

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

**FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ThredUp Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

5961
(Primary Standard Industrial
Classification Code Number)

26-4009181
(I.R.S. Employer
Identification Number)

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(Address, Including Zip Code, and Telephone Number, Including
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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Class A Common Stock, \$0.0001 par value per share	\$	\$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase, if any.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion. Dated _____.

Shares
THREDUP
Class A Common Stock

This is an initial public offering of shares of Class A common stock of ThredUp Inc.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price will be between \$ _____ and \$ _____ per share. We intend to apply to list our Class A common stock on the _____ under the symbol “_____.”

Following this offering, we will have two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes and is convertible at any time into one share of Class A common stock. All shares of our capital stock outstanding immediately prior to this offering, including all shares held by our executive officers, employees and directors, and their respective affiliates, will be reclassified into shares of our Class B common stock immediately prior to the consummation of this offering. The holders of our outstanding Class B common stock will hold approximately _____ % of the voting power of our outstanding capital stock following this offering.

We are an “emerging growth company” as defined under the federal securities laws and, as such, we have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

See the section titled “Risk Factors” beginning on page 18 to read about factors you should consider before buying our Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discount ⁽¹⁾	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

(1) See the section titled “Underwriting” for additional information regarding compensation payable to the underwriters.

The underwriters have the option to purchase up to an additional _____ shares of Class A common stock from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2021.

Goldman Sachs & Co. LLC

Morgan Stanley

Barclays

William Blair

Prospectus dated _____, 2021

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Through and including _____, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission, or the SEC. Neither we nor any of the underwriters have authorized anyone to provide any information or make any representations other than those contained in this prospectus or in any free writing prospectus we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock. Our business, results of operations, financial condition and prospects may have changed since such date.

For investors outside of the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our Class A common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Class A common stock and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus. You should read this entire prospectus carefully, including the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, the terms “thredUP,” “the company,” “we,” “us” and “our” in this prospectus refer to ThredUp Inc. and its consolidated subsidiaries.

THREDUP INC.

Our Mission

Our mission is to inspire a new generation of consumers to think secondhand first.

That means...

- Enabling a generation of new buyers to effortlessly find high-quality secondhand items from brands they love at incredible prices, while delivering the joy, selection and engagement of online shopping;
- Enabling a generation of new sellers to participate in the resale economy by helping sellers conveniently clean out their closets and earn a payout or a charitable donation receipt for the items they no longer wear; and
- Enabling brands and retailers to deliver modern resale experiences that help their consumers shop in more environmentally sustainable ways.

We are a mission-driven company. Our core business creates a positive impact to the benefit of our buyers, sellers, partners, employees, investors and the environment. Our management team – with an average tenure of nearly seven years – lives our mission every day while maintaining a focus on our long-term vision. This commitment and the transformation of resale are central to our continuing success.

Overview

thredUP is one of the world’s largest resale platforms for women’s and kids’ apparel, shoes and accessories. Our custom-built operating platform is powering the rapidly emerging resale economy, the fastest growing sector in retail. As of June 30, 2020, we had 1.24 million Active Buyers and 470,000 Active Sellers. thredUP’s platform consists of distributed processing infrastructure, proprietary software and systems and data science expertise. Since our founding in 2009, we have processed over 100 million unique secondhand items from 35,000 brands across 100 categories, saving our buyers an estimated \$2.8 billion off estimated retail value.¹ We estimate that we have positively impacted the environment by saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water simply by empowering consumers to buy and sell secondhand. The traditional fashion industry is one of the most environmentally damaging sectors in the global economy and we believe our scalable resale business model is a powerful solution to the fashion industry’s wastefulness.

thredUP’s proprietary operating platform is the foundation for our managed marketplace, where we have bridged online and offline technology to make the buying and selling of tens of millions of unique

¹ The estimated retail value of an item is based on the estimated original retail value of a comparable item of the same quality, construction and material offered elsewhere in new condition. Our estimated original retail values are set by our team of merchants who periodically monitor market prices for the brands and styles that we offer on our marketplace.

items easy and fun. The marketplace we have built enables buyers to browse and purchase resale items for women's and kids' apparel, shoes and accessories across a wide range of price points. Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail value. Sellers love thredUP because we make it easy to clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the planet. Sellers order a Clean Out Kit, fill it and return it to us using our prepaid label. We take it from there and do the work to make those items available for resale. In 2018, based on our success with consumers directly, we extended our platform to enable brands and retailers to participate in the resale economy. A number of the world's leading brands and retailers are already taking advantage of our Resale-as-a-Service, or RaaS, offering. We believe RaaS will accelerate the growth of this emerging category and form the backbone of the modern resale experience.

We have built a differentiated and defensible operating platform to enable resale at scale, combining:

- **Distributed Processing Infrastructure.** Our infrastructure is purpose-built for "single SKU" logistics, meaning that every item processed is unique, came from or belongs to an individual seller and is individually tracked using its own stock keeping unit, or SKU. We believe our logistics and infrastructure have never been executed at our scale in the online resale market. We operate distribution centers that can collectively hold 4.7 million items in four strategic locations across the country. Our operations are highly scalable, and we have the ability to process more than 100,000 unique SKUs per day across our existing distribution footprint. We drive continuous operational efficiency through proprietary technology and ongoing automation of our infrastructure.
- **Proprietary Software and Systems.** Our facilities run on a suite of our custom-built applications designed for "single SKU" operations. Our engineering team has implemented large-scale, innovative and patented automation for put-away, storage, picking and packing at scale. This automation results in reduced labor and fixed costs while increasing storage density and throughput capacity. Our proprietary software, systems and processes enable efficient quality assurance, item-attribution, sizing and photography.
- **Data Science Expertise.** There are no barcodes on clothing, so we invented a real-time database to identify, categorize and value each secondhand clothing item that we receive. We continue to expand our proprietary data set that spans over 100 million unique secondhand items processed across 35,000 brands and 100 categories. We harness this robust, structured data set across our business to optimize economic decisions, such as pricing, seller payouts, item acceptance, merchandising and sell-through. We also leverage data to power efficient customer acquisition and lifetime engagement, and to provide a personalized shopping experience.

We generate revenue from items that are sold to buyers on our website and mobile app and through our RaaS partners and our retail stores. We operate with consignment sales and direct product sales. In 2019, we shifted to primarily consignment sales. With consignment sales, we recognize revenue net of seller payouts, and cost of revenue includes outbound shipping, outbound labor and packaging costs. With direct product sales, we recognize revenue on a gross basis, and cost of revenue includes inventory cost, inbound shipping and inventory write-downs, as well as outbound shipping, outbound labor and packaging costs. With both direct and product sales, we optimize for gross profit dollar growth, which was 43% in 2018 and 44% in 2019.

Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers then take an average of more than 60 days to use their funds, which results in a working capital dynamic that is favorable for our business. We have methodically scaled operating capacity and revenue, while increasing gross profit and improving our operating performance.

- As of June 30, 2020, we had 1.24 million Active Buyers, up 71% over June 30, 2019, and 470,000 Active Sellers, up 31% over June 30, 2019.
- As of June 30, 2020, our distribution centers could hold 4.7 million items.
- Our revenue was \$163.8 million in 2019, up 26% over 2018. Our consignment revenue was \$97.8 million in 2019, up 148% over 2018.
- Our gross profit was \$112.5 million in 2019, up 44% over 2018. Our overall gross margin was 69% in 2019 and 60% in 2018. Our consignment gross margin was 77% in 2019, up from 75% in 2018.
- Our net loss was \$37.5 million in 2019 and \$34.2 million in 2018.
- In 2019, our Adjusted EBITDA was \$(24.8) million with an Adjusted EBITDA margin of (15)%. In 2018, our Adjusted EBITDA was \$(27.2) million with an Adjusted EBITDA margin of (21)%.

Our Market Opportunity

We believe that we are in the early stages of capitalizing on a large and growing market opportunity in secondhand clothing. Our market benefits from, and we are helping to drive, powerful consumer trends in our favor. Our addressable opportunity is represented by the following demand and supply-side market sizing:

- **U.S. Demand-Side Secondhand Total Addressable Market.** According to the GlobalData Market Survey, the demand-side market for all U.S. secondhand clothing, footwear and accessories was estimated to be \$28 billion in 2019. The secondhand market consists of resale and thrift apparel, footwear and accessories. The primary difference between resale and thrift is that resale items are selectively sorted, processed and curated for sale by sellers. Resale represents the fastest growing segment in the total retail clothing market and is our core addressable market today. According to the GlobalData Market Survey, the resale market is expected to grow from \$7 billion in 2019 to \$36 billion by 2024, representing a compound annual growth rate of 39%. We believe resale is driving a significant expansion of the secondhand market because it unlocks dormant, high-quality supply, and provides a buying experience for consumers that is similar to shopping new.
- **U.S. Supply-Side Secondhand Total Addressable Market.** We believe there is a massive opportunity to unlock secondhand supply and increase the lifecycle of existing apparel that sits unworn in closets. We estimate that 16.9 billion pounds of the apparel thrown away in the United States could be recycled and reused, which we estimate is enough supply to fill approximately one billion thredUP Clean Out bags every year. In 2019, we processed just over one million bags through our platform, which represents less than 0.1% of this potential supply we could unlock from closets in the United States.

Consumer Trends

This secondhand market opportunity is underpinned by the convergence of the following consumer trends:

- **Generational Shift.** More Millennial and Generation Z consumers are driving the shift to secondhand each year. As these consumers mature, generate more disposable income and become a larger portion of consumer wallet share, we expect that secondhand will benefit. According to the GlobalData January 2020 Consumer Survey, Millennial and Generation Z consumers are adopting secondhand faster than any other age group. 40% of Generation Z and 30% of Millennials purchased secondhand in 2019, which is 14 percentage points and 9 percentage points more, respectively, than in 2016.

- **Sustainability Matters.** Conscious consumerism is on the rise. We believe that thredUP will help drive a habit shift among consumers to think secondhand first. According to the GlobalData April 2020 and January 2019 Consumer Surveys, 43% of consumers in 2020 said they plan to spend more with sustainable brands within the next five years, a 2.4 times increase from 2019.
- **Secondhand Becomes Mainstream.** Secondhand is gaining share of wallet at the expense of fast fashion brands, department stores and luxury brands. According to the GlobalData January 2020 Consumer Survey, 62 million women bought secondhand products in 2019, up from 56 million in 2018. In addition, 70% of those surveyed said that they have or are open to shopping secondhand.

Our Buyers, Sellers and Resale-as-a-Service (RaaS) Partners

As of June 30, 2020, we had 1.24 million Active Buyers and 470,000 Active Sellers on our platform. In the twelve months ended June 30, 2020, our buyers placed 3.85 million Orders. Additionally, as of June 30, 2020, we worked with 19 RaaS partners, including Madewell, Reformation and Walmart.

Benefits for thredUP Buyers. When our 1.24 million Active Buyers shop on thredUP they are making a stylish choice for themselves and a smart choice for their wallets and for the environment.

- **Value.** Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail value. Since our founding, we estimate that we have saved our buyers \$2.8 billion off retail value.
- **Selection.** Our assortment is unique and ever-changing, with an average of over _____ new secondhand items listed each week in the twelve months ended _____, 2020. We have an incredible breadth of assortment with over 35,000 brands across 100 categories and across price points.
- **Engagement.** We have created an online resale shopping experience that is fun and convenient, designed to reduce the stigma of secondhand shopping. In the past, shopping secondhand often meant sifting through piles of random clothing at thrift stores. In the twelve months ended June 30, 2020, on average, our Active Buyers visited our website six times per month.
- **Personalization.** We use our data science capabilities to enable our buyers to navigate the breadth of items available, providing a more personalized shopping experience. We also are able to customize our assortment based on the time of year and the location of our buyers, including allowing buyers to shop only from their closest distribution center for faster delivery, lower prices and decreased environmental impact.
- **Quality.** Each item in our marketplace has undergone a rigorous 12-point quality inspection. On average, we only list about half of the items that we receive from sellers on our marketplace after curation and processing. As evidence of the high quality of items on our marketplace, in the twelve months ended June 30, 2020, we had a return rate of 13% of items sold and returns due to quality accounted for only 2% of items sold.
- **Sustainable.** Buyers feel good about buying secondhand because they are reducing waste. Since our founding, based in part on information provided by Green Story, we estimate our buyers have positively impacted the environment by saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water by shopping secondhand.

Benefits for thredUP Sellers. We enable our 470,000 Active Sellers to conveniently clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the environment at the same time.

- **Convenient Clean Out.** We make it easy for sellers to clean out their closets using our prepaid bag, prepaid label and pick-up service. Sellers fill the bag and leave it on their doorsteps for mail

carrier pick up. Sellers can also drop bags off at a retail location of one of our RaaS partners, at the post office or at a location of one of our logistics partners.

- **No Active Management.** We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service.
- **Unlocking Value.** There are multiple ways to unlock value on thredUP. We offer sellers cash, thredUP online credits, select RaaS partner credits or charitable donation receipts for items that sell on our marketplace.
- **Magic of Cleaning Out.** Like a sparkling clean house or a sparkling clean car, an organized closet full of clothes you love just feels good.
- **Sustainability.** According to the Environmental Protection Agency, 8.9 million tons of clothing and footwear went to landfill in 2017. Sellers feel good when they choose to be sustainable with thredUP. Not only do sellers find the process convenient, but they like knowing that their clothing is being reused.

Benefits for Resale-as-a-Service (RaaS) Partners. According to the GlobalData Fashion Retailer Survey, 72% of retail executives surveyed said they are interested in testing resale within the next 10 years as they look to increase foot traffic to their stores, drive sustainability for the apparel ecosystem, reach a younger consumer and build brand loyalty with their consumers.

By partnering with us, RaaS partners are able to:

- **Leverage our Resale Operating Platform.** We enable brands and retailers to plug into our operating platform and unlock the resale value in the closets of their customers. Traditional retail and e-commerce models are not set up to intake, process, price and sell millions of unique resale items at scale in a predominantly online marketplace.
- **Drive Incremental Revenue.** We have developed multiple initiatives to drive incremental revenue for our partners. For some RaaS partners, we power clean out services that enable them to sell worn, returned inventory through our marketplace.
- **Access New Consumers.** We enable brands and retailers that partner with us to build brand awareness with an important consumer demographic and increase wallet share by expanding their retail proposition into the high growth resale segment. This access is increasingly important as resale becomes mainstream for shoppers of all price points.

The thredUP Operating Platform

To address the complexities of resale, we have built a platform consisting of distributed processing infrastructure, proprietary software and systems and data science expertise.

Distributed Processing Infrastructure

Differentiating features of our processing infrastructure include:

- **Proven Scalability.** Our infrastructure is highly scalable. Our distribution centers can currently hold 4.7 million items and we expect this to increase to 6.5 million items by the end of 2021. We currently have the ability to process more than 100,000 unique SKUs per day, and we expect our daily processing capacity to increase over time. Since our founding, we have processed over 100 million unique secondhand items, and we are rapidly expanding our capacity to serve our buyers, sellers and RaaS partners.

- **Technology-Driven Processing, Storage and Fulfillment.** We drive operational efficiency through proprietary technology and automation of our infrastructure. Key processes that involve technology and automation include visual recognition of items, supply acceptance and itemization, pricing and merchandising, photography, and storage and fulfillment.
- **Strategic Distribution.** Our distribution centers are located in Arizona, Georgia, Illinois and Pennsylvania. By locating our facilities in strategic locations across the country we can be closer to our buyers and sellers, which allows us to reduce shipping times in transit, and lower our inbound and outbound shipping costs. We rank Clean Out Kits that we receive from repeat sellers using a supplier score matrix, which enables us to strategically direct Clean Out Kits to optimize for a facility's assortment, based on localized supply and demand. We also do the same for buyers' returns.

Proprietary Software and Systems

Key automated processes include:

- **Intelligent Item Acceptance and Listing.** We use multi-layered algorithms to predict demand and pricing for an item, along with the optimal payout rate to the seller. As such, after our quality review, we make our decision of accepting or rejecting an item based on a framework that balances sell-through, unit economics and the seller's payout rate.
- **Visual Recognition.** We utilize machine learning and artificial intelligence to power visual recognition of items we receive from sellers to automate inspection and item attributing.
- **Photo Selection.** We have developed software that automatically selects the optimum photo to drive buyer engagement, balanced against the cost of photography, which is one of the largest expenses when prepping an item for sale online. This specialized photo selection capability enables us to produce hundreds of thousands of high-quality photos a day without a professional photographer. We can automatically sharpen, color correct and enhance photos as needed, before uploading to our marketplace in a continuous flow, 24 hours a day, 7 days a week.
- **Location-Based Assortment.** We match buyers to the closest distribution center and personalize the assortment that they see on our marketplace to items that are physically closest to them. Our geographical personalization enables buyers to find items that are lower priced (the closer the item, the lower the price) and more likely to arrive quickly.

Data Science Expertise

Key ways in which we utilize data include:

- **Supply Quality Management.** We aim to increase the yield from items processed to items listed from each Clean Out Kit by encouraging repeat sellers that have high-quality secondhand items to continue consigning and engaging with thredUP. Given that the majority of our supply comes from repeat sellers, we track transactional and behavioral data that enables us to prioritize sellers with high-quality secondhand items and de-prioritize items that are not as suitable for our marketplace, based on their historical track record.
- **Item Pricing.** Our software algorithms ingest millions of data points each day to determine how we price items. We set pricing at the item level because each item is unique. Our approach is layered, leveraging machine vision as well as dozens of attributes such as brand, category, style, color and materials. We combine these data points with information about similar items, aggregate marketplace supply and demand data and human-driven pricing research. Based on each item, these layers of algorithms are combined in different ways to set our reference prices and listing price and to accelerate sell-through with intelligent, targeted discounting.

- **Seller Payouts.** Once we have identified the target selling price for an item to maximize its sell-through and contribution margin, we then set the payout rate for sellers. Similar to our pricing algorithms, we refine our seller payouts on a regular basis to be competitive relative to the market for resale. For example, if we know that an item has strong potential demand with buyers, we are able to calibrate our payout to incentivize sellers to choose thredUP over other managed platforms.
- **Personalization.** We use data to help buyers better navigate millions of unique items and tens of thousands of new items posted daily so that they are able to have a more personalized shopping experience. We help buyers save items, sign-up for alerts on new items and hear about price drops on products they are in the market to buy. These inputs are then cycled back into our data-driven consumer models to personalize the shopping experience for buyers.
- **Marketing Automation.** We have built proprietary in-house software, managed by our marketing automation team, to deliver compelling, scalable buyer acquisition results. In practice, that means our data pipelines have been built to help our teams identify which advertising activities are performing, and to calibrate our marketing spend across channels and campaigns to drive return on investment. We have also built acquisition models that predict the value of a potential buyer based on their first-session browsing data.

Our Strengths

We believe the following strengths contribute to our success:

- **Powerful, Extensible Operating Platform.** We designed our platform with the goal of making buying and selling secondhand convenient for consumers, and extended it to support brand and retail experiences via our RaaS offering. As a result of our investments in our platform, we expect that buyers, sellers, brands, retailers and other partners will continue to seek out thredUP as their resale partner, providing us with the opportunity to extend our platform further.
- **Data Driven Model.** Our business model allows us to capture and utilize large volumes of data from touch points throughout the resale process, including transactional and pricing data across more than 35,000 brands and 100 categories, along with behavioral data from our buyers and sellers. We believe that our data gives us unparalleled insight into the entire resale economy and allows us to enhance our operating platform.
- **Managed Marketplace.** We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service. As a result, we can offer a broad selection of secondhand items across more than 35,000 brands and 100 categories. Our buyers and sellers trust thredUP to deliver value, selection and quality. We believe that operating primarily on consignment also gives us the ability to drive stronger future margins than traditional inventory-taking business models because we incur minimal inventory risk and benefit from favorable working capital dynamics. Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers then take an average of more than 60 days to use their funds.
- **Strong Network Effects.** The growth of buyers and sellers on our marketplace generates strong network effects. More assortment on our marketplace increases the choices available to buyers, and more buyers on our marketplace increases potential sales for our sellers through a self-reinforcing, mutually beneficial network effect. Our network effects grow as we scale due to our ability to harness a larger trove of proprietary pricing, transactional and behavioral data to optimize our marketplace. In addition, converting buyers into sellers and vice versa amplifies the flywheel that drives user acquisition, engagement and retention in our marketplace.

- **Founder-Led Management Team.** We are led by our co-founders James Reinhart and Chris Homer. Our management team's clear sense of mission, commitment to our values and long-term focus on transforming resale through technology are central to our success. Members of our team have created and grown leading technology, retail and consumer businesses, and they retain a strong entrepreneurial spirit.

Our Growth Strategy

The key elements of our growth strategy include:

- **Expand Our Operating Platform.** We will continue to invest in our operating platform through expanding and optimizing our distributed processing infrastructure and automation capabilities, including through more automated distribution centers, and improving our proprietary software and systems and data science capabilities. We expect to drive operating leverage and higher margins as we grow and scale our business.
- **Increase Selection of High-Quality Items.** Having a vast selection of high-quality secondhand items is core to the growth of our business, and we plan to continue to attract additional sellers and engage with our RaaS partners to bring an ongoing, high-quality assortment to our marketplace. To expand our base of secondhand items for resale, as well as our base of sellers, we must appeal to and engage individuals new to selling secondhand items or who have sold secondhand items through traditional brick-and-mortar shops but are unfamiliar with our business. We find new sellers by converting buyers using our marketplace, retail locations, our RaaS partnership programs, referral programs, organic word-of-mouth and other methods of discovery, such as mentions in the press.
- **Increase Lifetime Value of Existing Buyers and Attract New Buyers.**
 - *Increasing the lifetime value of existing buyers.* For buyers, we intend to drive repeat purchases by enhancing our assortment and leveraging our data insights to improve personalization and increase conversion. In addition, converting buyers into sellers and vice versa accelerates the powerful flywheel that drives our marketplace and leads to greater value per customer.
 - *Attracting new buyers.* We are focused on growing our buyer base. and we believe we are in the early stages of our market opportunity. As of June 30, 2020, we had 1.24 million Active Buyers, which represents less than 1% penetration of the U.S. total population. Through our targeted, data-driven marketing efforts we aim to generate meaningful returns on our buyer acquisition investments.
- **Expand our Resale-as-a-Service (RaaS) Offering.** We plan to invest in and extend our RaaS offering to power resale for more brands and retailers. More brand and retail partners on our platform drives more supply for our marketplace and creates brand awareness with buyers for thredUP and our partners.
- **Increase Brand Awareness.** We have an opportunity to increase our brand awareness, as our unaided brand awareness was 16.4% as of June 30, 2020. We believe that with continued investment in brand marketing, data-led insights and effective consumer targeting, we can expand and strengthen our reach.
- **Expand into New Categories and Offerings.** We aim to enhance our product offering for buyers and unlock more supply for sellers by expanding into new categories and offerings that can leverage our conveyor and item on-hanger systems.
- **Expand Internationally.** Our operating platform and data science expertise have enabled us to expand our offering into RaaS and new apparel categories successfully. We may choose to

expand into new geographies and invest strategically in international operations and marketing in the future.

Risk Factors Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors." These risks include, but are not limited to, the following:

- Our continued growth depends on attracting new, and retaining existing, buyers.
- If we fail to generate a sufficient amount of new and recurring high-quality secondhand items by attracting new sellers and retaining existing sellers, our business, results of operations and financial condition could be harmed.
- Our business, including our costs and supply of secondhand items, is subject to risks associated with sourcing, itemizing, warehousing and shipping.
- We have experienced rapid growth in many of our recent periods and those growth rates may not be indicative of our future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan and our business, results of operations and financial condition could be harmed.
- We have a limited operating history in an evolving industry, which makes it difficult to forecast our revenue, plan our expenses and evaluate our business and future prospects.
- We have a history of losses, we anticipate increasing operating expenses in the future and we may not be able to achieve and, if achieved, maintain profitability.
- We may experience quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict and could cause our results of operations to fall below analyst or investor expectations.
- We may not be able to expand our distribution center operations, attract and retain personnel to efficiently and effectively manage the operations required to process, itemize, list, sell, pack and ship secondhand items or identify and lease distribution centers in geographic regions that enable us to effectively scale our operations.
- Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our consolidated financial statements.
- The global COVID-19 pandemic has had and may continue to have an adverse impact on our business, results of operations and financial condition.
- There has been no prior public market for our Class A common stock, the stock price of our Class 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 initial public offering price.
- The dual-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to this offering, including our directors, executive officers and their respective affiliates. This ownership will limit or preclude 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 transactions requiring stockholder approval, and that may depress the trading price of our Class A common stock.

If we are unable to adequately address these and other risks we face, our business, results of operations, financial condition and prospects may be harmed.

Channels for Disclosure of Information

Following the completion of this offering, we intend to announce material information to the public through filings with the SEC, the investor relations page on our website, blog posts on our website, press releases, public conference calls, webcasts, our twitter feed (@thredUP) and our Instagram account.

The information disclosed by the foregoing channels could be deemed to be material information. As such, we encourage investors, the media and others to follow the channels listed above and to review the information disclosed through such channels.

Any updates to the list of disclosure channels through which we will announce information will be posted on the investor relations page on our website. Information contained on or accessible through our website is not incorporated by reference into this prospectus, and inclusion of our website address in this prospectus is an inactive textual reference only. You should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our Class A common stock.

Corporate Information

We were incorporated in 2009 under the name ThredUp Inc. as a Delaware corporation. Our principal executive offices are located at 969 Broadway, Suite 200, Oakland, CA 94607, and our telephone number is (415) 402-5202. Our website address is www.thredup.com. Information contained on or that can be accessed through our website does not constitute part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

“THREDUP” and “Think Secondhand First” are our registered trademarks in the United States. We have additional registered trademarks in the United States and “THREDUP” is registered in certain other non-U.S. jurisdictions. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

Emerging Growth Company

The Jumpstart Our Business Startups Act, or the JOBS Act, was enacted in April 2012 with the intention of encouraging capital formation in the United States and reducing the regulatory burden on newly public companies that qualify as “emerging growth companies.” We are an emerging growth company within the meaning of the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from various public reporting requirements, including not being required to have our internal control over financial reporting be audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, certain reduced disclosure requirements related to the disclosure of executive compensation in this prospectus and in our periodic reports and proxy statements and exemptions from the requirement that we hold a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company.

In addition, under the JOBS Act, emerging growth companies can 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 until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. Accordingly, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest to occur of (i) the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue; (ii) the date we qualify as a “large

accelerated filer,” with at least \$700 million of equity securities held by non-affiliates; (iii) the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities and (iv) the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

For certain risks related to our status as an emerging growth company, see the section titled “Risk Factors—Risks Related to Our Business—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 Class A common stock less attractive to investors.”

THE OFFERING

Class A common stock offered by us	shares
Class A common stock to be outstanding after this offering	shares
Class B common stock to be outstanding after this offering	shares
Option to purchase additional shares of Class A common stock from us	We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus, to purchase up to an additional shares from us.
Total Class A common stock and Class B common stock to be outstanding after this offering	shares (or shares if the underwriters' option to purchase additional shares in this offering is exercised in full).
Use of proceeds	<p>The principal purposes of this offering are to increase our capitalization, increase our financial flexibility, create a public market for our Class A common stock and enable access to the public equity markets for our stockholders and us. We estimate that the net proceeds from the sale of shares of our Class A common stock that we are selling in this offering will be approximately \$ million (or approximately \$ million if the underwriters' option to purchase additional shares in this offering is exercised in full), based upon an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We currently intend to use the net proceeds of this offering for working capital and other general corporate purposes and to fund our growth strategies discussed in this prospectus. We may also use a portion of the net proceeds to acquire or invest in complementary businesses, products, services, technologies or other assets. We do not, however, have agreements or commitments to enter into any acquisitions or investments at this time. See the section titled "Use of Proceeds" for additional information.</p>
Voting rights	<p>We will have two classes of common stock: Class A common stock and Class B common stock.</p> <p>Shares of our Class A common stock are entitled to one vote per share.</p> <p>Shares of our Class B common stock are entitled to ten votes per share.</p>

Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our amended and restated certificate of incorporation that will be in effect on the completion of this offering. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding capital stock following the completion of this offering and will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. See the sections titled “Principal Stockholders” and “Description of Capital Stock” for additional information.

Concentration of ownership

Upon the completion of this offering, our executive officers and directors, and their affiliates, will beneficially own, in the aggregate, approximately % of our outstanding shares of common stock, representing approximately % of the voting power of our outstanding shares of common stock.

Risk factors

See the section titled “Risk Factors” for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.

Proposed trading symbol

“ . ”

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 76,575,641 shares of our Class B common stock outstanding as of December 31, 2019 and excludes:

- 17,984,575 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock that were outstanding as of December 31, 2019, with a weighted-average exercise price of \$2.05 per share;
- shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after December 31, 2019, with a weighted-average exercise price of \$ per share;
- 170,975 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock outstanding as of December 31, 2019, with a weighted-average exercise price of \$3.40 per share on a common equivalent basis, 80,294 of which were automatically converted into 42,677 shares of our preferred stock upon expiration subsequent to December 31, 2019;
- 42,334 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock issued since December 31, 2019, with a weighted-average exercise price of \$6.41 per share on a common equivalent basis;
- 751,514 shares of our Class B common stock reserved for future issuance pursuant to our Second Amended and Restated 2010 Stock Plan, or our 2010 Plan, which shares will be added to the shares of our Class A common stock reserved for future issuance under our 2021 Equity Incentive Plan, or our 2021 Plan; and
- shares of our Class A common stock reserved for future issuance under our share-based compensation plans, to be adopted in connection with this offering, consisting of:
- shares of our Class A common stock reserved for future issuance under our 2021 Plan; and

- _____ shares of our Class A common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or our ESPP.

Each of our 2021 Plan and ESPP provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2021 Plan also provides for increases to the number of shares of Class A common stock that may be granted thereunder based on shares underlying any awards under our 2010 Plan that expire, are forfeited or are otherwise terminated, as more fully described in the section titled “Executive Compensation—Employee Benefit and Stock Plans.”

Except as otherwise indicated, all information in this prospectus assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation in Delaware and the adoption of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 65,928,261 shares of our Class B common stock, the conversion of which will occur immediately prior to the completion of this offering;
- the reclassification of our outstanding existing common stock into an equivalent number of shares of our Class B common stock and the authorization of our Class A common stock, which will occur immediately prior to the completion of this offering;
- the automatic conversion of the convertible preferred stock warrants to Class B common stock warrants and the resulting remeasurement and reclassification of the convertible preferred stock warrant liability to additional paid-in capital, which will occur immediately prior to the completion of this offering; and
- no exercise by the underwriters of their option to purchase up to an additional _____ shares of Class A common stock from us in this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial and other data. We derived the summary consolidated statements of operations data for the years ended December 31, 2018 and 2019 and consolidated balance sheet data as of December 31, 2019 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial and other data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2018	2019
(in thousands, except share and per share data)		
Consolidated Statements of Operations Data:		
Revenue:		
Consignment	\$ 39,415	\$ 97,763
Product	90,136	66,049
Total revenue	129,551	163,812
Cost of revenue:		
Consignment	9,978	22,764
Product	41,563	28,544
Total cost of revenue	51,541	51,308
Gross profit	78,010	112,504
Operating expenses ⁽¹⁾ :		
Operations, product and technology	67,896	81,959
Marketing	27,235	44,747
Sales, general and administrative	17,135	21,872
Total operating expenses	112,266	148,578
Operating loss	(34,256)	(36,074)
Interest expense	(437)	(1,428)
Other income, net	549	74
Loss before provision for income taxes	(34,144)	(37,428)
Provision for income taxes	37	36
Net loss	\$ (34,181)	\$ (37,464)
Net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	\$ (3.41)	\$ (3.65)
Weighted-average shares used in computing pro forma net loss attributable to common stockholders, basic and diluted ⁽²⁾	10,027,177	10,265,004
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽²⁾		\$
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽²⁾		

- (1) Operating expenses include stock-based compensation expense as follows:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Operations, product and technology	\$ 1,187	\$ 3,758
Marketing	204	785
Sales, general and administrative	928	2,402
Total stock-based compensation expense	<u>\$ 2,319</u>	<u>\$ 6,945</u>

Stock-based compensation expense for the year ended December 31, 2019 includes \$2.1 million, \$0.5 million, and \$1.5 million included within operations, product and technology, marketing, and sales, general and administrative, respectively, related to the 2019 Tender Offer described in the section titled “Certain Relationships and Related Party Transactions” and in Note 9 to our consolidated financial statements included elsewhere in this prospectus.

- (2) See Notes 2 and 13 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders, pro forma net loss per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

	As of December 31, 2019		
	Actual	Pro Forma ⁽¹⁾	Pro Forma As Adjusted ⁽²⁾⁽³⁾
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 85,633	\$	\$
Working capital	51,277		
Total assets	122,559		
Long-term debt	17,284		
Convertible preferred stock	246,905		
Accumulated deficit	(202,992)		
Total stockholders' (deficit) equity	(183,241)		

- (1) The pro forma column reflects (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 65,928,261 shares of our common stock, (ii) the reclassification of our outstanding common stock as Class B common stock, (iii) the conversion of our convertible preferred stock warrants to common stock warrants and the related reclassification of the preferred stock warrant liability to additional paid-in capital, which conversion and reclassification will occur immediately prior to the completion of this offering, as if such conversion and reclassification had occurred on December 31, 2019 and (iv) the filing and effectiveness of our amended and restated certificate of incorporation, which will be effective immediately prior to the completion of this offering, all of which will occur immediately prior to the completion of this offering.
- (2) The pro forma as adjusted column in the balance sheet data table above gives effect to (i) the pro forma adjustments set forth above and (ii) the sale and issuance by us of _____ shares of our Class A common stock in this offering, based on an assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.
- (3) Each \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our cash and cash equivalents, working capital, total assets and total stockholders' (deficit) equity by approximately \$ _____ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Key Financial and Operating Metrics

We review a number of operating and financial metrics, including the following key business and non-GAAP metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key financial and operating metrics are set forth below for the periods presented.

	Year Ended December 31,	
	2018	2019
	(in thousands, except percentages)	
Active Buyers (as of period end)	676	997
Active Buyers Growth	10 %	48 %
Orders	2,363	3,172
Orders Growth	28 %	34 %
Revenue	\$ 129,551	\$ 163,812
Revenue Growth		26 %
Gross Profit	\$ 78,010	\$ 112,504
Gross Profit Growth		44 %
Adjusted EBITDA	\$ (27,217)	\$ (24,781)
Adjusted EBITDA Margin	(21)%	(15)%

For additional information about, and the definitions of, our key financial and operating metrics, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics” and see the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measure – Adjusted EBITDA” for additional information and a reconciliation of Adjusted EBITDA to net loss.

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, before making a decision to invest in our Class A common stock. If any of the risks actually occur, our business, results of operations, financial condition and prospects could be harmed. In that event, the trading price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Relating to Our Business

Our continued growth depends on attracting new, and retaining existing, buyers.

To expand our buyer base, we must appeal to and attract buyers who do not typically purchase secondhand items, who have historically purchased only new retail items or who used other means to purchase secondhand items, such as traditional brick-and-mortar thrift stores or the websites of other secondary marketplaces. We reach new buyers through paid search, social media, influencers, television and digital advertising, other paid marketing, press coverage, retail locations, our RaaS partnership programs, referral programs, organic word of mouth and other methods of discovery, such as converting sellers to buyers. We recently increased our paid marketing expenses by investing more in television advertising and digital marketing. We expect to continue investing heavily in these and other marketing channels in the future and cannot be certain that these efforts will enable us to attract and retain more buyers, result in increased purchase frequency or order sizes from our buyers or be cost-effective. Our ability to attract and retain buyers also depends on our ability to offer a broad selection of desirable and high-quality secondhand items on our marketplace, the reliability of our shipping and delivery estimates, our ability to consistently provide high-quality customer experiences, our ability to promote and position our brand and marketplace and the success of our marketing efforts. Our investments in marketing may not effectively reach potential buyers and existing buyers, potential buyers or existing buyers may decide not to buy through us or the spend of buyers that purchase from us may not yield the intended return on investment, any of which could negatively affect our results of operations. Moreover, consumer preferences may change, and buyers may not purchase through our marketplace as frequently or spend as much with us as historically has been the case. As a result, the revenue generated from buyer transactions in the future may not be as high as the revenue generated from transactions historically. Relatedly, an inability to attract and retain buyers could harm our ability to attract and retain sellers, who may decide to resell their items through alternative platforms or marketplaces. Consequently, failure to attract new buyers and to retain existing buyers could harm our business, results of operations and financial condition.

If we fail to generate a sufficient amount of new and recurring high-quality secondhand items by attracting new sellers and retaining existing sellers, our business, results of operations and financial condition could be harmed.

Our success depends on our ability to cost-effectively attract high-quality secondhand items by attracting new sellers and retaining existing sellers, such that they choose thredUP to list their items. Numerous factors, however, may impede our ability to attract new sellers and retain existing sellers with high-quality secondhand items. To expand our base of secondhand items for resale, as well as our base of sellers, we must appeal to and engage individuals new to selling secondhand items or who have sold secondhand items through traditional brick-and-mortar shops but are unfamiliar with our business. We find new sellers by converting buyers using our marketplace, retail locations, our RaaS partnership programs, referral programs, organic word-of-mouth and other methods of discovery, such as mentions in the press. We cannot be certain that these efforts will result in more supply of high-quality secondhand items or sellers or that these efforts will be cost-effective. Our ability to attract new and recurring high-quality secondhand items from new sellers and existing sellers depends on other factors, such as our ability to enhance and improve our marketplace, our ability to process the items sent to us by sellers in a timely manner, sellers' perceptions of whether payouts they are receiving are adequate and timely

compensation for their items and the perceived quality of the items sold and purchased on our marketplace. If we are unable to meet seller standards and drive repeat supply, our existing sellers may not choose to send us secondhand items for resale to the same extent, in terms of quality, value or volume, in the future. Further, failure to generate sufficient high-quality secondhand items and attract new sellers and retain existing sellers could harm our business, results of operations and financial condition. For instance, if our sellers send lower quality secondhand items that we are unable to resell in our marketplace, then we will incur expense to sort and process such lower quality secondhand items and detract resources from processing re-sellable secondhand items.

Our business, including our costs and supply of secondhand items, is subject to risks associated with sourcing, itemizing, warehousing and shipping.

Nearly all of the secondhand items we offer through our marketplace are initially sourced from sellers who are individuals. As a result, we may be subject to periodic fluctuations in the number, brands and quality of secondhand items sold through our marketplace. Our results of operations could be negatively impacted by these fluctuations. In addition, as we expand into new categories of secondhand items, our payments to our sellers may rise relative to our existing categories, which could adversely affect our results of operations.

We can make no assurance that secondhand items we receive from sellers will be of sufficient quality or free from damage, or that such secondhand items will not be damaged during shipping, while in one of our distribution centers or when shipped to buyers. While we conduct inspections of secondhand items sent by sellers for resale and inspect secondhand items returned by buyers, we cannot control items while they are out of our possession or prevent all damage while in our distribution centers. For example, we have in the past and may in the future experience contamination, such as mold, bacteria, insects and other pests, in the secondhand items shipped to us by our sellers, which may cause contamination of the secondhand items in our distribution centers or while shipping to buyers. If we are unable to detect and quarantine such contaminants at the time such secondhand items are initially received in our distribution centers, some or all of the secondhand items in such facilities could be contaminated. We may incur additional expenses and our reputation could be harmed if the secondhand items we offer are damaged or contain contaminants.

We have experienced rapid growth in many of our recent periods and those growth rates may not be indicative of our future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan and our business, results of operations and financial condition could be harmed.

We have experienced, and may continue to experience, rapid growth in certain recent periods, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. We have also experienced significant growth in the number of buyers and sellers using our platform. Additionally, our organizational structure is becoming more complex as we scale our operational, financial and management controls as well as our reporting systems and procedures. For example, our headcount has grown from 1,076 employees and professional contractors as of December 31, 2018 to 1,537 as of December 31, 2019, as we have scaled our business.

To manage growth in our operations and the growth in the number of buyers and sellers on our platform, we will need to continue to grow and improve our operational, financial and management controls and our reporting systems and procedures. We will need to maintain or increase the automation of our distribution centers and continue to improve how we apply data science to our operations. Our expansion has placed, and our expected future growth will continue to place, a significant strain on our management, marketing, operations, administrative, financial, customer support, engineering and other resources. If we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, our employee morale, productivity and retention could suffer, which could negatively affect our brand and reputation and harm our ability to attract new buyers and sellers and to grow our business. In addition, future growth, such as the potential expansion of our operations

internationally or expansion into new categories of offerings, either organically or through acquisitions, would require significant capital expenditures, which could adversely affect our results of operations, and the allocation of valuable management resources to grow and change in these areas.

Our revenue was \$129.6 million and \$163.8 million for the years ended December 31, 2018 and 2019, respectively, representing annual growth of 26%. In future periods, we may not be able to sustain revenue growth rates consistent with recent history, or at all. Our revenue growth has been and may continue to be affected by the COVID-19 pandemic. We believe our success and revenue growth depends on a number of factors, including, but not limited to, our ability to:

- attract and retain new and existing buyers and sellers and grow our supply of high-quality secondhand items for resale through our marketplace;
- scale our revenue and achieve the operating efficiencies necessary to achieve and maintain profitability;
- increase buyer and seller awareness of our brand;
- anticipate and respond to changing buyer and seller preferences;
- manage and improve our business processes in response to changing business needs;
- process Clean Out Kits from sellers on a timely basis;
- improve, expand and further automate our distribution center operations and information systems;
- anticipate and respond to macroeconomic changes generally, including changes in the markets for both new and secondhand retail items;
- successfully compete against established companies and new market entrants, including national retailers and brands and traditional brick-and-mortar thrift stores;
- effectively scale our operations while maintaining high-quality service and buyer and seller satisfaction;
- hire and retain talented employees and professional contractors at all levels of our business;
- avoid or manage interruptions in our business from information technology downtime, cybersecurity breaches and other factors that could affect our physical and digital infrastructure;
- fulfill and deliver Orders in a timely manner and in accordance with customer expectations, which may change over time;
- maintain a high level of customer service and satisfaction;
- adapt to changing conditions in our industry and related to the COVID-19 pandemic and measures implemented to contain its spread; and
- comply with regulations applicable to our business.

If we are unable to accomplish any of these tasks, our revenue growth will be harmed. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations and financial condition will be harmed, and we may not be able to achieve or maintain profitability.

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

We experienced net losses of \$34.2 million and \$37.5 million in the years ended December 31, 2018 and 2019, respectively. We expect to continue to incur net losses for the foreseeable future and we may not achieve or maintain profitability in the future. We believe there is a significant market opportunity for our business, and we intend to invest aggressively to capitalize on this opportunity. Because the market for secondhand items is evolving, particularly the online resale of secondhand items, it is difficult for us to predict our future results of operations or the limits of our market opportunity. We expect our operating expenses to significantly increase as we expand our operations and infrastructure, make significant investments in our marketing initiatives, develop and introduce new technologies and automation and hire additional personnel. These efforts may be more costly than we expect and may not result in revenue growth or increased efficiency. In addition, as we grow and become a public company, we will incur additional significant legal, accounting and other expenses that we did not incur as a private company. If our revenue does not increase to offset these expected increases in our operating expenses, we will not be profitable in future periods. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations and financial condition could be adversely affected. We cannot assure you that we will ever achieve or sustain profitability and may continue to incur significant losses going forward. Any failure by us to achieve or sustain profitability on a consistent basis could cause the value of our Class A common stock to decline.

We have a limited operating history in an evolving industry, which makes it difficult to forecast our revenue, plan our expenses and evaluate our business and future prospects.

We have a limited operating history in a rapidly evolving industry that may not develop in a manner favorable to our business. Our marketplace represents a substantial departure from the traditional thrift store market for secondhand items. While our business has grown rapidly, and much of that growth has occurred in recent periods, the resale market for secondhand items may not continue to develop in a manner that we expect or that otherwise would be favorable to our business. As a result of our limited operating history, ongoing changes in our new and evolving industry, our ability to forecast our future results of operations and plan for and model future growth is limited and subject to a number of uncertainties. We have encountered and expect to continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly evolving industries, such as the risks and uncertainties described herein. Accordingly, we may be unable to prepare accurate internal financial forecasts or replace anticipated revenue that we do not receive as a result of delays arising from these factors, and our results of operations in future reporting periods may be below the expectations of investors or analysts. If we do not address these risks successfully, our results of operations could differ materially from our estimates and forecasts or the expectations of investors or analysts, causing our business to suffer and our Class A common stock price to decline.

We may experience quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict 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 and may be difficult to predict, including, but not limited to:

- the level of demand for secondhand items;
- fluctuations in the levels or quality of secondhand items on our marketplace;
- fluctuations in capacity as we expand our operations;

- our success in engaging existing buyers and sellers and attracting new buyers and sellers;
- our ability to meet the expectations of sellers that we will process their Clean Out Kits in a timely manner;
- the amount and timing of our operating expenses;
- the timing of expenses and recognition of revenue;
- the timing and success of new partnerships, retail offerings and referral programs;
- the impact of competitive developments and our response to those developments;
- our ability to manage our existing business and future growth;
- actual or reported disruptions or defects in our online marketplace, such as actual or perceived privacy or data security breaches;
- economic and market conditions, particularly those affecting our industry;
- the impact of market volatility and economic downturn, including those caused by outbreaks of disease, such as the COVID-19 pandemic, on our business;
- adverse litigation judgments, other dispute-related settlement payments or other litigation-related costs;
- regulatory fines;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- legal and regulatory compliance costs;
- the number of new employees and professional contractors added;
- the timing of the grant or vesting of equity awards to employees, directors, contractors or consultants;
- pricing pressure as a result of competition, economic conditions or otherwise, including as a result of the effects of the COVID-19 pandemic;
- costs and timing of expenses related to the acquisition of talent, technologies, intellectual property or businesses, including potentially significant amortization costs and possible write-downs;
- public health crises, including the COVID-19 pandemic; and
- general economic conditions, including geopolitical uncertainty and instability.

Any one or more of the factors above may result in significant fluctuations in our quarterly results of operations. You should not rely on our past results as an indicator of our future performance.

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 analysts that cover us or investors with respect to revenue or other key metrics for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our Class A common stock could fall, and we could face costly lawsuits, including securities class action suits.

We may not be able to expand our distribution center operations, attract and retain personnel to efficiently and effectively manage the operations required to process, itemize, list, sell, pack and ship secondhand items or identify and lease distribution centers in geographic regions that enable us to effectively scale our operations.

We lease facilities to store and accommodate the logistics infrastructure required to process, itemize, list, sell, pack and ship the secondhand items we sell through our marketplace and related channels of distribution, including our RaaS partnerships. To grow our business, we must continue to improve and expand our distribution center operations, proprietary software and systems, and personnel in the geographic regions that have the resources necessary to effectively operate our business. The operation of our business is complex and requires the coordination of multiple functions that are highly dependent on numerous employees and personnel. Each item that we offer through our marketplace is unique and requires multiple touch points, including inspection, evaluation, photography, pricing, application of a unique SKU, and fulfillment. This process is complex and, from time to time, we may have more Clean Out Kits coming in from sellers than we can timely process. For instance, due to restrictions in our distribution centers as a result of COVID-19 safety precautions, governmental requirements and other COVID-19-related impacts, we currently have an elevated number of unprocessed Clean Out Kits containing secondhand items from sellers. We have also rapidly increased our operations employee headcount in recent years to support the growth of our business. The number of employees in our distribution centers increased to 1,272 as of December 31, 2019 from 835 as of December 31, 2018. While we have experienced a recent decrease in the number of employees in our distribution centers due to the effects of COVID-19, we expect that the number of employees in our distribution centers will increase significantly in the near term, particularly as and when concerns and restrictions due to COVID-19 abate. The market for these employees is increasingly competitive and is highly dependent on geographic location. We could be required to raise wages or introduce other compensation incentives to remain competitive, which could increase our costs and harm our results of operations. If we fail to effectively locate, hire and retain such personnel, our operations could be negatively impacted, which could harm our business, results of operations and financial condition.

Further, the success of our business depends on our ability to maintain our current distribution centers and secure additional distribution centers that meet our business needs and are also in geographic locations with access to a large, qualified talent pool. We currently have five operational distribution centers across four states: one in Arizona, two in Georgia, one in Illinois and one in Pennsylvania. Space in well-positioned geographic locations is becoming increasingly scarce, and where it is available, the lease terms offered by landlords are increasingly competitive, particularly in geographic locations with access to the large, qualified talent pools required for us to run our logistics infrastructure. Incentives currently offered by local, state and federal entities to offset operating expenses may be reduced or become unavailable. Companies who have more financial resources and negotiating leverage than us may be more attractive tenants and, as a result, may outbid us for the facilities we seek. Due to the competitive nature of the real estate market in the locations where we currently operate, we may be unable to renew our existing leases or renew them on satisfactory terms. Failure to identify and secure adequate new distribution centers in optimal geographic locations or maintain our current distribution centers could harm our business, results of operations and financial condition.

If we are unable to successfully leverage technology to automate and drive efficiencies in our operations, our business, results of operations and financial condition could be harmed.

We are continuing to build automation, machine learning and other capabilities to drive efficiencies in our distribution center operations, including our new distribution center in Suwanee, Georgia. As we continue to enhance automation and add capabilities, our operations may become increasingly complex. While we expect these technologies to improve productivity in many of our merchandising operations, including processing, itemizing, listing and selling, any flaws, bugs or failures of such technologies could cause interruptions in and delays to our operations, which may harm our business. We are increasing our investment in technology, software and systems to support these efforts, but such investments may not increase productivity, maintain or improve the experience for buyers and sellers or result in more efficient

operations. While we have created our own proprietary technology to operate our business, we also rely on technology from third parties. If these technologies do not increase our operational efficiency in accordance with our expectations, third parties change the terms and conditions that govern their relationships with us, or if competition increases for the technology and services provided by third parties, our business may be harmed. In addition, if we are unable to enhance automation to our operations, we may be unable to reduce the costs of processing supply and fulfilling orders, which could cause delays in buyers receiving their purchases and sellers receiving their payouts. As a result, our reputation and our relationships with our buyers and sellers could be harmed, which could harm our business, results of operations and financial condition.

We rely on consumer discretionary spending and have been and may continue to be adversely affected by economic downturns and other macroeconomic conditions or trends.

Our business and results of operations are subject to global economic conditions and their impact on consumer discretionary spending, particularly in the retail market. Some of the factors that may negatively influence consumer spending on retail items include high levels of unemployment, high consumer debt levels, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment. Economic conditions in particular regions may also be affected by natural disasters, such as earthquakes, hurricanes and wildfires; unforeseen public health crises, such as pandemics and epidemics, including the COVID-19 pandemic; political crises, such as terrorist attacks, war and other incidents of political instability, including the upcoming presidential election in the United States; or other catastrophic events, whether occurring in the United States or internationally. Traditionally, consumer purchases of new retail items have declined during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Such economic uncertainty and decrease in the rate of retail purchases in the primary market may slow the rate at which individuals choose to supply their secondhand items to us, which could result in a decrease of items available in our marketplace, and may also slow the rate at which individuals choose to buy secondhand items on our marketplace. For instance, at beginning of the COVID-19 pandemic, we experienced an increase in the supply of Clean Out Kits with secondhand items from sellers, but potential sellers may slow the rate at which they send Clean Out Kits to us as the COVID-19 pandemic and uncertain economic times continue, and we have experienced a reduction in operations productivity at our distribution centers and have been unable to process Clean Out Kits at our normal rate. In March 2020, we experienced a reduction in daily purchases through our site, as compared to February 2020, which we attribute to the general economic uncertainty at the beginning of the COVID-19 pandemic. While we have since seen an increase in purchases, we cannot guarantee that buyers will continue to buy at current rates if the economy worsens. Further, due to effects of COVID-19, we have experienced an overall reduction in growth rates during the second and third quarters of 2020, and that reduction in our growth rates may continue in light of the ongoing impacts of COVID-19. Moreover, the presence or absence of government stimulus funding programs could have an impact on consumer discretionary spending and, consequently, purchases through our marketplace site. Adverse economic changes could reduce consumer confidence, and thereby negatively affect our results of operations.

The market in which we participate is competitive and rapidly changing, and if we do not compete effectively with established companies as well as new market entrants or maintain and develop strategic relationships with third parties, our business, results of operations and financial condition could be harmed.

The markets for resale and secondhand items are highly competitive. We compete with vendors of new and secondhand items, including branded goods stores, local, national and global department stores, traditional brick-and-mortar consignment and thrift stores, specialty retailers, direct-to-consumer, or DTC, retailers, discount chains, independent retail stores, the online offerings of traditional retail competitors, resale players focused on niche or single categories, as well as technology-enabled marketplaces that may offer the same or similar goods and services that we offer. Competitors offering the same or similar goods or services include secondhand marketplaces, such as eBay Inc., Mercari, Inc.

and The RealReal, Inc.; large online retailers, such as Amazon.com, Inc., Kohl's Corporation and Walmart Inc.; and off-price retailers, such as Burlington Stores, Inc., Ross Stores, Inc. and The TJX Companies, Inc. We believe our ability to compete depends on many factors, many of which are beyond our control, including:

- attracting and retaining buyers and sellers and increasing the volume of secondhand items they buy and sell;
- further developing our data science and automation capabilities;
- maintaining favorable brand recognition;
- effectively delivering our marketplace to buyers and sellers;
- identifying and delivering authentic, high-quality secondhand items;
- maintaining and increasing the amount, diversity and quality of brands and secondhand items that we offer;
- our ability to expand the means through which we acquire and offer secondhand items for resale;
- the price at which secondhand items accepted onto our marketplace are offered;
- the speed and cost at which we can process and make available secondhand items and deliver purchased secondhand items to our buyers; and
- the ease with which our buyers and sellers can supply, purchase and return secondhand items.

As our market evolves and we begin to compete with new market entrants, we expect competition to intensify in the future. Established companies may not only develop their own platforms and competing lines of business, but also acquire or establish cooperative relationships with our current competitors or provide meaningful incentives to third parties to favor their offerings over our marketplace.

Many of our existing competitors have, and some of our potential competitors or potential alliances among competitors could have, substantial competitive advantages such as greater brand name recognition and longer operating histories, larger fulfillment infrastructures, greater technical capabilities, faster shipping times, lower-cost shipping, broader supply, established relationships with a larger existing buyer and/or seller base, superior or more desirable secondhand items for sale or resale, greater customer service resources, greater financial, marketing, institutional and other resources than we do, greater resources to make acquisitions, lower labor, and development costs, larger and more mature intellectual property portfolios, and substantially greater financial, technical and other resources than we do. Such competitors with greater financial and operating resources may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and derive greater revenue and profits from their existing buyer bases, adopt more aggressive pricing policies to build larger buyer or seller bases, or respond more quickly than we can to new or emerging technologies and changes in consumer shopping behavior.

Potential buyers may also prefer to purchase retail items from larger online or brick-and-mortar competitors that they currently shop from, rather than a newer marketplace, regardless of offerings. These larger competitors often have broader supply and market focus and will therefore not be as susceptible to downturns in a particular market.

If we are unsuccessful in establishing or maintaining our relationships with third parties, or if they partner with our competitors and devote greater resources to implement and support the platforms or retail items of our competitors, our ability to compete in the marketplace, or to grow our revenue, could be impaired, and our results of operations may suffer. Even if these partnerships and any future partnerships

we undertake are successful, we cannot assure you that these relationships will result in increased buying and selling through our marketplace or increased revenue.

Conditions in our market could also change rapidly and significantly as a result of technological advancements, partnering by our competitors or continuing market consolidation or strategic changes we or our competitors make in response to the COVID-19 pandemic, and it is uncertain how our market will evolve. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer buyers and sellers, reduced revenue, gross profit, and gross margins, increased net losses, and loss of market share. Any failure to meet and address these factors could harm our business, results of operations and financial condition.

National retailers and brands set their own retail prices and promotional discounts on new items, which could adversely affect our value proposition to buyers and harm our business, results of operations and financial condition.

National retailers and brands set pricing for their own new retail items, which can include promotional discounts. Promotional pricing by these parties may adversely affect the relative value of secondhand items offered for resale with us, and, in turn, our revenue, results of operations and financial condition. In order to attract buyers to our marketplace, the prices for the secondhand items sold through our marketplace may need to be lowered in order to compete with pricing strategies employed by national retailers and brands for their own new retail items, which could negatively affect revenue growth, results of operations and financial condition. We have experienced a reduction in our revenue in the past due to reductions and fluctuations in the price of new retail items sold by national retailers and brands, and we anticipate similar reductions and fluctuations could occur in the future, such as due to a decrease in the price of new retail items in light of the economic downturn caused by the COVID-19 pandemic. These pricing changes and promotional discounts could, as a result, adversely affect our business, results of operations and financial condition.

Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our consolidated financial statements.

In connection with the audits of our 2018 and 2019 consolidated financial statements, we and our independent registered public accounting firm identified control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. Our material weakness related to the following control deficiencies:

- We did not design and maintain effective control over our accounting and proprietary data systems used in our financial reporting process. These systems lacked controls over user access, program change management, computer operation and data validation to ensure that IT program and data changes affecting financial accounting applications and underlying accounting records are identified, tested, authorized and implemented appropriately.
- We did not design and maintain adequate controls over the preparation and review of certain account reconciliations and journal entries. Specifically, we did not design and maintain controls and we did not maintain a sufficient complement of accounting personnel to ensure (i) the appropriate segregation of duties in the preparation and review of account reconciliations and journal entries and (ii) account reconciliations were prepared and reviewed at the appropriate level of precision on a consistent and timely basis.

The deficiencies described above, if not remediated, could result in a misstatement of one or more account balances or disclosures in our annual or interim consolidated financial statements that would not

be prevented or detected, and, accordingly, we determined that these control deficiencies constitute a material weakness.

To address our material weakness, we have added accounting, finance and information technology personnel and implemented new financial accounting processes. We intend to continue to take steps to remediate the material weakness described above through implementing enhancements and controls within our accounting and proprietary systems, hiring additional qualified accounting, finance and information technology resources and further evolving our accounting and quarterly close processes. We will not be able to fully remediate these control deficiencies until these steps have been completed and have been operating effectively for a sufficient period of time. The redesign and implementation of improvements to our accounting and proprietary systems and controls may be costly and time consuming and the cost to remediate may impair our results of operations in the future.

If we fail to remediate our material weakness, identify future material weaknesses in our internal control over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results or report them within the timeframes required by law or stock exchange regulations. Failure to comply with Section 404 of the Sarbanes-Oxley Act could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. If additional material weaknesses exist or are discovered in the future, and we are unable to remediate any such material weakness, our reputation, results of operations and financial condition could suffer.

The global COVID-19 pandemic has had and may continue to have an adverse impact on our business, results of operations and financial condition.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and the related public health measures, including orders to shelter-in-place, travel restrictions and mandated business closures, have adversely affected workforces, organizations, customers, economies and financial markets globally, leading to an economic downturn and increased market volatility. The fear associated with COVID-19, or any pandemic, and the reactions of governments around the world in response to COVID-19, or any pandemic, to regulate the flow of labor and products and impede the travel of individuals, have and may continue to impact our ability to conduct normal business operations, which could adversely affect our results of operations and liquidity. For example, due to shelter-in-place orders and mandatory business closures, in Georgia in particular, we have been required to limit operations at our distribution centers, resulting in a delay in our ability to process our Clean Out Kits, and have implemented enhanced safety and cleaning measures, resulting in increased costs. We have also closed our corporate offices indefinitely, except for limited essential staff and visits by our operations teams to the distribution centers on an as-needed and limited basis. In addition, we implemented several cost-saving measures to address the challenges from the COVID-19 pandemic. For example, in the first quarter of 2020, we temporarily reduced marketing spend to take time to better understand the impact of COVID-19 on consumer demand. Additionally, in April 2020, we reduced salaries by 20% for the vast majority of corporate employees and in June 2020 we laid off the staff at our three small retail stores and permanently closed one of our retail stores. Further, we also have implemented promotional measures. Beginning in the second quarter of 2020, we chose to strategically increase discounts and promotions to incentivize our existing buyer base to shop with us, as consumers generally prioritize value in times of economic uncertainty. Disruptions to our business operations, or to our third-party vendors' and partners' business operations, have included and could include personnel absences, new closures or further or ongoing reduced capacity at our distribution centers, delays in processing Clean Out Kits shipped by sellers to us, delays in our shipment of items purchased by our buyers, a slow-down in our ability to hire if we are unable to interview candidates in person, decreased foot traffic at and/or closure of our and our partners' physical retail locations, disruptions in internet connections and a decrease or volatile patterns in spending on retail in general, such as the temporary decrease in purchases that we experienced in March 2020. Further, developing various responses to the challenges caused by COVID-19 and its effects has and may continue to divert the attention of our management team. In the future, we may need to

temporarily close some or all of our distribution centers. If a critical number of our employees become too ill to work or are unable to work due to personal reasons related to the effects of COVID-19, our ability to process merchandise through our distribution centers could be significantly slowed or halted. Similarly, COVID-19 has led to a broader economic slowdown that may heighten other risks presented in this prospectus. Public health concerns, such as COVID-19, could also result in social, economic and labor instability in the localities in which we or our vendors, buyers and sellers reside. Any of these uncertainties and actions we take to mitigate the effects of COVID-19 and uncertainties related to COVID-19 could harm our business, results of operations and financial condition. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of COVID-19” for additional information about the impact of COVID-19 on our business.

We may experience damage or destruction to our distribution centers in which we store all of the secondhand items we offer through our marketplace, which may harm our business, results of operations and financial condition.

We store the majority of the secondhand items we offer through our marketplace in our distribution centers in Arizona, Georgia, Illinois and Pennsylvania, with a small portion of secondhand items offered for resale in retail stores. Our distribution centers, as well as our headquarters, are located in areas that have a history of natural disasters, including severe weather events, rendering our distribution centers vulnerable to damage. Any large-scale damage to or catastrophic loss of secondhand items stored in one of our distribution centers or retail stores, due to natural disasters or man-made disasters such as arson, theft or otherwise would result in liability to our sellers for the expected payout commission liability for the lost items, reduction in the value of our inventory and a significant disruption to our business.

Additionally, given the nature of the unique selection of secondhand items we offer on our marketplace, our ability to restore such secondhand items on our marketplace would take time and would result in a limitation and delay of available supply for buyers, which would negatively impact our revenue and results of operations. Further, natural disasters, such as earthquakes, hurricanes, tornadoes, fires, floods and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war and other political instability; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and distribution centers or the operations of one or more of our third-party providers or vendors. For example, in March 2020 due to the progression of COVID-19 in areas where we operate distribution centers and have corporate offices, we reduced operations at our distribution centers and closed our corporate offices to slow the spread of COVID-19 and protect our employees. Such reductions in operations and closures have slowed and may in the future slow or temporarily halt our operations and harm our business, results of operations and financial condition.

Further, while we carry insurance for the secondhand items in our distribution centers, the number of carriers which provide for such insurance has declined, which has resulted in increased premiums and deductibles. The insurance we do carry may not continue to be available on commercially reasonable terms and, in any event, may not be adequate to cover all possible losses that our business could suffer. In the event that we suffer a catastrophic loss of any or all of our distribution centers and the secondhand items in such facilities, our liabilities may exceed the maximum insurance coverage amount, which would harm our business and results of operations.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could harm our business, results of operations and financial condition.

We currently rely on major vendors for our shipping of purchases to buyers and the shipping of supplied secondhand items by sellers. If we are not able to negotiate acceptable pricing and other terms with these vendors or they experience performance problems or other difficulties, such as the increased volume of deliveries due to shelter-in-place orders associated with the COVID-19 pandemic, it could negatively impact our business and results of operations and negatively affect the experiences of our buyers and sellers, which could affect the degree to which they continue to buy and supply secondhand

items on our marketplace. In addition, our ability to receive inbound secondhand items efficiently and ship secondhand items to buyers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, disruptions and/or delays due to business closures and shelter-in-place orders like those associated with the COVID-19 pandemic and similar factors. Disruption to delivery services due to inclement weather could result in delays that could adversely affect our reputation, business and results of operations. If our secondhand items are not delivered in a timely fashion or are damaged or lost during the supply or the delivery process, our buyers or sellers could become dissatisfied and cease using our marketplace, which could adversely affect our business and results of operations.

Our advertising activity and strategic RaaS partnerships may fail to efficiently drive growth in buyers and sellers, which could harm our business, results of operations and financial condition.

Our future growth and potential profitability will depend in large part upon the effectiveness and efficiency of our advertising, promotion, public relations and marketing programs as well as our strategic RaaS partnerships, and we are investing heavily in these activities. Our advertising activities may not yield increased revenue and the efficacy of these activities will depend on a number of factors, including our ability to:

- determine the effective creative message and media mix for advertising, marketing and promotional expenditures;
- select the right markets, media and specific media vehicles in which to advertise;
- identify the most effective and efficient level of spending in each market, media and specific media vehicle; and
- effectively manage marketing costs, including creative and media expenses, to maintain acceptable buyer and seller acquisition costs.

We closely monitor the effectiveness of our advertising campaigns and changes in the advertising market, and adjust or re-allocate our advertising spend across channels, customer segments and geographic markets in real-time to optimize the effectiveness of these activities. We expect to increase advertising spend in future periods to continue driving our growth. Increases in the pricing of one or more of our marketing and advertising channels could increase our marketing and advertising expenses or cause us to choose less expensive but possibly less effective marketing and advertising channels. If we implement new marketing and advertising strategies, we may incur significantly higher costs than our current channels, which, in turn, could adversely affect our results of operations.

Implementing new marketing and advertising strategies also could increase the risk of devoting significant capital and other resources to endeavors that do not prove to be cost effective. We also may incur marketing and advertising expenses significantly in advance of the time we anticipate recognizing revenue associated with such expenses and our marketing and advertising expenditures may not generate sufficient levels of brand awareness or result in increased revenue. Even if our marketing and advertising expenses result in increased sales, the increase might not offset our related expenditures. If we are unable to maintain our marketing and advertising channels on cost-effective terms or replace or supplement existing marketing and advertising channels with similarly or more effective channels, our marketing and advertising expenses could increase substantially, our buyer and seller base could be adversely affected, our brand could suffer and our business, results of operations and financial condition could be harmed.

We have invested and expect to continue to invest significant time and resources into our RaaS partnerships with national retail stores, premium women's fashion brands, fashion-focused e-commerce sites and marketplaces for the buying and selling of secondhand items. We maintain a robust and varied set of RaaS partnership programs, including our RaaS offering, in-store pop-up shops and provision of our Clean Out Kits at our partners' retail stores, the resale of worn retail items provided to us by our RaaS

partners and cross-listing our products on our RaaS partners' websites. See the section titled "Business—The thredUP Product Experience—For RaaS Partners" for additional information about our RaaS partnerships. To grow our business and build out our marketplace, we anticipate that we will continue to depend on relationships with third parties. Identifying RaaS partners, and negotiating, documenting and maintaining relationships with them, requires significant time and resources. Further, our competitors may be effective in providing incentives to third parties to favor their offerings over our marketplace, mobile application or in-store offerings.

There is significant uncertainty around the future profitability of our RaaS partnerships and whether they will result in an increased number of new and repeat buyers, an increased number of new and repeat sellers selling high-quality secondhand items and increased awareness of our brand. The effectiveness of some of these RaaS partnerships has also been disrupted by the COVID-19 pandemic and associated shelter-in-place orders. Further, if the retail industry suffers in general, there may be fewer customers visiting our partners' retail stores and buying secondhand items in our pop-up shops, our RaaS partners may discontinue our pop-ups in an effort to cut back newer partnerships and our kit distribution partnership for gift cards to our partners' store could be less desirable. Additionally, our RaaS partners could go out of business or declare bankruptcy. If our RaaS partnerships are not profitable and do not result in us acquiring a high-quality supply of secondhand items from our partners and/or their customers, who become our sellers, and reaching additional buyers, our business, results of operations and financial condition could be harmed.

We rely on third parties to drive traffic to our website and mobile application, and these providers may change their algorithms or pricing in ways that could negatively impact our business, results of operations, financial condition and prospects.

We rely in part on digital advertising, including search engine marketing and social media advertising, to promote awareness of our marketplace, grow our business, attract new buyers and sellers and retain existing buyers and sellers. In particular, we rely on search engines, such as Google, the major mobile application stores and social media platforms such as Facebook and Instagram as important marketing channels. In addition to purchasing traditional advertising space on search engines and social media platforms, we also partner with influencers on Instagram who promote their buying and selling of secondhand items through our marketplace to their followers. Search engine companies, social media platforms or mobile application stores that we advertise our marketplace through may determine that we are not in compliance with their guidelines and penalize us as a result. If search engines or social media platforms change their algorithms, terms of service, display or the featuring of search results, determine we are out of compliance with their terms of service or if competition increases for advertisements, we may be unable to cost-effectively add buyers and sellers to our website and mobile application. We also cannot accurately predict if the followers of our Instagram influencer partners will be interested in buying and selling through our marketplace, or if our influencer partners will maintain their follower numbers throughout the time our partnerships. Our relationships with our marketing vendors are not long term in nature and do not require any specific performance commitments. In addition, many of our online advertising vendors provide advertising services to other companies, including companies with whom we may compete. As competition for online advertising has increased, the cost for some of these services has also increased. Our marketing initiatives may become increasingly expensive and generating a return on those initiatives may be difficult. Even if we successfully increase revenue as a result of our paid marketing efforts, such increase may not offset the additional marketing expenses we incur.

We may not succeed in promoting and maintaining our brand and reputation, which could harm our business and future growth.

We believe that maintaining our brand and reputation is critical to driving buyer and seller engagement. An important goal of our brand promotion strategy is establishing trust with our buyers and sellers.

For buyers, maintaining our brand and reputation requires that we foster trust through timely and reliable fulfillment of orders, responsive and effective customer service, a broad supply of desirable brands and secondhand items and an exciting and user-friendly interface on our marketplace, in our stores and through our partnerships. For sellers, maintaining our brand and reputation requires that we foster convenience with service that is convenient, consistent and timely. It also requires that we foster trust through consistent and transparent acceptance, payout and return processes and policies for secondhand items supplied to us, payouts that our sellers perceive to be adequate compensation for their items and responsive and effective customer service. If we fail to provide buyers or sellers with the service and experience they expect, or we experience buyer or seller complaints or negative publicity about our marketplace services, merchandise, delivery times or customer support, whether justified or not, the value of our brand could be harmed, which could harm our business and future growth. For example, disruption to processing of Clean Out Kits and distribution caused by COVID-19 has led and could potentially lead to additional delays in our ability to process secondhand items sellers send in for resale, resulting in delays in sellers receiving payouts and less refreshing of our supply on our marketplace, and could harm our brand and reputation.

Additionally, in October 2020, we launched our new brand campaign. Such rebranding may not be as successful as our current brand and may not achieve its intended results. Furthermore, in connection with the development and implementation of our rebranding campaign, we have spent additional time and costs, including those associated with advertising and marketing efforts. If we are unable to effectively implement our rebranding campaign, our business, results of operations and financial condition could suffer.

We use data science to predict buyer and seller preferences, and if we do not accurately predict evolving preferences of our buyers and sellers it could harm our business, results of operations and financial condition.

Our success is in large part dependent upon our ability to anticipate and identify trends in the market for secondhand items in a timely manner and to obtain a supply of secondhand items that addresses those trends by attracting and retaining sellers who send in high-quality secondhand items. We use data science to predict buyer and seller preferences, which we in turn use to ensure our buyers are looking at secondhand items that they are interested in purchasing on our marketplace. There can be no assurance that our data science will accurately anticipate buyer or seller preferences and, if our predictions are inaccurate, we will not be able to optimize our buyers' and sellers' experience on our marketplace. Lead times relating to these changing preferences may make it difficult for us to respond rapidly to new or changing trends. We have begun to expand our offerings beyond our core marketplace and to expand our RaaS partnership programs and the impact on our business from these new offerings and RaaS partnership programs is not clear as it is difficult to accurately predict buyer and seller preferences. To the extent we do not accurately predict the evolving preferences of our buyers and sellers, it could harm our business, results of operations and financial condition.

Compromises of our data security could cause us to incur unexpected expenses and may materially harm our reputation and results of operations.

In the ordinary course of our business, we collect, process and store certain personal information and other data relating to individuals, such as our buyers, sellers and employees. We also maintain other information, such as our trade secrets and confidential business information and certain confidential information of third parties, that is sensitive and that we seek to protect. We rely substantially on commercially available systems, software, tools and monitoring to provide security for our processing, transmission and storage of personal information and other confidential information. We or our vendors could be the subject of hacking, social engineering, phishing attacks or other attacks. Due to these or other causes, we or our vendors may suffer a data breach or other security incident, which may allow hackers or other unauthorized parties to gain access to personal information or other data, including payment card data or confidential business information, and we might not discover such issues for an extended period. The techniques used to obtain unauthorized access or to sabotage systems change

frequently and generally are not identified until they are launched against a target. As a result, we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, our employees, contractors, vendors or other third parties with whom we do business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information or other data, or may inadvertently release or compromise such data. We expect to incur ongoing costs associated with the detection and prevention of security breaches and other security-related incidents. We may incur additional costs in the event of a security breach or other security-related incident. Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of personal or other confidential information and delays in detecting or providing notice of any such compromise or loss could disrupt our operations, harm the perception of our security measures, damage our reputation, cause some participants to decrease or stop their use of our marketplace and subject us to litigation, government action, increased transaction fees, regulatory fines or penalties or other additional costs and liabilities that could adversely affect our business, results of operations and financial condition.

We cannot be certain that our insurance coverage will be adequate for data handling or data security liabilities, that insurance 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 harm our business, results of operations, financial condition and reputation.

In addition, the changes in our work environment as a result of the COVID-19 pandemic could impact the security of our systems, as well as our ability to protect against attacks and detect and respond to them quickly. Any rapid adoption by us of third-party services designed to enable the transition to a remote workforce also may introduce security risk that is not fully mitigated prior to the use of these services. We may also be subject to increased cyber-attacks, such as phishing attacks by threat actors using the attention placed on the COVID-19 pandemic as a method for targeting our personnel.

Our use and other processing of personal information and other data is subject to laws and regulations relating to privacy and data protection. Changes in such laws or regulations, or any actual or perceived failure by us to comply with such laws and regulations, our privacy policies and/or contractual obligations, could adversely affect our business, results of operations and financial condition.

We collect, maintain and otherwise process significant amounts of personal information and other data relating to our buyers, sellers and employees. Numerous state, federal and international laws, rules and regulations govern the collection, use and protection of personal information and other types of data we collect, use, disclose and otherwise process. Such privacy requirements are constantly evolving, and we expect that there will continue to be new proposed privacy requirements in the United States and other jurisdictions, or changes in the interpretation of existing privacy requirements. For example, in June 2018 California adopted the California Consumer Privacy Act, or CCPA, that became effective on January 1, 2020. The CCPA broadly defines personal information, imposes stringent consumer data protection requirements, gives California residents expanded privacy rights, provides for civil penalties for violations and introduces a private right of action for data breaches.

Future privacy requirements, or changes in the interpretation of existing privacy requirements, may require companies to implement privacy and security policies, provide certain types of notices, grant certain rights to individuals, inform individuals of security breaches, and, in some cases, obtain individuals' consent to use personal data for certain purposes. These privacy requirements may be inconsistent from one jurisdiction to another, subject to differing interpretations and may be interpreted to conflict with our practices. We cannot yet fully determine the impact that such future privacy requirements may have on our business or operations. Additionally, we are subject to the terms of our privacy policies and notices and may be bound by contractual requirements applicable to our collection, use, processing

and disclosure of personal information, and may be bound by or alleged to be subject to, or voluntarily comply with, self-regulatory or other industry standards relating to these matters.

Any failure or perceived failure by us or any third parties with which we do business to comply with these privacy requirements, with our posted privacy policies or with other privacy-related obligations to which we or such third parties are or may become subject, may result in investigations or enforcement actions against us by governmental entities, private claims, public statements against us by consumer advocacy groups or others, and fines, penalties or other liabilities. Any such action would be expensive to defend, likely would damage our reputation and market position, could result in substantial liability and could adversely affect our business and results of operations.

Further, in view of new or modified privacy requirements, contractual obligations and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices, and to expend significant resources to adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner or at all, and our ability to develop new features could be limited. Privacy, data protection and information security concerns, whether valid or not valid, may inhibit the use and growth of our marketplace, particularly in certain foreign countries. Additionally, public scrutiny of or complaints about technology companies or their data practices, even if unrelated to our business, industry, or operations, may lead to increased scrutiny of technology companies, including us, and may cause government agencies to enact additional regulatory requirements, or to modify their enforcement or investigation activities, which may increase our costs and risks.

Interruptions or delays in the services provided by third-party data centers, Internet service providers or our payment processors could prevent existing and potential buyers and sellers from accessing our marketplace, and our business could suffer.

Our reputation and ability to attract and retain buyers and sellers depends in part on the reliable performance of our network infrastructure and content delivery process. We have experienced, and expect that in the future we may experience, interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints which could affect the availability of services on our marketplace and prevent or inhibit the ability of buyers to access our marketplace or complete purchases on our marketplace through our website or mobile application.

We currently host our marketplace and support our operations using Amazon Web Services, or AWS, data centers, a provider of cloud infrastructure services. Our operations depend on protecting the virtual cloud infrastructure hosted in AWS by maintaining its configuration, architecture and interconnection specifications, as well as the information stored in these virtual data centers and which third-party Internet service providers transmit. Furthermore, we have no physical access or control over the services provided by AWS. Although we have disaster recovery plans that utilize multiple AWS locations, the data centers that we use are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, severe storms, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, many of which are beyond our control, any of which could disrupt our service, destroy user content, or prevent us from being able to continuously back up or record changes in our users' content. In the event of significant physical damage to one of these data centers, it may take a significant period of time to achieve full resumption of our marketplace, and our disaster recovery planning may not account for all eventualities. Further, a prolonged AWS service disruption affecting our marketplace could damage our reputation with current buyers and sellers, expose us to liability, make it difficult to attract and retain new and existing buyers and sellers, or otherwise harm our business. In particular, volume of traffic and activity on our marketplace spikes on certain days and during certain periods of the year, such as during a holiday promotion. Any interruption to the availability of our marketplace would be particularly problematic if it were to occur at such a high-volume time. In addition, we use multiple third-party payment processors to process payments made by buyers or to sellers on our marketplace. Any disruption or failure in the services we receive from our third-party

payment processors could prevent us from being able to effectively operate our marketplace and likewise could harm our business, results of operations and financial condition.

If AWS or our third-party payment processors terminate their relationships with us or refuse to renew their agreements with us on commercially reasonable terms, we would need to find alternative data centers, Internet service providers and third-party payment processors and may not be able to secure similar terms or replace such payment processors in an acceptable timeframe. Further, the services provided by such alternate providers may not meet our expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause us to lose our ability to accept online payments, make payments to sellers or conduct other payment transactions, any of which could make our marketplace less convenient and attractive and adversely affect our ability to attract and retain buyers and sellers, which could harm our business, results of operations and financial condition.

Failure to comply with applicable laws or regulations, including those relating to the resale of secondhand items, or changes to such laws, rules or regulations may subject us to fines, penalties, registration and approval or other governmental enforcement action.

Our business and financial condition could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our business, including those relating to the internet and e-commerce, such as geo-blocking and other geographically based restrictions, internet advertising and price display, consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, banking, data security, network and information systems security, data protection, privacy and escheatment. As a result, regulatory authorities could prevent or temporarily suspend us from conducting some or all of our activities or otherwise penalize us if our practices were found not to comply with applicable regulatory or licensing requirements or any binding interpretation of such requirements. Unfavorable changes or interpretations could decrease demand for our marketplace, limit marketing methods and capabilities, affect our growth, increase costs or subject us to additional liabilities. In addition, if we were to expand internationally, we would be subject to additional regulation.

For example, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce. Regulations and laws specifically governing the internet and e-commerce may involve taxes, privacy, data protection and data security, consumer protection, the ability to collect and/or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts or gift cards. Such regulations and laws may relate to liability for information retrieved from or transmitted over the internet, display of certain taxes and fees, online editorial and consumer-generated content, user privacy, data security, network and information systems security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of services. California's Automatic Renewal Law, for example, requires companies to adhere to enhanced disclosure requirements when entering into automatically renewing contracts with buyers and sellers. As a result, a wave of consumer class action lawsuits was brought against companies that offer online products and services on a subscription or recurring basis. Furthermore, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

The resale of secondhand items through our marketplace is subject to regulation, including by regulatory bodies such as the U.S. Consumer Product Safety Commission, the Federal Trade Commission, the U.S. Fish and Wildlife Service and other international, federal, state and local governments and regulatory authorities. These laws and regulations are complex, vary from state to state and change often. We monitor these laws and regulations and adjust our business practices as warranted to comply. We receive our supply of secondhand items from numerous sellers located in all 50 U.S. states, and the items we receive from our sellers may contain materials such as fur, snakeskin and other exotic animal product components, that are subject to regulation. Our standard seller terms and conditions require sellers to comply with applicable laws when sending us their secondhand items. Failure

of our sellers to comply with applicable laws, regulations and contractual requirements could lead to litigation or other claims against us, resulting in increased legal expenses and costs. In addition, while all of our vendor agreements contain a standard indemnification provision, certain vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations which may harm our business. Moreover, failure by us to effectively monitor the application of these laws and regulations to our business, and to comply with such laws and regulations, may negatively affect our brand and subject us to penalties and fines.

Numerous U.S. states and municipalities, including the States of California and New York, have regulations regarding the handling of secondhand items and licensing requirements of secondhand dealers. Such government regulations could require us to change the way we conduct business, such as prohibiting or otherwise restricting the sale or shipment of certain items in some locations. These regulations could result in increased costs or reduced revenue. We could also be subject to fines or other penalties that could harm our business.

Additionally, supplied secondhand items could be subject to recalls and other remedial actions and product safety, labeling and licensing concerns may require us to voluntarily remove selected secondhand items from our marketplace. Such recalls or voluntary removal of items can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased customer service costs and legal expenses, which could have an adverse effect on our results of operations. Some of the secondhand items sold through our marketplace may expose us to product liability claims and litigation or regulatory action relating to personal injury, environmental or property damage. We cannot be certain that our insurance coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all.

Our failure to address risks associated with payment methods, credit card fraud and other consumer fraud, or our failure to control any such fraud, could damage our reputation and brand and could harm our business, results of operations and financial condition.

We have in the past incurred and may in the future incur losses from various types of fraudulent transactions, including the use of stolen credit card numbers, and claims that a buyer did not authorize a purchase. In addition, as part of the payment processing process, our buyers' and sellers' credit and debit card information is transmitted to our third-party payment processors, and we may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of our buyers' and sellers' credit or debit card information if the security of our third-party credit card payment processors are breached.

Under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. We do not currently carry insurance against this risk. To date, we have experienced minimal losses from credit card fraud, but we face the risk of significant losses from this type of fraud as our net sales increase.

We and our third-party credit card payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we or our third-party credit card payment processors fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our buyers and sellers in addition to the consequences that could arise from such action or inaction violating or being alleged to violate applicable laws, regulations, contractual obligations or other obligations, including those regulating to privacy, data protection and data security as outlined above, including harm to our reputation and market position. Any of these could have an adverse impact on our business, results of operations, financial condition and prospects. Our failure to adequately prevent fraudulent transactions could damage our reputation and market position, result in claims, litigation or regulatory investigations and proceedings or lead to expenses that could harm our business, results of operations and financial condition.

Certain estimates of market opportunity and our buyer and seller metrics included in this prospectus may prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.

This prospectus includes our internal estimates of the addressable market for thredUP and metrics related to our buyers and sellers. Market opportunity estimates, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this prospectus relating to the size of our target market, market demand, capacity to address this demand, and pricing may prove to be inaccurate. The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates in this prospectus, our business could fail to grow at similar rates, if at all.

Certain metrics presented in this prospectus, including the numbers of Active Buyers and Active Sellers, are based on internal company data, assumptions and estimates and we use these numbers in managing our business. We believe that these figures are reasonable estimates, and we take measures to improve their accuracy, such as eliminating known fictitious or duplicate accounts. There are, however, inherent challenges in gathering accurate data across large online and mobile populations. For example, there may be individuals who have multiple email accounts in violation of our terms of service, despite our efforts to detect and enforce our terms of service. We regularly review and may adjust our processes for calculating these metrics to improve their accuracy. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations and financial condition would be harmed.

Greater than expected returns could have a negative impact on our revenue.

We allow buyers to return certain purchases from our website, mobile application and retail stores under our return policy. We record a reserve for returns against proceeds to us from the resale of secondhand items on our marketplace in calculating revenue. We estimate this reserve based on historical return trends. The introduction of new products in the retail market, changes in consumer confidence or other competitive and general economic conditions may cause actual returns to exceed our reserve for returns. From time to time, the secondhand items sold through our marketplace are damaged in transit which can increase return rates, increase our costs and harm our brand. Returned items may also be damaged in transit as part of the return process which can significantly impact the price we are able to charge for such items on our marketplace. Any significant increase in returns that exceeds our reserves could adversely affect our revenue and results of operations.

As an online secondhand marketplace, our success depends on the accuracy of our item acceptance process. Failure by us to identify counterfeit or stolen retail items could adversely affect our reputation and expose us to liability for the resale of counterfeit or stolen items.

Our success depends on our ability to accurately and cost-effectively determine whether a secondhand item offered for resale is an authentic product. From time to time we receive counterfeit secondhand items through our sellers. While we have invested in our authentication processes and we reject any retail items we believe to be counterfeit, we cannot be certain that we will identify every counterfeit item that is supplied to us. As the sophistication of counterfeiters increases, it may be increasingly difficult to identify counterfeit products. We refund the cost of an item to a buyer if the buyer questions its authenticity and returns the item. The resale of any counterfeit items may damage our reputation as a trusted marketplace for secondhand items, which may impact our ability to attract and maintain repeat buyers and sellers. We may also be subject to allegations that an item we sold is not authentic despite our efforts to inspect such item. Such controversy could negatively impact our reputation and brand and harm our business and results of operations.

Additionally, we may fail to prevent sellers from supplying stolen items. Government regulators and law enforcement officials may allege that our services violate, or aid and abet violations of certain laws,

including laws restricting or prohibiting the transferability and, by extension, the resale, of stolen items. Our form of seller terms includes a representation that the seller has the necessary right and title to the secondhand items they may resell. Our terms of use prohibit the listing of stolen or otherwise illegal products. If these terms prove inadequate, we may be required to spend substantial resources to take additional protective measures which could negatively impact our operations. Any costs incurred as a result of potential liability relating to the alleged or actual resale of stolen items could harm our business. In addition, negative publicity relating to the actual or perceived listing or resale of stolen items using our services could damage our reputation, and make our buyers and sellers reluctant to use our services. To the extent any of this occurs, it could harm our business or damage our reputation and we could face liability for such unlawful activities. Despite measures taken by us to detect stolen items, to cooperate fully with law enforcement, and to respond to inquiries regarding potentially stolen items, any resulting claims or liabilities could harm our business.

We may be subject to litigation for a variety of claims, which could harm our reputation and adversely affect our business, results of operations and financial condition.

In the ordinary course of business, we have in the past and may in the future be involved in and subject to litigation for a variety of claims or disputes and receive regulatory inquiries. These claims, lawsuits and proceedings could include labor and employment, wage and hour, commercial, antitrust, alleged securities law violations or other investor claims, claims that our employees have wrongfully disclosed or we have wrongfully used proprietary information of our employees' former employers and other matters. The number and significance of these potential claims and disputes may increase as our business expands. Further, our general liability insurance may not cover all potential claims made against us or be sufficient to indemnify us for all liability that may be imposed. Any claim against us, regardless of its merit, could be costly, divert management's attention and operational resources, and harm our reputation. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

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

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and will become subject to similar anti-corruption and anti-bribery laws to the extent we expand our operations internationally. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies, their employees and third-party business partners, representatives and agents from promising, authorizing, making or offering improper payments or other benefits, directly or indirectly, to government officials and others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. If we further expand our business internationally beyond our minimal sales into Canada, our risks under these laws would increase.

In addition, in the future we may use third parties to operate our marketplace or otherwise conduct business on our behalf, abroad. We or such future third parties 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 parties, and our employees, business partners, representatives, and agents, even if we do not explicitly authorize such activities. We cannot assure you that all our employees, business partners, representatives, and agents, as well as those companies to which we outsource certain of our business operations, 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 or other applicable anti-corruption laws and anti-bribery laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, suspension or disbarment from U.S. government contracts, substantial diversion of management's attention, significant legal fees and fines, severe criminal or civil sanctions

against us, our officers or our employees, disgorgement of profits, and other sanctions and remedial measures, and prohibitions on the conduct of our business, any of which could harm our reputation, business, results of operations, financial condition and prospects and the price of our Class A common stock.

We depend on our executive officers and other key technical, operational and sales employees and contractors, and the loss of one or more of these employees or contractors or an inability to attract and retain other highly skilled employees or contractors could harm our business.

Our success depends largely upon the continued services of our executive officers and other key technical, operational and sales employees and contractors. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers, especially our founder and Chief Executive Officer, or other executive officers or key technical, operational and sales employees and contractors could harm our business.

Volatility or lack of appreciation in the stock price of our Class A common stock may also affect our ability to attract and retain our executive officers and key technical, operational and sales employees and contractors. Many of our senior personnel and other key technical, operational and sales employees and contractors have become, or will soon become, vested in a substantial amount of stock or stock options. Employees and contractors may be more likely to leave us if the shares they own or the shares underlying their vested options have significantly appreciated in value relative to the original purchase price of the shares or the exercise price of the options, or conversely, if the exercise price of the options that they hold are significantly above the market price of our Class A common stock. If we do not maintain and continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, craftsmanship, teamwork, curiosity and diversity, we believe that we need to support our continued growth.

In addition, due to the financial risks presented by the COVID-19 pandemic, we implemented a variety of cost cutting initiatives and may need to implement additional cost cutting initiatives that may adversely affect our executive team, employees, contractors and business. For example, in April 2020, we reduced salaries by 20% for the vast majority of corporate employees and in June 2020, we laid off the staff at our three retail stores and permanently closed one of our retail stores. These measures may cause or result in disruption of our business, challenges in hiring critical employees and contractors and retaining key technical, operational and sales employees and contractors. Further, as some of our contractors are information technology, or IT, specialists in Ukraine, political turmoil, warfare, or terrorist attacks in Ukraine could negatively affect our contractors and our business.

Labor-related matters, including labor disputes, may adversely affect our operations.

None of our employees are currently represented by a union. If our employees decide to form or affiliate with a union, we cannot predict the negative effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including delays in merchandising operations and shipping, and increases in our labor costs, which could harm our business, results of operations and financial condition.

In addition, we have in the past and could face in the future a variety of employee claims against us, including but not limited to general discrimination, privacy, wage and hour, labor and employment, Employee Retirement Income Security Act, or ERISA, and disability claims. Any claims could also result in litigation against us or regulatory proceedings being brought against us by various federal and state agencies that regulate our business, including the U.S. Equal Employment Opportunity Commission. Often these cases raise complex factual and legal issues and create risks and uncertainties.

Use of social media, emails and text messages may adversely impact our reputation or subject us to fines or other penalties.

We use social media, emails, push notifications and, in the future, will use text messages as part of our omni-channel approach to marketing. As laws and regulations evolve to govern the use of these channels, the failure by us, our employees or third parties acting at our direction to comply with applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, buyers or others. Information concerning us, our buyers, our sellers and the brands available on our marketplace, whether accurate or not, may be posted on social media platforms at any time and may have an adverse impact on our brand, reputation or business. Any such harm may be immediate without affording us an opportunity for redress or correction and could have an adverse effect on our reputation, business, results of operations, financial condition and prospects.

Activity on mobile devices by buyers and sellers depends upon effective use of mobile operating systems, networks and standards that we do not control.

Purchases using mobile devices by buyers and sellers generally, and by our buyers and sellers specifically, have increased significantly, and we expect this trend to continue. To optimize the mobile shopping experience, we are dependent on our buyers and sellers downloading our specific mobile applications for their particular device or accessing our sites from an Internet browser on their mobile device. As new mobile devices and platforms are released, it is difficult to predict the problems we may encounter in developing applications for these alternative devices and platforms, and we may need to devote significant resources to the creation, support and maintenance of such applications. In addition, our future growth and our results of operations could suffer if we experience difficulties in the future in integrating our mobile applications into mobile devices, if problems arise with our relationships with providers of mobile operating systems or mobile application download stores, such as those of Apple or Google, if our applications receive unfavorable treatment compared to competing applications, such as the order of our mobile application in the Apple App Store or Google Play, if we face increased costs to distribute or have buyers and sellers use our mobile applications or if our mobile application is no longer available with certain providers of mobile operating systems or mobile application download stores. We are further dependent on the interoperability of our sites with popular mobile operating systems that we do not control, such as iOS and Android, and any changes in such systems that degrade the functionality of our sites or give preferential treatment to competitors could adversely affect the usage of our sites on mobile devices. In the event that it is more difficult for our buyers and sellers to access and use our sites on mobile devices, or if our buyers and sellers choose not to access or to use our sites on their mobile devices or to use mobile products that do not offer access to our sites, this could harm our business, results of operations and financial condition.

We may be accused of infringing intellectual property or other proprietary rights of third parties.

We have been in the past and may be accused in the future of infringing intellectual property or other proprietary rights of third parties. We are also at risk of claims by others that we have infringed their copyrights, trademarks or patents, or improperly used or disclosed their trade secrets, or otherwise infringed or violated their proprietary rights, such as the right of publicity. For example, although we require our employees to not use the proprietary information or know-how of others in their work for us, we may become subject to claims that these employees have divulged, or we have used, proprietary information of these employees' former employers. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claim is valid, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, which could adversely affect our business. In addition, if such claims are valid, we may lose valuable intellectual property rights or

personnel, which could harm our business. Even if such claims were not valid, defending them could be expensive and distracting, adversely affecting our results of operations.

If we cannot successfully protect our intellectual property, our business could suffer.

We rely on a combination of intellectual property rights, contractual protections and other practices to protect our brand, proprietary information, technologies and processes. We primarily rely on patent, copyright and trade secret laws to protect our proprietary technologies and processes, including the automated operations systems and machine learning technology we use throughout our business. Others may independently develop the same or similar technologies and processes, or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. Our principal trademark assets include the registered trademarks “THREDUP” and “Think Secondhand First” and our logos and taglines. Our trademarks are valuable assets that support our brand and buyers’ perception of our services and merchandise. We have registered trademarks in Australia, Canada, the European Union, Japan, South Korea, Mexico, the United Kingdom and the United States. We also hold the rights to the “thredup.com” Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our results of operations would be adversely impacted. Further, to the extent we pursue additional patent protection for our innovations, patents we may apply for may not issue, and patents that do issue or that we acquire may not provide us with any competitive advantages or may be challenged by third parties. There can be no assurance that any patents we obtain will adequately protect our inventions or survive a legal challenge, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain. We may be required to spend significant resources to monitor and protect our intellectual property rights, and the efforts we take to protect our proprietary rights may not be sufficient.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although 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, partnerships and business alliances, no assurance can be given that these agreements will be effective in controlling access to and distribution of our proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our automation technologies or technologies related to our marketplace.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights, and we may or may not be able to detect infringement by third parties. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management’s attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new capabilities, result in our substituting inferior or more costly technologies into our business, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new capabilities, and we cannot assure you that we could license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete.

We use open source software in our marketplace, which could negatively affect our ability to operate our business and subject us to litigation or other actions.

We use open source software to facilitate the development and operation of our marketplace, including our website and mobile application, and may use more open source software in the future. From time to time, there have been claims challenging both the ownership of open source software against companies that incorporate open source software into their products and whether such incorporation is permissible under various open source licenses. The terms of many open source licenses have not been interpreted by U.S. courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to operate our marketplace. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software, or breach of open source licenses. Litigation could be costly for us to defend, have a negative effect on our results of operations and financial condition, or require us to devote additional research and development resources to change our marketplace. In addition, if we were to combine our proprietary source code or software with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with less development effort and time. If we inappropriately use open source software, or if the license terms for open source software that we use change, we may be required to re-engineer our marketplace, or certain aspects of our marketplace, incur additional costs, or take other remedial actions.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or assurance of title or controls on origin of the software. In addition, many of the risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, but we cannot be sure that all of our use of open source software is in a manner that is consistent with our current policies and procedures or will not subject us to liability.

We rely on software and services from other parties. Defects in or the loss of access to software or services from third parties could increase our costs and adversely affect the quality of our products.

We rely on technologies from third parties to operate critical functions of our business, including cloud infrastructure services, payment processing services, certain aspects of distribution center automation and customer relationship management services. We also use Google services for our business emails, file storage and communications. Our business would be disrupted if any of the third-party software or services we utilize, or functional equivalents thereof, were unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices. In each case, we would be required to either seek licenses to software or services from other parties and redesign our business and marketplace to function with such software or services or develop these components ourselves, which would result in increased costs and could result in delays in the launch of new offerings on our marketplace until equivalent technology can be identified, licensed or developed, and integrated into our business and marketplace. Furthermore, we might be forced to limit the features available in our current or future products. These delays and feature limitations, if they occur, could harm our business, results of operations and financial condition.

Our success depends, in part, on the integrity and scalability of our systems and infrastructures as well as our ability to integrate with our partners. System interruption and the lack of integration, redundancy and scalability in these systems and infrastructures may harm our business, results of operations and financial condition.

Our success depends, in part, on our ability to maintain the integrity of our systems and infrastructure, including our website and mobile app, information and related systems. Further, to maintain our strategic

relationships with our partners, our systems and infrastructure must be seamlessly integrated and interoperable with our partners' systems, including those of our RaaS partners, which may cause us to incur significant upfront and maintenance costs as some of our RaaS partnerships may involve development of a variety of technologies, data formats, applications, systems and infrastructure. System interruption and a lack of integration and redundancy in our information systems and infrastructure may adversely affect our ability to operate our website or mobile app, process and fulfill transactions, maintain coordination between our website and those of certain of our RaaS partners, respond to customer inquiries and generally maintain cost-efficient operations. As our business has grown in size and complexity, the growth has placed, and will continue to place, significant demands on our information systems and infrastructure. To effectively manage this growth, we expect to commit significant financial resources and personnel to maintain and enhance existing systems and develop or acquire new systems to keep pace with continuing changes in our business and information processing technology as well as evolving industry, regulatory and accounting standards. If the information we rely upon to run our businesses is determined to be inaccurate or unreliable, or if we fail to properly maintain or enhance our internal information systems and infrastructure, we could experience operational disruptions, customer disputes, significant deficiencies or material weaknesses in our internal controls, incur increased operating and administrative expenses, lose our ability to produce timely and accurate financial reports or suffer other adverse consequences which could harm our results of operations. We also rely on third-party computer systems, broadband and other communications systems and service providers in connection with providing access to our marketplace generally. Any interruptions, outages or delays in our systems and infrastructure, our business and/or third parties or deterioration in the performance of these systems and infrastructure, could impair our ability to provide access to our marketplace. Fire, flood, power loss, telecommunications failure, hurricanes, tornadoes, earthquakes, other natural disasters, acts of war or terrorism and similar events or disruptions may damage or interrupt computer, broadband or other communications systems and infrastructure at any time. Any of these events could cause system interruption, delays and loss of critical data, and could prevent us from providing access to our marketplace. While we have backup systems for certain aspects of our operations, disaster recovery planning by its nature cannot be sufficient for all eventualities. In addition, we may not have adequate insurance coverage to compensate for losses from a major interruption. If any of these events were to occur, it could harm our business, results of operations and financial condition.

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

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and 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 Securities Exchange Act of 1934, as amended, or 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 and remediate a material weakness in our internal control over financial reporting. For example, as we have prepared to become a public company, we have worked to improve the controls around our key accounting processes and our quarterly close process and we have hired additional accounting and finance personnel to help us implement these processes and controls. In order to maintain and improve the effectiveness of our disclosure controls and procedures and remediate a material weakness in our 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. If any of these new or improved controls and systems do not perform as expected, we may experience material weaknesses in our controls or we may be unable to remediate the existing material weakness in our controls as discussed in “—Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our consolidated financial statements.”

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, additional weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. 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 consolidated 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 common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on . 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 will be 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 management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly-traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations and financial condition.

We may require additional capital to support business growth, and this capital might not be available or may be available only by diluting existing stockholders.

Historically, we have funded our operations and capital expenditures primarily through equity issuances, debt and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents, cash flow from operations, and amounts available under our loan and security agreement with Western Alliance Bank will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing, and we may not be able to obtain debt or equity financing on favorable terms, if at all. If we raise equity financing to fund operations or on an opportunistic basis, our stockholders may experience significant dilution of their ownership interests. Our loan and security agreement restricts our ability to incur additional indebtedness, requires us to maintain certain financial covenants and restricts our ability to pay dividends. If we conduct additional debt financing, the terms of such debt financing may be similar or more restrictive. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- develop our marketplace services;
- expand our categories of secondhand items;
- enhance our operating infrastructure; and
- expand the markets in which we operate and potentially acquire complementary businesses and technologies.

Our loan and security agreement provides our lender with a first-priority lien against substantially all of our assets, and contains financial covenants and other restrictions on our actions that may limit our operational flexibility or otherwise adversely affect our results of operations.

We are party to a loan and security agreement with Western Alliance Bank, as amended, which contains a number of covenants that restrict our and our subsidiaries' ability to, among other things, incur additional indebtedness, materially change our business, convey, sell, lease, transfer or dispose of the business or our property, except under certain circumstances, merge or consolidate with other companies or acquire other companies, create or incur liens, pay any dividends on our Class A common stock, make certain investments and engage in certain other activities. We are also required to maintain financial covenants, including minimum cash and liquidity requirements, a debt service requirement and quarterly minimum net revenue and revenue growth thresholds. The terms of our loan and security agreement may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute business strategies in the means or manner desired. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, invest in our growth strategy and compete against companies who are not subject to such restrictions.

As of December 31, 2019, we were not in compliance with some of our debt covenants. As part of an amendment to the loan and security agreement in May 2020, the existing covenant defaults were waived and the covenants were revised to increase minimum cash and liquidity requirements, extend the timing of debt service requirements and add specific net revenue targets and revenue growth requirements. While we were in compliance with the revised covenants as of September 30, 2020, we may not be able to maintain compliance with the covenants in the future. A failure by us to comply with the covenants or payment requirements specified in the loan and security agreement could result in an event of default under the agreement, which would give the lender the right to terminate its commitments to provide loans under our loan and security agreement and to declare any and all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lender would have the right to proceed against the collateral in which we granted a security interest to them, which consists of substantially all our assets. If the debt under our loan and security agreement were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could adversely affect our cash flows, business, results of operations and financial condition. Further, the terms of any new or additional financing may be on terms that are more restrictive or on terms that are less desirable to us.

Changes in existing financial accounting standards or practices may harm our results of operations.

GAAP is subject to interpretation by the Financial Accounting Standards Board, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. Adoption of such new standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors' confidence in us.

We could be required to pay or collect sales taxes in jurisdictions in which we do not currently do so, with respect to past or future sales. This could adversely affect our business and results of operations.

In 2018, the Supreme Court of the United States ruled in *South Dakota v. Wayfair, Inc. et al*, or *Wayfair*, that online sellers can be required to collect sales tax despite not having a physical presence in the state of the customer. In response to *Wayfair*, many state and local government taxing authorities have adopted, or begun to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions. While we collect and remit sales taxes in every state that requires sales taxes to be

collected, including states where we do not have a physical presence, the adoption of new laws by, or a successful assertion by the taxing authorities of, one or more state or local governments requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state and local taxing authorities of sales tax collection obligations on out-of-state e-commerce businesses could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our competitors and decrease our future sales, which could have an adverse impact on our business and results of operations.

Changes in tax laws or regulations in the various tax jurisdictions we are subject to or adverse application of existing tax laws could increase our costs and harm our business.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Those enactments could harm our business operations, and our business, results of operations and financial condition. Further, application of income and tax laws is subject to interpretation and existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Although we believe our tax methodologies are compliant, a taxing authority's final determination in the event of a tax audit could materially differ from our past or current methods for determining and complying with our tax obligations, including the calculation of our tax provisions and accruals. These events could require us to pay additional tax amounts on a prospective or retroactive basis, as well as require us to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential buyers and sellers may elect not to use our marketplace in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our compliance, operating and other costs. Further, these events could decrease the capital we have available to operate our business. Any or all of these events could harm our business, results of operations and financial condition.

The amount of taxes we pay could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could harm our liquidity and results of operations. In addition, tax authorities could review our tax returns and impose additional tax, interest and penalties and could claim that various withholding requirements apply to us or our subsidiaries or assert that benefits of tax treaties are not available to us or our subsidiaries. Taxing authorities have become more aggressive in their interpretation and enforcement of such laws, rules and regulations over time, as governments are increasingly focused on ways to increase revenue, which has contributed to an increase in audit activity and stricter enforcement by taxing authorities. As such, additional taxes or other assessments may be in excess of our current tax reserves or may require us to modify our business practices to reduce our exposure to additional taxes going forward, any of which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial net operating losses, or NOLs, during our history. Subject to the limitations described below, unused NOLs generally may carry forward to offset future taxable income if we achieve profitability in the future, unless such NOLs expire under applicable tax laws. However, under the rules of Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change," generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a company, as well as changes in ownership arising from new issuances of stock by the company. To date, we have not undertaken an analysis of whether we have experienced a change of control that would limit our ability to use our NOLs. As a result

of these rules, in the event that it is determined that we have experienced an ownership change in the past, or if we experience one or more ownership changes as a result of this offering or future transactions in our stock, then we may be limited in our ability to use our NOL carryforwards to offset our future taxable income, if any. In addition, under the Tax Cuts and Jobs Act, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, the amount of post 2017 net operating losses that we are permitted to deduct in any taxable year is limited to 80% of our taxable income in such year for taxable years beginning after December 31, 2020, where taxable income is determined without regard to the net operating loss deduction itself, and such NOLs may be carried forward indefinitely. Further, NOLs arising in taxable years beginning after December 31, 2020 cannot be carried back. Our NOLs may also be subject to limitations under state law. For example, California recently enacted legislation suspending the use of NOLs for taxable years 2020, 2021 and 2022 for many taxpayers. For these reasons, we may not be able to realize a tax benefit from the use of our net operating losses, whether or not we attain profitability.

Risks Relating to Our Initial Public Offering and Ownership of Our Common Stock

There has been no prior public market for our Class A common stock, the stock price of our Class 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 initial public offering price.

Prior to this offering, there has been no public market for shares of our Class A common stock. The initial public offering price of our Class A common stock will be determined through negotiation among the underwriters and us and may vary from the market price of our Class A common stock following this offering. If you purchase shares of our Class A common stock in this offering, you may not be able to resell those shares at or above the initial public offering price. We cannot assure you that the market price following this offering will equal or exceed prices in privately negotiated transactions of our shares that have occurred from time to time before this offering. 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 market price of our Class 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 and retail 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;
- changes in the financial projections we provide to the public or our failure to meet those projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet the estimates or the expectations of 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 services, features 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 data privacy and cyber security;

- actual or perceived data privacy and cybersecurity incidents impacting us or others in our industry;
- lawsuits threatened or filed against us;
- any major change in our board of directors, management or key personnel;
- other events or factors, including those resulting from war, incidents of terrorism, pandemics (including the COVID-19 pandemic), elections (including the upcoming U.S. presidential election) or responses to these events;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our executive officers, directors and their affiliates;
- the expiration of contractual lock-up or market standoff agreements; and
- sales of additional shares of our Class A common stock by us or our stockholders.

In addition, stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Often, stock 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 harm 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 price of our Class A common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

The dual-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to this offering, including our directors, executive officers and their respective affiliates. This ownership will limit or preclude 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 transactions requiring stockholder approval, and that may depress the trading price of our Class A common stock.

Our Class B common stock has ten votes per share, and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Following this offering, our existing stockholders, all of which hold shares of Class B common stock, will collectively own shares representing approximately % of the voting power of our outstanding capital stock as of December 31, 2019, and our directors, executive officers and their affiliates, will beneficially own in the aggregate % of the voting power of our capital stock as of December 31, 2019. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively could continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval until the anniversary of the date of this prospectus, when all outstanding shares of Class A common stock and Class B common stock will convert automatically into shares of a single class of 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 transactions requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class 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 Class B common stock could gain significant voting control as other holders of Class B common stock sell or otherwise convert their shares into Class A common stock.

We cannot predict the effect our dual-class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual-class structure will result in a lower or more volatile market price of our Class A common stock, adverse publicity or other adverse consequences. For example, certain index providers have announced and implemented restrictions on including companies with multiple-class 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 the company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it would no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced and implemented policies, the dual-class structure of our common stock would 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 would not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will 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. Due to the dual-class structure of our common stock, we will likely be excluded from certain indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

An active trading market for our Class A common stock may never develop or be sustained.

We intend to apply to list our Class A common stock on _____, under the symbol "_____." However, there has been no prior public trading market for our Class A common stock. We cannot assure you that an active trading market for our Class A common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the likelihood that an active trading market for our Class A common stock will develop or be maintained, the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares.

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 Class 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 this offering. 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 \$1.07 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 this offering.

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

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our Class A common stock would be negatively affected. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business or our market, our Class A common stock 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 Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

Sales of substantial amounts of our Class A common stock in the public markets, such as when our lock-up restrictions are released, or the perception that sales might occur, could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class 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 market price of our Class A common stock to decline. Based on the total number of outstanding shares of our common stock as of December 31, 2019, upon completion of this offering, we will have outstanding a total of _____ shares of Class A common stock and 76,575,641 shares of Class B common stock. This figure assumes no exercise of outstanding options, no exercise of outstanding warrants and gives effect to the conversion of all of our outstanding shares of preferred stock into shares of Class B common stock and the issuance of _____ shares of Class A common stock on the completion of this offering.

Substantially all of our securities outstanding prior to the completion of this offering are currently restricted from resale as a result of lock-up and market standoff agreements. See the section titled “Shares Eligible for Future Sale” for additional information. These securities will become available to be sold _____ days after the date of the final prospectus relating to the offering. _____ may, in _____ discretion, permit our security holders to sell shares prior to the expiration of the restrictive provisions contained in the lock-up agreements. Sales of a substantial number of such shares upon expiration of the lock-up and market standoff agreements, the perception that such sales may occur or early release of these agreements could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate. Shares held by directors, executive officers and other affiliates will also be subject to volume limitations under Rule 144 under the Securities Act of 1933, or the Securities Act, and various vesting agreements.

In addition, as of December 31, 2019, we had 17,984,575 options outstanding that, if fully exercised, would result in the issuance of _____ shares of Class B common stock. All of the shares of Class B common stock issuable upon the exercise of stock options and the shares reserved for future issuance under our equity incentive plans will be registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance, subject to existing lock-up or market standoff agreements, volume limitations under Rule 144 for our executive officers and directors and applicable vesting requirements.

Following this offering, the holders of up to 74,321,383 shares of our Class B common stock will have rights, subject to some conditions, to require us to file registration statements for the public resale of the Class 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 market price of our Class A common stock to decline or be volatile.

Because the initial public offering price of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our outstanding common stock following this offering, new investors will experience immediate and substantial dilution.

The initial public offering price of our Class A common stock is substantially higher than the pro forma net tangible book value per share of our common stock immediately following this offering based on the total value of our tangible assets less our total liabilities. Therefore, if you purchase shares of our Class A common stock in this offering, you will experience immediate dilution of \$ _____ per share, representing the difference between the price per share you pay for our Class A common stock and the pro forma net tangible book value per share as of December 31, 2019, after giving effect to the issuance of shares of our Class A common stock in this offering. See the section titled “Dilution” below.

Our management will have broad discretion in the use of proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds to us from this offering, including for any of the purposes described in the section titled “Use of Proceeds,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Due to the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in in short-term and intermediate-term interest-bearing obligations, investment-grade investments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our investors. If we do not use the net proceeds that we receive in this offering effectively, our business, results of operations and financial condition could be harmed.

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

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, contractors and consultants 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 Class A common stock to decline.

The requirements of being a public company may strain our resources, divert management’s attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the listing standards of and other applicable securities rules and regulations. 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. 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. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management’s attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

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, which could result in continuing 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 harmed.

We also expect that being a public company and being subject to these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. 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, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which may result in an increased risk of threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, results of operations and financial condition could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business, results of operations and financial condition.

We do not intend to pay dividends on our Class A common stock in the foreseeable future and, consequently, the ability of Class A common stockholders to achieve a return on investment will depend on appreciation in the price of our Class 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. Further, our ability to pay dividends on our capital stock is subject to restrictions under the terms of our loan and security agreement with Western Alliance Bank. 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 Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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 market price of our Class A common stock.

Provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws could depress the trading price of our Class A common stock by acting to discourage, delay or prevent a change of control or changes in our management that the stockholders of our company may deem advantageous. Our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective upon the completion of this offering, will include provisions that:

- provide that our board of directors will be 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 some provisions in our amended and restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the Chairperson of our board of directors, our Chief Executive Officer, President or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- provide for a dual-class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our Class A and Class 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;

- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to approve, alter or repeal our bylaws; and
- 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 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. See the section titled “Description of Capital Stock” for additional information.

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

Our amended and restated bylaws will 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 will be 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 directors, officers or other employees to us or our stockholders;
- any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim that is governed by the internal affairs doctrine, or the Delaware Forum Provision.

The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Further, our amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the Northern District of California will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision, as the Company is headquartered in the State of California. 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 or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, 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 United States District Court for the Northern District of California 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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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. 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 prospectus include, but are not limited to, statements about:

- our future financial performance, including our revenue, cost of revenue and operating expenses and our ability to achieve and maintain future profitability;
- the sufficiency of our cash, cash equivalents and capital resources to meet our liquidity needs;
- our ability to effectively manage or sustain our growth and to effectively expand our operations;
- our strategies, plans, objectives and goals, including our expectations regarding future infrastructure investments;
- the market demand for secondhand items in general and the online secondhand market in particular;
- our ability to predict the quality of the secondhand items that our sellers provide and the demand for individual secondhand items we may decide to make available;
- our ability to compete with existing and new competitors in existing and new markets and offerings;
- our ability to attract and retain buyers and sellers and the continued impact of network effects as we scale our platform;
- our ability to increase the supply of secondhand items offered through our marketplace;
- our ability to optimize, operate and manage our distribution centers, including our ability to increase the number of items our distribution centers can hold and process over time;
- our estimated market opportunity;
- economic and industry trends, projected growth or trend analysis;
- the future benefits to be derived from partnerships, particularly our RaaS partnerships;
- our ability to develop and protect our brand;
- our ability to impact the public perception of secondhand items;
- our ability to comply with laws and regulations;
- our ability to successfully defend litigation brought against us;
- the attraction and retention of qualified employees, contractors and key personnel;
- the effect of uncertainties related to the global COVID-19 pandemic and recovery therefrom on U.S. and global economies, our business, results of operations, financial condition, demand for secondhand items, sales cycles and buyer and seller retention;
- our anticipated investments in marketing;

- our ability to remediate our material weakness in our internal control over financial reporting;
- the increased expenses associated with being a public company; and
- our anticipated uses of net proceeds from this offering.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on 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 prospectus. 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 prospectus. 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 in the forward-looking statements.

The forward-looking statements made in this prospectus 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 prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

MARKET AND INDUSTRY DATA

This prospectus contains statistical data, estimates and forecasts that are based on various sources, including independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors," that could cause results to differ materially from those expressed in these publications and reports. The content of the below sources, except to the extent specifically set forth in this prospectus, does not constitute a portion of this prospectus and is not incorporated herein.

Certain information in the text of this prospectus is contained in independent industry publications and publicly-available reports. Certain of these publications, studies and reports were published before the COVID-19 pandemic and therefore do not reflect any impact of COVID-19 on any specific market or globally. The source of these independent industry publications is provided below:

- Ellen MacArthur Foundation, *A new textiles economy: Redesigning fashion's future*, (2017. <http://www.ellenmacarthurfoundation.org/publications>).
- GlobalData plc consumer survey of women ages 18 and over in the United States, January 2019, or the GlobalData January 2019 Consumer Survey, which was commissioned by us.
- GlobalData plc consumer survey of women ages 18 and over in the United States, January 2020, or the GlobalData January 2020 Consumer Survey, which was commissioned by us.
- GlobalData plc consumer survey of women ages 18 and over in the United States, April 2020, or the GlobalData April 2020 Consumer Survey, which was commissioned by us.
- GlobalData plc fashion retailer survey of 50 U.S. fashion (apparel, accessories, footwear) retailers about their circular fashion goals, January 2020, or the GlobalData Fashion Retailer Survey, which was commissioned by us.
- GlobalData plc, market sizing survey, April 2020, or the GlobalData Market Survey, which was commissioned by us.
- Green Story Inc., "Comparative Life Cycle Assessment (LCA) of second-hand vs new clothing," May 2019, which was commissioned by us to quantify the potential positive environmental impact of buying secondhand items instead of new items.
- "Media Kit." *Secondary Materials and Recycled Textiles*. Smartasn.org. Accessed on September 25, 2020.
- "Facts and Figures about Materials, Waste and Recycling—Textiles: Material-Specific Data." *United States Environmental Protection Agency*. epa.gov. Accessed on September 25, 2020.
- Quantis, "Measuring Fashion: Environmental Impact of the Global Apparel and Footwear Industries Study," 2018.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of our Class A common stock that we are selling in this offering will be approximately \$ million, based upon an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares of our Class A common stock from us is exercised in full, we estimate that our net proceeds would be approximately \$ million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds that we receive from this offering by approximately \$ million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1.0 million in the number of shares of our Class A common stock offered by us would increase or decrease the net proceeds that we receive from this offering by approximately \$ million, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our financial flexibility, create a public market for our Class A common stock and facilitate our future access to the public equity markets. We currently intend to use the net proceeds that we will receive from this offering for working capital, other general corporate purposes and to fund our growth strategies, including continued investments in our business. We may also use a portion of the net proceeds that we receive to acquire or invest in complementary businesses, products, services, technologies or other assets. We have not entered into any agreements or commitments with respect to any acquisitions or investments at this time.

We cannot specify with certainty the particular uses of the net proceeds that we will receive from this offering or the amounts we actually spend on the uses set forth above. Pending the use of proceeds from this offering as described above, we plan to invest the net proceeds that we receive in this offering in short-term and intermediate-term interest-bearing obligations, investment-grade investments, certificates of deposit or direct or guaranteed obligations of the U.S. government. Our management will have broad discretion in the application of the net proceeds from this offering and investors will be relying on the judgment of our management regarding the application of the proceeds.

DIVIDEND POLICY

We have never declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. In addition, our ability to pay dividends on our capital stock is subject to restrictions under the terms of our loan and security agreement with Western Alliance Bank, as amended. 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, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth cash, cash equivalents and our capitalization, as of December 31, 2019 as follows:

- on an actual basis;
- on a pro forma basis, giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 65,928,261 shares of our common stock, (ii) the reclassification of our outstanding common stock as Class B common stock, (iii) the reclassification of the convertible preferred stock warrant liability to additional paid-in capital, which conversion and reclassification will occur immediately prior to the completion of this offering, as if such conversion and reclassification had occurred on December 31, 2019 and (iv) the filing and effectiveness of our amended and restated certificate of incorporation which will be effective immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis, giving effect to (i) the pro forma adjustments set forth above and (ii) the sale and issuance by us of shares of our Class A common stock in this offering, based on an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other final terms of this offering. You should read this table together with our consolidated financial statements and related notes and the sections titled “Selected Consolidated Financial and Other Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are included elsewhere in this prospectus.

	As of December 31, 2019		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except for share and per share data)		
Cash and cash equivalents	\$ 85,633	\$	\$
Long-term debt	17,284		
Convertible preferred stock: \$0.0001 par value; 68,076,033 shares authorized, 65,928,261 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	246,905		—
Stockholders’ (deficit) equity:			
Preferred stock, par value \$0.0001 per share: no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock, \$0.0001 par value; 100,000,000 shares authorized, 10,647,380 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	1		
Class A common stock, par value \$0.0001 per share: no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; and shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Class B common stock, par value \$0.0001 per share: no shares authorized, issued and outstanding, actual; authorized, shares issued and outstanding, pro forma; and shares authorized, shares issued and outstanding, pro forma as adjusted	—		
Additional paid-in capital	19,750		
Accumulated other comprehensive income	—		
Accumulated deficit	(202,992)		
Total stockholders’ (deficit) equity	(183,241)		
Total capitalization	\$ 80,948	\$	\$

If the underwriters’ option to purchase additional shares of our Class A common stock from us were exercised in full, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ (deficit) equity, total capitalization and shares of Class A common stock issued and outstanding as of December 31, 2019 would be \$ million, \$ million, \$ million, \$ million and shares, respectively.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our cash and cash equivalents, additional paid-in capital and total stockholders’ (deficit) equity by approximately \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated

underwriting discounts and commissions payable by us. Similarly, each increase or decrease of 1.0 million shares in the number of shares of our Class A common stock offered by us would increase or decrease, as applicable, our cash and cash equivalents, additional paid-in capital and total stockholders' (deficit) equity by approximately \$ million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions payable by us.

The pro forma column in the table above is based on no shares of Class A and 76,575,641 shares of Class B common stock outstanding as of December 31, 2019 and excludes:

- 17,984,575 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock that were outstanding as of December 31, 2019, with a weighted-average exercise price of \$2.05 per share;
- shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after December 31, 2019, with a weighted-average exercise price of \$ per share;
- 170,975 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock outstanding as of December 31, 2019, with a weighted-average exercise price of \$3.40 per share on a common equivalent basis, 80,294 of which were automatically converted into 42,677 shares of our preferred stock upon expiration subsequent to December 31, 2019;
- 42,334 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock issued since December 31, 2019, with a weighted-average exercise price of \$6.41 per share on a common equivalent basis;
- 751,514 shares of our Class B common stock reserved for future issuance pursuant to our 2010 Plan, which shares will be added to the shares of our Class A common stock reserved for future issuance under our 2021 Plan; and
- shares of our Class A common stock reserved for future issuance under our share-based compensation plans, to be adopted in connection with this offering, consisting of:
- shares of our Class A common stock reserved for future issuance under our 2021 Plan; and
- shares of our Class A common stock reserved for future issuance under our ESPP.

Each of our 2021 Plan and ESPP provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2021 Plan also provides for increases to the number of shares of Class A common stock that may be granted thereunder based on shares underlying any awards under our 2010 Plan that expire, are forfeited or are otherwise terminated, as more fully described in the section titled "Executive Compensation—Employee Benefit and Stock Plans."

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock immediately after this offering. Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of Class A common stock in this offering and the pro forma as adjusted net tangible book value per share of Class A common stock immediately after completion of this offering.

Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding. Our historical net tangible book value deficit as of December 31, 2019 was \$ million, or \$ per share. Our pro forma net tangible book value deficit as of December 31, 2019 was \$ million, or \$ per share, based on the total number of shares of our common stock outstanding as of December 31, 2019, after giving effect to the automatic conversion and reclassification of all outstanding shares of our convertible preferred stock as of December 31, 2019 into an aggregate of 65,928,261 shares of our Class B common stock and the reclassification of the convertible preferred stock warrant liability to additional paid-in capital, which conversion and reclassification will occur immediately prior to the completion of this offering.

After giving effect to the sale by us of shares of our Class A common stock in this offering at an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2019 would have been \$ million, or \$ per share. This represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and immediate dilution of \$ per share to investors purchasing shares of our Class A common stock in this offering at an assumed initial public offering price. The following table illustrates this dilution:

Assumed initial public offering price per share		\$
Pro forma net tangible book value (deficit) per share as of December 31, 2019	\$	
Increase in pro forma net tangible book value (deficit) per share attributable to new investors in this offering		
Pro forma as adjusted net tangible book value per share immediately after this offering		
Dilution per share to new investors in this offering		\$

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma as adjusted net tangible book value per share to new investors by \$, and would increase or decrease, as applicable, dilution per share to new investors in this offering by \$, assuming that the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

In addition, to the extent any outstanding options to purchase Class B common stock are exercised, new investors would experience further dilution. If the underwriters exercise their option to purchase additional shares of our Class A common stock from us in full, the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering would be \$ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be \$ per share.

The following table presents, on a pro forma as adjusted basis as of December 31, 2019, after giving effect to the conversion and reclassification of all outstanding shares of convertible preferred stock into Class B common stock immediately prior to the completion of this offering, the differences between the existing stockholders and the new investors purchasing shares of our Class A common stock in this offering with respect to the number of shares purchased from us, the total consideration paid or to be paid to us, which includes net proceeds received from the issuance of common stock and convertible preferred stock, cash received from the exercise of stock options to purchase Class B common stock, and the average price per share paid or to be paid to us at an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	\$	%	\$
New investors					
Totals		100 %	\$	100 %	

Each \$1.00 increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the total consideration paid by new investors and total consideration paid by all stockholders by approximately \$ million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. In addition, to the extent any outstanding options to purchase Class B common stock are exercised, new investors will experience further dilution.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares of Class A common stock. If the underwriters exercise their option to purchase additional shares of Class A common stock in full from us, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the completion of this offering.

The number of shares of Class A common stock and Class B common stock that will be outstanding after this offering is based on no shares of our Class A common stock and 76,575,641 shares of our Class B common stock outstanding as of December 31, 2019 and excludes:

- 17,984,575 shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock that were outstanding as of December 31, 2019, with a weighted-average exercise price of \$2.05 per share;
- shares of our Class B common stock issuable upon the exercise of options to purchase shares of our Class B common stock granted after December 31, 2019, with a weighted-average exercise price of \$ per share;
- 170,975 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock outstanding as of December 31, 2019, with a weighted-average exercise price of \$3.40 per share on a common equivalent basis, 80,294 of which were automatically converted into 42,677 shares of our preferred stock upon expiration subsequent to December 31, 2019;
- 42,334 shares of Class B common stock issuable pursuant to warrants to purchase shares of our convertible preferred stock issued since December 31, 2019, with a weighted-average exercise price of \$6.41 per share on a common equivalent basis;

- 751,514 shares of our Class B common stock reserved for future issuance pursuant to our 2010 Plan, which shares will be added to the shares of our Class A common stock reserved for future issuance under our 2021 Plan; and
- shares of our Class A common stock reserved for future issuance under our share-based compensation plans, to be adopted in connection with this offering, consisting of:
 - shares of our Class A common stock reserved for future issuance under our 2021 Plan; and
 - shares of our Class A common stock reserved for future issuance under our ESPP.

Each of our 2021 Plan and ESPP provides for annual automatic increases in the number of shares of our Class A common stock reserved thereunder, and our 2021 Plan also provides for increases to the number of shares of Class A common stock that may be granted thereunder based on shares underlying any awards under our 2010 Plan that expire, are forfeited or are otherwise terminated, as more fully described in the section titled “Executive Compensation—Employee Benefit and Stock Plans.”

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated statements of operations data for the years ended December 31, 2018 and 2019 and the consolidated balance sheet data as of December 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following selected consolidated financial and other data below in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2018	2019
(in thousands, except share and per share data)		
Consolidated Statements of Operations Data:		
Revenue:		
Consignment	\$ 39,415	\$ 97,763
Product	90,136	66,049
Total revenue	129,551	163,812
Cost of revenue:		
Consignment	9,978	22,764
Product	41,563	28,544
Total cost of revenue	51,541	51,308
Gross profit	78,010	112,504
Operating expenses⁽¹⁾:		
Operations, product and technology	67,896	81,959
Marketing	27,235	44,747
Sales, general and administrative	17,135	21,872
Total operating expenses	112,266	148,578
Operating loss	(34,256)	(36,074)
Interest expense	(437)	(1,428)
Other income, net	549	74
Loss before provision for income taxes	(34,144)	(37,428)
Provision for income taxes	37	36
Net loss	\$ (34,181)	\$ (37,464)
Net loss per share attributable to common stockholders, basic and diluted ⁽²⁾	\$ (3.41)	\$ (3.65)
Weighted-average shares used in computing pro forma net loss attributable to common stockholders, basic and diluted ⁽²⁾	10,027,177	10,265,004
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽²⁾		\$
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited) ⁽²⁾		

(1) Operating expenses include stock-based compensation expense as follows:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Operations, product and technology	\$ 1,187	\$ 3,758
Marketing	204	785
Sales, general and administrative	928	2,402
Total stock-based compensation expense	\$ 2,319	\$ 6,945

Stock-based compensation expense for the year ended December 31, 2019 includes \$2.1 million, \$0.5 million, and \$1.5 million included within operations, product and technology, marketing, and sales, general and administrative, respectively, related to the 2019 Tender Offer described in the section titled "Certain Relationships and Related Party Transactions" and in Note 9 to our consolidated financial statements included elsewhere in this prospectus.

(2) See Notes 2 and 13 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net loss per share attributable to common stockholders, pro forma net loss per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

Consolidated Balance Sheet Data:	As of December 31,	
	2018	2019
	(in thousands)	
Cash and cash equivalents	\$ 6,648	\$ 85,633
Marketable securities	8,270	—
Working capital	(5,478)	51,277
Total assets	47,236	122,559
Long-term debt	8,971	17,284
Convertible preferred stock	164,394	246,905
Accumulated deficit	(165,528)	(202,992)
Total stockholders' deficit	(153,446)	(183,241)

Key Financial and Operating Metrics

We review a number of operating and financial metrics, including the following key business and non-GAAP metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key financial and operating metrics are set forth below for the periods presented.

	Year Ended December 31,	
	2018	2019
	(in thousands, except percentages)	
Active Buyers (as of period end)	676	997
Active Buyers Growth	10 %	48 %
Orders	2,363	3,172
Orders Growth	28 %	34 %
Revenue	\$ 129,551	\$ 163,812
Revenue Growth		26 %
Gross Profit	\$ 78,010	\$ 112,504
Gross Profit Growth		44 %
Adjusted EBITDA	\$ (27,217)	\$ (24,781)
Adjusted EBITDA Margin	(21)%	(15)%

For additional information about, and the definitions of, our key financial and operating metrics, see the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Financial and Operating Metrics” and see the section titled “Non-GAAP Financial Measure – Adjusted EBITDA” below for additional information and a reconciliation of Adjusted EBITDA to net loss.

Non-GAAP Financial Measure – Adjusted EBITDA

In addition to our results determined in accordance with GAAP, we believe that Adjusted EBITDA, a non-GAAP measure, is useful in evaluating our operating performance. We use Adjusted EBITDA to evaluate and assess our operating performance and the operating leverage in our business, and for internal planning and forecasting purposes. We believe that Adjusted EBITDA, when taken collectively with our GAAP results, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. Adjusted EBITDA is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP and may be different from a similarly-titled non-GAAP measure used by other companies. A reconciliation is provided below for Adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review our results determined in accordance with GAAP and the reconciliation of Adjusted EBITDA to net loss.

We calculate Adjusted EBITDA as net loss adjusted to exclude depreciation and amortization, stock-based compensation expense, interest expense and provision for income taxes. Adjusted EBITDA should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA from net loss for the years ended December 31, 2018 and 2019:

	December 31,	
	2018	2019
	(in thousands)	
Adjusted EBITDA reconciliation:		
Net loss	\$ (34,181)	\$ (37,464)
Add (deduct):		
Depreciation and amortization	4,171	4,274
Stock-based compensation	2,319	6,945
Interest expense	437	1,428
Provision for income taxes	37	36
Adjusted EBITDA	<u>\$ (27,217)</u>	<u>\$ (24,781)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Selected Consolidated Financial and Other Data" and the consolidated financial statements and related notes that are included elsewhere in this prospectus. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Risk Factors" or in other parts of this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

thredUP is one of the world's largest resale platforms for women's and kids' apparel, shoes and accessories. Our custom-built operating platform is powering the rapidly emerging resale economy, the fastest growing sector in retail. As of June 30, 2020, we had 1.24 million Active Buyers and 470,000 Active Sellers. thredUP's platform consists of distributed processing infrastructure, proprietary software and systems and data science expertise. Since our founding in 2009, we have processed over 100 million unique secondhand items from 35,000 brands across 100 categories, saving our buyers an estimated \$2.8 billion off estimated retail value. We estimate that we have positively impacted the environment by saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water simply by empowering consumers to buy and sell secondhand. The traditional fashion industry is one of the most environmentally damaging sectors in the global economy and we believe our scalable resale business model is a powerful solution to the fashion industry's wastefulness.

thredUP's proprietary operating platform is the foundation for our managed marketplace, where we have bridged online and offline technology to make the buying and selling of tens of millions of unique items easy and fun. The marketplace we have built enables buyers to browse and purchase resale items for women's and kids' apparel, shoes and accessories across a wide range of price points. Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail value. Sellers love thredUP because we make it easy to clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the planet. Sellers order a Clean Out Kit, fill it and return it to us using our prepaid label. We take it from there and do the work to make those items available for resale. In 2018, based on our success with consumers directly, we extended our platform to enable brands and retailers to participate in the resale economy. A number of the world's leading brands and retailers are already taking advantage of our RaaS offering. We believe RaaS will accelerate the growth of this emerging category and form the backbone of the modern resale experience.

We have built a differentiated and defensible operating platform to enable resale at scale, combining:

- **Distributed Processing Infrastructure.** Our infrastructure is purpose-built for "single SKU" logistics, meaning that every item processed is unique, came from or belongs to an individual seller and is individually tracked using its own SKU. We believe our logistics and infrastructure have never been executed at our scale in the online resale market. We operate distribution centers that can collectively hold 4.7 million items in four strategic locations across the country. Our operations are highly scalable, and we have the ability to process more than 100,000 unique SKUs per day across our existing distribution footprint. We drive continuous operational efficiency through proprietary technology and ongoing automation of our infrastructure.
- **Proprietary Software and Systems.** Our facilities run on a suite of our custom-built applications designed for "single SKU" operations. Our engineering team has implemented large-scale, innovative and patented automation for put-away, storage, picking and packing at scale. This automation results in reduced labor and fixed costs while increasing storage density and throughput capacity. Our proprietary software, systems and processes enable efficient quality assurance, item-attribution, sizing and photography. As we continue to scale this modern resale

experience, our continuous improvement cycle drives increased throughput and we expect average order contribution margins to improve over time.

- **Data Science Expertise.** There are no barcodes on clothing, so we invented a real-time database to identify, categorize and value each secondhand clothing item that we receive. We continue to expand our proprietary data set that spans over 100 million unique secondhand items processed across 35,000 brands and 100 categories. We harness this robust, structured data set across our business to optimize economic decisions, such as pricing, seller payouts, item acceptance, merchandising and sell-through. We also leverage data to power efficient customer acquisition and lifetime engagement, and to provide a personalized shopping experience.

Our managed marketplace unlocks valuable clothing supply from sellers and increases demand for high-quality online resale items. We take items that previously had minimal value and were sitting idle in closets, and we create value for sellers in an environmentally-friendly manner by enabling longer useful lives for their secondhand items. Because of the value and convenience sellers get with thredUP, we attract high-quality supply without directly spending money to acquire sellers. Sellers choose our managed marketplace to conveniently clean out their closets and earn a payout that can be received in the form of cash, thredUP online credits, select RaaS partner credits or a charitable donation receipt. Sellers send their secondhand items to our distribution centers, and we then process items using our proprietary operating platform. We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service. We offer great brands at great prices in an ever-changing assortment, creating a fun shopping experience for our buyers. Since our items are secondhand and more affordably priced, our buyers can feel good when they shop.

In 2018, we expanded our platform to drive sustainability for the broader apparel ecosystem. Our partners look to our RaaS offering to meet a variety of objectives that require specific resale expertise and infrastructure, most of which they cannot do themselves. Utilizing our operations, software and data, we have tailored our offerings for RaaS partners to provide a real-time feed of items on our marketplace to their websites, power their closet clean out services, add our assortment to their physical stores or promote customer loyalty through partner credits from Clean Out Kits. We have also helped our partners sell their worn, returned inventory through our marketplace. As of June 30, 2020, we worked with 19 RaaS partners, and we are rapidly growing our RaaS offering as more brands and retailers recognize the importance of resale in the minds of their customers.

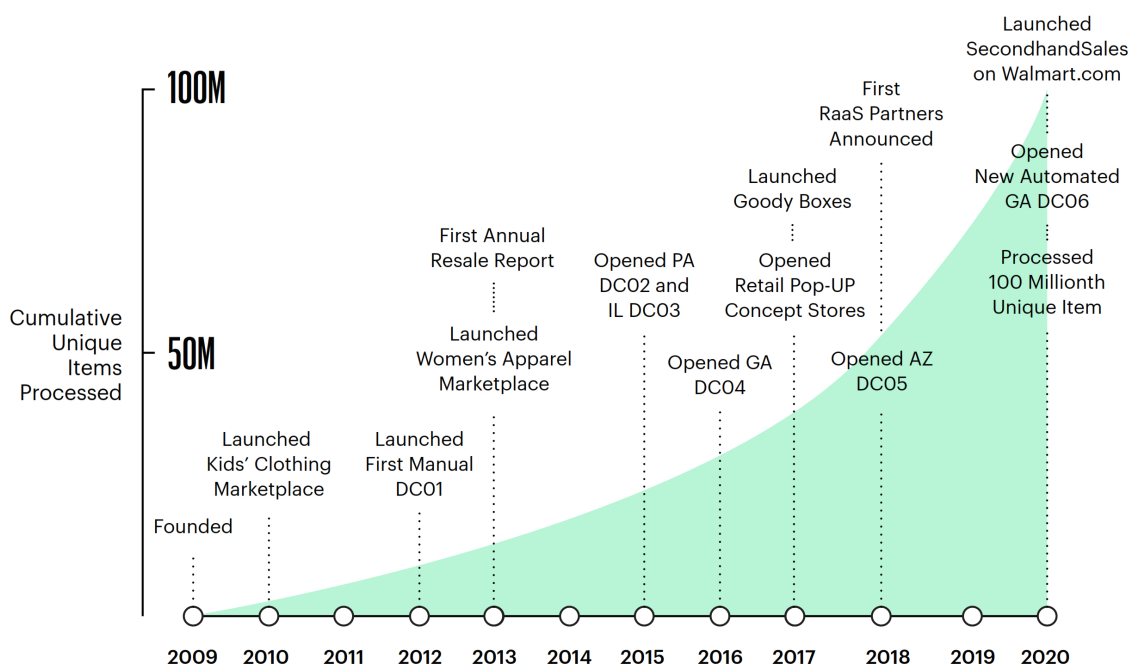
We generate revenue from items that are sold to buyers on our website and mobile app and through our RaaS partners and our retail stores. We operate with consignment sales and direct product sales. In 2019, we shifted to primarily consignment sales. With consignment sales, we recognize revenue net of seller payouts, and cost of revenue includes outbound shipping, outbound labor and packaging costs. With direct product sales, we recognize revenue on a gross basis, and cost of revenue includes inventory cost, inbound shipping and inventory write-downs, as well as outbound shipping, outbound labor and packaging costs. With both direct and product sales, we optimize for gross profit dollar growth, which was 43% in 2018 and 44% in 2019.

Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers then take an average of more than 60 days to use their funds, which results in a working capital dynamic that is favorable for our business. We have methodically scaled operating capacity and revenue, while increasing gross profit and improving our operating performance.

- As of June 30, 2020, we had 1.24 million Active Buyers, up 71% over June 30, 2019, and 470,000 Active Sellers, up 31% over June 30, 2019.
- As of June 30, 2020, our distribution centers could hold 4.7 million items.

- Our revenue was \$163.8 million in 2019, up 26% over 2018. Our consignment revenue was \$97.8 million in 2019, up 148% over 2018.
- Our gross profit was \$112.5 million in 2019, up 44% over 2018. Our overall gross margin was 69% in 2019 and 60% in 2018. Our consignment gross margin was 77% in 2019, up from 75% in 2018.
- Our net loss was \$37.5 million in 2019 and \$34.2 million in 2018.
- In 2019, our Adjusted EBITDA was \$(24.8) million with an Adjusted EBITDA margin of (15)%. In 2018, our Adjusted EBITDA was \$(27.2) million with an Adjusted EBITDA margin of (21)%.

Our History



Our Business Model

Our business model balances the interests of each of our stakeholders – our buyers, sellers, employees and investors, as well as the environment. This balancing principle guides our day-to-day operations and enables us to build a more sustainable and successful business. As we grow our managed marketplace, we aim to provide value to both our buyers and our sellers, support the career advancement of our employees, invest in growth and improve our results of operations and reduce the environmental impact of the fashion industry by inspiring a new consumer habit of buying and selling secondhand.

We generate the majority of our revenue from selling secondhand women's and kids' apparel, shoes and accessories on our marketplace, at up to 90% discount to estimated retail value. We also sell items in our retail stores and through our RaaS partners. We obtain our supply of items from individual sellers and RaaS partnerships through the Clean Out Kit process, capturing items that often would have been

discarded before thredUP. Because of the value and convenience sellers get with thredUP, we attract high-quality supply without directly spending money to acquire sellers.

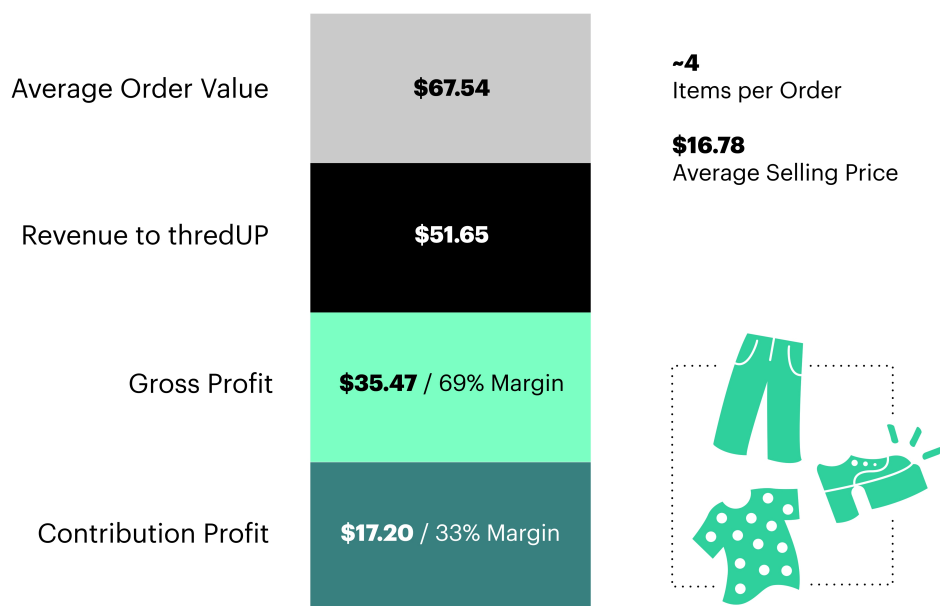
We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service. Our algorithms predict the demand for an item and determine a listing price for it, along with setting the seller payout ratio, with the aim of optimizing sell-through, gross profit dollars and our unit economics. Our seller payout ranges from 3% to 15% for items listed at \$5.00 to \$19.99, and up to 80% for items listed at \$200 and above. In the six months ended June 30, 2020, the average seller payout was 17% of the item sale price and the average seller payout per bag was \$47.08. In 2019, 76% of the Clean Out Kits we processed were from repeat sellers, which demonstrates the consistent and compelling value proposition that we provide.

We operate with consignment sales and direct product sales. In mid-2019, we shifted to primarily consignment sales. With consignment sales, we recognize revenue net of discounts, incentives, seller payouts and returns. With direct product sales, we recognize revenue net of discounts, incentives and returns. In both cases, we optimize item pricing for gross profit dollar growth, which was 44% in 2019. We have also expanded our gross profit as we have scaled our marketplace and reduced our outbound shipping, outbound labor and packaging costs. Between 2018 and 2019, our gross profit per order expanded 7%, from \$33.03 in 2018 to \$35.47 in 2019.

As we scale and automate our platform, we expect to continue to generate even more attractive order economics, which we track using contribution profit. Contribution profit captures the costs incurred within our distribution centers, and we define it as gross profit less distribution center operating expenses associated with inbound item processing, less payment processing. These distribution center operating expenses include inbound shipping, inbound labor, distribution center fixed costs and management labor, which are included within our operations, product and technology expenses. In 2019, operations, product and technology expenses accounted for 50% of revenue. Of that, distribution center operating expenses accounted for 33% of revenue. Payment processing expenses are included within selling, general and administrative expenses, and accounted for 3% of revenue in 2019. Between 2018 and 2019, our contribution profit per order expanded 35%, from \$12.72 in 2018 to \$17.20 in 2019. This growth, which was greater than our gross profit per order expansion, was driven by increased scale and improvements in our inbound processing capabilities. We will continue to invest in technology and increase the level of automation in our distribution centers to support our growth, enhance order economics and improve our contribution profit.

The graphic below demonstrates our order economics:

Average Order Economics for the Year Ended December 31, 2019



Managed Marketplace Advantages

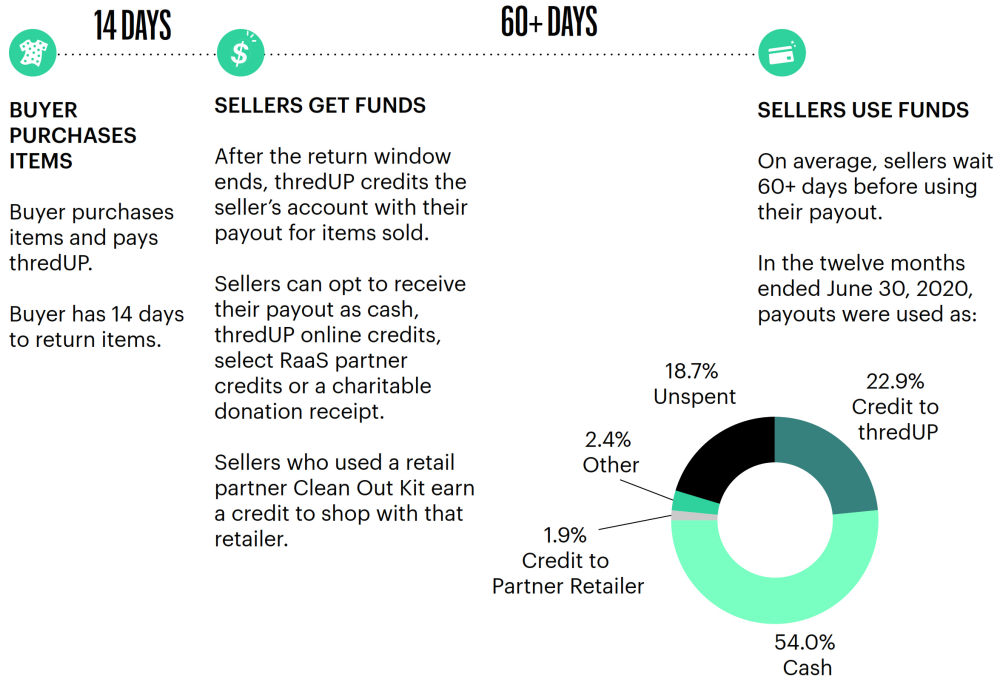
Our managed marketplace allows us to unlock value by providing end-to-end resale services for sellers. In mid-2019, we shifted to primarily consignment sales. Our consignment revenue as a percentage of total revenue increased from 30% in 2018 to 60% in 2019. The vast majority of items accepted from sellers are now held by us on consignment, with consignment revenue accounting for % of revenue in the ended , 2020. As a result, we can offer a broad selection of resale items across over 35,000 brands and 100 categories, while incurring minimal inventory or fashion risk. We believe our model also gives us the ability to achieve a higher margin profile than traditional inventory-taking business models and frees up working capital to reinvest into the business. By investing in building a managed marketplace, we are also growing the apparel resale market by offering a more trusted and higher-quality marketplace for buyers relative to peer-to-peer marketplaces.

Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers can elect to receive as cash, thredUP online credits, select RaaS partner credits or a charitable donation receipt. Our sellers then take an average of more than 60 days to use their funds, which results in a working capital dynamic that is favorable for our business.

During the twelve months ended June 30, 2020, 54.0% of our Active Sellers chose to receive cash, 22.9% chose to receive thredUP online credit, 18.7% have not yet chosen how to allocate their proceeds, 2.4% chose thredUP credits that can be applied to offset fees, such as return fees, and 1.9% chose to receive credit from one of our select RaaS partners. The seamless experience of converting seller payout to thredUP credit enables us to convert sellers into buyers without incremental marketing costs as we do

not otherwise directly spend to acquire sellers on our platform. As of June 30, 2020, 47% of our sellers were also buyers.

Flow of Funds from Buyer to Seller



Factors Affecting Our Performance

Our business performance and results of operations have been, and will continue to be, affected by the factors described below. While each of these key factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth, improve our results of operations and achieve and maintain profitability.

Buyer Growth, Order Growth and Repeat Buyer Behavior

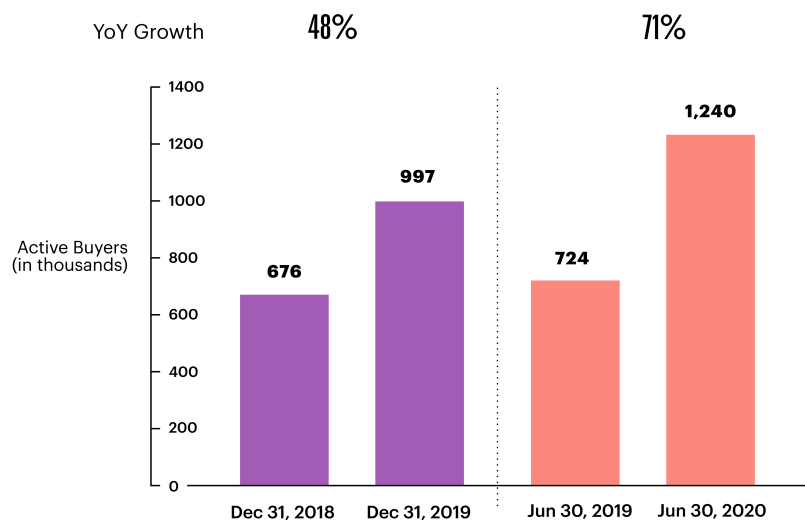
We attract visitors to our marketplace, convert them into Active Buyers and encourage repeat purchases. Historically, the primary driver of buyer growth and order growth trends has been the increase in new buyers relative to repeat buyers. See the section titled “—Key Financial and Operating Metrics” for a discussion of these trends.

- As of June 30, 2020, we had 1.24 million Active Buyers, up 71% from June 30, 2019. As of December 31, 2019, we had 997,000 Active Buyers, up 48% from December 31, 2018.
- The number of Orders for the twelve months ended June 30, 2020 was 3.85 million, up 56% from the twelve months ended June 30, 2019. The number of Orders for the year ended December 31, 2019 was 3.17 million, up 34% from the year ended December 31, 2018.
- Repeat buyers, whom we define as buyers who are making a second or more purchase on our marketplace, accounted for 77% of our Orders for the twelve months ended June 30, 2020,

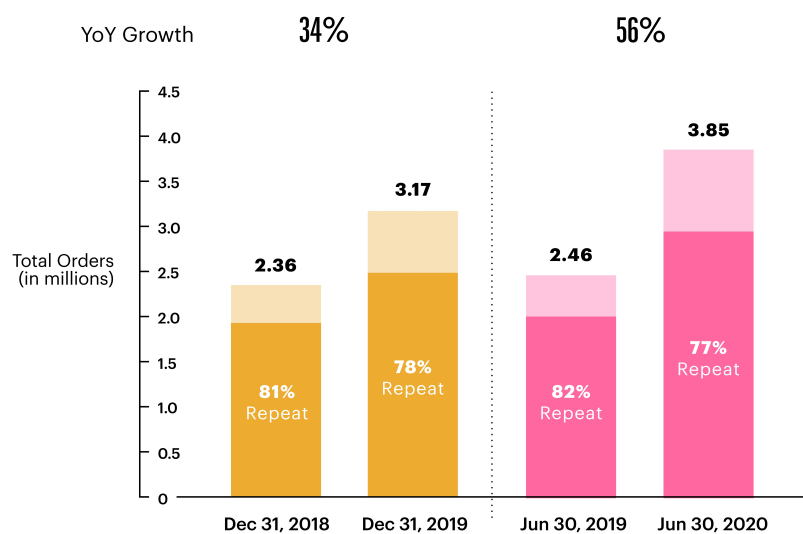
compared to 82% in the twelve months ended June 30, 2019. Repeat buyers accounted for 81% and 78% of our Orders in 2018 and 2019, respectively. These repeat buyer metrics demonstrate the stability of repeat purchases on our marketplace. Orders from repeat buyers has decreased as a percentage of total Orders in recent periods due to the increased growth in new buyers. In the twelve months ended June 30, 2020, Orders from new buyers grew 97%, and Orders from repeat buyers grew 47%. In year ended December 31, 2019, Orders from new buyers grew 57%, and Orders from repeat buyers grew 29%.

- In the twelve months ended June 30, 2020, average order value was \$66.83 with approximately four items in an Order.
- Our Active Buyers as of June 30, 2020 made an average of 3.1 Orders in the twelve months ended June 30, 2020, compared to 3.4 Orders in the twelve months ended June 30, 2019. This decline is primarily driven by the higher proportion of new buyers, who on average place fewer Orders in their first year.

Active Buyers



Total Orders (in the twelve months ended) and % Orders from Repeat Buyers

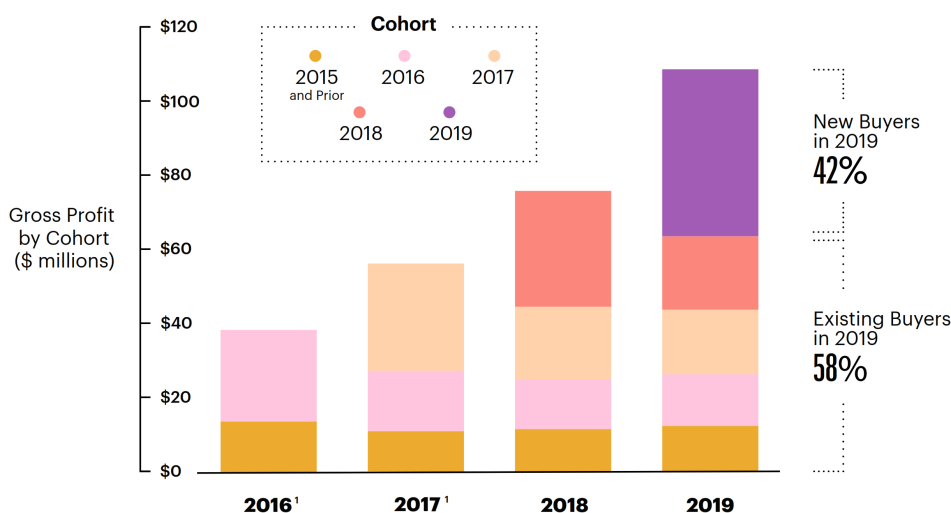


Compelling Cohort Behavior and Expansion

Our buyer cohorts demonstrate the continued spend and expansion of our Active Buyers. While we are continuously focused on adding new Active Buyers to our marketplace, we are also focused on increasing their Order frequency after their initial purchase and improving our order economics through scale and operational efficiencies.

We have been able to steadily increase the cumulative gross profit of each of our buyer cohorts over time, indicating our ability to drive repeat orders from buyers. We track gross profit by cohort, which measures the growth and efficiency of our business and normalizes for the shift to primarily consignment sales in mid-2019. The chart below illustrates the gross profit attributable to our buyer cohorts acquired in 2015 and prior, 2016, 2017, 2018 and 2019. Existing buyers, whom we define as buyers in a year who have purchased from us in any prior year, and that represent buyer cohorts acquired in prior years, contributed 58% of gross profit in the year ended December 31, 2019. Existing buyers contributed 59% of gross profit in the year ended December 31, 2018.

Gross Profit by Cohort



(1) We have calculated gross profit in such 2016 and 2017 periods (unaudited) in the chart above in a manner comparable to our 2018 and 2019 audited consolidated financial statements included elsewhere in this prospectus.

We have a significant opportunity to efficiently grow our business by continuing to have existing sellers become buyers and vice versa. As of June 30, 2020, 47% of our sellers were also buyers and 21% of our buyers were also sellers.

Scaling and Automating Our Platform

Our highly scalable distribution centers and the increasing automation of distribution centers are critical to our success. We are expanding our storage and processing capacities in our existing distribution centers, and we expect to open additional distribution centers over time. Today, we operate distribution centers across four strategic locations in Arizona, Georgia, Illinois and Pennsylvania. We aim to increase our dynamic storage capacity from 4.7 million items to 6.5 million items by the end of 2021, as we increase the product density in our distribution centers.

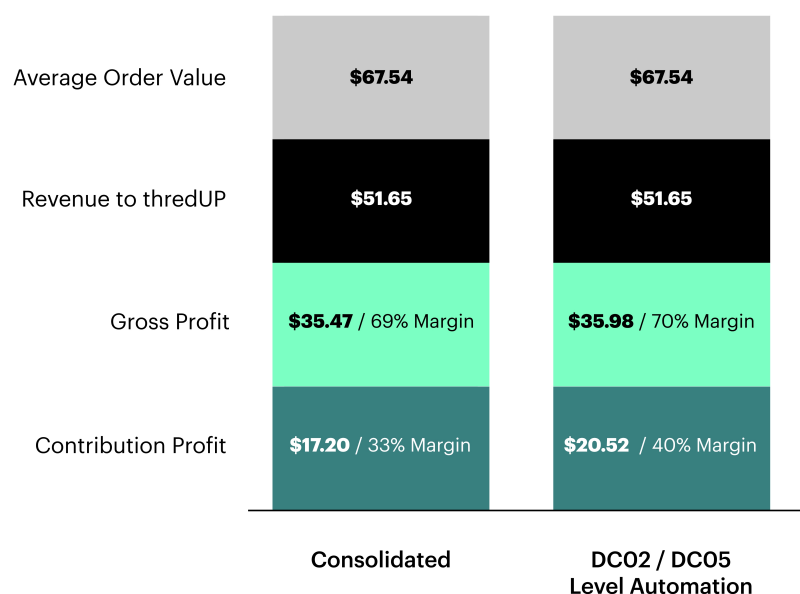
We have invested and will continue to invest in technology and automation in order to drive operating leverage. For example, reductions in labor costs related to outbound processing drive gross margin expansion. In 2019, consignment gross margin was 77%, up from 75% in 2018. Reductions in labor costs related to inbound processing as well as leverage in fixed costs like distribution center rent, management labor and utilities, drive contribution margin expansion. In 2019, operations, product and technology expense grew 21%, compared to 44% gross profit growth.

Our DC02 and DC05 distribution centers in Arizona and Pennsylvania are currently our most automated facilities. We believe that the order economics that we currently observe in our DC02 and DC05 facilities illustrate what our full platform could achieve in the near term, as we complete in-progress technology and engineering projects.

The graphic below compares our consolidated order economics to what we would observe based on applying efficiencies from our DC02 and DC05 distribution centers, which have a higher level of automation:

- Gross profit per order improves from \$35.47 to \$35.98, due to better automation of outbound labor and processing of items.
- Contribution profit per order improves from \$17.20 to \$20.52, due to improvements in automation of inbound labor and processing costs, along with scaling of fixed distribution center expenses.

Average Order Economics for the Year Ended December 31, 2019



Our newest distribution center, DC06, is located in Georgia and launched in June 2020. DC06 is our largest facility to date and has the highest automation potential once it is fully operational at scale. We believe we can continue to increase contribution profit per order as we scale fixed costs and expand our automation capabilities.

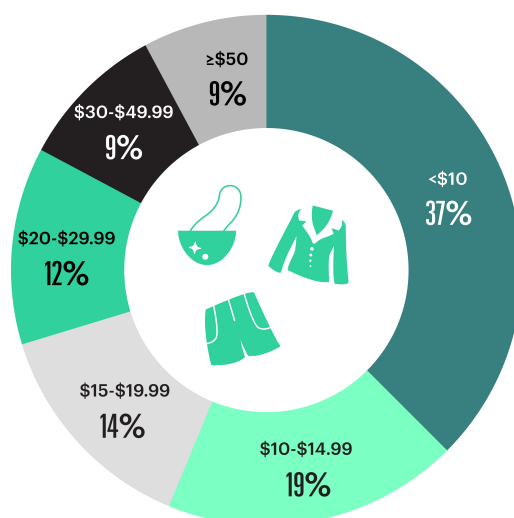
As of December 31, 2019, engineers and data scientists represented 33% of our non-distribution center employee and professional contractor headcount. We intend to continue to add talent and invest in our operations, product and technology teams to support platform innovation, as well as growth in our business and improvements in our results of operations. While we expect our operating expenses to increase as we continue to grow and improve our operating platform, we expect such expenses to decrease as a percentage of total revenue over the longer term.

Supply Breadth, Quality and Processing Growth

Our operating platform enables a supply chain that unlocks clothing supply for high-quality online resale. We take items that previously had minimal value and were sitting idle in closets, and we create value for sellers of those items on our marketplace. The vast majority of our supply of secondhand items today is from individual sellers who send us their items directly. As we scale our RaaS offering, we expect to expand our sources of supply through our RaaS partners.

The breadth of our assortment is reflected in the over 35,000 brands that are represented across 100 categories, which reflects a diverse range of price points across women's and kids' apparel, shoes and accessories, from value to premium to luxury brands. We have included a chart below, as of June 30, 2020, that shows that approximately 70% of the items listed are at price points below \$19.99. This selection of items enables buyers to purchase high-quality secondhand items at great value compared to what it costs to shop new for the same item. We believe the breadth of our assortment at these price points is important to continue to attract buyers to our marketplace.

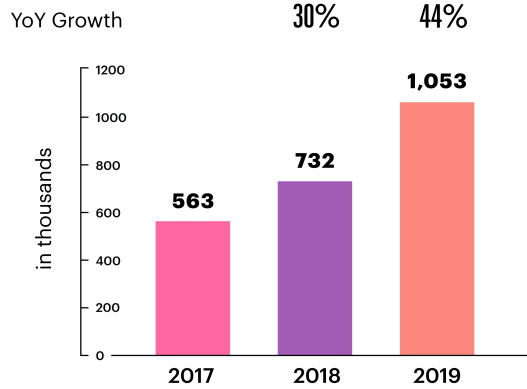
Mix of Items Listed on Site by Price Point



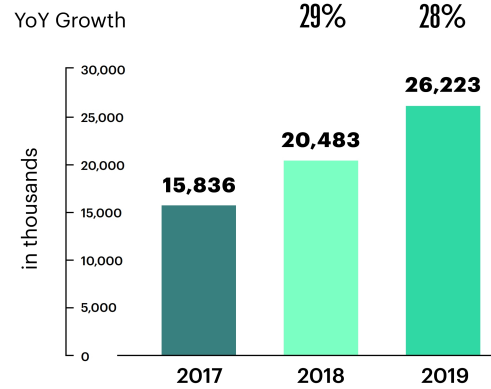
In 2019, we received 1.1 million Clean Out Kits from sellers, processed 26.2 million items through our operating platform and listed 12.9 million items for sale on our marketplace, representing year-over-year increases of 44%, 28% and 44%, respectively. The number of items that we processed from each Clean Out Kit decreased from 28 items per kit in 2018 to 25 items per kit in 2019, as we enabled sellers to print their own shipping labels and send their items to thredUP without using our bags, which typically results in fewer items received. In addition, the yield of items listed from items processed increased from 44% in 2018 to 49% in 2019, as improving order economics from automation and processing efficiencies has enabled us to increase our item acceptance levels because we can sell lower-priced items. We also attribute a quantitative supplier score to each Clean Out Kit that we receive. By encouraging repeat sellers that have high-quality items to keep consigning and engaging with thredUP, we also increase our item acceptance levels. Given that the majority of our secondhand items come from repeat sellers, we

track transactional and behavioral data that enables us to prioritize sellers with high-quality items and de-prioritize items that are not as suitable for our marketplace.

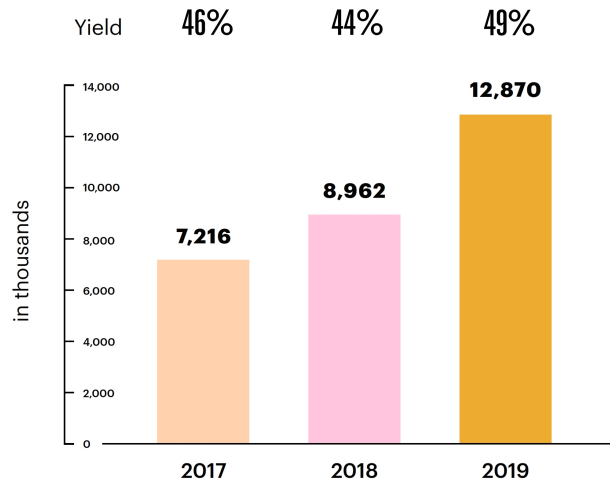
Clean Out Kits Processed



Items Processed



Items Listed on Site



Once an item is listed on our marketplace, we use our proprietary pricing algorithms to set pricing, with a view of managing sell-through, seller payouts and our contribution margin. For items listed in the 12 months ended June 30, 2020, 43% of the items listed on our marketplace sold within 30 days and 65% sold within 90 days. These sell-through rates enable us to continue to drive freshness and assortment for our buyers.

We have continued to attract and acquire new sellers to our marketplace cost effectively. We allocate no sales or marketing expense to seller acquisition today as we do not directly target sellers with our sales and marketing efforts. Our growth has been driven in significant part by supply from repeat sellers,

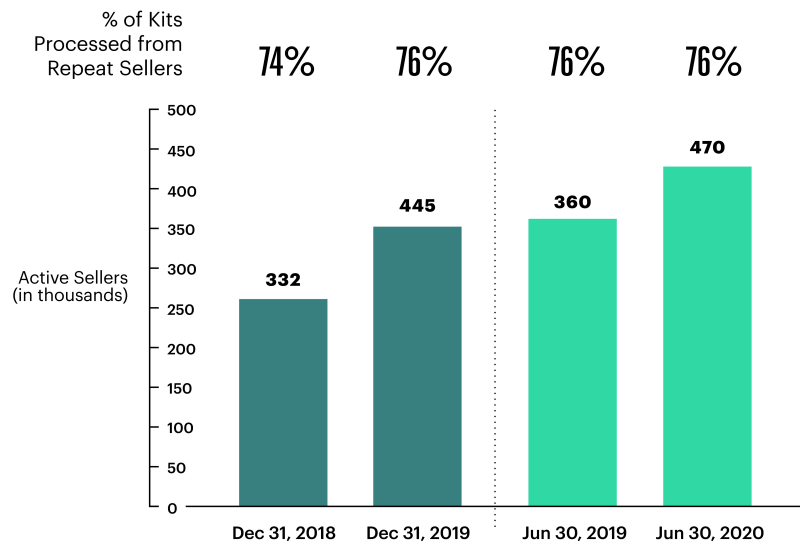
which accounts for 76% of the Clean Out Kits we processed in 2019, and we consider repeat sellers to be critical to high-quality supply growth. We measure and track Active Sellers and repeat activity by sellers:

- As of June 30, 2020, we had 470,000 Active Sellers, up 31% from June 30, 2019.
- As of December 31, 2019, we had 445,000 Active Sellers, up 34% from December 31, 2018.

An Active Seller is a thredUP seller who has sold at least one item on our marketplace in the last 12 months. A thredUP seller is a customer who has created an account and has listed an item in our marketplace. A thredUP seller is identified by a unique email address and a single person could have multiple thredUP seller accounts and count as multiple Active Sellers.

Our Active Sellers increased steadily over time, and repeat sellers supply a substantial majority of Clean Out Kits, as shown by the chart below.

Active Sellers and % of Clean Out Kits Processed from Repeat Sellers



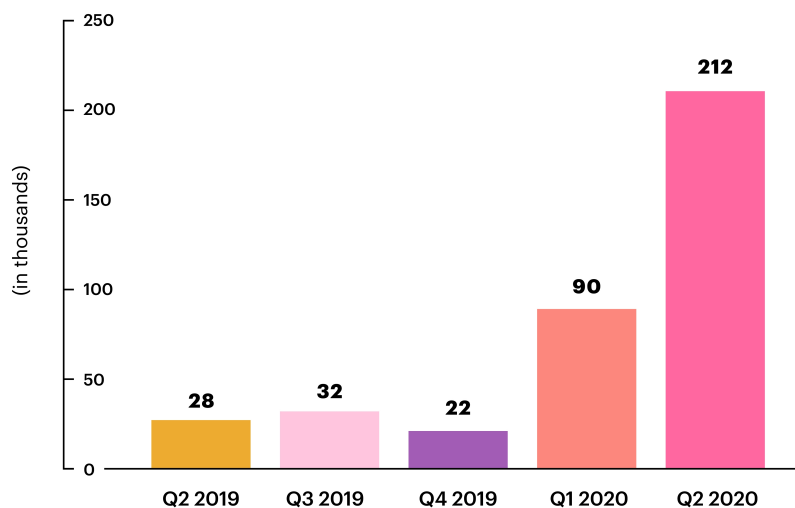
We continued to extend our sources of secondhand items when we launched our RaaS offering in 2018 to brand and retailer partners. We plan to continue to partner with leading brands and retailers who leverage our platform to offer our clean out service to their customers. We believe that our RaaS offering will enable us to unlock high-quality supply of secondhand items at significant scale in a cost-effective manner. In 2019, we processed 21,000 Clean Out Kits sourced from RaaS partners, which represents 2.0% of the total number of Clean Out Kits processed in the year.

COVID-19 Impact on Processing

Our ability to grow our revenue is also dependent on our processing capacity. The onset of the COVID-19 pandemic led to a significant reduction in our ability to process Clean Out Kits. As a result of the pandemic, we took actions to protect our business and our employees, which impacted our distribution center productivity, staffing and processing capacity. In addition, macro-developments such as shelter-in-place orders and the federal unemployment stimulus have negatively affected the rate of hiring and retention for our distribution center workforce.

As a consequence of these constraints, the number of unprocessed Clean Out Kits in our distribution centers has steadily increased since March 2020. In order to reduce the increase of received and unprocessed Clean Out Kits, beginning in July 2020, we temporarily limited the number of Clean Out Kits available for sellers while we continue to process Clean Out Kits that have been received. As a result of the processing delay, our growth rates have been negatively affected by the reduction in new listings on our marketplace. The number of our Clean Out Kits processed in the second quarter of 2020 decreased 33% as compared to the first quarter of 2020 due to productivity, staffing and processing declines as a result of COVID-19 safety measures and other widespread effects. Our average number of unprocessed Clean Out Kits grew 666% year-over-year in the second quarter of 2020 and remains significantly elevated.

Average Unprocessed Clean Out Kits



The number of new listings on our marketplace declined in the second quarter of 2020 by 28% as compared to the first quarter of 2020 due to these unprocessed Clean Out Kits. Our buyers are drawn to our marketplace, in part, because of the constant incoming supply of unique items. As we offered a relatively smaller selection of recently listed items, revenue was negatively affected. In addition to the impact on our revenue, the delay in timely processing of Clean Out Kits could also negatively affect buyer sentiment because we are processing items at a slower rate and have a more limited selection of recently listed items available for purchase on our marketplace and seller sentiment because sellers are waiting longer to receive their seller payouts. We expect our distribution center productivity, staffing and processing to gradually return to pre-pandemic capacity. The existing configuration of our distribution centers pre-pandemic enabled us to implement social distancing protocols, including the reconfiguring of workstations for the safety of our employees, without reducing the total steady-state throughput capacity of our facilities. For instance, the number of items processed in September 2020 is over 1.7 times the number of items processed in May 2020.

See the section titled “—Impact of COVID-19” for additional information about the impact of COVID-19 on our business.

Acquisition Marketing Payback

Our financial performance also depends in part on our management of the expenses we incur to attract and engage buyers, which we manage in balance with our overall contribution profit. To grow

orders and scale our business, we invest strategically to attract and engage buyers on our marketplace. We use discounts and incentives to encourage new and existing buyers to shop with us, which reduces revenue, gross profit and contribution profit per order. We also invest in acquisition marketing to attract new buyers and we track and manage new customer acquisition costs. We define acquisition marketing as performance marketing expense attributable to buyer acquisition and re-targeting.

We manage acquisition marketing to target contribution profit payback within 12 months. Our ability to achieve this payback depends on our pricing, discounts, gross profit, order frequency and distribution center costs per order. At times, we choose to expand our payback target to drive orders to better utilize our platform capacity, as scale drives contribution profit improvement. For instance, we chose to strategically prioritize and invest in growth in the past as we were in the early days of scaling our marketplace and platform. As a result, acquisition marketing payback and marketing expense may fluctuate from period to period as we continue to scale.

Consignment Revenue Mix

In 2019, we shifted to primarily consignment sales. In consignment, we recognize revenue net of seller payouts. In direct product sales, we recognize revenue based on the net sales price to the buyer. To measure our growth and operating leverage trends, we use gross profit to normalize for this mix shift.

Consignment gross profit as a percentage of total gross profit was 67% and 38% in 2019 and 2018, respectively. Consignment revenue as a percentage of total revenue was 60% and 30% in 2019 and 2018, respectively. In the near term, we expect this mix to continue to trend towards consignment.

Seasonality

Seasonality in our business does not follow that of traditional retailers, such as typical concentration of revenue in the holiday quarter, and we see relatively stable demand from our buyers throughout the year. We observe increased supply of secondhand items during the first and second quarters of the year when sellers are more prone to clean out their closets.

Key Financial and Operating Metrics

We review a number of operating and financial metrics, including the following key business and non-GAAP metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key financial and operating metrics are set forth below for the periods presented.

	Year Ended December 31,	
	2018	2019
	(in thousands, except percentages)	
Active Buyers (as of period end)	676	997
Active Buyers Growth	10 %	48 %
Orders	2,363	3,172
Orders Growth	28 %	34 %
Revenue	\$ 129,551	\$ 163,812
Revenue Growth		26 %
Gross Profit	\$ 78,010	\$ 112,504
Gross Profit Growth		44 %
Adjusted EBITDA	\$ (27,217)	\$ (24,781)
Adjusted EBITDA Margin	(21) %	(15) %

Active Buyers and Active Buyer Growth

An Active Buyer is a thredUP buyer who has made at least one purchase in the last 12 months. A thredUP buyer is a customer who has created an account in our marketplace. A thredUP buyer is identified by a unique email address and a single person could have multiple thredUP accounts and count as multiple Active Buyers. The number of Active Buyers is a key driver of revenue for our marketplace and we expect the number of Active Buyers to increase over time.

We view the number of Active Buyers as a key indicator of our growth and the value proposition we provide to our buyers. The number of Active Buyers has grown over time as we acquired new buyers and continued to engage previously acquired buyers. We expect to continue to drive growth in Active Buyers with marketing and engagement efforts.

We had 1.24 million Active Buyers as of June 30, 2020, up 71% from June 30, 2019. We had 997,000 Active Buyers as of December 31, 2019, up 48% from December 31, 2018. Active Buyer growth accelerated in the twelve months ended June 30, 2020 as we invested to acquire more new buyers in connection with bringing additional distribution centers online.

Orders and Order Growth

Orders means the total number of orders placed across our marketplace, including through our RaaS partners, in a given period, net of cancellations. We expect Orders to increase over time.

We view Orders placed as a key indicator of the velocity of our marketplace and an indication of the desirability of our evergreen assortment to our buyers. Orders, together with Active Buyers, is an indicator of our ability to attract new and repeat purchases by buyers.

We had 3.85 million Orders in the twelve months ended June 30, 2020, up 56% from the twelve months ended June 30, 2019. We had 3.17 million Orders on the year ended December 31, 2019, up 34% from the year ended December 31, 2018. Order growth accelerated in the twelve months ended June 30, 2020 along with Active Buyer growth, offset by lower Orders per Active Buyer. Active Buyers had 3.1 Orders in the twelve months ended June 30, 2020, compared to 3.4 Orders in the prior year, and had 3.2 Orders in 2019, compared to 3.5 Orders in 2018. This decrease in Orders per Active Buyers was driven by growth in new buyers who place fewer orders in their first year.

Revenue and Revenue Growth

Revenue consists of consignment revenue and product revenue, and we generate revenue when secondhand items are sold on our marketplace. Consignment revenue is recognized based on the proceeds received by us for the sale of consigned goods, net of seller payout. Product revenue is recognized on a gross basis when we generate sales from our purchased inventory.

In 2019, revenue was \$163.8 million, representing growth of 26%, compared to 34% growth in Orders. Revenue per Order declined 6% primarily due the shift to consignment sales.

Over the long term, we expect revenue and revenue growth to be a key indicator of the scale and growth of our marketplace as our revenue mix shift stabilizes towards primarily consignment sales.

Gross Profit and Gross Profit Growth

Gross profit means our revenue less the cost of revenue. We operate with consignment sales and direct product sales. Due to the shift to primarily consignment sales in mid-2019, we use gross profit to normalize for this mix shift and we track gross profit growth as a key indicator of the health and growth of our marketplace.

In 2019, gross profit was \$112.5 million, growth of 44%, compared to 34% growth in Orders. Gross profit per order grew 7% due to increased outbound labor efficiency and improvements in our pricing and seller payout ratio algorithms.

Over the long term, we expect gross profit to increase as a result of the continued growth in Orders, the continued trend towards primarily consignment sales, and operational efficiency gains in outbound processing and fulfillment.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA means net loss adjusted to exclude depreciation and amortization, stock-based compensation expense, interest expense and provision for income taxes. We use Adjusted EBITDA to evaluate and assess our operating performance and the operating leverage in our business, and for internal planning and forecasting purposes. We believe that Adjusted EBITDA, when taken collectively with our GAAP results, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results.

Adjusted EBITDA should not be considered as an alternative to net loss or any other measure of financial performance calculated and presented in accordance with GAAP.

In 2019, Adjusted EBITDA was \$(24.8) million, 9% less than 2018 Adjusted EBITDA of \$(27.2) million in 2018, compared to 44% growth in gross profit over the same period. The relatively flat Adjusted EBITDA dollar loss compared to 44% growth in gross profit was a result of increased operating leverage. This operating leverage was primarily driven by efficiencies in operations, product and technology expenses, offset by increased investment in marketing expense.

Over the long term, we expect Adjusted EBITDA to increase as a result of the continued growth in Orders, the continued trend towards a consignment revenue mix, operational efficiency gains in processing and fulfillment and a reduction in marketing as a percentage of revenue. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue. Over the long term, we expect Adjusted EBITDA margin to improve.

See the section titled “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measure—Adjusted EBITDA” for more information regarding our use of Adjusted EBITDA and its reconciliation to net loss.

Impact of COVID-19

In December 2019, a novel strain of coronavirus was first identified, and in March 2020, the World Health Organization categorized COVID-19 as a pandemic. The COVID-19 pandemic has adversely impacted businesses worldwide and has impacted aspects of our business and operations.

To help control the spread of the virus and protect the health and safety of our employees, we modified certain operational protocols in our distribution centers. We enabled social distancing in our distribution centers by reconfiguring workstations and break rooms, staggered shifts and, from late March to late May 2020, we offered a 60-day voluntary furlough to onsite staff. We implemented numerous health and safety measures in our distribution centers, including mandatory temperature checks, increased paid time off for illness, distribution of personal protective equipment to employees, increased facility cleanings and additional paid time for sanitizing workstations between shifts. We also shifted nearly all of our corporate employees and contract engineers to a remote work model and implemented additional measures to better enable them to work remotely.

In the first quarter of 2020, we temporarily reduced marketing spend to take time to better understand the impact of COVID-19 on consumer demand. Beginning in the second quarter of 2020, we chose to strategically increase discounts and promotions to incentivize our existing buyer base to shop with us, as consumers generally prioritize value in times of economic uncertainty. Similarly, as advertising auctions

stabilized, we gradually scaled up acquisition marketing spend towards normal levels. We also implemented several cost saving measures to address challenges presented by the COVID-19 pandemic. For example, in April 2020, we reduced salaries by 20% for the vast majority of corporate employees and, in June 2020, we laid off staff at our three small retail stores and permanently closed one of our retail stores. We have since granted stock options to the corporate employees affected by the salary reductions in an amount proportional to the respective employee's salary reduction.

The onset of the COVID-19 pandemic led to a significant reduction in our ability to process Clean Out Kits. As a result of the pandemic, we took actions to protect our business and our employees, which impacted our distribution center productivity, staffing and processing capacity. In addition, macro-developments such as shelter-in-place orders and the federal unemployment stimulus have negatively affected the rate of hiring and retention for our distribution center workforce.

As a consequence of these constraints, the number of unprocessed Clean Out Kits in our distribution centers has steadily increased since March 2020. In order to reduce the increase of received and unprocessed Clean Out Kits, beginning in July 2020, we temporarily limited the number of Clean Out Kits available for sellers while we continue to process Clean Out Kits that have been received. As a result of the processing delay, our growth rates have been negatively affected by the reduction in new listings on our marketplace. The number of our Clean Out Kits processed in the second quarter of 2020 decreased 33% as compared to the first quarter of 2020 due to productivity, staffing and processing declines as a result of COVID-19 safety measures and other widespread effects. Our average number of unprocessed Clean Out Kits grew 666% year-over-year in the second quarter of 2020 and remains significantly elevated.

The number of new listings on our marketplace declined in the second quarter of 2020 by 28% as compared to the first quarter of 2020 due to these unprocessed Clean Out Kits. Our buyers are drawn to our marketplace, in part, because of the constant incoming supply of unique items. As we offered a relatively smaller selection of recently listed items, revenue was negatively affected. In addition to the impact on our revenue, the delay in timely processing of Clean Out Kits could also negatively affect buyer sentiment because we are processing items at a slower rate and have a more limited selection of recently listed items available for purchase on our marketplace and seller sentiment because sellers are waiting longer to receive their seller payouts. We expect our distribution center productivity, staffing and processing to gradually return to pre-pandemic capacity. The existing configuration of our distribution centers pre-pandemic enabled us to implement social distancing protocols, including the reconfiguring of workstations for the safety of our employees, without reducing the total steady-state throughput capacity of our facilities. For instance, the number of items processed in September 2020 is over 1.7 times the number of items processed in May 2020.

Further, as a result of restrictions in international travel and border crossing due to COVID-19, we experienced a delay in the build out of our new highly-automated distribution center in Georgia. Between mid-March 2020 and the end of June 2020, non-U.S. contractors that we engaged pre-pandemic were unable to travel to our distribution center to perform services. These restrictions resulted in a delay in construction of specialized systems for our distribution center and pushed back the opening of the new distribution center by approximately 40 days. In addition to the construction delays, we also incurred additional shipping costs and other fees.

Travel and border closures have not otherwise significantly affected our business as we operate a U.S.-focused marketplace.

We have taken actions to help ensure that our business will continue to operate through the COVID-19 pandemic, including those discussed above. The impact of these actions on our business, workforce and culture are difficult to assess. Against this backdrop, our business has continued to grow, and the key drivers of our business, including the market demand for secondhand items in general and the online secondhand market more specifically, as well as our ability to source high-quality secondhand items, have continued their positive progress, despite the pandemic.

We expect the evolving COVID-19 pandemic to continue to have an adverse impact on our business, results of operations and financial condition, including our revenue and cash flows, for at least the remainder of 2020. For instance, a slowdown or further uncertainty in the U.S. economy, as well as a decrease in government stimulus packages, may result in additional changes in buyer and seller behavior, which could cause either a potential reduction in discretionary spending on our marketplace or increased activity on our marketplace as customers look for high-value, lower-priced alternatives.

Due to the unknown duration and unprecedented impact of the COVID-19 pandemic and the range of national, state and local responses thereto, the related financial impact on our business could change and cannot be accurately predicted at this time. See the section titled “Risk Factors—Risks Relating to our Business—The global COVID-19 pandemic has had and may continue to have an adverse impact on our business, results of operations and financial condition.”

Components of our Results of Operations

Revenue

Our revenue is comprised of consignment revenue and product revenue.

Consignment revenue

We generate consignment revenue from the sale of secondhand women’s and kids’ apparel, shoes and accessories on behalf of sellers. We recognize consignment revenue, net of seller payouts, discounts, incentives and returns. We expect consignment revenue to continue to increase as we increase our Active Buyers and Orders and grow our business. We also expect consignment revenue to continue to increase as a percentage of total revenue due to our mix shift to primarily consignment.

Product revenue

We also generate product revenue from the sale of items that we own, which we refer to as our inventory. While we shifted our business to primarily consignment sales in mid-2019, historically, we purchased most of our inventory from our sellers prior to inclusion on our online marketplace. We recognize product revenue, net of discounts, incentives and returns. We expect product revenue to continue to decrease as a percentage of total revenue due to our mix shift to primarily consignment.

Cost of Revenue

Cost of consignment revenue

Cost of consignment revenue consists of outbound shipping, outbound labor and packaging costs. We expect cost of consignment revenue to decrease and gross margin to increase as a percentage of total revenue as we continue to scale our business due to our ability to drive leverage in shipping, labor and packaging.

Cost of product revenue

Cost of product revenue consists of inventory cost, inbound shipping related to the sold merchandise, outbound shipping, outbound labor, packaging costs and inventory write-downs. We expect cost of product revenue to decrease and gross margin to increase as a percentage of total revenue as we continue to scale our business due to our ability to drive leverage in shipping, labor and packaging.

Operating Expenses

Operations, Product and Technology

Operations, product and technology expenses consist primarily of distribution center operating costs and product and technology expenses. Distribution center operating costs include inbound shipping costs, other than those capitalized in inventory, as well as personnel costs, distribution center rent, maintenance

and equipment depreciation. Product and technology costs include personnel costs for the design and development of product and the related technology that is used to operate our distribution centers, merchandise science, website development and related expenses for these departments. Operations, product and technology expenses also include an allocation of corporate facilities and information technology costs such as equipment, depreciation and rent. We expect operations, product and technology expenses to increase in absolute dollars in future periods to support our growth, especially as costs to increase our supply (inbound costs) are generally incurred prior to the expected revenue growth. Additionally, we expect to bring on additional distribution centers and continue investing in automation and other technology improvements to support and drive efficiency in our operations. These expenses may vary from period to period as a percentage of revenue, depending primarily upon when we choose to make more significant investments. We expect these expenses to decrease as a percentage of revenue over the longer term due to better leverage in our operations.

Marketing

Marketing costs consist primarily of advertising, public relations expenditures and personnel costs for employees engaged in marketing. Marketing costs also include an allocation of corporate facilities and information technology costs such as equipment, depreciation and rent. We expect our marketing expenses to fluctuate as a percentage of revenue as we intend to increase marketing spend to drive the growth of our business.

Sales, General and Administrative

Sales, general and administrative expenses consist of personnel costs for employees involved in general corporate functions, including accounting, finance, tax, legal and people services; customer service; and retail stores. Sales, general and administrative also includes payment processing fees, professional fees and allocation of corporate facilities and information technology costs such as equipment, depreciation and rent. We expect to increase sales, general and administrative expense as we grow our infrastructure to support operating as a public company and the overall growth in our business. While these expenses may vary from period to period as a percentage of revenue, we expect them to decrease as a percentage of revenue over the longer term.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and notes included elsewhere in this prospectus. The following tables set forth our results of operations and such data as a percentage of revenue for the periods presented:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Revenue:		
Consignment	\$ 39,415	\$ 97,763
Product	90,136	66,049
Total revenue	<u>129,551</u>	<u>163,812</u>
Cost of revenue:		
Consignment	9,978	22,764
Product	41,563	28,544
Total cost of revenue	<u>51,541</u>	<u>51,308</u>
Gross profit	<u>78,010</u>	<u>112,504</u>
Operating expenses:		
Operations, product and technology	67,896	81,959
Marketing	27,235	44,747
Sales, general and administrative	17,135	21,872
Total operating expenses	<u>112,266</u>	<u>148,578</u>
Operating loss	(34,256)	(36,074)
Interest expense	(437)	(1,428)
Other income, net	549	74
Loss before provision for income taxes	(34,144)	(37,428)
Provision for income taxes	37	36
Net loss	<u>\$ (34,181)</u>	<u>\$ (37,464)</u>

	Year Ended December 31,	
	2018	2019
Revenue:		
Consignment	30 %	60 %
Product	70	40
Total revenue	<u>100</u>	<u>100</u>
Cost of revenue:		
Consignment	8	14
Product	32	17
Total cost of revenue	<u>40</u>	<u>31</u>
Gross profit	<u>60</u>	<u>69</u>
Operating expenses:		
Operations, product and technology	52	50
Marketing	21	27
Sales, general and administrative	13	14
Total operating expenses	<u>86</u>	<u>91</u>
Operating loss	(26)	(22)
Interest expense	—	(1)
Other income, net	—	—
Loss before provision for income taxes	(26)	(23)
Provision for income taxes	—	—
Net loss	<u>(26) %</u>	<u>(23) %</u>

Comparison of the Years Ended December 31, 2018 and 2019

Revenue

Revenue was \$163.8 million, an increase of \$34.2 million, or 26%, in the year ended December 31, 2019, compared to \$129.6 million in the prior year. The increase in revenue was primarily attributable to a 34% increase in Orders, partially offset by a 6% decrease in revenue per Order due to the shift towards primarily consignment sales in mid-2019, in which revenue is recognized net of discounts, incentives, seller payouts and returns.

Consignment Revenue

	Year Ended December 31,		Change	
	2018	2019	Amount	%
(in thousands, except percentage)				
Consignment revenue	\$ 39,415	\$ 97,763	\$ 58,348	148 %

Consignment revenue increased by \$58.3 million, or 148%, in the year ended December 31, 2019 compared to the prior year. The increase in consignment revenue was primarily attributable to the mix shift towards primarily consignment sales in mid-2019 whereas previously we had a greater portion of inventory versus consignment items in our marketplace.

Product Revenue

	Year Ended December 31,		Change	
	2018	2019	Amount	%
(in thousands, except percentage)				
Product revenue	\$ 90,136	\$ 66,049	\$ (24,087)	(27) %

Product revenue decreased by \$24.1 million, or 27%, in the year ended December 31, 2019 compared to the prior year due to the mix shift towards primarily consignment sales in mid-2019.

Cost of Revenue

Cost of revenue was \$51.3 million in the year ended December 31, 2019, which was 31% as a percentage of revenue, compared to \$51.5 in the year ended December 31, 2018, which was 40% as a percentage of revenue. This improvement was primarily driven by efficiencies in our business due to our ability to drive leverage in outbound shipping, labor and packaging as we scale our business and as a result of the mix shift towards primarily consignment sales, in which revenue is recognized net of discounts, incentives, seller payouts and returns, in mid-2019.

Cost of Consignment Revenue

	Year Ended December 31,		Change	
	2018	2019	Amount	%
(in thousands, except percentages)				
Cost of consignment revenue	\$ 9,978	\$ 22,764	\$ 12,786	128 %
As a percent of consignment revenue	25 %	23 %		
Consignment gross margin	75 %	77 %		

Cost of consignment revenue increased by \$12.8 million, or 128%, in the year ended December 31, 2019 compared to the prior year, driven by the increase in consignment revenue. The increase was primarily attributable to the increase in outbound shipping costs and an increase in outbound labor costs to support increased purchases by buyers. Cost of consignment revenue as a percentage of consignment

revenue and gross margin has improved due to our ability to drive leverage in shipping, labor and packaging.

Cost of Product Revenue

	Year Ended December 31,		Change	
	2018	2019	Amount	%
	(in thousands, except percentages)			
Cost of product revenue	\$ 41,563	\$ 28,544	\$ (13,019)	(31) %
As a percent of product revenue	46 %	43 %		
Product gross margin	54 %	57 %		

Cost of product revenue decreased by \$13.0 million, or 31%, in the year ended December 31, 2019 compared to the prior year, due primarily to the decrease in product revenue. Cost of product revenue as a percentage of revenue and gross margin has improved due to our ability to drive leverage in shipping, labor and packaging.

Operating Expenses

Operating expenses were \$148.6 million and represented 91% of revenue in the year ended December 31, 2019, compared to \$112.3 million and 86% of revenue in the prior year. Operating expenses grew 32%, compared to 44% gross profit growth in the same period. We compared operating expense growth to gross profit growth as a measure of our operating leverage given the mix shift towards primarily consignment sales in mid-2019. Results by operating expenses line item are discussed below.

Operations, Product and Technology

	Year Ended December 31,		Change	
	2018	2019	Amount	%
	(in thousands, except percentage)			
Operations, product and technology	\$ 67,896	\$ 81,959	\$ 14,063	21 %
As a percent of total revenue	52 %	50 %		

Operations, product and technology expense increased by \$14.1 million, or 21%, in the year ended December 31, 2019 compared to the prior year. This increase was primarily attributable to increases of \$8.0 million in personnel-related costs as a result of increased headcount, \$3.0 million in inbound shipping as a result of our efforts to drive continued growth in our secondhand items for resale, \$2.0 million in facilities and other allocated costs and \$1.1 million in professional service costs to support both the continued growth of our operations and investments in our operating platform and infrastructure.

Operations, product and technology expense represented 50% of revenue in the year ended December 31, 2019, compared to 52% in the year ended December 31, 2018. Operations, product and technology expense grew 21% in 2019, compared to 44% gross profit growth. This operating leverage was the result of reaching existing capacity and increasing automation in our distributions centers, as well as leverage of fixed costs in product and technology expense.

Marketing

	Year Ended December 31,		Change	
	2018	2019	Amount	%
	(in thousands, except percentage)			
Marketing	\$ 27,235	\$ 44,747	\$ 17,512	64 %
As a percent of total revenue	21 %	27 %		

Marketing expense increased by \$17.5 million, or 64%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to an increase of \$16.2 million in online advertising to drive increased buyer awareness in order to increase revenue and an increase of \$0.8 million in personnel-related costs as a result of increased headcount.

Marketing represented 27% of revenue in the year ended December 31, 2019, compared to 21% in the prior year. Marketing expense grew 64% in 2019, compared to 44% gross profit growth. We accelerated marketing spend in order to drive demand and take advantage of expanding capacity in our distribution centers.

Sales, general and administrative

	Year Ended December 31,		Change	
	2018	2019	Amount	%
	(in thousands, except percentage)			
Sales, general and administrative	\$ 17,135	\$ 21,872	\$ 4,737	28 %
As a percent of total revenue	13 %	14 %		

Sales, general and administrative expense increased by \$4.7 million, or 28%, in the year ended December 31, 2019 compared to the prior year. The increase was primarily due to a \$3.6 million increase in personnel-related costs as a result of additional headcount to support our business expansion and a \$1.3 million increase in payment processing fees attributable to the increase in revenue.

Sales, general and administrative represented 14% of revenue in the year ended December 31, 2019, compared to 13% in the prior year. Sales, general and administrative expense grew 28% in 2019, compared to 44% gross profit growth. This operating efficiency was the result of increased leverage in our general and administration infrastructure, including personnel costs, as we scaled.

Liquidity and Capital Resources

As of December 31, 2019, we had cash and cash equivalents of \$85.6 million and an accumulated deficit of \$203.0 million. Since our founding, we have generated negative cash flows from operations and have primarily financed our operations through private sales of equity securities and debt. We currently have a term loan facility with Western Alliance Bank as discussed below in the section titled “—Contractual Obligations and Commitments.”

We expect operating losses and negative cash flows from operations to continue into the foreseeable future as we continue to invest in growing our business and expanding our infrastructure. Based upon our current operating plans, we believe that our existing cash and cash equivalents will be sufficient to fund our operations for at least the next 12 months from the date of this prospectus. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements will depend on many factors, including, but not limited to our ability to grow our revenue. We may seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be harmed. See the section titled “Risk Factors—Risks Related to Our Business—We may require additional capital to support business growth, and this capital might not be available or may be available only by diluting existing stockholders.”

Cash Flows

The following table summarizes our cash flows for the periods indicated.

	Year Ended December 31,	
	2018	2019
(in thousands)		
Net cash (used in) provided by:		
Operating activities	\$ (22,490)	\$ (10,090)
Investing activities	(22,016)	(1,254)
Financing activities	38,970	91,182
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ (5,536)</u>	<u>\$ 79,838</u>

Net Cash Used in Operating Activities

During 2019, net cash used in operating activities was \$10.1 million, which consisted of a net loss of \$37.5 million, partially offset by non-cash charges of \$12.3 million and a net change of \$15.1 million in our operating assets and liabilities largely driven by an increase of \$14.2 million in accrued and other current liabilities.

During 2018, net cash used in operating activities was \$22.5 million, which consisted of a net loss of \$34.2 million, partially offset by non-cash charges of \$6.8 million and a net change of \$4.9 million in our operating assets and liabilities.

Net Cash Used in Investing Activities

During 2019, net cash used in investing activities was \$1.3 million, which consisted of additional purchases of property and equipment of \$9.5 million, which was partially offset by \$8.3 million in maturities of marketable securities during the period.

During 2018, net cash used in investing activities was \$22.0 million, which consisted of additional purchases of property and equipment of \$13.9 million and purchases of marketable securities of \$35.1 million, partially offset by \$27.0 million in maturities of marketable securities during the period.

Net Cash Provided by Financing Activities

During 2019, net cash provided by financing activities was \$91.2 million, which consisted of proceeds of \$82.5 million from the issuance of convertible preferred stock, net of issuance costs, and debt financing proceeds of \$19.8 million, net of issuance costs, partially offset by the repayment of debt of \$11.8 million.

During 2018, net cash provided by financing activities was \$39.0 million, which primarily consisted of proceeds of \$35.6 million from the issuance of convertible preferred stock, net of issuance costs and debt financing proceeds of \$6.5 million, net of issuance costs, partially offset by the repayment of debt of \$3.1 million.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2019:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(in thousands)				
Operating leases	\$ 23,042	\$ 4,538	\$ 7,697	\$ 7,129	\$ 3,678
Term loan, including interest	21,305	4,018	7,421	9,866	—
Noncancelable purchase commitments ⁽¹⁾	4,519	4,519	—	—	—
Total	\$ 48,866	\$ 13,075	\$ 15,118	\$ 16,995	\$ 3,678

(1) Non-cancellable purchase commitments include amounts related to two arrangements with vendors entered into in November 2019 related to the build out of our new distribution center in Georgia.

Term Loan

In February 2019, we entered into a loan and security agreement with Western Alliance Bank. We borrowed \$20.0 million under this loan and security agreement through December 31, 2019, with \$17.6 million principal outstanding as of such date. In May 2020, we and Western Alliance Bank amended the loan and security agreement and under the amended agreement, we may borrow up to \$30.0 million in aggregate. We have drawn an additional \$13.6 million under this agreement through September 30, 2020 for total outstanding principal under this agreement of \$30.0 million as of September 30, 2020.

Under the amended agreement, the loan maturity date is May 29, 2024 and the interest rate is the greater of either the Wall Street Journal Prime Rate + 1.50% or 5.75% per annum. Additionally, a fee equal to 1% of aggregate borrowings is due upon final payment. The term loan can be prepaid without penalty or premium at any time.

The term loan includes affirmative, negative and financial covenants that restrict our ability to, among other things, incur additional indebtedness, make investments, sell or otherwise dispose of assets, pay dividends or repurchase stock. The loan also contains financial and non-financial covenants, which, if not met, allow the lender to call all outstanding borrowings plus accrued interest. The financial covenants include minimum cash and liquidity requirements, a debt service requirement and quarterly minimum net revenue and revenue growth thresholds specified by the term loan. The loan and security facility is secured with a first ranking lien on all corporate assets and a negative pledge on intellectual property. As of December 31, 2019, we were not in compliance with certain debt covenants. As part of the amendment in May 2020, the existing covenant defaults were waived and the covenants were revised to increase minimum cash and liquidity requirements, extend the timing of debt service requirements and add specific net revenue targets and revenue growth requirements. We were in compliance with the revised covenants as of September 30, 2020.

Indemnification Agreements

In the ordinary course of business, we enter into agreements of varying scope and terms pursuant to which we agree to indemnify vendors, lessors, business partners and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, services to be provided by us or from intellectual property infringement claims made by third parties. In addition, we have entered into indemnification agreements with our directors and certain officers and employees that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors, officers or employees. No demands have been made upon us to provide indemnification under such agreements and there are no claims that we are aware of that could have a material effect on our consolidated balance sheets, consolidated statements of operations and comprehensive loss or consolidated statements of cash flows.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including any entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Qualitative and Quantitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include:

Interest Rate Risk

As of December 31, 2019, we had unrestricted cash and cash equivalents of \$85.6 million, consisting primarily of money market funds, which carry a degree of interest rate risk. Fluctuations in interest rates have not been significant to date. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. Fluctuations in interest rates have not been significant to date.

Interest rates under our loan and security agreement with Western Alliance Bank are tied to the prime rate and therefore carry interest rate risk. As of December 31, 2019, we had borrowed \$20.0 million under our loan and security agreement, with \$17.6 million principal outstanding as of such date, at an interest rate of 7.00%. Fluctuations in interest rates have not been significant to date.

A hypothetical 100 basis point change in interest rates would not have a material impact on our financial condition or results of operations for the periods presented.

Inflation Risk

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires our management to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the

reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

We generate revenue from the sale of secondhand women's and kids' apparel, shoes and accessories on behalf of sellers. We retain a percentage of the proceeds received as payment for our consignment service. We report consignment revenue on a net basis as an agent and not the gross amount collected from the buyer. We recognize consignment revenue upon purchase of the seller's secondhand item by the buyer.

We also generate revenue from the sale of our purchased inventory which we refer to as product revenue. We sell our purchased inventory through our retail stores, our third-party retail partners and our online marketplace. We recognize product revenue on a gross basis. Online sales and sales to our retail partners are recognized upon shipment of the purchased secondhand items to the buyer. Sales at retail stores are recognized upon checkout and sales of accepted items from goody boxes are recognized upon acceptance, which generally occurs at the same time as payment.

Both consignment and product revenue are recognized net of discounts, incentives and returns. Sales tax assessed by governmental authorities is excluded from revenue.

Stock-Based Compensation

We estimate the fair value of stock options granted to employees, non-employees and directors using the Black-Scholes option-pricing model. The fair value of stock options that is expected to vest is recognized as compensation expense on a straight-line basis over the requisite service period.

The Black-Scholes model considers several variables and assumptions in estimating the fair value of stock-based awards. These variables include per share fair value of the underlying common stock, expected term, risk-free interest rate, expected annual dividend yield and expected stock price volatility over the expected term. For all stock options granted to date, we calculated the expected term using the simplified method. We determine volatility using the historical volatility of the stock price of similar publicly traded peer companies. The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the equity-settled award.

The fair value of the shares of common stock underlying the stock options has historically been determined by our board of directors as there was no public market for the common stock. The board of directors determines the fair value of our common stock by considering a number of objective and subjective factors, including: the valuation of comparable companies, sales of preferred stock to unrelated third parties, our operating and financial performance, the lack of liquidity of common stock and general and industry specific economic outlook, among other factors.

Recent Accounting Pronouncements

For information on recently issued accounting pronouncements, see Note 2 to our consolidated financial statements titled "Significant Accounting Policies."

JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can 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 until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. Accordingly, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

BUSINESS

Our Mission

Our mission is to inspire a new generation of consumers to think secondhand first.

That means...

- Enabling a generation of new buyers to effortlessly find high-quality secondhand items from brands they love at incredible prices, while delivering the joy, selection and engagement of online shopping;
- Enabling a generation of new sellers to participate in the resale economy by helping sellers conveniently clean out their closets and earn a payout or a charitable donation receipt for the items they no longer wear; and
- Enabling brands and retailers to deliver modern resale experiences that help their consumers shop in more environmentally sustainable ways.

We are a mission-driven company. Our core business creates a positive impact to the benefit of our buyers, sellers, partners, employees, investors and the environment. Our management team – with an average tenure of nearly seven years – lives our mission every day while maintaining a focus on our long-term vision. This commitment and the transformation of resale are central to our continuing success.

Overview

thredUP is one of the world's largest resale platforms for women's and kids' apparel, shoes and accessories. Our custom-built operating platform is powering the rapidly emerging resale economy, the fastest growing sector in retail. As of June 30, 2020, we had 1.24 million Active Buyers and 470,000 Active Sellers. thredUP's platform consists of distributed processing infrastructure, proprietary software and systems and data science expertise. Since our founding in 2009, we have processed over 100 million unique secondhand items from 35,000 brands across 100 categories, saving our buyers an estimated \$2.8 billion off estimated retail value. We estimate that we have positively impacted the environment by saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water simply by empowering consumers to buy and sell secondhand. The traditional fashion industry is one of the most environmentally damaging sectors in the global economy and we believe our scalable resale business model is a powerful solution to the fashion industry's wastefulness.

thredUP's proprietary operating platform is the foundation for our managed marketplace, where we have bridged online and offline technology to make the buying and selling of tens of millions of unique items easy and fun. The marketplace we have built enables buyers to browse and purchase resale items for women's and kids' apparel, shoes and accessories across a wide range of price points. Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail value. Sellers love thredUP because we make it easy to clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the planet. Sellers order a Clean Out Kit, fill it and return it to us using our prepaid label. We take it from there and do the work to make those items available for resale. In 2018, based on our success with consumers directly, we extended our platform to enable brands and retailers to participate in the resale economy. A number of the world's leading brands and retailers are already taking advantage of our RaaS offering. We believe RaaS will accelerate the growth of this emerging category and form the backbone of the modern resale experience.

We have built a differentiated and defensible operating platform to enable resale at scale, combining:

- **Distributed Processing Infrastructure.** Our infrastructure is purpose-built for "single SKU" logistics, meaning that every item processed is unique, came from or belongs to an individual seller and is individually tracked using its own SKU. We believe our logistics and infrastructure have never been executed at our scale in the online resale market. We operate distribution

centers that can collectively hold 4.7 million items in four strategic locations across the country. Our operations are highly scalable, and we have the ability to process more than 100,000 unique SKUs per day across our existing distribution footprint. We drive continuous operational efficiency through proprietary technology and ongoing automation of our infrastructure.

- **Proprietary Software and Systems.** Our facilities run on a suite of our custom-built applications designed for “single SKU” operations. Our engineering team has implemented large-scale, innovative and patented automation for put-away, storage, picking and packing at scale. This automation results in reduced labor and fixed costs while increasing storage density and throughput capacity. Our proprietary software, systems and processes enable efficient quality assurance, item-attribution, sizing and photography. As we continue to scale this modern resale experience, our continuous improvement cycle drives increased throughput and we expect average order contribution margins to improve over time.
- **Data Science Expertise.** There are no barcodes on clothing, so we invented a real-time database to identify, categorize and value each secondhand clothing item that we receive. We continue to expand our proprietary data set that spans over 100 million unique secondhand items processed across 35,000 brands and 100 categories. We harness this robust, structured data set across our business to optimize economic decisions, such as pricing, seller payouts, item acceptance, merchandising and sell-through. We also leverage data to power efficient customer acquisition and lifetime engagement, and to provide a personalized shopping experience.

Our managed marketplace unlocks valuable clothing supply from sellers and increases demand for high-quality online resale items. We take items that previously had minimal value and were sitting idle in closets, and we create value for sellers in an environmentally-friendly manner by enabling longer useful lives for their secondhand items. Because of the value and convenience sellers get with thredUP, we attract high-quality supply without directly spending money to acquire sellers. Sellers choose our managed marketplace to conveniently clean out their closets and earn a payout that can be received in the form of cash, thredUP online credits, select RaaS partner credits or a charitable donation receipt. Sellers send their secondhand items to our distribution centers, and we then process items using our proprietary operating platform. We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service. We offer great brands at great prices in an ever-changing assortment, creating a fun shopping experience for our buyers. Since our items are secondhand and more affordably priced, our buyers can feel good when they shop.

In 2018, we expanded our platform to drive sustainability for the broader apparel ecosystem. Our partners look to our RaaS offering to meet a variety of objectives that require specific resale expertise and infrastructure, most of which they cannot do themselves. Utilizing our operations, software and data, we have tailored our offerings for RaaS partners to provide a real-time feed of items on our marketplace to their websites, power their closet clean out services, add our assortment to their physical stores or promote customer loyalty through partner credits from Clean Out Kits. We have also helped our partners sell their worn, returned inventory through our marketplace. As of June 30, 2020, we worked with 19 RaaS partners, and we are rapidly growing our RaaS offering as more brands and retailers recognize the importance of resale in the minds of their customers.

We generate revenue from items that are sold to buyers on our website and mobile app and through our RaaS partners and our retail stores. We operate with consignment sales and direct product sales. In 2019, we shifted to primarily consignment sales. With consignment sales, we recognize revenue net of seller payouts, and cost of revenue includes outbound shipping, outbound labor and packaging costs. With direct product sales, we recognize revenue on a gross basis, and cost of revenue includes inventory cost, inbound shipping and inventory write-downs, as well as outbound shipping, outbound labor and

packaging costs. With both direct and product sales, we optimize for gross profit dollar growth, which was 43% in 2018 and 44% in 2019.

Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers then take an average of more than 60 days to use their funds, which results in a working capital dynamic that is favorable for our business. We have methodically scaled operating capacity and revenue, while increasing gross profit and improving our operating performance.

- As of June 30, 2020, we had 1.24 million Active Buyers, up 71% over June 30, 2019, and 470,000 Active Sellers, up 31% over June 30, 2019.
- As of June 30, 2020, our distribution centers could hold 4.7 million items.
- Our revenue was \$163.8 million in 2019, up 26% over 2018. Our consignment revenue was \$97.8 million in 2019, up 148% over 2018.
- Our gross profit was \$112.5 million in 2019, up 44% over 2018. Our overall gross margin was 69% in 2019 and 60% in 2018. Our consignment gross margin was 77% in 2019, up from 75% in 2018.
- Our net loss was \$37.5 million in 2019 and \$34.2 million in 2018.
- In 2019, our Adjusted EBITDA was \$(24.8) million with an Adjusted EBITDA margin of (15)%. In 2018, our Adjusted EBITDA was \$(27.2) million with an Adjusted EBITDA margin of (21)%.

Our Market Opportunity

We believe that we are in the early stages of capitalizing on a large and growing market opportunity in secondhand clothing. Our market benefits from, and we are helping to drive, powerful consumer trends in our favor. Our addressable opportunity is represented by the following demand and supply-side market sizing:

U.S. Demand-Side Secondhand Total Addressable Market

According to the GlobalData Market Survey, the demand-side market for all U.S. secondhand clothing, footwear and accessories was estimated to be \$28 billion in 2019. This market is expected to grow to \$64 billion by 2024, representing a compound annual growth rate of 18%. This projected expansion in the secondhand market implies that the segment could become 17% of total retail clothing, footwear and accessories spend by 2024, up from 7% in 2019.

The secondhand market consists of resale and thrift apparel, footwear and accessories. The primary difference between resale and thrift is that resale items are selectively sorted, processed and curated for sale by sellers. Resale represents the fastest growing segment in the total retail clothing market and is our core addressable market today. According to the GlobalData Market Survey, the resale market is expected to grow from \$7 billion in 2019 to \$36 billion by 2024, representing a compound annual growth rate of 39%. We believe resale is driving a significant expansion of the secondhand market because it unlocks dormant, high-quality supply, and provides a buying experience for consumers that is similar to shopping new.

In addition, more of the secondhand market is expected to move online. According to the GlobalData Market Survey, only 25% of the total secondhand market was sold through online channels in 2019. This percentage is expected to reach 44% by 2024 as buyers continue to shift secondhand buying to online channels and declining foot traffic impacts the ability to reach consumers through physical stores.

U.S. Supply-Side Secondhand Total Addressable Market

We believe there is a massive opportunity to unlock secondhand supply and increase the lifecycle of existing apparel that sits unworn in closets. The Environmental Protection Agency estimates that 17.8 billion pounds of clothing and footwear were landfilled in the United States in 2017, which is the equivalent of nearly 55 pounds per person when applied to the 325 million people in the U.S. population in 2017. According to the Secondary Materials and Recycled Textiles Association, nearly 95% of used apparel and textiles can be recycled and reused. Based on these figures, we estimate that 16.9 billion pounds of the apparel thrown away in the United States could be recycled and reused, which we estimate is enough supply to fill approximately one billion thredUP Clean Out bags every year. In 2019, we processed just over one million bags through our platform, which represents less than 0.1% of this potential supply we could unlock from closets in the United States.

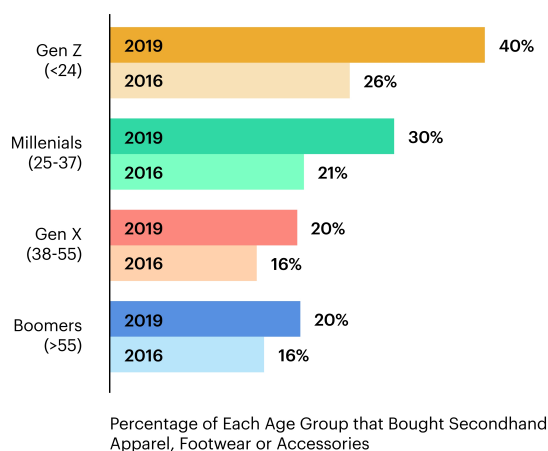
We believe we are in the early stages of unlocking this valuable supply opportunity from closets across the United States. According to the GlobalData April 2020 Consumer Survey, only 18% of consumers have resold clothing, and 81% of consumers that have not resold clothing have said they are open to doing so. By doing so, we believe that sellers will be able to successfully make room in their closets, utilize resale as part of a solution to fashion waste, and generate income to refresh their closets.

Consumer Trends

This secondhand market opportunity is underpinned by the convergence of the following consumer trends:

- Generational Shift.** More Millennial and Generation Z consumers are driving the shift to secondhand each year. As these consumers mature, generate more disposable income and become a larger portion of consumer wallet share, we expect that secondhand will benefit. According to the GlobalData January 2020 Consumer Survey, Millennial and Generation Z consumers are adopting secondhand faster than any other age group. In addition, they are shopping secondhand at higher rates each year. 40% of Generation Z and 30% of Millennials purchased secondhand in 2019, which is 14 percentage points and 9 percentage points more, respectively, than in 2016.

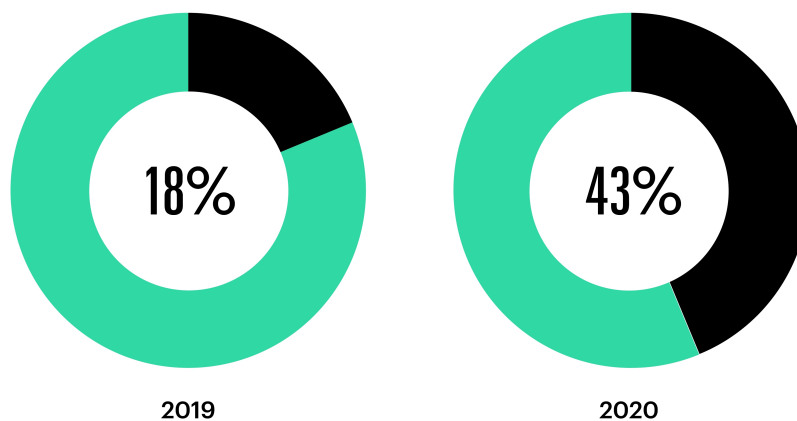
Young Shoppers are Adopting Secondhand Fashion Faster than Any Other Age Group



Source: GlobalData January 2020 Consumer Survey

- **Sustainability Matters.** Conscious consumerism is on the rise. Whether it is the cars we buy, the water we drink, the makeup we wear or the food we eat, consumers increasingly care about the impact their choices are making on the environment. In the same way that consumers formed habits around recycling to help the environment, we believe that thredUP will help drive a habit shift among consumers to think secondhand first. According to the GlobalData April 2020 and January 2019 Consumer Surveys, 43% of consumers in 2020 said they plan to spend more with sustainable brands within the next five years, a 2.4 times increase from 2019.

Nearly 2.4x More Consumers Plan to Shift Their Spend to Sustainable Brands



Percentage of Consumers Who Say They Will Spend More on Sustainable Brands Within the Next 5 Years

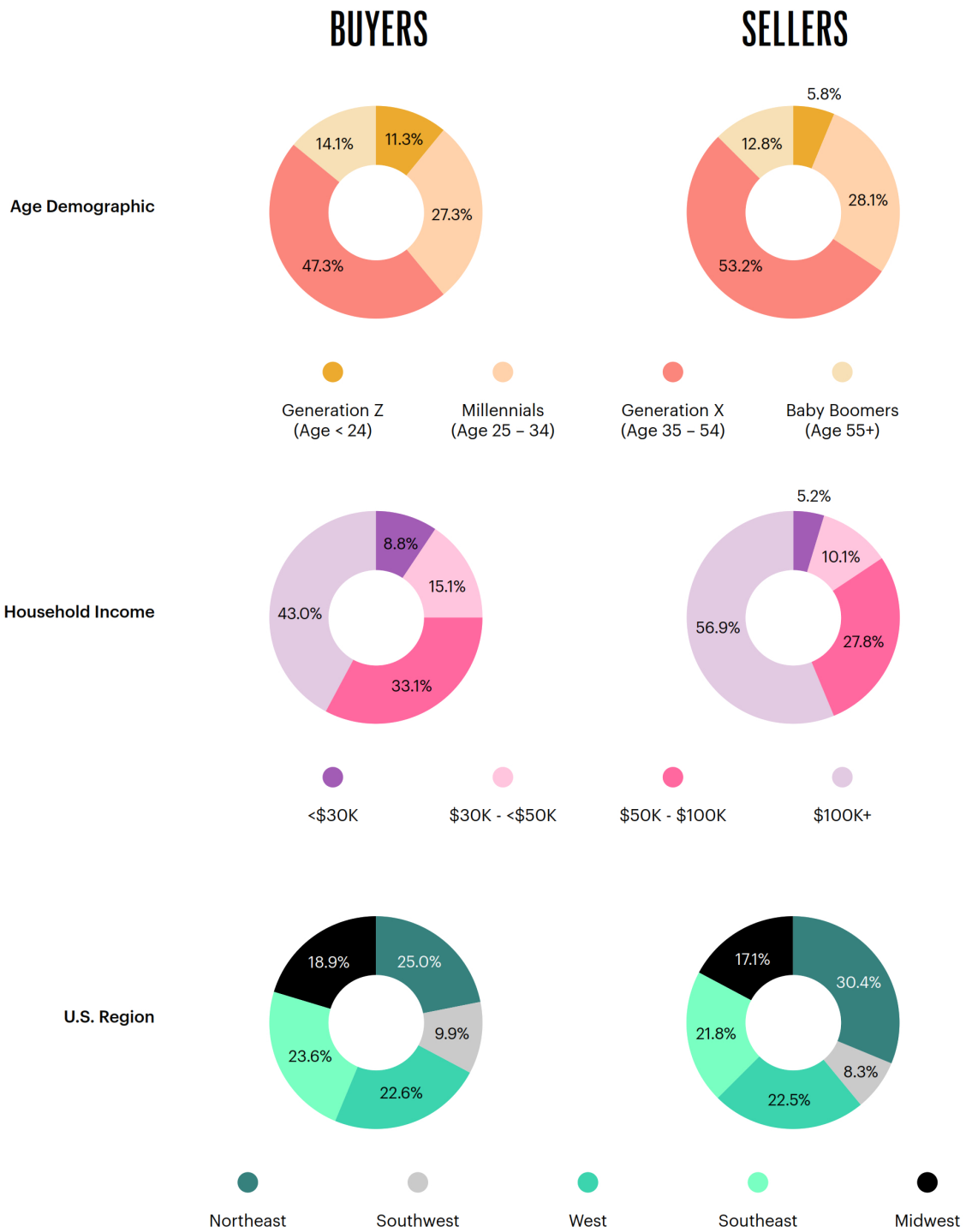
Source: GlobalData April 2020 and January 2019 Consumer Surveys

- **Secondhand Becomes Mainstream.** More consumers are shopping secondhand than ever before. Secondhand is gaining share of wallet at the expense of fast fashion brands, department stores and luxury brands. According to the GlobalData January 2020 Consumer Survey, 62 million women bought secondhand products in 2019, up from 56 million in 2018. In addition, 70% of those surveyed said that they have or are open to shopping secondhand, while 82% said they already buy secondhand or are more open to shopping secondhand when finances are tighter in their households. Notably, nearly 2 out of 3 consumers do not think there is a stigma to wearing secondhand clothing as the category gains mainstream status.

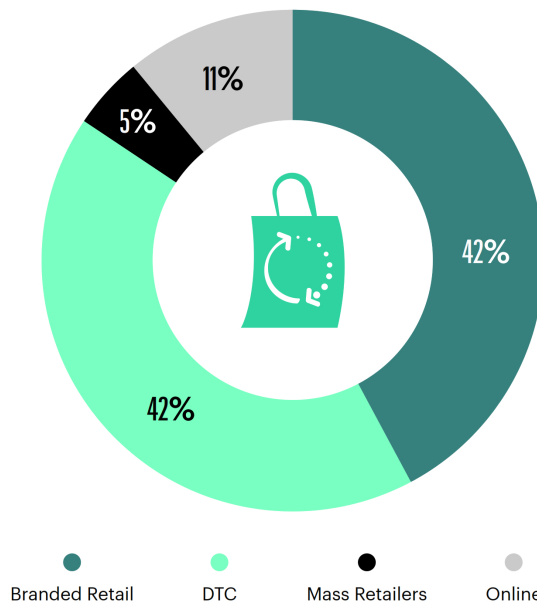
Our Buyers, Sellers and Resale-as-a-Service (RaaS) Partners

As of June 30, 2020, we had 1.24 million Active Buyers and 470,000 Active Sellers on our platform. In the twelve months ended June 30, 2020, our buyers placed 3.85 million Orders. We serve a broad and diverse group of buyers and sellers across age, household income distribution and U.S. geography. Based on our 2020 Brand Health survey, 39% of our buyers and 34% of our sellers are Millennial and Generation Z consumers, who are key constituents in leading the shift towards resale and conscious consumption. Our buyers are geographically diverse, while also distributed across household income, with the majority having an income over \$50,000. Additionally, as of June 30, 2020, we worked with 19 RaaS partners, including GAP, Madewell, Reformation and Walmart.

Buyer and Seller Demographics



Resale-as-a-Service (RaaS) Partners by Category



Benefits for thredUP Buyers. When our 1.24 million Active Buyers shop on thredUP they are making a stylish choice for themselves and a smart choice for their wallets and for the environment.

- **Value.** Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail value. Since our founding, we estimate that we have saved our buyers \$2.8 billion off retail value.
- **Selection.** Our assortment is unique and ever-changing, with an average of over _____ new secondhand items listed each week in the twelve months ended _____, 2020. We have an incredible breadth of assortment with over 35,000 brands across 100 categories and across price points.
- **Engagement.** We have created an online resale shopping experience that is fun and convenient, designed to reduce the stigma of secondhand shopping. In the past, shopping secondhand often meant sifting through piles of random clothing at thrift stores. Through our website and apps, our buyers can shop whenever, wherever they want. We create ongoing engagement because of our ever-changing assortment, unique SKUs and the thrill of “treasure hunting” on our marketplace. In the twelve months ended June 30, 2020, on average, our Active Buyers visited our website six times per month.
- **Personalization.** We use our data science capabilities to enable our buyers to navigate the breadth of items available, providing a more personalized shopping experience. We also are able to customize our assortment based on the time of year and the location of our buyers, including allowing buyers to shop only from their closest distribution center for faster delivery, lower prices and decreased environmental impact.
- **Quality.** Each item in our marketplace has undergone a rigorous 12-point quality inspection. Our buyers rely on us to provide a curated, high-quality resale experience that is like shopping new. On average, we only list about half of the items that we receive from sellers on our marketplace

after curation and processing. As evidence of the high quality of items on our marketplace, in the twelve months ended June 30, 2020, we had a return rate of 13% of items sold and returns due to quality accounted for only 2% of items sold.

- **Sustainable.** Buyers feel good about buying secondhand because they are reducing waste. Since our founding, based in part on information provided by Green Story, we estimate our buyers have positively impacted the environment by saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water by shopping secondhand.

Benefits for thredUP Sellers. We enable our 470,000 Active Sellers to conveniently clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the environment at the same time.

- **Convenient Clean Out.** According to the GlobalData January 2020 consumer survey, 60% of an average consumer's closet is not worn regularly. Most people do not enjoy cleaning out their closet. But we make it easy for sellers to clean out their closets using our prepaid bag, prepaid label and pick-up service. Sellers fill the bag and leave it on their doorsteps for mail carrier pick up. Sellers can also drop bags off at a retail location of one of our RaaS partners, at the post office or at a location of one of our logistics partners.
- **No Active Management.** For sellers that want to unlock value, our managed marketplace model does the work for the seller in a convenient and easy way. We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service.
- **Unlocking Value.** There are multiple ways to unlock value on thredUP. We offer sellers cash, thredUP online credits, select RaaS partner credits or charitable donation receipts for items that sell on our marketplace.
- **Magic of Cleaning Out.** Like a sparkling clean house or a sparkling clean car, an organized closet full of clothes you love just feels good.
- **Sustainability.** According to the Environmental Protection Agency, 8.9 million tons of clothing and footwear went to landfill in 2017. Sellers feel good when they choose to be sustainable with thredUP. Not only do sellers find the process convenient, but they like knowing that their clothing is being reused.

Benefits for Resale-as-a-Service (RaaS) Partners. We work with brands and retailers through our RaaS offering to power resale experiences that are tailored to their needs. According to the GlobalData Fashion Retailer Survey, 72% of retail executives surveyed said they are interested in testing resale within the next 10 years as they look to increase foot traffic to their stores, drive sustainability for the apparel ecosystem, reach a younger consumer and build brand loyalty with their consumers.

By partnering with us, RaaS partners are able to:

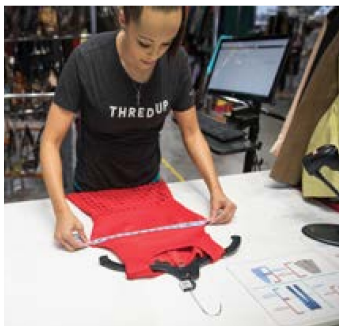
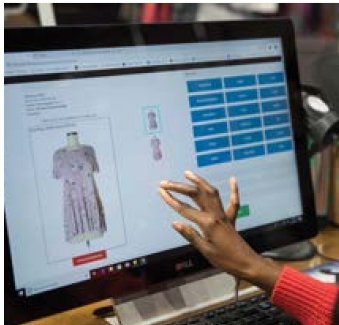
- **Leverage our Resale Operating Platform.** We enable brands and retailers to plug into our operating platform and unlock the resale value in the closets of their customers. Traditional retail and e-commerce models are not set up to intake, process, price and sell millions of unique resale items at scale in a predominantly online marketplace.
- **Drive Incremental Revenue.** We have developed multiple initiatives to drive incremental revenue for our partners. For some RaaS partners, we power clean out services that enable them to sell worn, returned inventory through our marketplace. We also provide their consumers with the ability to shop and access resale, either through our marketplace or by providing a feed of our items on our partners' website.

- **Access New Consumers.** We enable brands and retailers that partner with us to build brand awareness with an important consumer demographic and increase wallet share by expanding their retail proposition into the high growth resale segment. This access is increasingly important as resale becomes mainstream for shoppers of all price points, from value to premium to luxury brands.

The thredUP Operating Platform

Our operating platform is built to best serve our buyers, sellers, and RaaS partners. To address the complexities of resale, we have built a platform consisting of distributed processing infrastructure, proprietary software and systems and data science expertise.

Distributed Processing Infrastructure. We operate large-scale distribution centers across four strategic locations in Arizona, Georgia, Illinois and Pennsylvania. We efficiently process tens of millions of items each year in more than 500,000 square feet of infrastructure as we utilize the full cubic height of our buildings. Our patented conveyor and item on-hanger systems are built three stories high to optimize for space efficiency. Among our network of facilities, we believe we operate the three largest item on-hanger systems in the country.



Other differentiating features of our processing infrastructure include:

- **Proven Scalability.** Our infrastructure is highly scalable. Our distribution centers can currently hold 4.7 million items and we expect this to increase to 6.5 million items by the end of 2021. We currently have the ability to process more than 100,000 unique SKUs per day, and we expect our daily processing capacity to increase over time. Since our founding, we have processed over 100 million unique secondhand items, and we are rapidly expanding our capacity to serve our buyers, sellers and RaaS partners.
- **Technology-Driven Processing, Storage and Fulfillment.** We drive operational efficiency through proprietary technology and automation of our infrastructure. Key processes that involve technology and automation include visual recognition of items, supply acceptance and itemization, pricing and merchandising, photography, and storage and fulfillment. We optimize for storage by balancing speed and efficiency of fulfillment, while also minimizing waste and maximizing storage capacity through our supply chain. We have streamlined the buyer fulfillment process and developed systems that enable us to quickly fulfill orders.
- **Strategic Distribution.** Our distribution centers are located in Arizona, Georgia, Illinois and Pennsylvania. By locating our facilities in strategic locations across the country we can be closer to our buyers and sellers, which allows us to reduce shipping times in transit, and lower our inbound and outbound shipping costs. We have also been able to maintain uptime throughout the year, such as during snowstorms, hurricanes, fires and power outages. We personalize our assortment for buyers based on their season and location by matching items they view on our website to items that are in the distribution center closest to them. We rank Clean Out Kits that we receive from repeat sellers using a supplier score matrix, which enables us to strategically direct Clean Out Kits to optimize for a facility's assortment, based on localized supply and demand. We also do the same for buyers' returns.

Proprietary Software and Systems. Our facilities run on a large suite of custom-built applications designed for "single SKU" operations. We have invested significantly in developing proprietary software and processes to deliver a modern resale experience. Our industrial and software engineering teams have implemented large-scale, innovative and patented automation. We aim to increase automation in our distribution centers in order to continue to reduce our operating expenses, and drive a more attractive financial model as we scale.

Key automated processes include:

- **Intelligent Item Acceptance and Listing.** We use multi-layered algorithms to predict demand and pricing for an item, along with the optimal payout rate to the seller. As such, after our quality review, we make our decision of accepting or rejecting an item based on a framework that balances sell-through, unit economics and the seller's payout rate.
- **Visual Recognition.** We utilize machine learning and artificial intelligence to power visual recognition of items we receive from sellers to automate inspection and item attributing.
- **Photo Selection.** We have developed software that automatically selects the optimum photo to drive buyer engagement, balanced against the cost of photography, which is one of the largest expenses when prepping an item for sale online. This specialized photo selection capability enables us to produce hundreds of thousands of high-quality photos a day without a professional photographer. We can automatically sharpen, color correct and enhance photos as needed, before uploading to our marketplace in a continuous flow, 24 hours a day, 7 days a week.
- **Location-Based Assortment.** We match buyers to the closest distribution center and personalize the assortment that they see on our marketplace to items that are physically closest to them. Our geographical personalization enables buyers to find items that are lower priced (the closer the item, the lower the price) and more likely to arrive quickly.

Data Science Expertise. Over the last 10 years, we have built a deep competitive moat through our proprietary data set that spans over 100 million unique items processed across 35,000 brands and 100 categories. We use data to build a compelling assortment of secondhand items and optimize economic decisions across our platform, including item acceptance, pricing and seller payouts, merchandising and markdown decisions. We also leverage data to power buyer acquisition and to provide a personalized shopping experience for buyers.

Key ways in which we utilize data include:

- **Supply Quality Management.** We aim to increase the yield from items processed to items listed from each Clean Out Kit by encouraging repeat sellers that have high-quality secondhand items to continue consigning and engaging with thredUP. Given that the majority of our supply comes from repeat sellers, we track transactional and behavioral data that enables us to prioritize sellers with high-quality secondhand items and de-prioritize items that are not as suitable for our marketplace, based on their historical track record. We do this by attributing a quantitative supplier score to each Clean Out Kit that we receive. We expect this process to become more efficient as we scale and collate more seller data.
- **Item Pricing.** Our software algorithms ingest millions of data points each day to determine how we price items. We set pricing at the item level because each item is unique. Our approach is layered, leveraging machine vision as well as dozens of attributes such as brand, category, style, color and materials. We combine these data points with information about similar items, aggregate marketplace supply and demand data and human-driven pricing research. Based on each item, these layers of algorithms are combined in different ways to set our reference prices and listing price and to accelerate sell-through with intelligent, targeted discounting. Depending on the time of year, the mix of items currently available, or the opportunity cost of storage and incoming supply in our facilities, we adjust prices to deliver maximum value to our business while offering exceptional value for the buyer. Lower priced items tend to have higher expected turn rates, while higher priced items tend to have slower turn rates.
- **Seller Payouts.** Once we have identified the target selling price for an item to maximize its sell-through and contribution margin, we then set the payout rate for sellers. Similar to our pricing algorithms, we refine our seller payouts on a regular basis to be competitive relative to the market for resale. For example, if we know that an item has strong potential demand with buyers, we are able to calibrate our payout to incentivize sellers to choose thredUP over other managed platforms.
- **Personalization.** We use data to help buyers better navigate millions of unique items and tens of thousands of new items posted daily so that they are able to have a more personalized shopping experience. We use a combination of inferences based on their behavior, on top of explicit choices that they make when shopping, to refine our insights on what buyers are seeking. We help buyers save items, sign-up for alerts on new items and hear about price drops on products they are in the market to buy. These inputs are then cycled back into our data-driven consumer models to personalize the shopping experience for buyers.
- **Marketing Automation.** We have built proprietary in-house software, managed by our marketing automation team, to deliver compelling, scalable buyer acquisition results. In practice, that means our data pipelines have been built to help our teams identify which advertising activities are performing, and to calibrate our marketing spend across channels and campaigns to drive return on investment. We have also built acquisition models that predict the value of a potential buyer based on their first-session browsing data. We ingest and calibrate multiple data points including the advertising unit viewed by the potential buyer, sign-on method, search or filter keywords and add-to-cart behavior, amongst others, to predict the quality of this potential buyer and the expected lifetime value and payback on marketing over time.

Our Strengths

We believe the following strengths contribute to our success:

- **Powerful, Extensible Operating Platform.** We are driving modern resale by solving the challenge of unlocking supply in closets at scale and creating a valuable, compelling offering for buyers. We have invested significant resources in building a differentiated and defensible operating platform consisting of distributed processing infrastructure, proprietary software and systems and data science expertise. We designed our platform with the goal of making buying and selling secondhand convenient for consumers, and extended it to support brand and retail experiences via our RaaS offering. As a result of our investments in our platform, we expect that buyers, sellers, brands, retailers and other partners will continue to seek out thredUP as their resale partner, providing us with the opportunity to extend our platform further.
- **Data Driven Model.** Our business model allows us to capture and utilize large volumes of data from touch points throughout the resale process, including transactional and pricing data across more than 35,000 brands and 100 categories, along with behavioral data from our buyers and sellers. We believe that our data gives us unparalleled insight into the entire resale economy. Our team of data scientists and engineers utilize this data to enhance our operating platform, from optimizing economic decisions and operational efficiencies, to powering customer acquisition, and providing a better product experience for buyers and sellers.
- **Managed Marketplace.** We provide end-to-end resale services for sellers using our platform, including managing item selection and pricing, merchandising, fulfillment, payments and customer service. As a result, we can offer a broad selection of secondhand items across more than 35,000 brands and 100 categories. Our buyers and sellers trust thredUP to deliver value, selection and quality. We believe that operating primarily on consignment also gives us the ability to drive stronger future margins than traditional inventory-taking business models because we incur minimal inventory risk and benefit from favorable working capital dynamics. Our buyers pay us upfront when they purchase an item. For items held on consignment, after the end of the 14-day return window for buyers, we credit our sellers' accounts with their seller payout. Our sellers then take an average of more than 60 days to use their funds.
- **Strong Network Effects.** The growth of buyers and sellers on our marketplace generates strong network effects. More assortment on our marketplace increases the choices available to buyers, and more buyers on our marketplace increases potential sales for our sellers through a self-reinforcing, mutually beneficial network effect. Our network effects grow as we scale due to our ability to harness a larger trove of proprietary pricing, transactional and behavioral data to optimize our marketplace. In addition, converting buyers into sellers and vice versa amplifies the flywheel that drives user acquisition, engagement and retention in our marketplace.
- **Founder-Led Management Team.** We are led by our co-founders James Reinhart and Chris Homer. The average tenure of the thredUP management team is seven years. Our management team's clear sense of mission, commitment to our values and long-term focus on transforming resale through technology are central to our success. Members of our team have created and grown leading technology, retail and consumer businesses, and they retain a strong entrepreneurial spirit.

Our Growth Strategy

The key elements of our growth strategy include:

- **Expand Our Operating Platform.** We will continue to invest in our operating platform to drive innovation and growth in resale. This investment includes expanding and optimizing our distributed processing infrastructure and automation capabilities, including through more automated distribution centers, so we can serve more buyers, sellers and RaaS partners over

time. We also plan to grow by improving our proprietary software and systems and data science capabilities in order to better attract and serve our customers. We expect to drive operating leverage and higher margins as we grow and scale our business.

- **Increase Selection of High-Quality Items.** The availability of high-quality secondhand items on our marketplace drives buyer demand and conversion, increasing buyer share of wallet for secondhand apparel. Having a vast selection of high-quality secondhand items is core to the growth of our business, and we plan to continue to attract additional sellers and engage with our RaaS partners to bring an ongoing, high-quality assortment to our marketplace. To expand our base of secondhand items for resale, as well as our base of sellers, we must appeal to and engage individuals new to selling secondhand items or who have sold secondhand items through traditional brick-and-mortar shops but are unfamiliar with our business. We find new sellers by converting buyers using our marketplace, retail locations, our RaaS partnership programs, referral programs, organic word-of-mouth and other methods of discovery, such as mentions in the press.
- **Increase Lifetime Value of Existing Buyers and Attract New Buyers.**
 - *Increasing the lifetime value of existing buyers.* We intend to increase the lifetime value of our buyers by driving order frequency. For buyers, we drive repeat purchases by enhancing our assortment and leveraging our data insights to improve personalization and increase conversion. We also increase lifetime value by encouraging purchases across multiple categories.
 - *Attracting new buyers.* We are focused on growing our buyer base. As of June 30, 2020, we had 1.24 million Active Buyers, which represents less than 1% penetration of the U.S. total population. We believe we are significantly under-penetrated given our buyers span broad income, age ranges and U.S. geographies, leaving significant opportunity for us to grow. According to the GlobalData January 2020 Consumer Survey, 62 million women bought secondhand products in 2019, up from 56 million in 2018. In addition, 70% of those surveyed said that they have or are open to shopping secondhand, while 82% said they are more open to shopping secondhand when finances are tighter in their households. Through our targeted, data-driven marketing efforts we aim to generate meaningful returns on our buyer acquisition investments.
- **Expand our Resale-as-a-Service (RaaS) Offering.** We plan to invest in and extend our RaaS offering to power resale for more brands and retailers. More brand and retail partners on our platform drives more supply for our marketplace and creates brand awareness with buyers for thredUP and our partners.
- **Increase Brand Awareness.** We have an opportunity to increase our brand awareness, as our unaided brand awareness was 16.4% as of June 30, 2020. We believe that with continued investment in brand marketing, data-led insights and effective consumer targeting, we can expand and strengthen our reach. We also rely on word of mouth to amplify brand awareness and intend to continue to focus on seller and buyer satisfaction.
- **Expand into New Categories and Offerings.** We aim to enhance our product offering for buyers and unlock more supply for sellers by expanding into new categories and offerings that can leverage our conveyor and item on-hanger systems. Our ability to expand into adjacent categories within the secondhand market will enable us to increase our penetration of a large and robust addressable market. We also anticipate being able to leverage our marketplace scale and brand credibility to amplify and promote independent apparel brands with sustainable consumer propositions.
- **Expand Internationally.** Our operating platform and data science expertise have enabled us to expand our offering into RaaS and new apparel categories successfully. We may choose to

expand into new geographies and invest strategically in international operations and marketing in the future.

The thredUP Product Experience

For Sellers. We help sellers conveniently clean out their closets in a sustainable way.

It's easy to clean out with thredUP:

- (1) Order one of our free, prepaid Clean Out Kits. We offer two convenient Clean Out Kit options – we can mail sellers a traditional Clean Out bag and prepaid label set or sellers can instantly print a prepaid label at home to use their own box or bag.
- (2) Simply fill up the bag – it holds a laundry basket worth of clothing – and sellers leave it on their doorsteps for mail carrier pick up. Sellers can also drop it off at a retail location for one of our RaaS partners, at the post office or at a location of one of our logistics partners.
- (3) Once the Clean Out Kit is received at one of our distribution centers, our team, aided by our powerful operating platform, does the work. We process each bag by inspecting items based on a rigorous 12-point quality inspection. We photograph the items that we accept, automate product descriptions, categorize the items so they can be discovered by buyers, price the items and list them for sale on our marketplace. We work with our partners to recycle or reuse the vast majority of unaccepted items or return them to the seller, based on what the seller chooses.
- (4) Earn a payout that can be received in the form of cash, thredUP online credits, select RaaS partner credits or a charitable donation receipt.

thredUP Seller Experience

01

Order Clean Out Kit



02

Fill the Bag



03

Send to thredUP



04

Earn a Payout

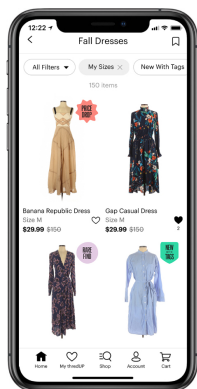


For Buyers. Our buyers engage with us across our website and mobile apps for both iOS and Android devices. Our marketplace includes a user-friendly home page, browse function, product detail, wish list of favorites, saved searches and account management. Due to the overlap in our buyers and sellers, we have integrated both our buying and selling product interface into a single, unified experience.

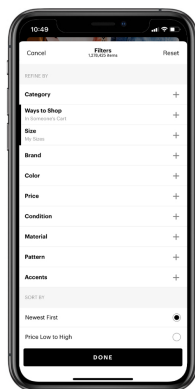
We have a multi-disciplinary search team including data scientists and machine-learning engineers who work to better understand intent, leveraging these insights to identify the type of merchandise that is meaningful to our buyers, and consequently strengthening our proprietary metadata. The browsing function is underpinned by a real-time stock management system, filling search results with higher volume stock to ensure availability. In addition, we are developing visual merchandising tools to train the algorithms used by our merchandising team, so our system becomes more intelligent and our processes become more scalable, trending toward an increasingly personalized experience.

Our buyers are driven by a desire to discover new items from our broad and unique assortment that is frequently refreshed as we bring new supply to our marketplace. We have a “New Arrivals” section on our site that highlights products that have just been added to our marketplace. Our recommendation engine applies strategies ranging from look-alike algorithms on out of stock pages to collaborative filtering options to surface what similar consumers are viewing throughout our catalog.

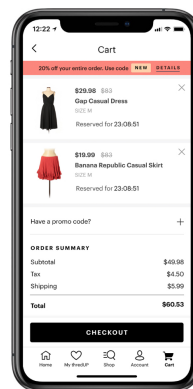
thredUP Buyer Experience



Curated Selection



Custom Filters



Personalized Experience

For Resale-as-a-Service (RaaS) Partners. We offer a robust and varied set of RaaS partnership programs. Our partners include national retailers, premium women’s fashion brands and fashion-focused e-commerce sites, and online marketplaces for the buying and selling of used retail goods. We have multiple partnership structures and we expect the scope and structure of our partnerships will continue to grow, deepen and evolve over time. Our RaaS current partnership offerings include:

- **Clean Out Kit Distribution.** Our Clean Out Kit distribution partners such as Abercrombie & Fitch, Amour Vert, Athleta, Banana Republic and GAP offer our Clean Out Kits to their customers. Customers fill their Clean Out Kits with high-quality used items and ship them to us. We then sell the accepted items received through our marketplace, and the customer (now also a seller) receives a gift card for store credit with our Clean Out Kit distribution partner, which has a higher value than our cash payment option. The customers of our RaaS partners become high-quality sellers and our RaaS partners get increased spend from their customers.
- **Worn Returns.** Some of our RaaS partners, such as Everlane and Reformation, accept the return of worn items that cannot be resold as new. We resell these worn products through our marketplace, one of the few channels for brands to monetize worn products. We are able to acquire high-quality secondhand items and our RaaS partners are able to contribute to the circularity of fashion.
- **Partner Listings.** We partner with eBay, Wish and Walmart to cross-list our inventory of secondhand items on their online platforms. We are able to seamlessly cross-list through our customized software integrations and therefore reach a greater potential base of buyers who already use other platforms.
- **Branded Circularity.** We partner with certain retail brands whose merchandise we often carry in our marketplace, such as Madewell, to host thredUP resale pop-ups of their merchandise in their

physical retail store locations. We are able to spread our brand, promote the purchasing of secondhand items and acquire additional buyers and our partners are able to contribute to the circularity of fashion and promote their own brands.

We leverage our relationships with our RaaS partners to increase brand awareness for thredUP and acquire buyers. Our RaaS partnerships also allow us to acquire high-quality secondhand items from our partners and/or their customers, who become our sellers, and to reach additional buyers.

Our Marketing and Brand Awareness

We drive traffic to our marketplace and acquire new buyers primarily through a mix of paid and organic marketing. Search, social media, influencers, television, direct mail, press coverage, RaaS partnerships, referral programs and organic word of mouth drive traffic to thredUP. thredUP's proprietary marketing automation software synthesizes data pipelines from across our marketplace to help our teams measure advertising performance and identify which paid marketing activities are delivering superior return on investment. We then calibrate our marketing tactics and spend across channels and campaigns to optimize performance. By understanding how buyers respond to our campaigns and investments, we are able to quickly adapt and optimize our marketing programs.

Additionally, we invest in brand marketing campaigns to raise awareness about thredUP, build brand equity and create an emotional connection with consumers. Our brand campaigns drive preference for participating in resale and give buyers and sellers reasons to be proud to buy and sell used clothing. These brand-building efforts include aligning with celebrities and influencers to elevate thrift and publishing data-insights that show our buyers, sellers and RaaS partners they are part of a broader fashion movement. We emphasize the environmental good, as well as the savings, of choosing used. We inspire confidence in our business and our authority as an industry pioneer through thought-leadership programs and campaigns, such as our widely-cited annual Resale Report (now in its eighth year of publication), conducted with GlobalData, as well as our Fashion Footprint Calculator, conducted with Green Story.

Our Employees

As of December 31, 2019, we had 1,537 employees and professional contractors, including 1,272 distribution center employees. All of our employees are located in the United States. 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. We supplement our workforce with contractors and consultants in the United States and internationally, including Ukrainian information technology, or IT, specialists. These Ukrainian IT specialists, who provide services on our behalf, are registered as "private entrepreneurs" with the tax authorities of Ukraine and operate as independent contractors.

Our Competitors

Although we have built a scaled and highly differentiated platform and managed marketplace, we face intense competition. Our competitors include other apparel retailers, particularly retailers at an off-price or fast-fashion price point, vendors of new and secondhand items, including branded goods stores, local, national and global department stores, traditional brick-and-mortar consignment and thrift stores, specialty retailers, direct-to-consumer retailers, discount chains, independent retail stores, the online offerings of these traditional retail competitors, resale players focused on niche or single categories, as well as technology-enabled marketplaces that may offer the same or similar goods and services that we offer. Competitors offering the same or similar goods or services include:

- secondhand marketplaces, such as eBay Inc., Mercari, Inc. and The RealReal, Inc.;
- large online retailers, such as Amazon.com, Inc., Kohl's Corporation and Walmart Inc.; and

- off-price retailers, such as Burlington Stores, Inc., Ross Stores, Inc. and The TJX Companies, Inc.

Additionally, we experience competition for consumer discretionary spending from other product and experiential categories. See the section titled “Risk Factors—The market in which we participate is competitive and rapidly changing, and if we do not compete effectively with established companies as well as new market entrants our business, results of operations and financial condition could be harmed.”

We compete primarily on the basis of buyer and seller experience, product quality and assortment, breadth of brand offering, convenience and price. We believe that we are able to compete effectively because we offer buyers a vast selection of high-quality, secondhand items at compelling prices with a fun and easy to use interface. For sellers, we offer an easy, convenient, reliable and fast way to recycle and monetize or donate their secondhand items.

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 and the functionality and frequent enhancements to our platform are larger contributors to our success in the market.

As of December 31, 2019, we had five issued patents in the United States, four of which expire in 2035 and one of which expires in 2037, and one patent application. These patents 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 to the extent we determine appropriate and cost-effective. As of December 31, 2019, we have a total of 16 registered trademarks in the United States and six registered trademarks in non-U.S. jurisdictions. We also have registered domain names for websites that we use in our business, such as www.thredup.com and other variations.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented or challenged. In addition, if we were to expand internationally, the laws of certain foreign countries may not protect our intellectual property rights to the same extent as laws in the United States. We expect that infringement claims may increase as the number of products and competitors in our market increase. In addition, to the extent that we gain greater visibility and market exposure as a public company, we face a higher risk of being the subject of intellectual property infringement claims from third parties. Any third-party intellectual property claims against us could significantly increase our expenses and could have a significant and negative impact on our business, results of operations and financial condition.

Security, Privacy and Data Protection

Trust is important for our relationship with our sellers and buyers, and we take significant measures to protect the privacy and security of their personal data.

Security

We devote considerable resources to our information security program, which is dedicated to ensuring the highest confidence in our custodianship of the data of our sellers and buyers. Our security program is aligned with applicable standards and regulations, including the Payment Card Industry Data Security Standard and the CCPA, and is regularly audited and assessed by third parties.

The focus of our security program is to prevent unauthorized access to the personal data and other confidential information of sellers and buyers. To this end, our team of security professionals, working in partnership with peers across our company, work to identify and mitigate risks, implement best practices and continue to evaluate ways to improve our information security. These steps include data encryption in transit and at rest, network security, classifying and inventorying data, limiting and authorizing access controls, and multi-factor authentication for access to systems with data. We also employ regular system monitoring, logging and alerting to retain and analyze the security state of our corporate and production infrastructure. In addition, we take appropriate steps to help ensure that appropriate security measures are maintained by the third-party vendors we use, including by conducting security reviews and audits.

Privacy and Data Protection

The privacy of our sellers' and buyers' personal data is important to our continued growth and success. Privacy is a shared responsibility among all our employees, but we also have a dedicated privacy and data governance team that builds and executes on our privacy program, including the management of data protection impact assessments. Our privacy and legal teams work together to conduct product and feature reviews, data inventory and mapping, and support for data protection and privacy-related requests.

We are committed to complying with applicable privacy and data protection laws. We monitor guidance from industry and regulatory bodies, meet with regulators and update our platform and contractual commitments accordingly.

We maintain a privacy policy that describes how we collect, use and share personal information and disclose the choices that buyers and sellers have when accessing and using our platform.

Facilities

Our corporate headquarters is located in Oakland, California, where we currently lease approximately 24,000 square feet pursuant to a lease agreement that expires in September 2024. We also lease additional corporate facilities in Scottsdale, Arizona and Hayward, California.

We lease and operate five distribution centers, one in Arizona, two in Georgia, one in Illinois and one in Pennsylvania, at which we receive and process secondhand items from sellers, ship purchases to buyers and receive and process any returns from buyers. We are currently in the process of migrating our distribution operations at our center in Duluth, Georgia to our new center in Suwanee, Georgia.

We also lease space for two small retail stores in Oakland and Walnut Creek, California.

We believe that our facilities are suitable to meet our current needs. We intend to expand our facilities or add new facilities as we grow, and we believe that suitable additional or alternative space will be available as needed to accommodate any such growth.

Legal Proceedings

We are not a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business.

Government Regulation

We are subject to a variety of U.S. federal and state laws that affect companies conducting business on the Internet and in the retail industry, many of which are still evolving and could be interpreted in ways that could harm our business. These laws and regulations include laws governing the processing of payments, consumer protection, the privacy of consumer information and other laws regarding unfair and deceptive trade practices. These laws and regulations are often complex, sometimes contradict other laws, and are frequently still evolving. Laws and regulations may be interpreted and enforced in different ways in various locations around the world, posing a significant challenge to our global business.

Apparel, shoes and accessories sold by us are also subject to regulation in the United States by governmental agencies, including the Federal Trade Commission and the Consumer Products Safety Commission. These regulations relate principally to product labeling, licensing requirements, flammability testing and product safety. We are also subject to environmental laws, rules and regulations. Similarly, apparel, shoes and accessories sold by us are also subject to import regulations in the United States concerning the use of wildlife products for commercial and non-commercial trade, including the U.S. Fish and Wildlife Service. We do not estimate any significant capital expenditures for environmental control matters either in the current fiscal year or in the near future.

OUR ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) EFFORTS

We are a mission-driven company. As such, our business creates a positive environmental and economic impact, balancing the needs of our buyers, sellers, partners, employees, investors and the environment.

Unfortunately, the traditional fashion industry is one of the most environmentally damaging sectors in the global economy. The industry's "take-make-dispose" linear model often leads to overproduction and underutilization. According to the Ellen MacArthur Foundation, in 2015, greater than 97% of the materials used in apparel production were new, with less than 1% coming from recycled clothing, and 73% of post-consumer apparel was sent to landfill or incinerated. The current supply chain is further characterized by immense energy and water usage, chemicals and excessive waste. The apparel and footwear industries account for 8% of global greenhouse gas emissions, based on a 2018 analysis by Quantis. If industry practices continue unabated, the textile industry overall could consume more than 26% of the world's carbon budget by 2050, according to the Ellen MacArthur Foundation.

We believe our scalable, resale business model is a solution to the fashion industry's wastefulness. Buying a used item of clothing can reduce its carbon footprint by 82%, according to analysis by Green Story, making resale one of the most impactful ways to reduce fashion's overall environmental footprint. Buying an item on our marketplace offsets the need to manufacture a new item, where the majority of fashion's water consumption, energy emissions and chemical usage occur. This supports a circular model for fashion by extending the life cycle of clothing, increasing utilization and diverting clothing from landfills.

We commissioned Green Story to conduct a Life Cycle Analysis to quantify the environmental savings when consumers switch from buying new to buying secondhand from thredUP. Based in part on information from Green Story, we estimate that:

- Each item sold through our marketplace saves, on average, 17.4 pounds of CO₂ emissions, 122.5 Mj of energy and 77.4 gallons of water.
- We have sold approximately 51 million unique items since our founding, saving 888 million pounds of CO₂ emissions, 1.7 billion kWh of energy and 3.9 billion gallons of water. We estimate that these environmental savings are the equivalent of approximately 67,000 flights between New York and Boston, 158,000 US households' annual energy usage and 6,000 Olympic size swimming pools, respectively.
- Furthermore, we work with our aftermarket and textile recycling partners to reuse or recycle the vast majority of items we process that we do not list on our marketplace, further reducing waste and promoting a circular model for fashion.

In addition to our environmental impact, we believe thredUP provides consumers with the opportunity to shop sustainably and creates a positive economic impact in their lives. We enable buyers to find high-quality secondhand items at more affordable prices (up to 90% discount to estimated retail value) and enable sellers to conveniently clean out their closets, unlocking economic value for themselves or for the charity of their choice. The money saved by buyers and earned (or donated) by sellers has a positive impact on the lives of our buyers and sellers and their communities. Since our founding, we estimate that we have saved our buyers \$2.8 billion off estimated retail value, while also enabling them to indulge in and enjoy the "newness" and freshness of fashion and support sustainable practices.

We are raising consumer awareness about the benefits of resale through a four-pillar strategy: recirculate, educate, elevate and influence. Beyond the growth of recirculating items on our core resale marketplace, we have educated consumers on the trends and trajectory of the secondhand market through our widely-cited annual Resale Report that is conducted with research and data from GlobalData, a third-party retail analytics firm. We have elevated the dialogue around resale via collaborations with notable celebrities, artists and designers, and influenced the broader fashion industry by powering resale

for retailers and brands through our RaaS partnerships. These initiatives are growing the resale market and driving large-scale industry change.

We intend to become a member of the Ellen MacArthur Foundation, which supports growth of the circular economy by mobilizing solutions at scale, globally, with a diverse set of stakeholders. We additionally support sustainable fashion efforts with the thredUP Circular Fashion Fund, our nonprofit organization that is focused on supporting organizations and individuals in the fashion industry who are working towards a more sustainable future.

Our Goals and Policies

We are committed to sustainable business practices and have implemented ESG policies and goals throughout our company to formalize and manage our commitment over time.

- **Environmental.** We actively manage the environmental footprint of our operations. We are committed to disclosing the greenhouse gas emissions of our operations across scope 1, 2 and 3 on an annual basis going forward and plan to continue to seek out initiatives that can lower our environmental impact, while also improving operations and lowering operating expenses. As one example, since removing steaming at our distribution centers in May 2019, we estimate that we have saved over 300 MWh of electricity and approximately \$1.5 million in costs through June 30, 2020.
- **Social.** Our business impacts society through our relationships with our varied stakeholders, but it starts with our employees. We believe in the importance of fostering a diverse, inclusive and safe workplace. Overall, as of June 30, 2020, 71% of our workforce identifies as female and 69% of our workforce identifies as minority, including 56% as Black or Latinx. As of June 30, 2020, 32% of our senior leadership team identifies as female and 32% of our senior leadership team identifies as minority, including 16% as Black or Latinx. We are committed to increasing diversity and representation through our diversity, inclusion, equity and belonging initiatives and to disclosing our diversity on an annual basis. We also have created programs to attract, retain and develop diverse skilled workers in our distribution centers, including thredUP University, a comprehensive leadership development program.

Data security and privacy is also critically important to our operations. We have implemented extensive security practices to ensure appropriate physical, technical and administrative safeguards to protect customer and employee data. This program includes a data registry and a data map of the systems where customer information is stored, a consumer-facing privacy policy that outlines our practices to customers and a consumer-facing California privacy notice.

- **Governance.** We have created a governance structure to promote responsibility and accountability for ESG matters across our company. Our dual-class capital structure provides our founder and CEO with the ability to prioritize our ESG efforts. The Nominating and Governance Committee of the Board will have specific oversight of ESG matters pursuant to its charter. We have an employee-led Corporate Social Responsibility (CSR) Committee, with participation from executive management and senior members of our operations, finance, marketing, people and legal teams. Our CSR Committee meets quarterly and reports to executive management and the board.

We have also established a board that values diversity and representative governance. We have two female directors currently, one of which serves as the board chairperson, and have committed to adding a third female director by the end of 2021.

MANAGEMENT

Executive Officers, Key Employees and Directors

The following table provides information regarding our executive officers, key employees and directors as of September 30, 2020:

Name	Age	Position
<i>Management:</i>		
James Reinhart ^(*) (3)	41	Chief Executive Officer, Director and Co-Founder
Christopher Homer ^(*)	37	Chief Operating Officer and Co-Founder
Anthony Marino ^(*)	47	President
Sean Sobers ^(*)	51	Chief Financial Officer
Natalie Breece	35	Senior Vice President, People
Daniel DeMeyere	33	Chief Product Officer
Alexis Ghorai	53	Senior Vice President, Operations
Allison Hopkins	62	Chief People Officer
Alon Rotem ^(*)	41	General Counsel and Secretary
John Voris	58	Chief Systems Officer
<i>Non-Employee Directors:</i>		
Patricia Nakache ⁽³⁾	54	Director, Chairperson
Greg Bettinelli ⁽¹⁾	48	Director
Ian Friedman ⁽¹⁾	38	Director
Timothy Haley ⁽²⁾	66	Director
Jack Lazar ⁽¹⁾	55	Director
Norman Matthews ⁽²⁾	87	Director
Dan Nova ⁽²⁾	59	Director
Paula Sutter ⁽³⁾	53	Director

(*) Executive officer, within the meaning of Rule 3b-7 under the Exchange Act.

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers, except that Anthony Marino, our President, and Paula Sutter, one of our directors, are first cousins.

Management

James Reinhart. Mr. Reinhart co-founded thredUP and has served as our Chief Executive Officer and as a member of our board of directors since January 2009. Prior to founding thredUP, Mr. Reinhart helped develop the Pacific Collegiate School and co-founded Beacon Education Network, a charter management organization serving low-income students on California's Central Coast. Mr. Reinhart holds a Master of Public Administration from the Harvard Kennedy School, a Master of Business Administration from Harvard Business School and a Bachelor of Arts in History from Boston College.

We believe that Mr. Reinhart is qualified to serve as a member of our board of directors because of his experience and perspective as our Chief Executive Officer and Co-Founder.

Anthony Marino. Mr. Marino has served as our President since January 2018. From August 2013 to January 2018, Mr. Marino served as our Chief Marketing Officer. From August 2009 to November 2012, Mr. Marino served as Chief Executive Officer and member of the board of directors of Virgin Hotels Group Limited, a developer of high-end hotels, which he founded. From September 2006 to August 2009, Mr. Marino was a Managing Partner at Virgin Group Limited, a consumer conglomerate and investment group. From June 2000 to June 2006, Mr. Marino was a Principal at Venrock, a venture capital firm that invests in technology and healthcare companies. Mr. Marino holds a Master of Business Administration from Harvard Business School and a Bachelor of Arts in Politics and American Studies from Princeton University. Mr. Marino is the first cousin of Ms. Sutter, one of our directors.

Sean Sobers. Mr. Sobers has served as our Chief Financial Officer since October 2019. From July 2016 to August 2019, Mr. Sobers served as Chief Financial Officer of Quantenna Communications, Inc., a Wi-Fi Solutions Company acquired by ON Semiconductor Corporation in June 2019. From July 2009 to June 2016, Mr. Sobers served as Corporate Vice President of Finance of Cadence Design Systems, Inc., a publicly traded design automation software and engineering services company. Mr. Sobers holds a Bachelor of Science in Accounting from the University of Southern California.

Natalie Breece. Ms. Breece has served as our Senior Vice President of People since October 2019. From March 2019 to October 2019, Ms. Breece served as our Vice President of People and from March 2017 to March 2019, Ms. Breece served as our Director of Talent Acquisition. From September 2016 to March 2017, Ms. Breece served as one of our Recruiting Managers. From March 2015 to September 2016, Ms. Breece served as a Recruiting Manager of Sales and Operations at YourPeople, Inc. dba Zenefits. From April 2013 to March 2015, Ms. Breece served as a Recruiter at Automatic Data Processing, Inc. From January 2011 to April 2013, Ms. Breece served as the University Recruiting Manager at Tegna, Inc. From March 2008 to January 2011, Ms. Breece served as a Campus Recruiter at Nestle USA, Inc. Ms. Breece holds a Masters of Business Administration from Ottawa University and a Bachelor of Arts in Organizational Psychology and Marketing from The University of Arizona.

Daniel DeMeyere. Mr. DeMeyere has served as our Chief Product Officer since February 2019. From May 2016 to February 2019, Mr. DeMeyere served as our Vice President of Engineering. From September 2013 to May 2016, Mr. DeMeyere served as our Director of Engineering and from September 2010 to January 2012, Mr. DeMeyere served as one of our Full Stack Engineers. From June 2010 to August 2010, Mr. DeMeyere was a Web Development Consultant at Global Notion, Inc., an internet business incubator. Mr. DeMeyere holds a Bachelor of Science in Computer Science and Engineering from Michigan State University.

Alexis Ghorai. Mr. Ghorai has served as our Senior Vice President of Operations since November 2019. From June 2018 to October 2019, Mr. Ghorai served as our Chief Financial Officer and from May 2012 to May 2018, Mr. Ghorai served as our Senior Vice President of Financial Planning and Analysis. From January 2010 to January 2015, Mr. Ghorai was an Operations Consultant and Advisory Board Member at Marchi Thermal Systems, Inc., a manufacturer of custom thermal control products for the semiconductor industry. From 2007 to 2009, Mr. Ghorai served as President of the CDS Division of Advanced Integration Technology LP. In 1999, Mr. Ghorai founded Integrated Flow Systems, LLC, a manufacturer of a high purity gas delivery system that was acquired by Advanced Integration Technologies in 2007. Mr. Ghorai holds a Bachelor of Science in Chemistry from the University of Michigan.

Christopher Homer. Mr. Homer co-founded thredUP and has served as our Chief Operating Officer since September 2020 and previously served as our Chief Technology Officer from June 2009 to September 2020. From July 2005 to August 2007, Mr. Homer was a midmarket solution advisor at Microsoft Corporation, a publicly traded technology company. Mr. Homer holds a Master of Business Administration from Harvard Business School and a Bachelor of Science in Engineering in Mechanical and Aerospace Engineering from Princeton University.

Allison Hopkins. Ms. Hopkins has served as our Chief People Officer since September 2020 and previously served as our Chief Operations Officer from June 2019 to September 2020. From June 2016 to October 2019, Ms. Hopkins served as our Chief People Officer. From 1993 to 2016, Ms. Hopkins served as Founder and Chief Executive Officer of Core Elements, Inc., a human resources and internal communications company. From September 2014 to June 2016, Ms. Hopkins served as the Chief People Officer of JUST, Inc., a food manufacturing company. From May 2012 to November 2013, Ms. Hopkins served as a Senior Vice President of Human Resources at Palo Alto Networks, Inc., a cybersecurity company. From July 2006 to April 2012, Ms. Hopkins served as VP of Talent at Netflix, Inc., a media-services provider and production company.

Alon Rotem. Mr. Rotem has served as our General Counsel since January 2017 and Secretary since March 2017. From September 2013 to November 2016, Mr. Rotem served as the General Counsel of Rocket Lawyer Inc., an online legal technology company. From June 2010 to August 2013, Mr. Rotem was an associate at Goodwin Procter LLP, a global law firm. From 2007 to 2010, Mr. Rotem was an associate at Ropes & Gray LLP, a global law firm. Mr. Rotem holds a Juris Doctor from the University of California, Berkeley School of Law and a Bachelor of Science in Managerial Economics from the University of California, Davis.

John Voris. Mr. Voris has served as our Chief Systems Officer since September 2020 and previously served as our Head of Operations Innovation from May 2019 to September 2020. From September 2019 to March 2020, Mr. Voris held a consulting role with Rent the Runway, Inc. From May 2012 to May 2019, Mr. Voris served as our Chief Operating Officer. From January 2012 to June 2012, Mr. Voris served as Senior Vice President of Manufacturing Engineering at Space Exploration Technologies Corp. From October 2007 to January 2012, Mr. Voris served first as a Director and later as Senior Vice President of Operations Engineering at Netflix, Inc. From September 1999 to July 2001, Mr. Voris served as Director of Automation at Shutterfly, Inc. Mr. Voris holds a Bachelor of Science in Industrial Engineering from California Polytechnic State University.

Non-Employee Directors

Patricia Nakache. Ms. Nakache has served as a member of our board of directors since June 2010 and Chairperson of our board of directors since September 2020. Ms. Nakache has served in various roles and most recently as a General Partner of Trinity Ventures, a venture capital firm since July 1999. Ms. Nakache has served as a Lecturer in Management at the Stanford Graduate School of Business since April 2016. From 1991 to 1998, Ms. Nakache served in various roles and most recently as a Practice Consultant and Senior Engagement Manager at McKinsey & Company, a management consulting firm. From 1987 to 1989, Ms. Nakache served as a Business Analyst at McKinsey & Company. Ms. Nakache has served as a board member of the National Venture Capital Association, an organization dedicated to advocating for public policy that supports the American entrepreneurial ecosystem, since May 2018. From 2008 to January 2014, Ms. Nakache served as a member of the board of directors of Care.com, Inc., a publicly traded family and senior care company that was acquired by IAC/InterActiveCorp in February 2020. Ms. Nakache also serves as a member of the board of directors of a number of privately held companies. Ms. Nakache holds a Master of Business Administration from the Stanford University Graduate School of Business and a Bachelor of Arts in Physics and Chemistry from Harvard University.

We believe that Ms. Nakache is qualified to serve as a member of our board of directors because of her significant knowledge of and history with our company, her experience as a seasoned investor and as a current and former director of numerous privately held consumer growth and technology companies, and her knowledge of the industry in which we operate.

Greg Bettinelli. Mr. Bettinelli has served as a member of our board of directors since July 2014. Since 2014, Mr. Bettinelli has served as a Partner of Upfront Ventures, a venture capital firm. Since 2013, Mr. Bettinelli has served as an Advisor of Freeman Spogli & Co., a private equity firm. From 2013 to 2016, Mr. Bettinelli served on the Board of Library Commissioners of the Los Angeles Public Library. From 2009

to 2013, Mr. Bettinelli served as the Chief Marketing Officer of HauteLook, a shopping website and subsidiary of Nordstrom, Inc. From 2008 to 2009, Mr. Bettinelli served as an Executive Vice President of Business Development and Strategy at Live Nation Entertainment, Inc., an events promoter and venue operator. From 2007 to 2008, Mr. Bettinelli served as a Senior Director at StubHub, Inc., a ticket exchange company. From 2005 to 2007, Mr. Bettinelli served as a Director at of Event Tickets, Media, and Half.com at eBay Inc., an e-commerce company. From 2003 to 2005, Mr. Bettinelli served as a Senior Category Manager of Event Tickets at eBay. From 1999 to 2003, Mr. Bettinelli served as a Vice President of Business Development at HealthAllies, Inc., a division of UnitedHealth Group Incorporated, a healthcare company. From 1997 to 1999, Mr. Bettinelli served as a Director of Stephens & Partners, a private merchant bank. From 1994 to 1997, Mr. Bettinelli served as a Marketing Manager at Santa Anita Park. Mr. Bettinelli holds a Master of Business Administration from Pepperdine Graziadio Business School and a Bachelor of Arts in Political Science from the University of San Diego.

We believe that Mr. Bettinelli is qualified to serve as a member of our board of directors because of his experience as a seasoned venture capital investor, his experience in management and as a current and former director of many companies and his knowledge of the industry in which we operate.

Ian Friedman. Mr. Friedman has served as a member of our board of directors since August 2015. Since January 2020, Mr. Friedman has worked as an investor in the venture capital industry. From September 2012 to October 2019, Mr. Friedman served as the Co-Head of Goldman Sachs Investment Partners, Venture Capital and Growth Equity, a banking and financial services company. From September 2008 to July 2010, Mr. Friedman served as a Private Equity Investor of Bain Capital, LLC, a private investment firm. From September 2006 to July 2008, Mr. Friedman served as a consultant at Boston Consulting Group, a management consulting firm. Mr. Friedman holds a Master of Business Administration from the Stanford Graduate School of Business and a degree in Honours Business Administration from the University of Western Ontario, Richard Ivey School of Business.

We believe that Mr. Friedman is qualified to serve as a member of our board of directors because of his extensive business and investment experience in the venture capital industry and his knowledge of the industry in which we operate.

Timothy Haley. Mr. Haley has served as a member of our board of directors since March 2011. Mr. Haley is a founding member of Redpoint Ventures, a venture capital firm, where he has served as the Managing Director since 1999. Mr. Haley is also a member of the boards of directors of Netflix, Inc., a publicly traded media-services provider and production company, 2U, Inc., a publicly traded education technology company, and Zuora, Inc., a publicly traded enterprise software company. Mr. Haley has also served as a member of the boards of directors of a number of privately held companies. Mr. Haley holds a Bachelor of Arts in Philosophy from Santa Clara University.

We believe that Mr. Haley is qualified to serve as a member of our board of directors because of his extensive experience in the venture capital industry and as a board member of publicly traded and privately held technology companies and his knowledge of the industry in which we operate.

Jack Lazar. Mr. Lazar has served as a member of our board of directors since June 2017. Since March 2016, Mr. Lazar has been an independent business consultant. From January 2014 to March 2016, Mr. Lazar served as the Chief Financial Officer at GoPro, Inc., a publicly traded provider of wearable and mountable capture devices. From January 2013 to January 2014, Mr. Lazar was an independent business consultant. From May 2011 to January 2013, Mr. Lazar served as Senior Vice President, Corporate Development at Qualcomm Incorporated and General Manager of Qualcomm Atheros, Inc., a developer of communications semiconductor solutions. From September 2003 until it was acquired by Qualcomm Incorporated in May 2011, Mr. Lazar served in various positions at Atheros Communications, Inc., a provider of communications semiconductor solutions, most recently as Senior Vice President of Corporate Development, Chief Financial Officer and Secretary. Mr. Lazar is also a member of the boards of directors of Box, Inc., a publicly traded enterprise cloud content and file sharing provider, Casper Sleep Inc., a publicly traded sleep wellness company, Resideo Technologies, Inc., a

publicly traded provider of comfort and security solutions, and Silicon Laboratories, Inc., a publicly traded analog and mixed signal semiconductor company. Mr. Lazar also served on the boards of directors of Mellanox Technologies, Ltd., a publicly traded communications semiconductor company, from June 2018 until its sale to NVIDIA Corporation in April 2020, Quantenna Communications, Inc., a publicly traded wireless semiconductor company, from July 2016 until its sale to ON Semiconductor Incorporated in June 2019, and TubeMogul, Inc., a publicly traded enterprise software company, from October 2013 until its sale to Adobe in December 2016. Mr. Lazar is a certified public accountant (inactive) and holds a Bachelor of Science in Commerce with an emphasis in Accounting from Santa Clara University.

We believe that Mr. Lazar is qualified to serve as a member of our board of directors because of his business and financial expertise and extensive experience as an executive and board member of publicly traded technology companies.

Norman Matthews. Mr. Matthews has served as a member of our board of directors since September 2014. From 1978 to 1988, Mr. Matthews served in various senior management positions for Federated Department Stores, Inc., including President from 1987 to 1988. Since 2015, Mr. Matthews has served on the board of directors of Party City Corporation, a publicly traded retail chain of party stores. Since October 2014, Mr. Matthews has served on the board of directors of Grocery Outlet Holding Corp., a publicly traded supermarket company. Since 2010, Mr. Matthews has served on the board of directors of Spectrum Brands Holdings, Inc., a publicly traded global consumer products company. Since 2008, Mr. Matthews has served on the board of directors of The Children's Place, Inc., a publicly traded retailer of children's apparel and accessories. Mr. Matthews previously served on the board of directors of Henry Schein, Inc., a publicly traded healthcare products company, from 2001 to 2016, Sunoco, Inc., a publicly traded logistics and retail company, from 1999 to 2005, The Progressive Corporation, a publicly traded insurance company, from 1981 to 2012, and Toys "R" Us, Inc., a publicly traded toy, clothing and baby product retail company from 1996 to 2010. Mr. Matthews is also an emeritus trustee at the American Museum of Natural History. Mr. Matthews holds a Master of Business Administration from Harvard Business School and a Bachelor of Arts in Economics from Princeton University.

We believe that Mr. Matthews is qualified to serve as a member of our board of directors because of his extensive experience as a business leader and board member of large public companies and his extensive knowledge of the industry in which we operate.

Dan Nova. Mr. Nova has served as a member of our board of directors since September 2012. Mr. Nova has served as a General Partner of Highland Capital Partners since 1996. Prior to joining Highland in 1996, Dan was a Partner at CMG@Ventures from 1995 to 1996. From 1989 to 1994, Mr. Nova was a Senior Associate at Summit Partners. Mr. Nova also serves as a member of the board of directors of a number of privately held companies and has served as a member of the board of directors of publicly traded companies in the past. Mr. Nova holds a Master of Business Administration from Harvard Business School and a Bachelor of Science in Computer Science and Marketing from Boston College.

We believe that Mr. Nova is qualified to serve as a member of our board of directors because of his extensive experience with venture capital and technology companies and his experience as former director of publicly traded companies.

Paula Sutter. Ms. Sutter has served as a member of our board of directors since 2014. In October 2014, Ms. Sutter founded Paula Sutter LLC, a consumer brand consultancy. From October 2014 to December 2017, Ms. Sutter served as the Chief Executive Officer of TSG Fashion Group at TSG Consumer Partners, a private equity firm. From 1999 to October 2013, Ms. Sutter served as the President of Diane von Furstenberg Studio LP, a fashion company. From January 1993 to December 1998, Ms. Sutter served as a Vice President of The Donna Karan Company, LLC, a fashion company. Ms. Sutter also serves as a member of the board of directors of a number of privately held companies. Ms. Sutter holds a Liberal Arts degree in Literature from Villanova University. Ms. Sutter is the first cousin of Mr. Marino, our President.

We believe that Ms. Sutter is qualified to serve as a member of our board of directors because of her extensive experience as an executive in the fashion and private equity industries.

Code of Conduct

Prior to the completion of this offering, our board of directors will adopt a code of conduct that will apply to all of our employees, officers and directors, including our Chief Executive Officer, President, Chief Financial Officer and other executive and senior financial officers. Upon the completion of this offering, the full text of our code of conduct will be posted on our website. 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.

Board of Directors

Our business and affairs are managed under the direction of our board of directors. The number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the completion of this offering. Our board of directors consists of nine directors, eight of whom will qualify as "independent" under listing standards.

In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, immediately after the completion of this offering our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors will be divided among the three classes as follows:

- the Class I directors will be _____, _____ and _____, and their terms will expire at the first annual meeting of stockholders after the completion of this offering;
- the Class II directors will be _____, _____ and _____, and their terms will expire at the second annual meeting of stockholders after the completion of this offering; and
- the Class III directors will be _____, _____ and _____, and their terms will expire at the third annual meeting of stockholders after the completion of this offering.

Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that Messrs. Bettinelli, Friedman, Haley, Lazar, Matthews and Nova and Mmes. Nakache and Sutter do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing standards of the _____. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Committees of the Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors is described below. Members will serve on these committees until their resignation or until as otherwise determined by our board of directors.

Audit Committee

Our audit committee consists of Messrs. Bettinelli, Friedman and Lazar, with Mr. Lazar serving as Chairperson. The composition of our audit committee meets the requirements for independence under current listing standards and SEC rules and regulations. Each member of our audit committee meets the financial literacy requirements of the listing standards. In addition, our board of directors has determined that Mr. Lazar is an audit committee financial expert within the meaning of Item 407(d) of Regulation S-K under the Securities Act of 1933. Our audit committee will, among other things:

- select a qualified firm to serve as the independent registered public accounting firm to audit our consolidated financial statements;
- help to ensure the independence and performance of the independent registered public accounting firm;
- discuss the scope and results of the audit with the independent registered public accounting firm and review, with management and the independent registered public accounting firm, our interim and year-end results of operations;
- develop procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- review our policies on risk assessment and risk management;
- review related party transactions;
- obtain and review a report by the independent registered public accounting firm at least annually, that describes our internal control procedures, any material issues with such procedures and any steps taken to deal with such issues; and
- approve (or, as permitted, pre-approve) all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable rules of the SEC and the listing standards of the .

Compensation Committee

Our compensation committee consists of Messrs. Haley, Matthews and Nova, with Mr. Haley serving as Chairperson. The composition of our compensation committee meets the requirements for independence under listing standards and SEC rules and regulations. Each member of the compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act. The purpose of our compensation committee is to discharge the responsibilities of our board of directors relating to compensation of our executive officers. Our compensation committee will, among other things:

- review, approve and determine, or make recommendations to our board of directors regarding, the compensation of our executive officers;
- administer our stock and equity incentive plans;

- review and approve, or make recommendations to our board of directors regarding, incentive compensation and equity plans; and
- establish and review general policies relating to compensation and benefits of our employees.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable rules of the SEC and the listing standards of the .

Nominating and Corporate Governance Committee

Immediately following the completion of this offering, our nominating and corporate governance committee will consist of Mmes. Nakache and Sutter and , with Ms. Nakache serving as Chairperson. The composition of our nominating and corporate governance committee meets the requirements for independence under listing standards and SEC rules and regulations. Our nominating and corporate governance committee will, among other things:

- identify, evaluate and select, or make recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- evaluate the performance of our board of directors and of individual directors;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review developments in corporate governance practices;
- oversee environmental, social and governance (ESG) matters;
- evaluate the adequacy of our corporate governance practices and reporting; and
- develop and make recommendations to our board of directors regarding corporate governance guidelines and matters.

The nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing requirements and rules of the .

Role of Board of Directors in Risk Oversight Process

Our board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board of directors to understand our risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, cybersecurity, strategic and reputational risk.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee. See the section titled "Certain Relationships and Related Party Transactions" for information about related party transaction involving members of our compensation committee or their affiliates.

Non-Employee Director Compensation

The following table provides information regarding the total compensation that was earned by or paid to each of our non-employee directors during fiscal year 2019. With the exception of Jack Lazar, we did not provide any compensation to any person who served as a non-employee member of our board of directors during fiscal year 2019. While all non-employee directors were offered the ability to participate in our company benefit plans, only Mr. Lazar elected to participate. Additionally, we did not make any equity awards or non-equity awards to any person who served as a non-employee member of our board of directors during fiscal year 2019. During fiscal year 2019, James Reinhart, our Chief Executive Officer and co-founder, served as a member of our board of directors, as well as an employee, and received no additional compensation for his services as a member of our board of directors. See the section titled “Executive Compensation” for more information about Mr. Reinhart’s compensation for fiscal year 2019. We reimburse all reasonable out-of-pocket expenses incurred by directors for their attendance at meetings of our board of directors or any committee thereof.

Name	All Other Compensation (\$)	Total (\$)
Jack Lazar ⁽¹⁾	13,329	13,329
Greg Bettinelli, Ian Friedman, Timothy Haley, Norman Matthews, Patricia Nakache, Dan Nova and Paula Sutter ⁽²⁾	—	—

(1) The amount reported represents the company-paid portion of insurance premiums for company benefit plans for Mr. Lazar during fiscal year 2019. Mr. Lazar did not receive any other compensation during fiscal year 2019. As of December 31, 2019, Mr. Lazar held a stock option to purchase 281,994 shares of our Class B common stock.

(2) As of December 31, 2019, Mr. Matthews held stock options to purchase 393,125 shares of our Class B common stock, of which 47,783 shares were transferred in January 2019 to the Family Trust Under The Norman S. Matthews 2017 Annuity Trust No. 1; and Ms. Sutter held options to purchase up to 262,084 shares of our Class B common stock. As of December 31, 2019, Messrs. Bettinelli, Friedman, Haley, Nova and Ms. Nakache did not hold any outstanding equity awards.

Non-Employee Director Compensation Program

Prior to this offering, we did not have a formal policy to compensate our non-employee directors and, unless otherwise noted above, did not pay any cash compensation to any of our non-employee directors. Immediately prior to the completion of this offering, we intend to implement a formal policy pursuant to which our non-employee directors will be eligible to receive the following cash retainers and equity awards:

Annual Retainer for Board Membership	
Annual service on the board of directors	\$
Additional Annual Retainer for Committee Membership	
Annual service as member of the audit committee (other than chair)	\$
Annual service as chair of the audit committee	\$
Annual service as member of the compensation committee (other than chair)	\$
Annual service as chair of the compensation committee	\$
Annual service as member of the nominating and corporate governance committee (other than chair)	\$
Annual service as chair of the nominating and corporate governance committee	\$

Our policy will provide that, upon initial election to our board of directors, each non-employee director will be granted _____, or the Initial Grant. Furthermore, on the date of each of our annual meeting of stockholders following the completion of this offering, each non-employee director who will continue as a non-employee director following such meeting will be granted an annual _____, or the Annual Grant. The Annual Grant will vest in full on the earlier of (i) the first anniversary of the grant date or (ii) our next

annual meeting of stockholders, subject to continued service as a director through the applicable vesting date. The Initial Grant will vest in _____, subject to continued service as a director through the applicable vesting date.

Employee directors will receive no additional compensation for their service as a director.

We will reimburse all reasonable out-of-pocket expenses incurred by directors for their attendance at meetings of our board of directors or any committee thereof.

EXECUTIVE COMPENSATION

Overview

The following discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. The actual amount and form of compensation and the compensation policies and practices that we adopt in the future may differ materially from currently planned programs as summarized in this discussion.

As an “emerging growth company,” we have opted to comply with the executive compensation disclosure rules applicable to “smaller reporting companies,” as such term is defined in the rules promulgated under the Securities Act. This section provides an overview of the compensation awarded to, earned by, or paid to each individual who served as our principal executive officer during our fiscal year ending December 31, 2019, or fiscal year 2019, and our next two most highly compensated executive officers in respect of their service to our company for fiscal year 2019. We refer to these individuals as our named executive officers. Our named executive officers for fiscal year 2019 are:

- James Reinhart, our Chief Executive Officer, Director and Co-Founder;
- Chris Homer, our Chief Operating Officer and Co-Founder; and
- Anthony Marino, our President.

Our executive compensation program is based on a pay for performance philosophy. Compensation for our executive officers is composed primarily of the following main components: base salary, bonus and equity incentives in the form of stock option awards. Our executive officers, like all full-time employees, are eligible to participate in our health and welfare benefit plans. As we transition from a private company to a publicly traded company, we intend to evaluate our compensation philosophy and compensation plans and arrangements as circumstances require.

2019 Summary Compensation Table

The following table provides information regarding the total compensation for services rendered in all capacities that was earned by our named executive officers during fiscal year 2019.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	All Other Compensation (\$) ⁽³⁾	Total (\$)
James Reinhart <i>Chief Executive Officer, Director and Co-Founder</i>	2019	330,000	1,944,198	317,500	1,150,913	3,742,611
Chris Homer <i>Chief Operating Officer and Co-Founder</i>	2019	330,000	815,754	165,000	828,878	2,139,632
Anthony Marino <i>President</i>	2019	330,000	1,296,132	165,000	552,585	2,343,717

(1) The amounts reported represent the aggregate grant date fair value of the stock option awards granted to our named executive officers during fiscal year 2019, calculated in accordance with Financial Accounting Standards Board, Accounting Standards Codification, Topic 718. Such grant date fair values do not take into account any estimated forfeitures. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in note 9 of our consolidated financial statements included elsewhere in this prospectus. The amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by our named executive officers upon the exercise of the stock options or any sale of the underlying shares of Class B common stock.

(2) The amounts reported reflect bonuses earned by each of our named executive officers as described more fully in the section titled “Narratives to 2019 Summary Compensation Table” below. Mr. Reinhart elected to waive a portion of his bonus in the amount of \$10,000, and received \$307,500 during fiscal year 2019.

- (3) The amounts reported reflect the cash amounts received by each of our named executive officers during fiscal year 2019, in connection with our 2019 Third-Party Tender Offer as discussed in further detail in the section titled "Certain Relationships and Related Party Transactions," a portion of the proceeds received by each of our named executive officers was deemed to be compensatory. The amounts reported reflect the compensatory portion of the proceeds received by each of our named executive officers during fiscal year 2019 in connection with the 2019 Third-Party Tender Offer.

Narratives to 2019 Summary Compensation Table

Base Salaries

We use base salaries to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. Base salaries are reviewed annually, typically in connection with our annual performance review process, which are adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. For fiscal year 2019, the annual base salary for each of Messrs. Reinhart, Homer and Marino was \$330,000.

Bonuses

During fiscal year 2019, Messrs. Reinhart, Homer and Marino earned bonuses on a quarterly basis in the aggregate amounts as set forth in our "2019 Summary Compensation Table" above based on achievement of company performance targets.

Equity Compensation

Although we do not have a formal policy with respect to the grant of equity incentive awards to our executive officers, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention because this feature incentivizes our executive officers to remain in our employment during the vesting period. Accordingly, our board of directors periodically reviews the equity incentive compensation of our named executive officers and may grant equity incentive awards to them from time to time. During fiscal year 2019, we granted stock option awards to purchase shares of our Class B common stock to Messrs. Reinhart, Homer and Marino, as described in more detail in the "Outstanding Equity Awards at Fiscal 2019 Year End" table.

Perquisites

We generally do not provide perquisites to our executives, other than company-paid executive life insurance and executive long-term disability insurance premiums, reimbursement for relocation expenses and certain other de minimis perquisites to our executive officers, including our named executive officers.

Executive Employment Arrangements

Offer Letters in Place During the Fiscal Year 2019 for Named Executive Officers

James Reinhart

We did not have an offer letter agreement in place with Mr. Reinhart during fiscal year 2019. Mr. Reinhart's employment is at-will and he is subject to our standard employment, confidential information, return of property, non-competition, non-solicitation, invention assignment and arbitration agreements.

Chris Homer

In July 2010, we entered into an offer letter agreement with Mr. Homer, which set forth his initial annual base salary and his eligibility to participate in our benefit plans generally. Mr. Homer's employment

is at-will and he is subject to our standard employment, confidential information, return of property, non-competition, non-solicitation, invention assignment and arbitration agreements.

Anthony Marino

In August 2013, we entered into an offer letter agreement with Mr. Marino, which set forth his initial annual base salary, a signing bonus in the amount of \$25,000, the term of his employment, certain relocation and expense reimbursements, his eligibility to receive stock option awards, and his eligibility to participate in our benefit plans generally. Mr. Marino's employment is at-will and he is subject to our standard employment, confidential information, return of property, non-competition, non-solicitation, invention assignment and arbitration agreements.

Executive Severance Plan

In connection with the effectiveness of the registration statement of which this prospectus forms as part, we will adopt an executive severance plan, in which our named executive officers, and certain other executives, will participate. Our executive severance plan, or the Executive Severance Plan, will provide that upon a (i) termination by us for any reason other than for "cause," as defined in the Executive Severance Plan or (ii) for Mr. Reinhart only, a resignation for "good reason," as defined in the Executive Severance Plan, in each case outside of the change in control period (i.e., the period beginning _____ months prior to and ending _____ months after, a "change in control," as defined in the Executive Severance Plan), an eligible participant will be entitled to receive, subject to the execution and delivery of an effective release of claims in favor of the Company, (i) a lump sum cash payment equal to _____ months (or for Mr. Reinhart, _____ months) of base salary, and (ii) a monthly cash payment equal to our contribution towards health insurance premiums for up to _____ months (or for Mr. Reinhart, _____ months).

The Executive Severance Plan will also provide that upon a (i) termination by us other than for cause or (ii) a resignation for good reason, in each case within the change in control period, an eligible participant will be entitled to receive, in lieu of the payments and benefits above and subject to the execution and delivery of an effective release of claims in favor of the Company, (i) a lump sum cash payment equal to _____ months (or for Mr. Reinhart, _____ months) of base salary, (ii) a lump sum cash payment equal to _____ times the annual target bonus (iii) a monthly cash payment equal to our contribution towards health insurance premiums for up to _____ months (or for Mr. Reinhart, _____ months) and (iv) accelerated vesting of 100% of the time-based outstanding and unvested equity award held by such participant; provided, that any performance-based unvested and outstanding equity awards shall be subject to the performance conditions as specified in the applicable award agreements or upon actual achievement.

The payments and benefits provided under the Executive Severance Plan in connection with a change in control may not be eligible for a federal income tax deduction by us pursuant to Section 280G of the Code. These payments and benefits may also subject an eligible participant, including the named executive officers, to an excise tax under Section 4999 of the Code. If the payments or benefits payable in connection with a change in control would be subject to the excise tax imposed under Section 4999 of the Code, then those payments or benefits will be reduced if such reduction would result in a higher net after-tax benefit to the recipient.

Outstanding Equity Awards at Fiscal 2019 Year-End

The following table sets forth information regarding outstanding equity awards held by our named executive officers as of fiscal year 2019:

Name	Vesting Commencement Date	Option Awards ⁽¹⁾		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
James Reinhart	1/1/2014	381,233 ⁽²⁾	—	0.605	2/28/2024
	8/1/2014	2,032,440 ⁽²⁾	—	0.86	12/2/2024
	9/22/2017	393,750 ⁽³⁾	306,250 ⁽³⁾	2.47	10/3/2027
	3/21/2021	—	1,457,638 ⁽⁴⁾	2.77	3/21/2029
Chris Homer	8/1/2014	381,082 ⁽²⁾	—	0.86	12/2/2024
	9/22/2017	126,562 ⁽³⁾	98,438 ⁽³⁾	2.47	10/3/2027
	5/15/2021	—	613,718 ⁽⁴⁾	2.77	5/21/2029
Anthony Marino	9/1/2013	536,763 ⁽²⁾	—	0.55	12/3/2023
	9/1/2013	13,880 ⁽²⁾	—	0.55	2/28/2024
	8/1/2014	508,110 ⁽²⁾	—	0.86	12/2/2024
	6/23/2017	140,625 ⁽³⁾	84,375 ⁽³⁾	2.47	6/23/2027
	3/21/2021	—	971,759 ⁽⁵⁾	2.77	3/21/2029

(1) Each option grant is subject to the terms of our 2010 Plan. Shares underlying each award granted under our 2010 Plan are shares of Class B common stock of the company. The option exercise prices on the table reflect the terms of each stock option award as of December 31, 2019 and does not reflect the stock option repricing of certain stock option awards that was effectuated by our board of directors in May 2020, where stock option awards held by named executive officers and other active employees and directors with an exercise price greater than \$2.05 per share were repriced to have an exercise price of \$2.05 per share.

(2) The shares subject to the stock option awards are fully vested.

(3) 1/48 of the shares subject to the stock option awards vest on a monthly basis following the vesting commencement date, subject to the named executive officer's continuous service relationship with the company through each applicable vesting date. Upon termination of the named executive officer's services without cause (as defined in our 2010 Plan) or for good reason (as defined in the applicable stock option award agreement) in either case upon or within twelve months following the consummation of a change in control, 100% of the unvested shares subject to the stock option awards will vest and become exercisable as of the date of such termination.

(4) 1/24 of the shares subject to the stock option awards vest on a monthly basis following the vesting commencement date, subject to the named executive officer's continuous service relationship with the company through each applicable vesting date. 100% of the unvested shares subject to the stock option awards will vest immediately upon the named executive officer's continued services to us through the consummation of a change in control.

(5) 1/24 of the shares subject to the stock option awards vest on a monthly basis following the vesting commencement date, subject to the named executive officer's continuous service relationship with the company through each applicable vesting date. 100% of the unvested shares subject to the stock option awards will vest upon the consummation of a change in control. Additionally, if Mr. Marino is terminated without cause or if Mr. Reinhart is no longer our Chief Executive Officer, then a number of shares subject to the stock option awards shall vest equal to the product of (i) 1/48 of the number of shares subject to the stock option awards and (ii) the number of months of Mr. Marino's continuous service to us beginning from the vesting commencement date through the date Mr. Marino is terminated without cause or the date Mr. Reinhart is no longer our Chief Executive Officer. Thereafter, in the event of any acceleration as a result of Mr. Reinhart no longer serving as our Chief Executive Officer, the remaining unvested shares underlying the stock option award shall vest in equal monthly installments until the fourth anniversary of the vesting commencement date, subject to Mr. Marino's continuous service relationship with the company through such vesting date.

Employee Benefits and Stock Plans

2021 Stock Option and Incentive Plan

Our 2021 Plan was adopted by our board of directors in _____ and approved by our stockholders in _____ and will become effective on the day before the date on which the registration statement of which this prospectus forms a part is declared effective by the SEC. Our 2021 Plan will replace our 2010 Plan, as our board of directors determined not to make additional awards under our 2010 Plan following the completion of our initial public offering. However, our 2010 Plan will continue to govern outstanding equity awards granted thereunder. Our 2021 Plan will allow the compensation committee to make equity-based incentive awards to our officers, employees, directors and other key persons, including consultants.

Authorized Shares. We have initially reserved _____ shares of our Class A common stock for the issuance of awards under our 2021 Plan. Our 2021 Plan provides that the number of shares reserved and available for issuance under our 2021 Plan will automatically increase each January 1, beginning on January 1, 2022, by _____ % of the outstanding number of shares of our Class A common stock and Class B common stock on the immediately preceding December 31 or such lesser number of shares as determined by our compensation committee. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. The shares we issue under our 2021 Plan will be authorized but unissued shares or shares that we reacquire. Any shares of Class A or Class B common stock underlying any award that are forfeited, cancelled, held back upon exercise or settlement of an award to satisfy the exercise price or tax withholding, reacquired by us prior to vesting, satisfied without the issuance of stock, expire or are otherwise terminated, other than by exercise, under our 2021 Plan and our 2010 Plan will be added back to the shares of Class A common stock available for issuance under our 2021 Plan (provided that any such shares that are shares of Class B common stock will first be converted into shares of Class A common stock). The maximum number of shares of Class A common stock that may be issued as incentive stock options in any one calendar year period may not exceed _____ cumulatively increased on January 1, 2022 and on each January 1 thereafter by the lesser of _____ % of the number of outstanding shares of Class A common stock and Class B common stock as of the immediately preceding December 31, or _____ shares.

Non-Employee Director Limit. Our 2021 Plan contains a limitation whereby the value of all awards under our 2021 Plan and all other cash compensation paid by us to any non-employee director may not exceed: (i) \$ _____ in the first calendar year an individual becomes a non-employee director and (ii) \$ _____ in any other calendar year.

Administration. Our 2021 Plan will be administered by our compensation committee. Our compensation committee will have full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of our 2021 Plan. The plan administrator is specifically authorized to exercise its discretion to reduce the exercise price of outstanding stock options and stock appreciation rights or effect the repricing of such awards through cancellation and re-grants.

Eligibility. Persons eligible to participate in our 2021 Plan will be those employees, non-employee directors and consultants, as selected from time to time by our compensation committee in its discretion.

Options. Our 2021 Plan permits the granting of both options to purchase Class A common stock intended to qualify as incentive stock options under Section 422 of the Code and options that do not so qualify. The option exercise price of each option will be determined by our compensation committee but may not be less than 100% of the fair market value of our Class A common stock on the date of grant unless the option is granted (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code or (ii) to individuals who are not subject to U.S. income tax. The term of each

option will be fixed by our compensation committee and may not exceed 10 years from the date of grant. Our compensation committee will determine at what time or times each option may be exercised.

Stock Appreciation Rights. Our compensation committee may award stock appreciation rights subject to such conditions and restrictions as it may determine. Stock appreciation rights entitle the recipient to shares of Class A common stock, or cash, equal to the value of the appreciation in our stock price over the exercise price. The exercise price may not be less than 100% of the fair market value of our Class A common stock on the date of grant. The term of each stock appreciation right will be fixed by our compensation committee and may not exceed 10 years from the date of grant. Our compensation committee will determine at what time or times each stock appreciation right may be exercised.

Restricted Stock and Restricted Stock Units. Our compensation committee may award restricted shares of Class A common stock and restricted stock units to participants subject to such conditions and restrictions as it may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with us through a specified vesting period.

Unrestricted Stock Awards. Our compensation committee may grant shares of Class A common stock that are free from any restrictions under our 2021 Plan. Unrestricted stock may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Dividend Equivalent Rights. Our compensation committee may grant dividend equivalent rights to participants that entitle the recipient to receive credits for dividends that would be paid if the recipient had held a specified number of shares of Class A common stock.

Cash-Based Awards. Our compensation committee may grant cash bonuses under our 2021 Plan to participants, subject to the achievement of certain performance goals.

Sale Event. Our 2021 Plan provides that upon the effectiveness of a "sale event," as defined in our 2021 Plan, an acquirer or successor entity may assume, continue or substitute for the outstanding awards under our 2021 Plan. To the extent that awards granted under our 2021 Plan are not assumed or continued or substituted by the successor entity, all unvested awards granted under our 2021 Plan shall terminate. In such case, except as may be otherwise provided in the relevant award agreement, all options and stock appreciation rights with time-based vesting, conditions or restrictions that are not exercisable immediately prior to the sale event will become fully exercisable as of the sale event, all other awards with time-based vesting, conditions or restrictions will become fully vested and nonforfeitable as of the sale event, and all awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with the sale event in the plan administrator's discretion or to the extent specified in the relevant award agreement. In the event of such termination, individuals holding options and stock appreciation rights will be permitted to exercise such options and stock appreciation rights (to the extent exercisable) prior to the sale event. In addition, in connection with the termination of our 2021 Plan upon a sale event, we may make or provide for a cash payment to participants holding vested and exercisable options and stock appreciation rights equal to the difference between the per share cash consideration payable to stockholders in the sale event and the exercise price of the options or stock appreciation rights.

Amendment. Our board of directors may amend or discontinue our 2021 Plan and our compensation committee can amend or cancel outstanding awards for purposes of satisfying changes in law or any other lawful purpose, but no such action may adversely affect rights under an award without the holder's consent. Certain amendments to our 2021 Plan will require the approval of our stockholders.

No awards may be granted under our 2021 Plan after the date that is 10 years from the date of stockholder approval of our 2021 Plan. No awards under our 2021 Plan have been made prior to the date hereof.

Second Amended and Restated 2010 Stock Incentive Plan

Our 2010 Plan was approved by our board of directors and stockholders in February 2010, most recently amended and restated by our board of directors in March 2019 and most recently amended and approved by our stockholders in August 2020. As of December 31, 2019, we reserved an aggregate of 21,487,225 shares of our Class B common stock for the issuance of options and other equity awards under our 2010 Plan. This number is subject to adjustment in the event of a stock split, stock dividend, or other change in our capitalization. As of December 31, 2019, stock options to purchase 17,984,575 shares of our Class B common stock at a weighted average exercise price of \$2.05 per share were outstanding under our 2010 Plan and 751,514 shares remained available for future issuance under our 2010 Plan. Following this offering, we will not grant any further awards under our 2010 Plan. All outstanding awards under our 2010 Plan will continue to be governed by their existing terms.

Authorized Shares. The shares we have issued under our 2010 Plan were authorized and unissued shares or were shares we reacquired. The shares of Class B common stock underlying any awards that are forfeited, canceled, withheld upon exercise of a stock option award or settlement of an award to cover the exercise price or tax withholding, reacquired by the company prior to vesting, satisfied without the issuance of company Class B common stock or otherwise terminated (other than by exercise), were added back to the shares of Class B common stock available for issuance under our 2010 Plan. Following this offering, such shares will be added to the shares of Class A common stock available for issuance under our 2021 Plan (provided that any such shares will first be converted into shares of Class A common stock).

Administration. Our 2010 Plan is currently administered by the board of directors. The plan administrator has the authority to interpret and administer our 2010 Plan and any agreement thereunder and to determine the terms of awards, including the recipients, the number of shares subject to each award, the exercise price, if any, the vesting schedule applicable to the awards together with any vesting acceleration, and the terms of the award agreement for use under our 2010 Plan. The plan administrator may also impose or modify the terms and conditions, including restrictions and, as applicable, exercise period of any award. The plan administrator is specifically authorized to exercise its discretion to reduce or increase the exercise price of outstanding stock options or effect the repricing of stock options through cancellations and re-grants.

Eligibility. Our 2010 Plan permits us to make grants of incentive stock options to our full- or part-time employees and any of our subsidiary corporations' employees, and grants of non-qualified stock options, restricted stock awards, unrestricted stock awards and restricted stock unit awards to full- or part-time officers, employees, directors and consultants of the company and our subsidiary corporations.

Options. Our 2010 Plan permits the granting of (i) stock options to purchase Class B common stock intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code and (ii) stock options that do not so qualify. The option exercise price per share of our Class B common stock underlying each stock option was determined by our board or directors or a committee appointed by the board of directors, and must have been at least equal to 100% of the fair market value of a share of our Class B common stock on the date of grant. In the case of an incentive stock option granted to a participant who, at the time of grant of such stock option, owned stock representing more than 10% of the total combined voting power of all classes of stock of the Company, or a 10% owner, the exercise price per share of our Class B common stock underlying each such stock option must have been at least equal to 110% of the fair market value of a share of our Class B common stock on the date of grant. The term of each stock option award may not have exceeded 10 years from the date of grant (or five years for a 10% owner). The plan administrator determines the methods of payment of the exercise price of a stock option, which may include cash, a net exercise arrangement for non-qualified stock options, a promissory note (if permitted by the board of directors) and if permitted by the board of directors or a committee appointed by the board of directors and an initial public offering of the company has occurred, through either the delivery of shares of our Class B common stock owned by the participant or a broker-assisted arrangement. After a participant's termination of service (other than a termination for cause), the

participant generally may exercise shares pursuant to his or her stock option awards, to the extent vested as of such date of termination, for thirty days after termination or such longer period of time as specified in the applicable stock option award agreement; provided, that if the termination is due to death or disability, the stock option award generally will remain exercisable, to the extent vested as of such date of termination, until six months following such termination. However, in no event may a stock option award be exercised later than the expiration of its term.

Restricted Stock. Our 2010 Plan permits the granting of shares of restricted stock. Restricted stock awards are grants of shares of our Class B common stock that are subject to various restrictions, including restrictions on transferability and forfeitures provisions. Shares of restricted stock will vest, and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator.

Unrestricted Stock. Our 2010 Plan permits the granting of shares of unrestricted stock. Unrestricted stock awards may be granted to participants in recognition of past services or for other valid consideration and may be issued in lieu of cash compensation due to such participant.

Restricted Stock Units. Our 2010 Plan permits the granting of shares of restricted stock units. Restricted stock unit awards are grants of phantom shares of our Class B common stock that are subject to various restrictions, including restrictions on transferability and forfeitures provisions. Restricted stock units will vest, and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. Settlement of the restricted stock units may be in cash or stock as determined by the plan administrator.

Transferability or Assignability of Awards. Our 2010 Plan generally does not allow for the transfer or assignment of awards other than, at the discretion of the plan administrator, by will or the laws of descent and distribution, by gift to an immediate family member or by instrument to an inter vivos or testamentary trust in which the award is passed to beneficiaries upon the death of the participant. Our 2010 Plan also provides that the awards are subject to both a right of first refusal and drag along rights, upon certain sales of our Class B common stock.

Sale Event. Our 2010 Plan provides that upon the occurrence of a "Sale Event" as defined in our 2010 Plan, all awards will be terminated or forfeited at the effective time of such Sale Event unless such awards are assumed or continued by a successor entity or substituted for new awards of a successor entity. In the case of the termination of stock option awards issued thereunder, each holder of such stock option awards shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the plan administrator, to exercise all such shares subject to stock option awards that are then exercisable or will become exercisable as of the effective time of the Sale Event. Additionally, unless otherwise provided in the applicable award agreement, such stock option awards will be subject to the company's right of repurchase upon the consummation of a Sale Event. We may also make or provide for a cash payment to the holders of vested and exercisable stock option awards, in exchange for the cancellation thereof, equal to, for each share of our Class B common stock underlying such stock option awards, the difference between the per share cash consideration in the Sale Event as determined by the plan administrator and the per share exercise price of such stock option. In the event of the forfeiture of shares of restricted stock issued under our 2010 Plan, such shares of restricted stock shall be repurchased from the holder at a price per share equal to the lower of the original per share purchase price paid by the recipient of such shares or the current fair market value of such shares, determined immediately prior to the effective time of the Sale Event. We may make or provide for a cash payment to holders of restricted stock or restricted stock unit awards, in exchange for the cancellation thereof, in an amount equal to the product of the per share cash consideration in the Sale Event and the number of shares subject to each such award.

Amendment. Our board of directors may amend, suspend, or terminate our 2010 Plan at any time, subject to stockholder approval where such approval is required by applicable law. The board of directors may also amend, modify, or terminate any outstanding award, including the exercise price of such award,

provided that no amendment to an award may adversely affect any of the rights of a participant under any awards previously granted without his or her consent. We will not make any further grants under our 2010 Plan following this initial public offering.

2021 Employee Stock Purchase Plan

In _____, our board of directors adopted, and our stockholders approved, the ESPP. The ESPP will become effective immediately prior to the time that the registration statement of which this prospectus forms a part is declared effective by the SEC. The ESPP will initially reserve and authorize the issuance of up to a total of _____ shares of Class A common stock to participating employees. The ESPP will provide that the number of shares reserved and available for issuance will automatically increase each January 1, beginning on January 1, 2022, by the lesser of _____ shares of our Class A common stock, 1% of the outstanding number of shares of our Class A common stock and Class B common stock on the immediately preceding December 31, or such lesser number of shares as determined by our compensation committee. This number will be subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization.

All employees whose customary employment is for more than 20 hours per week or are otherwise required to participate by applicable local law are eligible to participate in the ESPP. Any employee who owns 5% or more of the total combined voting power or value of all classes of stock will not be eligible to purchase shares under the ESPP.

We will make one or more offerings, consisting of one or more purchase periods, each year to our employees to purchase shares under the ESPP. The first offering will begin on the effective date of the registration statement of which this prospectus is part and, unless otherwise determined by the administrator of the ESPP, will end on the date that is approximately _____ months following such date. Each eligible employee as of the effective date of the registration statement for the offering will be deemed to be a participant in the ESPP at that time and must authorize payroll deductions or other contributions by submitting an enrollment form by the deadline specified by the plan administrator. Subsequent offerings will usually begin every six months and will continue for six-month periods, referred to as offering periods. Each eligible employee may elect to participate in any subsequent offering by submitting an enrollment form at least 15 days before the relevant offering date.

Each employee who is a participant in the ESPP may purchase shares by authorizing contributions of up to _____ % of his or her compensation during an offering period. Unless the participating employee has previously withdrawn from the offering, his or her accumulated contributions will be used to purchase shares on the last business day of the purchase period at a price equal to 85% of the fair market value of the shares on the first business day of the offering period or the last business day of the purchase period, whichever is lower, provided that no more than _____ shares of Class A common stock (or a lesser number as established by the plan administrator in advance of the purchase period) may be purchased by any one employee during each purchase period. Under applicable tax rules, an employee may purchase no more than \$25,000 worth of shares of Class A common stock, valued at the start of the offering period, under the ESPP for each calendar year in which a purchase right is outstanding.

The accumulated contributions of any employee who is not a participant on the last day of a purchase period will be refunded. An employee's rights under the ESPP terminate upon voluntary withdrawal from the plan or when the employee ceases employment with us for any reason.

The ESPP may be terminated or amended by our board of directors at any time but shall automatically terminate on the 10 year anniversary of this offering. An amendment that increases the number of shares of Class A common stock that are authorized under the ESPP and certain other amendments will require the approval of our stockholders. The plan administrator may adopt subplans under the ESPP for employees of our non U.S. subsidiaries who may participate in the ESPP and may permit such employees to participate in the ESPP on different terms, to the extent permitted by applicable law.

Senior Executive Cash Incentive Bonus Plan

In _____, our board of directors adopted the Senior Executive Cash Incentive Bonus Plan, or the Bonus Plan. The Bonus Plan will become effective on the day before the date on which the registration statement of which this prospectus forms a part is declared effective by the SEC. The Bonus Plan provides for cash bonus payments based upon the attainment of performance targets established by our compensation committee. The payment targets will be related to financial and operational measures or objectives with respect to our company, or corporate performance goals, as well as individual performance objectives.

Our compensation committee may select corporate performance goals from among the following: achievement of cash flow (including, but not limited to, operating cash flow and adjusted free cash flow); earnings before interest, taxes, depreciation and amortization; net income (loss) (either before or after interest, taxes, depreciation and/or amortization); changes in the market price of our Class A common stock; economic value-added; acquisitions or strategic transactions, including licenses, collaborations, joint ventures or promotion arrangements; operating income (loss); return on capital, assets, equity, or investment; total stockholder returns; productivity; expense efficiency; margins; operating efficiency; working capital; earnings (loss) per share of our Class A common stock; sales or market shares; revenue; corporate revenue; operating income and/or net annual recurring revenue, any of which may be (A) measured in absolute terms or compared to any incremental increase, (B) measured in terms of growth, (C) compared to another company or companies or to results of a peer group, (D) measured against the market as a whole and/or as compared to applicable market indices and/or (E) measured on a pre-tax or post-tax basis (if applicable).

Each executive officer who is selected to participate in the Bonus Plan will have a target bonus opportunity set for each performance period. The bonus formulas will be adopted in each performance period by the compensation committee and communicated to each executive officer. The corporate performance goals will be measured at the end of each performance period after our financial reports have been published or such other appropriate time as the compensation committee determines. If the corporate performance goals and individual performance objectives are met, payments will be made as soon as practicable following the end of each such performance period. Subject to the rights contained in any agreement between the executive officer and us, an executive officer must be employed by us on the bonus payment date to be eligible to receive a bonus payment. The Bonus Plan also permits the compensation committee to approve additional bonuses to executive officers in its sole discretion and provides the compensation committee with discretion to adjust the size of the award as it deems appropriate.

ThredUP 401(k) Plan

We maintain a tax-qualified retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax-advantaged basis, or the 401(k) Plan. Plan participants are able to defer eligible compensation on a pre-tax or after tax (Roth) basis, subject to applicable annual Internal Revenue Code limits. The 401(k) plan is intended to be qualified under Section 401(a) of the Internal Revenue Code with the 401(k) plan's related trust intended to be tax exempt under Section 501(a) of the Internal Revenue Code. As a tax-qualified retirement plan, pre-tax contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and earnings on Roth contributions are not taxable when distributed from the 401(k) plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements and indemnification arrangements, discussed, when required, in the sections titled “Management” and “Executive Compensation” and the registration rights described in the section titled “Description of Capital Stock—Registration Rights,” the following is a description of each transaction since January 1, 2017 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Equity Financings***Series E-1 Convertible Preferred Stock Financing***

On January 8, 2018, we sold an aggregate of 5,704,601 shares of our Series E-1 convertible preferred stock at a purchase price of \$6.2581 per share, for an aggregate purchase price of \$35.7 million, pursuant to our Series E-1 convertible preferred stock financing. The following table summarizes purchases of our Series E-1 convertible preferred stock by our directors, holders of more than 5% of our capital stock and their affiliated entities. None of our executive officers purchased shares of Series E-1 convertible preferred stock.

Stockholder	Shares of Series E-1 Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Global Private Opportunities Partners ⁽¹⁾	1,597,928	\$ 9,999,993
Entities affiliated with Highland Capital Partners ⁽²⁾	559,275	3,499,999
Jack Lazar	31,958	199,996
Norman Matthews	31,958	199,996
Entities affiliated with Redpoint Ventures ⁽³⁾	559,274	3,499,993
Trinity Ventures X L.P. ⁽⁴⁾	319,585	1,999,995
Entities affiliated with Upfront Ventures ⁽⁵⁾	2,396,893	14,999,996

(1) Consists of Global Private Opportunities Partners II LP and Global Private Opportunities Partners II Offshore Holdings LP. Ian Friedman, a member of our board of directors, was a partner at Global Private Opportunities Partners at the time of our Series E-1 convertible preferred financing.

(2) Consists of Highland Capital Partners VII Limited Partnership, Highland Capital Partners VII-B Limited Partnership, Highland Capital Partners VII-C Limited Partnership, Highland Entrepreneurs' Fund VII Limited Partnership, Highland Capital Partners VIII Limited Partnership, Highland Capital Partners VIII-B Limited Partnership and Highland Capital Partners VIII-C Limited Partnership. Dan Nova, a member of our board of directors, is a partner at Highland Capital Partners.

(3) Consists of Redpoint Ventures IV, L.P. and Redpoint Associates IV, L.L.C. Timothy Haley, a member of our board of directors, is a partner at Redpoint Ventures.

(4) Patricia Nakache, a member of our board of directors, is a partner at Trinity Ventures.

(5) Consists of Upfront Growth II, L.P. Greg Bettinelli, a member of our board of directors, is a partner at Upfront Ventures.

Series F Convertible Preferred Stock Financing

From June 2019 through September 2019, we sold an aggregate of 12,549,852 shares of our Series F convertible preferred stock at a purchase price of \$6.8839 per share, for an aggregate purchase price of \$86.4 million, pursuant to our Series F convertible preferred stock financing. The following table summarizes purchases of our Series F convertible preferred stock by holders of more than 5% of our capital stock and their affiliated entities. None of our directors or executive officers purchased shares of Series F convertible preferred stock.

Stockholder	Shares of Series F Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Global Private Opportunities Partners ⁽¹⁾	261,479	\$ 1,799,995
Entities affiliated with Highland Capital Partners ⁽²⁾	130,739	899,994
Entities affiliated with Park West Partners ⁽³⁾	7,844,390	53,999,996
Entities affiliated with Redpoint Ventures ⁽⁴⁾	196,109	1,349,995
Entities affiliated with Upfront Ventures ⁽⁵⁾	261,478	1,799,988

(1) Consists of Global Private Opportunities Partners II LP and Global Private Opportunities Partners II Offshore Holdings LP. Ian Friedman, a member of our board of directors, was a partner at Global Private Opportunities Partners at the time of the Series F convertible preferred financing.

(2) Consists of Highland Capital Partners VII Limited Partnership, Highland Capital Partners VII-B Limited Partnership, Highland Capital Partners VII-C Limited Partnership, Highland Entrepreneurs' Fund VII Limited Partnership, Highland Capital Partners VIII Limited Partnership, Highland Capital Partners VIII-B Limited Partnership and Highland Capital Partners VIII-C Limited Partnership. Dan Nova, a member of our board of directors, is a partner at Highland Capital Partners.

(3) Consists of Park West Investors Master Fund, Limited and Park West Partners International, Limited.

(4) Consists of Redpoint Ventures IV, L.P. and Redpoint Associates IV, L.L.C. Timothy Haley, a member of our board of directors, is a partner at Redpoint Ventures.

(5) Consists of Upfront Growth I, L.P. and Upfront Growth II, L.P. Greg Bettinelli, a member of our board of directors, is a partner at Upfront Ventures.

2019 Third-Party Tender Offer

In connection with the Series F Convertible Preferred Stock Financing, we entered into the Series F Preferred Stock Purchase Agreement with several parties, including Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures and Upfront Ventures, each a holder of more than 5% of our capital stock, pursuant to which we agreed that Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures, Upfront Ventures and certain other buyers would commence a tender offer for shares of our common stock, which we refer to as the 2019 Third-Party Tender. In connection with the 2019 Third-Party Tender, we waived certain transfer restrictions on our common stock. Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures, Upfront Ventures and certain other buyers conducted a tender offer for shares of our outstanding common stock and common stock issuable upon exercise of vested options to purchase common stock from our stockholders and purchased an aggregate of 1,125,813 shares of our common stock from our stockholders, at a purchase price of \$6.8839 per share, for an aggregate purchase price of \$7.7 million.

The following table summarizes purchases of common stock by Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures and Upfront Ventures, each a holder of more than 5% of our capital stock, in the 2019 Third-Party Tender.

Buyer	Shares of Common Stock	Aggregate Purchase Price
Entities affiliated with Global Private Opportunities Partners ⁽¹⁾	29,053	\$ 199,998
Entities affiliated with Highland Capital Partners ⁽²⁾	14,526	99,996
Entities affiliated with Park West Partners ⁽³⁾	871,599	6,000,001
Entities affiliated with Redpoint Ventures ⁽⁴⁾	21,790	150,000
Entities affiliated with Upfront Ventures ⁽⁵⁾	29,053	199,998

(1) Consists of Global Private Opportunities Partners II LP and Global Private Opportunities Partners II Offshore Holdings LP. Ian Friedman, a member of our board of directors, was a partner at Global Private Opportunities Partners at the time of the 2019 Third Party Tender.

(2) Consists of Highland Capital Partners VII Limited Partnership, Highland Capital Partners VII-B Limited Partnership, Highland Capital Partners VII-C Limited Partnership, Highland Entrepreneurs' Fund VII Limited Partnership, Highland Capital Partners VIII Limited Partnership, Highland Capital Partners VIII-B Limited Partnership and Highland Capital Partners VIII-C Limited Partnership. Dan Nova, a member of our board of directors, is a partner at Highland Capital Partners.

(3) Consists of Park West Investors Master Fund, Limited and Park West Partners International, Limited.

(4) Consists of Redpoint Ventures IV, L.P. and Redpoint Associates IV, L.L.C. Timothy Haley, a member of our board of directors, is a partner at Redpoint Ventures.

(5) Consists of Upfront Growth I, L.P. and Upfront Growth II, L.P. Greg Bettinelli, a member of our board of directors, is a partner at Upfront Ventures.

The following table summarizes purchases of common stock from our executive officers in the 2019 Third-Party Tender.

Stockholder	Title	Shares of Common Stock	Aggregate Purchase Price
Costanoa Family Trust ⁽¹⁾	—	312,417	\$ 2,150,647
Al Ghorai ⁽²⁾	Senior Vice President, Operations	90,000	619,551
Christopher Homer	Chief Operating Officer, Co-Founder	225,000	1,548,878
Anthony Marino	President	150,000	1,032,585
Alon Rotem	General Counsel, Secretary	40,000	275,356

(1) James Reinhart and Michele Reinhart as Trustees of the Costanoa Family Trust dated July 22, 2015 as amended, is a trust affiliated with Mr. Reinhart, our Chief Executive Officer, Director and Co-Founder.

(2) Al Ghorai was our Chief Financial Officer at the time of the 2019 Third Party Tender Offer.

Common Stock Sales

On April 5, 2018, Global Private Opportunities Partners II LP and Global Private Opportunities Partners II Offshore Holdings LP, entities affiliated with Global Private Opportunities Partners, a holder of more than 5% of our outstanding capital stock, purchased 488,461 shares of our common stock at a purchase price of \$2.60 per share, for an aggregate purchase price of \$1,269,999. Ian Friedman, a member of our board of directors, was a partner at Global Private Opportunities Partners at the time of the purchase.

On April 12, 2018 Upfront IV L.P. and Upfront IV Ancillary, L.P., entities affiliated with Upfront Ventures, a holder of more than 5% of our outstanding capital stock, purchased 488,461 shares of our common stock at a purchase price of \$2.60 per share, for an aggregate purchase price of \$1,269,999.

On April 25, 2018, James Reinhart and Michele Reinhart as Trustees of the Costanoa Family Trust dated July 22, 2015, as amended, a trust affiliated with Mr. Reinhart, our Chief Executive Officer, Director and Co-Founder, purchased 125,001 shares of our common stock at a purchase price of \$2.60 per share, for an aggregate purchase price of \$325,003.

Investors' Rights Agreement

We are party to an eighth amended and restated investors' rights agreement, as amended, or the investors' rights agreement, that provides, among other things, that certain holders of our capital stock, including entities affiliated with Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures, Trinity Ventures and Upfront Ventures, which each hold more than 5% of our outstanding capital stock, and Norman Matthews, one of our directors, have the right to demand that we file a registration statement or request that their shares of our capital stock be included on a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights" for more information regarding these registration rights.

In addition, pursuant to the investors' rights agreement, certain holders of our capital stock, including entities affiliated with Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures, Trinity Ventures and Upfront Ventures; James Reinhart, our Chief Executive Officer, director and co-founder; Anthony Marino, our President; Christopher Homer, our Chief Operating Officer and co-founder; and Norman Matthews, our director, have agreed as to the manner in which they will vote their shares of our capital stock on certain matters, including with respect to the election of directors. Upon completion of this offering, the voting provisions of the investors' rights agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Right of First Refusal

Pursuant to our equity compensation plans and certain agreements with our stockholders, including the investor's rights agreement with certain holders of our capital stock, including entities affiliated with Global Private Opportunities Partners, Highland Capital Partners, Park West Partners, Redpoint Ventures, Trinity Ventures and Upfront Ventures, which each hold more than 5% of our outstanding capital stock; James Reinhart, our Chief Executive Officer, director and co-founder; Anthony Marino, our President; and Christopher Homer, our Chief Operating Officer and co-founder, we or our assignees have a right to purchase shares of our capital stock that certain stockholders propose to sell to other parties. This right will terminate upon completion of this offering. Since January 1, 2017, we and our assignees have waived our right of first refusal in connection with the sale of certain shares of our capital stock, including sales by certain of our executive officers. See the section titled "Principal Stockholders" for additional information regarding beneficial ownership of our capital stock.

Other Transactions

We have granted stock options for common stock to our executive officers and certain of our directors. See the sections titled "Executive Compensation" and "Management—Non-Employee Director Compensation" for a description of these options. In May 2020, we repriced certain outstanding stock options held by active service providers, including our executive officers, and directors with exercise prices above the then-current fair market value of our common stock, such that eligible options with an exercise price above \$2.05 per share were amended to reduce such exercise price to \$2.05. A total of 13,297,076 options were repriced, including 5,916,424 held collectively by our executive officers and directors.

We intend to enter into change in control arrangements with certain of our executive officers that, among other things, provide for certain severance and change in control benefits. See the section titled "Executive Compensation—Executive Severance Plan" for more information regarding these agreements.

Other than as described above under this section titled “Certain Relationships and Related Person Transactions,” since January 1, 2017, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related party where the amount involved exceeds, or would exceed, \$120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm’s-length dealings with unrelated third parties.

Limitation of Liability and Indemnification of Officers and Directors

Prior to the completion of this offering, we expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, prior to the completion of this offering, we expect to adopt amended and restated bylaws which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to very limited exceptions.

Further, prior to the completion of this offering, we expect to enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements will require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements will also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification

agreements that we enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Prior to the completion of this offering, we expect to obtain insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers, directors and employees for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee charter will provide that the audit committee has the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed \$120,000 and in which a related person has or will have a direct or indirect material interest. For purposes of this policy, a related person will be defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and their immediate family members. As of the date of this prospectus, we have not adopted any formal standards, policies or procedures governing the review and approval of related party transactions, but we expect that our audit committee will do so in the future.

All of the transactions described above were entered into prior to the adoption of this policy. Accordingly, each was approved by disinterested members of our board of directors after making a determination that the transaction was executed on terms no less favorable than those that could have been obtained from an unrelated third party.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of August 31, 2020, as adjusted to reflect the sale of Class A common stock offered by us in this offering, assuming no exercise of the underwriters' option to purchase additional shares, for:

- each of our named executive officers;
- each of our directors;
- all of our directors and executive officers as a group; and
- each person known by us to be the beneficial owner of more than five percent of any class of our voting securities.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. We have deemed shares of our common stock subject to options to purchase Class B common stock that are currently exercisable or exercisable within 60 days of August 31, 2020 to be outstanding and to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

We have based percentage ownership of our common stock before this offering on 78,447,208 shares of our common stock outstanding as of August 31, 2020, which includes 65,970,938 shares of Class B common stock resulting from the automatic conversion and reclassification of all outstanding shares of our convertible preferred stock immediately prior to the completion of this offering, as if this conversion and reclassification had occurred as of August 31, 2020. Percentage ownership of our common stock after this offering assumes our sale of shares of Class A common stock in this offering.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o ThredUp Inc., 969 Broadway, Suite 200, Oakland, CA 94607.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering				Percent of Total Voting Power After the Offering ⁽²⁾
	Class B ⁽¹⁾		Class A		Class B ⁽¹⁾		
	Number	Percentage	Number	Percentage	Number	Percentage	
5% Stockholders:							
Entities affiliated with Trinity Ventures ⁽³⁾	10,727,211	13.7 %			10,727,211		
Entities affiliated with Redpoint Ventures ⁽⁴⁾	10,706,528	13.6 %			10,706,528		
Entities affiliated with Highland Capital Partners ⁽⁵⁾	10,655,930	13.6 %			10,655,930		
Entities affiliated with Upfront Ventures ⁽⁶⁾	10,138,127	12.9 %			10,138,127		
Entities affiliated with Global Private Opportunities Partners ⁽⁷⁾	10,798,005	13.8 %			10,798,005		
Entities affiliated with Park West Ventures ⁽⁸⁾	8,715,989	11.1 %			8,715,989		
Named Executive Officers and Directors:							
James Reinhart ⁽⁹⁾	6,088,313	7.6 %			6,088,313		
Patricia Nakache ⁽¹⁰⁾	10,727,211	13.7 %			10,727,211		
Anthony Marino ⁽¹¹⁾	1,246,253	1.6 %			1,246,253		
Christopher Homer ⁽¹²⁾	2,051,177	2.6 %			2,051,177		
Greg Bettinelli ⁽¹³⁾	10,138,127	12.9 %			10,138,127		
Ian Friedman ⁽¹⁴⁾	—	—			—		
Timothy Haley ⁽¹⁵⁾	10,706,528	13.6 %			10,706,528		
Jack Lazar ⁽¹⁶⁾	266,953	*			266,953		
Norman Matthews ⁽¹⁷⁾	823,806	1.0 %			823,806		
Dan Nova ⁽¹⁸⁾	10,655,930	13.6 %			10,655,930		
Paula Sutter ⁽¹⁹⁾	323,063	*			323,063		
All directors and executive officers as a group (13 persons) ⁽²⁰⁾	53,394,632	64.4 %			53,394,632		

* Represents less than one percent (1%).

(1) The Class B common stock is convertible at any time by the holder into shares of Class A common stock on a share-for-share basis.

(2) Percentage of total voting power represents voting power with respect to all shares of our Class A common stock and Class B common stock, as a single class. The holders of our Class B common stock are entitled to ten votes per share, and holders of our Class A common stock are entitled to one vote per share. See the section titled “Description of Capital Stock—Voting Rights” for more information about the voting rights of our Class A common stock and Class B common stock.

(3) Consists of (i) 10,564,238 shares of Class B common stock held of record by Trinity Ventures X, L.P. (“Trinity Ventures X”), (ii) 104,590 shares of Class B common stock held of record by Trinity X Entrepreneurs’ Fund, L.P. (“Trinity Entrepreneurs”) and (iii) 58,383 shares of Class B common stock held of record by Trinity X Side-By-Side Fund, L.P. (“Trinity Side,” and together with Trinity Ventures X and Trinity Entrepreneurs, the “Trinity Entities”). The managing members of TVL Management Corporation share voting and dispositive power over the shares held by each of the Trinity Entities. The managing members of TVL Management Corporation are Larry Orr, Noel Fenton, Ajay Chopra, Karan Mehandru, Nina Labatt and Patricia Nakache. The address for each of the Trinity Entities is 2480 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

(4) Consists of (i) 10,438,866 shares of Class B common stock held of record by Redpoint Ventures IV, L.P. (“RV IV”) and (ii) 267,662 shares of Class B common stock held of record by Redpoint Associates IV, L.L.C. (“RA IV,” and together with RV IV, the “Redpoint Entities”). Redpoint Ventures IV, LLC (“RV IV LLC”) is the sole general partner of RV IV and the managers of RV IV LLC commonly control RA IV. RV IV LLC is the sole general partner of RV IV. Voting and dispositive decisions with respect to the shares held by RV IV and RA IV are made by the managers of RV IV LLC and RA IV: W. Allen Beasley, Jeffrey D. Brody, Satish Dharmaraj, R. Thomas Dyal,

Timothy M. Haley, Christopher B. Moore, Scott C. Raney, John L. Walecka and Geoffrey Y. Yang. The address for each of the Redpoint Entities is 3000 Sand Hill Road, Building 2, Suite 290, Menlo Park, CA 94025.

- (5) Consists of (i) 2,292,940 shares of Class B common stock held by Highland Capital Partners VII Limited Partnership, a Delaware limited partnership (“Highland Capital VII”), (ii) 555,624 shares of Class B common stock held by Highland Capital Partners VII-B Limited Partnership, a Delaware limited partnership (“Highland Capital VII-B”), (iii) 809,163 shares of Class B common stock held by Highland Capital Partners VII-C Limited Partnership, a Delaware limited partnership (“Highland Capital VII-C”), (iv) 71,850 shares of Class B common stock held by Highland Entrepreneurs’ Fund VII Limited Partnership, a Delaware limited partnership (“Highland VII Entrepreneurs’ Fund”, and together with Highland Capital VII, Highland Capital VII-B and Highland Capital VII-C, the “Highland VII Investing Entities”), (v) 5,025,934 shares of Class B common stock held by Highland Capital Partners VIII Limited Partnership, a Cayman Islands exempted limited partnership (“Highland Capital VIII”), (vi) 77,922 shares of Class B common stock held by Highland Capital Partners VIII-B Limited Partnership, a Cayman Islands exempted limited partnership (“Highland Capital VIII-B”), and (vii) 1,822,497 shares of Class B common stock held by Highland Capital Partners VIII-C Limited Partnership, a Cayman Islands exempted limited partnership (“Highland Capital VIII-C”, and together with Highland Capital VIII and Highland Capital VIII-B, the “Highland VIII Investing Entities”). Highland Management Partners VII Limited Partnership, a Delaware limited partnership (“HMP VII LP”), is the general partner of the Highland VII Investing Entities. Highland Management Partners VII, LLC, a Delaware limited liability company (“HMP VII LLC”), is the general partner of HMP VII LP. Dan Nova, a member of our board of directors, Robert J. Davis, Paul A. Maeder and Corey M. Mulloy, are the managing members of HMP VII LLC. HMP VII LLC, as the general partner of the general partner of the Highland VII Investing Entities, respectively, may be deemed to have beneficial ownership of the shares held by the Highland VII Investing Entities. The managing members have shared power over all investment decisions of HMP VII LLC and therefore may be deemed to share beneficial ownership of the shares held by the Highland VII Investing Entities by virtue of their status as controlling persons of HMP VII LLC. Each managing member of HMP VII LLC disclaims beneficial ownership of the shares held by the Highland VII Investing Entities, except to the extent of each such managing member’s pecuniary interest therein. Each of HMP VII LLC and HMP VII LP disclaims beneficial ownership of the shares held by the Highland VII Investing Entities, except to the extent of each such entity’s pecuniary interest therein. The principal business address for each of the entities in this paragraph is One Broadway, 16th Floor, Cambridge, MA 02142. Highland Management Partners VIII Limited Partnership, a Cayman Islands exempted limited partnership (“HMP VIII LP”), is the general partner of the Highland VIII Investing Entities. Highland Management Partners VIII Limited, a Cayman Islands exempted company (“HMP VIII Ltd”), is the general partner of HMP VIII LP. Dan Nova, a member of our board of directors, Robert J. Davis, Paul A. Maeder and Corey M. Mulloy, are the directors of HMP VIII Ltd. HMP VIII Ltd, as the general partner of the general partner of the Highland VIII Investing Entities, respectively, may be deemed to have beneficial ownership of the shares held by the Highland VIII Investing Entities. The directors of HMP VIII Ltd have shared power over all investment decisions of HMP VIII Ltd and therefore may be deemed to share beneficial ownership of the shares held by the Highland VIII Investing Entities by virtue of their status as controlling persons of HMP VIII Ltd. Each director of HMP VIII Ltd disclaims beneficial ownership of the shares held by the Highland VIII Investing Entities, except to the extent of each such director’s pecuniary interest therein. Each of HMP VIII Ltd and HMP VIII LP disclaims beneficial ownership of the shares held by the Highland VIII Investing Entities, except to the extent of each such entity’s pecuniary interest therein. The principal business address for each of the entities in this footnote is One Broadway, 16th Floor, Cambridge, MA 02142.
- (6) Consists of (i) 1,714,141 shares of Class B common stock held of record by Upfront Growth I, L.P. (f/k/a Upfront Opportunity Fund I, L.P.) (“Upfront Growth I”), (ii) 2,571,212 shares of Class B common stock held of record held by Upfront Growth II, L.P. (f/k/a Upfront Opportunity Fund II, L.P.) (“Upfront Growth II”), (iii) 5,535,274 shares of Class B common stock held of record by Upfront IV L.P. (“Upfront IV”) and (iv) 317,500 shares of Class B common stock held of record by Upfront IV Ancillary, L.P. (“Upfront IV Ancillary”, and together with Upfront Growth I, Upfront Growth II and Upfront IV, the “Upfront Entities”). Upfront Growth GP I, LLC is the general partner of Upfront Growth I. Upfront Growth GP II, LLC is the general partner of Upfront Growth II. Upfront GP IV, L.P. is the general partner of Upfront IV. Upfront IV Ancillary GP, LLC is the general partner of Upfront IV Ancillary. The Upfront Entities and their general partners are managed by Upfront Ventures Management, LLC (“Upfront Ventures Management”), which is controlled by Mark Suster and Yves Sisteron. The address for each of the entities in this paragraph is 1314 7th Street, Santa Monica, CA 90401.
- (7) Consists of (i) 5,163,308 shares of Class B common stock held of record by Global Private Opportunities Partners II LP (“GPOP II LP”) and (ii) 5,634,697 shares of Class B common stock held of record by Global Private Opportunities Partners II Offshore Holdings LP (“GPOP II Offshore” and together with GPOP II LP, the “GPOP Entities”). GS Investment Strategies, LLC (“GSIS”), a limited liability company incorporated under the laws of Delaware, is the investment manager of the GPOP Entities, and is wholly owned by GSAM Holdings LLC, a limited liability company incorporated under the laws of Delaware, which is wholly owned by The Goldman Sachs Group, Inc., a corporation incorporated under the laws of Delaware. GSIS has voting and investment

- power over all of the shares held by the GOP Entities. The address for each of the GOP Entities is 200 West Street, New York, NY 10282.
- (8) Consists of (i) 7,917,253 shares of Class B common stock held by Park West Investors Master Fund, Limited ("PWIMF") and (ii) 798,736 shares of Class B common stock held by Park West Partners International, Limited ("PWPI"). Park West Asset Management LLC ("PWAM") is the investment manager to PWIMF and PWPI. Peter S. Park is the sole member and manager of PWAM. The address of each of these entities is 900 Larkspur Landing Circle, Suite 165, Larkspur, CA 94939.
 - (9) Consists of (i) 772,784 shares of Class B common stock held of record by James Reinhart, (ii) 2,180,472 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by James Reinhart, (iii) 2,618,986 shares of Class B common stock held of record by James Reinhart and Michele Reinhart, as Trustees of the Costanoa Family Trust dated July 22, 2015, as amended, (iv) 9,091 shares of Class B common stock held of record by James Reinhart and Michele Reinhart, as Trustees of the Costanoa 2017 Irrevocable Trust, (v) 105,730 shares of Class B common stock held of record by James Reinhart, as Trustee of the Costanoa 2018 Trust dated October 2, 2018, (vi) 156,250 shares of Class B common stock held of record by James Reinhart, as Trustee of the Costanoa 2019 Trust dated October 17, 2019 and (vii) 245,000 shares of Class B common stock held of record by James Reinhart, as Trustee of the Costanoa Trust dated August 7, 2020.
 - (10) Consists of shares held by the entities affiliated with Trinity Ventures identified in footnote 3.
 - (11) Consists of (i) 259,660 shares of Class B common stock and (ii) 986,593 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by Anthony Marino.
 - (12) Consists of (i) 1,925,531 shares of Class B common stock held of record by Christopher Homer, (ii) 111,583 shares of Class B common stock held of record by his spouse and (iii) 14,063 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by Christopher Homer.
 - (13) Consists of shares held by the entities affiliated with Upfront Ventures identified in footnote 6.
 - (14) Following Mr. Friedman's departure from Goldman Sachs Investment Partners, Venture Capital and Growth Equity in October 2019, he was no longer associated with the entities affiliated with Global Private Opportunities Partners.
 - (15) Consists of shares held by the entities affiliated with Redpoint Ventures identified in footnote 4.
 - (16) Consists of (i) 31,958 shares of Class B common stock held of record by Lazar 2012 Living Trust and (ii) 234,995 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by Jack Lazar.
 - (17) Consists of (i) 382,898 shares of Class B common stock held of record by Norman Matthews, (ii) 47,783 shares of Class B common stock held of record by Norman Matthews, as Trustee of the Family Trust Under The Norman S. Matthews 2017 Annuity Trust No I and (iii) 393,125 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by Norman Matthews.
 - (18) Consists of shares held by the entities affiliated with Highland Capital Partners identified in footnote 5.
 - (19) Consists of (i) 15,979 shares of Class B common stock and (ii) 307,084 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020 by Paula Sutter.
 - (20) Consists of (i) 48,911,029 shares of Class B common stock beneficially owned by our current directors and executive officers and (ii) 4,483,603 shares of Class B common stock subject to outstanding options that are exercisable within 60 days of August 31, 2020.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes the most important terms of our capital stock, as they are expected to be in effect upon the completion of this offering. We expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws in connection with this offering, and this description summarizes the provisions that are expected to be included in such documents. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section titled "Description of Capital Stock," you should refer to our amended and restated certificate of incorporation and amended and restated bylaws and our amended and restated investor rights' agreement, which are or will be included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law. Immediately following the completion of this offering, our authorized capital stock will consist of _____ shares of Class A common stock, \$0.0001 par value per share, _____ shares of Class B common stock, \$0.0001 par value per share, and _____ shares of undesignated preferred stock, \$0.0001 par value per share.

Assuming the conversion of all outstanding shares of our convertible preferred stock into shares of our Class B common stock, which will occur immediately prior to the completion of this offering, as of December 31, 2019, there were no outstanding shares of Class A common stock and 76,575,641 shares of our Class B common stock outstanding, held by 153 stockholders of record, and no shares of our convertible preferred stock outstanding. Our board of directors is authorized, without stockholder approval except as required by the listing standards of the _____, to issue additional shares of our capital stock.

Class A Common Stock and Class B Common Stock

Upon the completion of this offering, we will have authorized Class A common stock and Class B common stock. All outstanding shares of our existing common stock and convertible preferred stock will be reclassified into shares of our new Class B common stock. In addition, any options to purchase shares of our capital stock outstanding prior to the completion of this offering will become eligible to be settled in or exercisable for shares of our new Class B common stock.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our 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 Class A common stock are entitled to one vote for each share and holders of our Class B common stock are entitled to ten votes per share, on all matters submitted to a vote of stockholders. The holders of our Class A common stock and Class B common stock will generally vote together as a single class on all matters submitted to a vote of our stockholders, unless otherwise required by Delaware law or our amended and restated certificate of incorporation. Delaware law could require either holders of our Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- 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 class of our capital stock in a

manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

We do not expect to provide for cumulative voting for the election of directors in our amended and restated certificate of incorporation. Our amended and restated certificate of incorporation and amended and restated bylaws will establish a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be 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 Class B common stock will be convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class 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 family members, 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. Once converted into Class A common stock, the Class B common stock will not be reissued.

Each outstanding share of Class B common stock will convert automatically into one share of Class A common stock upon the date specified by affirmative vote of the holders of at least _____ of the outstanding shares of Class B common stock, voting as a single class.

All outstanding shares of Class A common stock and Class B common stock will convert automatically into shares of a single class of common stock on the earlier of the date that is _____ years from the date of this prospectus or the date the holders of at least _____ of our Class B common stock elect to convert the Class B common stock to Class 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 class of common stock, the Class A common stock and Class B common stock may not be reissued. See the section titled "Risk Factors—Risks Relating to Our Initial Public Offering and Ownership of Our Common Stock—The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to this offering, including our directors, executive officers and their respective affiliates. This ownership will limit or preclude 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 transactions requiring stockholder approval, and that may depress the trading price of our Class A common stock" for a description of the risks related to the dual class structure of our common stock.

No Preemptive or Similar Rights

Our Class A common stock and Class B common stock are not entitled to preemptive rights and are not subject to conversion, 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 Class A common stock and Class 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.

Fully Paid and Non-Assessable

All of the outstanding shares of our Class B common stock are, and the shares of our Class A common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

Following this offering, our board of directors will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, 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 Class A common stock and the voting and other rights of the holders of our Class A common stock and Class B common stock. We have no current plan to issue any shares of preferred stock.

Options

As of December 31, 2019, we had outstanding options to purchase an aggregate of 17,984,575 shares of our Class B common stock, with a weighted-average exercise price of \$2.05 pursuant to our 2010 Plan, which was adopted in February 2010, most recently amended and restated by our board of directors in March 2019 and most recently amended in August 2020.

Warrants

As of December 31, 2019, warrants to purchase an aggregate of 170,975 shares of our convertible preferred stock, with a weighted-average exercise price of \$3.40 per share on a common equivalent basis were outstanding, 80,294 of which were automatically converted into 42,677 shares of our preferred stock upon expiration subsequent to December 31, 2019. The warrants will be automatically converted into warrants for Class B common stock upon the completion of this offering.

Registration Rights

After the completion of this offering, certain holders of our Class B common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in the investors' rights agreement. We, along with certain holders of our convertible preferred stock, are parties to the investors' rights agreement. The registration rights set forth in the investors' rights agreement will expire five years following the completion of this 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. In connection with this offering, each stockholder that has registration rights will agree not to sell or otherwise dispose of any securities without the prior written consent of _____ for a period of _____ days after the date of this prospectus, subject to certain terms and conditions. See the section titled "Underwriting" for more information regarding such restrictions.

Demand Registration Rights on Form S-1

After the completion of this offering, the holders of approximately 66,936,959 shares of our Class B common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the effectiveness of the registration statement of which this prospectus forms a part, the holders of at least 30% 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. We are obligated to effect only two such registrations. If we determine that it would be seriously detrimental to our stockholders to effect such a demand registration, we have the right to defer such registration, not more than twice in any 12-month period, for a period of not more than 120 days. Additionally, we will not be required to effect a demand registration during the period beginning with 60 days prior to our good faith estimate of the date of the filing of, and ending up to days following the effectiveness of, a registration statement relating to the public offering of our common stock. Additionally, we will not be required to effect a demand registration during the period beginning 90 days prior to our good faith estimate of the date of the filing of and ending on a date 180 days after the effectiveness of a registration statement relating to our common stock.

Demand Registration Rights on Form S-3

After the completion of this offering, the holders of up to approximately 66,936,959 shares of our Class B common stock will be entitled to certain Form S-3 registration rights. The holders of at least 10% 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 of at least \$1.0 million. These stockholders may make an unlimited number of requests for registration on Form S-3; however, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request. Additionally, if we determine that it would be seriously detrimental to our stockholders to effect such a registration, we have the right to defer such registration, not more than twice in any 12-month period, for a period of not more than 120 days. Additionally, we will not be required to effect a demand registration during the period beginning 60 days prior to our good faith estimate of the date of the filing of and ending on a date 180 days after the effectiveness of a registration statement relating to our common stock.

Piggyback Registration Rights

After the completion of this offering, if we propose to register the offer and sale of our common stock under the Securities Act, in connection with the public offering of such common stock the holders of up to approximately 74,321,383 shares of our Class B common stock will be entitled to certain "piggyback" registration rights allowing the 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 (1) a registration relating to the sale of securities to our employees or a subsidiary pursuant to a stock option, stock purchase or similar plan, (2) a registration relating to a transaction under Rule 145 of the Securities Act, (3) 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 public offering of our common stock or (4) 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.

Anti-Takeover Provisions

The provisions of Delaware law, 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 Delaware General Corporation Law. 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 will 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 Class Stock.* As described above in the subsection titled “—Class A Common Stock and Class B Common Stock—Voting Rights,” our amended and restated certificate of incorporation will provide for a dual class common stock structure, which will provide 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 will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would 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 will 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 will provide that our board of directors is classified into three classes 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. See the section titled “Management—Board of Directors.”
- *Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation will provide that 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, 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 will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the Chairperson of our board of directors, our President or our Chief Executive Officer, 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 will 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 will 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 Delaware General Corporation Law 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 will not provide for cumulative voting.
- *Directors Removed Only for Cause.* Our amended and restated certificate of incorporation will provide that stockholders may remove directors only for cause.
- *Amendment of Charter Provisions.* Any amendment of the above provisions in our amended and restated certificate of incorporation will require approval by holders of at least two-thirds of our then outstanding common stock.
- *Issuance of Undesignated Preferred Stock.* Our board of directors will have the authority, without further action by the stockholders, to issue up to _____ 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 will 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 (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers and employees to us or our stockholders, (3) any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any action asserting a claim that is governed by the internal affairs doctrine; provided, however, that the Delaware Forum Provision shall not apply to any causes of action arising under the Securities Act or Exchange Act. In addition, our amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the United States District Court for the Northern District of California 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.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our Class A common stock and Class B common stock will be _____. The transfer agent's address is _____.

Listing

We intend to apply to list our Class A common stock on the _____ under the symbol “ _____.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our capital stock outstanding as of December 31, 2019, we will have a total of _____ shares of our Class A common stock and 76,575,641 shares of our Class B common stock outstanding, assuming the automatic conversion and reclassification of all outstanding shares of our convertible preferred stock into 65,928,261 shares of our Class B common stock and the reclassification of our outstanding common stock as Class B common stock, all immediately prior to the completion of this offering. Of these outstanding shares, all of the _____ shares of Class A common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our Class B common stock will be deemed “restricted securities” as defined in Rule 144. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. In addition, all of our executive officers, directors and holders of substantially all of our common stock and securities convertible into or exchangeable for our Class B common stock have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for at least _____ days following the date of this prospectus. As a result of these agreements and the provisions of our investor rights’ agreement described above under the section titled “Description of Capital Stock—Registration Rights,” subject to the provisions of Rule 144 or Rule 701, based on an assumed offering date of _____, _____ shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, the _____ shares of Class A common stock sold in this offering will be immediately available for sale in the public market;
- beginning _____ days after the date of this prospectus, subject to certain exceptions as described in the section titled “Underwriting” below, _____ additional shares of Class B common stock will become eligible for sale in the public market, of which _____ shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; and
- the remainder of the shares of Class B common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Lock-Up Agreements and Market Standoff Provisions

We, our executive officers, directors and holders of substantially all of our Class B common stock and securities convertible into or exchangeable for our Class B common stock, have agreed or will agree that, subject to certain exceptions, for a period of _____ days from the date of this prospectus, we and they will not, without the prior written consent of _____, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our capital stock. _____, in _____ discretion, may release any of the securities subject to these lock-up agreements at any time. This agreement is further described as set forth in the section titled “Underwriting.”

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with substantially all of our security holders, including our investors' rights agreement and our standard form of option agreement, that contain market stand-off provisions imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144 and subject to the expiration of the lock-up agreements and market standoff agreements described above. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately _____ shares immediately after this offering; or
- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701, subject to the expiration of the lock-up agreements and market standoff agreements described above.

Registration Rights

Pursuant to the investors' rights agreement, the holders of up to 74,321,383 shares of our Class B common stock (including shares issuable upon the conversion of our outstanding convertible preferred stock immediately prior to the completion of this offering and shares issued upon the exercise of warrants held by Western Alliance Bank, or its transferees), will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "Description of Capital Stock—Registration Rights" for a description of these registration rights. If the offer and sale of these shares is registered, the shares will be freely tradable without restriction under the Securities Act and a large number of shares may be sold into the public market.

Registration Statement on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of our Class A common stock and Class B common stock issued or reserved for issuance under our 2010 Plan, our 2021 Plan and our ESPP. We expect to file this registration statement as promptly as possible after the completion of this offering. Shares covered by this registration statement will be eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable lock-up agreements and market standoff agreements. As of December 31, 2019, options to purchase a total of 17,984,575 shares of our Class B common stock pursuant to our 2010 Plan were outstanding, of which options to purchase 10,300,465 shares were exercisable, and no options were outstanding or exercisable under our 2021 Plan.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income tax consequences relating to ownership and disposition of our common stock by a non-U.S. holder. For purposes of this discussion, the term “non-U.S. holder” means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any political subdivision of the United States;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more “United States persons” (as defined in the Code) have authority to control all substantial decisions of the trust or if the trust has a valid election in effect to be treated as a United States person under applicable U.S. Treasury Regulations.

This discussion is based on current provisions of the Code, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to non-U.S. holders described in this prospectus. In addition, the Internal Revenue Service, or the IRS, could challenge one or more of the tax consequences described in this prospectus.

We assume in this discussion that each non-U.S. holder holds shares of our common stock as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder’s individual circumstances nor does it address any aspects of state, local, estate or non-U.S. taxes, alternative minimum tax, the Medicare contribution tax on net investment income, the rules regarding qualified small business stock within the meaning of Section 1202 of the Code or U.S. federal taxes other than income. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- banks;
- insurance companies;
- tax-exempt organizations;
- financial institutions;
- brokers or dealers in securities;
- pension plans;
- tax-qualified retirement plans;
- tax-exempt organizations;
- controlled foreign corporations;
- passive foreign investment companies;

- owners that hold our common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;
- certain U.S. expatriates;
- persons who have elected to mark securities to market;
- persons subject to the unearned income Medicare contribution tax;
- persons that elect to apply Section 1400Z-2 of the Code to gains recognized with respect to shares of our common stock; or
- persons that acquire our common stock as compensation for services.

In addition, this discussion does not address the tax treatment of partnerships (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) or other entities that are transparent for U.S. federal income tax purposes or persons who hold their common stock through partnerships or other entities that are transparent for U.S. federal income tax purposes. In the case of a holder that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of a person treated as a partner in such partnership for U.S. federal income tax purposes generally will depend on the status of the partner, the activities of the partner and the partnership and certain determinations made at the partner level. A person treated as a partner in a partnership or who holds their stock through another transparent entity should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other transparent entity, as applicable.

Prospective investors should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of our common stock.

Distributions on our Common Stock

We do not currently expect to pay any dividends. See the section titled “Dividend Policy.” However, in the event that we do pay distributions of cash or property on our common stock, those distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder’s investment, up to such holder’s tax basis in our common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below under the heading “Gain on Sale, Exchange or Other Taxable Disposition of Common Stock.”

Subject to the discussion of effectively connected income below and the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act,” dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder’s country of residence. If we or another withholding agent apply over-withholding or if a non-U.S. holder does not timely provide us with the required certification, the non-U.S. holder may be entitled to a refund or credit of any excess tax withheld by timely filing an appropriate claim with the IRS.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the United States and such holder’s country of residence with respect to U.S. withholding taxes generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and satisfy applicable certification and other requirements. A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim with the IRS. Non-U.S. holders are

urged to consult their own tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States, and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. To obtain this exemption, a non-U.S. holder must generally provide a properly executed original and unexpired IRS Form W-8ECI properly certifying such exemption. However, such U.S. effectively connected income is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder’s country of residence.

Any documentation provided to an applicable withholding agent may need to be updated in certain circumstances. The certification requirements described above also may require a non-U.S. holder to provide its U.S. taxpayer identification number.

Gain on Sale, Exchange or Other Taxable Disposition of Common Stock

Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “Foreign Account Tax Compliance Act,” a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on gain recognized on a sale, exchange or other taxable disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder’s conduct of a trade or business in the United States, and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States; in these cases, the non-U.S. holder will be taxed on a net income basis at the regular graduated rates and in the manner applicable to United States persons, and, if the non-U.S. holder is a foreign corporation, an additional branch profits tax at a rate of 30%, or a lower rate as may be specified by an applicable income tax treaty, may also apply;
- the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on the amount by which the non-U.S. holder’s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition (without taking into account any capital loss carryovers); or
- we are or were a “U.S. real property holding corporation” during a certain look-back period, unless our common stock is regularly traded on an established securities market and the non-U.S. holder held no more than five percent of our outstanding common stock, directly or indirectly, actually or constructively, during the shorter of the five-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. In such case, such non-U.S. holder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to United States persons (as defined in the Code). Generally, a corporation is a “U.S. real property holding corporation” if the fair market value of its “U.S. real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance in this regard, we believe that we have not been and are not currently, and we do not anticipate becoming, a “U.S. real property holding corporation” for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

We (or the applicable paying agent) must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. Generally, a holder will comply with such procedures if it provides a properly executed IRS Form W-8BEN or W-8BEN-E or otherwise establishes an exemption.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a foreign broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement. Any documentation provided to an applicable withholding agent may need to be updated in certain circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Foreign Account Tax Compliance Act

Provisions of the Code commonly referred to as the Foreign Account Tax Compliance Act and associated guidance, or collectively, FATCA, generally impose a 30% withholding tax on any "withholdable payment" (as defined below) to a "foreign financial institution" (as defined in the Code), unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or another applicable exception applies or such institution is compliant with applicable foreign law enacted in connection with an applicable intergovernmental agreement between the United States and a foreign jurisdiction. FATCA will also generally impose a 30% withholding tax on any "withholdable payment" (as defined below) to a foreign entity that is not a financial institution, unless such entity provides the withholding agent with a certification identifying the substantial U.S. owners of the entity (which generally includes any United States person who directly or indirectly owns more than 10% of the entity), if any, or another applicable exception applies or such entity is compliant with applicable foreign law enacted in connection with an applicable intergovernmental agreement between the United States and a foreign jurisdiction. Under applicable U.S. Treasury regulations, "withholdable payments" currently include payments of dividends on our common stock. Currently proposed U.S. Treasury Regulations provide that FATCA withholding does not apply to gross proceeds from the disposition of property of a type that can produce U.S. source dividends or interest; however, prior versions of the rules would have made such gross proceeds subject to FATCA withholding. Taxpayers (including withholding agents) can currently rely on the proposed Treasury Regulations. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes.

The preceding discussion of material U.S. federal tax considerations is for general information only. It is not tax advice. Prospective investors should consult their own tax advisors regarding the particular U.S. federal, state, local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed changes in applicable laws.

UNDERWRITING

We and the underwriters named below will enter into an underwriting agreement with respect to the shares of Class A common stock being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC are the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman Sachs & Co. LLC	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
William Blair & Company, L.L.C.	
Total	

The underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters will have an option to buy up to an additional _____ shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase _____ additional shares of our Class A common stock.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ _____ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors and holders of substantially all of our common stock and securities convertible into or exchangeable for shares of our common stock have agreed with the underwriters of this offering that, subject to certain exceptions, we and they will not dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date _____ days after the date of this prospectus, except with the prior written consent of _____. This agreement does not apply to any existing employee benefit plans. See the section titled "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for our Class A common stock. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to apply to list our Class A common stock on _____ under the symbol “_____.”

In connection with the offering, the underwriters may purchase and sell shares of our Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our Class A common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our Class A common stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on _____, in the over-the-counter market or otherwise.

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ _____ million. We will agree to reimburse the underwriters for expenses related to any applicable state securities filings and to the Financial Industry Regulatory Authority incurred by them in connection with this offering in an amount up to \$ _____.

The underwriters will agree to reimburse us for certain expenses incurred by us in connection with this offering upon closing of this offering.

We will agree to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other

financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Prior this offering, entities affiliated with Global Private Opportunities Partners, or the GPOP Entities, beneficially own 13.8% of our outstanding shares of common stock as of August 31, 2020. The GPOP Entities are affiliates of Goldman Sachs & Co. LLC, one of the underwriters, although Goldman Sachs & Co. LLC does not, directly or indirectly, have the right to the economic benefits of a significant majority of the shares held by the GPOP Entities. See the section titled "Principal Stockholders" for additional information.

European Economic Area and United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom, each a Relevant State, no shares of common shares, or the Shares, have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended, or the FSMA, received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or the Companies (Winding Up and Miscellaneous Provisions) Ordinance, or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the Securities and Futures Ordinance, or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the

shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore, or Regulation 32.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

Goodwin Procter LLP, Redwood City, California, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of our Class A common stock being offered by this prospectus. The underwriters have been represented by Wilson Sonsini Goodrich & Rosati, P.C., Palo Alto, California.

EXPERTS

The consolidated financial statements of ThredUp Inc. as of December 31, 2019 and 2018, and for each of the years in the two-year period ended December 31, 2019, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have submitted with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our Class A common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.thredup.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

ThredUp Inc.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ThredUp Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ThredUp Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2017.

San Francisco, California
October 16, 2020

ThredUp Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31,		Pro Forma as of December 31, 2019 (unaudited)
	2018	2019	
Assets			
Current assets			
Cash and cash equivalents	\$ 6,648	\$ 85,633	
Marketable securities	8,270	—	
Accounts receivable, net	1,414	2,052	
Inventory, net	6,183	3,893	
Other current assets	2,314	2,838	
Total current assets	24,829	94,416	
Restricted cash and cash equivalents, non-current	1,367	1,916	
Property and equipment, net	20,885	26,053	
Other assets	155	174	
Total assets	\$ 47,236	\$ 122,559	
Liabilities, Convertible Preferred Stock and Stockholders' Deficit			
Current liabilities			
Accounts payable	\$ 5,242	\$ 4,863	
Accrued and other current liabilities	12,014	26,219	
Seller payable	9,002	9,317	
Current portion of long-term debt	4,049	2,740	
Total current liabilities	30,307	43,139	
Long-term debt	4,922	14,544	
Other non-current liabilities	1,059	1,212	
Total liabilities	36,288	58,895	
Commitments and contingencies (Note 10)			
Convertible preferred stock: \$0.0001 par value; 54,172,580 and 68,076,033 shares authorized as of December 31, 2018 and 2019, respectively; 53,378,409 and 65,928,261 shares issued and outstanding as of December 31, 2018 and 2019, respectively; liquidation preference of \$200,483 and \$251,175 as of December 31, 2018 and 2019, respectively; shares issued or outstanding, pro forma (unaudited)	164,394	246,905	\$
Stockholders' deficit:			
Common stock, \$0.0001 par value; 82,000,000 and 100,000,000 shares authorized as of December 31, 2018 and 2019, respectively; 10,144,945 and 10,647,380 shares issued and outstanding as of December 31, 2018 and 2019, respectively; shares issued or outstanding, pro forma (unaudited)	1	1	
Additional paid-in capital	12,083	19,750	
Accumulated other comprehensive gain (loss)	(2)	—	
Accumulated deficit	(165,528)	(202,992)	
Total stockholders' (deficit) equity	(153,446)	(183,241)	\$
Total liabilities, convertible preferred stock and stockholders' deficit	\$ 47,236	\$ 122,559	

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

ThredUp Inc.
Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)

	Year Ended December 31,	
	2018	2019
Revenue:		
Consignment	\$ 39,415	\$ 97,763
Product	90,136	66,049
Total revenue	129,551	163,812
Cost of revenue:		
Consignment	9,978	22,764
Product	41,563	28,544
Total cost of revenue	51,541	51,308
Gross profit	78,010	112,504
Operating expenses:		
Operations, product and technology	67,896	81,959
Marketing	27,235	44,747
Sales, general and administrative	17,135	21,872
Total operating expenses	112,266	148,578
Operating loss	(34,256)	(36,074)
Interest expense	(437)	(1,428)
Other income, net	549	74
Loss before provision for income taxes	(34,144)	(37,428)
Provision for income taxes	37	36
Net loss	\$ (34,181)	\$ (37,464)
Other comprehensive loss, net of tax:		
Unrealized gain (loss) on available-for-sale debt securities	(2)	2
Total comprehensive loss	\$ (34,183)	\$ (37,462)
Net loss per share attributable to common stockholders, basic and diluted	\$ (3.41)	\$ (3.65)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	10,027,177	10,265,004
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		\$
Weighted-average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)		

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

ThredUp Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit
(in thousands, except share amounts)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2017	47,673,808	\$ 128,762	10,054,836	\$ 1	\$ 6,518	\$ —	\$ (128,042)	\$ (121,523)
Exercise of stock options	—	—	165,109	—	126	—	—	126
Stock-based compensation	—	—	—	—	2,319	—	—	2,319
Series E-1 preferred stock issued, net of issuance costs of \$67	5,704,601	35,632	—	—	—	—	—	—
Stock buyback from founder	—	—	(1,275,000)	—	—	—	(3,305)	(3,305)
Common stock issued to investors	—	—	1,200,000	—	3,120	—	—	3,120
Unrealized loss on debt securities	—	—	—	—	—	(2)	—	(2)
Net loss	—	—	—	—	—	—	(34,181)	(34,181)
Balance as of December 31, 2018	53,378,409	164,394	10,144,945	1	12,083	(2)	(165,528)	(153,446)
Exercise of stock options	—	—	502,435	—	722	—	—	722
Stock-based compensation	—	—	—	—	6,945	—	—	6,945
Series F preferred stock issued, net of issuance costs of \$3,881	12,549,852	82,511	—	—	—	—	—	—
Unrealized gain on debt securities	—	—	—	—	—	2	—	2
Net loss	—	—	—	—	—	—	(37,464)	(37,464)
Balance as of December 31, 2019	65,928,261	\$ 246,905	10,647,380	\$ 1	\$ 19,750	\$ —	\$ (202,992)	\$ (183,241)

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

ThredUp Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2018	2019
Cash flows from operating activities		
Net loss	\$ (34,181)	\$ (37,464)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,171	4,274
Stock-based compensation expense	2,319	6,945
Other	333	1,077
Changes in operating assets and liabilities:		
Accounts receivable, net	84	(638)
Inventory, net	(153)	2,290
Other current and non-current assets	248	(239)
Accounts payable	2,068	(741)
Accrued and other current liabilities	1,992	14,205
Seller payable	633	315
Other non-current liabilities	(4)	(114)
Net cash used in operating activities	(22,490)	(10,090)
Cash flows from investing activities		
Purchase of marketable securities	(35,090)	—
Maturities of marketable securities	27,000	8,250
Purchase of property and equipment	(13,926)	(9,504)
Net cash used in investing activities	(22,016)	(1,254)
Cash flows from financing activities		
Proceeds from debt issuance, net of issuance costs	6,481	19,750
Repayment of debt	(3,084)	(11,801)
Proceeds from exercise of common stock options	126	722
Proceeds from issuance of convertible preferred stock, net of issuance costs	35,632	82,511
Proceeds from issuance of common stock	3,120	—
Repurchase of common stock	(3,305)	—
Net cash provided by financing activities	38,970	91,182
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	(5,536)	79,838
Cash, cash equivalents and restricted cash and cash equivalents		
Beginning of period	\$ 13,551	\$ 8,015
End of period	\$ 8,015	\$ 87,853
Supplemental disclosures of cash flow information		
Cash paid for income taxes	\$ 21	\$ 27
Cash paid for interest	384	1,207
Supplemental disclosures of non-cash investing and financing activities		
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 225	\$ 587

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

ThredUp Inc.
Notes to Consolidated Financial Statements

1. Organization and Description of Business

ThredUp Inc. (ThredUp or the Company) was formed as a corporation in the State of Delaware in January 2009. ThredUp is a large resale platform that allows consumers to buy and sell secondhand women's and kid's apparel, shoes and accessories. The Company conducts its marketing and administrative functions from Oakland, California and Scottsdale, Arizona; operates its fulfillment centers in Pennsylvania, Illinois, Georgia, and Arizona; and operates its retail locations in California.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany account balances and transactions have been eliminated upon consolidation. The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and the related disclosures. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include, but are not limited to, the useful lives of property and equipment, allowance for sales returns, allowance for bad debts, and valuation of inventory, short-term debt securities, warrants, stock-based compensation and income taxes.

Segments

The Company has one operating segment and one reportable segment as its chief operating decision maker, who is its Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance. All long-lived assets are located in the United States and substantially all revenue is attributed to sellers and buyers based in the United States.

Net Loss Per Share Attributable to Common Stockholders

The Company follows the two-class method when computing net loss per common share when shares issued meet the definition of participating securities. The two-class method determines net loss per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Unaudited Pro Forma Net Loss per Share Attributable to Common Stockholders

In contemplation of an initial public offering ("IPO"), the Company has presented the unaudited pro forma basic and diluted net loss per share attributable to common stockholders, which has been computed to give effect to the conversion of the convertible preferred stock into shares of common stock. In addition, the numerator in the pro forma basic and diluted net loss per common share calculation has been adjusted to remove the gains or losses resulting from the remeasurement of the convertible preferred stock warrant liability as the convertible preferred stock warrant will be converted to a common

ThredUp Inc.
Notes to Consolidated Financial Statements

stock warrant and the related convertible preferred stock warrant liability will be reclassified to additional paid-in capital upon the completion of an IPO.

Unaudited Pro Forma Balance Sheet

The unaudited pro forma balance sheet information as of December 31, 2019 is presented as though all of the Company's outstanding shares of convertible preferred stock have been converted into shares of common stock upon the completion of the IPO. In addition, the pro forma balance sheet information assumes the reclassification of the convertible preferred stock warrant liability to additional paid-in capital upon completion of the IPO, as the warrants to purchase convertible preferred stock automatically convert into common stock warrants. The unaudited pro forma balance sheet information does not assume any proceeds from the IPO.

Comprehensive Loss

As of December 31, 2018, the Company had \$2,000 in other comprehensive losses related to unrealized losses on debt securities classified as available-for-sale. The debt securities matured during 2019 and therefore \$2,000 was reclassified as a realized gain/loss to the consolidated statements of operations and comprehensive loss.

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents

The Company classifies all highly liquid instruments with an original maturity of three months or less at the time of purchase as cash equivalents. Cash and cash equivalents are comprised of bank deposits and money market funds.

Restricted cash and cash equivalents primarily consists of letters of credit with financial institutions held as collateral for its facility leases. Restricted cash and cash equivalents is classified as current or noncurrent based on whether the Company expects that the cash will remain restricted for a period greater than one-year. Current restricted cash and cash equivalents is included in other current assets on the consolidated balance sheet.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows (in thousands):

	December 31,	
	2018	2019
Cash and cash equivalents	\$ 6,648	\$ 85,633
Restricted cash, current	—	304
Restricted cash and cash equivalents, non-current	1,367	1,916
Total cash, cash equivalents and restricted cash and cash equivalents shown in the consolidated statements of cash flows	<u>\$ 8,015</u>	<u>\$ 87,853</u>

Marketable Securities

The Company's marketable securities, consisting of short-term debt securities, are classified as available-for-sale and are reported at fair value with unrealized gains and losses reported, net of tax, as a separate component of accumulated other comprehensive gain (loss) until realized. The short-term debt securities have maturities greater than 3 months, but less than 12 months from the date of acquisition. The short-term debt securities are reviewed periodically to identify possible other-than-temporary impairments. Realized gains or losses and other-than-temporary impairments, if any, on available-for-sale securities are reported in other income, net as incurred. No impairment loss has been recorded on the securities as the Company believes that any decrease in fair value of these securities is temporary and expects to recover up to, or beyond, the initial cost of investment for these securities. As of December 31, 2018 and 2019, the Company had \$8.3 million and zero invested in marketable securities, respectively.

ThredUp Inc.
Notes to Consolidated Financial Statements

Concentrations of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. At times, such amounts may exceed federally insured limits. The Company reduces credit risk by placing its cash with major credit-worthy financial institutions within the United States. The Company's money market investment account (recognized as cash and cash equivalents) is with what the Company believes to be a high-quality issuer. The Company has never experienced any losses related to these balances.

As of December 31, 2018 and 2019, there were no customers that represented 10% or more of the Company's accounts receivable balance. There were no customers that individually exceeded 10% of the Company's revenue for years ended December 31, 2018 and 2019.

Accounts Receivable, net

Accounts receivable consists of amounts due from buyers that do not bear interest. The Company records an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted for current market conditions, the financial condition of the customer, the amount of receivables in dispute, and the current receivables aging and payment patterns. The Company does not have any off-balance sheet credit exposure related to its customers. The allowance for doubtful accounts at December 31, 2018 and 2019 was zero and \$25,000, respectively.

Inventory, net

Inventories, consisting of merchandise that the Company has purchased and holds title, are accounted for using the specific identification method, and are valued at the lower of cost and net realizable value. The cost of inventory is equal to the cost of the merchandise paid to the seller and related inbound shipping costs. Inventory valuation requires the Company to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers, or liquidations, and expected recoverable values of each disposition category. The Company records an inventory write-down based on the age of the inventory and historical experience of expected sell-through.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the Company's property and equipment are as follows:

Machinery and equipment	4-10 years
Internal-use software	1-3 years
Leasehold improvements	Shorter of lease term or estimated useful life
Computers and software	3 years
Furniture and fixtures	5 years

Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized.

When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the balance sheet and any resulting gain or loss is reflected in the consolidated statement of operations in the period realized.

ThredUp Inc.
Notes to Consolidated Financial Statements

Internal-Use Software

The Company capitalizes qualifying proprietary software development costs that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed, and (ii) it is probable that the software will be completed and used for its intended use. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post implementation operating activities are expensed as incurred.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset group may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is equal to the excess of the fair value over the carrying amount of the impaired assets. There were no impairments of long-lived assets for the periods ended December 31, 2018 and 2019.

Asset Retirement Obligations

The Company records asset retirement obligations (AROs) for the estimated cost of restoring its automated warehouse facilities to the specific condition required per the terms of its lease agreement, upon termination of the lease. AROs represent the present value of the expected costs and timing of the related obligations incurred. The ARO assets and liabilities are recorded in property and equipment within the machinery and equipment line item and other non-current liabilities in the consolidated balance sheets. The Company records accretion expense, which represents the increase in the ARO, over the remaining estimated duration of the lease including renewal periods that are included in the lease life. Accretion expense is recorded in operations, product and technology expense in the consolidated statement of operations using accretion rates based on credit adjusted risk-free interest rates.

Convertible Preferred Stock Warrant Liability

The Company issued convertible preferred stock warrants in conjunction with the issuance of long-term debt. Such warrants are recorded within other non-current liabilities on the consolidated balance sheet at their estimated fair value primarily because the shares underlying the warrants contain contingent redemption features outside the control of the Company. The warrants are subject to re-measurement at each balance sheet date and the change in fair value, if any, is included in other income, net. The Company will continue to remeasure these warrants until the earlier of the expiration or exercise of the convertible preferred stock warrants. In connection with an IPO, the outstanding convertible preferred stock warrants will automatically convert to common stock warrants.

Leases

The Company categorizes leases at their inception as either operating or capital leases. For operating leases, the Company recognizes rent on a straight-line basis over the term of the lease. The Company records the difference between cash payments and rent expense recognized as a deferred rent liability included in accrued and other current liabilities and other non-current liabilities on the consolidated balance sheet. Incentives granted under the Company's facility leases, including allowances for leasehold improvements, are deferred and are recognized as adjustments to rental expense on a straight-line basis over the term of the lease. As of December 31, 2018 and 2019, the Company did not have any capital leases.

ThredUp Inc.
Notes to Consolidated Financial Statements

Seller Payable

Seller payable includes amounts owed to sellers upon the purchase of sellers' goods by the Company or by buyers. Amounts are initially provided as a credit to sellers. These credits may be applied towards purchases from the Company, third-party retailer credits or cash.

Gift Cards and Site Credits

As of 2018, the Company sells thredUP gift cards in retail stores, and beginning in late 2019, on its e-commerce website. thredUP gift cards do not expire or lose value over periods of inactivity. The Company accounts for gift cards by recognizing a gift card liability at the time a gift card is delivered to the customer. As of December 31, 2018 and 2019, zero and \$4.1 million of gift card liability was included in accrued and other current liabilities on the consolidated balance sheets. Revenue from gift cards is generally recognized when the gift cards are redeemed by the customer and amounted to zero and \$0.1 million in 2018 and 2019, respectively.

The Company issues site credits for various reasons. Site credits can be applied towards future charges but cannot be converted into cash. These credits are recognized as revenue when used, converted, or expired. As of December 31, 2018 and 2019, \$3.6 million and \$4.1 million of such customer site credits were included in accrued and other current liabilities on the consolidated balance sheets.

Breakage on gift cards and site credits is immaterial for the periods ended December 31, 2018 and 2019.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting and filing fees relating to an IPO, are capitalized. The deferred offering costs will be offset against offering proceeds upon the completion of the offering. In the event the offering is terminated or delayed, deferred offering costs will be expensed. There were no deferred offering costs capitalized as of December 31, 2018 and 2019.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income on the years in which those temporary differences are expected to be recovered and settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

Revenue Recognition

Revenue is recognized in accordance with Accounting Standards Topic 606 (ASC 606). Under ASC 606, revenue is recognized upon transfer of control of promised goods and services to customers in an amount that reflects the consideration the Company expects to receive for those goods and services. The Company generates the majority of its revenue from its marketplace, which allows its buyers to browse and purchase resale items for women's and kids' apparel, shoes and accessories. The Company also sells items in its retail stores, through its third-party retail partners and in goody boxes offered through its marketplace. A goody box is a collection of items selected by a thredUP stylist from which the customer can choose to purchase or return. The Company recognizes revenue through the following steps: (1)

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identification of the contract, or contracts, with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, it satisfies a performance obligation.

Both buyers and sellers may be customers in the Company's revenue arrangements. Sellers are the primary customer in a consignment arrangement while the buyer is the primary customer in sale of Company-owned inventory, referred to as product sales. A contract with a customer exists in both cases when the end-customer purchases the goods obligating the Company to deliver the identified performance obligation(s). Generally, the Company requires authorization from a credit card or other payment method (such as PayPal), or verification of receipt of payment, before the products are shipped to buyers. The Company generally receives payments from buyers before payments to the sellers are due.

Consignment Revenue

The Company generates consignment revenue from the sale of secondhand women's and kids' apparel, shoes and accessories on behalf of sellers. The Company retains a percentage of the proceeds received as payment for its consignment service. The Company reports consignment revenue on a net basis as an agent and not the gross amount collected from the buyer. Title to the consigned goods remain with the consignor until transferred to the buyer, which occurs subsequent to purchase of the consigned goods and upon expiration of the allotted return period. The Company does not take title of consigned goods at any time except in certain cases where the consignment window expires or returned goods become Company-owned inventory.

Consignment revenue is recognized upon purchase of the consigned good by the buyer as its performance obligation of providing consignment services to the consignor is satisfied at that point. Consignment revenue is recognized net of seller payouts, discounts, incentives and returns. Sales tax assessed by governmental authorities is excluded from revenue.

Product Revenue

The Company recognizes product revenue on a gross basis as the Company acts as the principal in the transaction. Online sales and sales to third-party retail partners are recognized upon shipment of the purchased good to the buyer. Sales at retail stores are recognized upon checkout and sales of accepted items from goody boxes are recognized upon acceptance, which generally occurs at the same time as payment. Product revenue is recognized net of discounts, incentives and returns. Sales tax assessed by governmental authorities is excluded from revenue.

Shipping Fees

The Company charges shipping fees to buyers, which are included in revenue. All outbound shipping costs are accounted for in cost of revenue at the time revenue is recognized.

Returns

The Company has a 14-day return period and recognizes a returns reserve, based on historical experience, which is recorded in accrued and other current liabilities on the consolidated balance sheet.

Incentives

Incentives include website discounts and customer credits issued to sellers and buyers. Incentives are treated as a reduction of product revenue and consignment revenue.

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Deferred Revenue

Deferred revenue consists primarily of cash collections for product items purchased, but not shipped, and revenue allocated to unredeemed loyalty points. Cash collections for items purchased, but not shipped, are recognized as revenue upon shipment. As of December 31, 2018 and 2019, the Company has \$0.3 million and \$1.2 million in deferred revenue for items not shipped, which were recognized shortly after the period end, and are included in accrued and other current liabilities on the consolidated balance sheets.

In August 2019, the Company launched a customer loyalty program that provides customers with rewards that can be applied to future purchases or other incentives. Loyalty points and rewards are accounted for as separate performance obligations and accrued as deferred revenue in the amount of the transaction price allocated to the point and rewards. The allocated transaction price is based on the estimated fair value per point. Revenue is recognized when the loyalty rewards are redeemed or expire. As of December 31, 2019, the Company had \$0.6 million of deferred liability related to the loyalty program, which is included in deferred revenue in the consolidated balance sheet. The Company recognized \$0.1 million of revenue related to loyalty points in the 2019 period. Revenue allocated to loyalty points is expected to be recognized within one year as loyalty points expire 12 months after issuance.

Cost of Revenue

Cost of consignment revenue consists of outbound shipping, outbound labor and packaging costs. Cost of product revenue consists of the inventory cost, inbound shipping related to the sold merchandise, outbound shipping, outbound labor, packaging costs, and inventory write-downs.

Operations, Product and Technology

Operations, product and technology expenses consist primarily of distribution center operating costs and product and technology expenses. Distribution center operating costs include inbound shipping costs, other than those capitalized in inventory as well as personnel costs, distribution center rent, maintenance and equipment depreciation. Product and technology costs include personnel costs for the design and development of product and the related technology that is used to operate the distribution centers, merchandise science, website development and related expenses for these departments. Operations, product and technology expenses also include an allocation of corporate facilities and information technology costs including equipment, depreciation and rent. Research and development costs related to our technology were approximately \$13.1 million and \$19.0 million during the years ended December 31, 2018 and 2019, respectively.

Marketing

Marketing costs consist primarily of advertising, public relations expenditures, and personnel costs for employees engaged in marketing. Marketing costs also include an allocation of corporate facilities and information technology costs including equipment, depreciation and rent.

Advertising and other promotional costs included in the marketing line item on the consolidated statement of operations are expensed as incurred and were approximately \$23.0 million and \$39.2 million during the years ended December 31, 2018 and 2019, respectively.

Sales, General and Administrative

Sales, general and administrative expenses consist of personnel costs for employees involved in general corporate functions, including accounting, finance, tax, legal, and people services; customer service; and retail stores. Sales, general and administrative also includes payment processing fees, professional fees and allocation of corporate facilities and information technology costs such as equipment, depreciation and rent.

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Stock-Based Compensation

Stock-based compensation cost for all employee and director share-based awards are measured at fair value on the grant date using the Black-Scholes option pricing model and recognized as expense over the requisite service period (generally the vesting period), using the straight-line method. The Company accounts for forfeitures as they occur.

Share-based awards and stock options issued to non-employee consultants are recorded at fair value and remeasured at the end of each period as they vest using the Black-Scholes option pricing model. The Company recognizes expense over the period in which the related services are received. The determination of fair value for share-based awards on the date of grant using an option pricing model requires management to make certain assumptions regarding subjective variables.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* and subsequent amendments to the initial guidance: ASU 2017-13, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01 (collectively, "Topic 842"), which provides guidance for accounting for leases. Topic 842 requires lessees to classify leases as either finance or operating leases and to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. On January 1, 2020, the Company adopted Topic 842 using the modified retrospective approach with a cumulative-effect adjustment to beginning accumulated deficit of \$0.5 million, a right-of-use asset of \$17.9 million, a lease liability of \$19.1 million and derecognized the deferred rent liability of \$0.7 million. The right-of-use asset and liability transition amounts exclude amounts related to the new distribution center lease located in Georgia, entered into in November 2019 which will commence in 2020.

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02, and ASU 2020-03, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its results of operations.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. Under this ASU, the accounting for awards issued to nonemployees will be similar to the accounting for employee awards. This includes allowing for the measurement of awards at the grant date and recognition of awards with performance conditions when those conditions are probable, both of which are earlier than under current guidance for nonemployee awards. The Company will adopt this standard as of January 1, 2020. The Company does not expect the adoption of this standard to have a material impact on its results of operations.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This standard is effective for fiscal years beginning after December 15, 2020, and interim periods in fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its results of operations.

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3. Fair Value Measurements

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). At December 31, 2018 and 2019, the carrying amount of accounts receivable, other current assets, other assets, accounts payable, seller payable and accrued and other current liabilities approximated their estimated fair value due to their relatively short maturities. Management believes the terms of its long-term debt reflect current market conditions for an instrument with similar terms and maturity, therefore the carrying value of the Company's debt approximated its fair value.

Assets and liabilities recorded at fair value on a recurring basis on the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table provides the financial instruments measured at fair value (in thousands):

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	\$ 2,269	\$ —	\$ —	\$ 2,269
Commercial paper	—	600	—	600
Total cash equivalents	<u>\$ 2,269</u>	<u>\$ 600</u>	<u>\$ —</u>	<u>\$ 2,869</u>
Restricted cash equivalents:				
Money market fund	\$ 100	\$ —	\$ —	\$ 100
Total restricted cash equivalents	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 100</u>
Marketable securities:				
U.S. government sponsored bonds	\$ 1,256	\$ —	\$ —	\$ 1,256
Commercial paper	—	3,277	—	3,277
Corporate debt securities	—	3,737	—	3,737
Total marketable securities	<u>\$ 1,256</u>	<u>\$ 7,014</u>	<u>\$ —</u>	<u>\$ 8,270</u>
Total assets	<u>\$ 3,625</u>	<u>\$ 7,614</u>	<u>\$ —</u>	<u>\$ 11,239</u>
Liabilities				
Convertible preferred stock warrant liability	\$ —	\$ —	\$ 295	\$ 295
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 295</u>	<u>\$ 295</u>

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	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	\$ 75,693	\$ —	\$ —	\$ 75,693
Total cash equivalents	<u>\$ 75,693</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,693</u>
Liabilities				
Convertible preferred stock warrant liability	\$ —	\$ —	\$ 548	\$ 548
Total liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 548</u>	<u>\$ 548</u>

The Company's money market funds and U.S. government bonds are classified as Level 1 because they are valued using quoted market prices. The Company's corporate debt securities and commercial paper are classified as Level 2 because their value is based on quoted prices for similar assets. There were no transfers into or out of Level 3 of the fair value hierarchy during the periods presented.

The following table summarizes the amortized costs, gross unrealized gains, gross unrealized losses, and fair values of the Company's cash equivalents and short-term debt securities (in thousands):

	December 31, 2018			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Assets				
Cash equivalents:				
Money market fund	\$ 2,269	\$ —	\$ —	\$ 2,269
Commercial paper	600	—	—	600
Total cash equivalents	<u>\$ 2,869</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,869</u>
Restricted cash equivalents:				
Money market fund	\$ 100	\$ —	\$ —	\$ 100
Total restricted cash equivalents	<u>\$ 100</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 100</u>
Marketable securities:				
U.S. government sponsored bonds	\$ 1,256	\$ —	\$ —	\$ 1,256
Commercial paper	3,277	—	—	3,277
Corporate debt securities	3,739	—	(2)	3,737
Total marketable securities	<u>\$ 8,272</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ 8,270</u>

	December 31, 2019			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
Assets				
Cash equivalents:				
Money market fund	\$ 75,693	\$ —	\$ —	\$ 75,693
Total cash equivalents	<u>\$ 75,693</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,693</u>

As of December 31, 2018, the contractual maturity for the marketable securities was less than one year. As of December 31, 2019, there were no marketable securities. For the years ended December 31, 2018 and 2019, the Company recognized no material realized gains or losses on marketable securities.

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The following table presents a rollforward of the fair value of the level 3 liabilities recorded at fair value (in thousands):

	Convertible Preferred Stock Warrant Liability
Balance as of December 31, 2017	\$ 276
Changes in estimated fair value	19
Balance as of December 31, 2018	295
Issuance of Series E-1 preferred stock warrants	247
Changes in estimated fair value	6
Balance as of December 31, 2019	\$ 548

The key assumptions used in the Black-Scholes option-pricing model for the valuation of the convertible preferred stock warrant liabilities upon remeasurement were as follows:

	Year Ended December 31,	
	2018	2019
Expected remaining term (in years)	1.6-6.1	0.6-9.1
Expected volatility	45.4% – 54.7%	47.6% - 60.2%
Average risk-free rate	2.54% – 2.55%	1.60%-1.89%
Dividend yield	—	—

Refer to Note 6, Long-term Debt and Convertible Preferred Stock Warrants, for more details on preferred stock warrants.

4. Property and Equipment, Net

Property and equipment, net consists of the following (in thousands):

	December 31,	
	2018	2019
Machinery and equipment	\$ 21,828	\$ 24,021
Internal-use software	2,996	3,442
Leasehold improvements	1,455	2,184
Computers and software	3,177	2,031
Furniture and fixtures	499	267
Construction in progress	14	3,852
	29,969	35,797
Less: accumulated depreciation and amortization	(9,084)	(9,744)
Property and equipment, net	\$ 20,885	\$ 26,053

For the year ended December 31, 2018 and 2019, the Company capitalized \$1.1 million and \$0.7 million of costs associated with internal use software, respectively. Depreciation and amortization expense of property and equipment was \$4.2 million and \$4.3 million in 2018 and 2019, respectively.

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5. Other Assets and Liabilities

Other current assets consist of the following (in thousands):

	December 31,	
	2018	2019
Non-trade receivables	\$ 772	\$ 830
Prepaid software expense	315	436
Restricted cash, current	—	304
Prepaid rent	439	67
Other prepaid expenses	788	1,201
	\$ 2,314	\$ 2,838

Accrued and other current liabilities consist of the following (in thousands):

	December 31,	
	2018	2019
Gift card and site credit liabilities	\$ 3,582	\$ 8,244
Accrued taxes	1,816	4,012
Accrued vendor liabilities	1,797	2,784
Accrued compensation	1,784	2,955
Allowance for returns	1,294	3,094
Accrued marketing	46	1,891
Deferred revenue	322	1,862
Deferred rent	395	263
Accrued other	978	1,114
	\$ 12,014	\$ 26,219

6. Long-term Debt and Convertible Preferred Stock Warrants

Silicon Valley Bank

In August 2017, the Company entered into a Loan and Security Agreement with Silicon Valley Bank (“SVB”) that allowed the Company to borrow up to \$14.0 million. The loan has an interest rate equal to the Wall Street Journal (“WSJ”) Prime Rate. Borrowings are payable over a period of 36 months and a fee of 5% of the amount advanced is due upon the final payment of each advance. The loan contains certain covenants, which, if not met, allows the bank to call all outstanding borrowings plus accrued interest. The covenants include a quarterly minimum gross profit and minimum aggregate net loss covenant as specified in the Loan and Security Agreement. SVB has secured the loan through its first ranking lien on all corporate assets, with a negative pledge on intellectual property.

In April 2018, the loan was amended to increase the potential borrowing amount to \$19.0 million. As of December 31, 2018, the Company had borrowed \$12.1 million as part of this loan agreement, with \$8.8 million principal outstanding as of December 31, 2018.

The 5% fee due upon the final payment of each advance was recognized as a debt discount and accreted to interest expense over the 36-month term of each advance. The WSJ Prime rate was 5.25% as of December 31, 2018. The Company was in compliance with all debt covenants through December 31, 2018. The SVB loan was repaid in full and extinguished in February 2019.

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Western Alliance Bank

In February 2019, the Company entered into a loan and security agreement (“Term Loan”) with Western Alliance Bank (“Bank”) for an aggregate amount up to \$40.0 million to refinance its term loan with SVB. The Company borrowed \$20.0 million (“Tranche A”) in February 2019, which matures on February 7, 2024. The Company used \$8.8 million of the proceeds to settle its term loan with SVB. The Company incurred loan origination fees and debt issuance costs of \$0.3 million and recognized \$0.4 million in extinguishment loss on the SVB loan.

Another \$20.0 million will be available to the Company upon achievement of certain milestones. As of December 31, 2019, the Company had not met those milestones and therefore no additional amounts had been drawn. As of December 31, 2019, total principal outstanding under the Term Loan was \$17.6 million.

The Term Loan bears interest at a floating rate per annum equal to the greater of either the WSJ Prime + 1.50% or 7.0%. Tranche A is payable in equal monthly installments of principal plus accrued interest over 60 months beginning March 10, 2019, with monthly payment calculated based on an 84-month period for the first 59 months, with a balloon payment made on the Tranche A maturity date.

Upon final payment, the Company is required to pay a success fee equal to 3% of the principal amount of all tranches drawn as of such date. This fee can be reduced down to 1% if the Company receives a minimum of \$40.0 million in net cash proceeds from equity financing by September 30, 2019. During the year ended December 31, 2019, the Company achieved the minimum qualified financing requirement and the success fee was reduced to 1%. The Term Loan can be prepaid without penalty or premium at any time. The Term Loan contains certain covenants, which, if not met, allows the Bank to call all outstanding borrowings plus accrued interest. The covenants include a minimum liquidity threshold, quarterly minimum net revenue and revenue growth thresholds, and a debt service requirement specified by the Term Loan. The Bank has secured the loan through its first ranking lien on all corporate assets, with a negative pledge on intellectual property.

As of December 31, 2019, the nominal interest rate was 7.00% and the effective interest rate was 8.23%. As of December 31, 2019, the Company was not in compliance with certain debt covenants and obtained a waiver from the Bank in May 2020 modifying the terms of the agreement and waiving the Bank’s rights to call the debt for the covenants breached through that date. The covenants were modified as discussed in Note 14, Subsequent Events.

The maturities of the loan agreement as of December 31, 2019 are as follows (in thousands):

	Amount
2020	\$ 2,857
2021	2,857
2022	2,857
2023	2,857
2024	6,391
Thereafter	—
Total future principal and success fee payments	17,819
Less: unamortized debt discount and success fee	535
Less: current portion of long-term debt	2,740
Noncurrent portion of long-term debt	<u>\$ 14,544</u>

Warrants Issued with Loan and Security Agreement

Upon issuance of a loan and security agreement advance with SVB in 2013, the Company issued a warrant for 80,294 shares of Series C convertible preferred stock to the holder that expired on July 31,

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2020. In 2015, the Company issued additional warrants for 26,764 shares of Series D convertible preferred stock to SVB that expire in 2025.

In February 2019, the Company issued a warrant to the Bank to purchase Series E-1 convertible preferred stock with the exercise term of 10 years from the issuance date. The number of shares is calculated by dividing (i) 2% of the amount drawn under the Term Loan, up to \$800,000, by (ii) the applicable exercise price at the time the warrant is exercised. The exercise price at the exercise date is determined as the lower of (i) \$6.2581 and (ii) the purchase price in the next series of preferred stock financing held after the warrant issuance date. As of December 31, 2019, the warrant was for 63,917 shares of Series E-1 convertible preferred stock.

The Company concluded that the warrants represent freestanding financial instruments within the scope of ASC 480 and recognized them as a liability at fair value. The warrant liability is remeasured at the end of each reporting period with changes in fair value recognized in the consolidated statement of operations. The warrant liability of \$0.3 million and \$0.5 million was included in other non-current liabilities in the consolidated balance sheet at December 31, 2018 and 2019, respectively.

7. Convertible Preferred Stock

In January 2018, the Company entered into a Series E-1 Preferred Stock Purchase Agreement. Under the terms of the agreement the Company issued 5,704,601 shares of its Series E-1 convertible preferred stock with a purchase price of \$6.2581 per share. The Company incurred issuance costs of \$0.1 million related to the E-1 closing.

In June 2019, the Company entered into a Series F Preferred Stock Purchase Agreement. Under the terms of the agreement the Company issued 7,844,390 shares of its Series F convertible preferred stock with a purchase price of \$6.8839 per share ("Initial Closing"). From July through September 2019, the Company issued 4,705,462 shares in subsequent closings with the same terms and conditions as the Initial Closing. The Company incurred aggregate issuance costs of \$3.9 million. Subsequent to the Series F financing, certain Series F investors were obligated to launch a tender offer to purchase a maximum of \$10.0 million of shares of common stock held by existing stockholders at \$6.8839 per share ("Series F price" and "Tender Offer").

In September 2019, the Series F investors and other investors ("Tender Offer Investors") made a Tender Offer to the Company's employees to purchase up to 1,125,813 shares of common stock at Series F price. In October 2019, the Tender Offer Investors purchased 1,125,813 shares of common stock from 123 eligible holders for total gross proceeds of \$7.7 million. See more details in Note 9.

The Company's preferred stock authorized, issued and outstanding, the aggregate liquidation preferences, including dividends that would be due if and when declared by the board of directors are as follows (in thousands, except share):

	December 31, 2018			
	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
Series A	1,051,540	1,051,540	\$ 245	\$ 245
Series A-1	5,475,700	5,475,700	1,452	1,473
Series B	7,511,886	7,511,886	6,879	6,950
Series C	9,725,945	9,645,651	14,390	14,415
Series D	11,072,581	11,045,815	24,929	25,000
Series E	12,943,218	12,943,216	80,866	81,000
Series E-1	6,391,710	5,704,601	35,633	71,400
Total	54,172,580	53,378,409	\$ 164,394	\$ 200,483

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December 31, 2019

	Shares Authorized	Shares Issued and Outstanding	Net Carrying Value	Aggregate Liquidation Preference
Series A	1,051,540	1,051,540	\$ 245	\$ 245
Series A-1	5,475,700	5,475,700	1,452	1,473
Series B	7,511,886	7,511,886	6,879	6,950
Series C	9,725,945	9,645,651	14,390	14,415
Series D	11,072,579	11,045,815	24,929	25,000
Series E	12,943,216	12,943,216	80,866	81,000
Series E-1	5,768,518	5,704,601	35,633	35,700
Series F	14,526,649	12,549,852	82,511	86,392
Total	68,076,033	65,928,261	\$ 246,905	\$ 251,175

Voting

The holder of any shares of convertible preferred stock has the right to one vote for each share of common stock into which such share of convertible preferred stock could then be converted and were entitled to vote together with the holders of the common stock.

Dividends

Holders of shares for each class of convertible preferred stock are entitled to receive noncumulative dividends on each share at a rate of 8% per annum of the original issue price as defined, only when, as, and if declared by the Company's board of directors. The convertible preferred stock dividends are payable in preference and in priority to any dividends on common stock. No dividends have been declared or paid by the Company to date.

Liquidation Preference

In the event of any liquidation, dissolution, or winding up of the affairs of the Company, the holders of the then outstanding convertible preferred stock would be entitled to receive the amount of the assets of the Company available for distribution to the stockholders before any payment is made to the common stock holders in an amount equal to the greater of (x) the applicable original issue price for such series of preferred stock plus any dividends declared but unpaid or (y) such amount per share that would have been payable had all shares of preferred stock been converted into common stock immediately prior to liquidation. If assets available for distribution are insufficient to pay the holders of shares of preferred stock the full amount to which they shall be entitled, the holders of shares preferred stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts, which would otherwise be payable in respect of the shares held by them upon such distribution. After payment of all preferential amounts required to be paid to the holders of shares of preferred stock the remaining assets of the Company available for distribution shall be distributed among the holders of shares of common stock, prorated based on the number of shares held by each such holder.

Conversion

The holder of any shares of convertible preferred stock has the right at the holder's option, at any time, to convert any of such shares into such number of fully paid and nonassessable shares of common stock as would have been determined by dividing the Original Issue Price for such series of preferred stock by the applicable conversion price in effect at the time of conversion. The Original Issue Price for each share of each series of convertible preferred stock is as follows: Series A – \$0.233; Series A-1 – \$0.269; Series B – \$0.9252; Series C – \$1.4945; Series D – \$2.2633; Series E – \$6.2581; Series E-1 - \$6.2581 and Series F - \$6.8839. The applicable conversion price is adjustable under certain circumstances for stock splits, dilution events, reorganizations, and similar events. Automatic conversion

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occurs immediately prior to the closing of a qualified public offering, as defined; upon the approval of the holders of over 60% of the holders of Series D preferred stock, voting as a separate series and the holders of a majority of the outstanding shares of Series E and Series E-1 preferred stock, voting together as a single series; or upon the closing of the sale of shares of common stock to the public at a price of at least \$12.5162 per share in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, having an aggregate offering price to the public of no less than \$50 million.

Redemption

The Convertible Preferred Stock is redeemable upon a liquidation event, such as voluntary or involuntary liquidation, dissolution, or winding up of the Company, which is outside of the Company's control. Accordingly, these shares are considered contingently redeemable and are classified as temporary equity on the balance sheet. Accretion on the convertible preferred stock should only be recorded when the occurrence of a redemption event is considered probable. As of December 31, 2018 and 2019, a redemption event is not considered probable, therefore no accretion has been accrued.

8. Common Stock

Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company.

Subject to the preferences that may be applicable to any outstanding shares of convertible preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors. No dividends have been declared to date.

The Company had reserved shares of common stock for issuance, on an as-converted basis, as follows:

	December 31,	
	2018	2019
Convertible preferred stock outstanding	53,378,409	65,928,261
Options issued and outstanding	13,636,653	17,984,575
Shares available for future stock option issuances	1,093,189	751,514
Warrants to purchase convertible preferred stock	107,058	170,975
Total	68,215,309	84,835,325

9. Stock-Based Compensation Plans

2010 Stock Incentive Plan

In 2010, the Company adopted the 2010 Stock Incentive Plan (the Plan), and amended the Plan in 2011, as approved by the board of directors. The Plan provides for the granting of stock awards to employees, consultants, and directors of the Company. Options granted under the Plan may either be Incentive Stock Options (ISOs) or Nonstatutory Stock Options (NSOs). ISOs may be granted to Company employees only, while stock awards other than ISOs may be granted to employees, directors, and consultants. In 2019, the board of directors authorized an additional 4.5 million shares for the Plan.

Stock awards under the Plan may be granted with terms of up to 10 years and at prices determined by the board of directors, provided, however, that (i) the exercise price of an ISO or NSO shall not be less than 100% of the estimated fair value of the shares on the date of the grant, and (ii) the exercise price of an ISO granted to a 10% or more stockholder shall not be less than 110% of the estimated fair value of the shares on the grant date. The options generally vest over a 4-year period. For certain options, vesting accelerates upon the occurrence of specified events, such as a change of control.

ThredUp Inc.
Notes to Consolidated Financial Statements

The Company records stock-based awards at fair value as of the grant date, using the Black Scholes option pricing model. The fair value of stock options granted during the years ended December 31, 2018 and 2019 was estimated using the following range of assumptions:

	Year Ended December 31,	
	2018	2019
Expected term (in years)	5.01 – 6.09	5.55 – 6.25
Expected volatility	44.2% – 45.1%	45.5% – 47.8%
Average risk-free rate	2.72% – 2.98%	1.52% – 2.44%
Dividend yield	—	—

Each of these inputs is subjective and generally requires significant judgment.

Fair Value of Common Stock —The fair value of the shares of common stock has historically been determined by the Company's board of directors as there was no public market for the common stock. The board of directors determines the fair value of our common stock by considering a number of objective and subjective factors, including: the valuation of comparable companies, sales of preferred stock to unrelated third parties, our operating and financial performance, the lack of liquidity of common stock and general and industry specific economic outlook, amongst other factors.

Expected Term —The expected term represents the period that the Company's stock options are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term) as the Company has concluded that its stock option exercise history does not provide a reasonable basis upon which to estimate expected term.

Volatility —Because the Company is privately held and does not have an active trading market for its common stock for a sufficient period of time, the expected volatility was estimated based on the average volatility for comparable publicly-traded companies, over a period equal to the expected term of the stock option grants.

Risk-free Rate —The risk-free rate assumption is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the option.

Dividends —The Company has never paid dividends on its common stock and does not anticipate paying dividends on common stock. Therefore, the Company uses an expected dividend yield of zero.

Stock option activity under the Plan, as amended is as follows:

	Options Available for Grant	Number of Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Balances at December 31, 2018	1,093,189	13,636,653	\$ 1.69	6.91	\$ 14,765
Options authorized	4,508,682				
Options granted	(5,833,517)	5,833,517	\$ 2.92		
Options exercised		(502,435)	\$ 1.42		
Options forfeited and expired	983,160	(983,160)	\$ 2.94		
Balances at December 31, 2019	751,514	17,984,575	\$ 2.05	7.10	\$ 20,745
Options outstanding and exercisable – December 31, 2019		10,300,465	\$ 1.48	5.66	\$ 17,732

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The aggregated intrinsic value represents the difference between the exercise price and the fair value of common stock. The aggregate intrinsic value of all options exercised was \$0.3 million and \$0.9 million during the years ended December 31, 2018 and 2019, respectively. The weighted average grant date fair value of options granted was \$1.26 and \$1.38 during the years ended December 31, 2018 and 2019, respectively. The total grant date fair value of options vested was \$2.4 million and \$2.2 million during the years ended December 31, 2018 and 2019, respectively.

Tender Offer and Common Stock Repurchase

In 2018, the Company repurchased 1,275,000 shares of common stock held by a founder and former employee for an aggregate purchase price of \$3.3 million, which was equal to the then-fair value of the shares.

In October 2019, existing investors of the Company conducted a tender offer for shares of its outstanding common stock and common stock issuable upon exercise of vested options to purchase common stock under which the investors purchased an aggregate of 1,125,813 shares of the Company's common stock from its stockholders at a purchase price of \$6.8839 per share, for an aggregate purchase price of \$7.7 million. The Company recognized a stock-based compensation expense of \$4.1 million equal to the excess of the purchase price over the fair value of the common stock in the 2019 consolidated statement of operations.

Stock-based Compensation

Total stock-based compensation expense by department is as follows (in thousands):

	Year Ended December 31,	
	2018	2019
Operations, product and technology	\$ 1,187	\$ 3,758
Marketing	204	785
Sales, general and administrative	928	2,402
Total stock-based compensation expense	<u>\$ 2,319</u>	<u>\$ 6,945</u>

As of December 31, 2019, there was approximately \$9.2 million of total unrecognized stock-based compensation expense, related to unvested options granted to employees under the Company's stock option plan that is expected to be recognized over a weighted average period of 1.83 years.

10. Commitments and Contingencies

Operating Leases

The Company rents its offices, warehouses, and retail locations under noncancelable operating lease agreements. Lease terms for these leases range from 12 months – over 80 months and some leases include 1 or 2 optional renewal periods of up to 5 years. In November 2019, the Company entered into a lease for a new distribution center located in Georgia, which commenced in May 2020.

Rent expense recognized under operating leases totaled \$4.2 million and \$4.4 million for the years ended December 31, 2018 and 2019, respectively. The current portion of deferred rent of \$0.4 million and \$0.3 million is included in accrued and other current liabilities as of December 31, 2018 and 2019, respectively. Security deposits and letters of credits used to secure the leases were \$0.3 million and \$1.4 million, respectively, as of December 31, 2018 and \$0.2 million and \$2.2 million, respectively, as of December 31, 2019.

ThredUp Inc.
Notes to Consolidated Financial Statements

Future minimum lease payments required under the noncancelable operating leases in effect as of December 31, 2019 (in thousands):

	Operating Leases
2020	\$ 4,538
2021	4,083
2022	3,614
2023	3,716
2024	3,413
Thereafter	3,678
Total future minimum payments	<u>\$ 23,042</u>

Noncancelable Purchase Commitments

In 2019, the Company has two noncancelable arrangements with vendors related to the build out of a distribution center. As of December 31, 2019, the future minimum payments under this arrangement were as follows (in thousands):

	Purchase Commitments
2020	\$ 4,519
Thereafter	—
Total future minimum payments	<u>\$ 4,519</u>

Legal Contingencies

The Company is subject to litigation claims and assessments from time to time in the ordinary course of business. The Company's management does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's business, financial condition, results of operations, or cash flows.

Indemnifications

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but that have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future as a result of these indemnification obligations.

In accordance with its Amended and Restated Certificate of Incorporation and Bylaws, the Company has indemnification obligations to its officers and directors for certain events or occurrences, subject to certain limits, while they are serving at the Company's request in such capacity. There have been no claims to date, and the Company has director and officer insurance that enables it to record a portion of any amounts paid for future potential claims.

In addition to the indemnification provided for in this Amended and Restated Certificate of Incorporation and Bylaws, the Company has also entered into separate indemnification agreements with each of its directors, which agreements provide such directors with broad indemnification rights under certain circumstances.

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11. Retirement Plan

In 2010, the Company sponsored a defined-contribution savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan). The 401(k) Plan covers all employees who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. For the years ended December 31, 2018 and 2019, no employer contributions were made to the plan.

12. Income Taxes

The Company had no federal provision for income taxes as the Company has incurred operating losses since inception. The Company's state tax provision, which was current, was \$37 and \$36 for the years ended December 31, 2018 and 2019, respectively.

The Company's effective tax rate, as a percentage of pretax income, differs from the statutory federal rate primarily due to the valuation allowance that the Company records on its deferred tax assets as management believes it is more likely than not that the deferred tax assets will not be fully realized.

The reconciliation of the Federal statutory income tax provision for the Company's effective income tax provision (in thousands):

	Year Ended December 31,	
	2018	2019
Tax at federal statutory rate	\$ (7,170)	\$ (7,860)
State taxes, net of federal effect	29	29
Non-deductible expenses	79	86
Stock based compensation	349	920
Change in valuation allowance	6,692	6,824
Other	58	37
Provision for income taxes	<u>\$ 37</u>	<u>\$ 36</u>

The significant components of the Company's deferred tax assets and liabilities consisted of (in thousands):

	December 31,	
	2018	2019
Deferred tax assets:		
Accruals and reserves	\$ 1,107	\$ 1,412
Inventory and deferred revenue	1,700	1,210
Stock compensation	547	815
Other	35	307
Net operating loss carryforwards	34,130	43,469
Gross deferred tax assets	37,519	47,213
Less: valuation allowance	(36,900)	(45,873)
Total deferred tax assets	619	1,340
Deferred tax liabilities:		
Fixed assets	(619)	(1,340)
Gross deferred tax liabilities	(619)	(1,340)
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax

ThredUp Inc.
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purposes, and (b) operating losses and tax credit carryforwards. Net deferred tax assets consist primarily of net operating losses of approximately \$43.5 million related to U.S. federal and state taxes. A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. The Company has established a valuation allowance to offset deferred tax assets as of December 31, 2018 and 2019 due to the uncertainty of realizing future benefits from its net operating loss carryforwards and other deferred tax assets. The valuation allowance increased by approximately \$9.1 million and \$9.0 million in the years ended December 31, 2018 and 2019 respectively.

Federal and state net operating loss carryforwards of approximately \$137.8 million and \$81.3 million for income tax purposes are available to offset future taxable income as of December 31, 2018. Federal and state net operating loss carryforwards of approximately \$172.0 million and \$116.9 million for income tax purposes are available to offset future taxable income as of December 31, 2019. If not used, these carryforwards will begin to expire in varying amounts beginning in 2030. Federal carryforwards of \$63.7 million originating after 2017 do not have an expiration date.

Federal and state laws impose substantial restrictions on the utilization of net operating loss and tax credit carryforwards in the event of an ownership change for tax purposes, as defined in Section 382 of the Internal Revenue Code. Depending on the significance of past and future ownership changes, the Company's ability to realize the potential future benefit of tax losses and tax credits that existed at the time of the ownership change may be significantly reduced. The Company has not yet performed a Section 382 study to determine the amount of reduction, if any.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There was no accrued interest and penalties associated with uncertain tax positions as of December 31, 2018 and 2019.

The Company's tax years 2010 through current will remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss credits. The Company is not currently under examination by income tax authorities in federal, state, or other jurisdictions.

13. Net Loss Per Share Attributable to Common Stockholders

The following participating securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive (on an as-converted basis):

	December 31,	
	2018	2019
Convertible preferred stock	53,378,409	65,928,261
Outstanding stock options	13,636,653	17,984,575
Outstanding convertible preferred stock warrants	107,058	170,975
Total	<u>67,122,120</u>	<u>84,083,811</u>

Unaudited Pro Forma Net Loss per Share

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share attributable to common stockholders (in thousands, except share and per share data) assuming the automatic conversion of the convertible preferred stock into common stock and convertible preferred stock warrants into common stock warrants upon consummation of an IPO as if

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such an event had occurred as of the beginning of the respective period, or the issuance date of the redeemable convertible preferred stock or the convertible preferred stock, if later:

	Year Ended December 31, 2019
	(unaudited)
Numerator:	
Net loss per share attributable to common stockholders	\$ (37,464)
Adjust: Change in fair value of convertible preferred stock warrant liability	6
Pro forma net loss	\$ (37,458)
Denominator:	
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	
Adjust: Conversion of convertible preferred stock	
Weighted-average shares used in computing pro forma net loss per share, basic and diluted	
Pro forma net loss per share, basic and diluted	\$

14. Subsequent Events

In May 2020, the Company amended the loan and security agreement (the "Amendment") with the Bank. As part of the amendment, the existing covenant defaults were waived and the covenants were revised to increase minimum cash and liquidity requirements, extend the timing of debt service requirements and add specific net revenue targets and revenue growth requirements. The Company is in compliance with the revised covenants through the issuance date of these consolidated financial statements. Under the new terms of the agreement the Company is eligible to borrow up to an aggregate of \$30.0 million. The new Term Loan maturity date is May 29, 2024 and the interest rate is the greater of either the Wall Street Journal Prime Rate + 1.50% or 5.75% per annum. The Company received \$3.6 million in May 2020 for the difference between the \$20.0 million related to tranche A and the principal owed at the modification date. In connection with the \$3.6 million advance, the Company issued a warrant for Series F preferred stock in the amount of (i) two percent of the additional advance amount drawn under the Term A Loans, divided by (ii) the applicable exercise price at the time the warrant is exercised. Additionally, the Series E-1 warrant agreement, entered into on February 7, 2019, was amended to extend the expiration date to May 29, 2030. The number of shares included in the Series E-1 warrant will include additional draws under the Amendment. The Company drew \$5.0 million in June 2020 and another \$5.0 million in July 2020 both related to Tranche B of the amended loan and security agreement.

In May 2020, the Company's Board of Directors, approved a stock option repricing program (the "Option Repricing") authorizing the Company to reprice certain outstanding stock options held by active employees, service providers and directors that have option exercise prices above the current fair market value of the Company's common stock. Under the Option Repricing, eligible options with an exercise price above \$2.05 per share (representing an aggregate of 13.3 million options, or 66% of the options outstanding at the date of repricing) were amended to reduce such exercise price to \$2.05.

In August 2020, the Company's Board of Directors approved stock options for 3,588,535 common shares to be granted to certain officers with an exercise price of \$2.05 per share. 50% of the options granted vest over a 4-year period commencing on the later of January 1, 2021 or the effective date of the IPO. The remaining 50% of the options granted vest over a 4-year period commencing on the later of January 1, 2022 or the one year anniversary of the IPO.

In August 2020, the Company's Board of Directors approved stock options for 858,599 shares of common stock to be granted to certain employees who were subject to a furlough program that was

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implemented in April 2020. The options have an exercise price of \$2.05 per share and vest upon optionee's continued employment with the Company through January 1, 2021.

Shares

THREDUP

Class A Common Stock

Goldman Sachs & Co. LLC

Barclays

Morgan Stanley

William Blair

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, in connection with this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the listing fee.

	Amount
SEC registration fee	\$ *
FINRA filing fee	*
Listing fee	*
Printing and engraving	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	\$ *

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

Prior to the completion of this offering, we expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, prior to the completion of this offering, we expect to adopt amended and restated bylaws which will provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated

bylaws are expected to provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws will also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to very limited exceptions.

Further, prior to the completion of this offering, we expect to enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements will require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements will also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended restated bylaws and in indemnification agreements that we enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We expect to obtain insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against losses arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act and otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since January 1, 2017, we made sales of the following unregistered securities:

Preferred Issuances

In January 2018, we sold an aggregate of 5,704,601 shares of our Series E-1 convertible preferred stock to 17 accredited investors at a purchase price of \$6.2581 per share, for an aggregate purchase price of \$35,699,964.

From June 2019 through September 2019, we sold an aggregate of 12,549,852 shares of our Series F convertible preferred stock to 28 accredited investors at a purchase price of \$6.8839 per share, for an aggregate purchase price of \$86,391,926.

Option and Common Issuances

Since January 1, 2017, we granted to our employees, consultants and other service providers options to purchase an aggregate of 33,386,782 shares of common stock under our 2010 Plan, at exercise prices ranging from \$2.05 to \$3.20 per share.

Since January 1, 2017, we issued and sold to our employees, consultants and other service providers an aggregate of 2,677,014 shares of common stock upon the exercise of options under our 2010 Plan at exercise prices ranging from \$0.074 to \$2.77 per share, for a weighted-average exercise price of \$1.02.

In April 2018, we sold an aggregate of 1,200,000 shares of our common stock to accredited investors at a purchase price of \$2.60 per share, for an aggregate purchase price of \$3,120,000.

Warrant Issuances

On February 7, 2019, we granted Western Alliance Bank a warrant to purchase shares of our Series E-1 preferred stock at \$6.26 per share up to 127,835 shares, or the WAB Warrant to Purchase Stock, based on our drawdowns under our loan and security agreement with Western Alliance Bank. Also on February 7, 2019, we granted Western Alliance Bank 63,917 warrant shares for shares of our Series E-1 preferred stock at \$6.26 per share pursuant to the WAB Warrant to Purchase Stock.

On May 5, 2020, we granted Western Alliance Bank a warrant to purchase 10,376 shares of our Series F preferred stock at \$6.88 per share, pursuant to the terms of an amendment to our loan and security agreement with Western Alliance Bank.

On August 14, 2020, we granted Western Alliance Bank 31,958 additional warrant shares for shares of our Series E-1 preferred stock at \$6.26 per share, pursuant to the terms of the WAB Warrant to Purchase Stock.

We believe these transactions were exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act, Regulation D promulgated thereunder or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about ThredUp Inc.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.*(a) Exhibits.*

Exhibit Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1	Eighth Amended and Restated Certificate of Incorporation of the Registrant, as amended, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant to be in effect immediately prior to the completion of this offering.
3.3	Second Amended and Restated Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant to be in effect immediately prior to the completion of this offering.
4.1*	Form of Class A common stock certificate of the Registrant.
4.2*	Eighth Amended and Restated Investors' Rights Agreement, dated August 27, 2019, as amended, by and among the Registrant and certain of its stockholders.
4.3	Warrant to Purchase Stock issued to Silicon Valley Bank by the Registrant, dated January 22, 2015.
4.4	Warrant to Purchase Stock issued to Western Alliance Bank by the Registrant, dated February 7, 2019.
4.5	Warrant to Purchase Stock issued to Western Alliance Bank by the Registrant, dated May 29, 2020.
5.1*	Opinion of Goodwin Procter LLP.
10.1*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2#*	Second Amended and Restated 2010 Stock Incentive Plan, as amended, and forms of agreements thereunder.
10.3#*	2021 Stock Option and Incentive Plan and forms of agreements thereunder.
10.4#*	2021 Employee Stock Purchase Plan.
10.5#*	Senior Executive Incentive Bonus Plan.
10.6#*	Executive Severance Plan.
10.7#*	Non-Employee Director Compensation Policy.
10.8#*	Offer Letter between the Registrant and Christopher Homer dated July 1, 2010.
10.9#*	Offer Letter between the Registrant and Anthony Marino, dated August 5, 2013.
10.10	Lease Agreement by and between the Company and 11 West Ninth Street Property Owner, LP, dated March 31, 2019.
10.11*	Loan and Security Agreement, dated August 30, 2017, by and between the Company and Western Alliance Bank.
10.12*	Default Waiver And First Amendment To Loan And Security Agreement, dated May 29, 2020, by and between Western Alliance Bank, the Company, ThredUp CF LLC, ThredUp Intermediary Holdings LLC and Knitwit GC LLC.
21.1	Subsidiaries of the Registrant.
23.1*	Consent of KPMG LLP, independent registered public accounting firm.
23.2*	Consent of Goodwin Procter LLP (included in Exhibit 5.1).
23.3	Consent of GlobalData plc
24.1*	Power of Attorney (see page II-6 of this Registration Statement on Form S-1)

* To be filed by amendment.

Indicates management contract or compensatory plan, contract or agreement.

(b) Financial Statement Schedules.

All schedules are omitted because the required information is either not present, not present in material amounts or is presented within the consolidated financial statements included in the prospectus that is part of this registration statement.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification by the Registrant for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Oakland, California, on _____, 2020.

THREDUP INC.

By: _____

James Reinhart
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James Reinhart, Sean Sobers and Alon Rotem, and each 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 his or her name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of ThredUp Inc., and any or all amendments (including post-effective amendments) thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, 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 full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith and about the premises, 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 their, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
James Reinhart	Chief Executive Officer and Director (Principal Executive Officer)	, 2020
Sean Sobers	Chief Financial Officer (Principal Financial and Accounting Officer)	, 2020
Greg Bettinelli	Director	, 2020
Ian Friedman	Director	, 2020
Timothy Haley	Director	, 2020
Jack Lazar	Director	, 2020
Norman Matthews	Director	, 2020
Patricia Nakache	Director	, 2020
Dan Nova	Director	, 2020
Paula Sutter	Director	, 2020

**EIGHTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THREDUP INC.**

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

ThredUp Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**General Corporation Law**”), does hereby certify as follows:

1. That the name of this corporation is ThredUp Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on January 7, 2009. An Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on February 11, 2010; a Second Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on June 25, 2010; a Third Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 28, 2011; a Fourth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on September 10, 2012; a Fifth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on July 11, 2014; a Sixth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on August 27, 2015; and a Seventh Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 8, 2018.

2. This Eighth Amended and Restated Certificate of Incorporation (the “**Restated Certificate**”) was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and restates, integrates and further amends the provisions of the Corporation’s Seventh Amended and Restated Certificate of Incorporation.

3. The Restated Certificate reads in its entirety as follows:

FIRST: The name of this corporation is ThredUp Inc. (the “**Corporation**”).

SECOND: The address of the registered office of the Corporation 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 The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 100,000,000 shares of Common Stock, \$0.0001 par value per share (“**Common Stock**”), and (ii) 68,076,033 shares of Preferred Stock, \$0.0001 par value per share (“**Preferred Stock**”).

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Restated Certificate) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

Unless otherwise indicated, references to “Sections” or “Subsections” in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Designation. 1,051,540 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A Preferred Stock**.” 5,475,700 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A-1 Preferred Stock**.” 7,511,886 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series B Preferred Stock**.” 9,725,945 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series C Preferred Stock**.” 11,072,579 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series D Preferred Stock**.” 12,943,216 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series E Preferred Stock**.” 5,768,518 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series E-1 Preferred Stock**.” 14,526,649 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series F Preferred Stock**.”

2. Dividends.

2.1. Holders of Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive, only when, as and if declared by the Corporation’s Board of Directors (the “**Board**”), but only out of funds that are legally available therefor, cash dividends at the rate of 8% of the applicable Original Issue Price (as defined in Subsection 3.1) (subject to appropriate adjustment in the event of any stock dividend, stock split, combination, reclassification, or other similar event affecting the Preferred Stock (each a “**Recapitalization Event**”)) per annum on each outstanding share of Preferred Stock. Such dividends shall be non-cumulative (the “**Non-Cumulative Dividend**”). The holders of the outstanding Preferred Stock

can waive any dividend preference that such holders shall be entitled to receive under this Section 2 upon the affirmative vote or written consent of the holders of at least a majority of the shares of Preferred Stock then outstanding (voting together as a single class and not as separate series, and on an as-converted basis).

2.2. So long as any shares of Preferred Stock are outstanding, the Corporation shall not pay or declare any dividend, whether in cash or property, or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock until all dividends required to be paid pursuant to Subsection 2.1 on the Preferred Stock shall have been paid or declared and set apart, except for:

(a) acquisitions of Common Stock by the Corporation pursuant to agreements which permit the Corporation to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Company;

(b) acquisitions of Common Stock in exercise of the Corporation's right of first refusal to repurchase such shares, which acquisitions are approved by the Board; or

(c) distributions to holders of Common Stock in accordance with Section 3.

2.3 In the event dividends are paid on any share of Common Stock, the Corporation shall pay an additional dividend on all outstanding shares of Preferred Stock in a per share amount equal (on an as-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

2.4 The provisions of Subsections 2.2 and 2.3 shall not apply to a dividend payable solely in Common Stock covered by Subsection 5.6.

3. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

3.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event (as defined in Subsection 3.3), the holders of shares of Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of shares of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (x) the applicable Original Issue Price for such series of Preferred Stock, plus any dividends declared but unpaid thereon, or (y) such amount per share as would have been payable had all shares of Preferred Stock that would, if so converted, receive a greater per share "liquidation, dissolution or winding up or Deemed Liquidation Event" payment been converted into Common Stock immediately prior to such liquidation, dissolution or winding up or Deemed Liquidation Event (the amount payable pursuant to this sentence is hereinafter referred to as the "**Liquidation Amount**"). Upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred

Stock the full amount to which they shall be entitled under this Subsection 3.1, the holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares under subclause (x) of the definition of Liquidation Amount were paid in full. The “**Original Issue Price**” shall mean (i) in the case of the Series A Preferred Stock, \$0.233 per share (subject to appropriate adjustment in the event of any Recapitalization Event); (ii) in the case of the Series A-1 Preferred Stock, \$0.269 per share (subject to appropriate adjustment in the event of any Recapitalization Event); (iii) in the case of the Series B Preferred Stock, \$0.9252 per share (subject to appropriate adjustment in the event of any Recapitalization Event); (iv) in the case of the Series C Preferred Stock, \$1.4945 per share (subject to appropriate adjustment in the event of any Recapitalization Event); (v) in the case of the Series D Preferred Stock, \$2.2633 per share (subject to appropriate adjustment in the event of any Recapitalization Event); (vi) in the case of the Series E Preferred Stock and Series E-1 Preferred Stock, \$6.2581 per share, and (vii) in the case of the Series F Preferred Stock, \$6.8839 (subject to appropriate adjustment in the event of any Recapitalization Event).

3.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock as provided in Subsection 3.1, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares held by each such holder.

3.3 Deemed Liquidation Events.

3.3.1 Definition. Each of the following events shall be considered a “**Deemed Liquidation Event**” unless the holders of outstanding shares of Preferred Stock representing (i) not less than the Preferred Stock Approval Amount (as defined in Subsection 4.3) (voting together as a single class and not as separate series and on an as-converted to Common Stock basis), (ii) at least 60% of the outstanding shares of Series D Preferred Stock (voting as a separate series) elect otherwise by written notice sent to the Corporation prior to the effective date of any such event, (iii) a majority of the outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as if a single series) elect otherwise by written notice sent to the Corporation prior to the effective date of any such event, and (iv) a majority of the outstanding shares of Series F Preferred Stock (voting as a separate series) elect otherwise by written notice sent to the Corporation prior to the effective date of any such event:

- (a) a merger, consolidation or other transaction in which
 - (i) the Corporation is a constituent party or
 - (ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Subsection 3.3.1, all shares of Common Stock issuable upon exercise of Options (as defined in Subsection 5.4.1) outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities (as defined in Subsection 5.4.1) outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged); or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

3.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 3.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the “**Merger Agreement**”) provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 3.1 and 3.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 3.3.1(a)(ii) or 3.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within 90 days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the 90th day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (ii) to require the redemption of such shares of Preferred Stock, and (ii) if the holders of outstanding shares of Preferred Stock representing not less than the Preferred Stock Approval Amount (voting together as single class and not as separate series and on an as-converted to Common Stock basis) so request in a written instrument (the “**Redemption Request**”) delivered to the Corporation not later than 120 days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board), together with any other assets of the Corporation available for

distribution to its stockholders (the “**Available Proceeds**”) on the 150th day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the applicable Liquidation Amount. On receipt of the Redemption Request, the Corporation shall apply all of its assets to such redemption, and to no other corporate purpose, except to the extent prohibited by Delaware law governing distributions to stockholders. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall redeem a pro rata portion of each holder’s shares of Preferred Stock to the fullest extent of such Available Proceeds that it may redeem consistent with Delaware law governing distributions to stockholders, based on the respective amounts which would otherwise be payable in respect of the shares to be redeemed if the Available Proceeds were sufficient to redeem all such shares, and shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds available therefor. Prior to the distribution or redemption provided for in this Subsection 3.3.2, the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business.

3.3.3 Amount Deemed Paid or Distributed. The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board.

3.4 Effect of Non-compliance. In the event the requirements of this Section 3 are not materially complied with, this Corporation shall forthwith either (A) cause the closing of such Deemed Liquidation Event to be postponed until such time as the requirements of this Section 3 have been complied with or (B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in Subsection 3.5.

3.5 Notice of Deemed Liquidation Event. This Corporation shall give each holder of record of Preferred Stock written notice of such impending Deemed Liquidation Event not later than twenty (20) days prior to the stockholders’ meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 3, and this Corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that subject to compliance with the General Corporation Law such periods may be shortened or waived upon the written consent of the holders of outstanding shares of

Preferred Stock representing not less than the Preferred Stock Approval Amount (voting together as a single class and not as separate series, and on an as-converted basis).

3.6 Allocation of Escrow. In the event of a Deemed Liquidation Event pursuant to Subsection 3.3, if any portion of the consideration payable to the stockholders of the Corporation is placed into escrow, retained as holdback and/or is payable to the stockholders of the Corporation subject to contingencies (“**Additional Consideration**”), the Merger Agreement shall provide that (a) the portion of such consideration that is not placed in escrow, not retained as holdback and not subject to any contingencies (the “**Initial Consideration**”) shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 3.1 and 3.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event and (b) any additional consideration which becomes payable to the stockholders of the Corporation upon release from escrow, holdback or satisfaction of contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 3.1 and 3.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 3.6, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

4. Voting.

4.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Restated Certificate, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class on an as-converted basis.

4.2 Election of Directors. So long as at least 1,000,000 shares of Series A-1 Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series A-1 Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 1,500,000 shares of Series B Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 1,500,000 shares of Series C Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series C Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 2,750,000 shares of Series D Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series D Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 3,235,804 shares of Series E Preferred Stock (subject to appropriate adjustment in the event of a

Recapitalization Event) are outstanding, the holders of record of the shares of Series E Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. The holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect two directors of the Corporation. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Preferred Stock), exclusively and voting together as a single class on an as-converted basis, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 4.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 4.2.

4.3 Protective Provisions

4.3.1 Preferred Stock Protective Provisions. So long as at least 25% of the originally issued shares of Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Restated Certificate) the written consent or affirmative vote of the holders of outstanding shares of Preferred Stock representing not less than the Preferred Stock Approval Amount, voting together as a single class and not as separate series and on an as-converted to Common Stock basis:

(a) amend, alter or repeal any provision of the Restated Certificate or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Preferred Stock (it being understood that mere issuance of senior or pari passu securities shall not trigger this provision);

(b) increase or decrease (other than by conversion) the authorized number of shares of Common Stock or Preferred Stock;

(c) create, or authorize the creation of, or issue or obligate itself to issue shares of, any equity security (including any other security convertible into or exercisable for any such equity security) having a preference over, or being on a parity with, any series of Preferred Stock including with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the payment of dividends and rights of redemption, other than the issuance of any authorized but unissued shares of Series F Preferred Stock designated in this Restated Certificate (including any security convertible into or exercisable for such shares of Preferred Stock);

(d) purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock covered by Subsection 5.6 and

(ii) repurchases of stock from former employees, officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof;

(e) liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any Deemed Liquidation Event, or consent to any of the foregoing; or

(f) create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or permit any subsidiary to create, or authorize the creation of, or issue or obligate itself to issue, any shares of any class or series of capital stock, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such subsidiary.

(g) increase or decrease the authorized number of directors constituting the Board of Directors.

For purposes of this Restated Certificate, the “**Preferred Stock Approval Amount**” shall mean a majority of the outstanding shares of Preferred Stock, voting together as a single class and not as separate series and on an as-converted to Common Stock basis.

4.3.2 Series D Preferred Stock Protective Provision. So long as at least 2,750,000 shares of Series D Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter or repeal any provision of the Restated Certificate or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series D Preferred Stock in a different and disproportionate manner than any other series of Preferred Stock without (in addition to any other vote required by law or the Restated Certificate) the written consent or affirmative vote of the holders of at least 60% of the outstanding shares of Series D Preferred Stock voting as a separate series (it being understood that mere issuance of senior or pari passu securities shall not trigger this provision).

4.3.3 Series E Preferred Stock and Series E-1 Preferred Stock Protective Provision. So long as at least 4,833,732 shares of Series E Preferred Stock and Series E-1 Preferred Stock, collectively (subject to appropriate adjustment in the event of a Recapitalization Event), are outstanding, the Corporation shall not (i) either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter or repeal any provision of the Restated Certificate or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series E Preferred Stock or Series E-1 Preferred Stock in a different and disproportionate manner than any other series of Preferred Stock (it being understood that mere issuance of senior or pari passu securities shall not trigger this provision), (ii) increase or decrease the authorized number of shares of Series E Preferred Stock or Series E-1 Preferred Stock, or (iii) purchase or redeem, or pay or declare any dividend or distribution on any capital stock of the Company (other than stock repurchased from former employees or service providers

in connection with the cessation of their employment or service at the lower of the original purchase price or the then-current fair market value thereof or pursuant to the Corporation's right of first refusal), without (in addition to any other vote required by law or the Restated Certificate) the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock, voting together as if a single series.

4.3.4 Series F Preferred Stock Protective Provision. So long as at least 3,631,662 shares of Series F Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the Corporation shall not (i) either directly or indirectly by amendment, merger, consolidation or otherwise, amend, alter or repeal any provision of the Restated Certificate or Bylaws of the Corporation in a manner that adversely affects the powers, preferences or rights of the Series F Preferred Stock in a different and disproportionate manner than any other series of Preferred Stock (it being understood that mere issuance of senior or pari passu securities shall not trigger this provision), (ii) increase or decrease the authorized number of shares of Series F Preferred Stock, or (iii) purchase or redeem, or pay or declare any dividend or distribution on any capital stock of the Company (other than stock repurchased from former employees or service providers in connection with the cessation of their employment or service at the lower of the original purchase price or the then-current fair market value thereof or pursuant to the Corporation's right of first refusal), without (in addition to any other vote required by law or the Restated Certificate) the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of Series F Preferred Stock, voting as a separate series.

5. Optional Conversion. The holders of Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

5.1 Right to Convert.

5.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing the Original Issue Price for such series of Preferred Stock by the applicable Conversion Price (as defined below) in effect at the time of conversion. The "**Series A Conversion Price**" shall initially be equal to \$0.233. The "**Series A-1 Conversion Price**" shall initially be equal to \$0.269. The "**Series B Conversion Price**" shall initially be equal to \$0.9252. The "**Series C Conversion Price**" shall initially be equal to \$1.4945. The "**Series D Conversion Price**" shall initially be equal to \$2.2633. The "**Series E Conversion Price**" and the "**Series E-1 Conversion Price**" shall initially be equal to \$6.2581. The "**Series F Conversion Price**" shall initially be equal to \$6.8839. The initial Conversion Price for each series of Preferred Stock and the rate at which shares Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

5.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by

the fair market value of a share of Common Stock as determined in good faith by the Board. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion(s).

5.3 Mechanics of Conversion.

5.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such certificates (or lost certificate affidavit and agreement) and notice shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, (i) issue and deliver to such holder of Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate for the number (if any) of the shares of Preferred Stock represented by the surrendered certificate that were not converted into Common Stock, (ii) pay in cash such amount as provided in Subsection 5.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

5.3.2 Reservation of Shares. The Corporation shall at all times when any Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging

in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Restated Certificate. Before taking any action which would cause an adjustment reducing the applicable Conversion Price of a particular series of Preferred Stock below the then par value of the shares of Common Stock issuable upon conversion of such series of Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

5.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 5.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

5.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

5.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 5. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

5.4 Adjustments to Conversion Price for Diluting Issues.

5.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) **“Option”** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) **“Convertible Securities”** shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(c) **“Filing Date”** shall mean the effective date of the filing of this Restated Certificate with the office of the Secretary of State of the State of Delaware.

(d) “**Additional Shares of Common Stock**” shall mean all shares of Common Stock issued (or, pursuant to Subsection 5.4.3, deemed to be issued) by the Corporation after the Filing Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, “**Exempted Securities**”):

- (i) with regards to the Preferred Stock, shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on the Preferred Stock;
- (ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 5.5, 5.6, 5.7 or 5.8;
- (iii) shares of Common Stock issued or deemed issued to officers, directors or employees of, or consultants to, the Corporation or its subsidiaries pursuant to any stock purchase or option plan or other employee or director stock incentive or compensation program or any other plan or arrangement approved by the Board whether issued before or after the Filing Date;
- (iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options outstanding as of the Filing Date or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities outstanding as of the Filing Date in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;
- (v) shares of Common Stock, Options or Convertible Securities issued pursuant to any equipment leasing financing or bank credit arrangement, which arrangement is approved by the Board and is primarily for non-equity financing purposes;
- (vi) shares of Common Stock, Options or Convertible Securities issued pursuant to a bona fide acquisition of another corporation (whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise) provided that such transaction is approved by the Board;
- (vii) shares of Common Stock issued or deemed issued pursuant to an effective registration statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended in an aggregate and per share amount sufficient to constitute a QPO (as defined below); or
- (viii) shares of Common Stock, Options or Convertible Securities issued in connection with a strategic partnership or similar transaction

involving the Corporation and other entities not primarily for financing purposes, including (A) manufacturing, marketing or distribution arrangements and (B) technology transfer or development arrangements, provided that such transaction and the issuance of shares of Common Stock, Options or Convertible Securities in connection therewith are approved by the Board.

5.4.2 No Adjustment of Conversion Prices. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from the holders of outstanding shares of Preferred Stock representing not less than the Preferred Stock Approval Amount (voting together as a single class and not as separate series and on an as-converted to Common Stock basis) agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock (the “**Anti-Dilution Waiver**”). Notwithstanding the foregoing, (i) for the issuance or deemed issuance of Additional Shares of Common Stock at a purchase price below the Series D Conversion Price, any Anti-Dilution Waiver must also receive the affirmative vote or written consent (the “**Special Series D Preferred Stock Vote**”) of the holders of outstanding shares of Series D Preferred Stock representing not less than a majority of the Series D Preferred Stock then outstanding, (ii) for the issuance or deemed issuance of Additional Shares of Common Stock at a purchase price below the Series E-1 Conversion Price, any Anti-Dilution Waiver must also receive the affirmative vote or written consent (the “**Special Series E/E-1 Preferred Stock Vote**”) of the holders of outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as if a single series) representing not less than a majority of the Series E Preferred Stock and Series E-1 Preferred Stock then outstanding, and (iii) for the issuance or deemed issuance of Additional Shares of Common Stock at a purchase price below the Series F Conversion Price, any Anti-Dilution Waiver must also receive the affirmative vote or written consent (the “**Special Series F Preferred Stock Vote**”) of the holders of outstanding shares of Series F Preferred Stock representing not less than a majority of the Series F Preferred Stock then outstanding. Any amendment to this provision affecting the Special Series D Preferred Stock Vote requires the approval of the affirmative vote of the holders of outstanding shares of Series D Preferred Stock representing not less than a majority of the Series D Preferred Stock then outstanding, any amendment to this provision affecting the Special Series E/E-1 Preferred Stock Vote requires the approval of the affirmative vote of the holders of outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock (voting together as if a single series) representing not less than a majority of the Series E Preferred Stock and Series E-1 Preferred Stock then outstanding, and any amendment to this provision affecting the Special Series F Preferred Stock Vote requires the approval of the affirmative vote of the holders of outstanding shares of Series F Preferred Stock representing not less than a majority of the Series F Preferred Stock then outstanding..

5.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation, at any time or from time to time after the Filing Date, shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or

Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of a particular series of Preferred Stock pursuant to the terms of Subsection 5.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security resulting from an event for which an adjustment is also made to the applicable Conversion Prices hereunder) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this Subsection 5.4.3(b) shall have the effect of increasing the applicable Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to a Conversion Price pursuant to the terms of Subsection 5.4.4 (either because the consideration per share (determined pursuant to Subsection 5.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the applicable Conversion Prices then in effect, or because such Option or Convertible Security was issued before the Filing Date), are revised after the Filing Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security resulting from an event for which an adjustment is also made to the applicable Conversion Prices hereunder) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration

payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 5.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to a Conversion Price pursuant to the terms of Subsection 5.4.4, the effected Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to a particular Conversion Price provided for in this Subsection 5.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 5.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Preferred Stock Conversion Prices that would result under the terms of this Subsection 5.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to a Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

5.4.4 Adjustment of Conversion Prices Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Filing Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 5.4.3), without consideration or for a consideration per share less than the applicable Conversion Price of a series of Preferred Stock in effect immediately prior to such issue, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) “CP₂” shall mean the applicable Conversion Price in effect immediately after such issue of Additional Shares of Common Stock;

(b) “CP₁” shall mean the applicable Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) “A” shall mean the number of shares of Common Stock deemed to be outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) “B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP₁); and

(e) “C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

5.4.5 Determination of Consideration. For purposes of this Subsection 5.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

- (i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;
- (ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board; and
- (iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 5.4.3, relating to Options and Convertible Securities, shall be determined by dividing

- (i) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent

adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

- (ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

5.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to one or more Conversion Prices pursuant to the terms of Subsection 5.4.4, then, upon the final such issuance, the effected Conversion Prices shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

5.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Filing Date effect a subdivision of the outstanding Common Stock, the Conversion Price of each respective series of Preferred Stock in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Filing Date combine the outstanding shares of Common Stock, the Conversion Price of each respective series of Preferred Stock in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this Subsection 5.5 shall become effective at the close of business on the date the subdivision or combination becomes effective.

5.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Filing Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price of each respective series of Preferred Stock in effect immediately before such event shall be decreased as of the time of such issuance or, in the event

such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

- (1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and
- (2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price of each series of Preferred Stock shall be recomputed accordingly as of the close of business on such record date and thereafter each such Conversion Price shall be adjusted pursuant to this Subsection 5.6 as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the applicable series of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

5.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Filing Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of the applicable series of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of such series of Preferred Stock had been converted into Common Stock on the date of such event.

5.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the applicable series of Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 5.4, 5.6 or 5.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of the applicable series of Preferred Stock immediately prior to such

reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of the provisions in this Section 5 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 5 (including provisions with respect to changes in and other adjustments of the applicable Conversion Prices) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of shares of such applicable series of Preferred Stock.

5.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of a Conversion Price pursuant to this Section 5, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the affected series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than 10 days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the applicable Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such series of Preferred Stock.

5.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation, then, and in each such case, the Corporation will send or cause to be sent to the holders of Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such

exchange applicable to such series of Preferred Stock Preferred Stock and the Common Stock. Such notice shall be sent at least 10 days prior to the record date or effective date for the event specified in such notice.

6. Redemption. The Preferred Stock is not redeemable at the option of the holder thereof.

7. Mandatory Conversion.

7.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public at a price of at least \$12.5162 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock) in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, having an aggregate offering price to the public of not less than \$50 million (a “**QPO**”) or (b) the date and time, or the occurrence of an event, specified by vote or written consent of (i) the holders of outstanding shares of Preferred Stock representing not less than the Preferred Stock Approval Amount, voting together as a single class and not as separate series and on an as-converted to Common Stock basis, (ii) the holders of at least 60% of the outstanding shares of Series D Preferred Stock, voting as a separate series (iii) the holders of a majority of the outstanding shares of Series E Preferred Stock and Series E-1 Preferred Stock, voting together as if a single series, and (iv) the holders of a majority of the outstanding shares of Series F Preferred Stock, voting as a separate series (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “**Mandatory Conversion Time**”), all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate.

7.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 7. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Section 7, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender the certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of their certificate or certificates (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 7.2. As soon as practicable after the

Mandatory Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit and agreement) for Preferred Stock, the Corporation shall issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof, together with cash as provided in Subsection 5.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

8. Redeemed or Otherwise Acquired Shares. Any shares of Preferred Stock that are redeemed or otherwise acquired by the Corporation or any of its subsidiaries or converted to Common Stock shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following any such redemption, acquisition or conversion.

9. Waiver. Other than as expressly set forth herein (including without limitation Subsection 3.3.1, Subsection 4.3.2, Subsection 4.3.3, Subsection 5.4.2 and Subsection 7.1), any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock, either prospectively or retrospectively, by the affirmative written consent or vote of the holders of outstanding shares of Preferred Stock representing not less than the Preferred Stock Approval Amount, voting together as a single class and not as separate series and on an as-converted to Common Stock basis.

10. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by the Restated Certificate or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by the Restated Certificate, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless, and only to the extent, otherwise provided in the Bylaws of the Corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be

kept outside the State of Delaware at such place or places as may be designated from time to time by the Board or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth 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 General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH:

The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article Tenth, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article Tenth or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article Tenth is not paid in full within 30 days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorney's fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorney's fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article Tenth shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article Tenth; and (b) to indemnify or insure directors, officers and employees against liability in instances in

which they may not otherwise be indemnified by the Corporation under the provisions of this Article Tenth.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ELEVENTH: This Corporation renounces any interest or expectancy of this Corporation in, or in being offered an opportunity to participate in, an Excluded Opportunity. An “**Excluded Opportunity**” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of this corporation who is not an employee of this corporation or any of its subsidiaries, or (ii) any holder of Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of this corporation or any of its subsidiaries (collectively, “**Covered Persons**”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of this corporation.

* * *

IN WITNESS WHEREOF, this Eighth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 17th day of June, 2019.

By: /s/ James G. Reinhart
James G. Reinhart, President

**CERTIFICATE OF AMENDMENT
TO
EIGHTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
THREDUP INC.**

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

ThredUp Inc. (the “**Corporation**”), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**Delaware General Corporation Law**”), does hereby certify:

1. Pursuant to Section 242 of the Delaware General Corporation Law, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation (the “**Restated Certificate**”) amends the provisions of the Restated Certificate of Incorporation of the Corporation.

2. Part B, Section 4.2 of the Fourth Article of the Restated Certificate is hereby amended in its entirety as follows:

“Election of Directors. So long as at least 1,000,000 shares of Series A-1 Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series A-1 Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 1,500,000 shares of Series B Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series B Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 1,500,000 shares of Series C Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series C Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. So long as at least 2,750,000 shares of Series D Preferred Stock (subject to appropriate adjustment in the event of a Recapitalization Event) are outstanding, the holders of record of the shares of Series D Preferred Stock, exclusively and as a separate class, shall be entitled to elect one director of the Corporation. The holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect two directors of the Corporation. The holders of record of the shares of Common Stock and of any other class or series of voting stock (including the Preferred Stock), exclusively and voting together as a single class on an as-converted basis, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 4.2, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written

consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Subsection 4.2.”

3. That the foregoing amendment was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the Delaware General Corporation Law.

4. That said amendment was duly adopted by the Corporation’s Board of Directors in accordance with Section 242 of the Delaware General Corporation Law.

* * *

IN WITNESS WHEREOF, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this 7th day of November, 2019.

THREDUP INC.

By: /s/ James G. Reinhart
James G. Reinhart, CEO

**CERTIFICATE OF AMENDMENT
TO
EIGHTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
THREDUP INC.**

**(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)**

ThredUp Inc. (the “**Corporation**”), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**Delaware General Corporation Law**”), does hereby certify:

1. Pursuant to Section 242 of the Delaware General Corporation Law, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation (the “**Restated Certificate**”), amends the provisions of the Restated Certificate of Incorporation of the Corporation.

2. The first paragraph of the Fourth Article of the Restated Certificate is hereby amended in its entirety as follows:

“The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 100,000,000 shares of Common Stock, \$0.0001 par value per share (“**Common Stock**”), and (ii) 68,107,991 shares of Preferred Stock, \$0.0001 par value per share (“**Preferred Stock**”).”

3. Section 1 of Part B of the Fourth Article of the Restated Certificate is hereby amended in its entirety as follows:

“Designation. 1,051,540 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A Preferred Stock.**” 5,475,700 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A-1 Preferred Stock.**” 7,511,886 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series B Preferred Stock.**” 9,725,945 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series C Preferred Stock.**” 11,072,579 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series D Preferred Stock.**” 12,943,216 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series E Preferred Stock.**” 5,800,476 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series E-1 Preferred Stock.**” 14,526,649 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series F Preferred Stock.**”

4. That the foregoing amendment was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the Delaware General Corporation Law.

5. That said amendment was duly adopted by the Corporation's Board of Directors in accordance with Section 242 of the Delaware General Corporation Law.

* * *

IN WITNESS WHEREOF, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this 14th day of August, 2020.

THREDUP INC.

By: /s/ James G. Reinhart
James G. Reinhart, CEO

**CERTIFICATE OF AMENDMENT
TO
EIGHTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
THREDUP INC.**

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

ThredUp Inc. (the “**Corporation**”), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**Delaware General Corporation Law**”), does hereby certify:

1. Pursuant to Section 242 of the Delaware General Corporation Law, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation, as amended (the “**Restated Certificate**”), amends the provisions of the Restated Certificate of Incorporation of the Corporation.

2. The first paragraph of the Fourth Article of the Restated Certificate is hereby amended in its entirety as follows:

“The total number of shares of all classes of stock which the Corporation shall have authority to issue is (i) 110,000,000 shares of Common Stock, \$0.0001 par value per share (“**Common Stock**”), and (ii) 68,139,958 shares of Preferred Stock, \$0.0001 par value per share (“**Preferred Stock**”).”

3. Section 1 of Part B of the Fourth Article of the Restated Certificate is hereby amended in its entirety as follows:

“Designation. 1,051,540 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A Preferred Stock**.” 5,475,700 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series A-1 Preferred Stock**.” 7,511,886 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series B Preferred Stock**.” 9,725,945 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series C Preferred Stock**.” 11,072,579 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series D Preferred Stock**.” 12,943,216 shares of the authorized Preferred Stock of the Corporation are hereby designated “**Series E Preferred Stock**.” 5,832,443 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series E-1 Preferred Stock**.” 14,526,649 shares of the authorized and unissued Preferred Stock of the Corporation are hereby designated “**Series F Preferred Stock**.””

4. That the foregoing amendment was approved by the holders of the requisite number of shares of the Corporation in accordance with Section 228 of the Delaware General Corporation Law.

5. That said amendment was duly adopted by the Corporation's Board of Directors in accordance with Section 242 of the Delaware General Corporation Law.

* * *

IN WITNESS WHEREOF, this Certificate of Amendment to Eighth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this 26th day of August, 2020.

THREDUP INC.

By: /s/ James G. Reinhart
James G. Reinhart, CEO

SECOND AMENDED AND RESTATED BYLAWS OF THREDUP INC.

Adopted on June 23, 2017

1. CERTIFICATE OF INCORPORATION AND BYLAWS

- 1.1 Certificate of Incorporation and Bylaws. These Bylaws are subject to the certificate of incorporation of the corporation. In these Bylaws, references to the certificate of incorporation and Bylaws mean the provisions of the certificate of incorporation and the Bylaws as are from time to time in effect.

2. OFFICES

- 2.1 Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.
- 2.2 Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

3. STOCKHOLDERS

- 3.1 Location of Meetings. All meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors, or if not so designated, at the registered office of the corporation. Notwithstanding the foregoing, the board of directors may, in its sole discretion, determine that the meeting 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 Delaware General Corporation Law. If so authorized; and subject to such guidelines and procedures as the board of directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation. Any adjourned session of any meeting shall be held at the place designated in the vote of adjournment.
- 3.2 Annual Meeting. The annual meeting of stockholders shall be held at 10:00 a.m. on the second Wednesday in May in each year, unless that day be a legal holiday at the place where the meeting is to be held, in which case the meeting shall be held at the same hour on the next succeeding day not a legal holiday, or at such other date and time as shall be designated from time to time by the board of directors, at which they shall elect a board of directors and transact such other business as may be required by law or these Bylaws or as may properly come before the meeting.
- 3.3 Special Meeting in Place of Annual Meeting. If the election for directors shall not be held on the day designated by these Bylaws, the directors shall cause the election to be held

as soon thereafter as convenient, and to that end, if the annual meeting is omitted on the day herein provided therefor or if the election of directors shall not be held thereat, a special meeting of the stockholders may be held in place of such omitted meeting or election, and any business transacted or election held at such special meeting shall have the same effect as if transacted or held at the annual meeting, and in such case all references in these Bylaws to the annual meeting of the stockholders, or to the annual election of directors, shall be deemed to refer to or include such special meeting. Any such special meeting shall be called and the purposes thereof shall be specified in the call, as provided in Section 3.5.

- 3.4 Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. Such notice may specify the business to be transacted and actions to be taken at such meeting. No action shall be taken at such meeting unless such notice is given or unless waiver of such notice is given in accordance with Section 5.2 by each stockholder entitled to such notice who did not receive such notice. Prompt notice of all action taken in connection with such waiver of notice shall be given to all stockholders not present or represented at such meeting.
- 3.5 Other Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of the holders of at least ten percent of all capital stock of the corporation issued and outstanding and entitled to vote at such meeting. Such request shall state the purpose or purposes of the proposed meeting and business to be transacted at any special meeting of the stockholders.
- 3.6 Notice of Special Meeting. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting. No action shall be taken at such meeting unless such notice is given or unless waiver of such notice is given in accordance with Section 5.2 by each stockholder entitled to such notice who did not receive such notice. Prompt notice of all action taken in connection with such waiver of notice shall be given to all stockholders not present or represented at such meeting.
- 3.7 Stockholder List. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every 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 at least ten days prior to the meeting, either (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to examination of any stockholder during the entire meeting on a

reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

- 3.8 Quorum of Stockholders. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise required by law, by the certificate of incorporation or by these Bylaws. Except as otherwise provided by law, no stockholder present at a meeting may withhold his shares from the quorum count by declaring his shares absent from the meeting.
- 3.9 Adjournment. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these Bylaws, which time and place shall be announced at the meeting, by a majority of votes cast upon the question, whether or not a quorum is present, or, if no stockholder is present or represented by proxy, by any officer entitled to preside at or to act as secretary of such meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.
- 3.10 Proxy Representation. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, objecting to or voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. Except as provided by law, a revocable proxy shall be deemed revoked if the stockholder is present at the meeting for which the proxy was given. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally. The authorization of a proxy may, but need not be limited to specified action, provided, however, that if a proxy limits its authorization to a meeting or meetings of stockholders, unless otherwise specifically provided such proxy shall entitle the holder thereof to vote at any adjourned session but shall not be valid after the final adjournment thereof.
- 3.11 Inspectors. The directors or the person presiding at the meeting may, but need not unless required by law, appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them.

- 3.12 Action by Vote. When a quorum is present at any meeting, whether the same be an original or an adjourned session, a plurality of the votes properly cast for election to any office shall elect to such office and a majority of the votes properly cast upon any question other than an election to an office shall decide the question, except when a larger vote is required by law, by the certificate of incorporation or by these Bylaws. No ballot shall be required for any election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.
- 3.13 Action Without Meetings. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken shall be 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 entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Consent may be given by electronic transmission to the extent permitted by the Delaware General Corporation Law.
- 3.14 Organization. Meetings of stockholders shall be presided over by the chairperson of the board of directors, if any, or in his absence by the president, or in his absence by a vice president, or in the absence of the foregoing persons by a chairperson chosen at the meeting by the board. The secretary shall act as secretary of the meeting, but in his absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The chairperson of the meeting shall announce at the meeting of stockholders the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.
- 3.15 Conduct of Meetings. The board of directors of the corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the board of directors, the chairperson of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the board of directors or prescribed by the chairperson of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) 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 chairperson of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the board of directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

4. DIRECTORS

- 4.1 Number. The number of directors which shall constitute the whole board shall not be less than one. The first board shall consist of two directors. Thereafter, the stockholders at the annual meeting shall determine the number of directors, and the number of directors may be increased or decreased at any time or from time to time by the stockholders or by the directors by vote of a majority of directors then in office, except that any such decrease by vote of the directors shall only be made to eliminate vacancies existing by

reason of the death, resignation or removal of one or more directors. The directors shall be elected at the annual meeting of the stockholders, except as provided in these Bylaws. Directors need not be stockholders.

- 4.2 Tenure. Except as otherwise provided by law, by the certificate of incorporation or by these Bylaws, each director shall hold office until the next annual meeting and until his successor is elected and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.
- 4.3 Powers. The business of the corporation shall be managed by or under the direction of the board of directors which shall have and may exercise all the powers of the corporation and do all such lawful acts and things as are not by law, the certificate of incorporation or these Bylaws directed or required to be exercised or done by the stockholders.
- 4.4 Vacancies. Vacancies and any newly created directorships resulting from any increase in the number of directors may be filled by vote of the stockholders at a meeting called for the purpose, or by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. When one or more directors shall resign from the board, effective at a future date, a majority of the directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies, the vote or action in writing thereon to take effect when such resignation or resignations shall become effective. The directors shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number, subject to any requirements of law or of the certificate of incorporation or of these Bylaws as to the number of directors required for a quorum or for any vote or other actions.
- 4.5 Committees. The board of directors may, by vote of a majority of the whole board, (a) designate, change the membership of or terminate the existence of any committee or committees, each committee to consist of one or more of the directors; (b) designate one or more directors as alternate members of any such committee who may replace any absent or disqualified member at any meeting of the committee; and (c) determine the extent to which each such committee shall have and may exercise the powers and authority of the board of directors in the management of the business and affairs of the corporation, including the power to authorize the seal of the corporation to be affixed to all papers which require it and the power and authority to declare dividends or to authorize the issuance of stock; excepting, however, such powers which by law, by the certificate of incorporation or by these Bylaws they are prohibited from so delegating. In the absence or disqualification of any member of such committee and his alternate, if any, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Except as the board of directors may otherwise determine, any committee may make, alter and repeal rules for the conduct of its business, but unless otherwise provided by the board or such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these Bylaws for the conduct of business by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors upon request.
- 4.6 Regular Meeting. Regular meetings of the board of directors may be held without call or notice at such place within or without the State of Delaware and at such times as the board may from time to time determine, provided that notice of the first regular meeting following any such determination shall be given to absent directors. A regular meeting of the directors may be held without call or notice immediately after and at the same place as the annual meeting of the stockholders.

- 4.7 Special Meetings. Special meetings of the board of directors may be held at any time and at any place within or without the State of Delaware designated in the notice of the meeting, when called by the president, or by one-third or more in number of the directors, reasonable notice thereof being given to each director by the secretary or by the president or by any one of the directors calling the meeting.
- 4.8 Notice. It shall be reasonable and sufficient notice to a director to send notice by mail at least forty-eight hours or by telegram or telecopy or other form of electronic transmission at least twenty-four hours before the meeting, addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.
- 4.9 Quorum. Except as may be otherwise provided by law, by the certificate of incorporation or by these Bylaws, at any meeting of the directors a majority of the directors then in office shall constitute a quorum. A quorum shall not in any case be less than one-third of the total number of directors constituting the whole board. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.
- 4.10 Action by Vote. Except as may be otherwise provided by law, by the certificate of incorporation or by these Bylaws, when a quorum is present at any meeting the vote of a majority of the directors present shall be the act of the board of directors.
- 4.11 Action Without a Meeting. Unless otherwise restricted by the certificate of incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all the members of the board or of such committee, as the case may be, consent thereto in writing, or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board, or committee. 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 for all purposes as the act of the board or of such committee, as the case may be.
- 4.12 Participation in Meetings by Conference Telephone. Unless otherwise restricted by the certificate of incorporation or these Bylaws, members of the board of directors or of any committee thereof may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.
- 4.13 Compensation. Unless otherwise restricted by the certificate of incorporation or these Bylaws, the board of directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. No such payment shall preclude any director from serving the corporation or its parent or subsidiary corporations in any other capacity and receiving compensation therefor. The board of directors may

also allow compensation for members of special or standing committees for service on such committees.

4.14 Interested Directors and Officers. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of the corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

- (1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or
- (2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- (3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof, or the stockholders.
- (4) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

4.15 Resignation or Removal of Directors. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the stock issued and outstanding and entitled to vote at an election of directors. Any director may resign at any time by delivering his resignation in writing to the president or the secretary or to a meeting of the board of directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time and without in either case the necessity of its being accepted unless the resignation shall so state. No director resigning and no director removed shall have any right to receive compensation as such director for any period following his resignation or removal, except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

5. NOTICES

5.1 Form of Notice. Whenever, under the provisions of law, of the certificate of incorporation or of these Bylaws, notice is required to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Unless written notice by mail is required by law, written notice may also be given by telegram, cable, teletype, commercial delivery service, telex or similar

means, addressed to such director or stockholder at his address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Notice may also be given to any stockholder and to any director by any form of electronic transmission, to the same extent permitted by Section 232 of the Delaware General Corporation Law with respect to stockholders, and will be deemed given at the time provided therein. Oral notice or other in-hand delivery (in person or by telephone) shall be deemed given at the time it is actually given.

- 5.2 Waiver of Notice. Whenever notice is required to be given under the provisions of law, the certificate of incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any meeting of the stockholders, directors or members of a committee of the directors need be specified in any written waiver of notice.

6. OFFICERS AND AGENTS

- 6.1 Enumeration; Qualification. The officers of the corporation shall be a president, a treasurer, a secretary and such other officers, if any, as the board of directors from time to time may in its discretion elect or appoint including without limitation a chairperson of the board of directors and one or more vice presidents. Any officer may be, but none need be, a director or stockholder. Any two or more offices may be held by the same person. Any officer may be required by the board of directors to secure the faithful performance of his duties to the corporation by giving bond in such amount and with sureties or otherwise as the board of directors may determine.
- 6.2 Powers. Subject to law, to the certificate of incorporation and to the other provisions of these Bylaws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and such additional duties and powers as the board of directors may from time to time designate.
- 6.3 Election. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, a secretary and a treasurer. Other officers may be appointed by the board of directors at such meeting, at any other meeting or by written consent. At any time or from time to time, the directors may delegate to any officer their power to elect or appoint any other officer or any agents.
- 6.4 Tenure. Each officer shall hold office until the first meeting of the board of directors following the next annual meeting of the stockholders and-until his successor is elected and qualified unless a shorter period shall have been specified in terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or becomes disqualified. Each agent of the corporation shall retain his authority at the pleasure of the directors, or the officer by whom he was appointed or by the officer who then holds agent appointive power.
- 6.5 Chairperson of the Board of Directors. The chairperson of the board of directors, if any, shall have such duties and powers as shall be designated from time to time by the board of directors. Unless the board of directors otherwise specifies, the chairperson of the board, or if there is none the president, shall preside, or designate the person who shall preside, at all meetings of the stockholders and of the board of directors. References in

these Bylaws to a chairperson shall include references to persons designated by the board of directors with the title chairman, chairwoman or chair or any similar title.

- 6.6 President and Vice Presidents. The president shall be the chief executive officer and shall have direct and active charge of all business operations of the corporation and shall have general supervision of the entire business of the corporation, subject to the control of the board of directors. As provided in Section 6.5, in the absence of the chairperson of the board of directors, the president shall preside at all meetings of the stockholders and of the board of directors at which the president is present, except as otherwise voted by the board of directors. The president or treasurer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. Any vice presidents shall have such duties and powers as shall be designated from time to time by the board of directors or by the president.
- 6.7 Treasurer and Assistant Treasurers. The treasurer shall be the chief financial officer of the corporation and shall be in charge of its funds and valuable papers, and shall have such other duties and powers as may be assigned to him from time to time by the board of directors or by the president. Any assistant treasurers shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the treasurer.
- 6.8 Secretary and Assistant Secretaries. The secretary shall record all proceedings of the stockholders, of the board of directors and of committees of the board of directors in a book or series of books to be kept therefor and shall file therein all writings of, or related to, action by stockholder or director consent. In the absence of the secretary from any meeting, an assistant secretary, or if there is none or he is absent, a temporary secretary chosen at the meeting, shall record the proceedings thereof. Unless a transfer agent has been appointed, the secretary shall keep or cause to be kept the stock and transfer records of the corporation, which shall contain the names and record addresses of all stockholders and the number of shares registered in the name of each stockholder. The secretary shall have such other duties and powers as may from time to time be designated by the board of directors or the president. Any assistant secretaries shall have such duties and powers as shall be designated from time to time by the board of directors, the president or the secretary.
- 6.9 Resignation and Removal. Any officer may resign at any time by delivering his resignation in writing to the president or the secretary or to a meeting of the board of directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time, and without in any case the necessity of its being accepted unless the resignation shall so state. The board of directors may at any time remove any officer either with or without cause. The board of directors may at any time terminate or modify the authority of any agent. No officer resigning and no officer removed shall have any right to any compensation as such officer for any period following his resignation or removal, except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the corporation, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.
- 6.10 Vacancies. If the office of the president or the treasurer or the secretary becomes vacant, the directors may elect a successor by vote of a majority of the directors then in office. If the office of any other officer becomes vacant, any person or body empowered to elect or

appoint that office may choose a successor. Each such successor shall hold office for the unexpired term of his predecessor, and in the case of the president, the treasurer and the secretary until his successor is chosen and qualified, or in each case until he sooner dies, resigns, is removed or becomes disqualified.

7. CAPITAL STOCK

- 7.1 Stock Certificates. Each stockholder shall be entitled to a certificate stating the number and the class and the designation of the series, if any, of the shares held by him, in such form as shall, in conformity to law, the certificate of incorporation and the Bylaws, be prescribed from time to time by the board of directors. Such certificate shall be signed by (i) the chairperson of the board of directors or the president or a vice-president and (ii) the treasurer or an assistant treasurer or the secretary or an assistant secretary. Any or all of the signatures on the certificate may be a facsimile. In case an 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 were such officer, transfer agent, or registrar at the time of its issue.
- 7.2 Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

8. TRANSFER OF SHARES OF STOCK

- 8.1 Transfer on Books. Subject to any restrictions with respect to the transfer of shares of stock, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment and power of attorney properly executed, with necessary transfer stamps affixed, and with such proof of the authenticity of signature as the board of directors or the transfer agent of the corporation may reasonably require. Except as may be otherwise required by law, by the certificate of incorporation 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 receive notice and to vote or to give any consent with respect thereto and to be held liable for such calls and assessments, if any, as may lawfully be made thereon, regardless of any transfer, pledge or other disposition of such stock until the shares have been properly transferred on the books of the corporation. It shall be the duty of each stockholder to notify the corporation of his post office address.

9. GENERAL PROVISIONS

- 9.1 Forum and Jurisdiction. Unless the Company consents in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the exclusive forum for (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other

employee of the corporation to the corporation's or the corporation's stockholders, (iii) any action asserting a claim arising under any provision of the Delaware General Corporation Law, the certificate of incorporation, or the bylaws of the corporation, or (iv) any action asserting a claim governed by the internal-affairs doctrine. Any person or entity that acquires any interest in shares of capital stock of the corporation will be deemed to have notice of and consented to the provisions of this section.

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 exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in any security of the corporation shall be deemed to have notice of and consented to the provisions of these Bylaws.

- 9.2 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 to express consent to corporate action in writing without a meeting, 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, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record-date for the adjourned' meeting. If no record date is fixed,
- (a) 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;
 - (b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed; and
 - (c) 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 to such purpose.
- 9.3 Dividends. Dividends upon the capital stock of the corporation may be declared by the board of directors at any regular or special meeting or by written consent, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.
- 9.4 Payment of Dividends. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing .or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

- 9.5 Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the chief executive officer or the board of directors may from time to time designate.
- 9.6 Fiscal Year. The fiscal year of the corporation shall begin on the first of January in each year and shall end on the last day of December next following, unless otherwise determined by the board of directors.
- 9.7 Seal. The board of directors may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the word "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be altered from time to time by the board of directors.

10. INDEMNIFICATION

- 10.1 Indemnification. It being the intent of the corporation to provide maximum protection available under the law to its officers and directors, the corporation shall indemnify its officers and directors to the full extent the corporation is permitted or required to do so by the Delaware General Corporation Law. In furtherance of and not in limitation of the foregoing, the corporation shall advance expenses, including attorneys' fees, incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such advances if it shall ultimately be determined that he is not entitled to be indemnified by the corporation. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or who is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation has the power to indemnify such person under the Delaware General Corporation Law. Notwithstanding the foregoing, the Corporation shall not be required to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person.

11. AMENDMENTS

- 11.1 Amendments. These Bylaws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors. If the power to adopt, amend or repeal Bylaws is conferred upon the board of directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES ISSUABLE HEREUNDER ARE SUBJECT TO AN INVESTORS’ RIGHTS AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME (A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST FROM THE COMPANY), AND BY ACCEPTING ANY INTEREST IN SUCH SHARES THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISION OF THAT INVESTORS’ RIGHTS AGREEMENT, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER AND OWNERSHIP SET FORTH THEREIN.

WARRANT TO PURCHASE STOCK

Company: THREDUP INC.

Number of Shares: 13,382, plus all Additional Shares which Holder is entitled to purchase pursuant to Section 1.7

Type/Series of Stock: Series D Preferred

Warrant Price: \$2.26 per share

Issue Date: January 22, 2015

Expiration Date: January 22, 2025 See also Section 5.1(b).

Credit Facility: This Warrant to Purchase Stock (“**Warrant**”) is issued in connection with that certain Loan and Security Agreement dated on or about July 26, 2013, between Silicon Valley Bank and the Company, as amended by that certain First Amendment to Loan and Security Agreement of even date herewith between Silicon Valley Bank and the Company (as the same may from time to time be further amended, modified, supplemented or restated, the “**Loan Agreement**”).

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, “**Holder**”) is entitled to purchase the number of fully paid and non-assessable shares (the “**Shares**”) of the above-stated Type/Series of Stock (the “**Class**”) of the above-named company (the “**Company**”) at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this

Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, “**Acquisition**” means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company’s domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company’s (or the surviving or successor entity’s) outstanding voting power immediately after such merger, consolidation or reorganization; or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company’s then-total outstanding combined voting power.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company’s stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a “**Cash/Public Acquisition**”), and the fair market value of one Share as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date immediately prior to such Cash/Public Acquisition, and Holder has not exercised this Warrant pursuant to Section 1.1 above as to all Shares, then this Warrant shall automatically be deemed to be Cashless Exercised pursuant to Section 1.2 above as to all Shares effective immediately prior to and contingent upon the consummation of a Cash/Public Acquisition. In connection with such Cashless Exercise, Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as of the date thereof and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon exercise. In the event of a Cash/Public Acquisition where the fair market value of one Share as determined in accordance with Section 1.3 above would be less than the Warrant Price in effect immediately prior to such Cash/Public Acquisition, then this Warrant will expire immediately prior to the consummation of such Cash/Public Acquisition.

(c) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, either (i) the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant, or (ii) if the successor or surviving entity shall not agree to assume this Warrant, then the aggregate Warrant Price shall be reduced to One Dollar (\$1.00)

and this Warrant shall be deemed to have been converted in full pursuant to Section 1.2 above as of immediately prior to the consummation of such Acquisition.

(d) As used in this Warrant, “**Marketable Securities**” means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer’s shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

1.7 **Additional Shares.** Upon the funding of Supplemental Growth Capital Advances (as defined in the Loan Agreement) with an aggregate original principal amount in excess of Four Million Dollars (\$4,000,000), the Company shall be deemed to have automatically granted to Holder, in addition to the number of Shares which this Warrant can otherwise be exercised for by Holder, the right to purchase 13,382 additional Shares, subject to adjustment pursuant to Section 2 below (such additional shares being called the “**Additional Shares**”).

1.8 **Stockholders Agreements.** Upon any exercise or conversion of this Warrant, Holder shall, at the Company’s request, become a party to, by execution and delivery to the Company of a counterpart signature page, joinder agreement, instrument of accession or the like, any stockholders agreements related to the Company, solely with respect to the Shares issued upon such exercise or conversion, solely to the extent that all holders of outstanding shares of the Series are then parties thereto, and solely to the extent that such agreement is then by its terms in force and effect.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 **Stock Dividends, Splits, Etc.** If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations, substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation (as amended and in effect from time to time, the "**Certificate of Incorporation**"), including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its common stock pursuant to an effective registration statement under the Act (the "**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash or cash equivalents the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least \$500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's summary capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO; then, in connection with each such event, the Company shall give Holder:

(1) at least seven (7) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of

the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event and such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such event giving rise to the notice); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature

of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 7.5 of the Third Amended and Restated Investors' Rights Agreement.

4.7 No Stockholder Rights. Holder, as a Holder of this Warrant, will not have any rights as a stockholder of the Company until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term and Automatic Conversion Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Pacific time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. The Shares (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED JANUARY 22, 2015, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES EVIDENCED HEREBY ARE SUBJECT TO AN INVESTORS' RIGHTS AGREEMENT, AS MAY BE AMENDED

FROM TIME TO TIME (A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST FROM THE COMPANY), AND BY ACCEPTING ANY INTEREST IN SUCH SHARES THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISION OF THAT INVESTORS' RIGHTS AGREEMENT, INCLUDING CERTAIN RESTRICTIONS ON TRANSFER AND OWNERSHIP SET FORTH THEREIN.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or

certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HC 215
Santa Clara, CA 95054
Telephone: *****
Facsimile: *****
Email address: *****

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

ThredUp Inc.
Attn: _____
580 Market Street, 4th Floor
San Francisco, CA 94104
Telephone: _____
Facsimile: _____
Email: _____

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorney's Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Silicon Valley Bank is closed.

[Remainder of page left blank intentionally]

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

“COMPANY”

THREDUPINC.

By: /s/ James Reinhart

Name: James Reinhart
(Print)

Title: CEO

“HOLDER”

SILICON VALLEY BANK

By: /s/ Dan Hardman

Name: Dan Hardman
(Print)

Title: VP

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right purchase _____ shares of the Common/Series _____ Preferred [circle one] Stock of THREDUP INC. (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

- Check in the amount of \$_____ payable to the order of the Company enclosed herewith
- Wire transfer of immediately available funds to the Company's account
- Cashless Exercise pursuant to Section 1.2 of the Warrant
- Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

Holder's Name

(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

By:

Name: _____

Title: _____

(Date): _____

SCHEDULE 1

Company Capitalization Table

See attached

Schedule 1

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE STOCK

Issuer: THREDUP INC., a Delaware corporation (the "Company")

Number of Shares: the number of fully paid and non-assessable shares (after taking into account adjustments made pursuant to stock splits, reverse stock splits and other events specified in Article 2) of Preferred Stock obtained by dividing (i) two percent (2%) of the amount drawn under the Term Loans, up to \$800,000, by (ii) the applicable Exercise Price at the time this Warrant is exercised.

Class of Stock: Series E-1 Preferred Stock.

Exercise Price per Share: means the lower of (i) \$6.2581 (as may be adjusted in accordance with Article 2), and (ii) the lowest price per share at which the Company receives from the sale of shares of its Subsequently Issued Preferred Stock (as may be adjusted in accordance with Article 2). "Subsequently Issued Preferred Stock" means the next series of preferred stock that may be issued, if any, by the Company after the Issue Date but before an Initial Public Offering.

Issue Date: February 7, 2019

Expiration Date: February 7, 2029

THIS WARRANT CERTIFIES THAT, for the agreed upon value of \$1.00 and for other good and valuable consideration, WESTERN ALLIANCE BANK, or its assignees ("Holder") is entitled to purchase the number of fully paid and nonassessable shares of the Company's capital stock set forth above (the "Shares") at the Exercise Price per Share set forth above, as the same may be from time to time adjusted pursuant to Article 2 hereof and subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise, in substantially the form attached hereto as Appendix 1, to the principal office of Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to Company an amount equal to the aggregate Exercise Price for Shares being purchased, by check or wire.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Exercise Price of such Shares by (b) the fair market value of one Share. The fair market value of Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors in writing that Holder disagrees with such determination, then Company and Holder shall promptly agree upon a reputable investment banking firm

to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors, then all fees and expenses of such investment banking firm shall be paid by Company. In all other circumstances, such fees and expenses of such investment banking firm shall be paid by Holder.

1.4 Delivery of Certificate and New Warrant. Promptly (and in no event more than 3 business days after exercise) after Holder exercises or converts this Warrant, Company shall deliver to Holder certificates for Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing Shares not yet acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to Company or, in the case of mutilation, on surrender and cancellation of this Warrant, Company at its expense shall execute and deliver a replacement Warrant.

1.6 Sale, Merger, or Consolidation of Company. For the purpose of this Warrant, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of Company, or any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Shares issuable upon exercise of the unexercised portion of this Warrant are cancelled and the total consideration payable to the holders of such class of Shares consists entirely of cash, then, upon payment to the holder of this Warrant of an amount equal to the amount such holder would receive if such holder held Shares issuable upon exercise of the unexercised portion of this Warrant and such Shares were outstanding on the record date for the Acquisition less the aggregate Exercise Price of such Shares, this Warrant shall be cancelled; provided, further, that if pursuant to such Acquisition the entire outstanding class of Shares issuable upon exercise of the unexercised portion of this Warrant are cancelled and the total consideration payable to the holders of such class of Shares consists entirely of cash, but the per Share consideration, that such holder would receive if such holder held Shares issuable upon exercise of the unexercised portion of this Warrant, is less than the Exercise Price per Share, then, upon consummation of such Acquisition, this Warrant shall be cancelled and the Company shall not be required to make any payments to such holder.

1.7 Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date or other termination of the warrant, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

ARTICLE 2. ADJUSTMENTS.

2.1 Stock Dividends, Splits, Etc. If Company declares or pays a dividend on its common stock (or Shares, if Shares are securities other than common stock) payable in common stock or other securities or property, subdivides the outstanding common stock into a greater amount of common stock, or, if Shares are securities other than common stock, subdivides Shares in a transaction that increases the amount of common stock into which Shares are convertible, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities

to which Holder would have been entitled had Holder owned Shares on the record date the dividend or subdivision occurred since the original issue date of this Warrant.

2.2 Reclassification, Recapitalization, Exchange or Substitution. Upon any reclassification, recapitalization, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for Shares if this Warrant had been exercised immediately before such reclassification, recapitalization, exchange, substitution, or other event. Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, recapitalizations, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased and the number of Shares as to which this warrant is exercisable shall be proportionately decreased.

2.4 Adjustments for Diluting Issuances. In the event of the issuance (a "Diluting Issuance") by Company, after the Issue Date of the Warrant, of any Additional Shares of Common Stock (as defined in the Company's Certificate of Incorporation) at a price per share less than the then Exercise Price, then the number of shares of common stock issuable upon conversion of the Shares, and the conversion price, shall be adjusted in accordance with those provisions (the "Provisions") of Company's Certificate of Incorporation which apply to Diluting Issuances with the same effect as though the shares were outstanding at the time of the diluting issuance. Company agrees that the Provisions, as in effect on the Issue Date, shall be deemed to remain in full force and effect during the term of the Warrant notwithstanding any subsequent amendment, waiver or termination thereof by Company's shareholders. Under no circumstances shall the aggregate Exercise Price payable by Holder upon exercise of the Warrant increase as a result of any adjustment arising from a Diluting Issuance.

2.5 Adjustment for Pay-to-Play Transactions. In the event that the Company's Certificate of Incorporation provides, or is amended to so provide, for the amendment or modification of the rights, preferences or privileges of the Shares, or the reclassification, conversion or exchange of the outstanding Shares in the event that a holder of shares thereof fails to participate in an equity financing transaction (a "Pay-to-Play Provision"), and in the event that such Pay-to-Play Provision becomes operative in a transaction occurring after the date hereof, this Warrant shall automatically and without any action required become exercisable for that number and type of shares of equity securities as would have been issued or exchanged, or would have remained outstanding, in respect of the Shares issuable hereunder had this Warrant been exercised in full prior to such event, and had the Holder participated in the equity financing to the maximum extent permitted.

2.6 No Impairment. Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If Company takes any action affecting Shares or its common stock as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that such action is offset and the aggregate Exercise Price of this Warrant is unchanged.

2.7 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, Company shall eliminate such fractional share interest by paying Holder an amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.8 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price, and the facts upon which such adjustment is based.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder as follows:

(a) The initial Exercise Price referenced on the first page of this Warrant is not greater than the fair market value of the Shares as of the date of this Warrant.

(b) As of the date hereof, the Company has sufficient authorized shares reserved for the issuance of all capital stock which may be issued upon the exercise of this Warrant.

(c) The Company's capitalization table attached to this Warrant as Appendix 2 is true and complete as of the Issue Date.

3.2 Valid Issuance. Company shall take all steps necessary to insure that all Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.3 Notice of Certain Events. If Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights (except in compliance with, or pursuant to the waiver of, the provisions of Section 5 of the Company's Sixth Amended and Restated Investors' Rights Agreement dated as of January 8, 2018 (as may be amended and/or restated from time to time, the "Investor Rights Agreement")); (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, Company shall give Holder (1) in the case of the matters referred to in (a) and (b) above at least 10 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; (2) in the case of the matters referred to in (c) and (d) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.4 (a) Information. So long as the Holder holds this Warrant and/or any of the Shares, Company shall deliver to Holder (a) promptly, copies of all notices or other written communications to which Holder would be entitled if it held Shares as to which this Warrant was then exercisable and (b) such other financial statements required under and in accordance with any loan documents between Holder and Company, or if there are no such requirements or if the subject loan(s) are no longer are

outstanding, then within 45 days after the end of each of the first three quarters of each fiscal year, Company's quarterly, unaudited financial statements and within 120 days after the end of each fiscal year, Company's annual, audited financial statements.

(b) Exempt Transaction. The issuance of the Shares will each constitute a transaction exempt from (i) the registration requirements of Section 5 of the Securities Act of 1933, as Amended (the "Act"), in reliance upon Section 4(2) thereof and/or Regulation D thereunder, and (ii) the qualification requirements of applicable state securities laws.

(c) Compliance with Rule 144. If the Holder proposes to sell the Shares issuable upon the exercise of this Warrant in compliance with Rule 144 promulgated by the SEC, then, upon Holder's written request to the Company, the Company shall furnish to the Holder, within ten days after receipt of such request, a written statement confirming the Company's compliance with the filing requirements of the SEC as set forth in such rule (as may be amended from time to time).

3.5 Registration Rights. The common stock issuable upon conversion of Shares, shall have the same "piggyback" registration rights as are set forth in the Investor Rights Agreement. The Company has provided Holder with a true and correct copy of the Investor Rights Agreement, which is in full force and effect on the date hereof. Company agrees that no amendments will be made to the Investor Rights Agreement, which would have an impact on Holder's registration rights thereunder that is disproportionately adverse to Holder compared to the impact on the registration rights of other holders party thereto.

ARTICLE 4. MISCELLANEOUS.

4.1 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

4.2 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to Company, as reasonably requested by Company). Company shall not require Holder to provide an opinion of counsel if the transfer is to Holder's parent company, Western Alliance Bancorporation, or any other affiliate of Holder, or if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

4.3 Transfer Procedure. After receipt by Holder of the executed Warrant, Holder may transfer all of this Warrant to Holder's parent company, Western Alliance Bancorporation, or an affiliate thereof or successor thereto (the "Subsequent Holder"), by execution of an Assignment substantially in the form of Appendix 3. Subject to the provisions of Article 4.2 and upon providing Company with written notice, the Subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, the Subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable).

4.4 Notices. All notices and other communications from Company to Holder, or vice versa, shall be in writing and shall be deemed delivered and effective when given personally or mailed by first class registered or certified mail, postage prepaid, or by overnight courier, at such address as may have been furnished to Company or Holder, as the case may be, in writing by Company or such Holder from time to time.

4.5 Attorneys Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.6 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law

4.7 Lock Up. The Holder agrees that this Warrant and the Shares are subject to the Lock-Up provisions set forth in Section 7.5 of the Investor Rights Agreement

ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF HOLDER.

With respect to the acquisition of this Warrant and any of the Shares issuable upon exercise of this Warrant, Holder hereby represents and warrants to, and agrees with, the Company as follows:

5.1 Purchase Entirely for Own Account. This Warrant is issued to Holder in reliance upon Holder's representation to the Company that this Warrant and the Shares issuable upon exercise of this Warrant will be acquired for investment for Holder's, or its affiliate's, own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof other than to an affiliate, and that Holder has no present intention of selling, granting any participation in, or otherwise distributing the same other than to an affiliate. By executing this Warrant, Holder further represents that Holder does not have any contract, undertaking, agreement or arrangement with any person, other than an affiliate, to sell, transfer or grant participations to such person or to any third person with respect to this Warrant or any of the Shares issuable upon exercise of this Warrant.

5.2 Reliance upon Holder's Representations. Holder understands that this Warrant and the Shares issuable upon exercise of this Warrant are not registered under the Act on the ground that the issuance of such securities is exempt from registration under the Act, and that the Company's reliance on such exemption is predicated on Holder's representations set forth herein.

5.3 Accredited Investor Status. Holder represents to the Company that Holder is an Accredited Investor (as defined in the Act).

5.4 Restricted Securities. Holder understands that this Warrant and the Shares issuable upon exercise of this Warrant are "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such federal securities laws and applicable regulations such securities may be resold without registration under the Act only in certain limited circumstances.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Warrant as of the day and year first above written.

COMPANY:

THREDUP INC., a Delaware corporation

By: /s/ James Reinhart

Name: James Reinhart

Title: CEO

[Signature Page to Warrant]

APPENDIX 1

NOTICE OF EXERCISE

[Strike paragraph that does not apply.]

1. The undersigned hereby elects to purchase _____ shares of the Common/Series _____ Preferred [strike one] Stock of Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Shares/cash [strike one] in the manner specified in the Warrant. This conversion is exercised with respect to _____ of the Shares covered by the Warrant.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

Name: _____

Address: _____

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

4. The undersigned here by represents and warrants that the Representations and Warranties in Section 5 of the Warrant are true and correct as of the date hereof.

WESTERN ALLIANCE BANK, an Arizona corporation

By: _____

Name: _____

Title: _____

APPENDIX 2

CAPITALIZATION TABLE

APPENDIX 3

ASSIGNMENT

For value received, WESTERN ALLIANCE BANK, hereby sells, assigns and transfers unto:

Name: WESTERN ALLIANCE BANCORPORATION

Address: One E. Washing, Suite 1400
Phoenix, Arizona 85004
Tax: _____

that certain Warrant to Purchase Stock issued by THREDUP INC., a Delaware corporation (the "Company"), on February 7, 2019 (the "Warrant") together with all rights, title and interest therein.

WESTERN ALLIANCE BANK

By: _____
Name: _____
Title: _____

By its execution below, and for the benefit of the Company, Western Alliance Bancorporation agrees to all other provisions of the Warrant as of the date hereof.

WESTERN ALLIANCE BANCORPORATION

By: _____
Name: _____
Title: _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE STOCK

Issuer: THREDUP INC., a Delaware corporation (the "Company")

Number of Shares: the number of fully paid and non-assessable shares (after taking into account adjustments made pursuant to stock splits, reverse stock splits and other events specified in Article 2) of Preferred Stock obtained by dividing (i) two percent (2%) of the additional advanced amount drawn under the Term A Loans as of the date hereof, by (ii) the applicable Exercise Price at the time this Warrant is exercised.

Class of Stock: Series F Preferred Stock.

Exercise Price per Share: means the lower of (i) \$6.8839 (as may be adjusted in accordance with Article 2), and (ii) the lowest price per share at which the Company receives from the sale of shares of its Subsequently Issued Preferred Stock (as may be adjusted in accordance with Article 2). "Subsequently Issued Preferred Stock" means the next series of preferred stock that may be issued, if any, by the Company after the Issue Date but before an Initial Public Offering.

Issue Date: May 29, 2020

Expiration Date: May 29, 2030

THIS WARRANT CERTIFIES THAT, for the agreed upon value of \$1.00 and for other good and valuable consideration, WESTERN ALLIANCE BANK, or its assignees ("Holder") is entitled to purchase the number of fully paid and nonassessable shares of the Company's capital stock set forth above (the "Shares") at the Exercise Price per Share set forth above, as the same may be from time to time adjusted pursuant to Article 2 hereof and subject to the provisions and upon the terms and conditions set forth in this Warrant.

ARTICLE 1. EXERCISE.

1.1 Method of Exercise. This Warrant is exercisable, in whole or in part, at any time and from time to time on or before the Expiration Date set forth above. Holder may exercise this Warrant by delivering a duly executed Notice of Exercise, in substantially the form attached hereto as Appendix 1, to the principal office of Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to Company an amount equal to the aggregate Exercise Price for Shares being purchased, by check or wire.

1.2 Conversion Right. In lieu of exercising this Warrant as specified in Section 1.1, Holder may from time to time convert this Warrant, in whole or in part, into a number of Shares determined by dividing (a) the aggregate fair market value of Shares or other securities otherwise issuable upon exercise of this Warrant minus the aggregate Exercise Price of such Shares by (b) the fair market value of one Share. The fair market value of Shares shall be determined pursuant to Section 1.3.

1.3 Fair Market Value. If the Shares are traded in a public market, the fair market value of the Shares shall be the closing price of the Shares (or the closing price of the Company's stock into which the Shares are convertible) reported for the business day immediately before Holder delivers its Notice of Exercise to the Company. If the Shares are not traded in a public market, the Board of Directors of Company shall determine fair market value in its reasonable good faith judgment. The foregoing notwithstanding, if Holder advises the Board of Directors in writing that Holder disagrees with such determination, then Company and Holder shall promptly agree upon a reputable investment banking firm

to undertake such valuation. If the valuation of such investment banking firm is greater than that determined by the Board of Directors, then all fees and expenses of such investment banking firm shall be paid by Company. In all other circumstances, such fees and expenses of such investment banking firm shall be paid by Holder.

1.4 Delivery of Certificate and New Warrant. Promptly (and in no event more than 3 business days after exercise) after Holder exercises or converts this Warrant, Company shall deliver to Holder certificates for Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, a new Warrant representing Shares not yet acquired.

1.5 Replacement of Warrants. On receipt of evidence reasonably satisfactory to Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to Company or, in the case of mutilation, on surrender and cancellation of this Warrant, Company at its expense shall execute and deliver a replacement Warrant.

1.6 Sale, Merger, or Consolidation of Company. For the purpose of this Warrant, "Acquisition" means any sale, license, or other disposition of all or substantially all of the assets of Company, or any reorganization, consolidation, or merger of Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction. Upon the closing of any Acquisition, the successor entity shall assume the obligations of this Warrant, and this Warrant shall be exercisable for the same securities, cash, and property as would be payable for Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on the record date for the Acquisition and subsequent closing, and the Exercise Price shall be adjusted accordingly; provided that if pursuant to such Acquisition the entire outstanding class of Shares issuable upon exercise of the unexercised portion of this Warrant are cancelled and the total consideration payable to the holders of such class of Shares consists entirely of cash, then, upon payment to the holder of this Warrant of an amount equal to the amount such holder would receive if such holder held Shares issuable upon exercise of the unexercised portion of this Warrant and such Shares were outstanding on the record date for the Acquisition less the aggregate Exercise Price of such Shares, this Warrant shall be cancelled; provided, further, that if pursuant to such Acquisition the entire outstanding class of Shares issuable upon exercise of the unexercised portion of this Warrant are cancelled and the total consideration payable to the holders of such class of Shares consists entirely of cash, but the per Share consideration, that such holder would receive if such holder held Shares issuable upon exercise of the unexercised portion of this Warrant, is less than the Exercise Price per Share, then, upon consummation of such Acquisition, this Warrant shall be cancelled and the Company shall not be required to make any payments to such holder.

1.7 Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date or other termination of the warrant, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Exercise Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

ARTICLE 2. ADJUSTMENTS.

2.1 Stock Dividends, Splits, Etc. If Company declares or pays a dividend on its common stock (or Shares, if Shares are securities other than common stock) payable in common stock or other securities or property, subdivides the outstanding common stock into a greater amount of common stock, or, if Shares are securities other than common stock, subdivides Shares in a transaction that increases the amount of common stock into which Shares are convertible, then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without cost to Holder, the total number and kind of securities

to which Holder would have been entitled had Holder owned Shares on the record date the dividend or subdivision occurred since the original issue date of this Warrant.

2.2 Reclassification, Recapitalization, Exchange or Substitution. Upon any reclassification, recapitalization, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant, Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for Shares if this Warrant had been exercised immediately before such reclassification, recapitalization, exchange, substitution, or other event. Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 2 including, without limitation, adjustments to the Exercise Price and to the number of securities or property issuable upon exercise of the new Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, recapitalizations, exchanges, substitutions, or other events.

2.3 Adjustments for Combinations, Etc. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased and the number of Shares as to which this warrant is exercisable shall be proportionately decreased.

2.4 Adjustments for Diluting Issuances. In the event of the issuance (a "Diluting Issuance") by Company, after the Issue Date of the Warrant, of any Additional Shares of Common Stock (as defined in the Company's Certificate of Incorporation) at a price per share less than the then Exercise Price, then the number of shares of common stock issuable upon conversion of the Shares, and the conversion price, shall be adjusted in accordance with those provisions (the "Provisions") of Company's Certificate of Incorporation which apply to Diluting Issuances with the same effect as though the shares were outstanding at the time of the diluting issuance. Company agrees that the Provisions, as in effect on the Issue Date, shall be deemed to remain in full force and effect during the term of the Warrant notwithstanding any subsequent amendment, waiver or termination thereof by Company's shareholders. Under no circumstances shall the aggregate Exercise Price payable by Holder upon exercise of the Warrant increase as a result of any adjustment arising from a Diluting Issuance.

2.5 Adjustment for Pay-to-Play Transactions. In the event that the Company's Certificate of Incorporation provides, or is amended to so provide, for the amendment or modification of the rights, preferences or privileges of the Shares, or the reclassification, conversion or exchange of the outstanding Shares in the event that a holder of shares thereof fails to participate in an equity financing transaction (a "Pay-to-Play Provision"), and in the event that such Pay-to-Play Provision becomes operative in a transaction occurring after the date hereof, this Warrant shall automatically and without any action required become exercisable for that number and type of shares of equity securities as would have been issued or exchanged, or would have remained outstanding, in respect of the Shares issuable hereunder had this Warrant been exercised in full prior to such event, and had the Holder participated in the equity financing to the maximum extent permitted.

2.6 No Impairment. Company shall not, by amendment of its Certificate of Incorporation or through a reorganization, transfer of assets, consolidation, merger, dissolution, issue, or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed under this Warrant by Company, but shall at all times in good faith assist in carrying out of all the provisions of this Article 2 and in taking all such action as may be necessary or appropriate to protect Holder's rights under this Article against impairment. If Company takes any action affecting Shares or its common stock as described above that adversely affects Holder's rights under this Warrant, the Exercise Price shall be adjusted downward and the number of Shares issuable upon exercise of this Warrant shall be adjusted upward in such a manner that such action is offset and the aggregate Exercise Price of this Warrant is unchanged.

2.7 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, Company shall eliminate such fractional share interest by paying Holder an amount computed by multiplying the fractional interest by the fair market value of a full Share.

2.8 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth the Exercise Price in effect upon the date thereof and the series of adjustments leading to such Exercise Price, and the facts upon which such adjustment is based.

ARTICLE 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder as follows:

(a) The initial Exercise Price referenced on the first page of this Warrant is not greater than the fair market value of the Shares as of the date of this Warrant.

(b) As of the date hereof, the Company has sufficient authorized shares reserved for the issuance of all capital stock which may be issued upon the exercise of this Warrant.

(c) The Company's capitalization table attached to this Warrant as Appendix 2 is true and complete as of the Issue Date.

3.2 Valid Issuance. Company shall take all steps necessary to insure that all Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.3 Notice of Certain Events. If Company proposes at any time (a) to declare any dividend or distribution upon its common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend; (b) to offer for subscription pro rata to the holders of any class or series of its stock any additional shares of stock of any class or series or other rights (except in compliance with, or pursuant to the waiver of, the provisions of Section 5 of the Company's Sixth Amended and Restated Investors' Rights Agreement dated as of January 8, 2018 (as may be amended and/or restated from time to time, the "Investor Rights Agreement")); (c) to effect any reclassification or recapitalization of common stock; (d) to merge or consolidate with or into any other corporation, or sell, lease, license, or convey all or substantially all of its assets, or to liquidate, dissolve or wind up; or (e) offer holders of registration rights the opportunity to participate in an underwritten public offering of the company's securities for cash, then, in connection with each such event, Company shall give Holder (1) in the case of the matters referred to in (a) and (b) above at least 10 days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of common stock will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (c) and (d) above; (2) in the case of the matters referred to in (c) and (d) above at least 10 days prior written notice of the date when the same will take place (and specifying the date on which the holders of common stock will be entitled to exchange their common stock for securities or other property deliverable upon the occurrence of such event); and (3) in the case of the matter referred to in (e) above, the same notice as is given to the holders of such registration rights.

3.4 (a) Information. So long as the Holder holds this Warrant and/or any of the Shares, Company shall deliver to Holder (a) promptly, copies of all notices or other written communications to which Holder would be entitled if it held Shares as to which this Warrant was then exercisable and (b) such other financial statements required under and in accordance with any loan documents between Holder and Company, or if there are no such requirements or if the subject loan(s) are no longer are

outstanding, then within 45 days after the end of each of the first three quarters of each fiscal year, Company's quarterly, unaudited financial statements and within 120 days after the end of each fiscal year, Company's annual, audited financial statements.

(b) Exempt Transaction. The issuance of the Shares will each constitute a transaction exempt from (i) the registration requirements of Section 5 of the Securities Act of 1933, as Amended (the "Act"), in reliance upon Section 4(2) thereof and/or Regulation D thereunder, and (ii) the qualification requirements of applicable state securities laws.

(c) Compliance with Rule 144. If the Holder proposes to sell the Shares issuable upon the exercise of this Warrant in compliance with Rule 144 promulgated by the SEC, then, upon Holder's written request to the Company, the Company shall furnish to the Holder, within ten days after receipt of such request, a written statement confirming the Company's compliance with the filing requirements of the SEC as set forth in such rule (as may be amended from time to time).

3.5 Registration Rights. The common stock issuable upon conversion of Shares, shall have the same "piggyback" registration rights as are set forth in the Investor Rights Agreement. The Company has provided Holder with a true and correct copy of the Investor Rights Agreement, which is in full force and effect on the date hereof. Company agrees that no amendments will be made to the Investor Rights Agreement, which would have an impact on Holder's registration rights thereunder that is disproportionately adverse to Holder compared to the impact on the registration rights of other holders party thereto.

ARTICLE 4. MISCELLANEOUS.

4.1 Legends. This Warrant and the Shares (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) shall be imprinted with a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

4.2 Compliance with Securities Laws on Transfer. This Warrant and the Shares issuable upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of Shares, if any) may not be transferred or assigned in whole or in part without compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to Company, as reasonably requested by Company). Company shall not require Holder to provide an opinion of counsel if the transfer is to Holder's parent company, Western Alliance Bancorporation, or any other affiliate of Holder, or if there is no material question as to the availability of current information as referenced in Rule 144(c), Holder represents that it has complied with Rule 144(d) and (e) in reasonable detail, the selling broker represents that it has complied with Rule 144(f), and the Company is provided with a copy of Holder's notice of proposed sale.

4.3 Transfer Procedure. After receipt by Holder of the executed Warrant, Holder may transfer all of this Warrant to Holder's parent company, Western Alliance Bancorporation, or an affiliate thereof or successor thereto (the "Subsequent Holder"), by execution of an Assignment substantially in the form of Appendix 3. Subject to the provisions of Article 4.2 and upon providing Company with written notice, the Subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, the Subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable).

4.4 Notices. All notices and other communications from Company to Holder, or vice versa, shall be in writing and shall be deemed delivered and effective when given personally or mailed by first class registered or certified mail, postage prepaid, or by overnight courier, at such address as may have been furnished to Company or Holder, as the case may be, in writing by Company or such Holder from time to time.

4.5 Attorneys Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

4.6 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law

4.7 Lock Up. The Holder agrees that this Warrant and the Shares are subject to the Lock-Up provisions set forth in Section 7.5 of the Investor Rights Agreement

ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF HOLDER.

With respect to the acquisition of this Warrant and any of the Shares issuable upon exercise of this Warrant, Holder hereby represents and warrants to, and agrees with, the Company as follows:

5.1 Purchase Entirely for Own Account. This Warrant is issued to Holder in reliance upon Holder's representation to the Company that this Warrant and the Shares issuable upon exercise of this Warrant will be acquired for investment for Holder's, or its affiliate's, own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof other than to an affiliate, and that Holder has no present intention of selling, granting any participation in, or otherwise distributing the same other than to an affiliate. By executing this Warrant, Holder further represents that Holder does not have any contract, undertaking, agreement or arrangement with any person, other than an affiliate, to sell, transfer or grant participations to such person or to any third person with respect to this Warrant or any of the Shares issuable upon exercise of this Warrant.

5.2 Reliance upon Holder's Representations. Holder understands that this Warrant and the Shares issuable upon exercise of this Warrant are not registered under the Act on the ground that the issuance of such securities is exempt from registration under the Act, and that the Company's reliance on such exemption is predicated on Holder's representations set forth herein.

5.3 Accredited Investor Status. Holder represents to the Company that Holder is an Accredited Investor (as defined in the Act).

5.4 Restricted Securities. Holder understands that this Warrant and the Shares issuable upon exercise of this Warrant are "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such federal securities laws and applicable regulations such securities may be resold without registration under the Act only in certain limited circumstances.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Warrant as of the day and year first above written.

COMPANY:

THREDUP INC., a Delaware corporation

By: /s/ Sean Sobers

Name: Sean Sobers

Title: CFO

[Signature Page to Warrant]

APPENDIX 1

NOTICE OF EXERCISE

[Strike paragraph that does not apply.]

1. The undersigned hereby elects to purchase _____ shares of the Common/Series _____ Preferred ~~one~~ Stock of Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full.

1. The undersigned hereby elects to convert the attached Warrant into Shares/cash ~~one~~ in the manner specified in the Warrant. This conversion is exercised with respect to _____ of the Shares covered by the Warrant.

2. Please issue a certificate or certificates representing said shares in the name of the undersigned or in such other name as is specified below:

Name: _____

Address: _____

3. The undersigned represents it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws.

4. The undersigned here by represents and warrants that the Representations and Warranties in Section 5 of the Warrant are true and correct as of the date hereof.

WESTERN ALLIANCE BANK, an Arizona corporation

By: _____

Name: _____

Title: _____

APPENDIX 2

CAPITALIZATION TABLE

APPENDIX 3

ASSIGNMENT

For value received, WESTERN ALLIANCE BANK, hereby sells, assigns and transfers unto:

Name: WESTERN ALLIANCE BANCORPORATION
Address: One E. Washing, Suite 1400
Phoenix, Arizona 85004
Tax:

that certain Warrant to Purchase Stock issued by THREDUP INC., a Delaware corporation (the "Company"), on May 27, 2020 (the "Warrant") together with all rights, title and interest therein.

WESTERN ALLIANCE BANK

By: _____
Name: _____
Title: _____

By its execution below, and for the benefit of the Company, Western Alliance Bancorporation agrees to all other provisions of the Warrant as of the date hereof.

WESTERN ALLIANCE BANCORPORATION

By: _____
Name: _____
Title: _____

OFFICE LEASE
BY AND BETWEEN
11 WEST NINTH STREET PROPERTY OWNER, LP
AS LANDLORD
AND
THREDUP, INC.
AS TENANT

For Premises commonly known as Suite 200

at

969 Broadway, Oakland, California

Basic Lease Information

Delger Block

The following is a summary of Lease information that is referred to in the Lease, and the terms of this Basic Lease Information are hereby incorporated into and made a part of the Lease. To the extent there is any conflict between the provisions of this Basic Lease Information and any more specific provision of the Lease, such more specific provision shall control.

LEASE DATE: March 31, 2019

LANDLORD: **11 WEST NINTH STREET PROPERTY OWNER, LP,**
a Delaware limited partnership

ADDRESS OF LANDLORD: 2411 Peralta Street
Oakland, CA 94607

ADDRESS FOR PAYMENT OF RENT c/o Wilson Meany
827 Broadway, Suite 220
Oakland, CA 94607

TENANT: **THREDUP, INC.**
a Delaware corporation

ADDRESS OF TENANT: At the Premises
Attn: Legal Department

PROJECT: The buildings and other improvements having respective street addresses (a) 469 Ninth Street, Oakland, California (Gladstone Building), (b) 476 Ninth Street, Oakland, California (Henry House), (c) 483 Ninth Street, Oakland, California (Ross House), (d) 491 Ninth Street, Oakland, California (LaSalle Building), (e) 492 Ninth Street, Oakland, California (Arlington Building), (1) 969 Broadway, Oakland, California (Delger Block), (g) 827 Broadway, Oakland, California (Wilcox Building), (h) 807 Broadway, Oakland, California (Studio Building/Stanford Building), (i) 456 Eighth Street, Oakland, California (Leimert Building), and any other buildings and improvements now or hereafter constructed on the real property on which said buildings are located or appurtenant thereto, and commonly known collectively as the "Old Oakland" project.

PREMISES:	Approx. Rentable		
	<u>Suite</u>	<u>Square Footage</u>	<u>Building</u>
	200	23,655	Delger

LEASE TERM: Approximately sixty (60) months. See Paragraph 3 of the Lease.

OPTION TO EXTEND: One (1), five (5) year option to extend as set forth in the Extension Option Rider attached to the Lease.

COMMENCEMENT DATE: As provided in Paragraph 3(a) of the Lease, following Substantial Completion by Landlord of the Tenant Improvements in accordance with Exhibit E to the Lease

EXPIRATION DATE: The last day of the calendar month in which the sixtieth (60th) month anniversary of the Commencement Date occurs; *provided, however*, if the Commencement Date is the first day of a calendar month, the Expiration Date shall be the last day of the calendar month immediately preceding the sixtieth (60th) month anniversary of the Commencement Date.

USE: As provided in Paragraph 6(a) of the Lease.

RENT:	(i) Lease Year 1:	\$117,092.25, per month; \$1,405,107.00, per year
	(ii) Lease Year 2:	\$120,605.02, per month; \$1,447,260.21, per year;
	(iii) Lease Year 3:	\$124,223.17, per month; \$1,490,678.02, per year;
	(iv) Lease Year 4:	\$127,949.86, per month; \$1,535,398.36, per year;
	(v) Lease Year 5:	\$131,788.36, per month; \$1,581,460.31, per year;

BASE EXPENSE YEAR: 2020

TENANT'S PERCENTAGE SHARE: 52.89%

SECURITY DEPOSIT: \$700,000.00, in the form of a Letter of Credit pursuant to Paragraph 26 of the Lease

PARKING: The use of up to twenty-three (23), non-reserved, parking spaces in any of the parking facilities located in the Project, subject to Paragraph 33 of the Lease

LANDLORD'S BROKER: Trent Holsman, CBRE, Inc.

TENANT'S BROKER: Jon Elder, Jones Lang LaSalle

ATTACHMENTS: Exhibit A - Floor Plan
Exhibit B - Operating Expenses and Property Taxes
Exhibit C - Building Rules and Regulations
Exhibit D - Premises Acceptance Letter
Exhibit E - Tenant Improvements
Rider - Option to Extend and Option to Expand

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1. PARTIES.

THIS LEASE (this “Lease”) is made this 31st day of March, 2019, between **11 WEST NINTH STREET PROPERTY OWNER, LP**, a Delaware limited partnership (“Landlord”), and **THREDUP, INC.**, a Delaware corporation (“Tenant”).

2. PREMISES.

Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, for the term and subject to the covenants and conditions hereinafter set forth, to all of which Landlord and Tenant agree, those certain premises (“Premises”) identified in the *Basic Lease, Information*, located in the specific building identified in the *Basic Lease Information* (the “Building”), and which Building is situated within the various buildings and improvements comprising the project identified in the *Basic Lease Information* (the “Project”). The Premises are as shown highlighted on Exhibit A attached to this Lease and hereby made a part hereof. Tenant shall have the right to use, in common with others, the entrances, lobbies, corridors, stairs and elevator (if any) of the Building (the “Common Areas”) for access to the Premises. The exterior walls of the Building and any space in the Premises used for shafts, pipes, conduits, ducts, electric or other utilities, or other Building facilities, and the use thereof and access thereto through the Premises for the purposes of operation, maintenance and repairs, are reserved to Landlord.

3. TERM.

(a) This Lease is a binding contract effective as of the Lease Date; provided, however, the term of this Lease (“Term”) shall be for approximately sixty (60) months, commencing on the expiration of the Early Access Period (as defined in Paragraph 3(b)) that follows Substantial Completion by Landlord of the Tenant Improvements to be constructed in accordance with Exhibit E (or the date Landlord would have achieved Substantial Completion of the Tenant Improvements but for delays attributable to Tenant Delays (as that term is defined in Exhibit E)) (the “Commencement Date”). Subject to Tenant Delays and events of Force Majeure, Landlord anticipates it will be able to deliver the Premises to Tenant with the Tenant Improvements Substantially Complete prior to September 1, 2019 (the “Target Commencement Date”). If Landlord for whatever reason is unable to deliver possession of the Premises to Tenant in the condition required by this Lease by the Target Commencement Date, this Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom, but, in such an event, Rent shall be abated until Landlord delivers possession of the Premises to Tenant in the condition required by this Lease, and the Expiration Date shall be extended by the same number of days as the delay in delivery of possession of the Premises. Notwithstanding anything to the contrary in the foregoing, if the actual Commencement Date is more than thirty (30) days following the Target Commencement Date and the delay in the Commencement Date is attributable to the act or omission of Landlord (and not due to any Tenant Delays or acts of Force Majeure), Tenant shall receive a rent credit for Base Rent equal to two (2) days for each day of delay in the Commencement Date beyond the Target Commencement Date, and if the delay in the Commencement Date is greater than sixty (60) days beyond the Target Commencement Date attributable to the act or omission of Landlord (and not due to any Tenant Delays or acts of Force Majeure), Tenant shall have the right and option to

either continue to receive the rent credit for Base Rent, or to terminate this Lease, without penalty, upon five (5) business days' prior written notice to Landlord unless prior to the end of the fifth (5th) business day Landlord delivers actual possession of the Premises to Tenant in the condition required by this Lease (with the intent that Landlord may deliver possession of the Premises in the condition required by this Lease during the Early Access Period in order to satisfy the foregoing requirement). The term "Commencement Date" shall be the actual date the Term of this Lease commences in accordance with this Paragraph 3). Landlord and Tenant each shall, promptly after the Commencement Date has been determined, execute and deliver a certificate substantially in the form of Exhibit D (the "Premises Acceptance Letter"), which sets forth the Commencement Date and Expiration Date of this Lease, and acknowledges certain other matters as therein provided, but the Term of this Lease shall commence on the Commencement Date and end on the Expiration Date whether or not such certificate is executed.

(b) At such time as Landlord anticipates that it will be in a position to deliver possession of the Premises to Tenant in the condition required by this Lease, Landlord will so notify Tenant and, following Substantial Completion of the Tenant Improvements in accordance with Exhibit E, Landlord grants Tenant a period of up to fourteen (14) days (less any days attributable to Tenant Delays) (the "Early Access Period") to access the Premises during normal business hours (subject to Tenant's delivery of evidence of insurance satisfying the requirements of this Lease) for the purpose of enabling Tenant and its agents, employees and contractors to install in the Premises equipment, furniture, telecommunications wiring and other personal property necessary for Tenant's occupancy of the Premises. All of the terms of this Lease shall be binding on and apply to Tenant during such early occupancy period, except that Tenant's obligation to pay Base Rent shall commence on the Commencement Date.

(c) Tenant shall have the right to extend the term of this Lease, for one (1) additional five (5) year period, on the terms and conditions of the Rider to Lease attached hereto.

4. DELIVERY OF POSSESSION.

(a) Except as expressly provided otherwise in this Lease, including in Paragraphs 4(b) and 4(c) below and the Work Letter attached to this Lease, Landlord shall deliver possession of the Premises to Tenant and, except as provided in Paragraph 4(b) below, Tenant shall accept the same, in its "AS IS" condition. Tenant agrees that Landlord has no obligation and has made no promise to alter, remodel, improve, or repair the Premises, or any part thereof, or to repair, bring into compliance with applicable laws, or improve any condition existing in the Premises as of the Commencement Date. Tenant agrees that neither Landlord nor any of Landlord's employees or agents has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant's business therein. Subject to the completion by Landlord of the improvements provided for in Paragraph 4(b) below, and the opportunity given to Tenant to inspect the Premises and duly confirm any matters affecting the subject area during a walk through, and Landlord's warranty contained in Exhibit E, the taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and satisfactory' order, condition and repair. Within two (2) business day following the request by Landlord upon substantial completion of the Tenant Improvements provided for in Paragraph 4(b), Tenant shall make itself, or a representative,

available to conduct a walk-through of the Premises to identify any conditions affecting the substantial completion of the Tenant Improvements provided for in Paragraph 4(b) that affect the ability of Tenant to occupy the Premises for its intended purpose, the parties agreeing to be reasonable in their assessment as to whether the Tenant Improvements are substantially complete. Notwithstanding anything to the contrary in the foregoing, nothing in this Paragraph 4(a) relieves Landlord of its maintenance and repair obligations under this Lease.

(b) In connection with Landlord's initial delivery of the Premises to Tenant, Landlord, at its sole cost and expense, shall construct and install in the Premises the Tenant Improvements, if any, provided in, and in accordance with the terms of Exhibit E to this Lease.

(c) In connection with Landlord's initial delivery of the Premises to Tenant, Landlord, at Landlord's sole cost and expense, shall provide a code-compliant path of travel to the Premises from the entrance to the Building.

5. RENT.

(a) Tenant shall pay to Landlord the following amounts as rent for the Premises:

(i) During the Term, commencing on the Commencement Date, Tenant shall pay to Landlord, as base monthly rent, the respective amounts of monthly rent specified in the Basic Lease Information (the "Base Rent"). If the Commencement Date should occur on a day other than the first day of a calendar month, or if the Term shall end on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated upon a daily basis based upon a thirty (30)-day month. Base Rent is due and payable monthly, in advance, on the first day of each calendar month, except that Base Rent for the first full calendar month of the Term (the "First Month") shall be paid upon execution of this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month, Base Rent for the period from the Commencement Date through the end of said calendar month shall be due and payable on the Commencement Date, and the Base Rent payable upon execution of this Lease shall be credited against the Base Rent due for the First Month as of the first day of the First Month. Adjustments in Base Rent specified in the *Basic Lease Information* shall be determined on a Lease Year basis. As used herein, the term "Lease Year" shall mean a twelve calendar month period; provided, however, that the first Lease Year of the Term shall commence on the Commencement Date and run through the day immediately preceding the first day of the month in which the one year anniversary of the Commencement Date occurs, with each successive Lease Year specified in the *Basic Lease Information* to run for a period of the next succeeding twelve months, other than and except for the final Lease Year specified in the *Basic Lease Information* which shall commence as hereinabove provided and which shall run through the Expiration Date notwithstanding the actual number of days included in said period.

(ii) Tenant shall pay to Landlord Utility Rent as that term is defined in Paragraph 12(b). Payments on account of Utility Rent, determined in accordance with Paragraph 12(b), are due and payable monthly as provided therein.

(iii) During each calendar year or part thereof during the Term subsequent to the Base Expense Year specified in the *Basic Lease Information* (the "Base Expense Year"),

Tenant shall pay to Landlord, as additional monthly rent, Tenant's Percentage Share (as hereinafter defined) of the total dollar increase, if any, in (A) Operating Expenses (as defined in Exhibit B hereto) paid or incurred by Landlord in such calendar year or part thereof over Operating Expenses paid or incurred by Landlord in the Base Expense Year, and (B) Property Taxes (as defined in Exhibit B hereto) paid or incurred by Landlord in such calendar year or part thereof over the Property Taxes paid or incurred by Landlord in the tax year ending on June 30 of the Base Expense Year. No offset shall be given for decreases in either Operating Expenses or Property Taxes against the other, and increases in each of Operating Expenses and Property Taxes shall be determined separately. Payments on account of Tenant's Percentage Share of Operating Expenses and of Property Taxes, determined in accordance with Paragraph 7(a), are due and payable monthly together with the payment of Base Rent. "Tenant's Percentage Share" shall mean the percentage set forth in the *Basic Lease Information*, determined, and as may be adjusted, in accordance with Paragraph 34(f) of this Lease.

(b) In addition to additional rent payable under Paragraph 5(a)(iii), Tenant shall reimburse Landlord upon demand for all taxes, assessments, excises, levies, fees and charges that are payable by Landlord and levied, assessed, charged, confirmed or imposed by any public or government authority upon, or measured by, or reasonably attributable to (i) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, regardless of whether title to such improvements is vested in Tenant or Landlord, (ii) the rent payable by Tenant under this Lease, including, without limitation, any gross receipts tax charged upon the rent payable to Landlord under this Lease, (iii) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or (iv) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. Such taxes, assessments, excises, levies, fees and charges shall not include net income (measured by the income of Landlord from all sources or from sources other than solely rent), franchise, documentary transfer, inheritance or capital stock taxes of Landlord, unless levied or assessed against Landlord in whole or in part, in lieu of, as a substitute for, or as an addition to any such taxes, assessments, excises, levies, fees and charges. If any such taxes are chargeable or assessed against Landlord on a monthly basis, such taxes shall be due and payable together with Tenant's payment of Base Rent, based on Landlord's statement therefore given to Tenant at least ten (10) days prior to the date Base Rent is due under this Lease.

(c) As used in this Lease, the term "rent" shall mean and include all Base Rent, additional monthly rent as described in this Paragraph 5 above, and any other sums payable by Tenant in accordance with this Lease, regardless of whether such sum is expressly characterized, or stated to be, rent in any other section of this Lease. Rent shall be paid in lawful money of the United States of America, in advance, free from all claims, demands, or set-offs against Landlord of any kind or character whatsoever, at the address for payment of rent specified in the *Basic Lease Information*, or such other address, notice of which is given to Tenant in accordance with Paragraph 23 hereof.

6. USE.

(a) The Premises shall be used for general office use, including business executive, sales and administrative office purposes, only, except as limited by Paragraph 6(b), and, subject to the terms of this Lease, uses incidental thereto, and shall be used for no other purpose without the prior written consent of Landlord. The use of an existing kitchenette facility located in the Premises, if any, is subject to the terms of this Lease and is deemed an incidental use.

(b) Tenant may not use any part or all of the Premises for any regular retail operations, other than special pop-up or other events from time to time, but excluding any such events in the Covered Space (as hereinafter defined); offices for the conduct of any adult entertainment business or a business primarily engaged in sexually explicit products or services; a medical or dental office; manufacturing, warehousing or inventory distribution; an office providing any type of psychological or drug counseling, or employment placement or agency office; telemarketing operations; consulate, foreign mission or trade office; government or regulatory agency office; educational institution with classrooms, or similar uses.

(c) Tenant shall not use the Premises or permit anything to be done in or about the Premises or the Building which will in any way conflict with any present or future law, statute, ordinance, code, rule regulation, requirement, license, permit, certificate, judgment, decree, order or direction of any present or future governmental or quasi-governmental authority, agency, department, board, panel or court (singularly and collectively "Laws"). Subject to the terms of this Paragraph 6(c), Tenant shall, at its expense, promptly comply with all Laws, including, without limitation, the Federal Americans with Disabilities Act (the Federal Americans with Disabilities Act, as codified in State and local building codes, is referred to herein as the "ADA"), and any Hazardous Materials Laws (as hereinafter defined), relating to or affecting the condition, use, maintenance or occupancy of the Premises. Tenant acknowledges that Landlord has disclosed to Tenant the fact that the Project is a grouping of historic buildings that contain architectural and design elements that may not comply with the ADA. In connection with the delivery of possession of the Premises to Tenant, Landlord shall provide ADA compliant path of travel to the Premises, including constructing a new Building lobby on the 9th Street entrance to the Building. To the extent certain Building amenities are not available to persons with physical disabilities, Landlord will institute throughout the Term of this Lease administrative protocols that offer access on an "as needed" basis to alternative facilities in the Project (which may include the Building management office) that offer comparable public accommodations to invitees with physical disabilities. Subject to the foregoing, it is the intent of the parties to allocate to Tenant the cost of compliance of any and all Laws, regardless of the existing condition of the Premises, the cost of compliance or the foreseeability of the enactment or application of the Laws to the Premises. Notwithstanding the foregoing, Tenant shall not be required to make structural changes to the Premises unless they arise or are required because of or in connection with Tenant's specific use of the Premises for other than general office use, or the type of business conducted by Tenant in the Premises, or Tenant's Alterations, (and exclusive of the Tenant Improvements performed by Landlord), or Tenant's acts or omissions. In accordance with California Civil Code Section 1938, Landlord hereby discloses, and Tenant acknowledges, that neither the Premises nor the Building has been inspected by a Certified Access Specialist. As required by Section 1938(e) of the California Civil Code, Landlord hereby

states as follows: “A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.” In furtherance of the foregoing, by their execution of this Lease, Landlord and Tenant hereby agree that, without limiting Tenant’s obligations to comply with the ADA and Laws as provided in the Lease, subject to the performance by Landlord of the ADA compliant work provided in this Paragraph, tenant, at its sole cost and expense, shall be solely responsible for making any improvements, alterations, modifications and/or repairs within or to the Premises to correct violations of construction-related accessibility standards as disclosed by any Tenant-performed CAsp inspection shall be allocated in accordance with the terms of this Paragraph 6(c).

(d) Supplementing the provisions of Paragraph 6(c) above, Tenant shall not use the Premises or any portion of the Building in violation of any federal, state, or local law, ordinance, or regulation relating to the environment, health, or safety. Tenant shall not use, generate, manufacture or store in or about the Premises or the Building or transport to or from the Premises or the Building any explosives, radioactive materials, hazardous materials, hazardous wastes, asbestos, flammable petroleum products, PCB transformers, toxic substances or related materials (collectively ‘ Hazardous Materials’), other than the use and storage in the Premises of small quantities of such substances when found in commonly used household cleansers, office supplies and general office equipment, and any such substances shall be used, kept, stored and disposed of, in strict accordance with all applicable federal, state and local laws now in force or which may hereafter be in force relating to the protection of human health or the environment from Hazardous Materials, including all requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, storage, disposal or releases of Hazardous Materials and all requirements pertaining to the protection of the health and safety of employees or the public with respect to Hazardous Materials (collectively, “Hazardous Materials Laws”). Hazardous Materials shall include, without limitation, substances defined as “hazardous substances,” “hazardous materials,” “toxic substances,” “hazardous waste” or “waste” in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901, *et seq.*; those substances defined as “hazardous wastes” in Section 25117 of the California Health & Safety Code or as “hazardous substances” in subdivision (f) of Section 25281, and Section 25316, of the California Health & Safety Code; substances defined as “mold” in subdivision (g) of Section 26101 of the Health & Safety Code (the “Toxic Mold Protection Act of 2001”); and any “waste” as defined in subdivision (d) of Section 13050 of the Water Code; and in the regulations adopted and procedures promulgated pursuant to any of the aforementioned laws; and in any revised or successor code thereto; and any other chemical, material or substance at levels for which exposure is prohibited, limited or regulated by any governmental authority. To Landlord’s actual

knowledge, no Hazardous Materials exist on or about the Premises, as of the date of this Lease in violation or at levels that exceed that permitted under Hazardous Materials Laws. Notwithstanding anything to the contrary in this Lease, in no event shall Tenant be obligated to indemnify, defend and hold Landlord harmless from and against any Hazardous Materials placed on, under or about the Project or the Building (including without limitation the Premises) prior to the Commencement Date, unless such conditions are knowingly or negligently exacerbated by Tenant or any contractor under the control of Tenant, in which event such condition shall be subject to the Tenant indemnification hereinabove provided, and, subject to the foregoing, the cost to remove and remediate any such Hazardous Materials shall be at the sole cost and expense of Landlord.

(e) Subject to Landlord's right to temporarily or permanently close, remove or alter such areas, Tenant and Tenant's employees, invitees and licensees shall have the right to use, in common with others, the outdoor walkways, pathways and seating areas (if any) located within the Project. Subject to compliance with the terms of this Lease and the Building Rules, Tenant and its authorized personnel shall have reasonable access to the Premises seven days per week, on a 24-hour-per-day basis.

7. ESCALATION.

The additional monthly rent payable pursuant to Paragraph 5(a) hereof shall be calculated and paid in accordance with the following procedures:

(a) On or before the first day of each calendar year during the Term subsequent to the Base Expense Year, or as soon thereafter as practicable, Landlord shall give Tenant written notice of Landlord's reasonable estimate of the amounts payable by Tenant under Paragraph 5(a) for the ensuing calendar year. On or before the first day of each month during such ensuing calendar year, Tenant shall pay to Landlord one-twelfth of such estimated amounts. If such notice is not given for any calendar year, Tenant shall continue to pay on the basis of the prior year's estimate until the month after such notice is given, and subsequent payments by Tenant shall be based on Landlord's current estimate, adjusted, as determined by Landlord, so that the subsequent monthly installments payable by Tenant hereunder through the end of the calendar year shall reimburse Landlord for all amounts payable by Tenant under Paragraph 5(a) hereof. If at any time it appears to Landlord that the amounts payable under Paragraph 5(a) hereof for the current calendar year will vary from Landlord's estimate, Landlord may, by giving written notice to Tenant, revise Landlord's estimate for such year, and subsequent payments by Tenant for such year shall be based on such revised estimate.

(b) Within one hundred twenty (120) days after the end of each calendar year subsequent to the Base Expense Year, Landlord shall give Tenant a written statement certified by Landlord of the amounts payable under Paragraph 5(a) hereof for such calendar year. If such statement shows an amount owing by Tenant that is less than the estimated payments for such calendar year previously made by Tenant, Landlord shall, provided no Event of Default has then been declared under this Lease (or if this Lease has been terminated or expired, no default exists in the payment of any sums due Landlord under this Lease), refund the excess to Tenant within thirty (30) days of the date of such statement. If such statement shows an amount owing by Tenant that is more than the estimated payments for such calendar year previously made by

Tenant, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such statement. Failure by Landlord to give any notice or statement to Tenant under this Paragraph 7 shall not waive Landlord's right to receive, or Tenant's obligation to pay, the amounts payable by Tenant under Paragraph 5(a) hereof.

(c) If the Term ends on a day other than the last day of a calendar year, the amounts payable by Tenant under Paragraph 5(a) hereof applicable to the calendar year in which such Term ends shall be prorated according to the ratio which the number of days in such calendar year to and including the end of the Term bears to three hundred sixty (360). Termination of this Lease shall not affect the obligation of Tenant pursuant to Paragraph 7(b) hereof to be performed after such termination.

(d) Landlord's statement shall be deemed final and binding on Tenant unless Tenant, within ninety (90) days following delivery thereof to Tenant, gives written notice to Landlord of Tenant's objections to specific cost items in Landlord's statement in sufficient detail to identify the basis of Tenant's objection (said notice being referred to herein as "Tenant's Reservation of Inspection Rights Notice"). If Tenant timely disputes the amount of charges in Landlord's statement, Tenant, within ninety (90) days of receipt of Tenant's Reservation of Inspection Rights Notice, may itself, through its own employees, or through a nationally recognized property management firm designated by Tenant and reasonably acceptable to Landlord (the "Approved Inspection Firm") (provided that said company is not be retained on a contingency fee basis), inspect Landlord's books and records directly related to Operating Expenses and Property Taxes for the applicable calendar year only and, only in connection with the first such inspection during the Term, the Operating Expenses and Taxes for the Base Year; provided, however, that Tenant is not entitled to request that inspection if Tenant is then in monetary default under this Lease (following notice and the expiration of any applicable cure period) or if Tenant has not paid all amounts required to be paid under the applicable Landlord statement. As a condition to any such inspection, Tenant and, if applicable the Approved Inspection Firm, shall execute a confidentiality agreement, in form and substance reasonably acceptable to Tenant, agreeing to keep the results of any such inspection and the results thereof, confidential. Landlord shall provide Tenant's comptroller or chief financial officer (or any full-time employees for whom either Tenant's comptroller or chief financial officer serves as a direct reports), or the Approved Inspection Firm, access to Landlord's books and records directly related to Operating Expenses and Property Taxes during Landlord's regular business hours and upon reasonable prior notice at the Building management office. If after Tenant's or its Approved Inspection Firm's inspection, Tenant still disputes the Landlord's statement, Landlord and Tenant shall for a period of thirty (30) days seek to agree on the amount subject to dispute, and if no agreement is reached, Tenant, as its exclusive remedy, shall be entitled to request that a certification of the proper amount shall be made, at Tenant's expense, by an independent certified public accountant designated by Landlord and reasonably acceptable to Tenant. That certification shall be final and conclusive on Landlord and Tenant. If the certification shows that the amount payable by Tenant attributable to Tenant's Share of actual Property Taxes and Operating Expenses was, in actuality, required to be less than reported in Landlord's Statement, Tenant shall be credited against the next installment of Rent in the amount of any overpayment by Tenant. Likewise, if the certification shows that the amount payable by Tenant attributable to Tenant's Share of actual

Property Taxes and Operating Expenses was greater than reported in Landlord's statement, Tenant shall pay Landlord the amount of any underpayment within thirty (30) days. If Tenant fails to timely exercise its audit rights in accordance with this Paragraph 7(d), the failure shall be conclusively deemed to constitute Tenant's approval of Landlord's statement for the calendar year in question. In no event shall this Paragraph be deemed to allow any review of any of Landlord's books and records by any subtenant of Tenant. The provisions of this Paragraph are intended as the sole and exclusive remedy of Tenant for the resolution of disputes relating to Additional Rent under Paragraph 5(a)(iii) and shall survive the termination or expiration of this Lease for such period as hereinabove provided for Tenant to exercise such right during the year prior to such termination or expiration of the Term. If Tenant disputes the accuracy of the information set forth in Landlord's statement, Tenant shall nevertheless pay the amount set forth in Landlord's statement and continue to pay the amounts required by the provisions of Paragraph 7(b) (or Paragraph 12(b), as the case may be), pending resolution of said dispute. Any default in the payment of such charges by Tenant shall be deemed an Event of Default (as hereinafter defined) under this Lease.

8. RULES AND REGULATIONS.

Tenant shall at all times observe and comply with, and shall cause its employees, agents, contractors, licensees and invitees to observe and comply with, the rules and regulations attached to this Lease as Exhibit C and made a part hereof, and such other reasonable rules and regulations as Landlord may from time to time adopt for the safety, care and cleanliness of the Building or the preservation of good order therein (collectively, the "Building Rules"). Landlord reserves the right from time to time in its sole discretion to make all reasonable additions and modifications to the Building Rules. Any additions and modifications to the Building Rules shall be binding on Tenant provided that Tenant is given ten (10) days prior written notice thereof to permit Tenant a reasonable opportunity to cure any actions which may then be in violation of such newly imposed Building Rules, and the same do not materially and adversely affect Tenant's rights under this Lease or materially increase Tenant's obligations hereunder. Landlord shall not be liable to Tenant for violation of any such Building Rules, or for the breach of any covenant or condition in any lease, by any other tenant of the Project; however, Landlord shall enforce the Building Rules in a non-discriminatory manner. Landlord shall use reasonable efforts to secure compliance by all tenants and other persons with the Building Rules from time to time in effect, but shall not be liable to Tenant for failure of any person to comply with such Building Rules. A waiver by Landlord of any rule or regulation for any other tenant shall not constitute nor be deemed a waiver of the rule or regulation for this Tenant. In the event of any conflict between this Lease and the Building Rules, the terms of this Lease shall govern.

9. ASSIGNMENT AND SUBLETTING.

(a) Tenant will not assign, mortgage or hypothecate this Lease, or any interest therein, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof, without the prior written consent of Landlord, which consent, subject to Landlord's right of termination under Paragraph 9(b) below, will not be unreasonably withheld, conditioned or delayed. Consent to any such assignment or sublease shall not operate

as a waiver of the necessity for a consent to any subsequent assignment or sublease, and the terms of such consent shall be binding upon any person holding by, under or through Tenant.

(b) If Tenant desires to assign its interest in this Lease or to sublease all or any part of the Premises, Tenant shall notify Landlord in writing at least fifteen (15) Business days in advance of the proposed transaction. This notice shall be accompanied by: (i) a statement setting forth the name and business of the proposed assignee or subtenant a copy of the proposed form of assignment or sublease (and any collateral agreements) setting forth all of the material terms and the financial details of the sublease or assignment; (including, without limitation, the term, the rent and any security deposit, "key money" and amounts payable for the use, rental or purchase of Tenant's property); (iii) financial statements and other information requested by Landlord relating to the proposed assignee or subtenant; and (iv) any other information concerning the proposed assignment or sublease which Landlord may reasonably request. If Tenant proposes to assign this Lease or sublet, all or more than 50% of the rentable square feet of the Premises, which for purposes herein shall exclude the outdoor patio, in the aggregate or in any one or more transactions, other than pursuant to a Permitted Transfer, Landlord shall have the right, in its sole and absolute discretion, to terminate this Lease on written notice to Tenant within twenty one (21) days after receipt of Tenant's notice and the information described above or the receipt of any additional information requested by Landlord. In addition, if Tenant proposes to sublet, in any one transaction, 2,000 rentable square feet or more of the Premises, Tenant shall, as part of its initial submittal to Landlord, provide Landlord with a basic demising plan (which plan shall exclude the outdoor patio area but shall include a depiction of the means of ingress and egress) for the proposed sublease premise (the "Sublease Space"), and Landlord shall have the right, in its sole and absolute discretion, to terminate this Lease as to the Sublease Space on written notice to Tenant within twenty one (21) days after receipt of Tenant's notice and the information described above. If Landlord elects to terminate this Lease, this Lease shall terminate as of the effective date of the proposed assignment or commencement of the term of the proposed sublease as set forth in Tenant's notice, and Landlord shall have the right (but no obligation) to enter into a direct lease with the proposed assignee or subtenant. Tenant may withdraw its request for Landlord's consent at any time prior to, but not after two (2) Business days following Landlord's delivery of a written notice of termination.

(c) If Landlord elects not to terminate this Lease (or that portion of the Lease as to the Sublease Space) pursuant to Paragraph 9(b) above, or if a proposed sublease is for less than the portion of the Premises entitling Landlord to elect to terminate this Lease pursuant to Paragraph 9(b) above, Landlord shall not unreasonably withhold its consent to an assignment or subletting. Landlord will endeavor to respond within twenty one (21) days of receipt of Tenant's notice, but in any case shall respond to Tenant within thirty (30) days of receipt, except that no failure of Landlord to timely respond to Tenant's notice seeking consent to a proposed transaction shall be deemed or result in a consent thereto. (For purposes of this Paragraph 9, an assignment shall not include an assignment for security purposes, which shall only be permitted with the prior consent of Landlord in its sole and absolute discretion). Consent to one assignment or sublease shall not be deemed to constitute consent by Landlord to any subsequent

assignment or sublease. Tenant agrees that the withholding of Landlord's consent shall be deemed reasonable if all of the following conditions are not satisfied:

(i) The proposed assignee or subtenant shall use the Premises only for the Permitted Use, and the business of the proposed assignee or subtenant is consistent with the standards of the Building, in Landlord's reasonable judgment.

(ii) The proposed assignee or subtenant is reputable, has a creditworthiness reasonably acceptable to Landlord, and has sufficient financial capabilities to perform all of its obligations under this Lease or the proposed sublease, in Landlord's reasonable judgment.

(iii) The proposed occupancy by the assignee or subtenant will not materially increase any Operating Expenses for the Building, or materially increase the burden on any Building services, and will not generate security concerns in the Building, in Landlord's reasonable judgment.

(iv) Neither the proposed assignee or subtenant nor any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the proposed assignee or subtenant is an existing occupant of any part of the Project, or is a party to whom Landlord has, during the four (4) month period prior to the delivery of Tenant's written notice, marketed space in the Building that would generally fit such party's leasing requirements.

(v) Tenant is not in default and has not committed acts or omissions which with the running of time or the giving of notice or both would constitute a default under this Lease.

(vi) All of the other terms of this Paragraph 9 are complied with.

(vii) The conditions described above are not exclusive and shall not limit or prevent Landlord from considering additional factors in determining if it should reasonably withhold its consent.

(d) Each permitted assignee, transferee, or subtenant, other than Landlord, shall assume and be deemed to have assumed this Lease and shall be liable jointly and severally with Tenant for the payment of the rent and for the due performance or satisfaction of all of the provisions, covenants, conditions and agreements herein contained on Tenant's part to be performed or satisfied. Regardless of Landlord's consent, no subletting or assignment shall release or alter Tenant's obligation and primary liability to pay the rent and perform all other obligations under this Lease. No permitted assignment or sublease shall be binding on Landlord unless such assignee or subtenant, as the case may be shall deliver to Landlord a counterpart of such assignment or sublease which contains a covenant of assumption by the assignee or subtenant of the covenants and obligations of Tenant under the Lease; provided, however, as to any subtenant, such assumptions is limited to its obligations under the sublease.

(e) If Tenant is a partnership, a transfer of the interest of any general partner, a withdrawal of one or more general partner(s) from the partnership, or the dissolution of the partnership, shall be deemed to be an assignment of this Lease. If Tenant is currently a partnership (either general or limited) or joint venture, the conversion of the Tenant entity into

any type of entity which possesses the characteristics of limited liability such as, by way of example only, a corporation, a limited liability company or limited liability partnership, shall be deemed an assignment for purposes of this Lease.

(f) Any notice by Tenant to Landlord pursuant to this Paragraph 9 of a proposed assignment or sublease shall be accompanied by a payment of \$1,000 as a non-refundable fee for the processing of Tenant's request for Landlord's consent. In addition to said fee, Tenant shall reimburse Landlord for reasonable attorneys' fees incurred by Landlord in connection with such review and the preparation of documents in connection therewith.

(g) Whether or not Landlord shall grant consent, Tenant shall pay Landlord's review and processing fees, as well as any reasonable legal fees incurred by Landlord, within thirty (30) days after written request by Landlord; provided, however, if the proposed Transfer is a sublease or assignment of this Lease and Tenant accepts Landlord's standard form of consent without material changes thereto, Landlord will limit all Landlord's processing and legal, accounting and other professional fees and costs to an amount not to exceed \$2,500.00. Tenant's payment of such sum shall be a condition precedent to the effectiveness of the proposed Transfer. Tenant shall pay to Landlord monthly on or before the first day of each month fifty percent (50%) of the rent or other consideration received from such assignee(s) or subtenant(s) relating to the leasehold estate of the Premises so assigned or sublet and with respect to the use of Tenant's property, over and above the concurrent underlying rent payable by Tenant to Landlord for that portion of the Premises being assigned or sublet, and after deduction for the amortized portion of the reasonable expenses actually paid by Tenant to unrelated third parties for brokerage commissions, legal fees, market concessions or tenant improvements to the Premises. Tenant shall furnish Landlord with a true signed copy of such assignment(s) or sublease(s) and any supplementary agreements or amendments thereto, within five (5) days after their respective execution.

(h) Effective upon any assignment of this Lease or subletting of more than thirty three percent (33%) of the rentable square footage of the Premises (which calculation shall exclude the outside patio area), in each case in a transaction requiring the prior consent of Landlord, and notwithstanding any other provision of this Lease to the contrary, any options or rights to extend the Term of this Lease and/or as to expand into additional premises in the Building, and/or any unapplied rent credits or improvement allowances granted to Tenant under this Lease, shall be null and void and of no further effect.

(i) Notwithstanding anything to the contrary contained in this Lease, Tenant may, without Landlord's prior written consent, and without risk of any recapture of the Premises, but upon written notice to Landlord, including copies of all applicable documentation, assign or sublet all or any portion of the leased premises and Tenant's interest in this Lease to: (i) a subsidiary, affiliate, parent or other entity to Tenant which controls, is controlled by, or is under common control with, Tenant; (ii) a successor entity to Tenant resulting from merger, consolidation, non-bankruptcy reorganization, or government action; or (iii) a purchaser of all or any significant portion of Tenant's stock or assets; provided that such assignee, sublessee, or transferee has a net worth of at least equal to the Tenant as of the date of this Lease (each transfer detailed in subsection (i), (ii), and (iii) shall be a "Permitted Transfer").

10. SALE.

If Landlord sells or conveys the Building and the successor-in-interest of Landlord assumes the terms, covenants and conditions of this Lease, Landlord shall be released thereby from any liability arising after the date of such transfer upon any of said terms, covenants and conditions, and Tenant agrees to look solely to such successor-in-interest of Landlord. Landlord reserves the right to sell or dispose of one or more of the buildings in the Project (and in conjunction therewith to alter the composition of the Project), and such sale or disposition shall not be deemed a disturbance of Tenant's use of the Premises or otherwise affect Tenant's obligations under this Lease; provided Tenant's rights hereunder, including rights of quiet enjoyment are not disturbed; provided, however, in such an event, the term "Project" as used in this Lease shall be deemed automatically amended to refer to the buildings then included in the "Old Oakland" project.

11. MAINTENANCE AND REPAIRS.

(a) At its sole expenses, except to the extent subject to reimbursement if any item constitutes Operating Expenses as defined in this Lease, Landlord shall maintain and repair the Common Areas, the foundation, structural components (including latent defects), roof and exterior elements of the Building, and the mechanical, plumbing, HVAC and electrical systems of the Building and keep such areas, elements and systems in good order and condition, in accordance with all applicable Laws and regulations. Any damage in or to any such areas, elements or systems caused by Tenant or any agent, officer, employee, contractor, licensee or invitee of Tenant shall be repaired by Landlord at Tenant's expense and Tenant shall pay to Landlord, upon billing by Landlord, as additional rent, the cost of such repairs incurred by Landlord.

(b) Tenant shall, at all times during the Term of this Lease and at Tenant's sole cost and expense, maintain and repair the non-structural portions of the Premises and every part thereof and all equipment, fixtures and improvements therein, and keep all of the foregoing clean and in good order and operating condition, ordinary wear and tear and damage thereto by fire or other casualty excepted. All repairs and replacements made by or on behalf of Tenant shall be made and performed at Tenant's cost and expense and at such time and in such manner as Landlord may reasonably designate, by contractors or mechanics reasonably approved by Landlord and so that the same shall be at least equal in quality, value, character and utility to the original work or installation being repaired or replaced. Tenant hereby waives all rights under California Civil Code Section 1941 and all rights to make repairs at the expense of Landlord or in lieu thereof to vacate the Premises as provided by California Civil Code Section 1942 or any other law, statute or ordinance now or hereafter in effect. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not have any obligation to perform any structural modifications to the Premises or the Building except to the extent the same is specifically triggered by Tenant's particular use of the Premises or Alterations performed by or on behalf of Tenant, except for the Tenant Improvements.

12. SERVICES.

(a) Landlord agrees to furnish to the Premises as part of Building services (and included in Additional Rent payable under Paragraph 5(a)(iii)) points of supply for electricity for lighting and the operation of office equipment, and water as may be required for the comfortable occupation of the Premises for general office use. If restrooms are not included within the demised Premises, restroom (toilet) facilities shall be provided by Landlord for use by Tenant and its employees and licensees in the common area of the Building. Landlord shall provide unmanned passenger elevator service if there is an existing elevator in the Building as of the date of this Lease and subject to the Building Rules, on business days established in accordance with this Lease, Landlord will supply janitorial services in the common area of the Building. In addition, subject to the Building Rules, during the business hours and on the business days established in accordance with this Lease, Landlord will supply heat, ventilation and air- conditioning (“HVAC”) as may be required for the comfortable occupation of the Premises. Landlord shall have the right to cooperate voluntarily with the efforts of national, state or local governmental agencies or utility suppliers in reducing energy or other resource consumption. Landlord, however, shall not be liable for failure to furnish or reduction in any of the foregoing services for any reason, nor shall Landlord be liable under any circumstances for loss of or injury to property, however occurring, through or in connection with or incidental to the furnishing of any of the foregoing, nor shall any such failure relieve Tenant from the duty to pay the full amount of rent herein reserved, or constitute or be construed as a constructive or other eviction of Tenant. Notwithstanding the foregoing, provided no Event of Default shall then be declared under this Lease, if: (i) any utility service is interrupted because of the negligent acts of Landlord, its employees, agents or contractors; (ii) Tenant notifies Landlord of such interruption in writing (the “Interruption Notice”); (iii) such interruption does not arise in whole or in part as a result of an act or omission of Tenant; (iv) such interruption is not caused by a fire or other casualty; (v) the repair or restoration of such service is reasonably within the control of Landlord; and (vi) as a result of such interruption, the Premises or a material portion thereof, is rendered untenantable (meaning that Tenant is unable to use the Premises in the normal course of its business), then, on the second (2nd) consecutive business day following the later to occur of the date the Premises (or material portion thereof) becomes untenantable and the date Tenant provides Landlord with an Interruption Notice, Base Rent payable hereunder shall be abated on a per diem basis for each day after such two (2) business day period based upon the percentage of the Premises so rendered untenantable and not used by Tenant, and such abatement shall continue until the date the Premises become tenantable again. The foregoing abatement of Base Rent shall be the sole and exclusive remedy of Tenant for a Utility Interruption.

(b) (i) Tenant’s use of electrical service shall not exceed, either in voltage, rated capacity, use beyond the business hours of the Building as established pursuant to the Building Rules, or overall load, that which Landlord determines to be customary for general office use or which exceeds the capacity of the existing panel or transformer serving the Premises. Tenant shall pay (as additional rent) all costs attributable to Tenant’s use and consumption of water and electricity in the Premises (including, without limitation, HVAC) (collectively, “Premises Utility Consumption”).

(ii) Without limiting the generality of the terms of Paragraph 12(b)(i) above, Landlord has previously installed, at its expense, separate meters or other measuring devices to measure Tenant's Premises Utility Consumption. From time to time, and based on the readings from the separate metering devices installed by Landlord, Landlord shall have the right to notify Tenant of Landlord's monthly estimate of the cost of Premises Utility Consumption (a "Monthly Estimate"). When Landlord notifies Tenant of the Monthly Estimate, Tenant shall thereafter pay the Monthly Estimate, as additional monthly rent, on the first day of each month together with the payment of Base Rent, without further notice or demand by Landlord. Landlord shall have the right to change the Monthly Estimate from time to time upon not less than thirty (30) days advance written notice to Tenant. The additional monthly rent for Premises Utility Consumption shall be prorated on per diem basis for any partial calendar month during the Term as provided in Paragraph 5(a)(i). Landlord's failure to bill Tenant for Premises Utility Consumption for any given period shall not constitute Landlord's waiver of its right to collect such amount at a later date or otherwise prejudice Landlord's rights hereunder. Landlord's statement delivered pursuant to Paragraph 7(b) shall contain a final statement of Premises Electrical Consumption charges for the prior calendar year and any adjustment to payments of Monthly Estimates shall be made in the same manner as provided therein, and such statement shall contain any necessary' reconciliation, and is subject to Tenant's audit rights provided in Paragraph 7(d).

(c) Tenant shall be solely responsible for, and shall separate contract, for janitorial and cleaning services to and in the Premises, including, without limitation, on single tenant occupancy floors, the restrooms located on said floors, and the rooftop deck, through a Landlord-approved vendor engaged by Tenant and reasonably acceptable to Landlord. Janitorial service shall include trash removal services to a Landlord designated location in the Building, and Tenant shall pay directly for such trash removal services. If and to the extent Tenant's business operations generate trash (other than that provided through janitorial services) in excess of that allotted to the storage bins allocated to Tenant, the cost of such additional trash removal services shall be separately charged to Tenant, by Landlord, based on the charges incurred by Landlord from Landlord's trash removal service that are attributable to Tenant's generation of (trash and garbage, and the same shall be payable as additional rent under this Lease.

(d) (i) Tenant shall pay for all voice and data services, and all such services shall be subject to the terms of Paragraph 12(c). Except as provided for in Paragraph 12(d)(ii), Tenant shall not alter, modify, add to or disturb any telecommunications wiring or cabling in any portion of the Building without Landlord's prior written consent, not to be unreasonably withheld. Landlord shall provide, at no expense to Tenant (other than as an item of Operating Expenses), a demarcation panel in the Building (located in the vicinity of the main point of entry established for telecommunications services) (the "MDF") and, at Landlord's cost, one or more vertical and horizontal riser pathways from the MDF to the Premises at a location approved by Landlord in connection with Landlord installation of the Tenant Improvements (not to exceed one inch in diameter) for the installation, at Tenant's sole cost and expense, of Tenant's telecommunications wiring, cabling and conduit; provided, however, Landlord shall have no obligation (and Tenant shall have no right) to increase the size and/or capacity of the existing telecommunications distribution facilities in the Building. Any and all telecommunications equipment serving Tenant and the Premises and connecting to or from the MDF shall be located solely in the Premises.

Tenant shall maintain and repair all telecommunications cabling and wiring within or exclusively serving the Premises, and Tenant shall only be permitted to access the MDF and any of the vertical and horizontal pathways outside the Premises where Tenant's telecommunications wiring, cabling and conduit are located with the prior written consent of Landlord, not to be unreasonably withheld, and for purposes of confirming interconnection with the MDF and for installations approved by Landlord. Tenant shall be liable to Landlord for any damage to the telecommunications cabling and wiring in the Building due to the act (negligent or otherwise) of Tenant or any employee, agent or contractor of Tenant. Landlord reserves the right to limit the number of local exchange carriers and competitive alternative telecommunications providers (collectively, "TSPs") having access to the Building's riser system and infrastructure, and Landlord reserves the right to charge TSPs for the use of Landlord's telecommunications infrastructure and other Building systems; provided, however, in all cases, Landlord will provide Building access to at least one TSP for voice and data connectivity to tenants of the Building.

(ii) Notwithstanding anything to the contrary in Paragraph 12(d)(i), Tenant may install and maintain one telecommunications antenna, satellite dish, and related telecommunications equipment on the roof of the Building for use by Tenant in the occupancy of the Premises (such equipment being generally referred to as "Roof Equipment"). The location, design, size and weight of such Roof Equipment, and the means of installation (including placement thereof on, or any penetrations of, the roof membrane) shall also be subject to the approval of Landlord, which approval shall not be unreasonably withheld. Any compliance with Laws obligations triggered by such installation (including screening requirements) shall be the sole cost and expense of Tenant. Tenant shall be permitted access to the area on the roof where any such installation may be made as necessary for the installation and maintenance thereof, with prior notice to Landlord and subject to such reasonable restrictions on roof access as may be developed, from time to time, by Landlord, written notice of which is given to Tenant. Tenant's use of the roof of the Building for the uses specified in this Paragraph 12(d)(ii) shall be contingent on the execution of a rooftop license agreement, which shall be on Landlord's standard form and in a form reasonably acceptable to Tenant.

(e) Tenant shall not be required to employ union labor for the work; provided, however, Tenant agrees not to employ any person, entity or contractor for any work in the Premises or the Building (including moving Tenant's equipment and furnishings in, out or around the Premises) whose presence may give rise to a labor or other disturbance in the Building and, if necessary to prevent such a disturbance in a particular situation, Landlord may require Tenant to employ union labor for the work.

13. ALTERATIONS

(a) Tenant shall make no alterations, improvements or additions in or to the Premises or any part thereof (individually and collectively, "Alterations") without giving Landlord prior notice of the proposed Alterations and obtaining Landlord's prior written consent thereto, which consent, except as hereinafter provided, shall not be unreasonably withheld, conditioned or delayed; provided, however, Landlord may withhold its consent if it determines, in its sole, but good faith, judgment, that any proposed Alterations would adversely affect any of the structural elements of the Building, the Building's electrical, plumbing, heating, telecommunications,

mechanical or life safety systems, or be visible from or affect the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make cosmetic, nonstructural Alterations, additions or improvements entirely within the interior of the Premises, which do not adversely affect any Building systems, do not require the issuance of any electrical or building permit, and cost less than Twenty Thousand Dollars (\$20,000.00) per year (“Tenant Permitted Alterations”), as to which Tenant shall be required to give Landlord not less than five (5) business days prior written notice, but which Tenant may perform without the requirements of this Paragraph relating to the prior written consent of Landlord (but otherwise without waiving or releasing Tenant from compliance with any of the other provisions of this Article applicable to Alterations). Tenant shall not, without the prior written consent of Landlord in accordance with this Paragraph 12(c), erect or install any exterior or interior window or door signs, or any other type of sign or placard, whether within or outside the Building. All signs and placards visible from or attached to any windows or exterior Building elements must comply with the City of Oakland signage requirements applicable to the Project. Any and all signage shall be deemed “Alterations” for all purposes of this Lease. Notwithstanding the foregoing, Tenant shall be permitted to install (i) identity signage at the main entry to the Premises on each floor on which the Premises is located, subject to compliance with Landlord’s general guidelines relating to signs inside the Building on office-occupancy floors, and (ii) exterior signage subject to Landlord’s reasonable consent provided the same complies with all applicable laws and regulations.

(b) Any and all work by Tenant shall be performed only by contractors reasonably approved by Landlord and, where the prior consent of Landlord is required, upon the approval by Landlord of fully detailed and dimensioned plans and specifications pertaining to the work in question, to be prepared and submitted by Tenant at its sole cost and expense. Landlord’s approval or consent to any such work shall not impose any liability upon Landlord, and no action taken by Landlord in connection with such approval, including, without limitation, attending construction meetings of Tenant’s contractors, shall render Tenant the agent of Landlord for purposes of constructing any Alterations. Upon substantial completion of any Alterations requiring the prior consent of Landlord, Tenant shall deliver to Landlord two (2) sets of “as built” plans covering said Alterations and a copy of the final building permit for the work signed off as approved by the appropriate building inspector. Tenant shall at its sole cost and expense obtain all necessary approvals and permits pertaining to any Alterations. Landlord shall have the right to participate in the permitting process related to any such Alterations and Tenant shall coordinate the submittal of all permit applications with Landlord. Tenant shall be solely responsible for any additional alterations and improvements required by law to be made elsewhere in or to the Premises, or in or to any portion of the Building, as a result of any Alterations to the Premises made by or for Tenant. All Alterations (other than trade fixtures), including, but not limited to, carpeting, other floor coverings, built-in shelving, built-in bookcases, built-in paneling and built-in security systems (excluding any leased or readily removable systems) made in or upon the Premises either by or for Tenant and affixed to or forming a part of the Premises, shall immediately upon installation become Landlord’s property free and clear of all liens and encumbrances. If requested by Landlord in writing delivered at the time Landlord approves of the installation or construction of said Alterations, Tenant shall remove or cause to be removed at its expense, upon the expiration or any sooner termination of

this Lease, any and all Alterations made in or upon the Premises during the Term of this Lease by or for Tenant. However, Tenant shall have no obligation to remove any of the Tenant Improvements, data/voice cabling or any other initial Alterations by Tenant to prepare the Premises for occupancy.

(c) Tenant shall keep the Premises and the Building free from any mechanic's liens, vendor's liens or any other liens arising out of any work performed, materials furnished or obligations incurred by Tenant, and agrees to defend, indemnify and hold harmless Landlord from and against any such lien or claim or action thereon, together with costs of suit and reasonable attorneys' fees incurred by Landlord in connection with any such claim or action. Before commencing any work or any alteration, addition or improvement to the Premises which requires Landlord's consent, Tenant shall give Landlord at least ten (10) business days' written notice of the proposed commencement of work (to afford Landlord an opportunity to post appropriate notices of non-responsibility). In the event that there shall be recorded against the Premises or the Building or the property of which the Premises is a part any claim or lien arising out of any such work performed, materials furnished or obligations incurred by Tenant and such claim or lien shall not be removed, bonded over or discharged by Tenant within ten (10) days of written notice from Landlord, Landlord shall have the right but not the obligation to pay and discharge said lien by bond or otherwise without regard to whether such lien shall be lawful or correct. Any reasonable costs, including attorneys' fees incurred by Landlord, shall be paid by Tenant within ten (10) days after demand by Landlord.

(d) Before any Alterations or construction with respect thereto are undertaken by or on behalf of Tenant, Tenant shall provide Landlord with certificates of insurance evidencing the maintenance in effect by Tenant (or Tenant shall require any contractor performing work on the Premises to carry and maintain, at no expense to Landlord) of workers' compensation insurance as required by applicable law, builders' risk insurance for the amount of the completed value of the Alterations on an "all-risk" non-reporting form covering all Alterations under construction, including building materials, and Commercial General Liability insurance (including, without limitation, contractor's liability coverage, contractual liability coverage and completed operations coverage) written on an occurrence basis with a minimum combined single limit of Two Million Dollars (\$2,000,000) and adding the "Owner(s) of the Building and its (or their) respective members, principals, beneficiaries, partners, officers, directors, employees, agents (and their respective members and principals) and mortgagee(s)" (and any other designees of Landlord as the interest of such designees shall appear) as additional insureds.

(e) Tenant shall pay to Landlord a project administration fee determined by Landlord in an amount equal to three percent (3%) of the hard cost of any Alterations to compensate Landlord for the administrative costs incurred and the Building services provided by Landlord in the supervision and coordination of the work or, in lieu thereof, if Landlord determines to engage a third party construction manager specific to the construction of any Alterations, Tenant shall reimburse Landlord for the commercially reasonable fees and expenses of such third party construction manager. Notwithstanding anything to the contrary in the foregoing, Landlord waives payment of, and shall not charge Tenant, a project administration fee with respect to any Tenant Improvement proposed to be constructed by Tenant in connection with its initial occupancy of the Premises.

14. INDEMNIFICATION, EXCULPATION AND INSURANCE

(a) Landlord shall not be liable to Tenant, and Tenant hereby waives all claims against Landlord, for any loss or damage to any fixtures, equipment or other property of Tenant or others installed or placed in the Premises by Tenant, its employees, agents, invitees, licensees or independent contractors (individually and collectively, a “Tenant Party”), and for any bodily or personal injury, illness or death of any person in, on or about the Premises or the Building, arising at any time and from any cause whatsoever, except when caused by the gross negligence or willful misconduct of Landlord or of its employees, agents or independent contractors. In no event shall Landlord be liable to Tenant for any consequential or punitive damages (including, but not limited to, damage or injury to persons, property and the conduct of Tenant’s business and any loss of revenue therefrom). In no event shall Landlord be liable to Tenant for any failure of other tenants in the Building to operate their businesses, or for any loss or damage that may be occasioned by or through the acts or omissions of other tenants. Except for (1) any claims made by Landlord in the exercise of its remedies under Article 18 or any liability of Tenant arising therefrom, (2) any breach by Tenant of any of its obligations under Paragraph 6(d) of this Lease or any liability of Tenant arising therefrom, or (3) any failure by Tenant to timely surrender possession of the Premises to Landlord upon expiration or sooner termination of the Lease Term in the manner and condition required under this Lease or any liability of Tenant arising therefrom (including, without limitation, any liability under Article 29), neither Tenant nor any Tenant Parties shall be liable to Landlord for, and Landlord releases and waives as against Tenant and all Tenant Parties from, any and all Claims for consequential, indirect, special or punitive damages suffered or incurred by Landlord under this Article 14.

(b) (i) Tenant shall indemnify and defend Landlord against and hold Landlord harmless from all claims, demands, liabilities, damages, losses, costs and expenses, including reasonable attorneys’ fees and disbursements, arising from or related to any use or occupancy of the Premises, or any condition of the Premises, or any default in the performance of Tenant’s obligations, or any damage to any property (including property of employees and invitees of Tenant) or any bodily or personal injury, illness or death of any person (including employees and invitees of Tenant) occurring in, on or about the Premises or any part thereof arising at any time and from any cause whatsoever including, without limitation, if caused in whole or in part by the act, omission or active or passive negligence of Landlord (except to the extent caused by the gross negligence or willful misconduct of Landlord) or occurring in, on or about any part of the Building or the Project, other than the Premises, when such damage, bodily or personal injury, illness or death is caused by the negligent act or omission of Tenant or its agents, officers, employees, contractors, invitees or licensees. Upon notice from Landlord, Tenant shall defend any such claim, demand, cause of action or suit at Tenant’s expense by counsel satisfactory to Landlord in its sole discretion. This Paragraph 14(a) shall survive the termination of this Lease with respect to any damage, bodily or personal injury, illness or death occurring prior to such termination.

(ii) Except to the extent directly arising out of any negligent or willfully wrongful act or omission of Tenant, any Tenant Party, or by anyone else acting at the direction, with the permission, or under the control, of Tenant, Landlord shall defend, protect, indemnify and hold harmless Tenant from and against any and all claims, demands, liabilities, damages,

losses, costs and expenses, including reasonable attorneys' fees and disbursement based in whole or in part on the negligence or willful misconduct of Landlord or any of Landlord's employees, agents or independent contractors arising out of or relating to the use or occupancy, or manner of use or occupancy, of any of the common areas of the Building and the Project (excluding any and all claims, demands, liabilities, damages, losses, costs and expenses, arising from the use of the Parking Area.

(c) Tenant shall, at all times during the Term of this Lease and at Tenant's sole cost and expense, obtain and keep in force workers' compensation insurance as required by law, including an employers' liability endorsement; business interruption insurance in an amount equal to all rent payable under this Lease for a period of twelve (12) months (at the then current rent charged), naming Landlord as an additional insured on form CP 15 03 06 07, its equivalent or by having blanket Additional Insured language in the policy; and commercial general liability insurance, including contractual liability (specifically covering this Lease), fire legal liability, and premises operations, with a minimum combined single limit of Three Million Dollars (\$3,000,000) per occurrence for bodily or personal injury to, illness of, or death of persons and damage to property occurring in, on or about the Premises or the Building. Tenant shall, at Tenant's sole cost and expense, be responsible for insuring Tenant's furniture, equipment, fixtures, computers, office machines and personal property ("Tenant's Property").

(d) All insurance required under this Paragraph 14 and all renewals thereof shall be issued by financially responsible and reputable insurance companies with AM Best Ratings of at least A-/VIII and, qualified to do business in the State of California and reasonably acceptable to Landlord. Liability amounts in excess of One Million Dollars (\$1,000,000) may be carried under umbrella coverage policies. Each policy shall have a deductible or deductibles, if any, which do not exceed Fifty Thousand Dollars (\$50,000) per occurrence. Each policy shall expressly provide that the policy shall not be canceled or altered without thirty (30) days' prior written notice to Landlord and shall remain in effect notwithstanding any such cancellation or alteration until such notice shall have been given to Landlord and such period of thirty (30) days shall have expired. All liability insurance under this Paragraph 14 shall name Landlord and any other parties designated by Landlord as an additional insured, shall be primary and noncontributing with any insurance which may be carried by Landlord, shall afford coverage for all claims based on any act, omission, event or condition that occurred or arose (or the onset of which occurred or arose) during the policy period, and shall expressly provide that Landlord, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Landlord. Upon the issuance thereof, Tenant shall deliver each such policy to Landlord for retention by Landlord. If Tenant fails to insure or fails to furnish to Landlord upon notice to do so any such policy or evidence of coverage as required, Landlord shall have the right from time to time to effect such insurance for the benefit of Tenant or Landlord or both of them and all premiums paid by Landlord shall be payable on demand by Tenant as additional rent.

(e) Tenant waives on behalf of all insurers under all policies of property, liability and other insurance (excluding workers' compensation) now or hereafter carried by Tenant insuring or covering the Premises, or any portion or any contents thereof, or any operations therein, all rights of subrogation which any insurer might otherwise, if at all, have to any claims of Tenant against Landlord. Landlord waives on behalf of all insurers under all policies of property,

liability and other insurance (excluding workers' compensation) now or hereafter carried by Landlord insuring or covering the Building or any portion or any contents thereof, or any operations therein, all rights of subrogation which any insurer might otherwise, if at all, have to any claims of Landlord against Tenant. For purposes of this Paragraph 14(e), any deductible or self-insured retention with respect to Tenant's insurance shall be deemed covered by Tenant's policies of insurance. Tenant shall, prior to or immediately after the date of this Lease, procure from each of the insurers under all policies of property, liability and other insurance (excluding workers' compensation) now or hereafter carried by Tenant insuring or covering the Premises, or any portion or any contents thereof, or any operations therein, a waiver of all rights of subrogation which the insurer might otherwise, if at all, have to any claims of Tenant against Landlord as required by this Paragraph 13(e).

(f) Notwithstanding anything to the contrary provided in this Lease, neither Landlord, nor any general or limited partner in or of Landlord, whether direct or indirect, nor any direct or indirect partners in such partners, nor any disclosed or undisclosed officers, shareholders, principals, directors or employees of Landlord or of any of the foregoing, nor any investment adviser or other holder of any equity interest in Landlord, their successors, assigns, agents, or any mortgagee in possession, shall have any personal liability with respect to any provisions of this Lease and, if Landlord is in breach or default with respect to its obligations or otherwise. Tenant shall look solely to Landlord's unencumbered interest in the Project for the satisfaction of Tenant's remedies (which shall be deemed to include the then current monthly rental income at the Building as well as any then payable insurance or condemnation proceeds as of the date Tenant's right of recovery against Landlord is subject to a final judgment, in each case not otherwise encumbered in favor of a Superior Interest Holder, as that term is hereinafter defined).

15. DESTRUCTION.

(a) In the event the Premises or any portion of the Building is damaged by fire or other insured casualty, Landlord shall diligently repair the same to the extent possible with the insurance proceeds actually received by Landlord (and not subject to any prior rights to such proceeds of the holder of any mortgage or deed of trust encumbering the Building), subject to the provisions of this Paragraph hereinafter set forth, if such repairs can in Landlord's opinion be completed within two hundred forty (240) days following the occurrence of the casualty under the laws and regulations of federal, state and local governmental authorities having jurisdiction thereof. In such event this Lease shall remain in full force and effect except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, contractors, employees, subtenants, licenses, invitees or visitors, an abatement of Base Rent shall be allowed Tenant for such part of the Premises as shall be rendered unusable by Tenant in the conduct of its business until such time as Landlord completes the repairs and restoration to the Premises required by Paragraph 15(d) hereof. Notwithstanding the foregoing, if such casualty shall occur during the final twelve months of the term of this Lease, Landlord or Tenant may elect to terminate this Lease upon written notice given to the other within thirty (30) days after the date of such fire or other casualty, in which event this Lease shall terminate as of the termination date specified in the notice. A total destruction of the Building shall automatically terminate this Lease.

(b) If such repairs cannot in Landlord's opinion be made during the time period and at a cost provided in Paragraph 15(a) above, Landlord may elect upon notice to Tenant given forty-five (45) days after the date of such fire or other casualty to (i) repair or restore such damage, in which event this Lease shall continue in full force and effect, but Base Rent shall be partially abated as hereinabove provided, or (ii) terminate this Lease in which event this Lease shall terminate as of the termination date specified in Landlord's notice. Landlord's election shall be binding on Tenant.

(c) Landlord and Tenant acknowledge that this Lease constitutes the entire agreement of the parties regarding events of damage or destruction, and Tenant waives the provisions of California Civil Code Section 1932(2) and 1933(4) and any similar statute now or hereafter in force. No such casualty (nor Landlord's subsequent restoration and repair work) shall constitute a constructive eviction or give Tenant any rights to terminate this Lease.

(d) If the Premises are to be repaired under this Paragraph, Landlord shall repair at its cost (subject to the limitations contained in this Paragraph) any injury or damage to the Building itself and the initial permanently affixed improvements to the Premises made by Landlord or existing in the Premises as of the date of delivery of possession of the Premises to Tenant. Tenant shall pay the cost of repairing or replacing all other improvements in the Premises and Tenant's trade fixtures, furnishings, equipment and other personal property.

16. ENTRY.

(a) Tenant will permit Landlord and its agents to enter into and upon the Premises at all reasonable times upon reasonable notice of not less than 24 hours except in exigent circumstances for the purpose of inspecting the same, or for the purpose of protecting owners' reversion, or at mutually agreed upon times, to make alterations or additions to the Premises or to any other portion of the Building, or for maintaining any service provided by Landlord to Tenant hereunder, including maintenance, window cleaning and janitorial service, without any rebate of rent to Tenant for any loss of occupancy or quiet enjoyment of the Premises, or damage, injury or inconvenience thereby occasioned provided at no time does such entry unreasonably deprive Tenant of quiet enjoyment, use of or access to, and will permit Landlord at any time to bring upon the Premises, for purposes of inspection or display, during the final 3 months of the term only, prospective tenants thereof.

(b) Landlord agrees that it shall only be permitted to show the Premises to prospective Tenants during the last twelve (12) months of the Term.

(c) In the event of an emergency, Landlord shall have the right to use any and all means that Landlord may deem proper in order to obtain entry to the Premises. Any emergency entry into the Premises so obtained by Landlord shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises, or any portion thereof, and Landlord shall be responsible for any damage caused to the Premises in gaining entry in the event of an emergency.

17. EVENTS OF DEFAULT.

(a) The occurrence of any one or more of the following events (each, an “Event of Default”) shall constitute a breach of this Lease by Tenant: (i) if Tenant shall default in its obligation to pay any rent or other payment(s) due hereunder as and when due and payable; provided, such delinquency in payment of rent shall not, in and of itself, be deemed to be an Event of Default until the failure of payment continues for a period of five (5) days after receipt of written notice thereof from Landlord to Tenant; or (ii) if Tenant shall fail to perform or observe any other term hereof (except as otherwise provided in this Paragraph) or of the Building Rules described in Paragraph 8 hereof to be performed or observed by Tenant, such failure shall continue for more than ten (10) days after notice thereof from Landlord, and Tenant shall not within such period commence with due diligence and dispatch the curing of such default, or, having so commenced, thereafter shall fail or neglect to prosecute or complete with due diligence the curing of such default; or (iii) any assignment or subletting in violation of the terms of this Lease; or (iv) the Premises shall be effectively abandoned by Tenant as evidenced by the failure to occupy the Premises for a period of thirty (30) consecutive days and during such time Tenant materially defaults with respect to its obligation to maintain and repair the Premises as provided herein; or (v) a tax lien or a mechanic’s and/or materialmen’s lien is filed against Landlord’s interest in the Building and such lien is not discharged within ten (10) days after written notice thereof from Landlord; or (vi) if Tenant shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall file a petition (or an involuntary petition is filed) seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or any material part of its property; or (vii) the taking of any action leading to, or the actual dissolution or liquidation of Tenant, if Tenant is other than an individual; or (viii) any Guarantor shall become insolvent within the meaning of the United States Bankruptcy Code, as amended from time to time, or shall have ceased to pay its debts in the ordinary course of business, or shall be unable to pay its debts as they become due, or Tenant or Guarantor shall notify Landlord that it anticipates the occurrence of any of the foregoing conditions, or Guarantor shall default, beyond any applicable notice and cure period, under its obligations under guaranty.

(b) Any notice periods required to be given by Landlord under this Lease shall, in each case, be in lieu of, and not in addition to, any notice required to be given under California Code of Civil Procedure Sections 1161 through 1162, or any other applicable unlawful detainer statutes, to the extent the substance thereof is given in compliance therewith and the notice is served as provided in this Lease.

(c) Landlord shall not be in default in the performance of any obligation required to be performed by Landlord under this Lease unless Landlord has failed to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord’s failure to perform; provided however, that if the nature of Landlord’s obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be deemed in default if it commences such performance within such thirty (30)-day period and thereafter diligently pursues the same to completion. Upon any such uncured default by

Landlord, Tenant may exercise any of its rights provided in law or at equity; *provided, however:*(a) Tenant shall have no right to offset or abate rent in the event of any default by Landlord under this Lease, except to the extent offset rights are specifically provided to Tenant in this Lease; (b) Tenant shall have no right to terminate this Lease; (c) Tenant's rights and remedies hereunder shall be limited to the extent (i) Tenant has expressly waived in this Lease any of such rights or remedies and/or (ii) this Lease otherwise expressly limits Tenant's rights or remedies; and (d) Landlord will not be liable for any consequential damages.

18. TERMINATION UPON DEFAULT.

In any notice given pursuant to any one or more Events of Default, Landlord in its sole discretion may elect to declare a forfeiture of this Lease as provided in Section 1161 of the California Code of Civil Procedure, and provided that Landlord's notice states such an election, Tenant's right to possession shall terminate and this Lease shall terminate, unless on or before the date specified in such notice all arrears of rent and all other sums payable by Tenant under this Lease, and all costs and expenses incurred by or on behalf of Landlord hereunder, including attorneys' fees, incurred in connection with such default, shall have been paid by Tenant and all other breaches of this Lease by Tenant at the time existing shall have been fully remedied to the satisfaction of Landlord. Upon such termination, Landlord may recover from Tenant (a) the worth at the time of award of the unpaid rent which had been earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rent loss that Tenant proves could reasonably have been avoided; (c) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rent loss that Tenant proves could be reasonably avoided; and (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, leasing commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain any new tenant. The "worth at the time of award" of the amount referred to in clauses (a) and (b) above is computed by allowing interest at the discount rate of the Federal Reserve Bank of San Francisco plus 5% per annum at the date of termination, but in no event in excess of the maximum rate of interest permitted by law. The worth at the time of award of the amount referred to in clause (c) above, is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%. For the purpose of determining unpaid rent under clause (c) above, the monthly rent reserved in this Lease shall be deemed to be the sum of the Base Rent and the amounts last payable by Tenant as reimbursement of expenses pursuant to Paragraph 5(a) hereof for the calendar year in which Landlord terminated this Lease as provided herein.

Tenant waives any rights of reinstatement, redemption or relief from forfeiture under California Civil Code Section 3275 or California Code of Civil Procedure Sections 1174 and 1179, or under any other applicable present or future law.

After terminating this Lease, Landlord may remove any and all personal property located in the Premises and place such property in a public or private warehouse or elsewhere at the sole cost and expense of Tenant. In the event that Tenant shall not immediately pay the cost of storage of such property after the same has been stored for a period of thirty (30) days or more, Landlord may sell any or all thereof at a public or private sale in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to or demand upon Tenant. Tenant waives all claims for damages that may be caused by Landlord's removing or storing or selling the property as herein provided, and Tenant shall indemnify and hold Landlord free and harmless from and against any and all losses, costs and damages, including without limitation all costs of court and attorneys' fees of Landlord occasioned thereby. Tenant hereby appoints Landlord as Tenant's attorney-in-fact with the rights and powers necessary in order to effectuate the provisions of this Paragraph.

19. ADDITIONAL LANDLORD REMEDIES.

Even though Tenant has breached this Lease and/or abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession as provided in Paragraph 18 hereof, and Landlord may enforce all its rights and remedies under this Lease, including the right to recover rent as it becomes due under this Lease. In such event, Landlord may exercise all of the rights and remedies of a landlord under Section 1951.4 of the California Civil Code (which provides that a landlord may continue a lease in effect after a tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet or assign, subject only to reasonable limitations), or any successor statute. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. In the event of re-entry or taking possession of the Premises, Landlord shall have the right but not the obligation to remove all or any part of the trade fixtures, furnishings, equipment and personal property located in the Premises and to place the same in storage at a public warehouse at the expense and risk of Tenant or to sell such property in accordance with applicable law. The remedies provided for in this Lease are in addition to any other remedies available to Landlord at law or in equity, by statute or otherwise.

20. LANDLORD'S RIGHT TO CURE DEFAULT.

If Tenant shall fail to pay any sum of money, other than rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder and such failure shall not be cured, Landlord may, but shall not be obligated to so do, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums so paid by Landlord and all necessary incidental costs shall be deemed additional rent hereunder and shall be payable on demand to Landlord.

21. ATTORNEYS' FEES.

If as a result of any breach or default on the part of Tenant under this Lease Landlord uses the services of an attorney in order to secure compliance with this Lease, Tenant shall reimburse Landlord upon demand as additional rent for any and all attorneys' fees and expenses

incurred by Landlord, whether or not formal legal proceedings are instituted. Should either party bring an action against the other party, by reason of or alleging the failure of the other party to comply with any or all of its obligations hereunder, whether for declaratory or other relief, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the actions, irrespective of whether such action is prosecuted to judgment.

22. NO WAIVER.

Landlord's failure to take advantage of any default or breach of covenant on the part of Tenant shall not be, or be construed as a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant of any term, covenant or condition hereof, or to exercise any rights given him on account of any such default. A waiver of a particular breach or default shall not be deemed to be a waiver of the same or any other subsequent breach or default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Lease.

23. NOTICES.

All approvals, consents and other notices given by Landlord or Tenant under this Lease shall be properly given only if made in writing and either deposited in the United States mail, postage prepaid, certified with return receipt requested, or delivered by hand (which may be through a messenger or recognized delivery, courier or air express service), and addressed to Landlord at the address of Landlord specified in the *Basic Lease Information* or at such other place as Landlord may from time to time designate in a written notice to Tenant, and addressed to Tenant at the address of Tenant specified in the *Basic Lease Information* and, after the Commencement Date, at the Premises, together with a copy to such other address as Tenant may from time to time designate in a written notice to Landlord (including, without limitation, subject to such prior written notice, to Tenant's then current legal counsel, but the failure to provide such additional notice to Tenant's legal counsel shall not, in and of itself, constitute a failure to give written notice, if Tenant has received actual written notice and the failure to provide the additional notice has not prejudiced Tenant in being able to meaningfully address the substance of said written notice). Such approvals, consents and other notices shall be effective on the date of receipt (evidenced by the certified mail receipt), if mailed, or on the date of hand delivery, if hand delivered. If any such approval, consent or other notice is not received or cannot be delivered due to a change in the address of the receiving party of which notice was not previously given to the sending party or due to a refusal to accept by the receiving party, such request, approval, consent, notice or other communication shall be effective on the date delivery is attempted. Any approval, consent or other notice under this Lease may be given on behalf of a party by the attorney for such party.

24. EMINENT DOMAIN.

(a) Except as provided in Paragraph 24(b) below, if all or any part of the Premises shall be taken as a result of the exercise of the power of eminent domain or agreement in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, Landlord shall have the right to terminate this Lease as to the balance of the Premises by giving written notice to Tenant within sixty (60) days after such date. In the event of any taking, Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or interest therein which may be paid or made in connection therewith, and Tenant shall have no claim against Landlord for the value of any unexpired Term of this Lease or otherwise. Except as provided in Paragraph 24(b) below, in the event of a partial taking of the Premises which does not result in a termination of this Lease, the Base Rent thereafter to be paid shall be equitably reduced. If all or any part of the Building shall be taken as a result of the exercise of the power of eminent domain, Landlord shall have the right to terminate this Lease by giving written notice to Tenant within sixty (60) days after the date of taking, provided Landlord terminates substantially all of the leases of other Building occupants similarly situated to Tenant. Tenant waives the provisions of California Code of Civil Procedure Section 1265.130 relating to a lease termination from a partial taking.

(b) If all or any portion of the Premises shall be condemned or taken for governmental occupancy for a period of less than one year, this Lease shall continue in full force and effect and Tenant shall continue to pay in full all Base Rent and any additional rent herein reserved, without reduction or abatement, and Tenant shall be entitled to receive, for itself, so much of any award or payment made for such use as is equal to the payments that are actually made by Tenant to Landlord during such temporary taking, and Landlord shall receive the balance thereof. Tenant's obligations under this Paragraph shall survive the expiration or earlier termination of this Lease.

25. LATE CHARGE/NSF CHARGE.

Tenant acknowledges that late payment of rent and other sums due under this Lease would cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be difficult to ascertain. These costs include, but are not limited to, processing and accounting charges and increased interest expenses on Landlord's funds. Accordingly, if any installment of rent or any other sums due from Tenant are not received within five (5) Business days of when due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount. In addition, if any rent or other sums due from Tenant are not received by Landlord within ten (10) days after written notice that such payment is delinquent, the unpaid amount shall bear interest from the due date until paid at the publicly announced prime rate or reference rate charged on such due date by the San Francisco Main Office of Bank of America, N.T.&S.A. (or any successor bank) for short term, unsecured loans to its most credit worthy borrowers, plus two percent (2%) per annum, but in no event shall such rate of interest exceed the maximum rate permitted by law. In addition to the foregoing, in the event any payment of rent or other sums due Landlord from Tenant is made by the tender of a check, and said check is dishonored by Tenant's bank for insufficient funds or for any other reason, Tenant shall pay Landlord a \$50 returned check fee (the "NSF charge") to compensate Landlord for the costs

associated with processing such dishonored check. The parties agree that the foregoing late charges and NSF charge represent a fair and reasonable estimate of the costs Landlord will incur because of said late or dishonored payment. Acceptance of said charges by Landlord shall not constitute a waiver of Tenant's default for the overdue amount, nor prevent Landlord from exercising the other rights and remedies granted Landlord under this Lease. Tenant shall be allotted one (1), five (5) day late period over the course of the Term which shall not trigger the Late Charge provided in Section 25.

26. SECURITY DEPOSIT.

(a) Upon signing this Lease, Tenant has delivered to Landlord, as security for the full and faithful performance of every portion of this Lease to be performed by Tenant, an unconditional, irrevocable standby letter of credit in the amount of Seven Hundred Thousand Dollars (\$700,000.00) (the "Letter of Credit"). The Letter of Credit shall (i) be issued to Landlord, as beneficiary, in substantially the same form as provided for in Exhibit F and by a bank approved by Landlord in its sole discretion (Landlord agrees that either Wells Fargo or Bank of America is an approved issuing bank), (ii) provide for drawing thereon in Oakland or San Francisco, California, (iii) have a term of at least one year (with the Letter of Credit required to be renewed or replaced by Tenant so as to be available to be drawn on at any time during the Lease Term, including any extension thereof, plus a period of sixty (60) calendar days), (iv) require the issuing bank to pay to Landlord the amount of a draw upon receipt by such bank of a sight draft signed by Landlord and upon presentation to the issuing bank of nothing more than a written statement signed by Landlord that an event entitling Landlord to draw under the Letter of Credit has occurred under this Lease, (v) permit multiple drawings, (vi) expressly state that the Letter of Credit and the right to draw thereunder may be transferred or assigned from time to time by Landlord to any successor or assignee of Landlord under this Lease without the payment of any fees or charges, and (vii) provide that it shall automatically renew for additional periods of one year each from the expiration date or future expiration date, unless at least thirty (30) days prior to any expiration date, the issuer notifies Landlord by registered mail of the issuer's election not to renew the Letter of Credit.

(b) Tenant shall pay all expenses, points or fees incurred by Tenant in obtaining the Letter of Credit and for any transfer of the Letter of Credit. The full amount of the Letter of Credit shall be available to Landlord upon presentation of Landlord's signed draft. If an Event of Default is declared under this Lease, Landlord may draw all or any portion of the Letter of Credit to remedy such default. If any portion of the Letter of Credit is so drawn, Tenant shall, within ten (10) days after demand therefor, increase the amount of the Letter of Credit in an amount sufficient to restore the Letter of Credit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. Tenant acknowledges that Landlord has the right to transfer or mortgage its interest in the Building and in this Lease, and Tenant agrees that in the event of any such transfer or mortgage, Landlord shall have the right to transfer or assign the Letter of Credit and the proceeds of and draw thereon to the transferee or mortgagee. Accordingly, the Letter of Credit shall expressly indicate that it is transferable in its entirety, subject to the terms and condition and thereof, by Landlord as beneficiary. Upon receiving written notice of transfer, and upon presentation to the issuing bank of the original LOC and any issuer-required transfer

documentation, the issuing bank will reissue the Letter of Credit naming such transferee as the beneficiary.

(c) Any proceeds from the draw by Landlord under the Letter of Credit not applied by Landlord to cure any default or breach by Tenant under this Lease shall be held as a cash security deposit. Landlord shall not be required to keep the security deposit separate from its general funds, Tenant shall not be entitled to interest thereon, and Tenant waives the benefit of any law to the contrary. Tenant waives the provisions of California Civil Code Section 1950.7 (which restricts application of a security deposit only to those sums reasonably necessary' to remedy defaults in the payment of rent, to repair damage caused by Tenant, or to clean premises) and all similar laws now in force or subsequently adopted which restrict application of security deposits to specific purposes.

(d) The Letter of Credit shall be renewed by the issuer (or replaced with a similarly qualifying letter of credit acceptable to Landlord) at least thirty (30) calendar days prior to the expiration date thereof from time to time during the Lease Term. If, for any reason, Tenant fails to cause the Letter of Credit to be so renewed or replaced at least thirty (30) days prior to its expiration date, Landlord shall have the right to immediately draw upon the Letter of Credit in full and hold the proceeds thereof as a cash Security Deposit hereunder. Upon the expiration of the Lease Term, if Tenant has then fully performed every provision of this Lease to be performed by it, and any and all of Tenant's monetary obligations under the Lease have been satisfied, Landlord shall return the Letter of Credit to Tenant and consent to the cancellation of the Letter of Credit; provided, however, prior to the surrender and cancellation thereof, Landlord may draw upon the Letter of Credit an amount up to Five Thousand Dollars (\$5,000.00) and hold such proceeds as a deposit on account of any amounts due from Tenant attributable to Tenant's Percentage Share of Property Taxes and Operating Expenses for the calendar year in which the Lease terminates or expires, and any unapplied funds so held by Landlord shall be refunded to Tenant within thirty (30) days following Tenant's approval or deemed approval of Landlord's Statement for the calendar year in which the Lease expiration or termination occurs. In lieu of drawing on the Letter of Credit as hereinabove provided, Tenant shall have the right to deliver to Landlord a cash deposit, to be held as a cash security deposit.

(e) Subject to the terms of this Paragraph, Tenant shall have the right to require Landlord to amend the Letter of Credit to evidence a reduction in the draw amount thereunder (i) following the first day of the thirty-seventh (36th) month of the Term of this Lease, to Four Hundred Thousand Dollars (\$400,000.00), and (ii) following the first day of the forty-eighth (48th) month of the Term of this lease to Two Hundred Thousand Dollars (\$200,000.00) (each such date being referred to as a "Reduction Date"), provided that, as to each Reduction Date (i) Tenant occupies at least sixty six percent (66%) of the Premises (except in the case of a Permitted Transfer), and (ii) no monetary Event of Default has occurred under this Lease at any time prior to the Reduction Date. Notwithstanding anything in the foregoing to the contrary, upon the occurrence of any event provided in clauses (i) and (ii) above, Tenant's right to any subsequent reduction in the Letter of Credit as hereinabove provided shall be deemed automatically revoked and of no further force and effect

(f) Tenant agrees and acknowledges that Tenant has no property interest whatsoever in the Letter of Credit or the proceeds thereof and that, in the event that Tenant becomes a debtor under any chapter of the Federal Bankruptcy Code, the Letter of Credit and any proceeds thereof shall not be deemed to be an asset or property of the Tenant, and that neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the Letter of Credit and/or the proceeds thereof by Section 502(b)(6) of the Federal Bankruptcy Code.

27. ESTOPPEL CERTIFICATE AND FINANCIAL STATEMENTS.

(a) Within ten (10) Business days after receipt of written notice from Landlord, Tenant shall execute and deliver to Landlord, in recordable form, a certificate stating (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification), (ii) the date, if any, to which rental and other sums payable hereunder have been paid, (iii) that no notice has been received by Tenant of any default which has not been cured, except as to defaults specified in said certificate and (iv) such other matters as may be reasonably requested by Landlord. Upon Tenant's failure to deliver such certificate within such ten (10)-day period, if Tenant fails to deliver such certificate within five (5) days of receipt of written notice of such failure to timely deliver the same, it shall constitute an Event of Default by Tenant hereunder.

(b) Tenant acknowledges that the financial capability of Tenant to perform its obligations under this Lease is material to Landlord and that Landlord would not enter into this Lease but for its belief, based on its review of Tenant's financial statements, that Tenant is capable of performing such financial obligations. Tenant hereby represents, warrants and certifies to Landlord that any financial statements of Tenant and any person guarantying the obligations of Tenant under this Lease previously delivered to Landlord were at the time given true and correct in all material respects and that there have been no material subsequent changes thereto as of the date of this Lease. At the request of Landlord, from time to time, but not more than once per calendar year, Tenant shall provide Landlord with Tenant's current financial statements, and such other information discussing the financial worth of Tenant under this Lease reasonably requested by Landlord, which statements and information Landlord shall keep strictly confidential (and Landlord shall sign a commercially reasonable non-disclosure agreement if requested by Tenant) and use solely for purposes of this Lease and in connection with the ownership, management, financing and disposition of the Building.

28. SURRENDER.

Tenant shall surrender the Premises at the termination of the tenancy herein created broom clean, and in the same condition as herein agreed it was received, reasonable use and wear thereof and damage by the act of God or by the elements excepted. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall at the option of Landlord, terminate all of any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies. At the expiration or sooner termination of this Lease, Tenant shall remove or cause to be removed at its sole expense all of Tenant's personal property, furniture and

equipment, and all Alterations in accordance with Paragraph 13 hereof; provided, however, Tenant shall not be required to remove any of Tenant's voice and data cabling installed in connection with Tenant's initial occupancy of the Premises or any of the Tenant Improvements constructed by Landlord under Exhibit E of this Lease. Tenant shall repair at its expense all damage to the Premises and the Building caused by the removal of any of the items provided herein. Tenant's obligations under this Paragraph shall survive the termination of this Lease.

29. HOLDING OVER.

If, without objection by Landlord, Tenant holds possession of the Premises after expiration of the Term of this Lease, Tenant shall become a tenant from month to month upon the terms herein specified but at a Base Rent equal to one hundred fifty percent (150%) of the Base Rent in effect at the expiration of the Term of this Lease, payable in advance on or before the first day of each month. Such month to month tenancy may be terminated by either Landlord or Tenant by giving thirty (30) days' written notice of termination to the other at any time. If Tenant fails to surrender the Premises upon the expiration or termination of this Lease except as hereinabove provided, Tenant hereby indemnifies and agrees to hold Landlord harmless from all costs, loss, expense or liability, including without limitation, costs, real estate brokers claims and attorneys' fees, arising out of or in connection with any delay by Tenant in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding tenant based on any delay and any liabilities arising out of or in connection with these claims. Nothing in this Paragraph 29 shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the Term.

30. SUBORDINATION.

This Lease, along with all rights of Tenant hereunder, is and shall be subject and subordinate to: (a) all ground leases encumbering all or any portion of the Project (each, a "Superior Lease"); (b) all mortgages or deeds of trust encumbering all or any portion of the Project (each, a "Superior Mortgage"), whether or not affecting properties or interests other than the Project; (c) each and every advance made or hereafter to be made under each Superior Mortgage; (d) all renewals, modifications, replacements and extensions of any Superior Lease; and (e) all renewals, modifications, replacements, extensions, spreaders and consolidations of any Superior Mortgage (all such interests in clauses (a) through (e) collectively, whether in existence as of the date of this Lease, or first encumbering all or any portion of the Project after the date of this Lease, being referred to as the "Superior Interests," and each holder of any such Superior Interest [including its successors in interest], a "Superior Interest Holder"). Notwithstanding the foregoing, any Superior Interest Holder may elect, at any time, to subordinate its Superior Interest to the lien of this Lease. No successor landlord shall be (w) deemed to have assumed or to otherwise have liability for any default, act or omission of any Landlord having an interest in the Project prior to the date such Successor Landlord acquires title thereto; (x) subject to any defense that accrued to Tenant prior to such date, or (y) bound by any material modification of this Lease made without the prior written consent of such Successor Landlord; or (z) bound by any Rent paid more than one month in advance, unless such Rent is actually received by Successor Landlord. The agreements set forth in this Paragraph 30 shall be self-operative and no further agreement of Tenant shall be necessary in order to effect any such

subordination and attornment; provided, however notwithstanding the foregoing, (i) with respect to the deed of trust that encumbers the Property as of the date of this Lease in favor of Bank of America, N.A. (the "Existing Lender"), Landlord shall use commercially reasonable efforts to obtain from the Existing Lender a non-disturbance and attornment agreement (the "SNDA") in the form generally used by the Existing Lender (a copy of which has been provided to Tenant prior to the date of this Lease), and providing for customary nondisturbance language (which may contain exclusions with respect to certain obligations of Landlord not assumed by the Existing Lender) to the effect that Tenant's right to quiet possession of the Premises shall not be disturbed so long as Tenant shall pay the Rent and all other sums due hereunder and observe and perform all of the provisions of this Lease to be observed and performed by Tenant, and (ii) with respect to the interest of any Superior Interest Holder first encumbering all or any portion of the Project after the date of this Lease and to which Landlord intends that this Lease be subordinate to the interest of the Superior Interest Holder, Landlord shall provide to Tenant an SNDA on said Superior Interest Holder's standard form, and Tenant shall, within ten (10) business days after written notice, execute, acknowledge and deliver the SNDA, provided the same provides for the effectiveness of this Lease following any foreclosure of the Superior Interest Holder (together with exclusions therefrom) as hereinabove provided in this Paragraph 30. If Tenant fails to execute and deliver such instruments to Landlord, as to any Superior Mortgage entered into after the date of this Lease, within the ten (10) business day period specified above, Landlord, at any time thereafter, may send Tenant a written notice requiring the delivery of such instruments to Landlord in the form last requested by the Superior Interest Holder, and the failure of Tenant to deliver such instruments in such form as previously requested within five (5) business days after said second written notice shall constitute an Event of Default under this Lease and Landlord's remedies shall be as specified in Paragraph 17. Any cost or fee required to be paid to the Existing Lender to obtain the SNDA, including any attorneys' fees incurred in the negotiation thereof, shall be paid for by Tenant, as and when requested by Existing Lender. Landlord shall bear the cost of any SNDA requested by a Superior Interest Hold first encumbering the Project after the date of this Lease, other than attorneys' fees incurred in the negotiation thereof requested by Tenant, which shall be borne by Tenant, Landlord shall use commercially reasonable efforts to obtain from the Existing Lender a signed SNDA in the form generally used by the Existing Lender (a copy of which has been provided to Tenant prior to the date of this Lease) within thirty (30) days of the date of this Lease.

31. INABILITY TO PERFORM

Neither party shall be in default hereunder nor shall either party be liable to the other for any loss or damages if a party is unable to fulfill any of its obligations (other than the Tenant's obligations to pay Rent), or is delayed in doing so, if the inability or delay is caused by reason of acts of God, civil unrest, terrorist acts, or any other similar cause, which is beyond the reasonable control of such party.(herein referred to as "Force Majeure").

32. PARKING

(a) Tenant shall have the nonexclusive right to use the number of parking spaces in the parking area of the Project designated in the Basic Lease Information ("Parking Area") solely for its use and the use of its employees for the parking of motor vehicles, upon the payment to

Landlord, as additional rent, of a monthly parking fee (the "Parking Fee"), per vehicle, in an amount equal to the then prevailing market rate being charged to the general public for the use of parking spaces in the Old Oakland project, as determined by Landlord, from time to time, in Landlord's sole discretion. Tenant may terminate its right to use the parking spaces at any time upon thirty (30) days' prior written notice to Landlord, but without any refund of any previously paid Parking Fees. Tenant shall not have the exclusive right to use any specific parking spaces. The use of the Parking Area shall be governed by such parking rules and regulations as may be adopted from time to time by Landlord and/or the operator of the Parking Area. Landlord may revoke Tenant's or any of Tenant's employee's use of the Parking Area for breach of the parking rules and regulations, including non-payment of the Parking Fee, upon written notice to Tenant, and such action shall not constitute an eviction of Tenant or a disturbance of Tenant's use of the Premises.

(b) Landlord may, from time to time, designate and/or relocate Tenant's use of the Parking Area to other parking facilities within the Project, and Landlord further reserves the right to change, reconfigure or rearrange the Parking Area, and, upon giving Tenant ninety (90) days prior written notice, to restrict, reduce or completely eliminate the rights granted Tenant hereunder to use the Parking Area for any reason, including, without limitation, the intention of Landlord to grant other tenants parking rights in and to the Parking Area or the intent to develop all or any part of the Parking Area. No such action shall be deemed an eviction of Tenant or a disturbance of Tenant's use of the Premises or entitle Tenant to any offset or credit against the payment of rent or impair or otherwise affect any of Tenant's other obligations under this Lease.

(c) Neither Landlord nor Landlord's parking operator shall have any liability or responsibility to Tenant or any other party parking in the Parking Area for any loss or damage that may be occasioned by, or may arise out of, such parking, including, without limitation, loss of property or damage to person or property from any cause whatsoever, and Tenant, in consideration of the parking privileges hereby conferred on Tenant, waives any and all claims, losses, causes of action and liabilities against Landlord and Landlord's parking operator by reason of occurrences in or about the Parking Area and the driveway exits and/or entrances thereto, whether attributable to the active or passive negligence of Landlord or otherwise.

33. FUTURE CONSTRUCTION WORK.

Landlord reserves the right (upon thirty (30) days' prior notice to, but otherwise without the consent of, Tenant) to make improvements and/or additions to portions of the Building, including, without limitation, adding floor area to one or more existing floors of the Building, and to undertake structural and seismic improvement projects in the Building. Such construction activity may result in columns, beams and other structural components being placed in the Premises to accommodate the construction work and/or the permanent additions and/or expansions to be constructed. Any such construction activity is entirely discretionary with Landlord, and Tenant agrees that no representation, express or implied, with respect to the future condition of the Building or any improvements thereto have been made to Tenant by Landlord or any Landlord's representative. Tenant hereby waives any and all rights or claims of any kind for rent offsets or based on constructive eviction, nuisance or interference with enjoyment which may arise in connection with, or result from, such construction activities; provided, however,

Landlord shall use commercially reasonable efforts to minimize disruption of Tenant's business caused by such construction activities, and, other than temporary Building closures or interruptions of utilities (which may be effected periodically on weekends and no more than four (4) hours in duration at a time during business hours, and no more than two (2) business days a month), prior written notice is given to Tenant, Landlord shall maintain Tenant's ability to access the Premises and the ability of Tenant to conduct business operations in the Premises without material interference (other than attendant noise and construction activity). Notwithstanding anything in this Paragraph to the contrary, if Landlord determines that any of the foregoing construction activities will result in a material interference with or disruption to Tenant's business in the Premises, Landlord, upon one hundred eighty (180) days' prior written notice to Tenant that Landlord intends to commence such construction activity, shall attempt to relocate Tenant, temporarily, to other space in the Project, of equal or superior usability, size, finishes and tenant improvements, or if such space is not available or not acceptable to Tenant, Tenant shall have the right to elect to remain in the Premises or to terminate this Lease. Any such relocation of Tenant to other premises in the Project or to replacement premises outside of the Project shall be Landlord's sole cost and expense. If this Lease is not terminated as hereinabove provided, and the Premises are altered by reason of such improvements, Landlord agrees to remeasure the Premises following the completion of the improvements and to adjust Tenant's rental obligations hereunder based on the new square footage of the Premises, as determined by Landlord in good faith; provided, however, that in no event shall Tenant's rental obligations be increased as a result of such remeasurement.

34. MISCELLANEOUS.

(a) The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there be more than one Tenant, the obligations hereunder imposed on Tenant shall be joint and several. Subject to the provisions hereof relating to assignment and subletting, this Lease is intended to and does bind the heirs, executors, administrators, successors and assigns of any and all of the parties hereto. Time is of the essence of this Lease.

(b) Landlord covenants and agrees that, upon performance by Tenant of all of the terms, covenants, obligations and provisions of this Lease on Tenant's part to be kept and performed, Tenant shall have, hold and enjoy the Premises, subject and subordinate to the terms and conditions of this Lease, without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord.

(c) If Tenant is a corporation or limited liability company, Tenant and each person executing this Lease on behalf of Tenant represents and warrants to Landlord that (i) Tenant is duly incorporated or formed, as the case may be, and validly existing under the laws of its state of incorporation or formation, (ii) Tenant is qualified to do business in California, (iii) Tenant has the full right, power and authority to enter into this Lease and to perform all of Tenant's obligations hereunder, and (iv) each person signing this Lease on behalf of the corporation or company is duly and validly authorized to do so. If Tenant is a partnership (whether a general or limited partnership), each person executing this Lease on behalf of Tenant represents and warrants to Landlord that (A) he/she is a general partner of Tenant, (B) he/she is duly authorized

to execute and deliver this Lease on behalf of Tenant, (C) this Lease is binding on Tenant (and each general partner of Tenant) in accordance with its terms, and (D) each general partner of Tenant is personally liable for the obligations of Tenant under this Lease.

(d) There are no oral agreements between Landlord and Tenant affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease or the Building. There are no representations between Landlord and Tenant other than those contained in this Lease and all reliance with respect to any representations is based solely upon the terms of this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

(e) Tenant shall not use the name of the Building for any purpose other than as an address of the business to be conducted by Tenant in the Premises. Landlord reserves the right to change the name of the Building at any time in its sole discretion by written notice to Tenant and Landlord shall not be liable to Tenant for any loss, cost or expense on account of any such change of name.

(f) The rentable square footage of the Premises (referred to in this Lease as “rsf” or “RSF”) has been determined in by Landlord in accordance with industry standards, and Tenant has been given an opportunity to review Landlord’s determination of the RSF of the Premises and the methodology used by Landlord in measuring the RSF of the Project. Tenant’s Percentage Share has been determined by taking the quotient arrived at by dividing the number of rentable square feet of the Premises provided in the *Basic Lease Information* by the number of the rentable square feet of the Project, and multiplying said quotient by 100. Landlord reserves the right to periodically remeasure the Building and/or the Premises in accordance with generally accepted industry standards, which may result in an increase or decrease in the number of rentable square feet contained therein, provided that such remeasurement shall not under any circumstances entitle Tenant to a refund or credit for any sums paid under this Lease. In the event of such an adjustment in the rentable square footage, all amounts, percentages and figures (other than any Landlord allowance or contribution for construction of improvements already completed) determined based on rentable square footage, such as Tenant’s Percentage Share, Base Rent, and parking rights, if any, shall be adjusted prospectively; provided, however, no such adjustment in rentable square footage (whether individually or in the aggregate) shall result in an increase in any amount payable under this Lease by more than three percent (3%) from that applicable under this Lease as of the Lease Date. Landlord shall not be permitted to remeasure the Premises more than once during the Term, and at no time during the first three (3) years of the Term. Subject to the foregoing, the square footage figures contained in this Lease are final and binding on the parties.

(g) This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent, and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to perform any acts hereunder at Landlord’s expense or be entitled to any setoff of rent or other amounts owing under this Lease. All agreements and

provisions to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and without abatement of rent.

(h) Any provision of this Lease which shall be held invalid, void or illegal shall in no way affect, impair or invalidate any of the other provisions hereof and such other provisions shall remain in full force and effect.

(i) Any diminution or shutting off of light, air, or view by any materials, improvements or structures that may be placed on the exterior of the Building or erected on lands adjacent to the Building shall not affect this Lease or impose any liability on Landlord; provided, however, Landlord agrees that it shall not permanently close or bricken the windows of the Premises unless required to do so by applicable law.

(j) EACH PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANYWAY CONNECTED WITH THIS LEASE (INCLUDING AN ACTION OR PROCEEDING BETWEEN LANDLORD AND THE TRUSTEE OR DEBTOR IN POSSESSION WHILE TENANT IS A DEBTOR IN A PROCEEDING UNDER ANY BANKRUPTCY LAW). IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NON-PAYMENT OF BASE RENT OR ANY ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

(k) This Lease shall be governed by the laws of the State of California applicable to transactions to be performed wholly therein.

35. BROKER.

Each party represents and warrants to the other party that they have had no dealings with any broker, finder, or similar person who is or might be entitled to a commission or other fee in connection with the execution of this Lease, except for Landlord's Broker and, if expressly provided in the *Basic Lease Information*, Tenant's Broker. Landlord shall pay the commission due Landlord's Broker and Tenant's Broker pursuant to a separate agreement between Landlord and Landlord's Broker. Landlord and Tenant shall each indemnify, defend and hold the other harmless from and against any and all claims and damages and for any and all costs and expenses (including reasonable attorneys' fees and costs) resulting from claims that may be asserted against the other party by any broker, agent or finder not disclosed herein.

36. NO OFFER.

No contractual or other rights shall exist between Landlord and Tenant with respect to the Premises until both have executed and delivered this Lease. The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or any option for Tenant to lease, or otherwise create any interest by Tenant in the Premises or any other premises situated in the Building. Execution of this Lease by Tenant and return to

Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered this Lease to Tenant.

37. BICYCLES

Tenant and its personnel shall be permitted to bring bicycles into the Building and Premises, provided the same are stored in any designated bicycle area or within the Premises.

38. DOGS

Subject to such reasonable rules developed by Landlord governing access by pets, Tenant shall be permitted to bring dogs into the Premises, at its own risk.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:

11 WEST NINTH STREET PROPERTY OWNER, LP, a
Delaware limited partnership

By: 11 West Ninth Street GP, LLC
a Delaware limited liability company
Its General Partner

By: /s/ Adam R. Goldenberg

Its: Managing Member

TENANT:

THREDUP INC.,
a Delaware corporation

By: /s/ James Reinhart

Its: CEO

RIDER TO LEASE

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Notwithstanding anything to the contrary contained in that certain Lease, dated March 31, 2019, between **11 WEST NINTH STREET PROPERTY OWNER, LP**, a Delaware limited partnership, as Landlord, and **THREDUP, INC.**, a Delaware corporation, as Tenant (the "Lease"), Landlord and Tenant hereby amend and supplement the Lease as hereinafter set forth. In the event of any conflict or inconsistency between the Lease and this Rider, the terms of this Rider shall control and prevail. Capitalized terms used herein and not otherwise defined shall have the meaning given said terms in the Lease.

36. EXTENSION OPTION.

Tenant shall have the right to extend the Term of this Lease, one (1) time (an "Extension Option"), for a five (5) year period (the "Extension Option Period") if Tenant (i) gives Landlord written notice of such election (the "Option Notice") not later than twelve(12) months before the expiration of the Term of this Lease (the "Option Exercise Date"); (ii) is not in default under any provision of this Lease on the date of giving the Option Notice; and (iii) is not in default of any provision of this Lease on the date of the expiration of the original or then current Term of this Lease. The foregoing conditions are for the sole benefit of Landlord, and Landlord, alone, shall have the right in its sole and absolute discretion to insist on strict observance with the foregoing conditions or to waive any of the foregoing conditions. All of the terms and conditions of this Lease shall apply during the extension term (other than the further right to extend the Term, and any obligation to construction Tenant Improvement provided in this Lease, which shall be inapplicable). The Base Rent for the extension term shall equal the greater of (i) the Base Rent payable by Tenant as of the last month of the Term prior to the commencement of the Extension Option Period, and (ii) one hundred percent (100%) of the fair market rental value as of the Expiration Date for the occupancy of the Premises for the permitted use under this Lease, determined using the "market comparison approach" described below ("Market Rent"). The determination of Market Rent shall be made as follows:

(a) At any time prior to the Option Exercise Date (and whether or not Tenant has prior thereto exercised its right to extend the Term of this Lease), the parties shall make themselves available to meet at a mutually agreeable time and place to present such evidence as either party desires in a good faith attempt to arrive at a mutually acceptable Market Rent. If the parties are unable to so agree on a mutually acceptable Market Rent on or before the Option Exercise Date (the "Arbitration Date"), and Tenant elects (and is otherwise entitled) to exercise its right to extend the Term of this Lease as hereinabove provided, the determination of Market Rent shall be arbitrated as follows:

(i) Within ten (10) days after the Arbitration Date, each party, at its own cost and by giving notice to the other party, shall appoint a California licensed real estate broker with at least ten (10) years' full-time commercial office leasing experience in the Oakland office leasing market, to appraise and determine Market Rent. If, in the time provided, only one (1) party shall give notice of appointment of an appraiser, the single appraiser appointed shall determine the Market Rent. If two (2) brokers are appointed by the parties, the two (2) brokers

shall independently, and without consultation, prepare a written determination of the Market Rent within ten (10) days. Each broker shall seal its respective determination after completion. After both determinations are completed, the resulting estimates of Market Rent shall be opened simultaneously and compared. If, in the time provided, only one (1) broker shall submit a written determination of Market Rent, the Market Rent shall be the Market Rent determined by said single broker.

(ii) If the values of the brokers differ, and the parties do not otherwise then agree as to the determination of Market Rent, the two (2) brokers shall designate a single appraiser, who shall be a licensed real estate appraiser and a member of the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers, with at least ten (10) years' experience in appraising fair market rental values in commercial office buildings in the Oakland market. If the two (2) brokers have not agreed on the appraiser after ten (10) days, either Landlord or Tenant, by giving ten (10) days' notice to the other party, may apply to the then Presiding Judge of the Superior Court of Oakland for the selection of a single appraiser who meets the qualifications set forth in this subsection above. The appraiser, however selected, shall be a person who has not previously acted in any capacity for either party. The appraiser shall make an appraisal of the Market Rent within thirty (30) days after selection and without consultation with the first two (2) brokers, and shall select the Market Rent of one of the two (2) brokers that the appraiser determines is closest, on a dollar basis, to the Market Rent determined by the appraiser. The appraiser shall have no right to determine, modify' or impose Market Rent other than as provided above. Each party may submit written material to the appraiser, with a copy to the other party, on the issue of Market Rent.

(b) If the determination of the Market Rent is delayed beyond the commencement of the Extension Option Period, Tenant shall pay Base Rent based on Landlord's good faith reasonable estimate of Market Rent until the determination of Market Rent hereunder. Following the determination of the Market Rent, if Market Rent is determined to be other than as designated by Landlord, there shall be adjustment made to the Base Rent payment then due for the difference between the amount of Base Rent Tenant has paid to Landlord since the commencement of the Extension Option Period and the amount that Tenant would have paid if the Base Rent as adjusted pursuant to this subsection had been in effect as of the commencement of the Extension Option Period.

(c) Each party' shall pay the fees and expenses of its own appraiser, and if an appraiser is selected or necessary, the party whose fair market rent determinant is not chosen shall pay one hundred percent (100%) of the fees and expenses of the appraiser.

(d) The appraisers shall determine the Market Rent using the "market comparison approach," with the relevant market being that for renewal tenants occupying similar office space in the Old Oakland office market (and immediately surrounding office building properties) as of the commencement of the Extension Option Period, taking into consideration location, building condition and the value of the improvements made by Landlord or which would be owned by Landlord at the expiration of the Lease to that of the comparison space. Market Rent shall also reflect the then prevailing rent structure, inducements and concessions for comparable office lease renewals, so that if, for example, at the time Market Rent is being determined the prevailing

rent structure for comparable space and for comparable lease terms includes periodic rent adjustments, Market Rent shall reflect such rent structure. The brokers and/or the appraiser shall determine the Market Rent in accordance with the terms of this Lease (including the terms of this Rider).

(e) The appraisers shall have no power to modify the provisions of this Lease and this Rider, and their sole function shall be to determine the Market Rent in accordance with this Rider.

(f) The foregoing Extension Option is personal to the named Tenant under this Lease and any Permitted Transferee and shall be null and void and of no further effect effective upon any assignment or subletting of the Premises other than pursuant to a Permitted Transfer.

37. RIGHT OF FIRST REFUSAL

(a) Subject to the terms of this Paragraph 37, during the first twenty-four (24) months of the Term (the “**ROFR Period**”), Landlord grants Tenant the right of first refusal to lease that portion of the subterranean floor of Building, containing approximately 8,000 rentable square feet, located on the south side of the Building along 9th Street (the “**Covered Space**”). Tenant acknowledges that Landlord will market the Covered Space for lease to third parties during the ROFR Period and that Tenant’s sole right to lease the Covered Space under this Paragraph arises if Landlord accepts or enters into a letter of intent to lease all or any portion of the Covered Space (a “**Qualifying Letter of Intent**”). If Landlord enters into or accepts a Qualifying Letter of Intent during the ROFR Period, Landlord shall provide written notice to Tenant thereof, Landlord agrees to give written notice to Tenant of Landlord’s intent to lease the Covered Space (the “**Offer Notice**”). Tenant shall have seven (7) business days from delivery of the Offer Notice to exercise the right granted Tenant hereunder to lease the Covered Space on all of the terms and conditions of this Lease, except as provided in this Paragraph 37 (the “**Acceptance Notice**”).

(b) If Tenant does not timely deliver an Acceptance Notice, Tenant’s right to lease all or any portion of the Covered Space under this Paragraph 37 shall lapse and be of no further force and effect, notwithstanding any future availability of such space for lease by Landlord, and Landlord may lease the Covered Space or any portion thereof to any other person. If Tenant timely gives Landlord an Acceptance Notice, Landlord will prepare an amendment to this Lease adding the Covered Space to the Premises on the terms and conditions of this Paragraph 37 (and otherwise on the terms and conditions of this Lease). The failure of Tenant to execute the Amendment within seven (7) business days of presentation thereof by Landlord to Tenant, subject to minor clarifications and corrections not inconsistent with this Paragraph 37, shall result in a rescission of the offer to lease the Covered Space, and Landlord may proceed to lease the Covered Space as if Tenant has not timely delivered an Acceptance Notice.

(c) If Tenant timely exercises its rights under this Paragraph 37, the Covered Space will be added to the Premises on all of the terms and conditions of this Lease, but at a base rent of \$3.75 per rentable square foot, per month. Landlord will build out and improve the Covered Space with the same level of improvements as the Premises, at Landlord’s cost, based a standard office space configuration of the Covered Space.

(d) The foregoing right of first refusal contained in this Paragraph 37 is personal to the named Tenant under this Lease and any Permitted Transferee and shall not inure to the benefit of any assignee or subtenant of the named Tenant except for any Permitted Transferee hereunder of any person, and Tenant shall have no right to exercise the foregoing right of first refusal if at the time Landlord is required to give Tenant an Offer Notice, an Event of Default shall then exist under this Lease or if Tenant or any Permitted Transferee does not occupy for its own use, more than 50% of the entire Premises.

IN WITNESS WHEREOF, the parties have executed this Rider as of this 31st day of March, 2019.

LANDLORD:

11 WEST NINTH STREET PROPERTY OWNER, LP, a
Delaware limited partnership

By: 11 West Ninth Street GP, LLC
a Delaware limited liability company
Its General Partner

By: /s/ Adam R. Goldenberg

Its: Managing Member

TENANT:

THREDUP INC.,
a Delaware corporation

By: /s/ James Reinhart

Its: CEO

List of Subsidiaries of ThredUp Inc.

ThredUp Intermediary Holdings LLC (Virginia)

Knitwit GC LLC (Virginia)

ThredUp CF LLC (Delaware)

thredUP Circular Fashion Fund Inc. (Delaware)

Consent of GlobalData PLC

ThredUp Inc.
969 Broadway
Suite 200
Oakland, CA 94607

September 28, 2020

Ladies and Gentlemen:

We hereby consent to the references to our name, and to the use of information, data and statements from our surveys prepared by us and provided to ThredUp Inc. (the "Company"), including our consumer surveys of women ages 18 and over in the United States, dated January 2019, January 2020 and April 2020; our fashion retailer survey of 50 United States fashion (apparel, accessories, footwear) retailers about their circular fashion goals, dated January 2020; and our market sizing survey, dated April 2020, and extracts of any other information, data and statements prepared by us and provided to the Company in each of (i) the registration statement on Form S-1 (the "Registration Statement") in relation to the initial public offering of the Company filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, (ii) any amendments to the Registration Statement, (iii) any written correspondence by the Company with the SEC and (iv) institutional and retail road shows and other activities in connection with any securities offerings and other marketing and fundraising activities by the Company. In granting such consent, we represent that, to our knowledge, the statements made in such research report are accurate statements of GlobalData plc's research results and independent estimates and opinion as of the date delivered to the Company, and fairly present the matters referred to therein.

We also hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto.

Sincerely,

GLOBALDATA PLC

By: /s/ Neil Saunders

Name: Neil Saunders

Title: Managing Director