options offset by \$81.6 million used for the payment of employee tax obligations related to the net share settlement of stock-based compensation awards.

Net cash provided by financing activities of \$101.3 million for the year ended December 31, 2022 primarily consisted of approximately \$99.6 million of proceeds from the issuance of common stock net of issuance costs and \$1.7 million of proceeds from the exercise of common stock options.

Cash Management

We manage our operating cash management activities through banking relationships with our domestic and international subsidiaries and all of our cash requirements were serviced by the operating cash flows of our business. We diversify our cash deposits across a variety of well-established financial institutions based on ratings from nationally recognized rating organizations to reduce our exposure to counterparty and concentration risk.

We expect a continued increase in our cash balances as our business continues to grow. We expect to continue to diversify our cash management strategy to primarily include money market funds, highly-liquid debt instruments

of the U.S. government and its agencies, senior corporate bonds, and commercial paper to reduce our global exposure on banking deposits.

Lease Obligations

We enter into various noncancellable lease agreements for certain office space and equipment used in the normal course of business. Our noncancellable lease obligations as of December 31, 2023 were \$56.9 million, with \$14.4 million payable within 12 months.

Other Contractual Obligations

We enter into various noncancellable agreements with marketing vendors and various service providers. Our noncancellable obligations as of December 31, 2023 were \$346.2 million, with \$117.7 million payable within 12 months.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements included elsewhere in this filing, which have been prepared in accordance with GAAP. In preparing the consolidated financial statements, we make estimates and judgements that affect the reported amounts in the consolidated financial statements and related footnote disclosures included elsewhere in this filing. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We re-evaluate our estimates on an ongoing basis.

The accounting estimates we use in the preparation of our consolidated financial statements will change as new events occur, more experience is acquired, additional information is obtained and our operating environment changes. Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in our reported results of operations and, if material, the effects of changes in estimates are disclosed in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from the amounts reported based on these estimates.

The critical accounting estimates that reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements included elsewhere in this filing include those noted below.

Revenue Recognition

We derive revenue from subscription fees and other related professional services. Revenue is recognized when, or as, the performance obligation is satisfied by transferring the control of the promised service to a customer. The amount of revenue recognized reflects the consideration that we expect to be entitled to receive in exchange for these services.

Our SaaS subscription agreements with customers offer personalized email and SMS marketing services through a cloud-based software platform, as well as add-ons, such as reviews and our CDP offering. Subscription fees are generated from customers accessing our hosted platform services and our subscription agreements do not provide our customers with the right to take possession of our software. Contractual subscriptions for customers generally auto-renew on a monthly basis and customers may elect not to renew by providing five days' advance notice. Subscription pricing is determined based on a customer's profile count and monthly messaging quantities based on a tiered pricing structure and is considered fixed. Variable consideration in our contracts is not material but represents the overage charges incurred by customers who exceed their allotments.

We recognize revenue under the core principle to depict the transfer of control to our customers in an amount reflecting the consideration to which we expect to be entitled. We account for individual performance obligations separately if they have been determined to be distinct and we allocate the transaction price to the distinct performance obligations on a relative stand-alone selling price basis. The determination of stand-alone selling price uses judgments and estimates that are based upon the prices at which we separately sell subscriptions. If not considered distinct, the goods or services promised by us are combined and accounted for as a combined performance obligation. Determining the distinct performance obligations in a contract requires judgment. Typically, our SaaS subscription agreements consist of a single performance obligation, and revenue is recognized over time as the performance obligation is satisfied. Our single performance obligation primarily consists of access to our platform and professional services.

Costs to Obtain Customers

We capitalize incremental costs of obtaining revenue contracts, which primarily consist of sales commissions. We amortize these commissions on a systematic basis, consistent with the pattern of transfer of the expected benefit period or services to which the contract relates, generally up to five years.

Contract costs are amortized on a straight-line basis over a period of up to five years, which reflects the expected period of benefit of the performance obligation and may be longer than the initial contract period. We determine the estimated benefit period by considering both qualitative and quantitative factors, including the length of the subscription terms in our customer contracts and the anticipated life of our technology, among other factors.

Shopify Collaboration Agreement

We entered into a collaboration agreement on July 28, 2022 with Shopify to form a strategic relationship for the purposes of creating greater interoperability between the Klaviyo and Shopify platforms. In connection with the collaboration agreement, we entered into three separate agreements, including a revenue sharing agreement, common stock warrant agreement, and stock purchase agreement.

The revenue sharing agreement was entered into in connection with, and the Shopify Warrants were issued in exchange for, compensation for marketing services that we will receive from Shopify under the collaboration agreement. We have estimated the fair value of the Shopify Warrants on the date of issuance using the Black-Scholes option pricing model. The Black-Scholes option pricing model uses assumptions that are based upon estimates made by management. The key assumptions used to value the Shopify Warrants include the fair value of the common stock, a dividend yield of zero, contractual term of 10 years, volatility of 55.00%, and a risk-free rate of 2.85%. The determination of the fair value of the common stock is further discussed below. We estimate the volatility based upon an average historical volatility of several peer public companies over a period equivalent to the term of the Shopify Warrants. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for time periods approximately equal to the expected term of the Shopify Warrants. Expected dividend yield is 0.0% as we have not paid and do not anticipate paying dividends on our common stock. We recognize a prepaid marketing expense asset associated with the Shopify Warrants over a straight-line five-year vesting period. Pursuant to the common stock warrant agreement, upon the Company's IPO, 25% of the total number of warrants were accelerated, and the remaining unvested portion vests quarterly over the remaining vesting term. The prepaid marketing expense asset is amortized into selling and marketing expense on a straight-line basis over the expected benefit period, which we determine to be the seven-year term of the collaboration agreement as the core activities and deliverables of the collaboration agreement will remain in place for seven years and Shopify does not have the right to terminate the collaboration agreement for convenience.

Under the stock purchase agreement, we issued and sold shares of common stock to Shopify Strategic Holdings 3 LLC (“Shopify Strategic”) and provided an Investment Option which allows Shopify Strategic to purchase additional shares of common stock at a fixed price, exercisable at any time at Shopify Strategic’s option until July 28, 2030. We determined that the purchase price equals the fair market value of the instruments issued as Shopify Strategic was an outside investor at the time we entered into the stock purchase agreement and the purchase represented an arms-length transaction. Further, the fair value of the instruments was substantiated through a probability weighted expected return method analysis as part of common stock valuations performed at the time the agreement was entered into. The common stock and Investment Option are classified as equity on our Consolidated Balance Sheets. We do not recognize marketing expense associated with these instruments as they are freestanding from the other agreements entered into with Shopify and were issued at fair market value.

Stock-Based Compensation

Compensation expense related to stock-based transactions, including employee, directors, and non-employee awards as well as secondary market transactions, is measured and recognized in the consolidated financial statements based on fair value. Pursuant to our 2015 Plan, we have issued stock options, RSUs, and restricted stock awards (“RSAs”); however, all equity grants issued subsequent to the Company’s IPO will be made pursuant to the 2023 Plan, which was approved by our Board effective as of September 19, 2023. During the year ended December 31, 2023, stock-based compensation awards issued were in the form of RSUs subject to both service-based and performance-based vesting conditions under the 2015 Plan and RSUs subject to only service-based vesting conditions under the 2023 Plan. During the year ended December 31, 2022, all of the stock-based compensation awards issued were in the form of RSUs subject to both service-based and performance-based vesting conditions.

Stock-based compensation awards that contain only service-based vesting conditions are recognized as expense, on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. In addition to service requirements, RSUs granted under the 2015 Plan prior to the Company’s IPO are subject to a liquidity-based vesting condition, which we have concluded represents a performance condition. Fair value of such awards is measured on the grant date and recognized over the vesting term when the performance condition is considered probable of being achieved. This performance condition was achieved when the Company’s registration statement on Form S-1 filed with the SEC in connection with the IPO became effective on September 19, 2023. Compensation expense for these awards with both a service and performance condition are expensed under the accelerated attribution method which includes a cumulative catch up recorded upon the IPO for services that had been completed as of the IPO. The remaining expense for these awards is being recognized using the accelerated attribution method over the remaining service period.

For option awards granted in prior years, we estimate grant date fair value using the Black-Scholes option pricing model. The grant date fair value of RSUs and RSAs is estimated based on fair value of the underlying common stock. Additional information regarding such estimates is provided below.

Common Stock and Redeemable Common Stock Valuations

Since September 20, 2023, our first day of trading on the New York Stock Exchange in connection with our IPO, there has been an active market for our Series A common stock. Accordingly, subsequent to our IPO, the fair value of our Series A common stock is determined by using the closing price of our Series A common stock as listed on the New York Stock Exchange on the date of grant. As our Series B common stock has identical rights to our Series A common stock, except with respect to voting and conversion rights, the active market for our Series A common stock is utilized to measure the fair value of the Company’s underlying Series B common stock. As all

redeemable common stock was converted to our Series B common stock upon our IPO, no separate valuations were required for the underlying shares.

Until our IPO, in the absence of a public trading market, the fair value of our common stock and redeemable common stock was determined by our board of directors, the members of which we believe have extensive business, finance, and venture capital experience, with input from management, taking into account our most recent valuations from an independent third-party valuation specialist. The Company and the board of directors utilized various valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants' (the "AICPA") *Technical Practice Aid, Valuation of Privately Held Company Equity Securities Issued as Compensation*, to estimate the fair value of its common stock. Each valuation methodology includes estimates and assumptions that required our judgment. These estimates and assumptions include a number of objective and subjective factors in determining the value of our common stock at each grant date, including the following factors:

- prices paid for our common stock, which we have sold to outside investors in arms-length transactions and employees and investors have sold in secondary market transactions;
- valuations performed by an independent valuation specialist;
- our stage of development and revenue growth;
- the market performance of comparable publicly traded companies;
- adjustments necessary to recognize a lack of marketability;
- the likelihood of achieving a liquidity event, such as an IPO or sale of the Company, given prevailing market conditions; and
- the U.S. and global economic and capital market conditions and outlook.

Our board of directors determined the value of our common stock by probability-weighting different valuation approaches and methodologies, primarily based on the subject company transaction method under the market approach. The market approach considers prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. Within the market approach, given that we had recent arms-length transactions in our common stock (including secondary market transactions as well as common stock sold in connection with the Shopify Collaboration Agreement), the subject company transaction method was used, which consists of examining prior transactions in our equity securities to determine an implied total enterprise value. The subject company transaction method takes into account the total consideration paid in such transactions as well as the rights and preferences of the stockholders of the various classes of equity outstanding. According to AICPA guidelines, under this method, recent securities transactions in our equity securities should be considered as a relevant input for computing the enterprise valuation.

Other variations of the market approach were considered, including the guideline public company and transaction methods. These methods estimate value by applying a representative revenue multiple from a peer group of companies in similar lines of business to our forecasted revenue. Our peer group of companies was selected based on operational and economic similarities to us and factors considered included but were not limited to industry, business model, growth rates, customer base, capitalization, size, profitability and stage of development. From time to time, we updated the set of comparable companies as new or more relevant information became available. This approach also involves the identification of relevant transactions and determining relevant multiples to apply to our revenue. The equity values implied by the various methodologies within the market approach reasonably approximated each other as of each valuation date.

Once we determined an equity value, we used a combination of approaches to allocate the equity value to each class of our stock. We used the option pricing method (“OPM”). The OPM allocates values to each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights, and exercise prices of the equity instruments. Where relevant, we also considered an appropriate discount adjustment to recognize the lack of marketability and liquidity due to the fact that stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies. The discount for marketability was determined using various quantitative methods and assessed for reasonableness using relevant qualitative information, including review comparable marketability discounts provided in court case rulings, restricted stock studies and IPO studies.

For the portion of the fiscal year ended December 31, 2023 prior to our IPO, and for the fiscal year ended December 31, 2022, the Company calculated the allocable fair value of the Company’s underlying security by probability-weighting different valuation approaches and methodologies, primarily based on the subject company transaction method under the market approach, the Company utilized revenue multiples, which were determined by comparing the Company to guideline public companies based upon comparable revenue, operating margins, and products and services provided, along with the following assumptions:

	Portion of Fiscal Year Ended December 31, 2023 Prior to IPO	Fiscal Year Ended December 31, 2022
Risk-free rate	3.87 %	2.85 %
Expected term	1.6 years	2.0 years
Volatility	63.3 %	55.0 %
Discount rate	13.3 %	13.5 %

- The risk-free rate was based upon the U.S. Treasury rate as of the valuation date;
- The expected term was calculated based on time until the liquidity event (i.e., time to exit);
- Volatility was derived from an analysis of the volatility of comparable industry companies and the Company’s capital structure and risk profile as compared to the peer group; and
- The discount rate employed to convert future cash flows to their present value equivalent is the rate of return expected by an investor for taking on the perceived risks of an investment.

The OPM used the following significant assumptions to allocate the fair value to the redeemable common stock (in thousands):

	Portion of Fiscal Year Ended December 31, 2023 Prior to IPO	Fiscal Year Ended December 31, 2022
Underlying security	\$ 8,326,667	\$ 8,070,000
Risk-free rate	4.55 %	4.51 %
Expected term	1.56 years	1.66 years
Volatility	63.3 %	65.0 %
Discount for lack of marketability	13.3 %	15.0 %
Expected dividend yield	0.0 %	0.0 %

- The risk-free rate was based on the U.S. Treasury yield curve with terms approximately equal to the redeemable common stocks’ expected term;

- The expected term was calculated based on the term by which the redeemable stock will be exercised within the expected liquidity windows;
- Volatility was derived from the observed comparable public companies' historical equity volatility over the period matching the term;
- The discount for lack of marketability was quantified through restricted stock studies, pre-IPO studies, and the put option pricing model to estimate the loss in value due to the security holders' lack of access to an active market; and
- Expected dividend yield is zero as the Company has not paid and does not anticipate paying dividends on its redeemable common stock in the foreseeable future.

Application of these valuation approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events.

Recent Accounting Pronouncements

See Note 2. Summary of Significant Accounting Policies in the notes to our consolidated financial statements included elsewhere in this filing for a discussion about new accounting pronouncements adopted as of the date of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations within the United States, United Kingdom and Australia, and are exposed to market risk in the ordinary course of our business. Market risk is the risk of loss that may impact our financial position, future earnings, or future cash flows that may result from changes in financial market prices and rates. Our market risk is primarily a result of fluctuations in interest rates and inflation. We do not use derivative financial instruments for speculative, hedging, or trading purposes, although in the future we might enter into exchange rate hedging arrangements to manage the risks described below.

Interest Rate Risk

We had cash of \$739.7 million as of December 31, 2023, which consisted of cash, cash equivalents, and restricted cash held in deposit accounts at financial institutions, and money market funds held with financial institutions. Our cash is held for working capital and general corporate purposes. We do not enter into investments for trading or speculative purposes. Our cash holdings in interest bearing accounts are exposed to market risk due to fluctuations in interest rates, which may affect our interest income. As of December 31, 2023, we had no debt, and therefore no potential market risk for interest expense.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations. We continue to monitor the impact of inflation in order to reduce its effects through pricing strategies, productivity improvements, and cost reductions. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations.

Foreign Currency Risk

Our reporting currency is the U.S. dollar. The reporting and functional currency of our wholly-owned foreign subsidiaries is the U.S. dollar. All of our sales are denominated in U.S. dollars, and therefore our revenue is not subject to significant foreign currency risk.

Our operating expenses are denominated in the currencies of the countries in which our operations are located, which are primarily in the United States, the United Kingdom, and Australia. Our consolidated results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A hypothetical 10% increase or decrease in the relative value of the U.S. dollar would not have a material impact on our operating results.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Klaviyo, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Klaviyo, Inc. and subsidiaries (the “Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, changes in redeemable common stock and stockholders’ equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2023 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Boston, Massachusetts

February 29, 2024

We have served as the Company’s auditor since 2020.

Klaviyo, Inc.
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	As of,	
	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 738,562	\$ 385,820
Restricted cash	409	409
Accounts receivable, net of allowance for doubtful accounts	23,076	10,723
Deferred contract acquisition costs, current	15,198	11,215
Prepaid expenses and other current assets	26,244	19,336
Total current assets	803,489	427,503
Property and equipment, net	43,450	45,837
Right-of-use assets, net	36,987	45,695
Deferred contract acquisition costs, non-current	23,177	15,983
Restricted cash, non-current	686	687
Prepaid marketing expense	173,844	84,415
Other non-current assets	7,417	8,959
Total assets	\$ 1,089,050	\$ 629,079
Liabilities, Redeemable Common Stock, and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 13,597	\$ 8,890
Accrued expenses	62,838	36,126
Lease liabilities, current	14,081	14,864
Deferred revenue	40,100	25,109
Total current liabilities	130,616	84,989
Lease liabilities, non-current	37,498	47,544
Other non-current liabilities	6,159	876
Total liabilities	174,273	133,409
Redeemable Common Stock (Note 11)		
Redeemable common stock, \$0.001 par value, 0 and 64,046,223 shares issued and outstanding at December 31, 2023 and 2022, respectively.	\$ —	\$ 1,531,853
Stockholders' Equity (Deficit)		
Preferred stock: \$0.001 par value; 100,000,000 and 0 shares authorized; 0 and 0 shares issued; 0 and 0 shares outstanding at December 31, 2023 and 2022, respectively.	—	—
Series A common stock: \$0.001 par value; 3,000,000,000 and 0 shares authorized; 40,841,834 and 0 shares issued; 40,841,834 and 0 shares outstanding at December 31, 2023 and 2022, respectively.	41	—
Series B common stock: \$0.001 par value; 350,000,000 and 316,000,000 shares authorized; 218,524,009 and 170,882,108 shares issued; 218,524,009 and 170,855,313 shares outstanding at December 31, 2023 and 2022, respectively.	219	171
Additional paid-in capital	1,713,560	1,249,065
Accumulated deficit	(799,043)	(2,285,419)
Total stockholders' equity (deficit)	914,777	(1,036,183)
Total liabilities, redeemable common stock, and stockholders' equity (deficit)	\$ 1,089,050	\$ 629,079

The accompanying notes are an integral part of these consolidated financial statements

Klaviyo, Inc.
Consolidated Statements of Operations and Comprehensive Loss
(In Thousands, Except Share and Per Share Data)

	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 698,099	\$ 472,748	\$ 290,640
Cost of revenue	177,888	128,025	84,696
Gross profit	520,211	344,723	205,944
Operating expenses:			
Selling and marketing	394,369	213,848	156,342
Research and development	262,177	104,077	65,599
General and administrative	194,287	81,834	63,236
Total operating expenses	850,833	399,759	285,177
Operating loss	(330,622)	(55,036)	(79,233)
Other income (expense):			
Other (expense) income	(470)	388	28
Interest income	24,051	5,538	139
Interest expense	—	—	(8)
Total other income	23,581	5,926	159
Loss before income taxes	(307,041)	(49,110)	(79,074)
Provision for income taxes	1,192	83	319
Net loss	(308,233)	(49,193)	(79,393)
Comprehensive loss	\$ (308,233)	\$ (49,193)	\$ (79,393)
Net loss per share attributable to Series A and Series B common stockholders, basic and diluted	\$ (1.27)	\$ (0.21)	\$ (0.36)
Weighted average common shares outstanding, basic and diluted	242,889,272	229,857,206	220,865,179

The accompanying notes are an integral part of these consolidated financial statements

Klaviyo, Inc.
Consolidated Statements of Changes in Redeemable Common Stock and Stockholders' Equity (Deficit)
(In Thousands, Except Share and Per Share Data)

	Redeemable Common Stock		Series A Common Stock		Series B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Number of Shares	Amount	Number of Shares	\$0.001 Par Value	Number of Shares	\$0.001 Par Value			
Balance as of January 1, 2021	61,020,598	\$ 922,883	—	\$ —	151,048,048	\$ 151	\$ —	\$ (759,888)	\$ (759,737)
Issuance of common stock upon exercise of common stock options	—	—	—	—	8,267,207	8	5,845	—	5,853
Issuance of redeemable common stock, net of issuance costs of \$79	3,025,625	100,921	—	—	—	—	—	—	—
Accretion of redeemable common stock to redemption value	—	1,542,528	—	—	—	—	(145,582)	(1,396,945)	(1,542,527)
Issuance of common stock, net of issuance costs of \$270	—	—	—	—	7,339,392	8	244,797	—	244,805
Repurchase and retirement of common stock	—	—	—	—	(4,967,420)	(5)	(140,408)	—	(140,413)
Stock-based compensation expense	—	—	—	—	—	—	35,248	—	35,248
Vesting of restricted common stock	—	—	—	—	35,727	—	100	—	100
Vesting of restricted stock units	—	—	—	—	33,333	—	—	—	—
Net loss	—	—	—	—	—	—	—	(79,393)	(79,393)
Balance as of December 31, 2021	64,046,223	\$ 2,566,332	—	\$ —	161,756,287	\$ 162	\$ —	\$ (2,236,226)	\$ (2,236,064)
Issuance of common stock upon exercise of common stock options	—	—	—	—	1,551,963	2	1,632	—	1,634
Accretion of redeemable common stock to redemption value	—	(1,034,479)	—	—	—	—	1,034,479	—	1,034,479
Issuance of common stock, net of issuance costs of \$307	—	—	—	—	2,951,846	3	69,117	—	69,120
Issuance of investment option, net of issuance costs of \$135	—	—	—	—	—	—	30,438	—	30,438
Vested warrants related to collaboration agreement	—	—	—	—	—	—	106,455	—	106,455
Issuance of common stock upon exercise of collaboration agreement warrants	—	—	—	—	4,526,157	4	41	—	45
Stock-based compensation expense	—	—	—	—	—	—	6,802	—	6,802
Vesting of restricted common stock	—	—	—	—	35,727	—	101	—	101
Vesting of restricted stock units	—	—	—	—	33,333	—	—	—	—
Net loss	—	—	—	—	—	—	—	(49,193)	(49,193)
Balance as of December 31, 2022	64,046,223	\$ 1,531,853	—	\$ —	170,855,313	\$ 171	\$ 1,249,065	\$ (2,285,419)	\$ (1,036,183)

Klaviyo, Inc.
Consolidated Statements of Changes in Redeemable Common Stock and Stockholders' Equity (Deficit) (cont.)
(In Thousands, Except Share and Per Share Data)

Issuance of common stock upon exercise of common stock options	—	—	—	—	2,419,308	3	4,141	—	4,144
Issuance of common stock upon vesting of restricted stock units	—	—	27,250	—	7,179,136	7	(7)	—	—
Accretion of redeemable common stock to redemption value	—	399,685	—	—	—	—	(399,685)	—	(399,685)
Issuance of common stock upon exercise of collaboration agreement warrants	—	—	—	—	6,051,285	6	56	—	62
Stock-based compensation expense	—	—	—	—	—	—	342,148	—	342,148
Vesting of restricted common stock	—	—	—	—	26,795	—	75	—	75
Vested warrants related to the collaboration agreement	—	—	—	—	—	—	142,326	—	142,326
Issuance of common stock in connection with Initial Public Offering, net of underwriters' discounts, commissions and offering costs of \$25,135	—	—	11,507,693	12	—	—	320,084	—	320,096
Shares withheld for tax withholding upon vesting of restricted stock units	—	—	(11,874)	(1)	(2,735,286)	(2)	(81,508)	—	(81,511)
Reclassification of redeemable common stock to Series B common stock	(64,046,223)	(1,931,538)	—	—	64,046,223	64	136,865	1,794,609	1,931,538
Conversion of Series B common stock to Series A common stock upon shareholder election and vesting of certain equity awards	—	—	27,548,447	28	(27,548,447)	(28)	—	—	—
Conversion of Series B common stock to Series A common stock upon exercise of greenshoe option	—	—	1,770,318	2	(1,770,318)	(2)	—	—	—
Net loss	—	—	—	—	—	—	—	(308,233)	(308,233)
Balance as of December 31, 2023	—	\$ —	40,841,834	\$ 41	218,524,009	\$ 219	\$ 1,713,560	\$ (799,043)	\$ 914,777

The accompanying notes are an integral part of these consolidated financial statements

Klaviyo, Inc.
Consolidated Statements of Cash Flow
(In Thousands)

	Year Ended December 31,		
	2023	2022	2021
Operating activities			
Net loss	\$ (308,233)	\$ (49,193)	\$ (79,393)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	13,651	9,040	5,269
Non-cash operating lease costs	12,997	11,831	9,120
Amortization of deferred contract acquisition costs	15,764	10,613	3,358
Amortization of prepaid marketing expense	52,897	22,040	—
Loss on disposal of property and equipment	6	—	5
Bad debt expense	524	734	1,819
Stock-based compensation expense	340,799	6,802	35,248
Deferred income tax	(3,229)	—	—
Other	118	75	42
Changes in operating assets and liabilities:			
Accounts receivable	(12,877)	(5,164)	(5,086)
Deferred contract acquisition costs	(26,941)	(20,195)	(11,277)
Prepaid expenses, prepaid taxes, and other assets	(2,375)	(5,180)	(14,124)
Accounts payable	4,505	(21,115)	23,900
Accrued expenses	26,666	15,377	13,047
Deferred revenue	14,991	10,017	6,426
Operating lease liabilities	(15,197)	(9,272)	(10,138)
Other non-current liabilities	5,305	38	(954)
Net cash provided by (used in) operating activities	119,371	(23,552)	(22,738)
Investing activities			
Acquisition of property and equipment	(3,653)	(15,821)	(13,023)
Capitalization of software development costs	(5,705)	(2,424)	(987)
Purchase of indefinite-lived intangible assets	—	—	(222)
Acquisition of business	—	(500)	—
Net cash used in investing activities	(9,358)	(18,745)	(14,232)
Financing activities			
Proceeds from exercise of common stock options	4,216	1,718	5,965
Cash paid for finance leases	(21)	(21)	(16)
Cash paid to repurchase shares of common stock	—	—	(140,413)
Proceeds from exercise of warrants	62	45	—
Proceeds from issuance of common stock, net of issuance costs	—	99,558	345,726
Proceeds from issuance of common stock in initial public offering, net of issuance costs	320,096	—	—
Employee taxes paid related to net share settlement of stock-based awards	(81,625)	—	—
Net cash provided by financing activities	242,728	101,300	211,262
Net increase in cash, cash equivalents, and restricted cash	352,741	59,003	174,292
Cash, cash equivalents, and restricted cash, beginning of period	386,916	327,913	153,621
Cash, cash equivalents, and restricted cash, end of period	\$ 739,657	\$ 386,916	\$ 327,913

Klaviyo, Inc.
Consolidated Statements of Cash Flow
(In Thousands)

Supplemental disclosures of cash flow information:

Cash paid for income taxes	\$	283	\$	204	\$	70
Cash paid for interest	\$	—	\$	—	\$	8
Cash paid for operating lease liabilities, net of tenant incentives received	\$	15,197	\$	9,272	\$	10,824

Non-cash investing and financing activities

Recognition of prepaid marketing asset	\$	142,326	\$	106,455	\$	—
Vesting of restricted common stock	\$	75	\$	101	\$	100
Accretion of common stock subject to redemption	\$	(399,685)	\$	1,034,479	\$	(1,542,527)
Unpaid purchases of property and equipment	\$	472	\$	44	\$	1,985
Reclassification of redeemable common stock to Series B common stock	\$	1,931,538	\$	—	\$	—
Capitalization of stock-based compensation expense related to internal-use software	\$	1,349	\$	—	\$	2

The accompanying notes are an integral part of these consolidated financial statements

Klaviyo, Inc.
Notes to the Consolidated Financial Statements

1. Organization and Business Description

Klaviyo, Inc. (the “Company”) is a technology company that provides a software-as-a-service (“SaaS”) platform to enable its customers to send the right messages at the right time across email, short message service (“SMS”) and push notifications, more accurately measure and predict performance, and deploy specific actions and campaigns. Our reviews add-on allows for the collection of product reviews within our platform and our Customer Data Platform (“CDP”) offering gives user-friendly ways to track, transform, and cleanse data as well as run more advanced reporting and predictive analysis to drive revenue growth. The platform combines proprietary data and application layers into one solution with machine learning and artificial intelligence capabilities. The Company focused on marketing automation within eCommerce as its first application use case.

The Company generates revenue through the sale of subscriptions to its customers for the use of its platform. Subscription plans are tiered based on the number of consumer profiles stored on the Company’s platform and the number of emails and SMS messages sent.

The Company is headquartered in Boston, Massachusetts and was incorporated in the state of Delaware on September 14, 2012. The Company has three wholly-owned subsidiaries located in the United Kingdom, Australia, and the United States.

Initial Public Offering

On September 22, 2023, the Company completed its initial public offering of 19,200,000 shares of our Series A common stock at a price to the public of \$30.00 per share. The Company sold 11,507,693 of such shares and certain existing stockholders sold an aggregate of 7,692,307 of such shares. We received net proceeds from the IPO of approximately \$320.1 million, after deducting approximately \$17.7 million in underwriting discounts and commissions, and \$7.4 million in offering-related expenses. In connection with the IPO, all shares of the Company’s redeemable common stock automatically converted into 64,046,223 shares of Series B common stock. In connection with and immediately subsequent to the IPO, 21,233,074 shares of Series B common stock were converted to shares of Series A common stock. On October 19, 2023, the underwriters for the IPO exercised their option to purchase additional shares granted in connection with the IPO, with respect to 2,764,066 shares of Series A common stock of a possible 2,880,000 shares. The Company received no proceeds from this transaction, as the option was an option to purchase additional shares of Series A common stock from certain existing stockholders.

All restricted stock units (“RSUs”) granted to employees prior to the IPO vested upon the satisfaction of both a service condition and a liquidity event condition. These RSUs with both a service condition and liquidity event condition are collectively referred to as “Double-Trigger Awards” and are described in more detail within *Note 12. Stock-Based Compensation*.

Upon the IPO, the vesting of certain warrants issued under the Shopify Collaboration Agreement accelerated. Specifically, the vesting associated with 3,935,793 of the outstanding warrants was accelerated resulting in an increase to Prepaid Marketing Expense of \$92.6 million. See *Note 2. Summary of Significant Accounting Policies* for additional detail on the warrants issued in connection with the Shopify Collaboration Agreement.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Any reference in these notes to applicable guidance is

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Notes to the Consolidated Financial Statements

meant to refer to the authoritative GAAP as found in the Accounting Standards Codification (“ASC”) and Accounting Standards Updates (“ASUs”) of the Financial Accounting Standards Board (“FASB”).

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The Company expects to use the extended transition period for any other new or revised accounting standards during the period in which it remains an emerging growth company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include, but are not limited to, the allowance for doubtful accounts, determination of revenue recognition under ASC 606, estimated benefit period of deferred contract acquisition costs, estimated life of prepaid marketing expense, and historical valuation of common stock and stock-based compensation, including fair value of the investment option and warrants.

The Company evaluates estimates based on historical and anticipated results, trends, and various other assumptions. The Company assesses these estimates on a regular basis; however, actual results could differ from these estimates.

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s CODM is its Chief Executive Officer. The Company has determined that it operates in one operating segment and one reportable segment as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Revenue Recognition

The Company provides a SaaS solution for personalized email and SMS marketing services through a cloud-based analytics platform. The core functionalities of the software are segmentation of users’ customer lists to facilitate targeted messaging via email and SMS and the use of data science and analytics to evaluate historical sales and predict consumer activity. Revenues are derived primarily from subscription revenues, which are comprised of subscription fees from customers accessing its hosted platform services for targeted messaging.

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Contractual subscriptions for customers generally auto-renew on either a monthly, quarterly, or annual basis, and customers may elect not to renew by providing at least five days' advance notice for contracts on a monthly billing cycle and thirty days' advance notice for contracts with any other billing cycle. The customer does not have the right to take possession of the Company's software. Subscription pricing is determined based on a customer's profile and messaging count and monthly messaging quantities and is considered fixed, based on a tiered pricing structure. Variable consideration in the Company's contracts is not material but represents the overage charges incurred by customers who exceed their allotments.

The Company recognizes revenue under the core principle to depict the transfer of control to the Company's customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company evaluates its revenue arrangements under the five-step model as follows: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when or as the Company satisfies a performance obligation.

Typically, the SaaS subscription contracts consist of a single performance obligation, and revenue is recognized over time as the performance obligation is satisfied. The performance obligation is deemed to be satisfied ratably as the customer simultaneously receives and consumes the services that the Company performs and typically have the same term. Due to the term of a majority of the Company's contracts being less than one year, the Company has determined a significant financing component does not exist.

The Company accounts for individual performance obligations separately if they have been determined to be distinct (i.e., the services are separate if identifiable from other items in the arrangement and the customer can benefit from them on their own or with other resources that are readily available to the customer). The transaction price is allocated to the distinct performance obligations on a relative stand-alone selling price basis. Stand-alone selling prices are determined based on the prices at which the Company separately sells subscriptions.

Sales taxes collected from customers and remitted to government authorities are excluded from revenue. The Company incurs fees based on transaction volume and dollars processed through its credit card processor which are classified as general and administrative expense. Through the Company's credit card processor, all receivables related to credit cards are collected within three business days.

Cost of Revenue

Cost of revenue consists of costs related to supporting and hosting the Company's software platform and channel offering for paying customers. These costs primarily include cloud-based infrastructure costs, outbound communication sending costs, employee-related costs including payroll, benefits, bonuses, and stock-based compensation expense related to the customer support team, amortization of capitalized internal-use software development costs, and allocated overhead costs, including rent, facilities, depreciation, and costs related to information technology.

Deferred Revenue

Deferred revenue primarily consists of billings in advance of revenue recognition from subscription services and is recognized as the revenue recognition criteria is met.

The Company generally bills its subscription customers monthly on the first day of the subscription term. Deferred revenue that is expected to be recognized during the succeeding 12-month period is recorded as deferred revenue.

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Deferred Contract Acquisition Costs

Deferred contract acquisition costs are incremental costs incurred in connection with acquiring a customer contract and consists primarily of sales commissions and the associated payroll taxes. The Company expects to benefit from those costs for more than one year as the Company primarily pays sales commissions on the initial contract, and there are no commensurate commissions paid on contract renewals.

Deferred contract acquisition costs are amortized on a basis consistent with the transfer of the services to which the asset relates. This results in capitalized costs being recognized on a ratable basis over the estimated period of future benefit ranging from 18 months to 60 months. The Company estimates the future period of benefit considering the size of the customer, the current contract term, the impact of estimated customer renewal terms, and the estimated life of the technology solution underlying the contracts. The Company periodically reviews the carrying amount of capitalized costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit.

As of December 31, 2023 and 2022, deferred contract acquisition costs expected to be recognized within one year were \$15.2 million and \$11.2 million, respectively, and deferred contract acquisition costs expected to be recognized beyond one year were \$23.2 million and \$16.0 million, respectively.

Shopify Collaboration Agreement

On July 28, 2022, the Company entered into a collaboration agreement with Shopify Inc. and certain of its affiliates (collectively, “Shopify”) to form a strategic relationship for the purposes of creating greater interoperability between the Klaviyo and Shopify platforms and forming a strategic product, distribution, and marketing relationship. Shopify became a related party upon execution of this agreement. The collaboration agreement has a term of 7 years and automatically renews for successive one-year periods unless the Company or Shopify provides written notice of non-renewal. In connection with the collaboration agreement, the Company entered into 3 separate agreements including a revenue sharing agreement, common stock warrant agreement, and stock purchase agreement.

Under the revenue sharing agreement, the Company will make payments to Shopify in exchange for marketing services received under the collaboration agreement, which are comprised of payments for the Shopify Core Revenue Share and payments for the Shopify Plus Integration Fee. These payments are calculated as follows:

- *Shopify Core Revenue Share:* For all revenue generated through the use of the Company’s email and SMS marketing applications by Shopify merchants designated as “Shopify Core Merchants” in respect of leads attributed to Shopify, the Company is obligated to pay Shopify a percentage of such revenues or the amounts owed to Shopify under the terms of Shopify’s standard partnership agreements applicable to all Shopify partners, which is 15% of any revenues exceeding a \$1 million threshold.
- *Shopify Plus Integration Fee:* On a monthly basis, the Company is required to pay Shopify a fee (“Shopify Plus Integration Fee” or “Integration Fee”), subject to an annual increase at Shopify’s election (up to a maximum increase of not more than a percentage calculated through a formula provided in the revenue sharing agreement), with respect to each Shopify Plus Merchant where all of the following circumstances apply: (a) the Shopify Plus Merchant was on Shopify’s Plus program at the end of the relevant month; (b) one or more of the Shopify Plus Merchant’s covered stores has the Company’s application installed at both the beginning and at the end of the relevant month; and (c) the Company’s application received a webhook request and/or made any Application Programming Interface calls against one or more of the Shopify Plus Merchant’s covered stores in the relevant month (i.e., the Company’s application is integrated with the Shopify platform and data is flowing between them).

The Company determined that Shopify is a vendor and not a customer, as the collaboration agreement is a services contract under which the Company is receiving marketing services from Shopify in exchange for payments under the

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revenue sharing agreement. The revenue sharing agreement is a mechanism for Shopify to be compensated for the customer acquisition and marketing services Shopify is providing to the Company. Shopify is not a reseller or distributor of the Company's Platform, nor does Shopify provide any services on the Company's behalf. During the year ended December 31, 2023, the Company incurred \$21.9 million related to fees paid under the revenue sharing agreement. During the year ended December 31, 2022, the Company incurred an aggregate of \$16.2 million fees paid to Shopify pursuant to revenue sharing arrangements, inclusive of \$7.7 million paid to Shopify pursuant to the terms of the Shopify revenue sharing agreement and \$8.5 million paid to Shopify pursuant to the terms of our prior agreement with Shopify that was in place prior to, and replaced by, the Shopify revenue sharing agreement. As of December 31, 2023 and 2022, the Company had \$4.5 million and \$2.7 million, respectively, in accrued expenses owed to Shopify for fees payable under the revenue sharing agreement.

As consideration for the collaboration agreement, the Company also issued warrants that allow Shopify to purchase up to 15,743,174 shares of common stock at a price of \$0.01 per share, of which 25% of the warrants vested on the grant date on July 28, 2022, and the remaining 75% of the warrants vest quarterly over the remaining 5 year period. The aggregate grant date fair value of the warrants was \$370.3 million and will be capitalized to prepaid marketing expense as the warrants vest. The prepaid marketing expense asset is amortized into selling and marketing expense on a straight-line basis over the expected benefit period, which is the 7 year term of the collaboration agreement.

Pursuant to the common stock warrant agreement, upon the Company's IPO, 25% of the total number of warrants were accelerated, and the remaining unvested portion vests quarterly over the remaining term. During the years ended December 31, 2023 and 2022, the Company capitalized prepaid marketing expense of \$142.3 million and \$106.5 million related to the vested warrants, respectively. For the years ended December 31, 2023 and 2022, the Company recorded marketing expense of \$52.9 million and \$22.0 million, respectively, in the Consolidated Statements of Operations and Comprehensive Loss as a component of selling and marketing expense related to the amortization of the prepaid marketing expense. As of December 31, 2023 and 2022, the Company's prepaid marketing expense is \$173.8 million and \$84.4 million, respectively. As of December 31, 2023, there is \$295.4 million of unrecognized marketing expense related to the warrants that will be recognized over 5.6 years. Refer to *Note 11. Redeemable Common Stock, Common Stock, and Stockholders' Equity (Deficit)* for further discussion of the warrants.

On June 24, 2022, the Company entered into a stock purchase agreement with Shopify. On the closing date of July 28, 2022, Shopify purchased 2,951,846 shares of common stock for \$33.88 per share. The stock purchase agreement gives Shopify the right to purchase 15,743,174 additional shares of common stock for \$88.93 per share (the "Investment Option"). The common stock and Investment Option were determined to be freestanding financial instruments purchased at fair value and were accounted for separately from the collaboration agreement, revenue sharing agreement, and common stock warrant. Refer to *Note 11. Redeemable Common Stock, Common Stock, and Stockholders' Equity (Deficit)* for further discussion of the common stock purchase and Investment Option.

Research and Development Costs

Research and development costs are expensed as incurred, unless they qualify as capitalized internal-use software development costs. Research and development costs consist primarily of personnel-related expenses associated with the Company's research and development staff, including salaries, benefits, bonuses, and stock-based compensation.

Advertising Costs

Advertising costs are expensed as incurred. During the years ended December 31, 2023, 2022 and 2021, the Company incurred advertising expenses, which are included within selling and marketing expenses on the Consolidated Statements of Operations and Comprehensive Loss, in the amount of \$41.6 million, \$40.3 million, and \$41.9 million, respectively.

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Stock-Based Compensation

The Company recognizes stock-based compensation on awards granted under two stock compensation plans, which are described in more detail in *Note 12. Stock-Based Compensation*.

The Company measures stock-based compensation awards, including stock options and RSUs, based on the estimated fair value of the awards on the date of grant. Stock-based compensation expense is recorded for awards issued to employees and non-employees at fair value with a corresponding increase in additional paid-in capital. For awards with service conditions only, the Company recognizes compensation expense on a straight-line basis over the requisite service period of the award. Forfeitures are recognized when they occur.

RSUs granted under the Company's 2015 Stock Incentive Plan are subject to both service-based and performance-based vesting conditions, whereby the performance condition is satisfied upon occurrence of a liquidity event. Compensation cost related to awards with liquidity-based vesting conditions has been recognized through December 31, 2023, as the Company's registration statement on Form S-1 filed with the SEC in connection with the IPO became effective on September 19, 2023, which satisfied the liquidity-based vesting condition of the Double-Trigger RSUs. Compensation expense for these awards with both a service and performance condition are expensed under the accelerated attribution method which includes a cumulative catch up recorded upon the IPO for services that had been completed as of the IPO. The remaining expense for these awards is recognized using the accelerated attribution method over the remaining service period. The fair value of each RSU grant is calculated based on the estimated fair value of the Company's common stock on the date of grant, or, if modified, the date of modification.

RSUs granted under the Company's 2023 Stock Option and Incentive Plan are for shares of Series A common stock and are currently subject to service-based vesting conditions only. Compensation costs related to these awards are recognized using the straight-line method over the service period of the award. The fair value of each RSU grant is calculated based on the fair value of the Company's Series A common stock on the date of grant, or, if modified, the date of modification.

Until our IPO, given the absence of an active market for the Company's common stock, management and the Company's Board of Directors (the "Board") were required to estimate the fair value of the Company's common stock at the time of each grant of a stock-based compensation award. The Company and the Board utilized various valuation methodologies in accordance with the framework of the American Institute of Certified Public Accountants' *Technical Practice Aid, Valuation of Privately Held Company Equity Securities Issued as Compensation* to estimate the fair value of its common stock. Each valuation methodology includes estimates and assumptions that require the Company's judgment. These estimates and assumptions include a number of objective and subjective factors in determining the value of the Company's common stock at each grant date, including the following factors:

- prices paid for the Company's capital stock, which the Company has sold to outside investors in arm's-length transactions, considering the rights and privileges of the securities sold relative to the common stock;
- prices paid for shares of its common stock sold in secondary market transactions;
- valuations performed by an independent valuation specialist;
- the Company's stage of development and revenue growth;
- the market performance of comparable publicly traded companies;
- adjustments necessary to recognize a lack of marketability for the common stock underlying the granted options and RSUs;

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- the likelihood of achieving a liquidity event for the common stock underlying the stock-based awards, such as an IPO or sale of the Company, given prevailing market conditions; and
- the U.S. and global economic and capital market conditions and outlook.

Following the Company's IPO, there is an active market for its Series A common stock which is utilized to measure the fair value of the Company's underlying shares.

Redeemable Common Stock

Redeemable common stock represents shares of the Company's common stock that are redeemable at the option of the investor after a specified date. The initial carrying amount of redeemable common stock is equal to the respective issuance date fair value of the common stock subject to redemption, less issuance costs. The carrying amount is adjusted to equal the redemption value, which is equal to the fair value of a single share of common stock at the end of each reporting period. The carrying amount is subject to a floor equal to the initial carrying amount. The resulting changes in the redemption value are recorded with corresponding adjustments against retained earnings, if available, additional paid-in capital or accumulated deficit. Redeemable common stock is classified outside of permanent equity on the Consolidated Balance Sheets as the redemption option is outside of the Company's control. As the redemption feature applicable to certain shares of the Company's common stock was terminated upon the IPO, all shares of the Company's redeemable common stock converted into 64,046,223 shares of Series B common stock upon the effectiveness of the Company's registration statement on Form S-1 filed with the SEC on September 19, 2023. Refer to *Note 11. Redeemable Common Stock, Common Stock, and Stockholders' Equity (Deficit)* for further discussion.

Non-Vested Restricted Common Stock

The Company may grant non-vested restricted common stock to employees, directors, and consultants with or without cash consideration. These grants contain certain restrictions on the sale of the shares. Non-vested restricted common stock are considered issued, but not outstanding, for accounting purposes until they vest. Upon termination of the relationship with a holder of the non-vested restricted common stock, the Company has the right to repurchase the non-vested restricted common stock at the price paid by the holder or, if there was no consideration, a price per share as defined in the Company's agreement with the holder of the restricted common stock. All restricted common stock was vested as of December 31, 2023.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"), which utilizes the asset and liability method for the financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the expected future tax consequences of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. The amount of any future tax benefit associated with deferred tax assets is reduced by a valuation allowance when there is uncertainty that those tax benefits will be realized.

The Company accounts for uncertain tax positions using a more-likely-than-not recognition threshold in accordance with ASC 740. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity, and changes in facts or circumstances related to a tax position. Interest and penalties related to uncertain tax positions are included as a component of income tax expense.

As of December 31, 2023 and 2022, the Company has no recorded liabilities for uncertain tax positions and has no accrued interest or penalties related to uncertain tax positions.

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Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of \$1.5 million and \$2.3 million as of December 31, 2023 and 2022, respectively. The allowance for doubtful accounts is established to represent the Company's best estimate of the net realizable value of the outstanding amount of receivables that it will be unable to collect. The development of the Company's allowance for doubtful accounts is based on a review of factors such as the customer's payment history, historical loss patterns, the general economic climate, age, and past due status of invoices. If circumstances relating to specific customers change or unanticipated changes occur in the general business environment, the Company's estimates of the recoverability of receivables could be further adjusted.

The allowance for doubtful accounts consists of the following activity (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance at beginning of the period	\$ 2,253	\$ 1,917	\$ 125
Provisions for uncollectible accounts, net of recoveries	28	1,224	1,792
Write offs	(802)	(888)	—
Balance at end of the period	<u>\$ 1,479</u>	<u>\$ 2,253</u>	<u>\$ 1,917</u>

Accounts receivable is shown inclusive of unbilled accounts receivable of \$1.8 million and \$0.5 million as of December 31, 2023 and 2022, respectively. The unbilled accounts receivable is made up entirely of overages incurred by customers who have exceeded their subscription allotment as of period end but are not yet due for their period end billing.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents. As of December 31, 2023, the Company had cash equivalents of \$314.5 million in money market funds. As of December 31, 2022, the Company did not have cash equivalents.

As of December 31, 2023 and 2022, the Company had a current restricted cash balance of \$0.4 million and \$0.4 million, respectively. As of December 31, 2023 and 2022, the Company had a non-current restricted cash balance of \$0.7 million and \$0.7 million, respectively. Restricted cash at December 31, 2023 and 2022 related to the Company's required collateral to fund payroll and credit card obligations in its Australian entity as well as collateral required to be held as a result of the Company's office lease in Australia. Restricted cash is included in current assets for obligations that expire within one year and is included in non-current assets for assets that expire more than one year from the balance sheet date.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the Consolidated Balance Sheets to the total of the amounts reported in the Consolidated Statements of Cash Flow (in thousands):

	As of,	
	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 738,562	\$ 385,820
Restricted cash - current	409	409
Restricted cash - non-current	686	687
Total cash, cash equivalents, and restricted cash	<u>\$ 739,657</u>	<u>\$ 386,916</u>

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Concentrations of Credit Risk, Significant Customers, and Vendors

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash, restricted cash, and accounts receivable.

The Company maintains its cash and restricted cash at accredited financial institutions. Bank accounts in the United States are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of December 31, 2023 and 2022, the Company’s primary operating accounts significantly exceeded federally insured limits. The Company does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Credit risk with respect to accounts receivable is dispersed due to the Company’s large number of customers. The Company routinely assesses the creditworthiness of its customers. The Company does not require collateral. The Company maintains an allowance for potentially uncollectible accounts receivable. Accounts receivable is stated at the amount management expects to collect from outstanding balances. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company’s accounts receivable.

Significant concentrations of credit risk constitute customers that represent 10% or more of accounts receivable. As of December 31, 2023 and 2022, no individual customer accounted for more than 10% of accounts receivable. Additionally, there were no customers that represented 10% or more of the Company’s revenue for the fiscal years ended December 31, 2023, 2022, and 2021.

The Company had certain vendors who individually represented 10% or more of the Company’s total vendor expenditures. For the year ended December 31, 2023, three vendors represented 19%, 14%, and 12% of total vendor expenditures, respectively. For the year ended December 31, 2022, two vendors represented 19% and 13% of total vendor expenditures, respectively. For the year ended December 31, 2021, one vendor represented 25% of total vendor expenditures, and no other vendors represented 10% or more of total expenditures for the year.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets using the straight-line method. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation, are removed from the accounts, and any resulting gain or loss is included in the determination of net income or loss in the period of retirement. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major improvements are capitalized as additions to property and equipment. The estimated useful lives of the Company’s property and equipment are as follows:

Office equipment	5 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of lease term or useful life
Asset retirement cost	Lesser of lease term or 5 years

Asset Retirement Obligations (“ARO”)

As part of the build out of the Company’s headquarters in Boston, Massachusetts, the Company built an internal staircase connecting multiple floors. This staircase required the removal of ground space to connect the floors. The lease agreement requires the Company to incur the costs required to restore the leased space to its original condition. During fiscal year 2020, on the lease commencement date, the Company established an ARO based on the present value of

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contractually required estimated future costs to retire long-lived assets at the termination or expiration of a lease and to return the space to its original condition. The asset associated with the ARO is amortized over the lease term or 5 years to operating expense, and the ARO is accreted to the end of lease obligation value over the same term. The ARO established by the Company is described in more detail in *Note 5. Property and Equipment, Net*.

Capitalized Internal-Use Software

The Company capitalizes qualifying costs incurred during the application development stage in connection with the development of internal-use software, which are included on the Consolidated Balance Sheets as a component of property and equipment, net. Costs related to preliminary project activities and post-implementation stages of software development are expensed as incurred.

Costs capitalized as internal-use software development costs include eligible salaries, stock-based compensation, and other compensation-related costs of employees and costs incurred in developing new features and enhancements when the costs will result in additional functionality. Capitalized internal-use software development costs are amortized on a straight-line basis over their estimated useful life of 3 years. Computer software development costs that do not qualify for capitalization are expensed as incurred.

Capitalization begins when the preliminary project stage is complete, management authorizes and commits to the funding of the software project with appropriate authority, it is probable the project will be completed, the software will be used to perform the functions intended, and certain functional and quality standards have been met.

Leases

The Company determines whether an arrangement contains a lease at inception. At the commencement date, the Company will perform the classification tests to determine whether its leases are operating or financing and recognize the related lease liability and right-of-use ("ROU") asset. The Company, as the lessee, recognizes in the Consolidated Balance Sheets a liability to make lease payments and an ROU asset representing the right to use the underlying asset for both finance and operating leases with a lease term longer than twelve months. Lease liabilities and their corresponding ROU assets are recognized based on the present value of unpaid lease payments over the expected lease term.

The Company has elected the following practical expedients: (1) not to separate lease and non-lease components for all asset classes and (2) not to recognize leases with a term of 12 months or less on the Consolidated Balance Sheets for all asset classes.

The Company leases office space and office equipment under non-cancelable operating leases ranging from 1 to 8 years. Certain leases include options to extend the leases for up to 5 years. These options will be included in the lease term when they are reasonably certain to be exercised. The Company's leases generally do not include options to terminate the leases or to purchase the underlying asset.

The Company's leases are primarily fixed payments. Certain of the Company's leases include variable lease payments, generally related to the lessor's operating costs associated with the underlying asset, which are expensed as incurred. The Company's leases generally do not contain residual value guarantees.

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate ("IBR") to calculate the present value of future minimum lease payments, which is the estimated rate the Company would be required to pay for fully collateralized borrowing over the period similar to lease terms. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

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Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the U.S. dollar ("USD"). In certain instances, the Company enters into transactions that are denominated in a currency other than the USD. At the date that such transaction is recognized, each asset, liability, revenue, expense, gain, or loss arising from the transaction is measured and recorded in USD using the exchange rate in effect at that date. At each balance sheet date, recorded monetary balances denominated in a currency other than the USD are adjusted to USD using the exchange rate at the balance sheet date, with gains or losses recognized in other, net in the consolidated statements of operations. Foreign currency translation gains and losses were immaterial for the periods presented.

Fair Value Measurements

Certain assets and liabilities are carried at fair value in accordance with Accounting Standards Codification ASC 820, *Fair Value Measurement* ("ASC 820"). Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities
- *Level 2* – Observable inputs (other than level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

As of December 31, 2023 and 2022, the Company's carrying amounts of financial instruments, including cash, restricted cash, accounts receivable, accounts payable, and accrued liabilities approximate their fair values due to their short-term maturities.

Certain non-financial assets, such as intangible assets, right of use assets, and property and equipment, are measured at fair value on a non-recurring basis and are adjusted to fair value only if an impairment charge is recognized. Such fair value measures are considered to be within the Level 3 valuation hierarchy due to the subjective nature of the unobservable inputs used. The Company has not recorded any impairment charges during any of the periods presented.

Loss Per Share

In accordance with FASB ASC 260, *Earnings Per Share*, the basic net loss per share attributable to Series A and Series B common stockholders is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the applicable period.

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Diluted net loss per share attributable to Series A and Series B common stockholders is computed in the same manner as basic net income loss per share as the inclusion of all potentially dilutive securities outstanding would be antidilutive. See *Note 13. Loss Per Share* for further information.

Impairment of Long-Lived Assets

The Company periodically evaluates all long-lived assets or asset groups for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset. There was no impairment identified during the years ended December 31, 2023, 2022, and 2021.

Recent Accounting Pronouncements

The Company has implemented all applicable accounting pronouncements that are in effect. In November 2023, the FASB issued Accounting Standards Update ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires disclosure of incremental segment information on an interim and annual basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal periods beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact of the guidance on the consolidated financial statements and disclosures. There are no other new accounting pronouncements that have been issued that would have a material impact on its financial position or results of operations.

3. Revenue Recognition

Disaggregation of Revenue

Revenue by geographic area, based on the location of the Company's customers, was as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Americas:			
United States	\$ 443,471	\$ 307,222	\$ 197,263
Other Americas ⁽¹⁾	38,180	26,790	15,758
APAC ⁽¹⁾⁽²⁾	72,797	47,905	27,574
EMEA ⁽¹⁾⁽³⁾	143,651	90,831	50,045
Total Revenue	<u>\$ 698,099</u>	<u>\$ 472,748</u>	<u>\$ 290,640</u>

(1) Other than the United States, no other individual country accounted for 10% or more of total revenue for any of the periods presented.

(2) Asia-Pacific

(3) Europe, the Middle East and Africa

Deferred Revenue

The change in deferred revenue reflects billings during the period for which the performance obligation was not satisfied prior to the end of the period, partially offset by revenues recognized during the period. The following table summarizes the changes in the balance of deferred revenue during the periods presented (in thousands):

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	Year Ended December 31,	
	2023	2022
Balance at beginning of the period	\$ 25,109	\$ 15,092
Plus: Billings during the period	713,090	482,765
Less: Revenue recognized during the period	(698,099)	(472,748)
Balance at end of the period	<u>\$ 40,100</u>	<u>\$ 25,109</u>

For the years ended December 31, 2023 and 2022, revenue recognized from amounts included in deferred revenue at the beginning of the period was \$25.1 million and \$15.1 million, respectively.

Remaining Performance Obligations

Remaining performance obligations represents the amount of contracted future revenue that has not yet been recognized, including deferred revenue. As of December 31, 2023, the Company's remaining performance obligations are \$83.3 million, of which \$79.4 million is expected to be recognized within the next twelve months and \$3.9 million is expected to be recognized during a period greater than twelve months.

4. Fair Value Measurements

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis at the periods indicated below, by level within the fair value hierarchy (in thousands):

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	\$ 314,511	\$ —	\$ —	\$ 314,511
Total	<u>\$ 314,511</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 314,511</u>

As of December 31, 2023, certain of the Company's cash equivalents were held in money market funds. The Company's investments in money market funds are classified within Level 1 of the fair value hierarchy as they are valued using quoted market prices in active markets.

As of December 31, 2022, the Company did not have assets or liabilities carried at fair value.

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5. Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	December 31, 2023	As of, December 31, 2022
Capitalized internal-use software	\$ 11,682	\$ 4,460
Office equipment	3,633	3,203
Computer equipment	2,939	639
Furniture and fixtures	7,242	6,683
Leasehold improvements	45,768	45,228
Construction-in-progress	78	82
Asset retirement cost	643	643
Total property and equipment	71,985	60,938
Less accumulated depreciation and amortization	(28,535)	(15,101)
Total property and equipment, net	\$ 43,450	\$ 45,837

In the years ended December 31, 2023, 2022, and 2021, depreciation and amortization expense related to property and equipment was approximately \$13.7 million, \$8.9 million, and \$5.3 million, respectively.

During the years ended December 31, 2023 and 2022, the Company capitalized \$7.0 million and \$2.4 million of internal-use software development costs, respectively. Of the \$7.0 million internal-use software development costs capitalized during the year ended December 31, 2023, \$1.3 million is attributable to stock-based compensation expense. During the year ended December 31, 2022, the Company did not capitalize any stock-based compensation expense related to services performed on capitalized software development projects. The Company recorded amortization expense associated with its capitalized internal-use software development costs of \$1.8 million, \$0.7 million, and \$0.4 million for the years ended December 31, 2023, 2022, and 2021. Amortization expense is included in cost of revenue in the Consolidated Statements of Operations and Comprehensive Loss.

The asset retirement obligation is included in other non-current liabilities on the Consolidated Balance Sheets. Asset retirement obligation activity is as follows (in thousands):

	Year Ended December 31, 2023	2022
Beginning balance	\$ 722	\$ 685
Additions	—	—
Accretion	39	37
Ending balance	\$ 761	\$ 722

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6. Accrued Expenses

The following table presents components of accrued expenses (in thousands):

	As of,	
	December 31, 2023	December 31, 2022
Accrued compensation and employee related costs	\$ 25,644	\$ 16,926
Accrued sabbatical	3,394	—
Accrued value added tax	7,530	4,937
Other accrued taxes	6,830	1,754
Accrued cost of revenue	6,656	7,923
Accrued professional services	3,605	2,297
Accrued marketing	6,374	980
Other accrued expenses	2,805	1,309
Total accrued expenses	<u>\$ 62,838</u>	<u>\$ 36,126</u>

7. Commitments and Contingencies
Contractual Obligations and Commitments

The Company has material long-term non-cancellable contractual obligations outstanding with marketing vendors and various service providers. Future minimum payments under the Company's non-cancellable purchase commitments as of December 31, 2023, are presented in the table below (in thousands):

Year Ending December 31,	Contractual Commitments
2024	\$ 117,668
2025	116,965
2026	70,761
2027	40,833
2028	—
Total Contractual Commitments:	<u>\$ 346,227</u>

Legal Matters

From time to time, the Company may become involved in legal proceedings or be subject to claims arising in the course of its business, including but not limited to claims brought by its customers in connection with commercial disputes and litigation arising from employee and ex-employee related matters. The Company is not presently subject to any pending or threatened litigation, individually or taken together, for which it is reasonably possible to have a material effect on its consolidated financial position or results of operations.

Guarantees and Indemnification Obligations

In the ordinary course of business, the Company enters into agreements with its customers that include commercial provisions with respect to licensing, infringement, indemnification, and other common provisions. The Company does not, in the ordinary course of business, agree to indemnification obligations for the Company under its contracts with customers except for intellectual property infringement claims related to the Company's services. Based on historical experience and information known at December 31, 2023 and 2022, the Company has not incurred any costs for guarantees or indemnities.

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8. Leases

The components of lease expense are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Operating lease cost	\$ 12,618	\$ 12,091	\$ 10,517
Short-term lease cost	630	121	—
Financing lease cost	21	21	16
Total lease cost	<u>\$ 13,269</u>	<u>\$ 12,233</u>	<u>\$ 10,533</u>

Supplemental balance sheet information related to the Company's operating leases is as follows (in thousands):

	As of,	
	December 31, 2023	December 31, 2022
Operating lease ROU assets	<u>\$ 36,987</u>	<u>\$ 45,695</u>
Operating lease liabilities, current	14,081	14,864
Operating lease liabilities, non-current	37,498	47,544
Total lease liabilities	<u>\$ 51,579</u>	<u>\$ 62,408</u>

Supplemental cash flow information and non-cash activity related to the Company's leases are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cash paid for operating lease liabilities, net of tenant incentives received	\$ 15,197	\$ 9,272	\$ 10,824
ROU assets recognized for new leases and amendments (non-cash)	\$ 1,299	\$ 3,452	\$ 6,132

Other information related to leases is as follows:

	As of,	
	December 31, 2023	December 31, 2022
Weighted average remaining lease term	4.1 years	5.0 years
Weighted average discount rate	4.97 %	4.96 %

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Future undiscounted annual cash flows for the Company's operating leases as of December 31, 2023 are as follows (in thousands):

Year Ending December 31,	Operating Leases
2024	\$ 14,383
2025	13,237
2026	13,429
2027	12,692
2028	3,205
Thereafter	—
Total future undiscounted lease payments	56,946
Less imputed interest	(5,367)
Total lease liabilities	\$ 51,579

The table above does not include options to extend lease terms that are not reasonably certain of being exercised or leases signed but not yet commenced as of December 31, 2023.

9. Income Taxes

The domestic and foreign components of loss before income taxes are as follows (in thousands):

	2023	Year Ended December 31, 2022	2021
United States	\$ (312,759)	\$ (51,729)	\$ (80,260)
Foreign	5,718	2,619	1,186
Loss before income taxes	\$ (307,041)	\$ (49,110)	\$ (79,074)

The provision (benefit) for income taxes contained the following components (in thousands):

	2023	Year Ended December 31, 2022	2021
Current:			
Federal	\$ —	\$ —	\$ —
State	(26)	99	45
Foreign	4,652	56	179
	4,626	155	224
Deferred:			
Federal	—	(95)	—
State	—	(16)	—
Foreign	(3,434)	39	95
	(3,434)	(72)	95
Provision for income taxes	\$ 1,192	\$ 83	\$ 319

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The Company's effective tax rates for the years ended December 31, 2023, 2022, and 2021 are less than the U.S. federal statutory income tax rate of 21.0% primarily due to the valuation allowance on the U.S. federal and state deferred tax assets and excess tax deductions related to stock-based compensation awards.

	Year Ended December 31,		
	2023	2022	2021
U.S. federal taxes at statutory rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.3	4.4	4.8
Federal research and development credits	3.8	10.3	7.9
State research and development credits	0.9	7.8	3.2
Permanent items	(0.4)	(1.0)	(0.2)
Stock-based compensation	1.6	5.6	5.0
Foreign rate differential	—	—	—
Non-deductible officers compensation	(2.3)	—	—
Prepaid marketing expense	3.6	—	—
Other	—	(0.8)	0.1
Change in valuation allowance	(32.9)	(47.5)	(42.2)
Total	(0.4)%	(0.2)%	(0.4)%

Deferred income taxes reflect the impact of carryforwards and temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The carryforwards and temporary differences that give rise to a significant portion of the Company's deferred tax assets and liabilities as of December 31, 2023 and 2022, are as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	\$ 88,200	\$ 49,093
Research and development credits	36,217	21,829
Stock-based compensation	32,204	1,218
Lease liability	12,933	17,225
Capitalized research and development	63,701	21,728
Other	5,553	2,864
Total deferred tax assets	238,808	113,957
Deferred tax liabilities:		
Depreciation	(3,543)	(5,481)
Deferred commissions	(7,657)	(5,451)
Amortization	(2,049)	(85)
ROU asset	(9,303)	(13,202)
Prepaid marketing expense	(43,084)	(20,666)
Total deferred tax liabilities	(65,636)	(44,885)
Valuation allowance	(170,076)	(69,205)
Net deferred tax assets (liabilities)	\$ 3,096	\$ (133)

As of December 31, 2023 and 2022, the Company has federal net operating loss ("NOL") carryforwards of \$349.2 million and \$199.2 million, respectively, which can be carried forward indefinitely, and state net operating loss carryforwards of \$245.1 million and \$118.6 million, respectively, which expire at various dates beginning in 2027. As of December 31, 2023 and 2022, the Company has federal credit carryforwards of \$25.1 million and \$13.6 million,

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respectively, and state credit carryforwards of \$14.0 million and \$10.4 million, respectively, which are available to reduce future tax liabilities. If not utilized, the federal research and development credit will begin to expire in 2037 and the state research and development credit will begin to expire in 2025.

The Company is not subject to an annual limitation of its NOL and research and development credit attributes as of December 31, 2023, but subsequent ownership changes may affect the limitation in future years.

The net changes in the total valuation allowance for the year ended December 31, 2023, was an increase of \$100.9 million, primarily as a result of the generation of additional net operating losses and federal research and development credits. The net changes in the total valuation allowance for the year ended December 31, 2022 was an increase of \$23.3 million, primarily as a result of the generation of additional net operating losses and federal research and development credits.

The Company has not recognized any liabilities for uncertain tax positions or unrecognized benefits as of December 31, 2023 and 2022. The Company does not expect any material change in uncertain tax benefits within the next 12 months.

As of December 31, 2023 and 2022, the Company had an immaterial amount of earnings from its wholly-owned non-U.S. subsidiaries indefinitely reinvested outside the U.S. The Company does not intend to repatriate these earnings or realize the outside basis differences in its foreign subsidiaries, and accordingly, the Company has not provided any taxes for those amounts, given the indefinite reinvestment and it is not practicable to estimate the amount of deferred tax liability that would be incurred.

10. Employee Benefit Plans

The Company maintains a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis, subject to legal limitations. Employees can designate the investment of their 401(k) accounts into several mutual funds. The Company does not allow investment in its common stock through the 401(k) plan. During the years ended December 31, 2023, 2022, and 2021, the Company made contributions to the plan of \$7.4 million, \$6.6 million, and \$3.8 million respectively.

The Company contributes to defined contribution savings plans for its employees in the United Kingdom and Australia who satisfy certain eligibility requirements. The plans allow each participant from the United Kingdom and Australia to defer a percentage of their compensation and the Company contributes an additional 5% and 11% of all wages for those employees in the scheme on a monthly basis, respectively. The Company made contributions to the plans of \$1.8 million, \$0.8 million, and \$0.3 million for the years ended December 31, 2023, 2022, and 2021 respectively.

11. Redeemable Common Stock, Common Stock, and Stockholders' Equity (Deficit)

Redeemable Common Stock

The Company issued 64,046,223 shares of common stock at various dates in 2019, 2020, and 2021 to select investors that were subject to redemption at fair value of common stock at the investor's option after November 6, 2029. In accordance with the SEC and its staff's guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within control of the Company require classification of the associated instrument outside of permanent equity.

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During the year ended December 31, 2021, the Company entered into the 2021 Stock Purchase agreement. The Company issued and sold 10,365,017 shares of common stock to investors at a price of \$33.38 per share, for an aggregate purchase price and gross proceeds of \$346.0 million. At the time of the sale, 3,025,625 of the total shares issued allowed investors to acquire additional substantive rights including financial information rights, restrictive covenants, secondary refusal rights, right of co-sale, and right of redemption after November 6, 2029, at fair value. These shares were classified outside of permanent equity. The remaining 7,339,392 shares were classified in permanent equity as they did not contain the right of redemption after November 6, 2029.

As of December 31, 2022 and 2021, the Company determined that the redeemable shares were probable of becoming redeemable. In accordance with ASC 480-10-S99, the Company elected to recognize changes in redemption value immediately as they occur. The per-share redemption value is equal to the fair market value of a single share of the Company's common stock subject to a floor of the initial carrying value.

Immediately prior to the IPO, the redeemable common stock was accreted to the IPO issuance price of \$30.00 per share. Upon the IPO, the redemption right of these shares was terminated and all shares of the Company's redeemable common stock automatically converted into 64,046,223 shares of Series B common stock. This transaction resulted in a reclassification of \$1,931.5 million in redeemable common stock to stockholder's equity including an increase to additional paid-in capital of \$136.9 million and Accumulated Deficit of \$1,794.6 million to reverse accretion recorded to these accounts.

Common Stock

Immediately following the effectiveness of the registration statement relating to our IPO, we filed our Amended and Restated Certificate of Incorporation, which authorized a total of 3,000,000,000 shares of Series A common stock, 350,000,000 shares of Series B common stock, and 100,000,000 shares of undesignated preferred stock. All shares of common stock then outstanding were reclassified as Series B common stock. The rights of the holders of Series A common stock and Series B common stock are identical, except with respect to voting and conversion. Each share of Series A common stock is entitled to one vote per share and is not convertible into any other shares of the Company's capital stock. Each share of Series B common stock is entitled to ten votes per share and is convertible into one share of Series A common stock at any time. Shares of the Company's Series B common stock will also automatically convert into shares of Series A common stock upon certain transfers and other events. Upon the seventh anniversary of our IPO, all outstanding shares of Series A common stock and Series B common stock will convert automatically into shares of a single series of common stock.

Preferred Stock

The Company has authorized 100,000,000 shares of preferred stock with a par value of \$0.001 per share. As of December 31, 2023, there were no shares of preferred stock issued or outstanding.

Common Stock Warrants

On July 28, 2022, the Company granted warrants to purchase up to 15,743,174 shares of common stock in connection with the collaboration agreement and strategic partnership with Shopify as compensation for marketing services. 25% of the shares subject to the warrants vested on the grant date, and the remaining 75% of the shares subject to the warrants vest quarterly in equal amounts until July 28, 2027. On September 22, 2023, upon the Company's IPO, the vesting of 25% of the total number of warrants was accelerated, and the remaining unvested portion vests quarterly over the remaining term. Vesting will cease, and any unvested portion of the warrants will be cancelled, in the event of a material breach or early termination of the collaboration agreement by Shopify. The exercise price is \$0.01 per share, and the term of the warrants is 10 years. These common stock warrants are included as a component of additional paid-in capital within the Consolidated Balance Sheets upon vesting. The Company valued the warrants at the grant date using the Black-Scholes

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option pricing model with the following assumptions: fair value of common stock, a dividend yield of zero, contractual terms of 10 years, volatility of 55.00%, and a risk-free rate of 2.85%.

The following table summarizes the warrants activity during the year ended December 31, 2023:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Warrants outstanding at December 31, 2022	11,217,017	\$ 0.01	9.57
Granted	—	—	—
Exercised	(6,051,285)	0.01	8.95
Cancelled	—	—	—
Warrants outstanding at December 31, 2023	5,165,732	\$ 0.01	8.58

During the years ended December 31, 2023 and 2022, 6,051,285 and 4,526,161 warrants vested, respectively. The Company has no vested but not exercised warrants outstanding as of December 31, 2023.

Restricted Stock

In 2019, the Company permitted the purchase of 142,908 shares of restricted stock prior to vesting by an employee of the Company. These shares are restricted and subject to repurchase by the Company until the conditions for vesting are met. Upon termination of employment of the restricted stockholder, the Company has the right to repurchase, at the original purchase price, any unvested restricted shares. Accordingly, the Company has recorded the proceeds from the issuance of restricted stock as a liability on the Consolidated Balance Sheets as a component of other current liabilities, given the implicit repurchase feature. As of December 31, 2022, the Company has recognized a restricted stock liability of approximately \$0.1 million as a component of accrued expenses. The Company reclassified an immaterial amount of restricted stock liability to stockholders' deficit upon vesting of restricted shares during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, all restricted stock has been fully vested.

The following is a summary of the non-vested restricted common stock activity during the year ended December 31, 2023:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested and outstanding at December 31, 2022	26,795	\$ 2.84
Granted	—	—
Vested	(26,795)	\$ 2.84
Unvested and outstanding at December 31, 2023	—	\$ —

The aggregate fair value of restricted stock that vested was \$0.7 million and \$1.2 million during the years ended December 31, 2023 and 2022, respectively.

Stock Purchase and Investment Option

On July 28, 2022, the Company entered into a stock purchase agreement in connection with the collaboration agreement and strategic partnership with Shopify. Under the stock purchase agreement, the Company issued and sold 2,951,846 shares of common stock to Shopify at a price of \$33.88 per share. The stock purchase agreement also granted Shopify an Investment Option, which allows Shopify to purchase an additional 15,743,174 shares of common stock at a purchase price of \$88.93 per share. The Investment Option is exercisable at any time at Shopify's option until July 28,

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2030. As of December 31, 2023, the Investment Option has not been exercised. The Company determined that the \$100.0 million purchase price represents the fair value of the common stock and Investment Option issued to Shopify since the transaction occurred at arm's length and was not compensatory.

The gross proceeds of \$100.0 million were allocated to the common stock and Investment Option based on the relative fair value of each instrument, resulting in \$69.4 million being allocated to the common stock and \$30.6 million allocated to the Investment Option. The Company incurred \$0.4 million of issuance costs which were allocated to the common stock and Investment Option based on their relative fair values. The proceeds allocated to the Investment Option, net of issuance costs, are included as a component of additional paid-in capital within the Consolidated Balance Sheets.

12. Stock-Based Compensation

Equity Incentive Plans

On September 1, 2015, the Board adopted the 2015 Stock Incentive Plan (the "2015 Plan"). The Board or, at its sole discretion, a committee of the Board, is responsible for the administration of the 2015 Plan. All equity grants subsequent to the IPO will be made pursuant to the Company's 2023 Stock Option and Incentive Plan (the "2023 Plan"), which was approved by the Board effective as of September 19, 2023. Subsequent to the IPO, generally 2015 Plan awards vest into shares of Series B common stock and are immediately reclassified to Series A common stock based upon the employee's conversion election made at the time of the IPO. The Board or, at its sole discretion, a committee of the Board, is responsible for the administration of the 2023 Plan. As of December 31, 2023, the Company's authorized common stock includes 44,981,488 shares of Series A common stock reserved for issuance of equity awards under the 2023 Plan, of which 40,775,315 shares are available for future grants.

The 2015 Plan provides for the grant of various types of stock-based compensation awards including, but not limited to, RSUs, incentive stock options ("ISOs"), non-qualified stock options ("NSOs," referred to collectively with ISOs as options) and restricted stock awards ("RSAs") to directors, consultants, employees, and officers of the Company. ISOs may only be granted to employees, and the exercise price thereon cannot be less than the fair value of the Company's common stock on the date of grant or less than 110% of the fair value in the case of employees holding 10% or more of the voting stock of the Company. The exercise price on NSOs must be at least equal to the fair value of the Company's common stock on the date of grant. The Company has historically granted RSUs, ISOs, NSOs, and RSAs.

The 2023 Plan provides for the grants of various types of stock-based compensation awards including, but not limited to, RSUs, ISOs, NSOs, and RSAs. During the years ended December 31, 2023, 2022 and 2021, the Company solely granted RSUs as further described below.

Stock Options

Stock Options ("Options") generally vest over 4 years with the first 25% of the award vesting upon the 12-month anniversary of the vesting commencement date and the remaining 75% vesting monthly over the following 3 years. Grants of Options shall not be exercisable after expiration of 10 years from the date of grant or such shorter period specified in the associated award agreement. Options may not be transferable except by will or by the laws of descent and distribution and domestic relations orders. The 2015 Plan does not allow for the early exercise of Options. The Company did not grant any Options during the years ended December 31, 2023, 2022 and 2021.

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Option activity for the year ended December 31, 2023 is as follows (in thousands, except per share data):

	Number of Options	Weighted Average Exercise Price (Per Share)	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2023	34,207,554	\$ 0.61	3.74	\$ 781,247
Exercised	(2,419,308)	1.56		
Forfeited and expired	(53,521)	3.22		
Outstanding at December 31, 2023	31,734,725	\$ 0.54	2.65	\$ 864,605
Exercisable at December 31, 2023	31,639,454	0.53	2.64	\$ 862,297
Expected to vest at December 31, 2023	31,734,725	0.54	2.65	\$ 864,605

The total intrinsic value of Options exercised during the years ended December 31, 2023, 2022 and 2021 amounted to \$54.7 million, \$53.2 million and \$169.7 million, respectively.

Restricted Stock Units

During the years ended December 31, 2023, 2022 and 2021, the Company granted RSUs to employees under the 2015 Plan and 2023 Plan. In general, RSUs granted under the 2015 Plan vest upon the satisfaction of both a service condition and a liquidity condition (“Double-Trigger”). Generally, the service condition requires the grantee to remain an eligible participant, as that term is defined in the 2015 Plan, for a period of 4 years. Generally, RSUs vest quarterly over the entire 4-year period or vest 25% after 1 year, with the remainder vesting quarterly over the following 3 years. The liquidity condition was satisfied upon the occurrence of the IPO. In general, RSUs granted after the IPO under the 2023 Plan vest upon the satisfaction of a service condition only. These service conditions are consistent with those under the 2015 Plan detailed above.

Restricted stock unit activity for the year ended December 31, 2023 is as follows (in thousands, except per share data):

	Number of Units	Weighted Average Grant Date Fair Value
Unvested and outstanding at January 1, 2023	11,712,446	\$ 30.24
Granted	11,896,929	26.23
Vested	(7,206,386)	29.49
Forfeited	(1,712,572)	29.51
Unvested and outstanding at December 31, 2023	14,690,417	\$ 27.44

The fair value of the RSUs that vested during the years ended December 31, 2023, 2022 and 2021 was \$214.7 million, \$1.3 million and \$0.5 million, respectively.

Modifications

During the year ended December 31, 2023, the Company extended the expiration dates of four employees’ options. The extension of the expiration date impacted 1,004,667 granted stock options, resulting in incremental stock-based compensation expense of \$0.8 million during the year ended December 31, 2023.

Klaviyo, Inc.
Notes to the Consolidated Financial Statements

During the year ended December 31, 2023, the Company accelerated the vesting start dates of two employees' RSUs. The modification impacted 167,500 previously granted RSUs that were Double-Trigger awards in which the liquidity-based vesting condition was not considered probable at the date of modification. As the liquidity-based vesting condition was met upon the IPO, the impact of the modified RSUs is included in the total stock-based compensation recognized during the year ended December 31, 2023.

On April 10, 2023, the Company approved an amendment to the vesting schedule of 4,250,947 RSUs governed by the 2015 Plan. Specifically, the vesting schedule of these RSUs were amended to align with the Company's standard four quarterly vesting dates that were established on a prospective basis in June of 2022. This modification impacted 657 grantees, and all RSUs that were modified were Double-Trigger awards in which the liquidity-based vesting condition was not considered probable at the date of modification. As the liquidity-based vesting condition was met upon the IPO, the impact of this modification is included in the total stock-based compensation recognized during the year ended December 31, 2023 and is based on the fair value of the award on the date of modification.

On March 15, 2023, the Company announced a reduction in workforce that resulted in the termination of approximately 8% of the Company's full-time workforce (130 employees). As part of the reduction in workforce, the Company modified 608,698 previously granted stock options and 64,301 previously granted RSUs. During the year ended December 31, 2023, the Company incurred an incremental stock-based compensation expense of \$0.6 million related to the modification of the stock options modified. All RSUs that were modified were Double-Trigger awards in which the liquidity-based vesting condition was not considered probable at the date of modification. As the liquidity-based vesting condition was met upon the IPO, the impact of the modified RSUs is included in the total stock-based compensation recognized during the year ended December 31, 2023 and is based on the fair value of the award on the date of modification.

During the year ended December 31, 2022, the Board approved the modification of an executive's stock-based awards. At the modification date, the executive had 177,684 RSUs outstanding for which the service-based vesting condition was satisfied but the liquidity-based vesting condition was not. Pursuant to the modification agreement, the Company elected to cancel 63,775 of the unvested RSUs in exchange for \$1.5 million, which the Company recorded stock-based compensation as general and administrative expense in the Consolidated Statements of Operations and Comprehensive Loss. Additionally, during the year ended December 31, 2022, the Company recorded incremental stock-based compensation expense of \$0.1 million associated with 2,616 stock options granted and 154 RSUs granted to one employee that was terminated but continued to vest in previously issued awards for a limited period after provision of substantive services ceased.

During the year ended December 31, 2022, the Company amended the terms of certain stock option awards issued to three employees to add a change of control provision. Such modification did not result in any incremental stock-based compensation expense. The Company also extended the post-termination exercise periods for two terminated employees holding 65,704 stock options. The Company determined the incremental stock-based compensation expense resulting from the modifications was not material. Additionally, the Company provided two terminated employees with accelerated vesting on the service-based vesting condition of 22,029 Double-Trigger RSUs held. Because satisfaction of the liquidity-based vesting condition was not probable, the Company did not record the incremental stock-based compensation expense resulting from the modifications. Such amounts will be recorded upon vesting (that is, upon occurrence of a qualifying liquidity event).

During the year ended December 31, 2021, the Board approved a modification to three executives who were terminated during 2021. These modifications resulted in the accelerated vesting of tranches beyond the termination date as well as extension of the exercise window for these employees. The modification covered 1,326,461 options and resulted in incremental stock-based compensation of \$9.9 million during the year. Additionally, during the year ended December 31, 2021, the Board approved a modification to a former executive's stock-based compensation awards who was terminated

Klaviyo, Inc.
Notes to the Consolidated Financial Statements

during 2021. The Company prorated the expense for the years ended December 31, 2022 and 2021, which was \$3.8 million and \$1.1 million, respectively, as the modification impacted both years presented as services were provided by the employee in both years as part of the terms of the award modification.

Secondary Transactions

The Company's employees historically participated in secondary market transactions whereby existing or third-party investors purchased shares owned by the employee associated with previously issued stock-based compensation awards. The Company's involvement in such secondary market transactions was generally limited to waiving or assigning its right of first refusal over the respective shares. During the years ended December 31, 2023, 2022, and 2021 secondary investors purchased 912,187, 1,002,968, and 4,262,974 shares of common stock from certain employees, respectively. Stock-based compensation expense related to these transactions, representing amounts paid in excess of then current fair value, totaled \$0.8 million and \$21.5 million and during the year ended December 31, 2022 and 2021, respectively, and is recorded in operating expenses in the accompanying Consolidated Statements of Operations and Comprehensive Loss. No stock-based compensation expense was recorded during the year ended December 31, 2023 related to secondary transactions.

Stock-Based Compensation Expense

During the year ended December 31, 2023, the Company capitalized \$1.3 million of stock compensation expense related to services performed on capitalized software development projects. During the year ended December 31, 2022, the Company did not capitalize any stock compensation expense related to services performed on capitalized software development projects, and during the year ended December 31, 2021, the Company had an immaterial amount of capitalized stock compensation expense related to services performed on capitalized software development projects.

Stock-based compensation included in the Consolidated Statements of Operations and Comprehensive Loss is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 24,973	\$ 129	\$ 960
Selling and marketing	107,954	985	29,713
Research and development	120,184	1,230	8,193
General and administrative	87,688	5,958	13,123
Stock-based compensation, net of amounts capitalized	340,799	8,302	51,989
Capitalized stock-based compensation expense	1,349	—	2
Total stock-based compensation expense	\$ 342,148	\$ 8,302	\$ 51,991

During the year ended December 31, 2022, stock-based compensation expense included \$1.5 million paid in cash in exchange for the cancellation of an executive's unvested RSUs outstanding for which the service-based vesting condition was satisfied but the liquidity-based vesting condition was not. This is included within general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Loss. During the year ended December 31, 2021, stock-based compensation expense included \$16.7 million paid in cash for the repurchasing and retirement of common stock, of which \$8.8 million is included within selling and marketing expense, \$5.8 million within research and development expense, and \$2.1 million within general and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Loss.

As of December 31, 2023, total unrecognized compensation cost related to unvested Options was \$0.1 million, which will be recognized on a ratable basis over a weighted-average remaining period of 0.4 years.

Klaviyo, Inc.
Notes to the Consolidated Financial Statements

As of December 31, 2023, total unrecognized compensation cost related to unvested RSUs was \$257.5 million, which will be recognized on a ratable basis over a weighted-average remaining period of 3.3 years.

13. Loss Per Share

Basic net loss per share attributable to Series A and Series B common stockholders is computed by dividing the net loss by the number of weighted-average outstanding common shares. Diluted net loss per share attributable to Series A and Series B common stockholders is determined by giving effect to all potential common equivalents during the reporting period, unless including them yields an antidilutive result, and is calculated using the treasury stock method. The Company considers its warrants, Investment Option, restricted stock units and stock options as potential common equivalents, but excluded them from the computation of diluted earnings per share attributable to common stockholders in the periods presented, as their effect was antidilutive during the years ended December 31, 2023, 2022 and 2021.

The rights, including the liquidation and dividend rights, of the holders of Series A and Series B common stock are identical, except with respect to voting and conversion. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis to each series of common stock and the resulting basic and diluted net loss per share attributable to common stockholders are, therefore, the same for both Series A and Series B common stock on both individual and combined basis.

The following table presents the calculation of basic and diluted net loss per share attributable to Series A and Series B common stockholders for the periods presented, (in thousands, except share and per share data):

	Year Ended December 31,		
	2023	2022	2021
Net loss per share attributable to Series A and Series B common stockholders, basic and diluted:			
Numerator:			
Net loss	\$ (308,233)	\$ (49,193)	\$ (79,393)
Denominator:			
Weighted-average shares - basic and diluted	242,889,272	229,857,206	220,865,179
Net loss per share attributable to Series A and Series B common stockholders, basic and diluted	\$ (1.27)	\$ (0.21)	\$ (0.36)

The following table summarizes the potential common shares excluded from the computation of diluted net income (loss) per share:

	Year Ended December 31,		
	2023	2022	2021
Warrants outstanding	5,165,732	11,217,017	—
Investment Option	15,743,174	15,743,174	—
RSUs outstanding	14,690,417	11,712,446	7,430,700
Options outstanding	31,734,725	34,207,554	36,858,706
Restricted stock outstanding	—	26,795	62,522
Total	<u>67,334,048</u>	<u>72,906,986</u>	<u>44,351,928</u>

14. Restructuring Costs

Klaviyo, Inc.
Notes to the Consolidated Financial Statements

On March 15, 2023, the Company announced a restructuring plan that resulted in a reduction of approximately 8% of the Company's full time workforce. The Company's restructuring actions were intended to improve operational efficiencies. Restructuring costs consist primarily of employee severance and related benefits as well as stock-based compensation from the modification of terminated employee stock options. See *Note 12. Stock-Based Compensation* for further detail on award modifications due to the restructuring. Restructuring costs included in the Consolidated Statements of Operations and Comprehensive Loss is as follows (in thousands):

	Year ended, December 31, 2023
Cost of revenue	\$ 1,138
Selling and marketing	1,832
Research and development	3,375
General and administrative	1,532
Total	\$ 7,877

There were no unpaid restructuring costs as of December 31, 2023.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this Annual Report on Form 10-K.

Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the three months ended December 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, the effectiveness of any internal control over financial reporting is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, no matter how well designed and operated, can only provide reasonable, not absolute assurance that its objectives will be met. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

This Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Item 9B. Other Information

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During the three months ended December 31, 2023, the Company's directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted written plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act for the sale of the Company's securities as set forth in the table below.

Name	Position	Adoption Date	Total Shares Subject to Trading Arrangement	Expiration Date
Amanda Whalen	Chief Financial Officer	November 16, 2023	105,000	November 16, 2024
Landon Edmond ⁽¹⁾	Chief Legal Officer and General Counsel	November 17, 2023	258,668	November 17, 2024
Allen Chaves	Chief Technology Officer	November 21, 2023	780,000	November 22, 2024
Susan St. Ledger	Director	December 11, 2023	10,500	May 30, 2025
Jennifer Ceran	Director	December 14, 2023	13,000	December 16, 2024

(1) The actual number of shares of common stock sold pursuant to this plan will be less, after shares are withheld to satisfy tax withholding obligations in connection with the net settlement of equity awards.

No other directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted and/or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Regulation S-K Item 408, during the three months ended December 31, 2023.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of our fiscal year.

Our board of directors has adopted a code of conduct that applies to all our employees, officers, contractors, and directors, including our Chief Executive Officer, Chief Financial Officer, and other executive and senior financial officers. The full text of our code of conduct is posted on our website at investors.klaviyo.com under “Governance.” We intend to disclose any amendments to our code of conduct, or waivers of its requirements, on our website or in filings under the Exchange Act.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Item 14. Principal Accountant Fees and Services

Our independent public accounting firm is Deloitte & Touche LLP, Boston, Massachusetts, PCAOB ID No 34.

The information required by this Item is incorporated by reference herein to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023.

Part IV

Item 15. Exhibit and Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

(a) Consolidated Financial Statements

Our Consolidated Financial Statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report on Form 10-K.

(b) Financial Statement Schedules

All financial statement schedules are omitted because the required information is either not present, not present in material amounts, or is presented within our Consolidated Financial Statements and the related notes thereto included in this Annual Report on Form 10-K.

(c) Exhibits

The documents listed in the exhibit index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated herein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit Number	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Klaviyo, Inc.					X
3.2	Amended and Restated Bylaws of Klaviyo, Inc.					X
4.1	Specimen Series A Common Stock Certificate of Klaviyo, Inc.	S-1	333-274211	4.1	August 25, 2023	
4.2	Description of Securities.					X
4.3	Amended and Restated Investors' Rights Agreement by and among Klaviyo, Inc. and certain of its stockholders, dated May 10, 2021.	S-1	333-274211	4.2	August 25, 2023	
4.4	Warrant Agreement by and between Klaviyo, Inc. and Shopify Inc., dated July 28, 2022.	S-1	333-274211	4.3	August 25, 2023	
4.5	Warrant Agreement by and between Klaviyo, Inc. and Shopify International Limited, dated July 28, 2022.	S-1	333-274211	4.4	August 25, 2023	
4.6	Warrant Agreement by and between Klaviyo, Inc. and Shopify Commerce Singapore PTE. LTD., dated July 28, 2022.	S-1	333-274211	4.5	August 25, 2023	
4.7	Stock Purchase Agreement by and between Klaviyo, Inc. and Shopify Strategic Holdings 3 LLC, dated June 24, 2022.	S-1	333-274211	4.6	August 25, 2023	
10.1	Forms of Indemnification Agreement between Klaviyo, Inc. and each of its directors and executive officers.	S-1	333-274211	10.1	August 25, 2023	
10.2*	2015 Stock Incentive Plan, as amended, and forms of award agreements thereunder.	S-1	333-274211	10.2	August 25, 2023	
10.3*	2023 Stock Option and Incentive Plan, and forms of award agreements thereunder.	S-1/A	333-274211	10.3	September 11, 2023	
10.4*	Senior Executive Cash Incentive Bonus Plan.	S-1	333-274211	10.4	August 25, 2023	
10.5*	Employment Agreement by and between Klaviyo, Inc. and Landon Edmond, effective August 27, 2023.	S-1	333-274211	10.6	August 25, 2023	
10.6*	Employment Agreement by and between Klaviyo, Inc. and Amanda Whalen, effective August 27, 2023.	S-1	333-274211	10.8	August 25, 2023	
10.7*	Form of Director Offer Letter.	S-1	333-274211	10.10	August 25, 2023	

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10.8	Lease Agreement by and between Klaviyo, Inc. and OPG 125 Summer Owner (DE) LLC, dated August 9, 2012, as amended on August 7, 2020.	S-1	333-274211	10.11	August 25, 2023	
10.9#	Collaboration Agreement by and among Klaviyo, Inc., Shopify Inc., Shopify International Limited, Shopify Commerce Singapore PTE. LTD., and Shopify Strategic Holdings 3 LLC, dated July 28, 2022.	S-1	333-274211	10.12	August 25, 2023	
10.10#	Revenue Sharing Agreement by and between Klaviyo, Inc. and Shopify Inc., dated July 28, 2022.	S-1	333-274211	10.13	August 25, 2023	
10.11*	2023 Employee Stock Purchase Plan.	S-1/A	333-274211	10.14	September 11, 2023	
10.12*	Non-Employee Director Compensation Policy.	S-1	333-274211	10.15	August 25, 2023	
21.1	Subsidiaries of Klaviyo, Inc.					X
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (included on signature page).					X
31.1	Certification of Principal Executive Officer pursuant to SEC Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer pursuant to SEC Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1†	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2†	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97.1*	Compensation Recovery Policy.					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					X

* Indicates a management contract or any compensatory plan, contract or arrangement.

† This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

Certain confidential information contains in this exhibit has been omitted because it is both (i) not material and (ii) the type that Klaviyo, Inc. treats as private or confidential.

Item 16. Form 10-K Summary

Not applicable.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

KLAVIYO, INC.

Dated: February 29, 2024

By: /s/ Andrew Bialecki
Name: Andrew Bialecki
Title: Chief Executive Officer
(Principal Executive Officer)

Dated: February 29, 2024

By: /s/ Amanda Whalen
Name: Amanda Whalen
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew Bialecki, Amanda Whalen, and Landon Edmond, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Andrew Bialecki</u> Andrew Bialecki	Chief Executive Officer and Director (Principal Executive Officer)	February 29, 2024
<u>/s/ Amanda Whalen</u> Amanda Whalen	Chief Financial Officer (Principal Financial and Accounting Officer)	February 29, 2024
<u>/s/ Jennifer Ceran</u> Jennifer Ceran	Director	February 29, 2024
<u>/s/ Luciano Fernandez Gomez</u> Luciano Fernandez Gomez	Director	February 29, 2024
<u>/s/ Edward Hallen</u> Edward Hallen	Chief Product Officer and Director	February 29, 2024
<u>/s/ Ping Li</u> Ping Li	Director	February 29, 2024
<u>/s/ Michael Medici</u> Michael Medici	Director	February 29, 2024
<u>/s/ Roxanne Oulman</u> Roxanne Oulman	Director	February 29, 2024
<u>/s/ Susan St. Ledger</u> Susan St. Ledger	Director	February 29, 2024
<u>/s/ Tony Weisman</u> Tony Weisman	Director	February 29, 2024

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
KLAVIYO, INC.**

Klaviyo, Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), hereby certifies as follows:

1. The name of the Corporation is Klaviyo, Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was September 14, 2012 (the “**Original Certificate**”).
2. This Amended and Restated Certificate of Incorporation, as it may be amended, restated or otherwise modified from time to time, including the terms of any certificate of designations of any class or series of preferred stock (the “**Certificate of Incorporation**”) amends, restates and integrates the provisions of the Amended and Restated Certificate of Incorporation as heretofore amended, and was duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware (the “**DGCL**”).
3. The text of the Certificate of Incorporation is hereby amended, integrated and restated in its entirety to provide as follows:

ARTICLE I

The name of the Corporation is Klaviyo, Inc.

ARTICLE II

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is National Registered Agents, Inc.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

CAPITAL STOCK

The total number of shares of capital stock that the Corporation shall have authority to issue is 3,450,000,000, which shall consist of two classes as follows: (a) 3,350,000,000 shares shall be a class designated as common stock, par value \$0.001 per share (the “**Common Stock**”), which class of Common Stock shall be subdivided into two series consisting of (i) 3,000,000,000 shares designated as Series A common stock (the “**Series A Common Stock**”) and (ii) 350,000,000 shares designated as Series B common stock (the “**Series B Common Stock**”); and (b) 100,000,000 shares shall be a class designated as preferred stock, par value \$0.001 per share (the “**Preferred Stock**”).

Immediately upon the filing and effectiveness of this Certificate of Incorporation with the Secretary of State of the State of Delaware (the “**Effective Time**”), each share of the Corporation’s Common Stock, par value \$0.001 per share, that is issued and outstanding or held as treasury stock immediately prior to the Effective Time (the “**Old Common Stock**”) shall, automatically and without any further action by the Corporation or any stockholder, be reclassified as, and shall become, one validly issued, fully paid and non-assessable share of Series B Common Stock (the “**Reclassification**”). Each certificate that immediately prior to the Effective Time represented shares of Old

Common Stock (an “**Old Certificate**”) shall, from and after the Effective Time, be deemed to represent the number of shares of Series B Common Stock as to which such shares have been reclassified pursuant to the Reclassification; *provided, however*, any holder of an Old Certificate may surrender the Old Certificate to the Corporation and such holder’s shares shall thereafter be issued in uncertificated form. The Reclassification shall also apply to any outstanding securities or rights convertible into, or exchangeable or exercisable for, Old Common Stock of the Corporation and all references to the Old Common Stock in agreements, arrangements, documents and plans relating thereto or any option or right to purchase or acquire shares of Old Common Stock shall be deemed to be references to the Series B Common Stock or options or rights to purchase or acquire shares of Series B Common Stock, as the case may be.

Except as otherwise provided in any certificate of designation of any series of Preferred Stock or in Sections 242(d)(1) or (d)(2) of the DGCL the number of authorized shares of Common Stock or Preferred Stock may from time to time be increased or decreased (but not below the number of shares of such class then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL, and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor.

The powers, preferences and rights of, and the qualifications, limitations and restrictions upon, each class or series of stock shall be determined in accordance with, or as set forth below in, this Article IV.

A. COMMON STOCK

Subject to all the rights, powers and preferences of the Preferred Stock and except as provided by law or in this Certificate of Incorporation (including any certificate of designation of any series of Preferred Stock):

1. Voting Rights.

(a) General Right to Vote Together. Except as otherwise expressly provided herein or required by applicable law, the holders of Series A Common Stock and Series B Common Stock shall vote together on all matters submitted to a vote of the stockholders.

(b) Votes Per Share. Except as otherwise expressly provided herein or required by applicable law, on any matter that is submitted to a vote of the stockholders, each holder of Series A Common Stock shall be entitled to one (1) vote for each such share held by such holder, and each holder of Series B Common Stock shall be entitled to ten (10) votes for each such share held by such holder. Notwithstanding the foregoing, except as otherwise required by law, holders of shares of Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of the Preferred Stock or one or more outstanding series thereof if the holders of such Preferred Stock or series thereof are entitled, either separately or together with the holders of one or more other such series, to vote thereon under this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) or under the DGCL.

2. Identical Rights. Except as otherwise expressly provided herein or required by applicable law, shares of Series A Common Stock and Series B Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters, including, without limitation:

(a) Dividends and Distributions. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the payment of any Distribution, Distributions may be declared and paid ratably on the Common Stock out of the assets of the Corporation which are legally available for this purpose at such times and in such amounts as the Board of Directors of the Corporation (the “**Board**”) in its discretion shall determine. Shares of Series A Common Stock and Series B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any Distribution paid or distributed by the Corporation,

unless different treatment of the shares of each such series is approved by the affirmative vote of the holders of a majority of the outstanding shares of Series A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Series B Common Stock, each voting separately as a series; *provided, however*, that in the event a Distribution is paid in the form of Series A Common Stock or Series B Common Stock (or Rights to acquire, or securities convertible into or exchangeable for, such stock, as the case may be), then holders of Series A Common Stock shall receive Series A Common Stock (or Rights to acquire, or securities convertible into or exchangeable for, such stock, as the case may be) and holders of Series B Common Stock shall receive Series B Common Stock (or Rights to acquire, or securities convertible into or exchangeable for, such stock, as the case may be) and such Distribution shall be deemed equal, identical and ratable so long as such Distribution is paid or distributed ratably on a per share basis.

(b) Subdivision or Combination. If the Corporation in any manner subdivides, combines or reclassifies the outstanding shares of Series A Common Stock or Series B Common Stock, then the outstanding shares of the other such series will be concurrently subdivided, combined or reclassified in the same proportion and manner to maintain the same proportionate equity ownership between the holders of the outstanding Series A Common Stock and Series B Common Stock on the record date or effective date for such subdivision, combination or reclassification, unless different treatment of the shares of each such series is approved by the affirmative vote of the holders of a majority of the outstanding shares of Series A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Series B Common Stock, each voting separately as a series.

(c) Equal Treatment in a Change of Control or any Merger Transaction. In connection with any Change of Control Transaction, shares of Series A Common Stock and Series B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation (any such consideration, “**Change of Control Consideration**”), *provided, however*, that the holders of shares of such series may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such Change of Control Transaction if (1) the only difference in the per share consideration to the holders of the Series A Common Stock and Series B Common Stock is that any securities distributed to the holders of, or issuable upon the conversion of, a share of Series B Common Stock have ten (10) times the voting power of any securities distributed to the holder of, or issuable upon the conversion of, a share of Series A Common Stock or (2) such different or disproportionate treatment of the shares of each such series is approved by the affirmative vote of the holders of a majority of the outstanding shares of Series A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Series B Common Stock, each voting separately as a series; *provided, however*, for the avoidance of doubt, Change of Control Consideration shall not be deemed to include any consideration paid to or received by a person who is a holder of Series A Common Stock and/or Series B Common Stock, as applicable, pursuant to (x) any employment, consulting, severance or other compensatory arrangement (including, without limitation, any equity-based or cash compensatory award or payment) whether or not entered into in connection with such Change of Control Transaction or (y) a negotiated agreement between a holder of Series A Common Stock and/or Series B Common Stock, as applicable, with any counterparty (or affiliate thereof) to a Change of Control Transaction wherein such holder is contributing, selling, transferring or otherwise disposing of shares of the Corporation’s capital stock to such counterparty (or affiliate thereof) as part of a “rollover” or similar transaction that is approved by a majority of the Disinterested Directors then in office (or a committee of the Board comprised of Disinterested Directors) and that is in connection with such Change of Control Transaction. Any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, shall, in addition to any approval otherwise required herein or by applicable law, require approval by the affirmative vote of the holders of a majority of the outstanding shares of Series A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Series B Common Stock, each voting separately as a series, unless (i) the shares of Series A Common Stock and Series B Common Stock remain outstanding and no other consideration is received in respect thereof or (ii) such shares are converted on a pro rata basis into shares of the surviving or parent entity in such transaction having identical rights to the shares of Series A Common Stock and Series B Common Stock, respectively.

3. Conversion of Series B Common Stock.

(a) Voluntary Conversion. Each one (1) share of Series B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Series A Common Stock at the option of the holder thereof at any time upon written notice to the transfer agent of the Corporation. Such written notice shall state therein the number of shares of Series B Common Stock being converted and the name or names in which the shares of Series A Common Stock are to be registered.

(b) Automatic Conversion. Each share of Series B Common Stock shall automatically, without any further action by the holder thereof, convert into one fully paid and nonassessable share of Series A Common Stock upon the earlier of:

(i) a Transfer of such share; *provided, however*, that no such automatic conversion shall occur (x) in the case of a Transfer by a Series B Stockholder of shares of Series B Common Stock with the prior written approval of a majority of the Disinterested Directors then in office (or a committee of the Board comprised of Disinterested Directors) or (y) in the case of a Transfer by a Series B Stockholder to any of the persons or entities listed in clauses (A) through (G) below (each, a “*Permitted Transferee*”) and from any such Permitted Transferee back to such Series B Stockholder and/or any other Permitted Transferee established by or for such Series B Stockholder:

(A) a trust for the benefit of such Series B Stockholder or persons other than the Series B Stockholder so long as the Series B Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such trust; *provided* such Transfer does not involve any payment of cash, securities, property or other consideration to the Series B Stockholder (other than as a settlor or beneficiary of such trust) and, *provided, further*, that in the event such Series B Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such trust, each share of Series B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Series A Common Stock;

(B) the beneficiaries or trustee of a trust; so long as the original grantor of the trust (the “*Grantor*”) is such Series B Stockholder and such Series B Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock, *provided* that in the event such Grantor no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock, each share of Series B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Series A Common Stock;

(C) a trust under the terms of which such Series B Stockholder has retained a “qualified interest” within the meaning of §2702(b) (1) of the Internal Revenue Code (or successor provision) and/or a reversionary interest so long as the Series B Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such trust; *provided, however*, that in the event such Series B Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such trust, each share of Series B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Series A Common Stock;

(D) an Individual Retirement Account, as defined in Section 408(a) of the Internal Revenue Code (or successor provision), or a pension, profit sharing, stock bonus or other type of plan or trust of which such Series B Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Internal Revenue Code (or successor provision); *provided* that in each case such Series B Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held in such account, plan or trust, and *provided, further*, that in the event the Series B Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such account, plan or trust, each share of Series B Common Stock then held by such account, plan or trust shall automatically convert into one (1) fully paid and nonassessable share of Series A Common Stock;

(E) a corporation, partnership or limited liability company in which such Series B Stockholder directly, or indirectly through one or more Permitted Transferees, own shares, partnership interests or membership interests, as applicable, with sufficient Voting Control in the corporation, partnership or limited liability company, as applicable, or otherwise have legally enforceable rights, such that the Series B Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such corporation, partnership or limited liability company; *provided, however*, that in the event the Series B Stockholder no longer owns sufficient shares, partnership interests or membership interests, as applicable, or no longer has sufficient legally enforceable rights to ensure the Series B Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock held by such corporation, partnership or limited liability company, as applicable, each share of Series B Common Stock then held by such corporation, partnership or limited liability company, as applicable, shall automatically convert into one (1) fully paid and nonassessable share of Series A Common Stock;

(F) from a Founder or such Founder's Affiliates to (x) such Founder's estate as a result of such Founder's death or (y) another Founder or such other Founder's Affiliates;

(G) an Affiliate of a Series B Stockholder; *provided, however*, that the person or entity holding sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock being Transferred (the "**Controlling Person**") retains, directly or indirectly, sole dispositive power and exclusive Voting Control with respect to the shares following such Transfer; *provided, further*, that in the event the Controlling Person no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Series B Common Stock Transferred to such Affiliate, each such share of Series B Common Stock Transferred to such Affiliate shall automatically convert into one (1) share of Series A Common Stock unless such transaction is otherwise approved by the Corporation; or

(ii) the date specified by a written notice and certification request of the Corporation to the holder of such share of Series B Common Stock requesting a certification, in a form satisfactory to the Corporation, verifying such holder's ownership of Series B Common Stock and confirming that a conversion to Series A Common Stock has not occurred pursuant to this Article IV, Section A(3), which date shall not be less than sixty (60) calendar days after the date of such notice and certification request; *provided, however*, that no such automatic conversion pursuant to this subsection (ii) shall occur in the case of a Series B Stockholder or its Permitted Transferees that furnishes a certification satisfactory to the Corporation prior to the specified date that such conversion to Series A Common Stock has not occurred pursuant to this Article IV, Section A(3).

(c) Conversion Upon Death or Incapacity of a Series B Stockholder. Each share of Series B Common Stock held of record by a Series B Stockholder who is a natural person and who is not a Founder, or by such Series B Stockholder's Permitted Transferees, shall automatically, without any further action by the holder thereof, convert into one (1) fully paid and non-assessable share of Series A Common Stock upon the death or Incapacity of such Series B Stockholder. Each share of Series B Common Stock held of record by a Founder, or by such Founder's Permitted Transferees, shall automatically, without any further action by the holder thereof, convert into one (1) fully paid nonassessable share of Series A Common Stock upon the date that is nine (9) months following the death or Incapacity of such Founder.

(d) Automatic Conversion of All Outstanding Series B Common Stock. Each one (1) share of Series B Common Stock shall automatically, without any further action by the holder thereof, convert into one (1) fully paid and nonassessable share of Series A Common Stock upon the date specified by affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of Series B Common Stock, voting as a single series. Following such conversion, the reissuance of any shares of Series B Common Stock shall be prohibited, and the Corporation shall take all necessary action to retire each share of Series B Common Stock in accordance with Section 243 of the DGCL, including filing a certificate of retirement with the Secretary of State of the State of Delaware required thereby, and upon the effectiveness of such certificate of retirement, it shall have the effect of reducing the number of authorized shares of Series B Common Stock and eliminating all references to Series B Common Stock in this Certificate of Incorporation.

(e) Final Conversion of Series B Common Stock. On the Final Conversion Date, each one (1) outstanding share of Series B Common Stock shall automatically, without any further action, convert into one (1) fully paid and nonassessable share of Series A Common Stock. Following such conversion, the reissuance of any shares of Series B Common Stock shall be prohibited, and the Corporation shall take all necessary action to retire each share of Series B Common Stock in accordance with Section 243 of the DGCL, including filing a certificate of retirement with the Secretary of State of the State of Delaware required thereby, and upon the effectiveness of such certificate of retirement, it shall have the effect of reducing the number of authorized shares of Series B Common Stock and eliminating all references to Series B Common Stock in this Certificate of Incorporation.

(f) Procedures. The Corporation may, from time to time, establish such policies and procedures relating to the conversion of Series B Common Stock to Series A Common Stock in accordance with this Article IV, Section A(3) and the general administration of this dual series stock structure, including the issuance of stock certificates (or the establishment of book-entry positions) with respect thereto, as it may deem necessary or advisable, and may request that holders of shares of Series B Common Stock furnish certifications, affidavits or other proof to the Corporation as it deems necessary to verify the ownership of Series B Common Stock and to confirm that a conversion to Series A Common Stock has not occurred in accordance with Article IV, Section A(3)(b)(ii). A determination by the Board that a Transfer results in a conversion to Series A Common Stock shall be conclusive and binding.

(g) Immediate Effect of Conversion. In the event of a conversion of shares of Series B Common Stock to shares of Series A Common Stock pursuant to this Article IV, Section A(3), such conversion(s) shall be deemed to have been effective immediately prior to the close of business on the date that the Corporation's transfer agent receives the written notice required under Section A(3)(a) of this Article IV, the time that the Transfer of such shares occurred under Section A(3)(b) of this Article IV, the time set forth in Section A(3)(c) of this Article IV upon the death or Incapacity of the Series B Stockholder, the date specified in Section A(3)(d) of this Article IV, or immediately upon the Final Conversion Date, as applicable. Upon any conversion of Series B Common Stock to Series A Common Stock pursuant to this Article IV, Section A(3), all rights of the holder of such shares of Series B Common Stock shall cease and the person or persons in whose names or names the certificate or certificates (or book-entry position(s) representing the shares of Series A Common Stock) are to be issued shall be treated for all purposes as having become the record holder or holders of such number of shares of Series A Common Stock into which such shares of Series B Common Stock were converted. Shares of Series B Common Stock that are converted into shares of Series A Common Stock as provided in this Article IV, Section A(3) shall be retired and shall not be reissued.

(h) Reservation of Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Series A Common Stock, solely for the purpose of effecting the conversion of the shares of Series B Common Stock pursuant to this Article IV, Section A(3), such number of its shares of Series A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series B Common Stock into shares of Series A Common Stock.

4. No Further Issuances. Except for the issuance of Series B Common Stock issuable upon the settlement, exercise or conversion of Rights outstanding at the IPO Time, a dividend payable in accordance with Article IV, Section A(3)(a) or a subdivision or reclassification in accordance with Article IV, Section A(3)(b), the Corporation shall not at any time after the IPO Time issue any additional shares of Series B Common Stock, unless such issuance is approved by the affirmative vote of the holders of a majority of the outstanding shares of Series B Common Stock, voting as a separate series. After the Final Conversion Date, the Corporation shall not issue any additional shares of Series B Common Stock.

B. PREFERRED STOCK

The Board or any authorized committee thereof is expressly authorized to provide by resolution or resolutions for, out of the unissued shares of Preferred Stock, the issuance of the shares of Preferred Stock in one or more series of such stock, and by filing a certificate of designation pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including

voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof, all to the fullest extent now or hereafter permitted by the DGCL. The powers, preferences and relative, participating, optional and other special rights of each such series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Without limiting the generality of the foregoing, the resolution or resolutions providing for the issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

ARTICLE V

The following terms, where capitalized in this Certificate of Incorporation, shall have the meanings ascribed to them in this Article V:

“**Accel**” means Accel Management Co. Inc. and its Affiliated Companies.

“**Affiliate**” means with respect to any specified person, any other person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified person, including, without limitation, any general partner, managing member, officer, director or manager of such person and any venture capital, private equity, investment advisor or other investment fund now or hereafter existing that is controlled by one or more general partners or managing members of, or is under common investment management (or shares the same management, advisory company or investment advisor) with, such person.

“**Affiliated Companies**” means (a) in respect of Summit Partners, L.P., any entity that controls, is controlled by or under common control with Summit Partners, L.P. (other than the Corporation and any company that is controlled by the Corporation) and any investment funds managed by Summit Partners, L.P., (b) in respect of Accel Management Co. Inc., any entity that controls, is controlled by or under common control with Accel Management Co. Inc. (other than the Corporation and any company that is controlled by the Corporation) and any investment funds managed by Accel Management Co. Inc. and (c) in respect of the Corporation, any entity controlled by the Corporation.

“**Change of Control Share Issuance**” means the issuance by the Corporation, in a transaction or series of related transactions, of voting securities representing more than two percent (2%) of the total voting power (assuming Series A Common Stock and Series B Common Stock each have one (1) vote per share) of the Corporation before such issuance to any person or persons acting as a group as contemplated in Rule 13d-5(b) under the Exchange Act (or any successor provision) that immediately prior to such transaction or series of related transactions held fifty percent (50%) or less of the total voting power of the Corporation (assuming Series A Common Stock and Series B Common Stock each have one (1) vote per share), such that, immediately following such transaction or series of related transactions, such person or group of persons would hold more than fifty percent (50%) of the total voting power of the Corporation (assuming Series A Common Stock and Series B Common Stock each have one (1) vote per share).

“**Change of Control Transaction**” means (i) the sale, lease, exclusive license, exchange, or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Board, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the Corporation’s property and assets (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation), *provided* that any sale, lease, exclusive license, exchange or other disposition of property or assets exclusively between or among the Corporation and any direct or indirect subsidiary or subsidiaries of the Corporation shall not be deemed a “Change of Control Transaction”; (ii) the merger, consolidation, business combination, or other similar transaction of the Corporation with any other entity, other than a merger, consolidation, business combination, or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting

securities of the Corporation, surviving entity or its parent (as applicable) *and* more than fifty percent (50%) of the total number of outstanding shares of the Corporation's, surviving entity's or its parent's (as applicable) capital stock, in each case as outstanding immediately after such merger, consolidation, business combination, or other similar transaction, and the stockholders of the Corporation immediately prior to the merger, consolidation, business combination, or other similar transaction own voting securities of the Corporation, the surviving entity or its parent (as applicable) immediately following the merger, consolidation, business combination, or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the voting securities of the Corporation immediately prior to the transaction; (iii) a recapitalization, liquidation, dissolution, or other similar transaction involving the Corporation, other than a recapitalization, liquidation, dissolution, or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation, surviving entity or its parent (as applicable) *and* more than fifty percent (50%) of the total number of outstanding shares of the Corporation's, surviving entity's or parent's (as applicable) capital stock, in each case as outstanding immediately after such recapitalization, liquidation, dissolution or other similar transaction, and the stockholders of the Corporation immediately prior to the recapitalization, liquidation, dissolution or other similar transaction own voting securities of the Corporation, the surviving entity or its parent immediately following the recapitalization, liquidation, dissolution or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the voting securities of the Corporation immediately prior to the transaction; (iv) any Change of Control Share Issuance; and (v) any transfer, domestication, continuance, conversion or other similar transaction of the Corporation other than a transfer, domestication, continuance, conversion or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the transferred, domesticated, continued or converted entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation, the transferred, domesticated, continued or converted entity or its parent (as applicable) *and* more than fifty percent (50%) of the total number of outstanding shares of the Corporation's, the transferred, domesticated, continued or converted entity's or its parent's (as applicable) capital stock, in each case as outstanding immediately after such transfer, domestication, continuance, conversion or other similar transaction, and the stockholders of the Corporation immediately prior to the transfer, domestication, continuance, conversion or other similar transaction own voting securities of the Corporation, the transferred, domesticated, continued or converted entity of its parent (as applicable) immediately following the transfer, domestication, continuance, conversion or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the voting securities of the Corporation immediately prior to the transaction.

“Disinterested Directors” means the Directors who have been determined by the Board to be disinterested with respect to a particular Transfer or Change of Control Transaction, as applicable.

“Distribution” means (i) any dividend of cash, property or shares of the Corporation's capital stock payable to holders of shares of the Corporation's capital stock; and (ii) any distribution to holders of shares of the Corporation's capital stock following or in connection with any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

“Final Conversion Date” means 5:00 p.m. in New York City, New York on the first Trading Day falling on or after the seventh (7th) year anniversary of the IPO Time.

“Founder” means each of Andrew Bialecki and Ed Hallen.

“Incapacity” means that such holder is incapable of managing such holder's financial affairs under the criteria set forth in the applicable probate code and such incapacity has lasted or can be expected to last for a continuous period of not less than twelve (12) months or is suffering from a condition that can be expected to result in death, in each case, as determined by a licensed medical practitioner. In the event of a dispute regarding whether a

Series B Stockholder has suffered an Incapacity, no Incapacity of such holder will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

“IPO” means the Corporation’s initial public offering of the Series A Common Stock.

“IPO Time” means the closing of the IPO.

“Rights” means any option, warrant, restricted stock unit, conversion right or contractual right of any kind to acquire shares of the Corporation’s authorized but unissued capital stock.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Securities Exchange” means, at any time, the registered national securities exchange on which the Corporation’s equity securities are then principally listed or traded, which shall be the New York Stock Exchange or Nasdaq Global Market (or similar national quotation system of the Nasdaq Stock Market) (**“Nasdaq”**) or any successor exchange of either the New York Stock Exchange or Nasdaq.

“Series B Stockholder” means (i) the registered holder of a share of Series B Common Stock issued at or prior to the IPO Time and (ii) the registered holder of any shares of Series B Common Stock that are originally issued by the Corporation after the IPO Time.

“Summit Partners” means Summit Partners, L.P. and its Affiliated Companies.

“Trading Day” means any day on which the Securities Exchange is open for trading.

“Transfer” of a share of Series B Common Stock shall mean, directly or indirectly, any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law. A “Transfer” shall also include, without limitation, (i) a transfer of a share of Series B Common Stock to a broker or other nominee (regardless of whether or not there is a corresponding change in beneficial ownership) or (ii) the transfer of, or entering into a binding agreement with respect to, Voting Control over a share of Series B Common Stock by proxy or otherwise; *provided, however*, that the following shall not be considered a “Transfer”: (a) granting a revocable proxy to officers or Directors of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders or by written consent in lieu of a meeting; (b) pledging shares of Series B Common Stock by a Series B Stockholder that creates a mere security interest in such shares pursuant to a *bona fide* loan or indebtedness transaction so long as the Series B Stockholder continues to exercise Voting Control over such pledged shares; *provided, however*, that a foreclosure on such shares of Series B Common Stock or other similar action by the pledgee shall constitute a “Transfer”; (c) the fact that, as of the IPO Time or at any time after the IPO Time, the spouse of any Series B Stockholder possesses or obtains an interest in such holder’s shares of Series B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a “Transfer” of such shares of Series B Common Stock (and *provided* that any transfer of shares by any holder of shares of Series B Common Stock to such holder’s spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a “Transfer” of such shares of Series B Common Stock unless otherwise exempt from the definition of Transfer); (d) entering into a trading plan pursuant to Rule 10b5-1 under the Exchange Act with a broker or other nominee; *provided, however*, that a sale of such shares of Series B Common Stock pursuant to such plan shall constitute a “Transfer” at the time of such sale; (e) granting a proxy by a Founder or a Founder’s Permitted Transferees to a person designated by the Board to exercise Voting Control of shares of Series B Common Stock owned directly or indirectly, beneficially and of record, by such Founder or such Founder’s Permitted Transferees, or over which such Founder has Voting Control pursuant to a proxy or voting agreements then in place, effective either (x) on the death of such Founder or (y) during any Incapacity of such Founder, including the exercise of such proxy by the person designated by the Board; or (f) entering into a (x) support, voting, tender or similar agreement, or arrangement (with or without granting a proxy) or (y) a “rollover” or similar agreement or arrangement that, in each case, is approved by a majority of the Disinterested Directors then in

office (or a committee of the Board comprised of Disinterested Directors) and is in connection with a Change of Control Transaction; *provided, however*, that such Change of Control Transaction was approved by a majority of the Disinterested Directors then in office (or a committee of the Board comprised of Disinterested Directors).

“Voting Control” with respect to a share of Series B Common Stock means the exclusive power (whether directly or indirectly) to vote or direct the voting of such share of Series B Common Stock by proxy, voting agreement, or otherwise; *provided, however*, that the following shall not be considered a loss or other diminishment of “Voting Control”: (a) granting a revocable proxy to officers or Directors of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders or by written consent in lieu of a meeting; (b) pledging shares of Series B Common Stock by a holder that creates a mere security interest in such shares pursuant to a *bona fide* loan or indebtedness transaction so long as the holder continues to exercise voting control over such pledged shares; *provided, however*, that a foreclosure on such shares of Series B Common Stock or other similar action by the pledgee shall constitute a loss of “Voting Control”; (c) the fact that, as of the IPO Time or at any time after the IPO Time, the spouse of any holder possesses or obtains an interest in such holder’s shares of Series B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a loss of “Voting Control” of such shares of Series B Common Stock (and *provided* that any transfer of voting control over shares held by any holder of shares of Series B Common Stock to such holder’s spouse, including a transfer of voting control in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a loss of “Voting Control” of such shares of Series B Common Stock unless otherwise provided herein); (d) entering into a trading plan pursuant to Rule 10b5-1 under the Exchange Act with a broker or other nominee; *provided, however*, that a sale of such shares of Series B Common Stock pursuant to such plan shall constitute a loss of “Voting Control” at the time of such sale; (e) granting a proxy by a Founder or a Founder’s Permitted Transferees to a person designated by the Board to exercise Voting Control of shares of Series B Common Stock owned directly or indirectly, beneficially and of record, by such Founder or such Founder’s Permitted Transferees, or over which such Founder has Voting Control pursuant to a proxy or voting agreements then in place, effective either (x) on the death of such Founder or (y) during any Incapacity of such Founder, including the exercise of such proxy by the person designated by the Board; or (f) entering into a (x) support, voting, tender or similar agreement, or arrangement (with or without granting a proxy) or (y) a “rollover” or similar agreement or arrangement that, in each case, is approved by a majority of the Disinterested Directors then in office (or a committee of the Board comprised of Disinterested Directors) and is in connection with a Change of Control Transaction; *provided, however*, that such Change of Control Transaction was approved by a majority of the Disinterested Directors then in office (or a committee of the Board comprised of Disinterested Directors).

“Voting Threshold Date” means the first date on which the outstanding shares of Series B Common Stock represent less than a majority of the total voting power of the then outstanding shares of the Corporation entitled to vote generally in the election of directors.

ARTICLE VI

STOCKHOLDER ACTION

1. **Action without Meeting.** Subject to the rights of the holders of any shares of Preferred Stock, from and after the Voting Threshold Date, any action required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders and may not be taken or effected by a consent of stockholders in lieu thereof. Subject to the rights of the holders of any shares of Preferred Stock, before the Voting Threshold Date, any action required or permitted to be taken by the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote if: (x) the action is first recommended or approved by the Board and (y) a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of the Corporation’s stock entitled to vote thereon were present and voted.

2. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board, and special meetings of stockholders may not be called by any other person or persons. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

ARTICLE VII

DIRECTORS

1. General. The business and affairs of the Corporation shall be managed by or under the direction of the Board except as otherwise provided herein or required by law.

2. Number of Directors; Term of Office. Except as otherwise provided for or fixed pursuant to the provisions of Article IV (including any certificate of designation with respect to any series of Preferred Stock) and this Article VII relating to the rights of the holders of any series of Preferred Stock to elect additional Directors, the number of Directors of the Corporation (the “**Directors**”) shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board. The Directors, other than those who may be elected by the holders of any series of Preferred Stock, shall be classified, with respect to the term for which they severally hold office, into three classes. The term of office of the initial Class I Directors shall expire at the first regularly scheduled annual meeting of stockholders following the IPO Time. The term of office of the initial Class II Directors shall expire at the second annual meeting of stockholders following the IPO Time. The term of office of the initial Class III Directors shall expire at the third annual meeting of stockholders following the IPO Time. The Board is authorized to assign members of the Board already in office to such classes at the time the classification of the Board becomes effective. At each annual meeting of stockholders, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. Notwithstanding the foregoing, the Directors elected to each class shall hold office until their successors are duly elected and qualified or until their earlier resignation, death, disqualification or removal. No decrease in the number of Directors shall shorten the term of any incumbent Director. There shall be no cumulative voting in the election of Directors. Election of Directors need not be by written ballot unless the Bylaws of the Corporation so provide.

Notwithstanding the foregoing, whenever, pursuant to the provisions of Article IV of this Certificate of Incorporation, the holders of any one or more series of Preferred Stock shall have the right, voting separately as a series or together with holders of other such series, to elect additional Directors, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate of Incorporation including any certificate of designation applicable to such series of Preferred Stock. During any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more series, have the right to elect additional Directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of Directors of the Corporation shall automatically be increased by such specified number of Directors, and the holders of such Preferred Stock shall be entitled to elect the additional Directors so provided for or fixed pursuant to said provisions, and (ii) each such additional Director shall serve until such Director’s successor shall have been duly elected and qualified, or until such Director’s right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Notwithstanding any other provision of this Certificate of Incorporation, except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional Directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional Directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional Directors, shall forthwith terminate (in which case each such Director shall thereupon cease to be qualified as, and shall cease to be, a Director) and the total authorized number of Directors of the Corporation shall automatically be reduced accordingly.

3. Vacancies and Newly Created Directorships. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect Directors and to fill vacancies in the Board relating thereto, any and all vacancies

and newly created directorships in the Board, however occurring, including, without limitation, by reason of an increase in the size of the Board, or the death, resignation, disqualification or removal of a Director, shall be filled solely and exclusively by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board, or by a sole remaining Director, and not by the stockholders. Any Director appointed in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified or until his or her earlier resignation, disqualification, death or removal. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect Directors, when the number of Directors is increased or decreased, the Board shall, subject to Article VII, Section 2 hereof, determine the class or classes to which the increased or decreased number of Directors shall be apportioned. In the event of a vacancy in the Board, the remaining Directors, except as otherwise provided by law, shall exercise the powers of the full Board until the vacancy is filled.

4. Removal. Subject to the rights, if any, of any series of Preferred Stock to elect Directors and to remove any Director whom the holders of any such series have the right to elect, any Director may be removed from office (i) only for cause and (ii) only by the affirmative vote of the holders of not less than two-thirds (2/3) of the voting power of the outstanding shares of capital stock then entitled to vote at an election of Directors.

ARTICLE VIII

LIMITATION OF LIABILITY

1. Directors. To the fullest extent permitted by the DGCL, a Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a Director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the Director derived an improper personal benefit. If the DGCL is amended after the effective date of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

2. Officers. To the fullest extent permitted by the DGCL, an Officer (as defined below) of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as an officer of the Corporation, except for liability (a) for any breach of the Officer's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for any transaction from which the Officer derived an improper personal benefit, or (d) arising from any claim brought by or in the right of the Corporation. If the DGCL is amended after the effective date of this Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of Officers, then the liability of an Officer of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. For purposes of this Article VIII, "**Officer**" shall mean an individual who has been duly appointed as an officer of the Corporation and who, at the time of an act or omission as to which liability is asserted, is deemed to have consented to service by the delivery of process to the registered agent of the Corporation as contemplated by 10 Del. C. § 3114(b).

3. Amendment or Modification. Any amendment, repeal or modification of this Article VIII or any amendment to the DGCL, shall not adversely affect any right or protection existing at the time of such amendment, repeal or modification with respect to any acts or omissions occurring before such amendment, repeal or modification of a person serving as a Director or Officer, as applicable, at the time of such amendment, repeal or modification.

ARTICLE IX

CORPORATE OPPORTUNITIES

1. Certain Acknowledgments. In recognition and anticipation that (i) certain of the directors, partners, principals, officers, members, managers, employees, operating partners and/or contractors of Accel and/or Summit Partners may serve as directors or officers of the Corporation and (ii) each of Accel and Summit Partners engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) that the Corporation and its Affiliated Companies may engage in material business transactions with Accel and/or Summit Partners, and that the Corporation is expected to benefit therefrom, the provisions of this Article IX are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve Accel and/or Summit Partners and/or their respective directors, partners, principals, officers, members, managers, employees, operating partners and/or contractors, including any of the foregoing who serve as directors of the Corporation (Accel Management Co. Inc., Summit Partners, L.P. and each of their respective Affiliated Companies and all such other persons each an “*Exempted Person*” and collectively, the “*Exempted Persons*”), and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

2. Competition and Corporate Opportunities. To the fullest extent permitted by applicable law, none of the Exempted Persons shall have any fiduciary duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Corporation or any of its Affiliated Companies, and no Exempted Person shall, to the fullest extent permitted by law, be liable to the Corporation or its stockholders for breach of any fiduciary or other duty (whether contractual or otherwise) solely by reason of any such activities of such Exempted Person. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its Affiliated Companies, renounces any interest or expectancy of the Corporation and its Affiliated Companies in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to any of the Exempted Persons, even if the opportunity is one that the Corporation or its Affiliated Companies might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each Exempted Person shall have no duty to communicate or offer such business opportunity to the Corporation or its Affiliated Companies and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation, any of its Affiliated Companies or its stockholders for breach of any fiduciary or other duty (whether contractual or otherwise), as a director, officer or stockholder of the Corporation solely, by reason of the fact that any Exempted Person pursues or acquires such business opportunity, sells, assigns, transfers or directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or any of its Affiliated Companies. For the avoidance of doubt, each of the Exempted Persons shall, to the fullest extent permitted by law, have the right to, and shall have no duty (whether contractual or otherwise) not to, directly or indirectly: (A) engage in the same, similar or competing business activities or lines of business as the Corporation or its Affiliated Companies, (B) do business with any client or customer of the Corporation or its Affiliated Companies, or (C) make investments in competing businesses of the Corporation or its Affiliated Companies, and such acts shall not be deemed wrongful or improper. Notwithstanding anything to the contrary in this Article IX, Section 2, the Corporation does not renounce any interest or expectancy it may have in any business opportunity that is expressly offered to any director or officer of the Corporation solely in his or her capacity as such, and not in any other capacity.

3. Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this Article IX, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation’s business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.

4. Amendment of this Article. Notwithstanding anything to the contrary elsewhere contained in this Certificate of Incorporation, this Article IX may only be amended or repealed, or a provision inconsistent with this Article IX may only be adopted, by the stockholders by the affirmative vote of the holders of at least two-thirds (2/3)

of the voting power of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting together as a single class; *provided, however*, that, to the fullest extent permitted by law, neither the alteration, amendment or repeal of this Article IX nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article IX shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities which such Exempted Person becomes aware prior to such alteration, amendment, repeal or adoption.

5. Deemed Notice. Any person or entity purchasing or otherwise acquiring or holding any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X

AMENDMENT OF BYLAWS

1. Amendment by Directors. Except as otherwise provided by law, the Bylaws of the Corporation may be adopted, amended or repealed by the Board.

2. Amendment by Stockholders. Except as otherwise provided therein, the Bylaws of the Corporation may be amended or repealed by the stockholders by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting together as a single class; *provided, however*, that if the Board recommends that stockholders approve such amendment or repeal, such amendment or repeal shall only require the affirmative vote of the holders of a majority of the voting power of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting together as a single class.

ARTICLE XI

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal this Certificate of Incorporation in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation. For the avoidance of doubt, the provisions of Sections 242(d) (1) and (d)(2) of the DGCL shall apply to the Corporation.

[Signature Page Follows]

THIS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION is executed this 19th day of September, 2023.

KLAVIYO, INC.

By: /s/ Landon Edmond
Name: Landon Edmond
Title: General Counsel, Chief Legal Officer and Secretary

AMENDED AND RESTATED

BYLAWS

OF

KLAVIYO, INC.

(the "Corporation")

ARTICLE I

Stockholders

SECTION 1. Annual Meeting. The annual meeting of stockholders (any such meeting being referred to in these Bylaws as an "Annual Meeting") shall be held at the hour, date and place within or without the United States that is fixed by the Board of Directors, which time, date and place may subsequently be changed at any time, before or after the notice for such meeting has been sent to the stockholders, by vote of the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive office. If no Annual Meeting has been held for a period of thirteen (13) months after the Corporation's last Annual Meeting, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these Bylaws or otherwise, all the force and effect of an Annual Meeting. Any and all references hereafter in these Bylaws to an Annual Meeting or Annual Meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

SECTION 2. Notice of Stockholder Business and Nominations.(a) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation (the "Board of Directors") and the proposal of other business to be considered by the stockholders may be brought before an Annual Meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice of the Annual Meeting provided for in this Bylaw, who is entitled to vote at the meeting, who is present (in person or by proxy) at the meeting and who complies with the notice procedures set forth in this Bylaw as to such nomination or business. For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a stockholder to bring nominations or business properly before an Annual Meeting (other than matters properly brought under Rule 14a-8 (or any successor rule) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and such stockholder must comply with the notice and other procedures set forth in Article I, Section 2(a)(2), (3) and (4) of this Bylaw to bring such nominations or business properly before an Annual Meeting. In addition to the other requirements set forth in this Bylaw, for any proposal of business to be considered at an Annual Meeting, it must be a proper subject for action by stockholders of the Corporation under Delaware law.

(2) For nominations or other business to be properly brought before an Annual Meeting by a stockholder pursuant to clause (ii) of Article I, Section 2(a)(1) of this Bylaw, the stockholder must (i) have given Timely Notice (as defined below) thereof in writing to the Secretary of the Corporation, (ii) have provided any updates or supplements to such notice at the times and in the forms required by this Bylaw and (iii) together with the beneficial owner(s), if any, on whose behalf the nomination or business proposal is made, have acted in accordance with the representations set forth in the Solicitation Statement (as defined below) required by this Bylaw. To be timely, a stockholder's written notice must be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the

ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the one-year anniversary of the preceding year's Annual Meeting; provided, however, that in the event the Annual Meeting is first convened more than thirty (30) days before or more than sixty (60) days after such anniversary date, or if no Annual Meeting were held in the preceding year, notice by the stockholder to be timely must be received by the Secretary of the Corporation not later than the close of business on the later of the ninetieth (90th) day prior to the scheduled date of such Annual Meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made (such notice within such time periods shall be referred to as "Timely Notice"). Notwithstanding anything to the contrary provided herein, for the first Annual Meeting following the initial public offering of common stock of the Corporation, a stockholder's notice shall be timely if received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the ninetieth (90th) day prior to the scheduled date of such Annual Meeting or the tenth (10th) day following the day on which public announcement of the date of such Annual Meeting is first made or sent by the Corporation. Such stockholder's Timely Notice shall set forth or include:

(A) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the nominee, (ii) the principal occupation or employment of the nominee, (iii) the class or series and number of shares of capital stock of the Corporation that are held of record or are beneficially owned by the nominee or their affiliates or associates and any Synthetic Equity Interest (as defined below) held or beneficially owned by the nominee or their affiliates or associates, (iv) a description of all arrangements or understandings between or among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder or concerning the nominee's potential service on the Board of Directors, (v) a questionnaire with respect to the background and qualifications of the nominee completed by the nominee in the form provided by the Corporation (which questionnaire shall be provided by the Secretary upon written request), (vi) a representation and agreement in the form provided by the Corporation (which form shall be provided by the Secretary upon written request) that: (a) such proposed nominee is not and will not become party to any agreement, arrangement or understanding with any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation; (b) such proposed nominee is not and will not become a party to any agreement, arrangement, or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed to the Corporation; (c) such proposed nominee would, if elected as a director, comply with all applicable rules and regulations of the exchanges upon which shares of the Corporation's capital stock trade, each of the Corporation's corporate governance, ethics, conflict of interest, confidentiality, stock ownership and trading policies and guidelines applicable generally to the Corporation's directors and, if elected as a director of the Corporation, such person currently would be in compliance with any such policies and guidelines that have been publicly disclosed; (d) such proposed nominee intends to serve as a director for the full term for which he or she is to stand for election; and (e) such proposed nominee will promptly provide to the Corporation such other information as it may reasonably request; and (vii) any other information relating to such proposed nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);

(B) as to any other business that the stockholder proposes to bring before the meeting: a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, the text, if any, of any resolutions or Bylaw amendment proposed for adoption, and any material interest in such business of each Proposing Person (as defined below);

(C) (i) the name and address of the stockholder giving the notice, as they appear on the Corporation's books, and the names and addresses of the other Proposing Persons (if any) and (ii), as to each Proposing Person, the following information: (a) the class or series and number of all shares of capital stock of the Corporation that are, directly or indirectly, owned beneficially or of record by such Proposing Person or any of their affiliates or associates (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act), including any shares of any class or series of capital stock of the Corporation as to which such Proposing Person or any of their affiliates or associates has a right to acquire beneficial ownership at any time in the future (whether or not such right is exercisable immediately or only after the passage of time or upon the satisfaction of any conditions or both) pursuant to any agreement, arrangement or understanding (whether or not in writing), (b) all Synthetic Equity Interests (as defined below) in which such Proposing Person or any of their affiliates or associates, directly or indirectly, holds an interest including a description of the material terms of each such Synthetic Equity Interest, including without limitation, identification of the counterparty to each such Synthetic Equity Interest and disclosure, for each such Synthetic Equity Interest, as to (1) whether or not such Synthetic Equity Interest conveys any voting rights, directly or indirectly, in such shares to such Proposing Person or any of their affiliates or associates, (2) whether or not such Synthetic Equity Interest is required to be, or is capable of being, settled through delivery of such shares and (3) whether or not such Proposing Person, any of their affiliates or associates and/or, to the extent known, the counterparty to such Synthetic Equity Interest has entered into other transactions that hedge or mitigate the economic effect of such Synthetic Equity Interest, (c) any proxy (other than a revocable proxy given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person or any of their affiliates or associates has or shares a right to, directly or indirectly, vote any shares of any class or series of capital stock of the Corporation, (d) any rights to dividends or other distributions on the shares of any class or series of capital stock of the Corporation, directly or indirectly, owned beneficially by such Proposing Person or any of their affiliates or associates that are separated or separable from the underlying shares of the Corporation, (e) any performance-related fees (other than an asset-based fee) to which such Proposing Person or any of their affiliates or associates, directly or indirectly, is entitled to receive based on any increase or decrease in the value of shares of any class or series of capital stock of the Corporation, or any Synthetic Equity Interests, (f)(1) if such Proposing Person is not a natural person, the identity of the natural person or persons associated with such Proposing Person responsible for (i) the formulation of and decision to propose the director nomination or business to be brought before the meeting and (ii) making voting and investment decisions on behalf of the Proposing Person (irrespective of whether such person or persons have "beneficial ownership" for purposes of Rule 13d-3 of the Exchange Act of any securities owned of record or beneficially by the Proposing Person) (such person or persons, the "Responsible Person"), the manner in which such Responsible Person was selected, any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person and, the qualifications and background of such Responsible Person or (2) if such Proposing Person is a natural person, the qualifications and background of such natural person, (g) any equity interests or any Synthetic Equity Interests in any principal competitor of the Corporation beneficially owned by such Proposing Person or any of their affiliates or associates, (h) any direct or indirect interest of such Proposing Person or any of their affiliates or associates in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, without limitation, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (i) any pending or threatened litigation in which such Proposing Person or any of their affiliates or associates is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (j) any material transaction occurring during the prior twelve months between such Proposing Person or any of their affiliates or associates, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, and (k) any other information relating to such Proposing Person or any of their affiliates or associates that would be required to be

disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (a) through (k) are referred to, collectively, as “Material Ownership Interests”); provided, however, that the Material Ownership Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder of record directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner;

(D) (i) a description of all agreements, arrangements or understandings to which any Proposing Person or any of their affiliates or associates is a party (whether the counterparty or counterparties are a Proposing Person or any affiliate or associate thereof, on the one hand, or one or more other third parties, on the other hand, (including any proposed nominee(s)) (a) pertaining to the nomination(s) or other business proposed to be brought before the meeting of stockholders or (b) entered into for the purpose of acquiring, holding, disposing or voting of any shares of any class or series of capital stock of the Corporation (which description shall identify the name of each other person who is party to such an agreement, arrangement or understanding), and (ii) identification of the names and addresses of other stockholders (including beneficial owners) known by any of the Proposing Persons to support such nominations or other business proposal(s) and, to the extent known, the class or series and number of all shares of the Corporation’s capital stock owned beneficially or of record by such other stockholder(s) or other beneficial owner(s); and

(E) a statement (i) that the stockholder is a holder of record of capital stock of the Corporation entitled to vote at such meeting, a representation that such stockholder intends to appear in person or by proxy at the meeting to propose such business or nominees and an acknowledgement that, if such stockholder (or a qualified representative of such stockholder) does not appear to present such business or proposed nominees, as applicable, at such meeting, the Corporation need not present such business or proposed nominees for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation, (ii) whether or not the stockholder giving the notice and/or the other Proposing Person(s), if any, (a) will deliver a proxy statement and form of proxy to holders of, in the case of a business proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to approve the proposal or, in the case of a nomination or nominations, at least 67 percent of the voting power of all of the shares of capital stock of the Corporation entitled to vote on the election of directors or (b) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination, as applicable, (iii) providing a representation as to whether or not such Proposing Person intends to solicit proxies in support of director nominees other than the Corporation’s director nominees in accordance with Rule 14a-19 promulgated under the Exchange Act, and (iv) that the stockholder will provide any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (such statement, the “Solicitation Statement”).

For purposes of this Article I, the term “Proposing Person” shall mean the following persons: (i) the stockholder of record providing the notice of nominations or business proposed to be brought before a stockholders’ meeting and (ii) the beneficial owner(s), if different, on whose behalf the nominations or business proposed to be brought before a stockholders’ meeting is made. For purposes of this Section 2, the term “Synthetic Equity Interest” shall mean any transaction, agreement or arrangement (or series of transactions, agreements or arrangements), including, without limitation, any derivative, swap, hedge, repurchase or so-called “stock borrowing” or securities lending agreement or arrangement, the purpose or effect of which is to, directly or indirectly: (a) give a person or entity economic benefit and/or risk similar

to ownership of shares of any class or series of capital stock of the Corporation, in whole or in part, including due to the fact that such transaction, agreement or arrangement provides, directly or indirectly, the opportunity to profit, or share in any profit, or avoid a loss from any increase or decrease in the value of any shares of any class or series of capital stock of the Corporation, (b) mitigate loss to, reduce the economic risk of, or manage the risk of share price changes for, any person or entity with respect to any shares of any class or series of capital stock of the Corporation, (c) otherwise provide in any manner the opportunity to profit, or share in any profit, or avoid a loss from any decrease in the value of any shares of any class or series of capital stock of the Corporation, or (d) increase or decrease the voting power of any person or entity with respect to any shares of any class or series of capital stock of the Corporation.

(3) A stockholder providing Timely Notice of nominations or business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information (including, without limitation, the Material Ownership Interests information) provided or required to be provided in such notice pursuant to this Bylaw shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to such Annual Meeting, and such update and supplement shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the fifth (5th) business day after the record date for the Annual Meeting (in the case of the update and supplement required to be made as of the record date), and not later than the close of business on the eighth (8th) business day prior to the date of the Annual Meeting (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting). For the avoidance of doubt, the obligation to update as set forth in this Section 2(a)(3) shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder, or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders. Notwithstanding the foregoing, if a Proposing Person no longer plans to solicit proxies in accordance with its representation pursuant to Article I, Section 2(a)(2)(E), such Proposing Person shall inform the Corporation of this change by delivering a written notice to the Secretary at the principal executive offices of the Corporation no later than two (2) business days after making the determination not to proceed with a solicitation of proxies. A Proposing Person shall also update its notice so that the information required by Article I, Section 2(a)(2)(C) is current through the date of the meeting or any adjournment, postponement, or rescheduling thereof, and such update shall be delivered in writing to the secretary at the principal executive offices of the Corporation no later than two (2) business days after the occurrence of any material change to the information previously disclosed pursuant to Article I, Section 2(a)(2)(C).

(4) Notwithstanding anything in the second sentence of Article I, Section 2(a)(2) of this Bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination in accordance with the second sentence of Article I, Section 2(a)(2), a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) General.

(1) Only such persons who are nominated in accordance with the provisions of this Bylaw shall be eligible for election and to serve as directors, and only such business shall be conducted at an Annual Meeting as shall have been brought before the meeting in accordance with the provisions of this Bylaw or in accordance with Rule 14a-8 under the Exchange Act. The Board of Directors or a designated committee thereof shall have the power to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the provisions of this Bylaw. If neither the Board

of Directors nor such designated committee makes a determination as to whether any stockholder proposal or nomination was made in accordance with the provisions of this Bylaw, the presiding officer of the Annual Meeting shall have the power and duty to determine whether the stockholder proposal or nomination was made in accordance with the provisions of this Bylaw. If the Board of Directors or a designated committee thereof or the presiding officer, as applicable, determines that any stockholder proposal or nomination was not made in accordance with the provisions of this Bylaw, such proposal or nomination shall be disregarded and shall not be presented for action at the Annual Meeting.

(2) Except as otherwise required by law, nothing in this Article I, Section 2 shall obligate the Corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for director or any other matter of business submitted by a stockholder.

(3) Notwithstanding the foregoing provisions of this Article I, Section 2, if the nominating or proposing stockholder (or a qualified representative of the stockholder) does not appear at the Annual Meeting to present a nomination or any business, such nomination or business shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Article I, Section 2, to be considered a qualified representative of the proposing stockholder, a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, to the presiding officer at the meeting of stockholders.

(4) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(5) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder, including, but not limited to, Rule 14a-19 of the Exchange Act, with respect to the matters set forth in this Bylaw. If a stockholder fails to comply with any applicable requirements of the Exchange Act, including, but not limited to, Rule 14a-19 promulgated thereunder, such stockholder's proposed nomination or proposed business shall be deemed to have not been made in compliance with this Bylaw and shall be disregarded.

(6) Further notwithstanding the foregoing provisions of this Bylaw, unless otherwise required by law, (i) no Proposing Person shall solicit proxies in support of director nominees other than the Corporation's nominees unless such Proposing Person has complied with Rule 14a-19 promulgated under the Exchange Act in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder with timely notice, and (ii) if any Proposing Person (A) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) promulgated under the Exchange Act, including the provision to the Corporation of notices required thereunder with timely notice, and (C) no other Proposing Person has provided notice pursuant to, and in compliance with, Rule 14a-19 under the Exchange Act that it intends to solicit proxies in support of the election of such proposed nominee in accordance with Rule 14a-19(b) under the Exchange Act, then such proposed nominee shall be disqualified from nomination, the Corporation shall disregard the nomination of such proposed nominee and no vote on the election of such proposed nominee shall occur. Upon request by the Corporation, if any Proposing Person provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Proposing Person shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting date, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

(7) The number of nominees a stockholder may nominate for election at the Annual Meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the Annual Meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such Annual Meeting.

SECTION 3. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation may be called only by or at the direction of the Board of Directors. The Board of Directors may postpone or reschedule any previously scheduled special meeting of stockholders. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation. Nominations of persons for election to the Board of Directors and stockholder proposals of other business shall not be brought before a special meeting of stockholders to be considered by the stockholders unless such special meeting is held in lieu of an annual meeting of stockholders in accordance with Article I, Section 1 of these Bylaws, in which case such special meeting in lieu thereof shall be deemed an Annual Meeting for purposes of these Bylaws and the provisions of Article I, Section 2 of these Bylaws shall govern such special meeting.

SECTION 4. Notice of Meetings; Adjournments.

(a) A notice of each Annual Meeting stating the hour, date and place, if any, of such Annual Meeting and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall, unless otherwise required by the Certificate (as defined below) or applicable law, be given not less than ten (10) days nor more than sixty (60) days before the Annual Meeting, to each stockholder entitled to vote thereat by delivering such notice to such stockholder or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books. Without limiting the manner by which notice may otherwise be given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

(b) Notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

(c) Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a waiver of notice is executed, or waiver of notice by electronic transmission is provided, before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

(d) The Board of Directors may postpone and reschedule or cancel any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under this Article I.

(e) When any meeting is convened, the presiding officer or the stockholders present or represented by proxy at such meeting may adjourn the meeting from time to time for any reason, regardless of whether a quorum is present, to reconvene at any other time and at any place at which a meeting of stockholders may be held under these Bylaws. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place (including an adjournment taken to address a technical failure to convene or continue a meeting using remote communication), notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are (i) announced at the meeting at which the adjournment is taken, (ii) displayed, during the time scheduled for the meeting, on the same electronic

network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication or (iii) set forth in the notice of meeting given in accordance with this Section 4; provided, however, that if the adjournment is for more than thirty (30) days from the meeting date, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or these Bylaws, is entitled to such notice.

SECTION 5. Quorum. Except as otherwise provided by law, the certificate of incorporation or these Bylaws, at each meeting of stockholders, the presence in person or by remote communication, if applicable, or represented by proxy, of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 4 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 6. Voting and Proxies.

(a) The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section Article IV, Section 5 of these Bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the stock ledger of the Corporation as of the record date, unless otherwise provided by law or by the Certificate. Stockholders may vote either (i) in person, (ii) by written proxy or (iii) by a transmission permitted by Section 212(c) of the DGCL. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission permitted by Section 212(c) of the DGCL may be substituted for or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Proxies shall be filed in accordance with the procedures established for the meeting of stockholders. Except as otherwise limited therein or as otherwise provided by law, proxies authorizing a person to vote at a specific meeting shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them. In the event the Corporation receives proxies for disqualified or withdrawn nominees for the Board of Directors, such votes for such disqualified or withdrawn nominees in the proxies will be treated as abstentions.

(b) Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

SECTION 7. Action at Meeting. When a quorum is present at any meeting of stockholders, any matter before any such meeting (other than an election of a director or directors) shall be decided by a majority of the votes properly cast for and against such matter, except where a different or minimum vote is required by law, by the Certificate, by these Bylaws, by the rules or regulations of any stock exchange applicable to the Corporation, or by any law or regulation applicable to the Corporation or its securities, in which case such different or minimum vote shall be the applicable vote on the matter. Any election of directors by stockholders shall be determined by a plurality of the votes properly cast on the election of directors.

SECTION 8. Stockholder Lists. The Corporation shall prepare, no later than the tenth (10th) day before each Annual Meeting or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of ten (10) days ending on the day before the meeting date in the manner provided by law.

SECTION 9. Conduct of Meeting. The Board of Directors may adopt by resolution such rules, regulations, and procedures for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with rules, regulations, and procedures adopted by the Board of Directors, the chair of the meeting shall have the right to prescribe such rules, regulations, and procedures and to do all such acts, as, in the judgment of such chair, are necessary, appropriate, or convenient for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board of Directors or the chair of the meeting, may include, without limitation, the following: (a) the establishment of an agenda for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present at the meeting; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies, or such other persons as the chair of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) the determination of the circumstances in which any person may make a statement or ask questions and limitations on the time allotted to questions or comments; (f) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (g) the exclusion or removal of any stockholders or any other individual who refuses to comply with meeting rules, regulations, or procedures; (h) restrictions on the use of audio and video recording devices, cell phones, and other electronic devices; (i) rules, regulations, and procedures for compliance with any federal, state, or local laws or regulations (including those concerning safety, health, or security); and (j) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting. Unless and to the extent determined by the Board of Directors or the chair of the meeting, the chair of the meeting shall not be obligated to adopt or follow any technical, formal, or parliamentary rules or principles of procedure.

SECTION 10. Inspectors of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or three inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall perform such duties as are required by the DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

SECTION 11. Action by Stockholders Without a Meeting. So long as stockholders of the Corporation have the right to act by written consent in accordance with Section 1 of ARTICLE VI of the Certificate, the following provisions shall apply:

(a) Record Date. For the purpose of determining the stockholders entitled to consent to corporate action in writing without a meeting as may be permitted by the Certificate or the certificate of designation relating to any outstanding class or series of preferred stock, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than ten (10) (or the maximum number permitted by applicable law) days after the date on which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors pursuant to this Section 11(a) or otherwise within ten (10) days of receipt of a valid request by a stockholder, the record date for determining stockholders

entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required pursuant to the Certificate or applicable law, shall be the first date after the expiration of such ten (10) day time period on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation pursuant to Section 11(b); provided, however, that if prior action by the Board of Directors is required by the Certificate or applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall in such an event be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(b) Generally. No written consent shall be effective to take the corporate action referred to therein unless written consents signed by a sufficient number of stockholders to take such action are delivered to the Corporation, in the manner required by this Section 11, within sixty (60) (or the maximum number permitted by applicable law) days of the date of the earliest dated consent delivered to the Corporation in the manner required by applicable law. The validity of any consent executed by a proxy for a stockholder pursuant to an electronic transmission transmitted to such proxy holder by or upon the authorization of the stockholder shall be determined by or at the direction of the Secretary. A written record of the information upon which the person making such determination relied shall be made and kept in the records of the proceedings of the stockholders. Any such consent shall be inserted in the minute book as if it were the minutes of a meeting of stockholders. If any action by consent has been taken by stockholders by less than unanimous consent, prompt notice of the taking of the action by consent shall be given by the Corporation (at its expense) to those stockholders as of the record date for the action by consent who have not consented and who would have been entitled to notice of the meeting if the action had been taken at a meeting and the record date for the notice of the meeting were the record date for the action by consent.

ARTICLE II

Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors, provided the Board of Directors shall consist of at least one (1) member. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Qualification. No director need be a stockholder of the Corporation.

SECTION 4. Vacancies. Vacancies in the Board of Directors shall be filled in the manner provided in the Certificate.

SECTION 5. Removal. Directors may be removed from office only in the manner provided in the Certificate and applicable law.

SECTION 6. Resignation. A director may resign at any time by electronic transmission or by giving written notice to the Chairperson of the Board, if one is elected, the Chief Executive Officer or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine and publicize by means of reasonable notice given to any director who is not present at the meeting at which such resolution is adopted.

SECTION 8. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairperson of the Board, if one is elected, or the Chief Executive Officer. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 9. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairperson of the Board, if one is elected, or the Chief Executive Officer or such other officer designated by the Chairperson of the Board, if one is elected, or the Chief Executive Officer. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, electronic mail or other form of electronic communication, sent to his or her business or home address, at least twenty-four (24) hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least forty-eight (48) hours in advance of the meeting, *provided, however*, that if the Chairperson of the Board or the Chief Executive Officer determines that it is otherwise necessary or advisable to hold the meeting sooner, then the Chairperson of the Board or the Chief Executive Officer, as the case may be, may prescribe a shorter time period for notice to be given personally or by telephone, facsimile, electronic mail or other similar means of communication. Such notice shall be deemed to be delivered when hand-delivered to such address; read to such director by telephone; deposited in the mail so addressed, with postage thereon prepaid, if mailed; or dispatched or transmitted if sent by facsimile transmission or by electronic mail or other form of electronic communications. A written waiver of notice signed or electronically transmitted before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 10. Quorum. At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice. Any business that might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present. For purposes of this Section 10, the total number of directors includes any unfilled vacancies on the Board of Directors.

SECTION 11. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of the directors present shall constitute action by the Board of Directors, unless otherwise required by law, by the Certificate or by these Bylaws.

SECTION 12. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission. After an action is taken, the consent or consent related thereto shall be filed with the records of the meetings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such consent shall be treated as a resolution of the Board of Directors for all purposes.

SECTION 13. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of video conference, conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these Bylaws.

SECTION 14. Presiding Director. The Board of Directors shall designate a representative to preside over all meetings of the Board of Directors, provided that if the Board of Directors does not so designate such a presiding director or such designated presiding director is unable to so preside or is absent, then the Chairperson of the Board, if one is elected, shall preside over all meetings of the Board of Directors. If both the designated presiding director, if one is so designated, and the Chairperson of the Board, if one is elected, are unable to preside or are absent, the Board of Directors shall designate an alternate representative to preside over a meeting of the Board of Directors.

SECTION 15. Committees. The Board of Directors may elect one or more committees, including, without limitation, a Compensation Committee, a Nominating & Corporate Governance Committee and an Audit

Committee, and may delegate thereto some or all of its powers to such committee(s) except those which by law, by the Certificate or by these Bylaws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these Bylaws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors.

SECTION 16. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by a majority of the Board of Directors, or a designated committee thereof, provided that directors who are serving the Corporation as employees shall not receive any salary or other compensation for their services as directors of the Corporation.

ARTICLE III

Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a Chief Executive Officer, a President, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairperson of the Board and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine. Any number of offices may be held by the same person. The salaries and other compensation of the officers of the Corporation will be fixed by or in the manner designated by the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility.

SECTION 2. Election. The Board of Directors shall elect the Chief Executive Officer, President, the Treasurer and the Secretary. Other officers may be elected by the Board of Directors.

SECTION 3. Qualification. No officer need be a stockholder or a director.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these Bylaws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors following the next Annual Meeting and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation and Removal. Any officer may resign by delivering his or her written or electronically transmitted resignation to the Corporation addressed to the Chief Executive Officer or the Secretary, and such resignation shall be effective upon receipt, unless the resignation otherwise provides. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Except as otherwise provided by law or by resolution of the Board of Directors, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office (so long as a quorum is present). Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his or her resignation or removal, or any right to damages on account of such removal, whether his or her compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the Corporation.

SECTION 6. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 7. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 8. Chief Executive Officer. The Chief Executive Officer shall have such powers and shall perform such duties as the Board of Directors may from time to time designate. The Chief Executive Officer shall preside as the chair of the meeting at all meetings of the stockholders; provided that if there is no Chief Executive Officer or the Chief Executive Officer is unable to so preside or is absent, then a director or officer chosen by resolution of the Board of Directors shall act as Chairperson at all meetings of stockholders.

SECTION 9. President. The President shall, subject to the direction of the Board of Directors, have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 10. Chairperson of the Board. The Chairperson of the Board, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 11. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 12. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board of Directors) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities. Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Other Powers and Duties. Subject to these Bylaws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

SECTION 15. Representation of Shares of Other Corporations. The Chairperson of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, the Secretary or Assistant Secretary of this Corporation, or any other person authorized by the Board of Directors or the Chief Executive Officer, is authorized to vote, represent and exercise on behalf of this Corporation all rights incident to any and all securities of any other entity or entities standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

SECTION 16. Bonded Officers. The Board of Directors may require any officer to give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors upon such terms and conditions as the Board of Directors may specify, including without limitation a bond for the faithful performance of his or her duties and for the restoration to the Corporation of all property in his or her possession or under his or her control belonging to the Corporation.

ARTICLE IV

Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by any two authorized officers of the Corporation. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. Notwithstanding anything to the contrary provided in these Bylaws, the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares (except that the foregoing shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation), and by the approval and adoption of these Bylaws the Board of Directors has determined that all classes or series of the Corporation's stock shall be uncertificated, whether upon original issuance, re-issuance, or subsequent transfer.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock that are represented by a certificate may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. Shares of stock that are not represented by a certificate may be transferred on the books of the Corporation by submitting to the Corporation or its transfer agent such evidence of transfer and following such other procedures as the Corporation or its transfer agent may require.

SECTION 3. Stock Transfer Agreements. The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the corporation of any one or more classes or series owned by such stockholders in any manner not prohibited by the DGCL.

SECTION 4. Record Holders. Except as may otherwise be required by law, by the Certificate or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws.

SECTION 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 6. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock of the Corporation, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V

Indemnification

SECTION 1. Definitions. For purposes of this Article V:

(a) "Corporate Status" describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, (iii) as a Non-Officer Employee of the Corporation, or (iv) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), a Director, Officer or Non-Officer Employee of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) "Expenses" means all attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) "Liabilities" means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement;

(f) "Non-Officer Employee" means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) "Officer" means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation;

(h) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitral or investigative; and

(i) "Subsidiary" means any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) fifty percent

(50%) or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) fifty percent (50%) or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

SECTION 2. Indemnification of Directors and Officers.

(a) Subject to the operation of Section 4 of this Article V, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, and to the extent authorized in this Section 2.

(1) Actions, Suits and Proceedings Other than By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(2) Actions, Suits and Proceedings By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Corporation, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made under this Section 2(a)(2) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent that, the Court of Chancery of the State of Delaware or another court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deems proper.

(3) Survival of Rights. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives.

(4) Actions by Directors or Officers. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding (including any parts of such Proceeding not initiated by such Director or Officer) was authorized in advance by the Board of Directors, unless such Proceeding was brought to enforce such Officer's or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these Bylaws in accordance with the provisions set forth herein.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V, each Non-Officer Employee may, in the discretion of the Board of Directors, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with

respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors.

SECTION 4. Determination. Notwithstanding any other provisions of these Bylaws, to the fullest extent permitted by applicable law and to the extent that a Director or an Officer is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Corporation shall indemnify such Director or Officer against all Expenses actually and reasonably incurred by or on behalf of Indemnitee in connection therewith. Unless ordered by a court or except as provided in the preceding sentence, no indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

SECTION 5. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within thirty (30) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding (including any parts of such Proceeding not initiated by such Director) was (i) authorized by the Board of Directors, or (ii) brought to enforce such Director's rights to indemnification or advancement of Expenses under these Bylaws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within thirty (30) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article V shall not be a defense to an action brought by a Director for recovery of the unpaid amount of an advancement claim and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such person is involved by reason of his or her Corporate Status as an Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer or Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such person to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 7. Contractual Nature of Rights.

(a) The provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, in consideration of such person's past or current and any future performance of services for the Corporation. Neither amendment, repeal or modification of any provision of this Article V nor the adoption of any provision of the Certificate inconsistent with this Article V shall eliminate or reduce any right conferred by this Article V in respect of any act or omission occurring, or any cause of action or claim that accrues or arises or any state of facts existing, at the time of or before such amendment, repeal, modification or adoption of an inconsistent provision (even in the case of a proceeding based on such a state of facts that is commenced after such time), and all rights to indemnification and advancement of Expenses granted herein or arising out of any act or omission shall vest at the time of the act or omission in question, regardless of when or if any proceeding with respect to such act or omission is commenced. The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this Article V shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such person.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within sixty (60) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to an action brought by a Director or Officer for recovery of the unpaid amount of an indemnification claim and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and to advancement of Expenses set forth in this Article V shall not be exclusive of any other right that any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

SECTION 10. Other Indemnification. The Corporation's obligation, if any, to indemnify or provide advancement of Expenses to any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification or advancement of Expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise (the "Primary Indemnitor"). Any indemnification or advancement of Expenses under this Article V owed by the Corporation as a result of a person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

SECTION 11. Savings Clause. If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including, without limitation, attorneys' fees), liabilities, losses, judgments, fines (including, without limitation, excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974, as amended) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI

Miscellaneous Provisions

SECTION 1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chairperson of the Board, if one is elected, the Chief Executive Officer, the President or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairperson of the Board, if one is elected, the Chief Executive Officer, the President or the Treasurer may waive notice of, and act on behalf of the Corporation, or appoint another person or persons to act as proxy or attorney in fact for the Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or stockholders of any other corporation or organization, any of whose securities are held by the Corporation.

SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, Bylaws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at an office of its counsel,

at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Certificate. All references in these Bylaws to the Certificate shall be deemed to refer to the Certificate, as amended and/or restated and in effect from time to time.

SECTION 8. Exclusive Jurisdiction of Delaware Courts or the United States Federal District Courts. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of, or a claim based on, a breach of a fiduciary duty owed by any current or former director, officer or other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or the Certificate or these Bylaws (as either may be amended and restated, and including the interpretation, validity or enforceability thereof) or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 8.

SECTION 9. Amendment of Bylaws.

(a) Amendment by Directors. Except as provided otherwise by law, these Bylaws may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the directors then in office (so long as a quorum is present).

(b) Amendment by Stockholders. Except as otherwise provided herein, the Bylaws of the Corporation may be amended or repealed at any annual meeting of stockholders, or special meeting of stockholders called for such purpose, by the affirmative vote of at least not less than two-thirds (2/3) of the outstanding shares of capital stock entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of outstanding shares of capital stock entitled to vote on such amendment or repeal, voting together as a single class.

SECTION 10. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

SECTION 11. Waivers. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in such a waiver.

Adopted August 24, 2023 and effective as of September 19, 2023.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED
PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

Klaviyo, Inc. has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act: our Series A common stock, \$0.001 par value per share. References herein to the terms the “company,” “we,” “our,” and “us” refer to Klaviyo, Inc.

The following description summarizes certain important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. This summary does not purport to be complete and is qualified in its entirety by the applicable provisions our amended and restated certificate of incorporation, amended and restated bylaws and our amended and restated investors' rights agreement entered into in May 2021, or our Investors' Rights Agreement, as each may be amended from time to time, and each of which are included as exhibits to our Annual Report on Form 10-K of which this Exhibit 4.2 is a part, as well as to the applicable provisions of the Delaware General Corporation Law, or the DGCL. For a complete description of the matters that are summarized herein, you should refer to our amended and restated certificate of incorporation, amended and restated bylaws, the Investors' Rights Agreement, and the applicable portions of the DGCL, each of which we encourage you to read carefully.

General

Our authorized capital stock consists of 3,000,000,000 shares of Series A common stock, \$0.001 par value per share, 350,000,000 shares of Series B common stock, \$0.001 par value per share, and 100,000,000 shares of undesignated preferred stock, \$0.001 par value per share.

Our board of directors is authorized, without stockholder approval except as required by the listing standards of the New York Stock Exchange, to issue additional shares of our capital stock.

Series A Common Stock and Series B Common Stock

We have two series of authorized common stock: Series A common stock and Series B common stock. Other than as described below under the subsections titled “—Voting Rights” and “—Conversion”, the rights of the holders of Series A common stock and Series B common stock are identical.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Series A common stock and Series B common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Holders of our Series A common stock are entitled to one vote per share, and holders of our Series B common stock are entitled to ten votes per share, on all matters submitted to a vote of stockholders. The holders of our Series A common stock and Series B common stock generally vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by the DGCL or our amended and restated certificate of incorporation. If we were to seek to amend our amended and restated certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a series of a class of our capital stock in a manner that affected its holders adversely, but does not affect the entire class, the DGCL would require either holders of our Series A common stock or Series B common stock to vote separately as a single class to approve the proposed amendment.

Our amended and restated certificate of incorporation does not provide for cumulative voting for the election of directors. Our amended and restated certificate of incorporation and amended and restated bylaws establish a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class are subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms.

Conversion

Each outstanding share of Series B common stock is convertible at any time at the option of the holder into one share of Series A common stock. In addition, each share of Series B common stock will convert automatically into one share of Series A common stock upon (i) any transfer, whether or not for value, except for certain permitted transfers described in our amended and restated certificate of incorporation, including transfers to trusts solely for the benefit of the stockholder or their family members, and partnerships, corporations, and other entities exclusively

owned by the stockholder or their family members or (ii) in the case of a stockholder who is a natural person, the death or incapacity of such stockholder; provided that in the case of Andrew Bialecki and Ed Hallen, or our Founders, (a) any transfer by a Founder (or such Founder's affiliate or affiliates) to another Founder (or such Founder's affiliate or affiliates) will not result in the automatic conversion of such shares of Series B common stock to shares of Series A common stock and (b) each share of Series B common stock held by such Founder shall automatically convert into shares of Series A common stock upon the date that is nine months following the death or incapacity of such Founder. Once converted into Series A common stock, the Series B common stock will not be reissued.

Each outstanding share of Series B common stock will convert automatically into one share of Series A common stock upon the date specified by affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B common stock, voting as a single class.

All outstanding shares of Series A common stock and Series B common stock will convert automatically into shares of a single series of common stock on the earlier of the date that is seven years from September 19, 2023, the date of the final prospectus for our initial public offering, or the date the holders of at least two-thirds of our Series B common stock elect to convert the Series B common stock to Series A common stock. The purpose of this provision is to ensure that following such conversion, each share of common stock will have one vote per share and the rights of the holders of all outstanding common stock will be identical. Once converted into a single series of common stock, the Series A common stock and Series B common stock may not be reissued.

No Preemptive or Similar Rights

Our Series A common stock and Series B common stock are not entitled to preemptive rights and are not subject to conversion (except as noted above), redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our Series A common stock and Series B common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Our board of directors is authorized, without further action by our stockholders, subject to limitations prescribed by the DGCL, to issue from time to time shares of preferred stock in one or more series of such stock, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations or restrictions thereof, all to the fullest extent now or hereafter permitted by the DGCL, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of our company and might adversely affect the market price of our Series A common stock and the voting and other rights of the holders of our Series A common stock and Series B common stock.

Registration Rights

Certain holders of our Series B common stock are entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended, or the Securities Act. These registration rights are contained in the Investors' Rights Agreement. The registration rights set forth in the Investors' Rights Agreement expire two years following our initial public offering or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144 of the Securities Act. We will pay the registration expenses (other than underwriting discounts, selling commissions, and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below, including the reasonable fees of one counsel for the selling holders. In an underwritten offering, the underwriters have the right, subject to specified conditions, to limit the number of shares such holders may include.

Demand Registration Rights on Form S-1

Certain holders of our Series B common stock are entitled to certain demand registration rights. At any time beginning 180 days after the completion of our initial public offering, the holders of at least 15% of these shares

then outstanding may request that we register the offer and sale of their shares on a registration statement on Form S-1, so long as the request covers at least that number of shares with an anticipated aggregate offering price, net of selling expenses, of at least \$75.0 million, subject to certain limitations. We are obligated to effect only two such registrations in the aggregate. If we determine that it would be seriously detrimental to us and our stockholders to affect such a demand registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of not more than 90 days. Additionally, we are not required to effect a demand registration on Form S-1 during the period beginning 60 days before our good faith estimate of the filing of, and ending on the date 180 days following the effectiveness of, a registration statement on Form S-1 relating to a public offering of our common stock. Additionally, we are not required to effect a demand registration on Form S-1 if the requesting stockholders propose to dispose of shares of our common stock that may be immediately registered pursuant to a demand registration on Form S-3.

Piggyback Registration Rights

If we propose to register the offer and sale of our common stock under the Securities Act, certain holders of our Series B common stock are entitled to certain “piggyback” registration rights allowing such holders to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to: (i) a registration relating to the sale or grant of securities to our employees or a subsidiary pursuant to any stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to a transaction under Rule 145 of the Securities Act; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of our Series B common stock; or (iv) a registration in which the only common stock being registered is common stock issuable upon the conversion of debt securities that are also being registered, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Demand Registration Rights on Form S-3

Certain holders of our Series B common stock are entitled to certain Form S-3 registration rights. The holders of at least 15% of these shares then outstanding may request that we register the offer and sale of their shares on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers at least that number of shares with an anticipated aggregate offering price, net of selling expenses, of at least \$75.0 million, subject to certain limitations. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we are not required to affect a registration on Form S-3 if we have affected two such registrations in the 12-month period immediately preceding the date of such request. If we determine that it would be seriously detrimental to our stockholders to affect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of not more than 90 days. Additionally, we are not required to effect a demand registration on Form S-3 during the period beginning 30 days before our good faith estimate of the filing of, and ending on the date 90 days following the effectiveness of, a registration statement on Form S-3 relating to a public offering of our common stock.

Anti-Takeover Provisions

Certain provisions of the DGCL, our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing a change in our control.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our board of directors or management team, including the following:

- *Dual-Series Stock.* Our amended and restated certificate of incorporation provides for a dual-series common stock structure, which provides our Founders, current investors, executives and employees with significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or our assets.
- *Board of Directors Vacancies.* Our amended and restated certificate of incorporation and amended and restated bylaws provide that vacant directorships, however occurring, including vacancies as a result of an increase in the size of our board of directors, may only be filled by the affirmative vote of a majority of the directors then in office, even if less than a quorum. In addition, our board of directors has the exclusive right to set the number of directors constituting our board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. These provisions make it more difficult to change the composition of our board of directors and promote continuity of management.
- *Classified Board.* Our amended and restated certificate of incorporation and amended and restated bylaws provide that our board of directors is classified into three classes of directors, and further provides that directors may be removed only for cause and only by the affirmative vote of holders of at least two-thirds of the voting power of the outstanding shares of capital stock then entitled to vote at an election of directors. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
- *Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation provides that until the date that the outstanding shares of Series B common stock no longer represent a majority of the combined voting power of our Series A common stock and Series B common stock, or the Voting Threshold Date, our stockholders may take action by written consent only if such action is first approved or recommended by our board of directors. Following the Voting Threshold Date, our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. As a result, following the Voting Threshold Date, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws further provide that special meeting of our stockholders may be called only by our board of directors, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting.* The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 100,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.
- *Exclusive Forum.* Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and

exclusive forum for any state law claims for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees, and stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws, or (iv) any action asserting a claim that is governed by the internal affairs doctrine. In addition, our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in our securities shall be deemed to have notice of and consented to this provision. These forum provisions may impose additional costs on stockholders, may limit our stockholders' ability to bring a claim in a forum they find favorable, and the designated courts may reach different judgments or results than other courts. In addition, there is uncertainty as to whether the federal forum provision for Securities Act claims will be enforced, which may impose additional costs on us and our stockholders.

- *Conflicts of Interest.* The DGCL permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation, to the maximum extent permitted from time to time by the DGCL, renounces any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to Summit Partners, L.P. or Accel Management Co. Inc. or their respective affiliates or any of their respective directors, partners, principals, officers, members, managers, employees, operating partners and/or contractors, including any of the foregoing who serve as directors of our company, which we collectively refer to as Exempted Persons. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, neither Summit Partners, L.P., Accel Management Co. Inc. nor any of their respective affiliates or Exempted Persons has any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage, (ii) doing business with any client or customer of ours or our affiliates, or (iii) making investments in businesses that compete with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Summit Partners, L.P. or Accel Management Co. Inc. or their respective affiliates or Exempted Persons acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself, himself or herself or its, his or her affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation does not renounce our interest in any business opportunity that is expressly offered to a non-employee director affiliated with Summit Partners, L.P. or Accel Management Co. Inc. solely in his or her capacity as a director or officer of our company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us if it is a business opportunity our company is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of our company's business or is of no practical advantage to it or that is one in which our company has no interest or reasonable expectancy.

Transfer Agent and Registrar

The transfer agent and registrar for our Series A common stock and Series B common stock is Computershare Trust Company, N.A. The transfer agent's address is 250 Royall Street, Canton, Massachusetts 02021.

Listing

Our Series A common stock is listed on the New York Stock Exchange under the symbol "KVYO".

Subsidiaries**Name**

Klaviyo Ltd
Klaviyo Australia Pty Ltd
Napkin Technologies, Inc.

Jurisdiction of Organization

UK
Australia
Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-274591 on Form S-8 of our report dated February 29, 2024, relating to the financial statements of Klaviyo, Inc. in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
February 29, 2024

**Certification of Principal Executive Officer
Pursuant to SEC Rule 13a-14(a)/15d-14(a)**

I, Andrew Bialecki, certify that:

1. I have reviewed this annual report on Form 10-K of Klaviyo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) (Paragraph omitted in accordance with Exchange Act Rule 13a-14(a));
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 29, 2024

/s/ Andrew Bialecki

Name: Andrew Bialecki

Title: Chief Executive Officer

(Principal Executive Officer)

**Certification of Principal Financial Officer
Pursuant to SEC Rule 13a-14(a)/15d-14(a)**

I, Amanda Whalen, certify that:

1. I have reviewed this annual report on Form 10-K of Klaviyo, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) (Paragraph omitted in accordance with Exchange Act Rule 13a-14(a));
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 29, 2024

/s/ Amanda Whalen

Name: Amanda Whalen

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report on Form 10-K of Klaviyo, Inc. (the “Company”) for the period ended December 31, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Andrew Bialecki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew Bialecki

Name: Andrew Bialecki

Title: Chief Executive Officer

(Principal Executive Officer)

February 29, 2024

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

**Certification of Principal Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report on Form 10-K of Klaviyo, Inc. (the “Company”) for the period ended December 31, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Amanda Whalen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Amanda Whalen

Name: Amanda Whalen

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

February 29, 2024

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

KLAVIYO, INC.

COMPENSATION RECOVERY POLICY

Klaviyo, Inc., a Delaware corporation (the “*Company*”), has adopted a Compensation Recovery Policy (this “*Policy*”) as described below.

1. Overview

The Policy sets forth the circumstances and procedures under which the Company shall recover Erroneously Awarded Compensation from Covered Persons in accordance with rules issued by the United States Securities and Exchange Commission (the “*SEC*”) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and the New York Stock Exchange. Capitalized terms used and not otherwise defined herein shall have the meanings given in Section 3 below.

2. Compensation Recovery Requirement

In the event the Company is required to prepare a Financial Restatement, the Company shall recover reasonably promptly all Erroneously Awarded Compensation with respect to such Financial Restatement.

3. Definitions

- a. “*Applicable Recovery Period*” means the three completed fiscal years immediately preceding the Restatement Date for a Financial Restatement. In addition, in the event the Company has changed its fiscal year: (i) any transition period of less than nine months occurring within or immediately following such three completed fiscal years shall also be part of such Applicable Recovery Period and (ii) any transition period of nine to 12 months will be deemed to be a completed fiscal year.
 - b. “*Applicable Rules*” means any rules or regulations adopted by the Exchange pursuant to Rule 10D-1 under the Exchange Act and any applicable rules or regulations adopted by the SEC pursuant to Section 10D of the Exchange Act.
 - c. “*Board*” means the Board of Directors of the Company.
 - d. “*Committee*” means the Compensation Committee of the Board or, in the absence of such committee, a majority of independent directors serving on the Board.
 - e. “*Covered Person*” means any Executive Officer and any other person designated by the Board or the Committee as being subject to this Policy, as listed in Schedule A attached hereto, which schedule may be updated from time to time by the Committee. A person’s status as a Covered Person with respect to Erroneously Awarded Compensation shall be determined as of the time of receipt of such Erroneously Awarded Compensation regardless of the person’s current role or status with the Company (e.g., if a person began service as an Executive Officer after the beginning of an Applicable Recovery Period, that person would not be considered a Covered Person with respect to Erroneously Awarded Compensation received before the person began service as an Executive Officer, but would be considered a Covered Person with respect to Erroneously Awarded Compensation received after the person began service as an Executive Officer where such person served as an Executive Officer at any time during the performance period for such Erroneously Awarded Compensation).
 - f. “*Effective Date*” means the later of (i) October 2, 2023 and (ii) the first date upon which the Company’s shares are listed on the New York Stock Exchange.
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- g. **“Erroneously Awarded Compensation”** means the amount of any Incentive-Based Compensation received by a Covered Person on or after the Effective Date and during the Applicable Recovery Period that exceeds the amount that otherwise would have been received by the Covered Person had such compensation been determined based on the restated amounts in the Financial Restatement, computed without regard to any taxes paid. Calculation of Erroneously Awarded Compensation with respect to Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Financial Restatement, shall be based on a reasonable estimate of the effect of the Financial Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, and the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to the Exchange in accordance with the Applicable Rules. Incentive-Based Compensation is deemed received, earned, or vested when the Financial Reporting Measure is attained, not when the actual payment, grant, or vesting occurs.
- h. **“Exchange”** means the New York Stock Exchange.
- i. **“Executive Officer”** means any person who served the Company in any of the following roles at any time during the performance period applicable to Incentive-Based Compensation such person received during or after beginning service in such role: the president, principal financial officer, principal accounting officer (or if there is no such accounting officer the controller), any vice president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company. Executive officers of parents or subsidiaries of the Company may be deemed executive officers of the Company if they perform such policy making functions for the Company.
- j. **“Financial Reporting Measures”** mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, any measures that are derived wholly or in part from such measures (including, for example, a non-GAAP financial measure), and stock price and total shareholder return.
- k. **“Financial Restatement”** means a restatement of previously issued financial statements of the Company due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously-issued financial statements that is material to the previously-issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- l. **“Incentive-Based Compensation”** means any compensation provided, directly or indirectly, by the Company or any of its subsidiaries that is granted, earned, or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure and any equity-based compensation provided by the Company or any of its subsidiaries, including, without limitation, stock options, restricted stock awards, restricted stock units and stock appreciation rights, regardless of whether such equity-based compensation is granted, earned, or vested based, in whole or in part, upon the attainment of a Financial Reporting Measure.
- m. **“Restatement Date”** means, with respect to a Financial Restatement, the earlier to occur of: (i) the date the Board or Audit Committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare the Financial Restatement or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare the Financial Restatement.

4. Exception to Compensation Recovery Requirement

The Company may elect not to recover Erroneously Awarded Compensation pursuant to this Policy if the Committee determines that recovery would be impracticable, and one or more of the following conditions, together with any further requirements set forth in the Applicable Rules, are met: (i) the direct expense paid to a third party, including outside legal counsel, to assist in enforcing this Policy would exceed the amount to be recovered, and the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation; or (ii) recovery would likely cause an otherwise tax-qualified retirement plan to fail to be so qualified under applicable regulations.

5. Recovery from Participating Employees

In addition to (and without limiting) the provisions of paragraph 2 above, in the event the Company is required to prepare a Financial Restatement after the Effective Date, the Company may recover from any current or former employee of the Company who is not a Covered Person (each a “**Participating Employee**”) and who received Incentive-Based Compensation from the Company during the three completed fiscal years immediately preceding the date on which the Board or the Audit Committee determines that the Company is required to prepare a Financial Restatement, the amount that exceeds what would have been paid to the Participating Employee under the Financial Restatement; provided that, this paragraph 5 will apply only to the extent the Board (or a duly established committee thereof), in its sole discretion, determines that the Participating Employee committed any act or omission that materially contributed to the circumstances requiring the Financial Restatement.

6. Recovery Where Intentional Misconduct

In addition to (and without limiting) the provisions of paragraph 2 and 5 above, in the event the Company is required to prepare a Financial Restatement after the Effective Date and the Board (or a duly established committee thereof), in its sole discretion, determines that a Covered Person’s or a Participating Employee’s act or omission contributed to the circumstances requiring the Financial Restatement and such act or omission involved any of the following: (i) willful, knowing or intentional misconduct or a willful, knowing or intentional violation of any of the Company’s rules or any applicable legal or regulatory requirements in the course of the Covered Person’s or the Participating Employee’s employment by the Company or (ii) fraud in the course of the Covered Person’s or the Participating Employee’s employment by the Company, the Company may recover from such Covered Person or Participating Employee up to 100% (as determined by the Board or a duly established committee thereof in its sole discretion) of the Incentive-Based Compensation received by such Covered Person or Participating Employee from the Company during the three fiscal years preceding the date on which the Company determined that it is required to prepare a Financial Restatement.

7. Method of Compensation Recovery

The Committee shall determine, in its sole discretion, the method for recovering Erroneously Awarded Compensation hereunder, which may include, without limitation, any one or more of the following:

- a. requiring reimbursement of cash Incentive-Based Compensation previously paid;
- b. seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards;
- c. cancelling or rescinding some or all outstanding vested or unvested equity-based awards;
- d. adjusting or withholding from unpaid compensation or other offset;
- e. cancelling or offsetting against planned future grants of equity-based awards; and/or
- f. any other method permitted by applicable law or contract.

Notwithstanding the foregoing, a Covered Person will be deemed to have satisfied such person's obligation to return Erroneously Awarded Compensation to the Company if such Erroneously Awarded Compensation is returned in the exact same form in which it was received; provided that equity withheld to satisfy tax obligations will be deemed to have been received in cash in an amount equal to the tax withholding payment made.

8. Policy Interpretation

This Policy shall be interpreted in a manner that is consistent with the Applicable Rules and any other applicable law. The Committee shall take into consideration any applicable interpretations and guidance of the SEC in interpreting this Policy, including, for example, in determining whether a financial restatement qualifies as a Financial Restatement hereunder. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules.

9. Policy Administration

This Policy shall be administered by the Committee. The Committee shall have such powers and authorities related to the administration of this Policy as are consistent with the governing documents of the Company and applicable law. The Committee shall have full power and authority to take, or direct the taking of, all actions and to make all determinations required or provided for under this Policy and shall have full power and authority to take, or direct the taking of, all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of this Policy that the Committee deems to be necessary or appropriate to the administration of this Policy. The interpretation and construction by the Committee of any provision of this Policy and all determinations made by the Committee under this policy shall be final, binding and conclusive.

10. Compensation Recovery Repayments not Subject to Indemnification

Notwithstanding anything to the contrary set forth in any agreement with, or the organizational documents of, the Company or any of its subsidiaries, Covered Persons are not entitled to indemnification for Erroneously Awarded Compensation or for any claim or losses arising out of or in any way related to Erroneously Awarded Compensation recovered under this Policy.

ADOPTED: August 24, 2023

EFFECTIVE: September 18, 2023

Schedule A

Designated Persons