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

# FORM 10-Q

**(Mark One)**

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

**For the quarterly period ended September 30, 2024**

**or**

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

**For the transition period from ___________________ to ___________________**

**Commission File Number: 001-40249**

**THREDUP**

## ThredUp Inc.

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Delaware** | **26-4009181** |
| *(State or other jurisdiction of incorporation or organization)* | *(I.R.S. Employer Identification No.)* |
| **969 Broadway, Suite 200**<br>**Oakland, California** | **94607** |
| *(Address of principal executive offices)* | *(Zip Code)* |

**(415) 402-5202**
*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, $0.0001 par value per share | TDUP | The Nasdaq Stock Market LLC<br>Long-Term Stock Exchange |

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

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

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

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

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

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

There were 85,660,389 shares of Class A common stock and 28,097,227 shares of Class B common stock outstanding as of October 28, 2024.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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," "possible" 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 Quarterly Report on Form 10-Q 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 as well as reorganization activities;*
- *our ability to effectively deploy new and evolving technologies, such as artificial intelligence and machine learning, in our offerings;*
- *our ability to identify and execute a strategic alternative for our European operations conducted through our Remix subsidiary;*
- *our ability to attract and retain buyers and sellers and the continued impact of network effects as we scale our platform;*
- *our ability to regain compliance with Nasdaq's and LTSE's continued listing requirements;*
- *our ability to continue to generate revenue from new Resale-as-a-Service ("RaaS") offerings as sources of revenue;*
- *our impairment assessments of goodwill and other intangible assets, including the assumptions used therein and the results thereof;*
- *trends in our key financial and operating metrics;*
- *our estimated market opportunity;*
- *economic and industry trends, projected growth or trend analysis, including the effects of foreign currency exchange rate fluctuations, inflationary pressures, increased interest rates, cybersecurity risks, changing consumer habits, climate change and extreme weather events and general global economic uncertainty;*
- *our ability to comply with applicable laws and regulations; and*
- *our ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments.*

*You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements are neither historical facts nor assurances of future performance. Forward-looking statements involve substantial risks and uncertainties that may cause actual results to differ materially from those that we expect. These risks and uncertainties include, but are not limited to: our ability to attract new users and convert users into buyers and active buyers; 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 ability to continue to generate revenue from new RaaS offerings as sources of revenue; risks from an intensely competitive market; our ability to effectively deploy new and evolving technologies, such as artificial intelligence and machine learning, in our offerings; risks arising from economic and industry trends, including the effects of foreign currency exchange rate fluctuations, inflationary pressures, increased interest rates, changing consumer habits, climate change and general global economic uncertainty; our ability to comply with applicable laws and regulations; our ability to recognize realize expected savings or benefits from reorganization activities; and our ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments. More information on these risks and other potential factors that could affect the Company's business, reputation, results of operations, financial condition, and stock price is included in the Company's filings with the Securities and Exchange Commission ("SEC"), including in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2023, in Part II, Item 1A, Risk Factors, in the section titled "Risk Factors" in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 filed with the SEC on May 6, 2024 and elsewhere in this Quarterly Report on Form 10-Q, as well as in our other filings with the Securities and Exchange Commission ("SEC"). 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.*

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Unless otherwise indicated or unless the context requires otherwise, all references in this document to "ThredUp", "the Company", "we", "us", "our", or similar references are to ThredUp Inc. and its consolidated subsidiaries.

ThredUp is one of the world's largest online resale platforms for apparel, shoes and accessories, based primarily on items processed, items sold and the capacity of our distribution centers.

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

**Channels for Disclosure of Information**

ThredUp intends to announce material information to the public through the ThredUp Investor Relations website (ir.thredup.com), SEC filings, press releases, public conference calls, and public webcasts. ThredUp uses these channels, as well as social media, to communicate with its investors, customers, and the public about the company, its offerings, and other issues. It is possible that the information ThredUp posts on social media could be deemed to be material information. As such, ThredUp encourages investors, the media, and others to follow the channels listed above, including the social media channels listed on ThredUp's investor relations website, and to review the information disclosed through such channels.

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

**THREDUP INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | *(in thousands, except par value amounts)* | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 43,715 | $ 56,084 |
| Marketable securities | 11,581 | 8,100 |
| Accounts receivable, net | 5,717 | 7,813 |
| Inventory | 7,375 | 15,687 |
| Other current assets | 4,977 | 6,204 |
| Total current assets | 73,365 | 93,888 |
| Operating lease right-of-use assets | 44,804 | 42,118 |
| Property and equipment, net | 76,432 | 87,672 |
| Goodwill | 12,121 | 11,957 |
| Intangible assets | 1,995 | 8,156 |
| Other assets | 6,227 | 6,176 |
| Total assets | $ 214,944 | $ 249,967 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 13,125 | $ 9,457 |
| Accrued and other current liabilities | 34,170 | 35,934 |
| Seller payable | 19,802 | 21,495 |
| Operating lease liabilities, current | 5,455 | 5,949 |
| Current portion of long-term debt | 3,851 | 3,838 |
| Total current liabilities | 76,403 | 76,673 |
| Operating lease liabilities, non-current | 47,147 | 44,621 |
| Long-term debt, net of current portion | 19,116 | 22,006 |
| Other non-current liabilities | 3,006 | 2,750 |
| Total liabilities | 145,672 | 146,050 |
| Commitments and contingencies (Note 10) | | |
| Stockholders' equity: | | |
| Class A and B common stock, $0.0001 par value; 1,120,000 shares authorized as of September 30, 2024 and December 31, 2023; 113,758 and 108,784 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively | 11 | 11 |
| Additional paid-in capital | 605,687 | 585,156 |
| Accumulated other comprehensive loss | (2,272) | (2,375) |
| Accumulated deficit | (534,154) | (478,875) |
| Total stockholders' equity | 69,272 | 103,917 |
| Total liabilities and stockholders' equity | $ 214,944 | $ 249,967 |

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

**THREDUP INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| | *(in thousands, except per share amounts)* | | | |
| Revenue: | | | | |
| Consignment | $ 59,850 | $ 57,838 | $ 184,930 | $ 157,732 |
| Product | 13,171 | 24,211 | 47,434 | 82,897 |
| Total revenue | 73,021 | 82,049 | 232,364 | 240,629 |
| Cost of revenue: | | | | |
| Consignment | 11,354 | 10,131 | 34,122 | 28,931 |
| Product | 9,687 | 15,291 | 34,816 | 48,246 |
| Total cost of revenue | 21,041 | 25,422 | 68,938 | 77,177 |
| Gross profit | 51,980 | 56,627 | 163,426 | 163,452 |
| Operating expenses: | | | | |
| Operations, product, and technology | 37,190 | 40,355 | 117,162 | 118,473 |
| Marketing | 15,299 | 19,406 | 44,765 | 54,919 |
| Sales, general, and administrative | 14,545 | 15,058 | 47,558 | 47,147 |
| Impairment of long-lived assets | 9,814 | — | 9,814 | — |
| Total operating expenses | 76,848 | 74,819 | 219,299 | 220,539 |
| Operating loss | (24,868) | (18,192) | (55,873) | (57,087) |
| Interest expense | (629) | (732) | (1,958) | (1,530) |
| Other income, net | 730 | 845 | 2,573 | 2,006 |
| Loss before provision for income taxes | (24,767) | (18,079) | (55,258) | (56,611) |
| Provision for income taxes | 4 | 3 | 21 | 24 |
| Net loss | $ (24,771) | $ (18,082) | $ (55,279) | $ (56,635) |
| Loss per share, basic and diluted | $ (0.22) | $ (0.17) | $ (0.50) | $ (0.54) |
| Weighted-average shares used in computing loss per share, basic and diluted | 112,854 | 105,898 | 111,054 | 103,918 |

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

## THREDUP INC.
## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
## (Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| | (in thousands) | | | |
| Net loss | $ (24,771) | $ (18,082) | $ (55,279) | $ (56,635) |
| Other comprehensive income (loss), net of tax: | | | | |
| Foreign currency translation adjustments | 1,187 | (1,080) | 92 | (772) |
| Unrealized gain on available-for-sale securities | 13 | 152 | 11 | 1,065 |
| Total other comprehensive income (loss) | 1,200 | (928) | 103 | 293 |
| Total comprehensive loss | $ (23,571) | $ (19,010) | $ (55,176) | $ (56,342) |

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

**THREDUP INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Unaudited)**

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | *(in thousands)* | | | | | |
| Balance as of December 31, 2023 | 108,784 | $ 11 | $ 585,156 | $ (2,375) | $ (478,875) | $ 103,917 |
| Issuance of common stock from exercise of stock options and restricted stock units | 1,694 | — | 81 | | | 81 |
| Stock-based compensation | | | 7,506 | | | 7,506 |
| Shares withheld for net share settlement | (261) | — | (550) | | | (550) |
| Net loss | | | | | (16,554) | (16,554) |
| Other comprehensive loss | | | | (870) | | (870) |
| Balance as of March 31, 2024 | 110,217 | $ 11 | $ 592,193 | $ (3,245) | $ (495,429) | $ 93,530 |
| Issuance of common stock from exercise of stock options, restricted stock units, and employee stock purchase plan | 2,458 | — | 407 | | | 407 |
| Stock-based compensation | | | 7,314 | | | 7,314 |
| Shares withheld for net share settlement | (289) | — | (581) | | | (581) |
| Net loss | | | | | (13,954) | (13,954) |
| Other comprehensive loss | | | | (227) | | (227) |
| Balance as of June 30, 2024 | 112,386 | $ 11 | $ 599,333 | $ (3,472) | $ (509,383) | $ 86,489 |
| Issuance of common stock from exercise of stock options and restricted stock units | 1,680 | — | — | | | — |
| Stock-based compensation | | | 6,636 | | | 6,636 |
| Shares withheld for net share settlement | (308) | — | (282) | | | (282) |
| Net loss | | | | | (24,771) | (24,771) |
| Other comprehensive income | | | | 1,200 | | 1,200 |
| Balance as of September 30, 2024 | 113,758 | $ 11 | $ 605,687 | $ (2,272) | $ (534,154) | $ 69,272 |

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total Stockholders' Equity |
| | | | (in thousands) | | | |
| Balance as of December 31, 2022 | 101,532 | $ 10 | $ 551,852 | $ (4,234) | $ (407,627) | $ 140,001 |
| Issuance of common stock from exercise of stock options and restricted stock units | 1,484 | — | 275 | | | 275 |
| Stock-based compensation | | | 9,720 | | | 9,720 |
| Shares withheld for net share settlement | (180) | — | (270) | | | (270) |
| Net loss | | | | | (19,793) | (19,793) |
| Other comprehensive income | | | | 1,154 | | 1,154 |
| Balance as of March 31, 2023 | 102,836 | $ 10 | $ 561,577 | $ (3,080) | $ (427,420) | $ 131,087 |
| Issuance of common stock from exercise of stock options, restricted stock units, and employee stock purchase plan | 2,663 | 1 | 593 | | | 594 |
| Stock-based compensation | | | 7,958 | | | 7,958 |
| Shares withheld for net share settlement | (164) | — | (348) | | | (348) |
| Net loss | | | | | (18,760) | (18,760) |
| Other comprehensive income | | | | 67 | | 67 |
| Balance as of June 30, 2023 | 105,335 | $ 11 | $ 569,780 | $ (3,013) | $ (446,180) | $ 120,598 |
| Issuance of common stock from exercise of stock options, restricted stock units, and employee stock purchase plan | 1,673 | — | 490 | | | 490 |
| Stock-based compensation | | | 8,190 | | | 8,190 |
| Shares withheld for net share settlement | (171) | — | (720) | | | (720) |
| Net loss | | | | | (18,082) | (18,082) |
| Other comprehensive loss | | | | (928) | | (928) |
| Balance as of September 30, 2023 | 106,837 | $ 11 | $ 577,740 | $ (3,941) | $ (464,262) | $ 109,548 |

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

**THREDUP INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | Nine Months Ended | |
|---|---|---|
| | September 30, 2024 | September 30, 2023 |
| | (in thousands) | |
| Cash flows from operating activities: | | |
| Net loss | $ (55,279) | $ (56,635) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock-based compensation expense | 20,687 | 24,907 |
| Depreciation and amortization | 14,497 | 13,881 |
| Impairment of long-lived assets | 9,814 | — |
| Reduction in carrying amount of right-of-use assets | 4,551 | 4,788 |
| Other | (595) | 59 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | 2,103 | (1,373) |
| Inventory | 8,305 | (873) |
| Other current and non-current assets | 1,769 | 1,055 |
| Accounts payable | 3,121 | 4,049 |
| Accrued and other current liabilities | (2,129) | (4,331) |
| Seller payable | (1,711) | 5,358 |
| Operating lease liabilities | (5,205) | (5,426) |
| Other non-current liabilities | (160) | (75) |
| Net cash used in operating activities | (232) | (14,616) |
| Cash flows from investing activities: | | |
| Purchases of marketable securities | (24,673) | (9,851) |
| Maturities of marketable securities | 21,600 | 71,979 |
| Purchases of property and equipment | (5,363) | (13,775) |
| Net cash provided by (used in) investing activities | (8,436) | 48,353 |
| Cash flows from financing activities: | | |
| Repayment of debt | (3,000) | (3,000) |
| Proceeds from issuance of stock-based awards | 2,070 | 3,761 |
| Payments of withholding taxes on stock-based awards | (2,995) | (3,744) |
| Net cash used in financing activities | (3,925) | (2,983) |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | 121 | (230) |
| Net change in cash, cash equivalents, and restricted cash | (12,472) | 30,524 |
| Cash, cash equivalents, and restricted cash, beginning of period | 61,469 | 44,051 |
| Cash, cash equivalents, and restricted cash, end of period | $ 48,997 | $ 74,575 |

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

**THREDUP INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## 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 operates a large resale platform that enables consumers to buy and sell primarily secondhand apparel, shoes, and accessories.

## 2. Significant Accounting Policies

*Basis of Presentation and Use of Estimates*

The accompanying unaudited condensed 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 unaudited condensed consolidated financial statements were prepared in accordance with the United States (“U.S.”) Generally Accepted Accounting Principles (“GAAP”) for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. As permitted under those rules, certain footnotes or other financial information may be condensed or omitted.

The preparation of consolidated financial statements in accordance with GAAP 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 and intangibles, allowance for sales returns, breakage on loyalty points and rewards and gift cards, valuation of inventory, stock-based compensation, lease liabilities, goodwill and acquired intangible assets, and impairment of long-lived assets.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal and recurring adjustments necessary to present fairly the financial position of the Company as of September 30, 2024 and 2023, and the results of operations and cash flows for the interim periods presented.

The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the Company’s audited consolidated financial statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 10-K”).

*Recently Adopted Accounting Pronouncements*

There were no accounting pronouncements adopted during the three and nine months ended September 30, 2024.

*Accounting Pronouncements Not Yet Effective*

In October 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative,” to amend certain disclosure and presentation requirements for a variety of topics within the Accounting Standards Codification (the “ASC”). These amendments align the requirements in the ASC to the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC’s removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The Company does not expect that the application of this standard will have an impact on its consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures. This new guidance is designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. Early adoption is permitted. The ASU does not affect the recognition, measurement, or financial statement presentation of segments. The Company is reviewing its segment disclosures to determine the impact, if any, to the notes to its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. ASU 2023-09 requires additional quantitative and qualitative income tax disclosures to enable financial statements users to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024, which will be the fiscal year ending December 31, 2025 for the Company. The Company expects the adoption to result in enhanced income tax disclosures.

*Revenue from Loyalty Reward Redemption and Expiration*

The Company has a customer loyalty program, which allows end-customers to earn and accumulate points with each qualifying purchase. Earned points can be redeemed for loyalty rewards, such as non-cashoutable shopping credit, free shipping, or waived restocking fee, which can be applied to future purchases or returns. Unredeemed points expire after one year from the date the points were earned. Reward coupons expire six months from the date the reward is claimed. Points earned on purchases are a material right, representing a separate performance obligation.

The allocated consideration for the points earned through qualifying purchase transactions is deferred based on the standalone selling price of the points, adjusted for expected breakage in proportion to the pattern of redemption, and recorded within deferred revenue under accrued and other current liabilities within the Company's condensed consolidated balance sheets. Revenue is recognized for these performance obligations at a point in time when rewards are redeemed by the end customer or expired.

As of September 30, 2024 and December 31, 2023, the Company had a deferred revenue liability of $2.4 million and $3.1 million, respectively, related to its customer loyalty program, which is included in accrued and other current liabilities within the Company's condensed consolidated balance sheets. The Company recognized revenue from loyalty reward redemption and expiration of $2.8 million and $2.1 million for the three months ended September 30, 2024 and 2023, respectively, and $10.3 million and $6.7 million for the nine months ended September 30, 2024 and 2023, respectively. Beginning October 1, 2024, customers will no longer earn loyalty points and may redeem any accumulated points until expiration but no later than January 15, 2025. As a result, revenue attributable to any remaining performance obligation is expected to be recognized by January 15, 2025.

*Gift Cards and Site Credits*

The Company sells ThredUp gift cards on its e-commerce website and may also convert seller payables and site credits to ThredUp gift cards beginning after one year at the discretion of the Company. 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 September 30, 2024 and December 31, 2023, $5.9 million and $6.6 million, respectively, of gift card liability was included in accrued and other current liabilities within the Company's condensed consolidated balance sheets. Revenue from redemption of gift cards amounted to $0.3 million and $0.5 million for the three months ended September 30, 2024 and 2023, respectively, and $0.8 million and $1.7 million for the nine months ended September 30, 2024 and 2023, respectively.

The Company recognizes breakage revenue when it determines that the redemption of gift cards is remote. Breakage revenue was $1.3 million and $3.9 million for the three and nine months ended September 30, 2024, respectively. Breakage revenue was $1.9 million and $2.3 million for the three and nine months ended September 30, 2023.

The Company issues site credits for returns, which can be applied toward future charges but may not be converted into cash. Site credits may also be converted to ThredUp gift cards beginning after one year at the discretion of the Company. These credits are recognized as revenue when used. As of September 30, 2024 and December 31, 2023, $5.1 million and $4.8 million, respectively, of such customer site credits were included in accrued and other current liabilities within the Company's condensed consolidated balance sheets. Revenue recognized from the redemption of site credits was $10.5 million and $10.2 million for the three months ended September 30, 2024 and 2023, respectively, and $32.6 million and $30.1 million for the nine months ended September 30, 2024 and 2023, respectively.

*Cash, Cash Equivalents and Restricted Cash*

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Company's condensed consolidated balance sheets that sum to the total of the same such amounts shown in the Company's condensed consolidated statements of cash flows:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | *(in thousands)* | |
| Cash and cash equivalents | $ 43,715 | $ 56,084 |
| Restricted cash included in Other current assets | 335 | 462 |
| Restricted cash included in Other assets | 4,947 | 4,923 |
| Total cash, cash equivalents, and restricted cash shown in the statement of cash flows | $ 48,997 | $ 61,469 |

*Fair Value Measurements*

The Company applies the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, for its financial and non-financial assets and liabilities. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company measures certain assets and liabilities at fair value as discussed throughout the notes to its condensed consolidated financial statements. As of September 30, 2024 and December 31, 2023, the carrying amounts of the Company's accounts receivable, other current assets, other assets, accounts payable, seller payable and accrued and other current liabilities approximated their estimated fair values due to their relatively short maturities. Management believes the terms of its long-term variable-rate debt reflect current market conditions for an instrument with similar terms and maturity, and as such, the carrying value of the Company's long-term debt approximated its fair value as of September 30, 2024 and December 31, 2023.

*Long-Lived Assets and Goodwill*

The Company reviews its long-lived assets, consisting of property and equipment, operating lease right-of-use assets, and intangible assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or asset group to the future net undiscounted cash flows expected to be generated from the use of the asset or asset group and its eventual disposition. If such review indicates that the carrying amount of the asset or asset group is not recoverable, the carrying amount of such assets or asset group is reduced to its fair value.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not subject to amortization, but is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. Operating as one operating and reportable segment, the Company performs a qualitative assessment annually during the fourth quarter to determine if it is more likely than not that the fair value of its single reporting unit is less than its carrying amount. If it is determined that it is more likely than not that the fair value of its single reporting unit is less than its carrying amount, the Company would perform a quantitative assessment, in which it would use a discounted cash flow approach to estimate the fair value of its single reporting unit. If the fair value of the single reporting unit is less than its carrying amount, then an impairment charge is recognized for the difference between the fair value and carrying amount of goodwill.

## 3. Financial Instruments and Fair Value Measurements

*Fair Value Measurements - Recurring Basis*

The following tables provide information about the Company's financial instruments that are measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation techniques utilized to determine such values as of September 30, 2024 and December 31, 2023:

| | September 30, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | *(in thousands)* | | | |
| Assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | $ 5,010 | $ — | $ — | $ 5,010 |
| Commercial paper | — | 8,917 | — | 8,917 |
| Total cash equivalents | 5,010 | 8,917 | — | 13,927 |
| Marketable securities: | | | | |
| U.S. treasury securities | — | 9,594 | — | 9,594 |
| U.S. government agency bonds | — | 1,987 | — | 1,987 |
| Total marketable securities | — | 11,581 | — | 11,581 |
| Total assets at fair value | $ 5,010 | $ 20,498 | $ — | $ 25,508 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | *(in thousands)* | | | |
| Assets: | | | | |
| Cash equivalents: | | | | |
| Money market funds | $ 8,028 | $ — | $ — | $ 8,028 |
| Commercial paper | — | 14,954 | — | 14,954 |
| U.S. treasury securities | — | 7,976 | — | 7,976 |
| U.S. government agency bonds | — | 1,108 | — | 1,108 |
| Total cash equivalents | 8,028 | 24,038 | — | 32,066 |
| Marketable securities: | | | | |
| U.S. treasury securities | — | 7,405 | — | 7,405 |
| U.S. government agency bonds | — | 695 | — | 695 |
| Total marketable securities | — | 8,100 | — | 8,100 |
| Total assets at fair value | $ 8,028 | $ 32,138 | $ — | $ 40,166 |

As of September 30, 2024 and December 31, 2023, the Company's cash equivalents and marketable securities approximated their estimated fair value. As such, the unrealized gains or losses related to the Company's cash equivalents and marketable securities were not material.

For the Company's marketable securities, which were all classified as available-for-sale, the Company utilizes third-party pricing services to obtain fair value. Third-party pricing methodologies incorporate bond terms and conditions, current performance data, proprietary pricing models, real-time quotes from contributing dealers, trade prices and other market data. The Company determined that the declines in the fair value of its marketable securities were not driven by credit-related factors. During the three and nine months ended September 30, 2024 and 2023, the Company did not recognize any losses on its marketable securities due to credit-related factors.

As of September 30, 2024, the Company's money market funds were valued using Level 1 inputs because they were valued using quoted prices in active markets. The Company's U.S. treasury securities, commercial paper and U.S. government agency bonds were valued using Level 2 inputs because they were valued using 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.

There were no transfers into or out of Level 3 during the three and nine months ended September 30, 2024. As of September 30, 2024, all of the $11.6 million carrying amount of marketable securities had a contractual maturity date of less than one year.

*Fair Value Measurements - Nonrecurring Basis*

The Company measures the fair value of certain assets on a nonrecurring basis when events or changes in circumstances indicate that the carrying value of the asset or asset group may not be recoverable.

In the third quarter of 2024, the Company announced its decision to exit the European market and initiated a strategic review of its Remix Global EAD ("Remix") business. The decision to exit the European market, coupled with the decline in the Company's market capitalization, were identified as qualitative indicators of potential impairment of long-lived assets and goodwill. Consequently, the Company performed long-lived assets and goodwill impairment assessments during the third quarter of 2024 and recognized an impairment of long-lived assets of $9.8 million, of which $5.6 million related to certain property and equipment and $4.2 million related to intangible assets. There was no impairment recognized on goodwill as its fair value exceeded its carrying amount as of the valuation date. See Note 3. *Financial Instruments and Fair Value Measurements*, for further discussion of fair value measurements.

In conducting the long-lived assets and goodwill impairment assessments in the third quarter of 2024, the Company determined fair values using a combination of a market approach, which incorporated valuation multiples of comparable public companies and transactions, and an income approach based on projected discounted cash flows (the "DCF" model). The significant assumptions used in the DCF model included estimates of future revenues and operating expenses, long-term growth rates, working capital requirements, and discount rates, which are considered unobservable inputs and are classified as Level 3 within the fair value hierarchy. Estimating the fair value of a business was a subjective process that involved assumptions market participants would use in determining fair value, along with other estimates and judgments, particularly related to future cash flows, which are inherently uncertain.

See Note 2. *Significant Accounting Policies* for further discussion of the Company's accounting policies on long-lived assets and goodwill impairment assessments.

**4. Property and Equipment, Net**

Property and equipment, net consisted of the following:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | *(in thousands)* | |
| Property and equipment, at cost: | | |
| Machinery and equipment | $ 79,255 | $ 79,273 |
| Leasehold improvements | 25,141 | 27,620 |
| Internal-use software | 13,028 | 11,284 |
| Computers and software | 8,112 | 8,260 |
| Construction in progress | 7,825 | 6,542 |
| Furniture and fixtures | 2,360 | 2,574 |
| Total property and equipment, at cost | 135,721 | 135,553 |
| Less: accumulated depreciation and amortization | (59,289) | (47,881) |
| Property and equipment, net | $ 76,432 | $ 87,672 |

Depreciation and amortization expense of property and equipment was $4.0 million and $4.7 million for the three months ended September 30, 2024 and 2023, and $12.5 million and $11.9 million for the nine months ended September 30, 2024 and 2023, respectively.

Based on the result of its long-lived asset impairment assessment, the Company recognized an impairment of certain property and equipment of $5.6 million for the three and nine months ended September 30, 2024, which reduced the cost basis. See Note 3. *Financial Instruments and Fair Value Measurements* for further discussion of the Company's long-lived assets impairment assessment conducted during the third quarter of 2024.

### 5. Goodwill and Other Intangible Assets

Goodwill is primarily attributable to the planned growth in the combined business after the acquisition of Remix in 2021.

Goodwill was $12.1 million and $12.0 million as of September 30, 2024 and December 31, 2023, respectively. The change in goodwill during the nine months ended September 30, 2024 was due to foreign currency translation adjustments. Based on the result of its goodwill impairment assessment, the Company did not recognize any impairment of goodwill in the three and nine months ended September 30, 2024 as its fair value exceeded its carrying amount as of the valuation date. To date, there has been no impairment of goodwill. See Note 3. *Financial Instruments and Fair Value Measurements* for further discussion of the Company's goodwill impairment assessment conducted during the third quarter of 2024.

The gross carrying amounts and accumulated amortization of the Company's intangible assets with determinable lives as of September 30, 2024 and December 31, 2023 were as follows:

| | | September 30, 2024 | | |
|---|---|---|---|---|
| | Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| | *(in years)* | *(in thousands)* | | |
| Customer relationships | 8 | $ 3,353 | $ (1,875) | $ 1,478 |
| Developed technology | 3 | 4,743 | (4,712) | 31 |
| Trademarks | 9 | 1,994 | (1,508) | 486 |
| Total | | $ 10,090 | $ (8,095) | $ 1,995 |

| | | December 31, 2023 | | |
|---|---|---|---|---|
| | Amortization Period | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| | *(in years)* | *(in thousands)* | | |
| Customer relationships | 8 | $ 4,965 | $ (1,386) | $ 3,579 |
| Developed technology | 3 | 4,679 | (3,482) | 1,197 |
| Trademarks | 9 | 4,494 | (1,114) | 3,380 |
| Total | | $ 14,138 | $ (5,982) | $ 8,156 |

Based on the result of its long-lived asset impairment assessment, the Company recognized an impairment of intangible assets of $4.2 million for the three and nine months ended September 30, 2024, which reduced the gross carrying amount. See Note 3. *Financial Instruments and Fair Value Measurements* for further discussion of the Company's long-lived assets impairment assessment conducted during the third quarter of 2024.

Amortization expense related to developed technology, customer relationships, and trademarks is recorded within operations, product, and technology; sales, general, and administrative; and marketing expense, respectively, within the Company's condensed consolidated statements of operations. Amortization expense of intangible assets with determinable lives was $0.7 million for each of the three months ended September 30, 2024 and 2023, and $2.0 million for each of the nine months ended September 30, 2024 and 2023.

### 6. Balance Sheet Components

Inventory consisted of the following:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | *(in thousands)* | |
| Work in process | $ 666 | $ 3,333 |
| Finished goods | 6,709 | 12,354 |
| Total | $ 7,375 | $ 15,687 |

Accrued and other current liabilities consisted of the following:

| | September 30, 2024 | December 31, 2023 |
|---|---|---|
| | *(in thousands)* | |
| Gift card and site credit liabilities | $ 10,999 | $ 11,407 |
| Deferred revenue | 5,215 | 6,377 |
| Accrued compensation | 4,408 | 4,092 |
| Accrued vendor liabilities | 4,199 | 4,080 |
| Accrued taxes | 4,121 | 4,967 |
| Allowance for returns | 3,978 | 3,817 |
| Accrued other | 1,250 | 1,194 |
| Total | $ 34,170 | $ 35,934 |

**7. Long-Term Debt**

In February 2019, the Company entered into a loan and security agreement ("Term Loan") with Western Alliance Bank for an aggregate amount of up to $40.0 million.

The Term Loan was subsequently amended several times, with the most recent amendment taking place in December 2023. As amended, the Term Loan matures on July 14, 2027 and provides for an aggregate borrowing amount of up to $48.8 million, of which $22.5 million is designated for the purchase of certain equipment. The Term Loan bears interest at the prime rate published in the Wall Street Journal plus a margin of 1.25%, with a floor of 4.75%.

The Term Loan requires the Company to comply with certain financial covenants, including, among other things, liquidity requirements, minimum cash deposits with Western Alliance Bank, performance metrics, and a debt service coverage ratio. The Term Loan also contains affirmative and negative covenants customary for financings of this type, including, among other things, limitations or prohibitions on repurchasing common shares, declaring and paying dividends and other distributions, redeeming and repurchasing certain other indebtedness, loans and investments, additional indebtedness, liens, mergers, asset sales and transactions with affiliates. In addition, the Term Loan contains customary events of default. As of September 30, 2024, the Company was in compliance with its debt covenants under the Term Loan.

The Term Loan is payable in consecutive monthly installments. Interest is due monthly on amounts outstanding under the Term Loan. The Company is permitted to make voluntary prepayments without penalty or premium at any time.

As of September 30, 2024 and December 31, 2023, the effective interest rate for borrowings under the Term Loan was 10.22% and 10.73%, respectively.

During the nine months ended September 30, 2024 and 2023, the Company did not make any borrowings under the Term Loan and repaid a total of $3.0 million in each of the periods on amounts outstanding under the Term Loan. As of September 30, 2024 and December 31, 2023, the amounts outstanding under the Term Loan were $23.3 million and $26.3 million, respectively.

The Company incurred $0.6 million and $0.7 million of interest costs relating to the Term Loan during the three months ended September 30, 2024 and 2023, respectively. There was no capitalized interest during the three months ended September 30, 2024 and 2023.

The Company incurred $2.0 million of interest costs relating to the Term Loan during each of the nine months ended September 30, 2024 and 2023. There was no capitalized interest during the nine months ended September 30, 2024, and $0.6 million was capitalized as part of an asset for the nine months ended September 30, 2023.

As of September 30, 2024, the future annual principal payments of the Term Loan were as follows:

| | Amount |
|---|---|
| | *(in thousands)* |
| 2024 (Remaining three months) | $ 1,000 |
| 2025 | 4,000 |
| 2026 | 4,000 |
| 2027 | 14,333 |
| Total principal payments | 23,333 |
| Less: unamortized debt discount | (366) |
| Less: current portion of long-term debt | (3,851) |
| Non-current portion of long-term debt | $ 19,116 |

**8. Common Stock and Stockholders' Equity**

Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible at any time into one share of Class A common stock.

The table below summarizes the Class A common stock and Class B common stock authorized, issued and outstanding as of September 30, 2024 and December 31, 2023:

| | September 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Authorized | Issued and Outstanding | Authorized | Issued and Outstanding |
| | *(in thousands)* | | | |
| Class A common stock | 1,000,000 | 85,661 | 1,000,000 | 78,830 |
| Class B common stock | 120,000 | 28,097 | 120,000 | 29,954 |
| Total | 1,120,000 | 113,758 | 1,120,000 | 108,784 |

**9. Stock-Based Compensation**

The Company has stock-based compensation plans, which are more fully described in Note 10, *Stock-Based Compensation Plans*, to the Consolidated Financial Statements included in the 2023 10-K. During the nine months ended September 30, 2024, the Company granted restricted stock units subject to service conditions.

*Stock-Based Compensation Expense*

The following table provides information about stock-based compensation expense by financial statement line item:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| | *(in thousands)* | | | |
| Operations, product, and technology | $ 3,150 | $ 2,858 | $ 8,588 | $ 9,442 |
| Marketing | 148 | 1,264 | 525 | 3,392 |
| Sales, general, and administrative | 3,169 | 3,766 | 11,574 | 12,073 |
| Total stock-based compensation expense | $ 6,467 | $ 7,888 | $ 20,687 | $ 24,907 |

Stock-based compensation expense capitalized in internal use software was not material for the three and nine months ended September 30, 2024 and 2023.

*Stock Options*

The following table summarizes the activities for all stock options under the Company's stock-based compensation plans for the nine months ended September 30, 2024:

| | Number of Options Outstanding | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Life | Aggregate Intrinsic Value (1) |
|---|---|---|---|---|
| | *(in thousands)* | | | *(in thousands)* |
| Outstanding as of December 31, 2023 | 16,247 | $ 1.99 | 4.14 years | $ 5,861 |
| Granted | — | | | |
| Exercised | (66) | $ 1.50 | | |
| Forfeited or expired | (201) | $ 2.19 | | |
| Outstanding as of September 30, 2024 | 15,980 | $ 1.98 | 3.36 years | $ — |
| Exercisable as of September 30, 2024 | 15,336 | $ 1.98 | 3.25 years | $ — |

(1) The intrinsic value is the amount by which the current market value of the underlying stock exceeds the exercise price of the stock awards.

As of September 30, 2024, the total unrecognized compensation cost related to all nonvested stock options was not material.

*Restricted Stock Units*

The following table summarizes the activities for all restricted stock units ("RSUs") under the Company's stock-based compensation plans for the nine months ended September 30, 2024:

| | Number of Shares | Weighted-Average Grant Date Fair Value Per Share |
|---|---|---|
| | *(in thousands)* | |
| Outstanding and nonvested as of December 31, 2023 | 8,538 | $ 4.39 |
| Granted | 10,211 | $ 1.90 |
| Vested | (5,538) | $ 3.74 |
| Forfeited | (1,906) | $ 4.07 |
| Outstanding and nonvested as of September 30, 2024 | 11,305 | $ 2.51 |

The fair value of RSUs as of the vesting date was $9.5 million and $24.6 million during the nine months ended September 30, 2024 and 2023, respectively.

During the three months ended March 31, 2023, the Company modified the vesting schedule of substantially all RSUs outstanding as of December 31, 2022 from 4 years to 3 years and recognized compensation expense of $2.4 million related to the acceleration of the vesting schedule.

As of September 30, 2024, the total unrecognized compensation cost related to all nonvested RSUs was $25.8 million and the related weighted-average period over which it is expected to be recognized was approximately two years.

## 10. Commitments and Contingencies

*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 limited and customary indemnification obligations. 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.

**11. Income Taxes**

The quarterly income tax provision reflects an estimate of the corresponding quarter's state taxes in the U.S. The provision for income tax expense for the three and nine months ended September 30, 2024 and 2023 was determined based upon estimates of the Company's annual effective tax rate for the years ending December 31, 2024 and 2023, respectively. Since the Company is in a full valuation allowance position due to losses incurred since inception, the provision for taxes consists solely of certain state income taxes.

**12. Loss Per Share**

The following participating securities have been excluded from the computation of diluted loss per share for the periods presented because including them would have been anti-dilutive:

| | September 30, 2024 | September 30, 2023 |
|---|---|---|
| | *(in thousands)* | |
| Stock options | 15,980 | 17,020 |
| Restricted stock units | 11,305 | 10,909 |
| Employee stock purchase plan | 314 | 97 |
| Total | 27,599 | 28,026 |

**13. Subsequent Event**

In October 2024, the Company signed a non-binding term sheet, outlining the terms for a buyout of Remix by the Remix management team. Under the proposed terms, the Company is expected to retain a minority interest in the Remix business. Both parties are working toward the closing of this transaction by the end of 2024.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with other information, including our condensed consolidated financial statements and related notes included in Part I, Item 1,* Financial Statements*, of this Quarterly Report on Form 10-Q; Part I, Item 1A,* Risk Factors*, of this Quarterly Report on Form 10-Q; and our consolidated financial statements and related notes appearing in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "*2023 10-K*"). The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. You should review the section titled "Special Note Regarding Forward-Looking Statements" for a discussion of forward-looking statements and the section titled "Risk Factors" for a discussion of factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Our historical results are not necessarily indicative of the results that may be expected for any period in the future, and our interim results are not necessarily indicative of the results we expect for the full calendar year or any other period.*

### Overview

ThredUp operates one of the world's largest online resale platforms for apparel, shoes and accessories. Our mission is to inspire the world to think secondhand first. We believe in a sustainable fashion future and we are proud that our business model creates a positive impact to the benefit of our buyers, sellers, clients, employees, investors and the environment. Our custom-built operating platform consists of distributed processing infrastructure, proprietary software and systems and data science expertise. This platform is powering the rapidly emerging resale economy, one of the fastest growing sectors in retail, according to a GlobalData market survey conducted in January 2023.

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 marketplaces we have built enable buyers in the U.S. and in Europe to browse and purchase resale items for primarily apparel, shoes and accessories across a wide range of price points. Buyers enjoy shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail price. Sellers enjoy 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. ThredUp's 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. Aside from Clean Out Kits, ThredUp also sources inventory from a variety of supply channels, such as wholesale supply in Europe.

In addition to our core marketplace, some of the world's leading brands and retailers are taking advantage of our RaaS offering, which allows them to conveniently offer a scalable closet clean out service and/or resale shop to their customers. We believe RaaS will accelerate the growth of this emerging category and form the backbone of the modern resale experience domestically and internationally.

#### Recent Business Developments

*Remix*

In the third quarter of 2024, we announced that, following a review of our European operations, we intend to exit the European market and are evaluating strategic alternatives for our Remix business. The decision to exit the European market, coupled with the decline in our market capitalization, were identified as qualitative indicators of potential impairment of long-lived assets and goodwill. Consequently, in connection with the preparation of our financial statements for the quarterly period ended September 30, 2024, we performed long-lived assets and goodwill impairment assessments and recognized an impairment of long-lived assets of $9.8 million, of which $5.6 million related to certain property and equipment and $4.2 million related to intangible assets. There was no impairment recognized on goodwill as its fair value exceeded its carrying amount as of the valuation date. See Note 2. *Significant Accounting Policies* and Note 3. *Financial Instruments and Fair Value Measurements*, for further discussion of these impairment assessments.

Estimating fair values is a subjective process involving numerous variables associated with the assumptions and estimates used in assessing the appropriate valuation for our long-lived assets and goodwill impairment. This could result in future impairment charges, which may adversely affect our business, financial condition and results of operations.

### Overview of Third Quarter Results

**Revenue:** Total revenue was $73.0 million, representing a decrease of 11.0% year over year.

**Gross Profit and Margin:** Gross profit totaled $52.0 million, representing a decrease of 8.2% year over year. Gross margin was 71.2%, an increase of 220 basis points from 69.0% in the comparable quarter last year.

**Net Loss:** Net loss was $24.8 million, or a negative 33.9% of revenue, for the third quarter of 2024, compared to a net loss of $18.1 million, or a negative 22.0% of revenue, for the third quarter of 2023. Net loss for the third quarter of 2024 included an impairment of long-lived assets related to our European operations of $9.8 million.

**Non-GAAP Adjusted EBITDA Loss:** Non-GAAP Adjusted EBITDA loss was $2.5 million, or a negative 3.4% of revenue, for the third quarter of 2024, compared to Non-GAAP Adjusted EBITDA loss of $3.6 million, or a negative 4.4% of revenue, for the third quarter of 2023. Non-GAAP Adjusted EBITDA loss and Non-GAAP Adjusted EBITDA loss margin are non-GAAP measures, which may not be comparable to similarly-titled measures used by other companies. See below for a reconciliation of Non-GAAP Adjusted EBITDA loss to net loss.

**Active Buyers and Orders:** Active Buyers totaled 1.6 million and Orders totaled 1.6 million in the third quarter of 2024, representing decreases of 7.4% and 13.9%, respectively, compared to the third quarter of 2023.

### 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.

| | Three Months Ended | | | Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Change | September 30, 2024 | September 30, 2023 | Change |
| | | | *(in thousands, except percentages)* | | | |
| Active Buyers (as of period end) | 1,632 | 1,763 | (7.4) % | 1,632 | 1,763 | (7.4) % |
| Orders | 1,553 | 1,803 | (13.9) % | 4,890 | 5,103 | (4.2) % |
| Total revenue | $ 73,021 | $ 82,049 | (11.0) % | $ 232,364 | $ 240,629 | (3.4) % |
| Gross profit | $ 51,980 | $ 56,627 | (8.2) % | $ 163,426 | $ 163,452 | — % |
| Gross margin | 71.2 % | 69.0 % | 220 bps | 70.3 % | 67.9 % | 240 bps |
| Net loss | $ (24,771) | $ (18,082) | 37.0 % | $ (55,279) | $ (56,635) | (2.4) % |
| Net loss margin | (33.9)% | (22.0)% | (1,190) bps | (23.8)% | (23.5)% | (30) bps |
| Non-GAAP Adjusted EBITDA loss(1) | $ (2,460) | $ (3,588) | (31.4) % | $ (4,740) | $ (15,235) | (68.9) % |
| Non-GAAP Adjusted EBITDA loss margin(1) | (3.4)% | (4.4)% | 100 bps | (2.0)% | (6.3)% | 430 bps |

(1) Non-GAAP Adjusted EBITDA loss and Non-GAAP Adjusted EBITDA loss margin are non-GAAP measures, which may not be comparable to similarly-titled measures used by other companies. See below for a reconciliation of Non-GAAP Adjusted EBITDA loss to net loss.

*Active Buyers*

An Active Buyer is a ThredUp buyer who has made at least one purchase in the last twelve months. A ThredUp buyer is a customer who has created an account and purchased in our marketplaces, including through our RaaS clients, and is identified by a unique email address. 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 marketplaces.

*Orders*

Orders means the total number of orders placed by buyers across our marketplaces, including through our RaaS clients, in a given period, net of cancellations.

### *Non-GAAP Financial Metrics*

*Non-GAAP Adjusted EBITDA Loss and Non-GAAP Adjusted EBITDA Loss Margin*

Non-GAAP Adjusted EBITDA loss means net loss adjusted to exclude, where applicable in a given period, stock-based compensation expense, impairment of long-lived assets, depreciation and amortization, severance and other reorganization costs, interest expense, and provision for income taxes. Non-GAAP Adjusted EBITDA loss margin represents Non-GAAP Adjusted EBITDA loss divided by Total revenue. We use Non-GAAP Adjusted EBITDA loss and Non-GAAP Adjusted EBITDA loss margin as non-GAAP measures to evaluate and assess our operating performance and the operating leverage in our business, and for internal planning and forecasting purposes. We believe that Non-GAAP Adjusted EBITDA loss and Non-GAAP Adjusted EBITDA loss margin, when taken collectively with our GAAP results, may be helpful to investors because they provide consistency and comparability with past financial performance and assist in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results.

The following table provides a reconciliation of net loss to Non-GAAP Adjusted EBITDA loss:

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| | *(in thousands)* | | | |
| Net loss | $ (24,771) | $ (18,082) | $ (55,279) | $ (56,635) |
| Impairment of long-lived assets | 9,814 | — | 9,814 | — |
| Stock-based compensation expense | 6,467 | 7,888 | 20,687 | 24,907 |
| Depreciation and amortization | 4,699 | 5,364 | 14,497 | 13,881 |
| Severance and other reorganization costs | 698 | 507 | 3,562 | 1,058 |
| Interest expense | 629 | 732 | 1,958 | 1,530 |
| Provision for income taxes | 4 | 3 | 21 | 24 |
| Non-GAAP Adjusted EBITDA loss | $ (2,460) | $ (3,588) | $ (4,740) | $ (15,235) |
| Total revenue | $ 73,021 | $ 82,049 | $ 232,364 | $ 240,629 |
| Non-GAAP Adjusted EBITDA loss margin | (3.4)% | (4.4)% | (2.0)% | (6.3)% |

### Comparison of the Three and Nine Months Ended September 30, 2024 and 2023

*Revenue*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | *(in thousands, except percentages)* | | | | | | | |
| Consignment revenue | $ 59,850 | $ 57,838 | $ 2,012 | 3.5 % | $ 184,930 | $ 157,732 | $ 27,198 | 17.2 % |
| Product revenue | 13,171 | 24,211 | (11,040) | (45.6)% | 47,434 | 82,897 | (35,463) | (42.8)% |
| Total revenue | $ 73,021 | $ 82,049 | $ (9,028) | (11.0)% | $ 232,364 | $ 240,629 | $ (8,265) | (3.4)% |
| Consignment revenue as a percentage of Total revenue | 82.0 % | 70.5 % | | | 79.6 % | 65.5 % | | |
| Product revenue as a percentage of Total revenue | 18.0 % | 29.5 % | | | 20.4 % | 34.5 % | | |

Total revenue decreased $9.0 million, or 11.0%, for the three months ended September 30, 2024 as compared to the same period in 2023. This decline was driven by a $11.0 million or 45.6% decrease in product revenue, partially offset by a $2.0 million or 3.5% increase in consignment revenue. The shift reflects our strategic decision to transition our RaaS clients from a product to a consignment model, as well as the introduction of the consignment model to our European operations in the third quarter of 2023. Additionally, the decline reflects a shift in focus, with fewer resources allocated to the European business as we evaluate strategic alternatives for that market. The overall decrease in total revenue was mainly due to a 7.4% decrease in Active Buyers and a 13.9% decrease in Orders. This was partially offset by a 14.0% increase in the average order value.

Total revenue decreased $8.3 million, or 3.4%, for the nine months ended September 30, 2024 as compared to the same period in 2023. This decline was driven by a $35.5 million or 42.8% decrease in product revenue, partially offset by a $27.2 million or 17.2% increase in consignment revenue. The shift reflects our strategic decision to transition our RaaS clients from a product to a consignment model, as well as the introduction of the consignment model to our European operations in the third quarter of 2023. Additionally, the decline reflects a shift in focus, with fewer resources allocated to the European business as we evaluate strategic alternatives for that market. The overall decrease in total revenue was mainly due to a 7.4% decrease in Active Buyers and a 4.2% decrease in Orders. This was partially offset by a 11.2% increase in the average order value.

*Gross Margin*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | *(in thousands, except percentages)* | | | | | | | |
| Cost of consignment revenue | $ 11,354 | $ 10,131 | $ 1,223 | 12.1 % | $ 34,122 | $ 28,931 | $ 5,191 | 17.9 % |
| Cost of product revenue | 9,687 | 15,291 | (5,604) | (36.6)% | 34,816 | 48,246 | (13,430) | (27.8)% |
| Total cost of revenue | $ 21,041 | $ 25,422 | $ (4,381) | (17.2)% | $ 68,938 | $ 77,177 | $ (8,239) | (10.7)% |
| Gross profit | $ 51,980 | $ 56,627 | $ (4,647) | (8.2)% | $ 163,426 | $ 163,452 | $ (26) | — % |
| Gross margin | 71.2 % | 69.0 % | | | 70.3 % | 67.9 % | | |

Consignment revenue is recognized net of seller payouts. Seller payouts related to product revenue are included as a component of cost of product revenue. As such, product revenue has a lower gross margin than consignment revenue.

Gross margin was 71.2% and 69.0% for the three months ended September 30, 2024 and 2023, respectively, or an increase of 220 basis points.

Gross margin was 70.3% and 67.9% for the nine months ended September 30, 2024 and 2023, respectively, or an increase of 240 basis points.

The increase in gross margin for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 was primarily driven by a significantly higher proportion of revenue from the consignment model, which has a higher gross margin than the product model. The transition of our RaaS clients to consignment model and the introduction of the consignment model to our European operations in the third quarter of 2023 contributed to the growth in our consignment revenue, positively impacting our gross margin.

*Consignment Gross Margin*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | *(in thousands, except percentages)* | | | | | | | |
| Cost of consignment revenue | $ 11,354 | $ 10,131 | $ 1,223 | 12.1 % | $ 34,122 | $ 28,931 | $ 5,191 | 17.9 % |
| Consignment gross margin | 81.0 % | 82.5 % | | | 81.5 % | 81.7 % | | |

Consignment gross margin was 81.0% and 82.5% for the three months ended September 30, 2024 and 2023, respectively, or a decrease of 150 basis points. Consignment gross margin was 81.5% and 81.7% for the nine months ended September 30, 2024 and 2023, respectively, or a decrease of 20 basis points. The decrease in consignment gross margin for the three and nine months ended September 30, 2024 as compared to the same periods in 2023 was primarily due to an increase in outbound shipping and packaging costs.

*Product Gross Margin*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | *(in thousands, except percentages)* | | | | | | | |
| Cost of product revenue | $ 9,687 | $ 15,291 | $ (5,604) | (36.6)% | $ 34,816 | $ 48,246 | $ (13,430) | (27.8)% |
| Product gross margin | 26.5 % | 36.8 % | | | 26.6 % | 41.8 % | | |

Product gross margin was 26.5% and 36.8% for the three months ended September 30, 2024 and 2023, respectively, or a decrease of 1,030 basis points. The decrease in product gross margin for the three months ended September 30, 2024 as compared to the same period in 2023 was primarily due to a 1,200 basis point increase in product inventory costs, mainly driven by our European operations. This decrease was partially offset by a 170 basis point decrease in shipping, labor, and packaging costs.

Product gross margin was 26.6% and 41.8% for the nine months ended September 30, 2024 and 2023, respectively, or a decrease of 1,520 basis points. The decrease in product gross margin for the nine months ended September 30, 2024 as compared to the same period in 2023 was due to a 1,740 increase in product inventory costs, mainly driven by our European operations, partially offset by a 220 basis point decrease in shipping, labor, and packaging costs.

*Operations, Product, and Technology*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | (in thousands, except percentages) | | | | | | | |
| Operations, product, and technology | $ 37,190 | $ 40,355 | $ (3,165) | (7.8)% | $ 117,162 | $ 118,473 | $ (1,311) | (1.1)% |
| Operations, product, and technology as a percentage of total revenue | 50.9 % | 49.2 % | | | 50.4 % | 49.2 % | | |

Operations, product, and technology expenses decreased $3.2 million, or 7.8% for the three months ended September 30, 2024 as compared to the same period in 2023. The decrease was due to a $2.0 million decrease in personnel-related costs following our workforce reorganization in March 2024 and a $1.2 million decrease in facilities, technology, and other costs. The increase in operations, product, and technology expenses as a percentage of total revenue was primarily due to the decline in total revenue.

Operations, product, and technology expenses decreased $1.3 million, or 1.1% for the nine months ended September 30, 2024 as compared to the same period in 2023. The decrease was primarily due to a $5.1 million decrease in personnel-related costs, primarily due to our workforce reorganization in March 2024. This decrease was partially offset by a $2.1 million increase in inbound shipping related to consignment revenue, an $0.8 million increase in facilities, technology, and other costs, as well as an $0.8 million increase in severance costs as a result of our workforce reorganization. The increase in operations, product, and technology expenses as a percentage of total revenue was primarily due to the decline in total revenue.

*Marketing*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | (in thousands, except percentages) | | | | | | | |
| Marketing | $ 15,299 | $ 19,406 | $ (4,107) | (21.2)% | $ 44,765 | $ 54,919 | $ (10,154) | (18.5)% |
| Marketing as a percentage of total revenue | 21.0 % | 23.7 % | | | 19.3 % | 22.8 % | | |

Marketing expenses decreased $4.1 million, or 21.2%, for the three months ended September 30, 2024 as compared to the same period in 2023. The decrease was due to a $2.4 million decrease in personnel-related costs, of which $1.1 million was related to stock-based compensation expense, primarily due to our workforce reorganization in March 2024 as well as a $2.0 million decrease in advertising costs. This decrease was partially offset by a $0.3 million increase in facilities, technology and other costs. The decrease in marketing expenses as a percentage of total revenue was due to a decrease in marketing spend coupled with a decline in total revenue.

Marketing expenses decreased $10.2 million, or 18.5%, for the nine months ended September 30, 2024 as compared to the same period in 2023. The decrease was primarily due to a $5.2 million decrease in personnel-related costs, of which $2.9 million was related to stock-based compensation expense, primarily due to our workforce reorganization in March 2024, as well as a $4.8 million decrease in advertising costs. The decrease in marketing expenses as a percentage of total revenue was due to a decrease in marketing spend coupled with a decline in total revenue.

*Sales, General and Administrative*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | *(in thousands, except percentages)* | | | | | | | |
| Sales, general, and administrative | $ 14,545 | $ 15,058 | $ (513) | (3.4)% | $ 47,558 | $ 47,147 | $ 411 | 0.9 % |
| Sales, general, and administrative as a percentage of total revenue | 19.9 % | 18.4 % | | | 20.5 % | 19.6 % | | |

Sales, general, and administrative expenses decreased $0.5 million, or 3.4%, for the three months ended September 30, 2024 as compared to the same period in 2023. The decrease was due to a $1.4 million decrease in personnel-related costs following our workforce reorganization in March 2024, of which $0.6 million was related to stock-based compensation expense. This decrease was partially offset by a $0.5 million increase in professional services, primarily related to strategic review costs for Remix, and a $0.4 million increase in facilities, technology and other costs. The increase in sales, general, and administrative expenses as a percentage of total revenue was primarily due to the decline in total revenue.

Sales, general, and administrative expenses increased $0.4 million, or 0.9%, for the nine months ended September 30, 2024 as compared to the same period in 2023. The increase was primarily due to a $1.3 million increase in severance costs as a result of our workforce reorganization in March 2024 and a $0.3 million increase in facilities, technology and other costs. This increase was partially offset by a $1.2 million decrease in personnel-related costs following our workforce reorganization in March 2024, of which $0.5 million was related to stock-based compensation expense. The increase in sales, general, and administrative expenses as a percentage of total revenue was primarily due to the decline in total revenue.

*Impairment of Long-lived Assets*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | (in thousands, except percentages) | | | | | | | |
| Impairment of long-lived assets | $ 9,814 | $ — | $ 9,814 | ** | $ 9,814 | $ — | $ 9,814 | ** |

During the third quarter of 2024, we conducted long-lived assets and goodwill impairment assessments in connection with our decision to exit the European market, coupled with the decline in our market capitalization. As a result, we recognized an impairment of long-lived assets of $9.8 million, of which $5.6 million related to certain property and equipment and $4.2 million related to intangible assets. See Notes 2. *Significant Accounting Policies* and 3. *Financial Instruments and Fair Value Measurements* for further discussion of our impairment policy and assessments, respectively.

*Interest Expense*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | (in thousands, except percentages) | | | | | | | |
| Interest expense | $ (629) | $ (732) | $ 103 | (14.1)% | $ (1,958) | $ (1,530) | $ (428) | 28.0 % |

Interest expense for the three months ended September 30, 2024 as compared to the same period in 2023, slightly decreased due to a lower outstanding debt balance.

Interest expense increased $0.4 million for the nine months ended September 30, 2024 as compared to the same period in 2023. This increase was primarily due to the capitalization of interest costs in the first quarter of 2023 in conjunction with the build-out of our distribution centers. We did not capitalize any interest in the same period in 2024.

*Other Income, Net*

| | Three Months Ended | | Change | | Nine Months Ended | | Change | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | Amount | % | September 30, 2024 | September 30, 2023 | Amount | % |
| | (in thousands, except percentages) | | | | | | | |
| Other income, net | $ 730 | $ 845 | $ (115) | (13.6)% | $ 2,573 | $ 2,006 | $ 567 | 28.3 % |

Other income, net for the three months ended September 30, 2024 as compared to the same period in 2023 slightly decreased due to a lower cash equivalents balance.

Other income, net increased $0.6 million for the nine months ended September 30, 2024 as compared to the same period in 2023. The increase was primarily due to an increase in interest income from our marketable securities due to a higher interest rate environment.

**Liquidity and Capital Resources**

We have historically generated negative cash flows from operations and have primarily financed our operations through private and public sales of equity securities and debt. As of September 30, 2024, we had cash, cash equivalents and short-term marketable securities of $55.3 million. Additionally, we have a term loan facility ("Term Loan") under which $22.5 million remained available to be drawn as of September 30, 2024 for the purchase of certain equipment, and we were in full compliance with our debt covenants under the Term Loan as of that date. See Note 7. *Long-Term Debt*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for a further discussion on our Term Loan.

We expect operating losses to continue in 2024 as we continue to invest in growing our business and our infrastructure. Our primary sources of liquidity are cash flows generated from operations, cash on hand and borrowings available under the Term Loan. Our primary use of cash includes product inventory costs and seller payouts, operating costs such as distribution network spend, product and technology expenses, marketing expenses, personnel expenses and other expenditures necessary to support our operations and our growth. Additionally, our primary capital expenditures are related to the set-up, expansion and/or automation of our distribution network. Based upon our current operating plans, we believe that our existing cash, cash equivalents and short-term marketable securities will be sufficient for at least the next 12 months and beyond to meet our short- and long-term capital requirements, and we do not anticipate expanding our distribution network to include additional locations in the near term. Our cash flow forecast 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, the timing of any future distribution center automation and expansion plans to support planned revenue growth, the expansion of sales and marketing activities, the potential introduction of new offerings and new RaaS clients, the continuing growth of our marketplaces and overall economic conditions. However, we expect that our capital expenditures will not be material in the remainder of 2024 as we have completed the first phase of our new distribution center in Texas. See the section titled "Risk Factors—Risks Relating to Our Indebtedness and Liquidity—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" within the 2023 10-K.

*Cash Flows*

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

| | Nine Months Ended | |
|---|---|---|
| | September 30, 2024 | September 30, 2023 |
| | (in thousands) | |
| Net cash provided by (used in): | | |
| Operating activities | $ (232) | $ (14,616) |
| Investing activities | (8,436) | 48,353 |
| Financing activities | (3,925) | (2,983) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 121 | (230) |
| Net change in cash, cash equivalents and restricted cash | $ (12,472) | $ 30,524 |

Changes in Cash Flows from Operating Activities

Net cash used in operating activities was $0.2 million during the nine months ended September 30, 2024, compared to net cash used of $14.6 million during the nine months ended September 30, 2023. The $14.4 million decrease in operating cash outflows was primarily due to an $1.4 million decrease in our net loss, adjusted by a $5.3 million increase in non-cash charges, and $7.7 million of favorable changes in operating assets and liabilities. The change in operating assets and liabilities was primarily due to a $9.2 million reduction in inventory, mainly driven by decreased upfront inventory purchases as we transitioned our RaaS clients and introduced our European operations to the consignment model in the third quarter of 2023, a $3.5 million reduction in accounts receivable due to timing in payment processing, and a $2.2 million increase in accrued and other liabilities due to timing of vendor payments. This was partially offset by a $7.1 million decrease in seller payable, primarily due to timing of seller credit cash-outs or redemptions and conversions to gift cards.

Changes in Cash Flows from Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2024 was $8.4 million as compared to net cash provided by investing activities of $48.4 million for the same period in 2023. The $56.8 million increase in cash outflows was primarily due to a $50.4 million decrease in maturities of marketable securities and a $14.8 million increase in purchases of marketable securities, partially offset by a $8.4 million decrease in purchases of property and equipment.

Changes in Cash Flows from Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2024 increased $0.9 million as compared to the same period in 2023 primarily due to a $1.7 million decrease in proceeds from issuance of stock-based awards, partially offset by a $0.7 million decrease in payroll taxes paid on stock-based award activity.

**Critical Accounting Policies and Estimates**

U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue, costs and expenses. Actual results could differ from those estimates.

There have been no material changes to our critical accounting policies since the 2023 10-K. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our condensed consolidated financial statements, see Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of the 2023 10-K.

*JOBS Act Accounting Election*

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act ("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 condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

*New Accounting Pronouncements*

See discussion under Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Part I, Item 1, *Financial Statements*, of this Quarterly Report on Form 10-Q for information on new accounting pronouncements.

**Item 3. Quantitative and Qualitative 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 September 30, 2024, we had cash and cash equivalents of $43.7 million and marketable securities of $11.6 million, consisting primarily of money market funds, commercial paper, U.S. treasury securities and U.S. government agency bonds, which carry a degree of interest rate risk. 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- to intermediate-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to fluctuations in interest rates.

The Term Loan bears variable interest rates tied to the prime rate, with a floor of 4.75%, and therefore carries interest rate risk. If interest rates were to increase or decrease by 1% for the year and our borrowing amounts on the Term Loan remained constant, the increase or decrease to our annual interest expense would not be material.

*Inflation Risk*

As of September 30, 2024, inflation remains at elevated levels in the U.S. and overseas where we conduct our business, resulting in rising interest rates and fuel, labor and processing, freight and other costs that have affected our gross margin and operating expenses. We believe these increases have negatively impacted our business, and although difficult to quantify, inflation is potentially having an adverse effect on our customers' ability to purchase in our marketplaces, resulting in slowing revenue and Order growth. If we are unable to increase our prices to sufficiently offset the rising costs of doing business, our profitability and financial position could be adversely impacted.

*Foreign Currency Exchange Rate Risk*

We transact business in Europe through Remix in multiple currencies. As a result, our operating results, cash flows and net investment in Remix are subject to fluctuations due to changes in foreign currency exchange rates. As of September 30, 2024, our most significant currency exposure was the Bulgarian lev. We manage our foreign currency exchange rate risks through natural hedges including foreign currency revenue and costs matching, as well as foreign currency assets offsetting liabilities. We have not entered into any hedging arrangements with respect to foreign currency risk, but we may do so in the future if our exposure to foreign currency becomes more significant.

Assets and liabilities of our foreign operations are translated into dollars at period-end rates, while income and expenses are translated using the average exchange rate during the period in which the transactions occurred. The related translation adjustments were reflected as an immaterial favorable foreign currency translation adjustment during the nine months ended September 30, 2024, which was recognized in accumulated other comprehensive loss within our condensed consolidated balance sheet.

A hypothetical 10% change in foreign currency exchange rates would not have had a material impact on our financial condition or results of operations during any of the periods presented.

## Item 4. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures*

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of September 30, 2024. The term "disclosure controls and procedures," as defined under the Exchange Act, means controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024.

*Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting that occurred during our most recent quarter ended September 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

*Inherent Limitations on Effectiveness of Controls*

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designated and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II. OTHER INFORMATION

### Item 1. 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.

### Item 1A. Risk Factors

The Company is supplementing the risk factors previously disclosed in the section titled “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on March 5, 2024 (our “Fiscal 2023 10-K”) and in the section titled “Risk Factors” in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024, filed with the SEC on May 6, 2024 and August 5, 2024 (our “First Quarter 2024 10-Q” and “Second Quarter 2024 10-Q”), to include the following risk factors, which should be read in conjunction with the other risk factors presented in our Fiscal 2023 10-K, First Quarter 2024 10-Q and Second Quarter 2024 10-Q.

***New Risk Factors***

***The price of our Class A common stock currently does not meet the requirements for continued listing on Nasdaq. If we fail to regain and maintain compliance with the minimum listing requirements, our Class A common stock may be delisted, which could materially adversely affect the liquidity of our Class A common stock.***

Our Class A common stock currently trades on the Nasdaq Stock Market LLC (“Nasdaq”). Nasdaq has requirements that a company must meet in order to remain listed on Nasdaq. For example, Nasdaq Listing Rule 5450(a)(1) requires listed securities to maintain a minimum bid price of $1.00 per share (the “Minimum Bid Price Requirement”) and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the Minimum Bid Price Requirement exists if the deficiency continues for a period of 30 consecutive trading days. Our Class A common stock is also listed on The Long Term Stock Exchange (“LTSE”), which has a similar Minimum Bid Price Requirement.

On September 24, 2024, we received written notice (the “Notice”) from the Listing Qualifications Department of Nasdaq (the “Nasdaq Listing Department”) notifying us that, based on the closing bid price of our Class A common stock for the last 34 consecutive trading days, we no longer comply with the Minimum Bid Price Requirement. The Notice had no immediate effect on the listing of our Class A common stock on The Nasdaq Global Select Market. Pursuant to the Nasdaq Listing Rules, we have been provided an initial compliance period of 180 calendar days from the Notice to regain compliance with the Minimum Bid Price Requirement. To regain compliance, the closing bid price of our Class A common stock must be at least $1.00 per share for a minimum of 10 consecutive trading days prior to March 24, 2025, and we must otherwise satisfy The Nasdaq Global Select Market’s requirements for listing. If we do not regain compliance within the compliance period(s), including any extensions that may be granted by Nasdaq, our Class A common stock will be subject to delisting. Pursuant to the LTSE Listing Rules, we have been given 180 calendar days, or until March 26, 2025, to regain compliance with the LTSE Minimum Bid Price Requirement. We intend to monitor the closing bid price of our Class A common stock and consider our available options to resolve the noncompliance with the applicable Minimum Bid Price Requirements. There can be no assurance that we will be able to regain compliance with Nasdaq’s or LTSE’s continued listing requirements or that Nasdaq or LTSE will grant us a further extension of time to regain compliance, if applicable. If our Class A common stock were to be delisted, the liquidity of our Class A common stock would be adversely affected, and the market price of our Class A common stock could decrease.

***We have recorded, and may be required to record in the future, significant charges if our long-lived assets and goodwill become impaired.***

We test long-lived assets and goodwill for impairment if changes in circumstances or the occurrence of events suggest impairment exists. In the third quarter of 2024, we announced our decision to exit the European market and initiated a strategic review of our Remix business. The decision to exit the European market, coupled with the decline in the Company’s market capitalization, were identified as qualitative indicators of potential impairment of long-lived assets and goodwill. As a result, we performed a long-lived assets impairment assessment as well as a quantitative goodwill impairment assessment on our one reporting unit, in connection with the preparation of the Company’s financial statements for the quarterly period ended September 30, 2024.

Based on this assessment, we recognized an impairment of long-lived assets of $9.8 million, of which $5.6 million related to certain property and equipment and $4.2 million related to intangible assets. The quantitative impairment assessment indicated that there was no impairment of goodwill related to our one reporting unit. In conducting the long-lived assets and goodwill impairment assessments, we estimated fair value using a combination of a market approach, which incorporated valuation multiples of comparable public companies and transactions, and an income approach based on projected discounted cash flows that included significant assumptions related to estimates of future revenues and operating expenses, long-term growth rates, working capital requirements, and discount rates.

It is possible that changes in circumstances, many of which are outside of our control, or in the numerous variables associated with the assumptions and estimates used in assessing the appropriate valuation of our long-lived assets and goodwill, could in the future result in other impairment charges, which could adversely affect our business, financial condition and results of operations.

***Modified Risk Factors***

***Our efforts to identify and consummate a strategic alternative for our European operations conducted through our Remix subsidiary may not be successful.***

Following a strategic review, we have determined to seek strategic alternatives for the Remix business with the intention to exit our existing European markets. Efforts to identify and consummate a strategic alternative may require significant management time and resources and have the potential to divert our attention from our ongoing business. We may need to make substantial investments of resources, including ongoing cash infusions to support the Remix business while we seek a strategic alternative, whether or not any strategic alternative is ultimately consummated. We also face risks associated with obtaining necessary regulatory approval for a strategic alternative, which could cause us to incur unanticipated liabilities and harm our business generally. We may be unsuccessful in identifying and consummating a strategic alternative for our European operations and any such alternative may not have the anticipated benefits, any of which could harm our business, results of operations and financial condition.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) None.

(c) None.

## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

(a) None.

(b) None.

(c) Rule 10b5-1 Trading Plans

During the three months ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Item 408 of Regulation S-K.

## Item 6. Exhibits

(a) Exhibit Index:

| Exhibit Number | Description | Incorporated by Reference | | |
|---|---|---|---|---|
| | | Form | Exhibit | Filing Date |
| 3.1* | Restated Certificate of Incorporation of the Registrant | 10-Q | 3.1 | 8/5/2024 |
| 3.2 | Amended and Restated Bylaws of the Registrant, as adopted on February 16, 2023 | 8-K | 3.1 | 2/21/2023 |
| 4.1 | Form of Class A common stock certificate of the Registrant | S-1 | 4.1 | 3/3/2021 |
| 4.2 | Tenth Amended and Restated Investors' Rights Agreement, dated February 16, 2021, by and among the Registrant and certain of its stockholders | S-1 | 4.2 | 3/3/2021 |
| 31.1* | Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | |
| 31.2* | Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | |
| 32.1** | Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | |
| 32.2** | Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | |
| 101.INS* | XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | | | |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document | | | |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | | |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document | | | |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document | | | |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | | |
| 104* | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101) | | | |

* Filed herewith.
** Furnished herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**THREDUP INC.**

By: /s/ SEAN SOBERS
Sean Sobers
*Chief Financial Officer*
(Principal Financial and Accounting Officer)

Date: November 4, 2024

**Exhibit 31.1**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James Reinhart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ThredUp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JAMES REINHART
James Reinhart
*Chief Executive Officer*
(Principal Executive Officer)

Date: November 4, 2024

**Exhibit 31.2**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Sobers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ThredUp Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ SEAN SOBERS
Sean Sobers
*Chief Financial Officer*
(Principal Financial and Accounting Officer)

Date: November 4, 2024

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

I, James Reinhart, Chief Executive Officer of ThredUp Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

By: /s/ JAMES REINHART
James Reinhart
*Chief Executive Officer*
(Principal Executive Officer)

Date: November 4, 2024

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean Sobers, Chief Financial Officer of ThredUp Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

By: /s/ SEAN SOBERS
Sean Sobers
*Chief Financial Officer*
(Principal Financial and Accounting Officer)

Date: November 4, 2024