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 March 31, 2022

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 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	
Oakland, CA	**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

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 ☒

The registrant had 58,666,102 shares of Class A common stock, $0.0001 par value per share, and 40,383,662 shares of Class B common stock, $0.0001 par value per share, outstanding as of April 29, 2022.

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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” 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;
- our ability to attract and retain buyers and sellers and the continued impact of network effects as we scale our platform;
- our ability to continue to generate revenue from new Resale-as-a-Service (“RaaS”) offerings that are our future sources of revenue;
- trends in our key financial and operating metrics;
- our estimated market opportunity;
- economic and industry trends, projected growth or trend analysis;
- our ability to comply with laws and regulations;
- the effect of uncertainties related to the global COVID-19 pandemic, including as a result of the recent Omicron variant, the BA.2 subvariants and any new strains or variants of the virus and recovery therefrom on United States and global economies, our business, results of operations, financial condition, demand for secondhand and resale items, sales cycles and buyer and seller retention;
- our ability to remediate our material weakness in our internal control over financial reporting;
- our ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments; and
- the increased expenses associated with being a public company.

You should not rely upon forward-looking statements as predictions of future events. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on March 22, 2022 and 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.

thredUP is one of the world’s largest online resale platforms for women’s and kids’ 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 marketplace.

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements (Unaudited)

ThredUp Inc.
Condensed Consolidated Balance Sheets
(in thousands, except per share data)
(unaudited)

	March 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 68,597	$ 84,550
Marketable securities	115,189	121,277
Accounts receivable, net	2,971	4,136
Inventory, net	12,025	9,825
Other current assets	9,634	8,625
Total current assets	208,416	228,413
Operating lease right-of-use assets	42,937	39,340
Property and equipment, net	73,132	55,466
Goodwill	12,043	12,238
Intangible assets	12,942	13,854
Other assets	11,558	11,515
Total assets	$ 361,028	$ 360,826
Liabilities, Convertible Preferred Stock and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 19,529	$ 13,336
Accrued and other current liabilities	50,970	45,253
Seller payable	20,640	19,125
Operating lease liabilities, current	4,433	3,931
Current portion of long-term debt	7,780	7,768
Total current liabilities	103,352	89,413
Operating lease liabilities, non-current	42,030	36,997
Long-term debt	25,634	27,559
Other non-current liabilities	2,324	1,123
Total liabilities	173,340	155,092
Commitments and contingencies (Note 11)		
Convertible preferred stock: $0.0001 par value; 100,000 shares authorized as of March 31, 2022 and December 31, 2021; no shares issued and outstanding as of March 31, 2022 and December 31, 2021	—	—
Stockholders' equity:		
Class A and B common stock, $0.0001 par value; 1,120,000 shares authorized as of March 31, 2022 and December 31, 2021; 98,942 and 98,435 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	10	10
Additional paid-in capital	526,533	522,161
Accumulated other comprehensive loss	(2,804)	(1,094)
Accumulated deficit	(336,051)	(315,343)
Total stockholders' equity	187,688	205,734
Total liabilities, convertible preferred stock and stockholders' equity	$ 361,028	$ 360,826

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

ThredUp Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Revenue:		
Consignment	$ 47,435	$ 44,688
Product	25,260	10,992
Total revenue	72,695	55,680
Cost of revenue:		
Consignment	10,049	10,832
Product	12,418	5,130
Total cost of revenue	22,467	15,962
Gross profit	50,228	39,718
Operating expenses:		
Operations, product and technology	39,161	28,312
Marketing	16,978	15,446
Sales, general and administrative	14,664	10,638
Total operating expenses	70,803	54,396
Operating loss	(20,575)	(14,678)
Interest expense	(423)	(559)
Other income (expense), net	303	(907)
Loss before provision for income taxes	(20,695)	(16,144)
Provision for income taxes	13	27
Net loss	$ (20,708)	$ (16,171)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.21)	$ (0.86)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	98,624	18,701

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

ThredUp Inc.

Condensed Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Net loss	$ (20,708)	$ (16,171)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(708)	—
Unrealized loss on available-for-sale debt securities	(1,002)	—
Total comprehensive loss	$ (22,418)	$ (16,171)

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

ThredUp Inc.
Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity
(in thousands)
(unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	—	$ —	98,435	$ 10	$ 522,161	$ (1,094)	$ (315,343)	$ 205,734
Exercise of stock options	—	—	334	—	754	—	—	754
Stock-based compensation	—	—	—	—	3,618	—	—	3,618
Issuance of common stock to settle restricted stock units	—	—	173	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(1,710)	—	(1,710)
Net loss	—	—	—	—	—	—	(20,708)	(20,708)
Balance as of March 31, 2022	—	$ —	98,942	$ 10	$ 526,533	$ (2,804)	$ (336,051)	$ 187,688

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020	65,971	$ 247,041	12,890	$ 1	$ 29,989	$ —	$ (252,167)	$ (222,177)
Exercise of stock options	—	—	1,458	—	1,875	—	—	1,875
Stock-based compensation	—	—	—	—	3,498	—	—	3,498
Conversion of preferred stock warrants to Class B common stock warrants	—	—	—	—	1,827	—	—	1,827
Preferred stock conversion to Class B common stock	(65,971)	(247,041)	65,971	7	247,034	—	—	247,041
Sale of Class A common stock upon initial public offering, net of issuance costs	—	—	13,800	1	175,533	—	—	175,534
Cashless exercise of common stock warrant	—	—	25	—	—	—	—	—
Net loss	—	—	—	—	—	—	(16,171)	(16,171)
Balance as of March 31, 2021	—	$ —	94,144	$ 9	$ 459,756	$ —	$ (268,338)	$ 191,427

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

ThredUp Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2022	**2021**
Cash flows from operating activities		
Net loss	$ (20,708)	$ (16,171)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,271	2,038
Stock-based compensation expense	3,523	3,498
Reduction in the carrying amount of right-of-use assets	1,398	1,318
Changes in fair value of convertible preferred stock warrants and others	481	1,048
Changes in operating assets and liabilities:		
Accounts receivable, net	1,143	97
Inventory, net	(2,313)	37
Other current and non-current assets	(2,162)	(457)
Accounts payable	1,601	4,722
Accrued and other current liabilities	4,912	4,784
Seller payable	1,521	1,470
Operating lease liabilities	539	(1,311)
Other non-current liabilities	115	4
Net cash (used in) provided by operating activities	(6,679)	1,077
Cash flows from investing activities		
Maturities of marketable securities	4,726	—
Purchase of property and equipment	(12,638)	(4,099)
Net cash used in investing activities	(7,912)	(4,099)
Cash flows from financing activities		
Proceeds from debt issuance	—	4,625
Repayment of debt	(2,000)	—
Proceeds from issuance of Class A common stock, net of underwriting discounts and commissions	—	180,284
Proceeds from exercise of common stock options	809	1,875
Payment of costs for the initial public offering	—	(1,733)
Net cash (used in) provided by financing activities	(1,191)	185,051
Effect of exchange rate changes on cash and cash equivalents	(172)	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(15,954)	182,029
Cash, cash equivalents and restricted cash		
Beginning of period	91,840	67,539
End of period	$ 75,886	$ 249,568

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

1. Organization and Description of Business

ThredUp Inc. ("ThredUp" or the "Company") was formed as a corporation in the State of Delaware in January 2009. ThredUp is a large resale platform that enables consumers to buy and sell primarily secondhand women's and kid's apparel, shoes and accessories. The Company has corporate offices in Oakland, California, Scottsdale, Arizona and Bulgaria, distribution centers in Pennsylvania, Georgia, Arizona and Bulgaria and processing centers in Texas and Tennessee. We have additional distribution centers in Texas and Bulgaria under construction.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying 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 generally accepted accounting principles ("GAAP") in the United States ("U.S.") 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 can be condensed or omitted.

The preparation of consolidated financial statements in conformity 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, allowance for bad debts, breakage on loyalty points and rewards and valuation of inventory, stock-based compensation, right-of-use assets, goodwill and acquired intangibles and income taxes.

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 March 31, 2022, 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 for the year ended December 31, 2021, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 22, 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, cash equivalents, marketable securities and accounts receivable. The Company deposits cash at major financial institutions, and at times, such cash may exceed federally insured limits. The credit risk is believed to be minimal due to the financial position of the depository institutions in which those deposits are held. The Company has never experienced any losses on deposits since inception. The Company's investment policy restricts cash investments to highly liquid, short to intermediate-term, high grade fixed income securities, and as a result, the Company believes its cash equivalents and marketable securities represent minimal credit risk.

Revenue from Loyalty Reward Redemption or Expiration

As of March 31, 2022 and December 31, 2021, the Company had a liability of $3.4 million and $4.0 million, respectively, related to the loyalty program which is included in accrued and other current liabilities in the consolidated balance sheets. The Company recognized $2.7 million and $3.3 million of revenue from loyalty reward redemption or expiration for the three months ended March 31, 2022 and 2021, respectively.

Net Loss Per Share Attributable to Common Stockholders

The Company follows the two-class method when computing net loss per common share when shares issued meet the definition of participating securities. The rights, including the liquidation and dividend rights and sharing of losses, of the Class A common stock and Class B common stock are identical, other than voting rights. As the liquidation and dividend rights and sharing of losses are identical, the undistributed earnings are allocated on a proportionate basis and the resulting net loss per share attributed to common stockholders will, therefore, be the same for both Class A and Class B common stock on an individual or combined basis.

For periods in which the Company reports net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets to the amounts shown in the condensed consolidated statements of cash flows (in thousands):

	March 31, 2022	December 31, 2021
Cash and cash equivalents	$ 68,597	$ 84,55
Restricted cash, current	560	56
Restricted cash, non-current	6,729	6,73
Total cash, cash equivalents and restricted cash	$ 75,886	$ 91,84

Restricted cash, non-current of $6.7 million and $6.7 million is included in the other assets in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021, respectively.

Fair Value Measurements

Fair value accounting is applied for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). As of March 31, 2022 and December 31, 2021, the carrying amount of accounts receivable, other current assets, other assets, accounts payable, seller payable and accrued and other current liabilities approximated their estimated fair value due to their relatively short maturities. Management believes the terms of its long-term debt reflect current market conditions for an instrument with similar terms and maturity, therefore the carrying value of the Company’s debt approximated its fair value.

Assets and liabilities recorded at fair value on a recurring basis on the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted prices in active markets included in Level 1) are either directly or indirectly observable for the asset or liability. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

New Accounting Pronouncements Recently Issued But Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-02, ASU 2020-03 and ASU 2022-02 which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. This standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company has not early adopted this standard and is currently evaluating the impact of this standard on its consolidated financial statements.

3. Financial Instruments and Fair Value Measurements

The following table provides the financial instruments measured at fair value (in thousands):

	Fair Value as of March 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash equivalents:				
Money market fund	$ 8,858	$ —	$ —	$ 8,858
U.S. treasury securities	4,798	—	—	4,798
Commercial paper	—	18,532	—	18,532
U.S. government agency bonds	2,450	—	—	2,450
Total cash equivalents	$ 16,106	$ 18,532	$ —	$ 34,638
Marketable securities				
Corporate debt securities	$ 50,573	$ —	$ —	$ 50,573
U.S. treasury securities	36,873	—	—	36,873
U.S. government agency bonds	27,743	—	—	27,743
Total marketable securities	$ 115,189	$ —	$ —	$ 115,189
Total	$ 131,295	$ 18,532	$ —	$ 149,827

	Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market fund	$ 41,376	$ —	$ —	$ 41,37
Commercial paper	—	12,098	—	12,09
Total cash equivalents	$ 41,376	$ 12,098	$ —	$ 53,47
Marketable securities				
Corporate debt securities	$ 55,921	$ —	$ —	$ 55,92
U.S. treasury securities	37,190	—	—	37,19
U.S. government agency bonds	28,166	—	—	28,16
Total marketable securities	$ 121,277	$ —	$ —	$ 121,27
Total	$ 162,653	$ 12,098	$ —	$ 174,75

The following tables summarize the cost or amortized cost, gross unrealized gains, gross unrealized losses and fair value of the marketable securities as of March 31, 2022 and December 31, 2021 (in thousands):

	March 31, 2022			
	Cost or Amortized Cost	Unrealized		Fair Valu
		Gains	Losses	
Corporate debt securities	$ 51,106	$ —	$ (533)	$ 5
U.S. treasury securities	37,267	—	(394)	3
U.S. government agency bonds	28,183	—	(440)	2
Total	$ 116,556	$ —	$ (1,367)	$ 11

	December 31, 2021			
	Cost or Amortized Cost	Unrealized		Fair Valu
		Gains	Losses	
Corporate debt securities	$ 56,098	$ —	$ (177)	$ 5
U.S. treasury securities	37,286	—	(96)	3
U.S. government agency bonds	28,258	—	(92)	2
Total	$ 121,642	$ —	$ (365)	$ 12

As of March 31, 2022 and December 31, 2021, the amortized cost of the Company's cash equivalents approximate their estimated fair value. As such, there are no unrealized gains or losses related to the Company's cash equivalents.

For all of the marketable securities, 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’s money market funds, U.S. treasury securities, corporate debt securities and U.S. government agency bonds were valued using Level 1 inputs because they are valued using quoted market prices.

The Company’s commercial papers were valued using Level 2 inputs because they are 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 between levels during the three months ended March 31, 2022. As of March 31, 2022, of the $115.2 million carrying amount of marketable securities, $71.6 million had a contractual maturity date of less than one year and $43.6 million had a contractual maturity date between one to two years.

4. Property and Equipment, Net

Property and equipment, net consists of the following (in thousands):

	March 31, 2022	December 31, 2021
Property and equipment	$ 96,316	$ 76,028
Less: accumulated depreciation and amortization	(23,184)	(20,562)
Property and equipment, net	$ 73,132	$ 55,466

Depreciation and amortization expense of property and equipment was $2.6 million and $2.0 million for the three months ended March 31, 2022 and 2021, respectively.

5. Goodwill and Other Intangible Assets

The goodwill is primarily attributable to the planned growth in the combined business after the acquisition of Remix Global EAD (“Remix”). Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any interim indicators of impairment. The carrying amount of goodwill was $12.0 million as of March 31, 2022 and $12.2 million as of December 31, 2021. The change is due to the foreign currency translation adjustments.

The gross carrying amounts and accumulated amortization of the intangible assets with determinable lives are as follows (in thousands):

		As of March 31, 2022		
Intangible assets with determinable lives	**Amortization Period (years)**	**Gross carrying amount**	**Accumulated amortization**	**Carrying amount, net**
Customer relationships	8	$ 5,001	$ (301)	$ 4,700
Developed technology	3	4,712	(753)	3,959
Trademarks	9	4,520	(237)	4,283
Total		$ 14,233	$ (1,291)	$ 12,942

Intangible assets with determinable lives	Amortization Period (years)	As of December 31, 2021 Gross carrying amount	Accumulated amortization	Carrying amount, net
Customer relationships	8	$ 5,092	$ (150)	$ 4,942
Developed technology	3	4,798	(373)	4,425
Trademarks	9	4,602	(115)	4,487
Total		$ 14,492	$ (638)	$ 13,854

The changes in the gross carrying amounts are due to foreign currency translation.

Developed technology, customer relationships, and trademarks intangibles amortization is recorded within operations, product and technology, sales general and administrative, and marketing expense lines, respectively, within the consolidated statements of operations. The amortization expense of intangible assets with determinable lives was $0.7 million and zero for the three months ended as of March 31, 2022 and 2021, respectively.

6. Balance Sheet Components

Inventories consist of the following (in thousands):

	March 31, 2022	December 31, 2021
Finished goods	$ 9,907	$ 8,247
Raw materials	1,450	908
Work in progress	668	670
	$ 12,025	$ 9,825

Accrued and other current liabilities consist of the following (in thousands):

	March 31, 2022	December 31, 2021
Gift card and site credit liabilities	$ 13,770	$ 13,223
Accrued vendor liabilities	9,398	6,031
Allowance for returns	7,366	6,209
Accrued compensation	6,795	6,438
Deferred revenue	6,213	5,878
Accrued taxes	5,419	5,728
Accrued other	2,009	1,746
	$ 50,970	$ 45,253

7. Lease Agreements

The Company’s operating lease expense was $2.4 million and $2.1 million for the three months ended March 31, 2022 and 2021, respectively.

Maturities of operating lease liabilities were as follows as of March 31, 2022 (in thousands):

	Amount
Remainder of 2022	$ 6,804
2023	8,487
2024	7,543
2025	6,740
2026	6,386
Thereafter	29,947
Total lease payments	65,907
Less: imputed interest	(14,934)
Less: tenant improvement allowance yet to be received	(4,510)
Total lease liabilities	46,463
Less: current lease liabilities	(4,433)
Total non-current lease liabilities	$ 42,030

In December 2021, the Company entered into an agreement to lease a distribution center in Sofia, Bulgaria. The leased property, which contains both logistics and office areas, is divided into three spaces with separate commencement dates of March 1, 2022 and targeted dates in May 2022 and June 2023. The base rent for the first stage space is approximately €6.1 million or $6.8 million, estimated at March 31, 2022 Euro to USD spot rate, in aggregate over the original term of 10 years from the commencement date.

In January 2022, the Company entered into an agreement to lease office space in Sofia, Bulgaria. The Company anticipates delivery of the leased property, accounting commencement and recording of the related right of use asset and liability to occur during the second quarter of 2022. The base rent is approximately €4.3 million or $4.7 million, estimated at March 31, 2022 Euro to USD spot rate, in aggregate over the original term of 10 years from the commencement date.

8. Long-term Debt

The Company entered into a loan and security agreement (“Term Loan”) with Western Alliance Bank for an aggregate amount up to $40.0 million to refinance its Loan and Security Agreement with Silicon Valley Bank in February 2019. The Term Loan was amended five times before December 31, 2021. The amended interest rate on the Term Loan is the prime rate published in The Wall Street Journal plus 1.5% with a floor of 5.50% per annum.

As of March 31, 2022, the nominal interest rate was 5.50% and the effective interest rate was 6.65%. The Company is in compliance with the covenants as of March 31, 2022.

The Company has repaid $6.0 million of the Term Loan as of March 31, 2022. The remaining maturities of the loan agreement as of March 31, 2022 are as follows (in thousands):

	Amount
Remainder of 2022	$ 6,000
2023	8,000
2024	20,000
Thereafter	—
Total future principal	34,000
Less: unamortized debt discount	(586)
Less: current portion of long-term debt	(7,780)
Non-current portion of long-term debt	$ 25,634

9. Common Stock

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 issued and outstanding as of March 31, 2022.

	As of March 31, 2022	
	Authorized	Issued and Outstanding
	(in thousands)	
Common stock Class A	1,000,000	58,558
Common stock Class B	120,000	40,384
Total common stock	1,120,000	98,942

10. Stock-Based Compensation Plans

The Company's stock-based compensation plans are described in more detail in Note 11, Stock-Based Compensation Plans, to the consolidated financial statements in the 2021 Form 10-K.

2021 Stock Option and Incentive Plan

In February 2021, in connection with the Initial Public Offering (“IPO”), the Company’s board of directors adopted the 2021 Stock Option and Incentive Plan (“2021 Plan”) to replace the Second Amended and Restated 2010 Stock Plan, which was subsequently approved by the Company’s stockholders in March 2021. The 2021 Plan became effective on March 24, 2021.

2021 Employee Stock Purchase Plan

In February 2021, the Company’s board of directors adopted the Employee Stock Purchase Plan (“ESPP”), which was subsequently approved by the stockholders in March 2021. The ESPP became effective on March 24, 2021. There was $0.2 million and zero in stock-based compensation related to the ESPP for the three months ended March 31, 2022 and 2021, respectively.

Restricted Stock Units

The Company issues service-based and performance-based restricted stock units (“RSU”) to employees. The RSUs automatically convert to shares of the Company’s common stock on a one-for-one basis as the awards vest. RSUs granted to newly hired employees typically vest 25% annually over 4 years commencing on the date of grant. The RSUs are measured at grant date fair value, at the market price of the Company’s Class A common stock on the grant date. The Company records stock-based compensation expense related to the RSUs ratably over the employee’s respective requisite service period. During the three months ended March 31, 2022, the Company granted 749,842 shares of RSUs with a weighted average grant date fair value at $8.81 under the 2021 Plan.

Stock-based Compensation

Total stock-based compensation expense by department is as follows (in thousands):

	Three Months Ended March 31,	
	2022	2021
Operations, product and technology	$ 1,392	$ 1,350
Marketing	333	437
Sales, general and administrative	1,798	1,711
Total stock-based compensation expense	$ 3,523	$ 3,498

11. 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 general indemnification. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future, but that have not yet been made.

12. Income Taxes

The quarterly income tax provision reflects an estimate of the corresponding quarter's state taxes in the United States. The provision for income tax expense for the three months ended March 31, 2022 and 2021 was determined based upon estimates of the Company's annual effective tax rate for the years ending December 31, 2022 and 2021, respectively. Since the Company is in a full valuation allowance position, due to losses incurred since inception, the provision for taxes consist solely of certain state income taxes.

13. Net Loss Per Share Attributable to Common Stockholders

The following participating securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive:

	As of March 31,	
	2022	2021
	(in thousands)	
Outstanding stock options	18,825	22,068
Restricted stock units	1,830	96
Delayed share issuance related to acquisition	130	—
Employee stock purchase plan	105	—
Outstanding Class B common stock warrants	—	138
Total	20,890	22,302

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 together with our condensed financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our audited financial statements and related notes and our Annual Report on Form 10-K filed with the SEC on March 22, 2022. 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 is one of the world's largest online resale platforms for women's and kids' apparel, shoes and accessories. Our mission is to inspire a new generation of consumers 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 April 2021.

thredUP's proprietary operating platform is the foundation for our managed marketplace, where we have bridged online and offline technology to make the buying and selling of tens of millions of unique items easy and fun. The marketplace we have built enables buyers to browse and purchase resale items for primarily women's and kids' apparel, shoes and accessories across a wide range of price points. Buyers love shopping value, premium and luxury brands all in one place, at up to 90% off estimated retail price. Sellers love thredUP because we make it easy to clean out their closets and unlock value for themselves or for the charity of their choice while doing good for the planet. 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.

In 2018, based on our success with consumers directly, we extended our platform to enable brands and retailers to participate in the resale economy. Some of the world's leading brands and retailers are already 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.

In October 2021, we closed the acquisition of Remix Global EAD ("Remix"), a fashion resale company headquartered in Sofia, Bulgaria, which further expands our reach to European customers. With this acquisition, we added a complementary operational infrastructure and an experienced management team to enable our expansion into Europe. In addition, Remix's product assortment extends our resale offering to include men's items and items sourced from a variety of supply channels, such as wholesale supply.

Recent Business Developments

Acquisition of Remix Global EAD

On July 24, 2021, we entered into Share Purchase Agreements with the shareholders of Remix to purchase 100% of the outstanding equity interests of Remix and its subsidiary. On October 7, 2021, we completed our acquisition of Remix.

COVID-19 Update

The COVID-19 pandemic has been and continues to be a complex and evolving situation. We continue to monitor the development of the pandemic, including the impact of the Omicron variant, the BA.2 subvariants and other SARS-CoV-2 viruses, federal, state and local government response, vaccination rates, the impact on our supply chain and the impact on our employees. We have prioritized the safety of our employees during the pandemic. In 2020, we shifted all of our corporate employees and contract engineers to a remote work model and implemented additional measures to better enable remote work. As of March 31, 2022, our remote work model remains largely in place.

Financial Impact

In the three months ended March 31, 2022, we experienced an increase in demand partially due to COVID-19 recovery and re-opening efforts. Gross margin and operating expenses were impacted due to rising labor, processing and other costs to support the demand

Impact on Processing at our Distribution and Processing Centers

COVID-19 and ongoing recovery also contributed to a tightened labor supply. We continue to face challenges in hiring and retaining employees. We have implemented compensation and benefits programs to attract potential employees and to improve employee retention. These programs caused, along with an inflationary labor market, higher Cost of Revenue and higher Operations, Product and Technology expenses and negatively impacted our results of operations.

We expect that the COVID-19 pandemic will continue to have an adverse impact on our business, results of operations and financial condition, including our revenue and cash flows in the short term. Due to the unpredictable nature of the pandemic, it is difficult to predict the long-term impact on our business. See the section titled “Risk Factors” in our Annual Report on Form 10-K filed with the SEC on March 22, 2022 for further discussion of the possible impact of the COVID-19 pandemic on our business, operations and financial condition.

Overview of First Quarter Results

Revenue: Total revenue was a record at $72.7 million, an increase of 31% year-over-year.

Gross Profit and Margin: Gross profit totaled $50.2 million representing growth of 26% year-over-year. Gross margin decreased by 224 basis points to 69% from 71% in the comparable quarter last year.

Net Loss: GAAP net loss was $20.7 million for the first quarter 2022, compared to a GAAP net loss of $16.2 million for the first quarter 2021.

Adjusted EBITDA: Adjusted EBITDA loss was $13.0 million, a negative 18% of revenue, compared to Adjusted EBITDA loss of $9.1 million for the first quarter 2021, a negative 16% of the first quarter 2021 revenue.

Active Buyers and Orders: Total first quarter of 2022 Active Buyers of 1.72 million and Orders of 1.64 million grew 33% and 45%, respectively, compared to the first quarter of 2021.

Key Financial and Operating Metrics

Our unaudited condensed consolidated financial statements were prepared in accordance with generally accepted accounting principles ("GAAP") in the United States ("U.S."). 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 March 31,		% Change
	2022	2021	2022 vs 2021
	(in thousands)		
Active Buyers (as of period end)	1,715	1,290	33 %
Orders	1,640	1,128	45 %
Net loss	$ (20,708)	$ (16,171)	28 %
Net loss margin	(28)%	(29)%	1 %
Adjusted EBITDA loss[1]	$ (12,963)	$ (9,119)	42 %
Adjusted EBITDA margin	(18)%	(16)%	(2)%

(1) See below for a reconciliation of Adjusted EBITDA 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 in our marketplace. A thredUP buyer is identified by a unique email address and a single person could have multiple thredUP accounts and count as multiple Active Buyers. The number of Active Buyers is a key driver of revenue for our marketplace and we expect the number of Active Buyers to increase over time.

Orders

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

Adjusted EBITDA

Adjusted EBITDA means net loss adjusted to exclude, where applicable in a given period, depreciation and amortization, stock-based compensation expense, acquisition and offering related expenses, interest expense, change in fair value of convertible preferred stock warrant liability, provision for income taxes and organizational alignment expenses. We use Adjusted EBITDA, a Non-GAAP metric, to evaluate and assess our operating performance and the operating leverage in our business, and for internal planning and forecasting purposes. We believe that Adjusted EBITDA, when taken collectively with our GAAP results, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results.

The following table provides a reconciliation of net loss to Adjusted EBITDA (in thousands):

	Three Months Ended March 31,	
	2022	**2021**
Adjusted EBITDA Reconciliation:		
GAAP Net loss	$ (20,708)	$ (16,171)
Depreciation and amortization	3,271	2,038
Stock-based compensation expense	3,523	3,498
Interest expense	423	559
Acquisition related expenses	204	—
Organizational alignment expenses	311	—
Change in fair value of convertible preferred stock warrant liability	—	930
Provision for income taxes	13	27
Non-GAAP Adjusted EBITDA	$ (12,963)	$ (9,119)

Results of Operations

The following table sets forth our results of operations for the periods presented:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	(in thousands)	
Revenue:		
Consignment	$ 47,435	$ 44,688
Product	25,260	10,992
Total revenue	72,695	55,680
Cost of revenue:		
Consignment	10,049	10,832
Product	12,418	5,130
Total cost of revenue	22,467	15,962
Gross profit	50,228	39,718
Operating expenses:		
Operations, product and technology	39,161	28,312
Marketing	16,978	15,446
Sales, general and administrative	14,664	10,638
Total operating expenses	70,803	54,396
Operating loss	(20,575)	(14,678)
Interest expense	(423)	(559)
Other income (expense), net	303	(907)
Loss before provision for income taxes	(20,695)	(16,144)
Provision for income taxes	13	27
Net loss	$ (20,708)	$ (16,171)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.21)	$ (0.86)

Comparison of the Three Months Ended March 31, 2022 and 2021

Revenue

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Consignment revenue	$ 47,435	$ 44,688	$ 2,747	6 %
Product revenue	25,260	10,992	14,268	130 %
Total revenue	$ 72,695	$ 55,680	$ 17,015	31 %
Consignment revenue as a % of total revenue	65 %	80 %		
Product revenue as a % of total revenue	35 %	20 %		

The $17.0 million increase in total revenue represents a 31% increase in total revenue for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. This increase was primarily attributable to a 45% increase in Orders and growth in Active Buyers of 33% largely driven by the addition of our European operations, offset by a 10% decrease in revenue per Order over the same period. The 10% decrease in revenue per Order was primarily due to lower revenue per Order for our European operations compared with our domestic operations.

Product revenue increased by 130% for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021 and represented 35% of total revenue. This revenue increased primarily due to the introduction of our European operations, which is primarily product revenue, and a smaller increase in our domestic product revenue.

Cost of Revenue

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Cost of consignment revenue	$ 10,049	$ 10,832	$ (783)	(7)%
Cost of product revenue	12,418	5,130	7,288	142 %
Total cost of revenue	$ 22,467	$ 15,962	$ 6,505	41 %
Gross profit	$ 50,228	$ 39,718	$ 10,510	26 %
Gross profit margin	69 %	71 %		
Cost of revenue as a % of total revenue	31 %	29 %		
Cost of consignment revenue as a % of total cost of revenue	45 %	68 %		
Cost of product revenue as a % of total cost of revenue	55 %	32 %		

Total cost of revenue as a percentage of total revenue was 31% for the three months ended March 31, 2022, an increase of 200 basis points from 29% for the three months ended March 31, 2021. This decrease in gross profit margin was primarily attributable to the addition of our European operations beginning in October 2021, which is primarily product sales with lower profit gross margin compared to our consignment sales.

Consignment sales result in higher gross profit margin than product sales because revenue for consignment sales is recognized net of seller payouts, whereas, for product sales, seller payouts are recognized as a component of cost of revenue, leading to different gross margin profiles between consignment sales and product sales.

Cost of Consignment Revenue

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Cost of consignment revenue	$ 10,049	$ 10,832	$ (783)	(7)%
As a percent of consignment revenue	21 %	24 %		
Consignment gross margin	79 %	76 %		

The $0.8 million decrease in cost of consignment revenue represents a 7% decrease in the cost of consignment revenue for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

The decrease in cost of consignment revenue for the three months ended March 31, 2022 was driven by the related costs outlined in the below table. Consignment gross margin increased 300 basis points to 79% for the three months ended March 31, 2022. Outbound shipping and packaging costs decreased mainly due to consolidation of our outbound shipping process across distribution centers.

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Outbound shipping	$ 6,617	$ 8,117	$ (1,500)	(18)%
Direct labor	2,459	1,865	594	32 %
Packaging	736	913	(177)	(19)%
Other	237	(63)	300	*
Total cost of consignment revenue	$ 10,049	$ 10,832	$ (783)	(7)%

** Not meaningful*

Cost of Product Revenue

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Cost of product revenue	$ 12,418	$ 5,130	$ 7,288	142 %
As a percent of product revenue	49 %	47 %		
Product gross margin	51 %	53 %		

The $7.3 million increase in cost of product revenue represents a 142% increase in the cost of product revenue for the three months ended March 31, 2022 compared to the three months ended March 31, 2021.

The increase in cost of product revenue for the three months ended March 31, 2022 was primarily driven by higher product revenue and related costs outlined in the below table. Product gross margin decreased 200 basis points to 51% for the three months ended March 31, 2022.

The cost of product revenue increased by 142%, which was higher than the increase in product revenue, as our European operations currently have higher inventory costs, resulting in a relatively lower gross margin profile. The increase in outbound shipping from the addition of our European operations was offset by a decrease in outbound shipping for our domestic operations relative to the growth in revenues. We expect the gross margin profiles for product revenue to converge in the long-term as we integrate our European operations.

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Inventory costs	$ 8,832	$ 2,826	$ 6,006	213 %
Outbound shipping	2,420	1,708	712	42 %
Direct labor	887	392	495	126 %
Packaging	279	204	75	37 %
Total cost of product revenue	$ 12,418	$ 5,130	$ 7,288	142 %

Operating Expenses

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Operations, product and technology	$ 39,161	$ 28,312	$ 10,849	38 %
Marketing	16,978	15,446	1,532	10 %
Sales, general and administrative	14,664	10,638	4,026	38 %
Total operating expenses	$ 70,803	$ 54,396	$ 16,407	30 %
Operations, product and technology as a % of total revenue	54 %	51 %		
Marketing as a % of total revenue	23 %	28 %		
Sales, general and administrative as a % of total revenue	20 %	19 %		

Operating expenses increased $16.4 million, or 30%, for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. Gross profit increased $10.5 million, or 26%, in the same period.

Operating expenses increased as we continue to invest in the expansion of distribution center processing capacity, marketing efforts, infrastructure to support being a public company and expansion into Europe.

Results by operating expenses line item are discussed below.

Operations, Product and Technology

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Personnel-related costs	$ 25,494	$ 18,679	$ 6,815	36 %
Facilities and other allocated costs	8,330	6,020	2,310	38 %
Inbound shipping	4,876	3,555	1,321	37 %
Other	461	58	403	695 %
Total operations, product and technology expenses	$ 39,161	$ 28,312	$ 10,849	38 %
Operations, product and technology as % of total revenue	54 %	51 %		

Personnel-related costs were $25.5 million for the three months ended March 31, 2022, which increased by 36% from $18.7 million for the three months ended March 31, 2021, driven by a 45% increase in the average U.S. headcount mostly from distribution and processing centers and the inclusion of employees from the Remix acquisition.

Facilities and other allocated costs were $8.3 million for the three months ended March 31, 2022, which increased by 38% from $6.0 million for the three months ended March 31, 2021, driven by increases of $0.5 million in Software-as-a-service subscriptions and hosting, $0.7 million in supplies and third party logistics related to new distribution and processing centers and clean out bag storage, $0.6 million in warehouse rent related primarily to new processing and distribution centers and $0.4 million in depreciation.

Inbound shipping costs were $4.9 million for the three months ended March 31, 2022, which increased by 37% from $3.6 million for the three months ended March 31, 2021, driven by increases of $0.8 million in returns and intra-company shipments and $0.5 million in the Clean Out Kits from sellers.

Marketing

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Marketing and advertising costs	$ 13,927	$ 13,220	$ 707	5 %
Personnel-related costs	2,075	1,684	391	23 %
Facilities and technology allocated costs	368	312	56	18 %
Professional Services	267	94	173	184 %
Other	341	136	205	151 %
Total marketing expense	$ 16,978	$ 15,446	$ 1,532	10 %
Marketing as % of total revenue	23 %	28 %		

Marketing costs increased 10% for the three months ended March 31, 2022 compared to 26% gross profit growth. Marketing and advertising costs were $13.9 million for the three months ended March 31, 2022, which increased by 5% from $13.2 million for the three months ended March 31, 2021. Increase in marketing and advertising costs was driven by increases of $1.4 million in organic and acquisition marketing and advertising, offset by a decrease of $0.7 million from the discontinuance of our Goody Box program.

Personnel-related costs were $2.1 million for the three months ended March 31, 2022, which increased by 23% from $1.7 million for the three months ended March 31, 2021. This increase was primarily due to 23% growth in the average U.S. based headcount and additional marketing employees from the acquisition of Remix.

Sales, General and Administrative

	Three Months Ended March 31,		Change	
	2022	2021	Amount	%
	(in thousands, except percentages)			
Personnel-related costs	$ 7,372	$ 5,536	$ 1,836	33 %
Professional services	2,506	1,835	671	37 %
Payment processing fees	2,217	1,797	$ 420	23 %
Other	2,569	1,470	1,099	75 %
Total sales, general and administrative costs	$ 14,664	$ 10,638	$ 4,026	38 %
Sales, general and administrative as % of total revenue	20 %	19 %		

Sales, general and administrative expense increased 38% for the three months ended March 31, 2022, compared to 26% gross profit growth. This increase was mainly the result of investments, primarily in personnel and professional services costs, made towards scaling our business and improving our processes as we became a public company.

Personnel-related costs were $7.4 million for the three months ended March 31, 2022, which increased from $5.5 million for the three months ended March 31, 2021, driven by a headcount increase of 25% in U.S. operations and the inclusion of employees from the Remix acquisition.

Professional services costs were $2.5 million for the three months ended March 31, 2022, which increased 37% from $1.8 million compared to the three months ended March 31, 2021 due to an increase of $0.7 million in legal and accounting services.

Payment processing fees were $2.2 million for the three months ended March 31, 2022, which increased 23% from $1.8 million for the three months ended March 31, 2021. The increase was mainly due to the 31% increase in overall sales partially offset by lower payment processing rate in our European operations.

Other expenses were $2.6 million for the three months ended March 31, 2022, an increase of 75% from $1.5 million for the three months ended March 31, 2021, driven by primarily higher insurance premiums associated with our public company status.

Liquidity and Capital Resources

As of March 31, 2022, we had cash, cash equivalents and short-term marketable securities of $183.8 million and an accumulated deficit of $336.1 million. As of December 31, 2021, we had cash, cash equivalents and short-term marketable securities of $205.8 million and an accumulated deficit of $315.3 million. We have generated negative cash flows from operations and have primarily financed our operations through private and public sales of equity securities and debt. Additionally, we currently have a term loan facility with Western Alliance Bank for which we have drawn $40.0 million and repaid $6.0 million. In March 2021, we completed our IPO for aggregate net proceeds of $175.5 million, after deducting offering costs, underwriter discounts and commissions of $17.7 million. In August 2021, we completed our follow-on public offering and sold an aggregate of two million shares. The aggregate net proceeds were $45.5 million after deducting $3.3 million of underwriter discounts and commissions and offering costs.

We expect operating losses and negative cash flows from operations to continue into the foreseeable future as we continue to invest in growing our business and expanding our infrastructure. Our primary use of cash includes operating costs such as processing center and distribution center 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 processing centers and distribution centers. Based upon our current operating plans, we believe that our existing cash, cash equivalents and short-term marketable securities will be sufficient to meet our short-term and long-term capital requirements. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially.

Our future capital requirements will depend on many factors, including, but not limited to the timing of our increased 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 marketplace and overall economic conditions. We may seek additional equity or debt financing. If we raise equity financing, our stockholders may experience significant dilution of their ownership interests. If we conduct an additional debt financing, the terms of such debt financing may be similar or more restrictive than our current term loan facility and we would have additional debt service obligations. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, financial condition and results of operations could be harmed.

Cash Flows

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	$ (6,679)	$ 1,077
Investing activities	(7,912)	(4,099)
Financing activities	(1,191)	185,051
Effect of exchange rate changes on cash and cash equivalents	(172)	—
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (15,954)	$ 182,029

Changes in Cash Flow from Operating Activities

For the three months ended March 31, 2022, net cash used in operating activities was $6.7 million, which consisted of a net loss of $20.7 million, partially offset by non-cash charges of $8.7 million and $5.4 million of net cash generated from changes in our operating assets and liabilities. The increase in operating assets and liabilities was primarily due to a $4.9 million increase in accrued and other current liabilities, primarily resulting from an increase in allowance for returns and accrued vendor liabilities due to higher operating expenses as we grow our business, and a $4.3 million cash inflow from changes in accounts receivable, accounts payable and seller payable due to the timing of payments. These changes were partially offset by increased inventory of $2.3 million to support business growth and a $2.2 million increase in other current and non-current assets resulting from an increase in contract assets and security deposits.

For the three months ended March 31, 2021, net cash provided by operating activities was $1.1 million, which consisted of non-cash charges of $7.9 million and net cash of $9.3 million generated from changes in operating assets and liabilities, partially offset by a net loss of $16.2 million. The increase in operating assets and liabilities was primarily due to a $4.8 million increase in accrued and other current liabilities, a $4.7 million increase in accounts payable due to the timing of payments and increased operating expenses as we grow our business, and a $1.5 million increase in seller payable due to the timing of payments, partially offset by a reduction in operating lease liabilities of $1.3 million.

Changes in Cash Flow from Investing Activities

For the three months ended March 31, 2022, net cash used in investing activities was $7.9 million, which was driven by $12.6 million of capital expenditures primarily for our new distribution centers, partially offset by $4.7 million maturities of marketable securities.

For the three months ended March 31, 2021, net cash used in investing activities was $4.1 million, which is attributable to purchases of property and equipment, primarily for automation assets for the distribution center in Georgia.

Changes in Cash Flow from Financing Activities

For the three months ended March 31, 2022, net cash used in financing activities was $1.2 million, which consisted mainly of $2.0 million in debt repayment, partially offset by $0.8 million in proceeds from the exercise of common stock options.

For the three months ended March 31, 2021, net cash provided by financing activities was $185.1 million, which consisted mainly of $180.3 million in proceeds from the sale of Class A common stock in the IPO, net of underwriting discounts and commissions, $4.6 million in debt financing proceeds and $1.9 million in proceeds from the exercise of common stock options, partially offset by $1.7 million in public offering costs for the IPO.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported revenue generated, and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgments and estimates under different assumptions or conditions and any such differences may be material.

There have been no significant changes to our critical accounting policies since December 31, 2021. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements, refer to the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K filed with the SEC on March 22, 2022.

Recent Accounting Pronouncements

For information on recently issued accounting pronouncements, refer to Note 2 titled "Significant Accounting Policies" to our unaudited condensed consolidated financial statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements.

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.

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 March 31, 2022, we had unrestricted cash and cash equivalents of $68.6 million and marketable securities of $115.2 million, consisting primarily of money market funds, corporate debt securities, commercial paper, U.S. treasury securities and U.S. government agency bonds, which carry a degree of interest rate risk. Fluctuations in interest rates have not been significant to date. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term to intermediate term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. Fluctuations in interest rates have not been significant to date.

Interest rates under our loan and security agreement with Western Alliance Bank are tied to the prime rate with a floor of 5.50% and therefore carry interest rate risk. As of March 31, 2022, we had borrowed $40.0 million under our loan and security agreement, with $34.0 million principal outstanding as of such date, at an interest rate of 5.50%. Fluctuations in interest rates have not been significant to date.

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

Inflation Risk

In recent months, inflation has increased significantly in the United States and overseas where we conduct our business, resulting in rising interest rates, fuel, wages, freight and other costs. We do not believe that inflation has had a material effect on our business, financial condition, or results of operations to date. However, these increases could negatively impact our business by driving up our operating and borrowing costs. In addition, the effect of inflation on consumers' budgets could result in a decrease in our customers' spending. 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 March 31, 2022, our most significant currency exposure was Bulgarian lev (BGN). We manage our foreign currency exchange rate risks through natural hedge 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 become 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 are reflected as a foreign currency translation adjustment of $0.7 million for the three months ended March 31, 2022 in accumulated other comprehensive loss.

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 Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act") as of the end of the period covered by this report. 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 assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Because of the material weakness in our internal control over financial reporting discussed below, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2022, our disclosure controls and procedures were not effective. In light of this fact, our management, including our Chief Executive Officer and Chief Financial Officer, has performed additional reconciliations and other post-closing procedures and has concluded that, notwithstanding the material weakness in our internal control over financial reporting, the unaudited interim condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Previously Reported Material Weaknesses in Internal Control Over Financial Reporting

As previously disclosed in our Annual Report on Form 10-K filed with the SEC on March 22, 2022, in connection with the audit of our financial statements for the fiscal years ended December 31, 2021, 2020, 2019 and 2018 we and our independent registered public accounting firm identified certain control deficiencies in the design and implementation of our internal control over financial reporting that in the aggregate constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

Our material weakness related to the following control deficiencies:

We did not design and maintain effective control over our accounting and proprietary data systems used in our financial reporting process. These systems lacked controls over user access, program change management, computer operation and data validation to ensure that IT program and data changes affecting financial accounting applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

We did not design and maintain adequate controls over the preparation and review of certain account reconciliations and journal entries. Specifically, we did not design and maintain controls and we did not maintain a sufficient complement of accounting personnel to ensure (i) the appropriate segregation of duties in the preparation and review of account reconciliations and journal entries and (ii) account reconciliations were prepared and reviewed at the appropriate level of precision on a consistent and timely basis.

The deficiencies described above, if not remediated, could result in a misstatement of one or more account balances or disclosures in our annual or interim consolidated financial statements that would not be prevented or detected, and, accordingly, we determined that these control deficiencies constitute a material weakness.

Remediation Plans

To address our material weakness, we have added accounting, finance and information technology personnel and implemented new financial accounting processes. We are continuing to take steps to remediate the material weakness described above through implementing enhancements and controls within our accounting and proprietary systems, hiring additional qualified accounting, finance and information technology resources and further evolving our accounting and quarterly close processes. We will not be able to fully remediate these control deficiencies until these steps have been completed and the controls have been operating effectively for a sufficient period of time.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weaknesses relating to our internal control over financial reporting, as described above. Except as described above, there was not any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite our employees working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

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.

Risks affecting our business are discussed 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, 2021 filed with the SEC on March 22, 2022 (our “Fiscal 2021 10-K”). There have been no material changes to our risk factors as previously disclosed in our Fiscal 2021 10-K.

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

Unregistered Sales of Equity Securities.

None.

Use of Proceeds from our Public Offerings.

On March 30, 2021, we closed our IPO, in which we sold 13,800,000 shares of our Class A common stock at an offering price of $14.00 per share, including 1,800,000 shares pursuant to the exercise of the underwriters' option to purchase additional shares of our Class A common stock, resulting in net proceeds to us of $175.5 million after deducting offering costs, underwriting discounts and commissions of $17.7 million. All of the shares offered, issued and sold in our IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-253834), which was declared effective by the SEC on March 25, 2021. There has been no material change in the planned use of proceeds from the IPO as disclosed in our final prospectus filed pursuant to Rule 424(b) on March 26, 2021.

On August 2, 2021, the Company issued and sold 2,000,000 shares of Class A common stock at a price of $24.25 per share in a registered public offering. The aggregate net proceeds were $45.5 million, after deducting $3.3 million of underwriting discounts and commissions and offering costs. There has been no material change in the planned use of proceeds from the registered public offering completed in August 2021.

Item 6. EXHIBITS.

Exhibit Number	Exhibit Title	Form	File No.	Exhibit	Filing Date
		Incorporation by Reference			
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	S-1	333-253834	3.2	3/3/2021
3.2	Amended and Restated Bylaws of the Registrant.	S-1	333-253834	3.4	3/3/2021
4.1	Form of Class A common stock certificate of the Registrant.	S-1	333-253834	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	333-253834	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.	Filed herewith			
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.	Filed herewith			
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.	Furnished herewith			
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.	Furnished herewith			
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.	Filed herewith			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed herewith			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith			

101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).	Filed herewith

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such filing.

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.
Date:	May 9, 2022	By:	/s/ James Reinhart James Reinhart Chief Executive Officer *(Principal Executive Officer)*
Date:	May 9, 2022	By:	/s/ Sean Sobers Sean Sobers Chief Financial Officer *(Principal Financial and Accounting Officer)*

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. ("registrant");

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

5. The registrant's other certifying officer 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.

Date: May 9, 2022

/s/ James Reinhart

James Reinhart
Chief Executive Officer
(Principal Executive Officer)

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. ("registrant");

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

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

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

5. The registrant’s other certifying officer 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.

Date: May 9, 2022

/s/ Sean Sobers

Sean Sobers

Chief Financial Officer

(Principal Financial and Accounting Officer)

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. (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 March 31, 2022 (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.

Date: May 9, 2022

/s/ James Reinhart

James Reinhart
Chief Executive Officer
(Principal Executive Officer)

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. (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 March 31, 2022 (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.

Date: May 9, 2022

/s/ Sean Sobers

Sean Sobers
Chief Financial Officer
(Principal Financial and Accounting Officer)