

A woman with long red hair is walking on a sidewalk. She is wearing a grey wool suit jacket over a white top, a bright green scarf, and wide-leg grey trousers. She is carrying a small green crocodile-embossed handbag. She is wearing white pointed-toe pumps. The background features a dark door with a circular pattern and a light-colored wall.

THREDUP

2025 Annual Report



To our stockholders:

Last year, I wrote about the volatility we experienced in 2024 and the set of decisions we made to reset the business. We simplified the company, refocused our efforts, and made some hard tradeoffs in service of building a stronger foundation.

2025 was the proving ground for those decisions.

I am pleased to report the meaningful progress we have made during this past year. Most notably, we achieved positive annual total cash flow for the first time in our history. That's an important milestone for us. It reflects a business that is becoming more durable and more scalable over time.

There are a few things that drove this.

First, focus. In late 2024, we made the decision to exit Europe and concentrate fully on the U.S. business. That gave us the ability to allocate resources more effectively and operate with greater clarity. In 2025, that showed up in a surge of new customers, which fueled a return to revenue growth and improved bottom line financial performance.

Second, the marketplace is getting stronger. We saw growth on both sides: more buyers and better supply. Our new buyer acquisition increased meaningfully year-over-year, driven by continued investment in customer acquisition and new supply. Further, the mix of inventory continues to improve, with Premium Kits representing a larger share of what we process. That has a direct impact on customer experience and average selling prices. We're also seeing early signs that new channels, particularly in social commerce, can expand supply in ways that are incremental to our core business. Many of the sellers coming through these channels are new to ThredUp, which is encouraging.

Third, we are increasingly leveraging AI as a core driver of our customer experience and operational efficiency. What makes this moment unique for ThredUp is not just the availability of new AI tools, but also how we apply them to the proprietary data and transaction layer we've built over more than a decade. Our marketplace generates rich data across supply, demand, pricing, and customer behavior. These are the inputs required to train and deploy meaningful AI applications. We are already seeing impact across discovery, personalization, and customer support, and we believe we are still in the early innings of what this technology can unlock.

We also made a decision this year to update our brand. As the business has evolved, we felt that it was important that how we show up to customers reflects where we're going. This rebrand is about reinforcing that secondhand can be even more than just affordable and

sustainable, but also stylish, relevant, and inspiring, while better reflecting the quality of the experience we're delivering to both buyers and sellers. The rebrand is a step in that direction.

Looking ahead to 2026, the priorities are straightforward: continue to grow the marketplace, maintain discipline on costs, and reinvest where we see clear returns. We believe there is a significant opportunity in front of us, and we also know that execution will matter more than anything else.

We have more work to do, but we're moving in the right direction and up for the challenge.

Onward,

A handwritten signature in black ink, appearing to be 'JR' with a long, sweeping horizontal line extending from the top right.

James Reinhart
Co-Founder and Chief Executive Officer
ThredUp Inc.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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

(State or other jurisdiction of incorporation or organization)

26-4009181

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

969 Broadway, Suite 200
Oakland, California

(Address of principal executive offices)

94607

(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 Long-Term Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was \$657.9 million based upon the last reported sales price for such date on the Nasdaq Global Select Market.

There were 106,368,141 shares of Class A common stock and 20,668,731 shares of Class B common stock outstanding as of February 23, 2026.

Portions of the registrant's definitive Proxy Statement for the registrant's 2026 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2025.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the 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 “possible” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- *our 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 restructuring activities;*
- *our ability to attract and retain buyers and sellers and the continued impact of network effects as we scale our platform, and the capacity of our operations and processing infrastructure to support that growth;*
- *trends in our key financial and operating metrics;*
- *our estimated market opportunity;*
- *economic and industry trends, projected growth or trend analysis, including inflationary pressures, increased interest rates, cybersecurity risks, changing consumer habits, climate change and extreme weather events and general global political and economic uncertainty;*
- *our ability to comply with applicable laws and regulations;*
- *our ability to incorporate artificial intelligence and machine learning and other emergent technologies into our business operations successfully; and*
- *our discontinuation of European operations in connection with the divestiture of our Remix subsidiary.*

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” and elsewhere in this Annual Report on Form 10-K, 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 Annual Report on Form 10-K. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

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

Unless 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.

PART I

Item 1. *Business*

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 GlobalData's assessment of the secondhand market in January 2025.

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 United States ("U.S.") to browse and purchase resale items for primarily 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 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 Bag, fill and return it to us using our prepaid label. We take it from there and do the work to make those accepted items available for resale. In addition to our core marketplace, some of the world's leading brands and retailers are already taking advantage of our Resale-as-a-Service ("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 supplements our overall supply strategy.

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

- **Distributed Processing Infrastructure.** Our infrastructure is purpose-built for "single SKU" logistics, meaning that the vast majority of items processed are unique, came from or belong to an individual seller and is individually tracked using its own stock keeping unit ("SKU"). As of December 31, 2025, we operated distribution centers that could collectively hold more than 7.5 million items. Our operations are highly scalable, and we have the ability to process more than 100,000 unique SKUs per day across our existing distribution center footprint. We drive continuous operational efficiency through proprietary technology and ongoing automation of our infrastructure. Our existing distribution centers are located in Arizona, Georgia, Pennsylvania, and Texas. By locating our facilities in strategic locations across the country, we can be closer to our buyers and sellers, which allows us to reduce shipping times in transit, and lower our inbound and outbound shipping costs. In addition, our facilities are located in geographic locations with access to a large, qualified talent pools.
- **Proprietary Software and Systems.** Our facilities run on a suite of our custom-built applications designed for "single SKU" operations. Our engineering team has implemented large-scale, innovative and patented automation for put-away, storage, picking and packing at scale. This automation results in reduced labor and fixed costs while increasing storage density and throughput capacity. Our proprietary software, systems and processes enable efficient quality assurance, item-attribution, sizing and photography.
- **Data Science Expertise.** We harness our robust, structured data set across our business to optimize economic decisions, such as pricing, seller payouts, item acceptance, merchandising and sell-through. We also leverage data to power efficient customer acquisition and lifetime engagement, and to provide a personalized shopping experience. ThredUp's data science portfolio leverages machine learning algorithms, predictive analytics, and other artificial intelligence "AI" technologies to identify trends, anomalies and correlations, provide alerts and initiate business processes. ThredUp also offers AI-powered shopping tools, including improved search, where customers can use natural language prompts to obtain relevant and personalized results. Our AI-powered image search allows shoppers to upload photos to find matching or similar items, making it easy to recreate a desired look. We also offer Style Chat, an AI-powered chatbot, that helps customers create complete outfits based on natural language prompts that they provide.

We generate revenue primarily from items that are sold to buyers on our website and mobile app, as well as bag fees charged to sellers for processing Clean Out Bags. Our revenue is primarily derived from consignment sales, which are recognized net of seller payouts, discounts, incentives and returns. Cost of revenue primarily includes outbound shipping, outbound labor and packaging costs.

On November 30, 2024, we divested 91.0% of the common stock of Remix US Holdings Inc., the parent company of Remix Global EAD ("Remix"), the operating subsidiary for our European business. As a result, we have discontinued our European operations. Unless otherwise noted as pertaining to "discontinued operations," all commentary in this Annual Report on Form 10-K pertains solely to our continuing US operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Business Developments" for more information.

Competition

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

- secondhand marketplaces, such as eBay, Goodwill, Mercari, Poshmark, The RealReal, Vinted and Vestiaire Collective;
- large online and discount retailers, such as Amazon.com, Inc., Target Corporation, and Walmart Inc.;
- off-price retailers, such as Burlington Stores, Inc., Ross Stores, Inc. and The TJX Companies, Inc.; and
- low-cost online fast-fashion retailers such as Shein and Temu.

Additionally, we experience competition for consumer discretionary spending from other product and experiential categories. See the section titled "Risk Factors—Risks Relating To Our Business and Industry—The market in which we participate is competitive and rapidly changing, and if we do not compete effectively with established companies as well as new market entrants or maintain and develop strategic relationships with third parties, our business, results of operations and financial condition could be harmed."

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

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on a combination of patents, trademarks, copyrights, trade secrets, license agreements, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements, as well as other legal and contractual rights, to establish and protect our proprietary rights.

We have patents issued in the United States. These patents are intended to protect our proprietary inventions relevant to our business. We continually review our development efforts to assess the existence and patentability of new intellectual property. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost effective. In addition, our proprietary algorithm technologies, other than those incorporated into a patent application, are protected by trade secret laws.

We also hold trademarks in the United States as well as in other jurisdictions. "THREDUP" and "Think Secondhand First" are our registered trademarks in the United States. We have additional registered trademarks in the United States and "THREDUP" is registered in certain other non-United States jurisdictions. We will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective. Other trademarks and trade names referred to in this annual report are the property of their respective owners.

We also have registered domain names for websites that we use in our business, such as www.thredup.com and other variations.

Regulation

We are subject to a variety of United States federal and state laws as well as international laws that affect companies conducting business on the Internet and in the retail industry, many of which are still evolving and could be interpreted in ways that could harm our business. These laws and regulations include laws governing the processing of payments, consumer protection, privacy and other laws regarding unfair and deceptive trade practices. These laws and regulations could make internet advertising more expensive, require burdensome disclosure to consumers or visitors to our website and restrict our ability to use consumer information to improve targeted advertisements. Further, these laws and regulations are often complex, sometimes contradict other laws, and are frequently still evolving. Laws and regulations may be interpreted and enforced in different ways in various locations around the world, posing a significant challenge to our global business.

We are also subject to federal, state, and foreign laws and regulations regarding privacy and protection of consumer information. Our privacy policies describe our practices concerning the use, storage, transmission and disclosure of personal information, including buyer and seller data. Any failure by us to comply with our policies or privacy related laws and regulations could result in proceedings against us by governmental authorities or others, which could harm our business.

Many jurisdictions in which we operate have enacted laws and regulations requiring notification to users when there is a security breach of personal data, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. This growing focus on data privacy and regulation of e-commerce worldwide could impose additional compliance burdens and costs on us and could subject us to significant operational costs for internal compliance and risk to our business. Further, any failure by us to adequately protect the privacy and data of our sellers and buyers could result in a loss of confidence in our marketplaces, which could adversely affect our business.

Apparel, shoes and accessories sold by us are also subject to regulation in the United States by governmental agencies, including the Federal Trade Commission and the Consumer Products Safety Commission. These regulations relate principally to product labeling, licensing requirements, flammability testing and product safety. We are also subject to environmental laws, rules and regulations. Similarly, apparel, shoes and accessories sold by us are also subject to import regulations in the United States concerning the use of wildlife products for commercial and non-commercial trade, including the United States Fish and Wildlife Service. We do not estimate any significant capital expenditures for environmental control matters either in 2026 or in the near future.

Human Capital Resources

As of December 31, 2025, we had 2,132 employees and professional contractors, including 1,817 distribution center employees. To our knowledge, none of our employees is represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages and we consider our relations with our employees to be good. We supplement our workforce with contractors and consultants in the United States and internationally, including Ukrainian engineering specialists. These Ukrainian IT specialists, who provide services on our behalf, are registered as “private entrepreneurs” with the tax authorities of Ukraine and operate as independent contractors. While we do not anticipate a reduction in force due to conflict in Ukraine, we anticipate that at least some of our Ukrainian IT specialists may be unable to work while the military conflict is unresolved.

Our human capital resources objective is to cultivate a high-performing team by recruiting, retaining, incentivizing and integrating our existing and new employees and professional contractors. Our culture is underpinned by our core values, including an unwavering commitment to learning, development, inclusion, diversity, equity and belonging. We believe our people are our greatest asset and are reimagining our employee experience to reflect that philosophy. We work diligently to attract the best talent from a diverse range of sources in order to meet the current and future demands of our business. The core objective of our compensation program is to provide a package that will attract, motivate and reward exceptional employees who must operate in a highly competitive and technologically challenging environment.

We believe that a unique perspective is critical to solving complex problems and inspiring the world to think secondhand first. We are proud to maintain a workforce that is majority female and underrepresented minorities. We are committed to identifying talent from a range of backgrounds and experiences.

All full-time United States based employees are eligible to participate in our employee stock purchase plan and 401k plan. In addition, full-time United States-based exempt employees are eligible for an eight weeks paid sabbatical after three years of service .

Available Information

The following filings are available through our investor relations website after we file them with the Securities and Exchange Commission (the “SEC”): Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and our Proxy Statement for our Annual Meeting of Stockholders. These filings are also available for download free of charge on our investor relations website. Our investor relations website is located at ir.thredup.com. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We have used, and intend to continue to use, our investor relations website, our Twitter account (@thredup), our LinkedIn account (<https://www.linkedin.com/company/thredup>) and our Chief Executive Officer's LinkedIn account (<https://www.linkedin.com/in/jamesgreinhart/>), as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Further corporate governance information, including our corporate governance guidelines, composition of our board and its committees, and Code of Conduct, is also available on our investor relations website under the heading “Corporate Governance.” The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Corporate Information

We were incorporated in 2009 under the name ThredUp Inc. as a Delaware corporation. Our principal executive offices are located at 969 Broadway, Suite 200, Oakland, CA 94607, and our telephone number is (415) 402-5202. Our website address is www.thredup.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K.

Item 1A. Risk Factors

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe to be material. If any of the risks actually occur, our business, results of operations, financial condition and prospects could be harmed. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risk Factor Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in this section titled “Risk Factors” and summarized below. We have various categories of risks, including risks relating to our business and industry, risks relating to information technology, intellectual property, data security and privacy, risks relating to legal, regulatory, accounting and tax matters, risks relating to our indebtedness and liquidity and risks relating to ownership of our Class A common stock, which are discussed more fully below. As a result, this risk factor summary does not contain all of the information that may be important to you, and you should read this risk factor summary together with the more detailed discussion of risks and uncertainties set forth following this section under the heading “Risk Factors,” as well as elsewhere in this Annual Report on Form 10-K. Additional risks, beyond those summarized below or discussed elsewhere in this Annual Report on Form 10-K, may apply to our business, activities or operations as currently conducted or as we may conduct them in the future or in the markets in which we operate or may in the future operate. These risks include, but are not limited to, the following:

- Our continued growth depends on attracting new, and retaining existing, buyers.
- If we fail to attract a sufficient amount of high-quality and desirable secondhand items, our business, results of operations and financial condition could be harmed.
- Our business, including our costs and supply of secondhand items, is subject to risks associated with sourcing, itemizing, warehousing and shipping.

- Our ability to incorporate artificial intelligence, machine learning and other emergent technologies into our business operations successfully may affect our reputation and results of operations.
- We have experienced growth in many of our recent periods and those growth rates may not be indicative of our future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan and our business, results of operations and financial condition could be harmed.
- We have a history of losses and we anticipate increasing operating expenses in the future. We may not be able to achieve and maintain profitability.
- 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 or on undesirable terms.
- We have a limited operating history in an evolving industry, which makes it difficult to forecast our revenue, plan our expenses and evaluate our business and future prospects.
- We may experience quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict and could cause our results of operations to fall below analyst or investor expectations.
- Our advertising activity and strategic RaaS offerings may fail to efficiently drive growth in buyers and sellers, which could harm our business, results of operations and financial condition.
- Acquisitions, divestitures, strategic investments, partnerships and alliances involve numerous risks and uncertainties, could divert the attention of key management personnel, disrupt our business, dilute stockholder value and harm our results of operations and financial condition.
- We may not be able to expand our distribution center operations, attract and retain personnel to efficiently and effectively manage the operations required to process, itemize, list, sell, pack and ship secondhand and resale items or identify and lease distribution centers in geographic regions that enable us to effectively scale our operations.
- Compromises of our data security could cause us to incur unexpected expenses and may materially harm our reputation and results of operations.
- The market price of our Class A common stock may be volatile or may decline regardless of our operating performance, and you could lose all or part of your investment.
- The dual-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to our Initial Public Offering ("IPO"), including our directors, executive officers and their respective affiliates. This ownership will limit or preclude your ability to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may depress the trading price of our Class A common stock.

Risks Relating to Our Business and Industry

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

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

If we fail to attract a sufficient amount of high-quality and desirable secondhand items, our business, results of operations and financial condition could be harmed.

Our success depends on our ability to cost-effectively attract high-quality secondhand items by attracting new sellers and retaining existing sellers, such that they choose ThredUp to list their items. Numerous factors, however, may impede our ability to attract new sellers and retain existing sellers with high-quality secondhand items. To expand our base of secondhand items for resale, as well as our base of sellers, we must appeal to and engage individuals new to selling secondhand items or who have sold secondhand items through traditional brick-and-mortar shops but are unfamiliar with our business. We find new sellers by converting buyers using our marketplaces, our RaaS offerings, referral programs, organic word of mouth and other methods of discovery, such as mentions in the press. We cannot be certain that these efforts will result in more supply of high-quality and desirable secondhand items or sellers or that these efforts will be cost-effective. Our ability to attract new and recurring high-quality and desirable secondhand items from new sellers and existing sellers depends on other factors, such as our ability to enhance and improve our marketplaces, our ability to process the items sent to us by sellers in a timely manner, sellers' perceptions of whether payouts they are receiving are adequate and timely compensation for their items and the perceived quality of the items sold and purchased on our marketplaces. If we are unable to meet seller standards and drive repeat supply, our existing sellers may not choose to send us secondhand items for resale to the same extent, in terms of quality, value or volume, in the future. Further, failure to generate sufficient high-quality secondhand items and attract new sellers and retain existing sellers could harm our business, results of operations and financial condition. For instance, if our sellers send lower quality or less desirable secondhand items that we are unable to resell in our marketplaces, then we will incur expense to sort and process such lower quality secondhand items and detract resources from processing re-sellable secondhand items. Additionally, if sellers substantially increase the initial price of their items that we list on our marketplaces and subsequently reclaim these items if they do not sell within the listing window, our business could be harmed because these activities may negatively affect sell-through rates and gross margin.

Our ability to incorporate artificial intelligence and machine learning and other emergent technologies into our business operations successfully may affect our reputation and results of operations.

We use artificial intelligence ("AI"), and machine learning ("ML") technologies in our business to, among other things, optimize our product presentation and personalize our website experience through advanced search and product recommendations. Our strategic plans and initiatives also include investments in information technology, data science, AI and ML and other emergent technologies. We may expand our use of AI and ML and other emergent technologies into other areas of our business including general administrative functions. However, there can be no assurance that we will realize the desired or anticipated benefits from AI and ML. Our investments in AI and ML solutions and features may negatively impact our cost of revenue and gross margins until and unless we are able to increase revenue enough to offset these investments. We may also fail to properly implement or market our AI solutions and features.

In addition, issues relating to our and our vendors' use of new and evolving technologies such as AI and ML may cause us to experience brand or reputational harm, competitive harm, legal liability and new or enhanced governmental or regulatory scrutiny, and to incur additional costs to resolve such issues. For example, data sets used by AI and ML may be over-broad or insufficient, can include unexpected biases and may also be subject to legal risks and licensing costs. Our vendors may incorporate artificial intelligence tools into their offerings without disclosing this use to us, and the providers of artificial intelligence tools may not meet existing or rapidly evolving regulatory or industry standards with respect to the use and governance of artificial intelligence tools. AI algorithms or training methodologies may have flaws and be prone to cybersecurity incidents or service interruptions. Perceived or actual technical, legal, compliance, privacy, security, ethical or other issues relating to the use of AI and ML could undermine the decisions, predictions or analysis that such applications produce and create additional risks, such as risks of cybersecurity incidents or loss of intellectual property and other confidential information, all of which could adversely affect our business and operating results. Developing, testing and deploying AI systems may also increase our operating expenses due to the nature of the computing costs involved in such systems. Further, we may be unable to quickly and successfully adapt to rapid change resulting from advancements in AI and similar technology, or our competitors may have more success implementing and utilizing such technology than we do. Any of these risks could have an adverse effect on our reputation and results of operations.

The use of AI and ML involves significant technical complexity and requires specialized expertise, and depends on our ability to continue to attract, retain and motivate highly skilled employees, software engineers and other employees with the technical skills in AI, ML and advanced algorithms. Competition for highly skilled employees is intense, particularly in the fields of AI and data science. We may be unable to attract or retain such highly skilled personnel who are critical to our success, which could hinder our ability to keep pace with innovation and technological changes in our industry or result in harm to our business, results of operations and financial condition.

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

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

We can make no assurance that secondhand items we receive from sellers will be of sufficient quality or free from damage, or that such secondhand items will not be damaged during shipping, while in one of our distribution centers or when shipped to buyers. While we conduct inspections of secondhand items sent by sellers for resale and inspect secondhand items returned by buyers, we cannot control items while they are out of our possession or prevent all damage while in our distribution centers. For example, we have in the past and may in the future experience contamination, such as mold, bacteria, insects and other pests, in the secondhand items shipped to us by our sellers, which may cause contamination of the secondhand items in our distribution centers or while shipping to buyers. If we are unable to detect and quarantine such contaminants at the time such secondhand items are initially received in our distribution centers, some or all of the secondhand items in such facilities could be contaminated. We may incur additional expenses and our reputation could be harmed if the secondhand items we offer are damaged or contain contaminants. We are also dependent on third parties to handle the shipment of our items to purchasers and to handle the shipment of the items we receive from sellers, including the FedEx Corporation ("FedEx"), which has a partnership with the United States Postal Service, and United Parcel Service, Inc. ("UPS"). We provide prepaid labels to consumers to use to ship us secondhand sellers and use third party services to ship items to buyers. If one or more of these third-party package-delivery providers increases its prices or were to experience a major work stoppage or other disruption, preventing our products from being delivered in a timely fashion or causing us to incur additional shipping costs we could not pass on to our customers, our costs could increase and our business and results of operations could be adversely affected.

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

Our business and results of operations are subject to global economic and political conditions and their impact on consumer discretionary spending, particularly in the retail market. Some of the factors that may negatively influence consumer spending on retail items include economic downturns, high levels of unemployment, high consumer debt levels, reductions in net worth, declines in asset values, home foreclosures and reductions in home values, higher interest rates, limited credit availability, inflation, resumption of federal student loan payments, higher fuel and other energy costs, increased costs of logistics, higher commodity prices and general uncertainty regarding the overall future political and economic environment. Economic conditions in particular regions may also be affected by natural disasters, such as earthquakes, extreme weather events and wildfires; unforeseen public health crises, such as pandemics and epidemics; political crises, such as a government shutdown, terrorist attacks, war and other incidents of political instability, such as Russia's invasion of Ukraine, the Israel-Hamas war, the recent military actions in Iran by the U.S. and Israel and other conflicts in the Middle East, and the risk of increased tensions between China and Taiwan, or other catastrophic events, whether occurring in the United States or internationally. Ongoing geopolitical instability and military conflicts in major oil-producing regions could further disrupt energy supplies and lead to significant increases in oil prices. Such energy price spikes may contribute to broader inflationary pressures and a reduction in consumer purchasing power. If our buyers face significantly higher costs for fuel and other essentials, they may decrease their discretionary spending on our marketplaces, which would harm our business and results of operations.

Additionally, other macroeconomic developments, such as efforts of governments to stimulate or stabilize the economy, international conflicts, trade disputes, sanctions, increased tariffs internationally, including between the United States and China and on imports into the United States from various countries, have at times impacted, and may in the future impact our business in an adverse manner, whether directly or indirectly, such as through their impacts on the financial positions and operations of our customers, suppliers, and other third parties with whom we do business. Traditionally, consumer purchases of new retail items have declined during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. This has also resulted in increases in inventory levels which can lead to increased price competition and depressed margins. Such economic uncertainty and decrease in the rate of retail purchases in the primary market may slow the rate at which individuals choose to supply their secondhand items to us, which could result in a decrease of items available in our marketplaces, and may also slow the rate at which individuals choose to buy secondhand items and their value on our marketplaces, including through a relative increase in purchases in the primary market compared with the resale market. The presence or absence of government stimulus funding programs has had and may continue to have an impact on consumer discretionary spending and, consequently, purchases through our marketplaces. Further, we cannot guarantee that buyers will continue to buy at current rates if the economy worsens. Adverse economic changes could reduce consumer confidence, and thereby negatively affect our results of operations.

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

The markets for secondhand and resale items are highly competitive. We compete with vendors of new and secondhand items, including branded goods stores, local, national and global department stores, traditional brick-and-mortar consignment and thrift stores, specialty retailers, direct-to-consumer, retailers, discount chains, independent retail stores, the online offerings of traditional retail competitors, resale players focused on niche or single categories, as well as technology-enabled marketplaces that may offer the same or similar goods and services that we offer. We believe our ability to compete depends on many factors, many of which are beyond our control, including:

- cost effectively attracting and retaining buyers and sellers and increasing the volume of secondhand items they buy and sell;
- further developing our data science and automation capabilities;
- maintaining favorable brand recognition;
- effectively delivering our marketplaces to buyers and sellers;
- identifying and delivering authentic, high-quality secondhand items;
- maintaining and increasing the amount, diversity and quality of brands and secondhand items that we offer;
- our ability to expand the means through which we acquire and offer secondhand items for resale;
- the price at which secondhand items accepted onto our marketplaces are offered;

- fluctuations in inventories held by primary sellers and related fluctuations in promotional activities and merchandise discounting;
- the speed and cost at which we can process and make available secondhand items and deliver purchased secondhand items to our buyers; and
- the ease with which our buyers and sellers can supply, purchase and return secondhand items.

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

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

Potential buyers may also prefer to purchase retail items from larger online or brick-and-mortar competitors that they currently shop from, rather than a newer marketplace, regardless of offerings. These larger competitors often have broader supply and market focus and will therefore not be as susceptible to downturns in a particular market. If such competitors have excess inventory and choose to discount their merchandise or increase promotional activities, potential buyers could increase their relative purchases from such competitors.

If we are unsuccessful in establishing or maintaining our relationships with third parties, or if they partner with our competitors and devote greater resources to implement and support the platforms or retail items of our competitors, our ability to compete in the marketplace, or to grow our revenue, could be impaired, and our results of operations may suffer. Even if these partnerships and any future partnerships we undertake are successful, we cannot assure you that these relationships will result in increased buying and selling through our marketplaces or increased revenue.

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

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

We have experienced, and may continue to experience, growth in certain recent periods, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. Additionally, our organizational structure is becoming more complex as we scale our operational, financial and management controls as well as our reporting systems and procedures.

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

Our revenue from continuing operations was \$310.8 million and \$260.0 million for the years ended December 31, 2025 and 2024, respectively, representing an annual growth of 19.5%. In future periods, we may not be able to sustain or increase revenue growth rates consistent with recent history, or at all. We believe our success and revenue growth depends on a number of factors, including, but not limited to, our ability to:

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

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

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

We experienced losses from continuing operations of \$20.2 million and \$40.0 million in the years ended December 31, 2025 and 2024, respectively. We expect to continue to incur losses from continuing operations and we may not achieve or maintain profitability in the future. We believe there is a significant market opportunity for our business, and we intend to invest aggressively to capitalize on this opportunity. Because the market for secondhand items is evolving, particularly the online resale of secondhand items, it is difficult for us to predict our future results of operations or the limits of our market opportunity. We expect our operating expenses to significantly increase as we expand our operations and infrastructure, make significant investments in our marketing initiatives, develop and introduce new technologies and automation and hire additional personnel. Additionally, during periods of increased investment in growth, we expect our operating expenses related to inbound processing, operations and technology could increase as a percentage of revenue. These efforts may be more costly than we expect and may not result in revenue growth or increased efficiency. In addition, as we grow and comply with rules and regulations of being a public company, we will incur significant legal, accounting and other expenses. If our revenue does not increase to offset these expected increases in our operating expenses, we will not be profitable in future periods. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations and financial condition could be adversely affected. We cannot assure you that we will ever achieve or sustain profitability and may continue to incur significant losses going forward. Any failure by us to achieve or sustain profitability on a consistent basis could cause the market price of our Class A common stock to decline.

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

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

We may experience quarterly fluctuations in our results of operations due to a number of factors that make our future results difficult to predict and could cause our results of operations to fall below analyst or investor expectations.

Our quarterly results of operations have in the past and may in the future fluctuate from quarter to quarter as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including, but not limited to:

- the level of supply and demand for secondhand items;
- fluctuations in the levels or quality of secondhand items on our marketplaces;
- fluctuations in capacity as we expand our operations;
- our success in engaging existing buyers and sellers and cost effectively attracting new buyers and sellers;
- our ability to meet the expectations of sellers that we will process their Clean Out Bags in a timely manner;
- the amount and timing of our operating expenses;
- the timing of expenses and recognition of revenue;
- the timing and success of new partnerships, RaaS relationships, retail offerings and referral programs;
- the impact of competitive developments and our response to those developments;
- our ability to manage our existing business and future growth;
- actual or reported disruptions or defects in our online marketplace, such as actual or perceived privacy or data security breaches;

- economic and market conditions, particularly those affecting our industry;
- fluctuations in inventories held by primary sellers and related fluctuations in promotional activities and merchandise discounting;
- the impact of market volatility and economic downturns, including those caused by outbreaks of disease on our business;
- costs arising from investigations, litigation, regulatory audits and similar such proceedings, including the cost of responding to claims or inquiries, participating in such proceedings and paying any adverse judgments, fines, settlement costs and other related costs;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- legal and regulatory compliance costs;
- the number of new employees and professional contractors added;
- the timing of the grant or vesting of equity awards to employees, directors, contractors or consultants;
- pricing pressure as a result of competition, economic conditions, shipment delays or otherwise;
- costs and timing of expenses related to the acquisition of talent, technologies, intellectual property or businesses, including potentially significant amortization costs and possible write-downs;
- public health crises; and
- general economic conditions throughout the world, including the inflation and interest rate environment, military conflicts, including Russia's invasion of Ukraine, the Israel-Hamas war, other conflicts in the Middle East, and geopolitical uncertainty and instability.

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

The variability and unpredictability of our quarterly results of operations or other operating metrics could result in our failure to meet our expectations or those of analysts that cover us or investors with respect to revenue or other key metrics for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our Class A common stock could decline, and we could face costly lawsuits, including securities class action suits.

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

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

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

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

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

We have invested and expect to continue to invest significant time and resources into our RaaS offerings and our RaaS clients include national retail stores, premium fashion brands, fashion-focused e-commerce sites and marketplaces for the buying and selling of secondhand items. We maintain a robust and varied set of RaaS offerings including provision of our Clean Out Bags at our RaaS clients' retail stores, our cash out marketplace offering, white-label resale shops, the resale of worn retail items provided to us by our RaaS clients and cross-listing our products on our RaaS clients' websites. To grow our business and build out our marketplaces, we anticipate that we will continue to depend on relationships with third parties. Identifying RaaS clients, and negotiating, documenting and maintaining relationships with them, requires significant time and resources. Further, our competitors may be effective in providing incentives to third parties to favor their offerings over our marketplaces, mobile application or in-store offerings.

There is significant uncertainty around whether our RaaS offerings will result in an increased number of new and repeat buyers, an increased number of new and repeat sellers selling high-quality secondhand items, and increased awareness of our brand. Further, if the retail industry suffers in general, there may be fewer customers visiting our RaaS clients' retail stores, our RaaS clients may discontinue their white-label resale shops in an effort to cut back newer partnerships, and therefore our kit distribution offering for gift cards to our clients' stores could be less desirable. Additionally, our RaaS clients could go out of business or declare bankruptcy. If our RaaS offerings do not result in us acquiring a high-quality supply of secondhand items from our RaaS clients and/or their customers, who become our sellers, and reaching additional buyers, our business, results of operations and financial condition could be harmed.

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

We lease facilities to store and accommodate the logistics infrastructure required to process, itemize, list, sell, pack and ship the secondhand and resale items we sell through our marketplaces and related channels of distribution, including our RaaS offerings. To grow our business, we must continue to improve our distribution center operations, proprietary software and systems, and personnel in the geographic regions that have the resources necessary to effectively operate our business. The operation of our business is complex and requires the coordination of multiple functions that are highly dependent on numerous employees and personnel. Each item that we offer through our marketplaces is unique and requires multiple touch points, including inspection, evaluation, photography, pricing, application of a unique SKU, and fulfillment. This process is complex and we have in the past, and may continue to have more Clean Out Bags from sellers than we can timely process. Further, the market for employees is competitive and is highly dependent on geographic location. We have and could in the future be required to raise wages or introduce other compensation incentives to remain competitive, possibly without increasing productivity or sales, for example due to inflation, any of which could increase our costs and harm our results of operations. If we fail to effectively locate, hire and retain such personnel, our operations could be negatively impacted, which could harm our business, results of operations and financial condition.

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

We may not realize expected savings or benefits from restructuring activities.

We have reduced our cost structure to better align the operational needs of the business to current economic conditions. In March 2024, we reorganized certain functions within our business to improve efficiencies and reduce overhead costs. We may have additional workforce reorganization initiatives in the future to improve our operations, respond to changes in business conditions and markets and to streamline certain key functions to reduce costs. We may not realize expected savings or benefits from restructuring activities, incur additional restructuring charges and experience loss of key personnel, disruptions in our operations, and difficulties in the timely delivery of products. In addition, during the fourth quarter of 2024, we divested 91% of our European business and Bulgarian subsidiary, Remix Global EAD. These factors could negatively impact our business, results of operations and financial condition.

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

We are continuing to build automation, artificial intelligence, machine learning and other capabilities to drive efficiencies in our distribution center operations. As we continue to enhance automation and add capabilities, our operations may become increasingly complex. While we expect these technologies to improve productivity in many of our merchandising operations, including processing, itemizing, listing and selling, any flaws, bugs or failures of such technologies could cause interruptions in and delays to our operations, which may harm our business. We are increasing our investment in technology, software and systems to support these efforts, but such investments may not increase productivity, maintain or improve the experience for buyers and sellers or result in more efficient operations. In addition, the evolution of these technologies may create unforeseen competitive pressures or cause disruption. While we have created our own proprietary technology to operate our business, we also rely on technology from third parties. For example, to run our inbound operations, we leverage third-party machine learning software that analyzes data that we use in our proprietary algorithms for determining the optimal list price. We have also integrated third-party software to help operate our automated carousels and conveyors in our distribution centers. If these technologies do not increase our operational efficiency in accordance with our expectations, third parties change the terms and conditions that govern their relationships with us, or if competition increases for the technology and services provided by third parties, our business may be harmed. If we are no longer able to rely on such third parties, we would be required to either seek licenses to technologies or services from other third parties and redesign aspects of business and operations to function with such technologies or services or develop such technologies ourselves, either of which would result in increased costs and could result in operational delays until equivalent technologies can be licensed or developed and integrated into our business and operations. In addition, if we are unable to enhance automation to our operations, we may be unable to reduce the costs of processing supply and fulfilling orders, which could cause delays in buyers receiving their purchases and sellers receiving their payouts. As a result, our reputation and our relationships with our buyers and sellers could be harmed, which could harm our business, results of operations and financial condition.

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

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

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

Our success is in large part dependent upon our ability to anticipate and identify trends in the market for secondhand items in a timely manner and to obtain a supply of secondhand items that addresses those trends by attracting and retaining sellers who send in high-quality secondhand items. We use data science to predict buyer and seller preferences, which we in turn use to ensure our buyers are looking at secondhand items that they are interested in purchasing on our marketplaces. There can be no assurance that our data science will accurately anticipate buyer or seller preferences and, if our predictions are inaccurate, we will not be able to optimize our buyers' and sellers' experience on our marketplaces. Lead times relating to these changing preferences may make it difficult for us to respond rapidly to new or changing trends. We have begun to expand our offerings beyond our core marketplace and to expand our RaaS offerings and the impact on our business from these new offerings and RaaS offerings is not clear as it is difficult to accurately predict buyer and seller preferences. To the extent we do not accurately predict the evolving preferences of our buyers and sellers, it could harm our business, results of operations and financial condition. In addition, issues in the use of artificial intelligence in our platform may result in reputational harm or liability. ThredUp's data science portfolio also leverages machine learning algorithms, predictive analytics, and other artificial intelligence technologies to identify trends, anomalies and correlations, provide alerts and initiate business processes. Artificial intelligence presents risks and challenges that could affect its adoption, and therefore our business. Artificial intelligence algorithms may be flawed, unreliable or we may not have access to certain artificial intelligence technologies. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance of artificial intelligence solutions. These deficiencies could undermine the decisions, predictions, or analysis artificial intelligence applications produce, subjecting us to competitive harm, legal liability, and brand or reputational harm.

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

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

Additionally, given the nature of the unique selection of secondhand and resale items we offer on our marketplaces, our ability to restore such secondhand items on our marketplaces would take time and would result in a limitation and delay of available supply for buyers, which would negatively impact our revenue and results of operations. Further, natural disasters, such as earthquakes, hurricanes, tornadoes, fires, floods and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as Russia's invasion of Ukraine and the Israel-Hamas war, terrorist attacks, war and other political instability; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and distribution centers or the operations of one or more of our third-party providers or vendors.

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

Our business is affected by seasonality and we may be adversely affected by weather conditions, including any potential effects from climate change.

Seasonality in our core marketplace does not necessarily follow that of traditional retailers, such as typical concentration of revenue in the holiday quarter, and we have seen a relatively linear revenue pattern throughout the year compared to traditional retailers. However, our business has in the past, and may in the future be adversely affected by unseasonable weather conditions, including those resulting from climate change. For example, we have observed that periods of unseasonably warm weather in the fall and winter may lead to reduced consumer spending on winter apparel that tends to have a higher average selling price, which negatively impacts our business. As the effects of climate change increase, we expect the frequency and impact of weather and climate related events and conditions to increase as well. Any and all of these risks may materially and adversely affect our financial condition, results of operations and cash flows.

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

We currently rely on both national and regional vendors for our shipping of purchases to buyers, the shipping of supplied secondhand items by sellers and the shipping of items between our distribution centers to consolidate orders. If we are not able to negotiate acceptable pricing and other terms with these vendors or they experience performance problems or other difficulties, it could negatively impact our business and results of operations and negatively affect the experiences of our buyers and sellers, which could affect the degree to which they continue to buy and supply secondhand items on our marketplaces. For instance, our shipping arrangements with our vendors typically include volume based pricing incentives and discounts. If we fall below the volume threshold under our arrangements, then our shipping costs will increase. In addition, our ability to receive inbound secondhand items efficiently and ship secondhand items to buyers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, or acts of war or terrorism. Disruption to delivery services due to inclement weather could result in delays that could adversely affect our reputation, business and results of operations. If our secondhand items are not delivered in a timely fashion or are damaged or lost during the supply or the delivery process, our buyers or sellers could become dissatisfied and cease using our marketplaces, which could adversely affect our business and results of operations. Furthermore, the current volatility in the global oil markets has resulted in higher fuel prices, which many shipping companies have passed on to their customers by way of increased fuel surcharges. Recent military operations by the U.S. and Israel in Iran could lead to even more significant spikes in global energy prices. We have recently experienced increased shipping costs as a result, and these costs may continue to increase in the future. Partly as a result of rising costs, we have in the past, and may in the future announce price increases in standard shipping fees for our customers. In the future, however, we may not be able to pass such increases on to our customers.

Greater than expected item return rates have, and in the future could have, a negative impact on our revenue.

We allow buyers to return certain purchases from our website and mobile application under our return policy. We record a reserve for returns against proceeds to us from the resale of items on our marketplaces in calculating revenue. We estimate this reserve based on historical return trends. The introduction of new products in the retail market, changes in consumer confidence or other competitive and general economic conditions have caused, and may in the future cause, actual returns to exceed our reserve for return rates. Further, we believe that on a macro level across e-commerce platforms, without the ability to try on items such as clothing and shoes, customers are increasingly accustomed to over-purchasing with the intent to return items, which has caused an increase in returns and may in the future continue to increase our amount of return rates. In addition, from time to time, the secondhand items sold through our marketplaces are damaged in transit which can increase return rates, increase our costs and harm our brand. Returned items may also be damaged in transit as part of the return process, which can significantly impact the price we are able to charge for such items on our marketplaces. Any significant increase in returns that exceeds our reserves could adversely affect our revenue and results of operations.

Unfavorable conditions in our industry or the global economy could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers. The revenue growth and potential profitability of our business depend on demand for our platform and our ability to hire and retain personnel, including employees and international contractors. Current or future economic uncertainties or downturns could adversely affect our business and results of operations. Weak or volatile economic conditions in the global economy or individual markets, changes in gross domestic product growth, financial and credit market fluctuations, inflation, labor shortages, political turmoil, natural catastrophes, warfare and terrorist attacks on the United States or elsewhere, including the Israel-Hamas war and other conflicts in the Middle East, and other events outside of our control could cause customers and prospective customers to reduce spending, and demand for our offerings may decline. Additionally, economic downturns could result in our RaaS relationships terminating or limiting their arrangements with us as retailers focus on general cost reductions in the face of macroeconomic uncertainty. Furthermore, weak economic conditions may make it more difficult to collect on outstanding accounts receivable and may increase our expenses. If our customers reduce their spending on our products, or prospective customers delay spending on our products, as a result of a weak economy, this could adversely affect our business and financial results.

In particular, given our investment in our software development capabilities in Ukraine, political turmoil, warfare, or terrorist attacks in Ukraine could negatively affect our business. Political and military events in Ukraine, including the 2022 Russian invasion of Ukraine, as well as ongoing tensions and intermittent warfare between Ukraine and Russia since the 2014 Russian annexation of Crimea, challenging relations between the United States and its allies, and Russia, and sanctions by the United States and the EU against Russia may also have an adverse impact on our ability to grow our business and negatively affect our results of operations. We cannot predict the timing, strength, or duration of any economic slowdown, instability or recovery, generally or within any particular industry. If the conflict in Ukraine persists and our Ukrainian personnel are unable to work as a result, our results of our operations and our financial condition could be adversely affected.

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

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

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

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

For buyers, maintaining our brand and reputation requires that we foster trust through timely and reliable fulfillment of orders, responsive and effective customer service, a broad supply of desirable brands and secondhand items and an exciting and user-friendly interface on our marketplaces and through our RaaS relationships. For sellers, maintaining our brand and reputation requires that we balance desirable supply for our buyers with a convenient seller service that is consistent and timely. It also requires that we foster trust through consistent and transparent acceptance, payout and return processes and policies for secondhand items supplied to us, payouts that our sellers perceive to be adequate compensation for their items and responsive and effective customer service. For example, in 2022, we implemented a fee for sellers to order a Clean Out Bag and made changes to our return policy, which have led and could potentially in the future lead to an increase in customer service requests from both our buyers and our sellers. If we fail to provide buyers or sellers with the service and experience they expect, or we experience buyer or seller dissatisfaction or negative publicity about our marketplace services, merchandise, delivery times or customer support, whether justified or not, the value of our brand and reputation could be harmed, which could harm our business and future growth. Further, any unanticipated increase in customer service inquiries from our customers has in the past, and may in the future, result in a slower response time from our customer service team and lead to an increase in customer complaints. For example, disruption to processing of Clean Out Bags and distribution caused by a backlog of Clean Out Bags has led and could potentially lead to additional delays in our ability to process secondhand items sellers send in for resale, resulting in delays in sellers receiving payouts and less refreshing of our supply on our marketplaces, and could harm our brand and reputation. Our reputation or brand image could be adversely impacted by any failure to maintain satisfactory practices for all our operations and activities, including greenwashing concerns regarding our advertising campaigns and marketing programs related to our sustainability initiatives.

Acquisitions, divestitures, strategic investments, partnerships and alliances involve numerous risks and uncertainties, could divert the attention of key management personnel, disrupt our business, dilute stockholder value and harm our results of operations and financial condition.

We have in the past and may in the future seek to acquire businesses, products or technologies that we believe could complement our business, enhance our technical capabilities or otherwise offer growth opportunities. In addition, we have in the past and may in the future divest businesses, including businesses that are no longer part of our strategic plans. The pursuit of potential acquisitions and divestitures may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing such transactions, whether or not they are consummated. Any acquisition, divestiture, investment or other business relationship may result in unforeseen operating difficulties and expenditures. We also have limited experience in acquiring other businesses. In addition, our due diligence could fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business, product or technology, including issues related to intellectual property, regulatory compliance practices, revenue recognition or other accounting practices or issues with employees, partners or customers. If we acquire additional businesses, we may not be able to integrate successfully the acquired personnel, operations, systems and technologies, or effectively manage the combined business following the acquisition. Specifically, we may not successfully evaluate or utilize the acquired business, operations, systems, technology or personnel, or accurately forecast the financial impact of an acquisition transaction, including accounting charges. If we are unsuccessful at integrating such acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and results of operations of the combined company could be adversely affected. Any integration process may require significant time and resources, and we may not be able to manage the process successfully. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities. Divestitures similarly require a significant investment of time and resources, may disrupt our business, may not close on the expected timing or at all, distract management from other responsibilities and may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction.

We may not be able to find desirable acquisition targets or we may not be successful in entering into an agreement with any one target. Acquisitions could also result in significant payments of cash by us, dilutive issuances of equity or equity-linked securities or the incurrence of debt, each of which could adversely affect our financial condition and the market price of our Class A common stock. In addition, the incurrence of debt would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations. In addition, if an acquired business fails to meet our expectations, our business, results of operations and financial condition may suffer.

We have previously sought, and may in the future seek, to make strategic investments in companies developing products or technologies that we believe could complement our business, enhance our technical capabilities, or otherwise offer growth opportunities. These investments may be in early stage private companies for restricted stock. Such investments are generally illiquid and may never generate value. Further, the companies in which we invest may not succeed, and our investments could lose all of their value. For example, in the fourth quarter of 2024, we divested 91% of our ownership of Remix. This resulted in significant impairment charges of long-lived assets and a loss on divestiture. For more information, see the section titled “Risk Factors—Risks Relating to Legal, Regulatory, Accounting and Tax Matters—*We have recorded, and may be required to record in the future, significant charges if our long-lived assets and goodwill become impaired.*”

Our failure to address these risks or other issues encountered in connection with acquisitions, divestitures and investments could cause us to fail to realize the anticipated benefits, cause us to incur unanticipated liabilities and harm our business generally.

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

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

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

Certain estimates of our buyer metrics included in this Annual Report on Form 10-K may prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.

Certain metrics presented in this Annual Report on Form 10-K, including the numbers of Active Buyers, are based on internal company data, assumptions and estimates and we use these numbers in managing our business. We believe that these figures are reasonable estimates, and we take measures to improve their accuracy, such as eliminating known fictitious or duplicate accounts. There are, however, inherent challenges in gathering accurate data across large online and mobile populations. For example, there may be individuals who have multiple email accounts in violation of our terms of service, despite our efforts to detect and enforce our terms of service. If individuals have multiple unique email addresses that are undetected, then we could be overestimating the number of Active Buyers. We regularly review and may adjust our processes for calculating these metrics to improve their accuracy. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations and financial condition would be harmed.

Risks Relating to Information Technology, Intellectual Property, Data Security and Privacy

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

In the ordinary course of our business, we collect, process and store certain personal information and other data relating to individuals, such as our buyers, sellers and employees. We also maintain other information, such as our trade secrets and confidential business information and certain confidential information of third parties, that is sensitive and that we seek to protect. We rely substantially on commercially available systems, software, tools and monitoring to provide security for our processing, transmission and storage of personal information and other confidential information. We or our vendors have been in the past and could be in the future the subject of hacking, social engineering, phishing, ransomware or other attacks. Due to these or other causes, we or our vendors have in the past and may in the future suffer a data breach or other security incident. These incidents have allowed, and may in the future continue to allow, hackers or other unauthorized parties to gain access to personal information or other data, source code, payment card data or confidential business information, and we might not discover such issues for an extended period. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target. As a result, we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, our employees, contractors, vendors or other third parties with whom we do business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information or other data, or may inadvertently release or compromise such data. We expect to incur ongoing and increasing costs associated with the detection and prevention of security breaches and other security-related incidents. We may incur additional costs in the event of a security breach or other security-related incident. Any actual or perceived compromise of our systems or data security measures or those of third parties with whom we do business, or any failure to prevent or mitigate the loss of personal or other confidential information and delays in detecting or providing notice of any such compromise or loss could disrupt our operations, harm the perception of our security measures, damage our reputation, cause some participants to decrease or stop their use of our marketplaces and subject us to litigation, government action, increased transaction fees, regulatory fines or penalties or other additional costs and liabilities that could adversely affect our business, results of operations and financial condition.

With some of our employees and contractors now working remotely or on a hybrid schedule, and as our vendors and other business partners have also moved to permanent or hybrid remote work, we and our vendors may be more vulnerable to cyberattacks. We are taking steps to monitor and enhance the security of our systems, information technology infrastructure, networks, and data, including with respect to remote access to systems and data. However, the increased scale of remote work may require additional personnel and resources, which nevertheless cannot be guaranteed to fully safeguard all systems, information technology infrastructure, networks and data upon which we rely.

Further, due to political uncertainty and military actions associated with Russia's invasion of Ukraine, we and our vendors and service providers are vulnerable to heightened risks of cybersecurity incidents and security and privacy breaches from or affiliated with nation-state actors.

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

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

We collect, maintain and otherwise process significant amounts of personal information and other data relating to our buyers, sellers, clients and employees. Numerous state, federal and international laws, rules and regulations govern the collection, use and protection of personal information and other types of data we collect, use, disclose and otherwise process. Such requirements are constantly evolving, and we expect that there will continue to be new proposed requirements relating to privacy, data protection and information security in the United States and other jurisdictions, or changes in the interpretation of existing privacy requirements. For example, the California Consumer Privacy Act of 2018 as amended by the California Privacy Rights Act (the "CCPA") broadly defines personal information, imposes stringent consumer data protection requirements, gives California residents expanded privacy rights, provides for civil penalties for violations and introduces a private right of action for certain data breaches. The CCPA is already the subject of active enforcement by the California Attorney General, who may independently bring administrative actions for civil penalties of \$2,500 per violation, or up to \$7,500 per violation if intentional, and is also enforced by the new California Privacy Protection Agency. We will continue to monitor developments related to the CCPA and anticipate additional costs and expenses associated with CCPA compliance. Additionally, the CCPA has prompted other states, including Virginia, Colorado, Connecticut and Utah to propose and enact similar laws and regulations relating to privacy. Aspects of these state privacy laws, and their interpretation, remain unclear, and we cannot yet fully predict the impact of these laws or regulations on our business or operations.

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

Any failure or perceived failure by us or any third parties with which we do business to comply with these privacy requirements, with our posted privacy policies or with other obligations to which we or such third parties are or may become subject relating to privacy, data protection or information security, may result in investigations or enforcement actions against us by governmental entities, private claims, public statements against us by consumer advocacy groups or others, and fines, penalties or other liabilities. For example, California consumers whose information has been subject to certain security incidents may bring civil suits under the CCPA, for statutory damages between \$100 and \$750 per consumer. Any such action would be expensive to defend, likely would damage our reputation and market position, could result in substantial liability and could adversely affect our business and results of operations.

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

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

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

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

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

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

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

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

We have been in the past and may be accused in the future of infringing intellectual property or other proprietary rights of third parties, including but not limited to third party claims alleging that we have infringed their copyrights, trademarks or patents, or improperly used or disclosed their trade secrets, or otherwise infringed or violated their proprietary rights, such as the right of publicity. For example, although we require our employees to not use the proprietary information or know-how of others in their work for us, we may become subject to claims that these employees have divulged, or we have used, proprietary information of these employees' former employers. In addition, we may become subject to claims by third parties who assert that we are infringing on their intellectual property rights by listing items bearing their trademark, trade dress and/or copyrighted works. The costs of supporting any litigation or disputes related to these claims can be considerable, and we cannot assure you that we will achieve a favorable outcome of any such claim. If any such claim is valid or otherwise successful, we may be compelled to cease our use of such intellectual property or other proprietary rights and pay damages, which could adversely affect our business. In addition, if such claims are valid or otherwise successful, we may lose valuable intellectual property rights or personnel, which could harm our business. Even if such claims were not valid, defending them could be expensive and distracting, adversely affecting our business and results of operations.

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

We rely on a combination of intellectual property rights, contractual protections and other practices to protect our brand, proprietary information, technologies and processes. We primarily rely on patent, copyright and trade secret laws to protect our proprietary technologies and processes, including the automated operations systems and machine learning technology we use throughout our business. Others may independently develop the same or similar technologies and processes or may improperly acquire and use information about our technologies and processes, which may allow them to provide a service similar to ours, which could harm our competitive position. Further, to the extent we pursue patent protection for our innovations, patents we may apply for may not issue, and patents that do issue or that we acquire may not provide us with any competitive advantages or may be challenged by third parties. There can be no assurance that any patents we obtain will adequately protect our inventions or survive a legal challenge, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain.

We rely on trademark and trade dress to protect our brand. Our principal trademark assets include the registered trademarks "THREDUP" and "Think Secondhand First" and our logos and taglines. Our trademarks are valuable assets that support our brand and buyers' perception of our services and merchandise. We have registered trademarks in Australia, Canada, the European Union, South Korea, Mexico, the United Kingdom and the United States. We also hold the rights to the "thredup.com" Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our results of operations would be adversely impacted.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships, partnerships and business alliances, no assurance can be given that these agreements will be effective in controlling access to and distribution of our proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our automation technologies or technologies related to our marketplaces.

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

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

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

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

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

We rely on technologies from third parties to operate critical functions of our business, including cloud infrastructure services, payment processing services, certain aspects of distribution center automation and customer relationship management services. We also use Google services for our business emails, file storage and communications. Our business would be disrupted if any of the third-party software, services or other technology we utilize, or functional equivalents thereof, were unavailable due to extended outages or interruptions or because they are no longer available on

commercially reasonable terms or prices. In each case, we would be required to either seek licenses or other rights to different software, services or technology from third parties and redesign our business and marketplace to function with such other software, services or technology or develop these components ourselves, which would result in increased costs and could result in delays in the launch of new offerings on our marketplaces until equivalent software, services and/or technology can be identified, licensed or developed, and integrated into our business and marketplace. Furthermore, we might be forced to limit the features available in our current or future products. These delays and feature limitations, if they occur, could harm our business, results of operations and financial condition.

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

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

Risks Relating to Legal, Regulatory, Accounting and Tax Matters

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

We are subject to and may become a party to various other litigation, claims, investigations, audits, enforcement actions, arbitrations, or other legal proceedings that arise from time to time in the ordinary course of our business. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages, penalties or injunctive relief against us. Any claims or litigation could be costly to defend, and even if we are successful or fully indemnified or insured, they could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future, and responding to any action may result in a significant diversion of management's attention and resources. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. For a description of our current legal proceedings, see "Item 3. Legal Proceedings" along with Note 10, *Commitments and Contingencies* of the notes to the consolidated financial statements contained within this Annual Report on Form 10-K.

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

For example, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce. Regulations and laws specifically governing the internet and e-commerce may involve taxes, privacy, data protection and data security, consumer protection, the ability to collect and/or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts or gift cards. Such regulations and laws may relate to liability for information retrieved from or transmitted over the internet, display of certain taxes and fees, online editorial and consumer-generated content, user privacy, data security, network and information systems security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of services. Furthermore, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

The resale of secondhand items through our marketplaces is subject to regulation, including by regulatory bodies such as the United States Consumer Product Safety Commission, the Federal Trade Commission, the United States Fish and Wildlife Service and other international, federal, state and local governments and regulatory authorities. These laws and regulations are complex, vary from state to state and change often. We monitor these laws and regulations and adjust our business practices as warranted to comply. We receive our supply of secondhand items from numerous sellers located in all 50 states of the United States, and the items we receive from our sellers may contain materials such as fur, snakeskin and other exotic animal product components, that are subject to regulation. Our standard seller terms and conditions require sellers to comply with applicable laws when sending us their secondhand items. Failure of our sellers to comply with applicable laws, regulations and contractual requirements could lead to litigation or other claims against us, resulting in increased legal expenses and costs. In addition, while our vendor agreements generally contain a standard indemnification provision, certain vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations which may harm our business. Moreover, failure by us to effectively monitor the application of these laws and regulations to our business, and to comply with such laws and regulations, may negatively affect our brand and subject us to penalties and fines. We are also dependent on third parties to handle the shipment of our items to purchasers and to handle the shipment of the items we receive from sellers, including FedEx, which has a partnership with the United States Postal Service, and UPS, and provide sellers with prepaid labels to ship their items to us for resale. If we, the third parties that handle the shipments or our sellers and buyers do not comply with applicable laws, regulations and contractual requirements with respect to such shipments, it could lead to litigation or other claims against us, resulting in increased legal expenses and costs.

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

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

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

We have recorded impairment charges, and may in the future be required to record additional impairment charges, to operations in our financial statements should we determine that our goodwill and other long-lived assets are impaired. Such charges might have a significant impact on our reported financial condition and results of operations. In the fourth quarter of 2025, the Company recorded an impairment charge of \$1.1 million related to a warehouse lease asset group, including an ROU asset and related leasehold improvements, due to changes in circumstances that indicated the assets were no longer recoverable. The impairment charge was recorded within operations, product and technology in the Company's consolidated statements of operations for the year ended December 31, 2025.

As required by accounting rules, we review our goodwill for impairment at least annually as of October 1 or more frequently if facts and circumstances indicate that it is more likely than not that the fair value of a reporting unit that has goodwill is less than its carrying value. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill might not be recoverable include a significant decline in projections of future cash flows and lower future growth rates in our industry. We review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

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.

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

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

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

We and our third-party credit card payment processors are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we or our third-party credit card payment processors fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our buyers and sellers in addition to the consequences that could arise from such action or inaction violating or being alleged to violate applicable laws, regulations, contractual obligations or other obligations, including those regulating to privacy, data protection and data security as outlined above, including harm to our reputation

and market position. Any of these could have an adverse impact on our business, results of operations, financial condition and prospects. Our failure to adequately prevent fraudulent transactions could damage our reputation and market position, result in claims, litigation or regulatory investigations and proceedings or lead to expenses that could harm our business, results of operations and financial condition.

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

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

Our directors and executive officers may also be subject to litigation. The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, our amended and restated bylaws and indemnification agreements that we entered into with our directors and executive officers provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law and may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. Such provisions may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against our directors and executive officers as required by these indemnification provisions. We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law. These insurance policies may not cover all potential claims made against our directors and executive officers, may not be available to us in the future at a reasonable rate and may not be adequate to indemnify us for all liability that may be imposed.

As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

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

We are subject to anti-corruption and anti-bribery and similar laws, such as the United States Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the United States domestic bribery statute contained in 18 U.S.C. § 201, the United States Travel Act, the USA PATRIOT Act. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly and prohibit companies, their employees and third-party business partners, representatives and agents from promising, authorizing, making or offering improper payments or other benefits, directly or indirectly, to government officials and others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. Further future expansion of our business internationally, including as a result of acquisitions, increases our risks under these laws.

In addition, in the future we may use third parties to operate our marketplaces or otherwise conduct business on our behalf, abroad. We or such future third parties may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we can be held liable for the corrupt or other illegal activities of such future third parties, and our employees, business partners, representatives, and agents, even if we do not explicitly authorize such activities. We cannot assure you that all our employees, business partners, representatives, and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA or other applicable anti-corruption laws and anti-bribery laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, suspension or disbarment from United States government contracts, substantial diversion of management's attention, significant legal fees and fines, severe criminal or civil sanctions against us, our officers or our employees, disorgement

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

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

None of our employees are currently represented by a union. If our employees decide to form or affiliate with a union, we cannot predict the negative effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including delays in merchandising operations and shipping, and increases in our labor costs, which could harm our business, results of operations and financial condition. In addition, increased inflation rates could adversely affect us by increasing costs, including labor and employee benefit costs without any increase in productivity or sales.

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

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

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting and provide an annual management report on the effectiveness of internal controls over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers.

We have previously identified, and may in the future identify, control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. Completion of the remediation measures related to a material weakness does not provide assurance that our remediated controls will continue to operate properly or that our financial statements will be free from error.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq and we may potentially be subject to sanctions or investigations by the SEC or other regulatory authorities.

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

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

We could be required to collect additional sales taxes or be subject to other tax liabilities. This could adversely affect our business and results of operations.

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

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

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time. For example, on July 4, 2025, the One Big Beautiful Bill Act (the "OBBA") was signed into law. Key tax provisions include the restoration of 100% bonus depreciation for certain qualified property, immediate expensing for domestic research and experimental expenditures and modifications to international tax provisions. Enactments of tax laws could harm our business operations, and our business, results of operations and financial condition. Further, application of income and tax laws is subject to interpretation and existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Although we believe our tax methodologies are compliant, a taxing authority's final determination in the event of a tax audit could materially differ from our past or current methods for determining and complying with our tax obligations, including the calculation of our tax provisions and accruals. These events could require us to pay additional tax amounts on a prospective or retroactive basis, as well as require us to pay fines and/or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential buyers and sellers may elect not to use our marketplaces in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our compliance, operating and other costs. Further, these events could decrease the capital we have available to operate our business. Any or all of these events could harm our business, results of operations and financial condition.

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

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

We have incurred substantial net operating losses (“NOLs”) and generated certain tax credits since inception, which may be used in the future to offset future tax liabilities. The utilization of NOLs and tax credits may be subject to limitations or expire if not utilized before their expiration period. Under the rules of Section 382 and Section 383 of the Internal Revenue Code of 1986, if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its NOLs to offset its post-change taxable income or taxes may be limited. The applicable rules generally operate by focusing on changes in ownership among stockholders considered by the rules as owning, directly or indirectly, 5% or more of the stock of a company, as well as changes in ownership arising from new issuances of stock by a company. While the Company has experienced an ownership change since its inception, an immaterial amount of NOLs has been limited as of December 31, 2025. Under the Tax Cuts and Jobs Act, the amount of post 2017 NOLs that we are permitted to utilize in any future taxable year is limited to 80% of our taxable income in such year for taxable years beginning after December 31, 2020 and such NOLs may be carried forward indefinitely. Our NOLs may also be subject to limitations under state law.

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

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” In particular, while we are an “emerging growth company,” we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act; we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and we will not be required to hold non-binding advisory votes on executive compensation or stockholder approval of any golden parachute payments not previously approved.

Additionally, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to “opt out” of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we will adopt the new or revised standard at the time private companies adopt the new or revised standard and will do so until such time that we either (i) irrevocably elect to “opt out” of such extended transition period or (ii) no longer qualify as an emerging growth company.

We will be an “emerging growth company” until the fiscal year-end following the fifth anniversary of the completion of ThredUp’s initial public offering (March 2026), though we may cease to be an “emerging growth company” earlier under certain circumstances, including if (i) we have more than \$1,235,000 thousand in annual revenue in any fiscal year, (ii) the market value of our shares of common stock that is held by non-affiliates exceeds \$700,000 thousand as of any June 30 or (iii) we issue more than \$1,000,000 thousand of non-convertible debt over a three-year period. As the fifth anniversary of the closing date of ThredUp’s initial public offering occurs in 2026, we will no longer be an “emerging growth company” starting with our Annual Report on Form 10-K for the year ending December 31, 2026, and as a result, will no longer be able to take advantage of the exemptions listed above.

The exact implications of the JOBS Act are subject to interpretation and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. Additionally, investors may find our Class A Common Stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our Class A Common Stock less attractive as a result, there may be a less active trading market for our Class A Common Stock and our stock price may decline or become more volatile.

We are no longer a “smaller reporting company” within the meaning of the Securities Act and as a result we are or will be subject to certain enhanced disclosure requirements which will require us to incur significant expenses and expend time and resources.

We are no longer a “smaller reporting company,” as of January 1, 2026 and, as a result, we are or will be required to comply with various disclosure and compliance requirements that did not previously apply to us, such as the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act (once any applicable exemptions, including those related to emerging growth company status, no longer apply), the requirement that we hold a nonbinding advisory vote on executive compensation and, in connection with certain merger or similar transactions, to obtain stockholder approval of any golden parachute payments not previously approved, the requirement to provide full and more detailed executive compensation disclosure and shorter filing deadlines for our periodic and annual reports. Compliance with these additional requirements increases our legal and financial compliance costs and causes management and other personnel to divert attention from operational and other business matters to these additional public company reporting requirements.

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.

Historically, we have funded our operations and capital expenditures primarily through equity issuances, debt and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents, cash flow from operations, and amounts available under our loan and security agreement with Western Alliance Bank will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing, and we may not be able to obtain debt or equity financing on favorable terms, if at all. If we raise equity or equity-linked financing to fund operations or on an opportunistic basis, our stockholders may experience significant dilution of their ownership interests. Our loan and security agreement restricts our ability to incur additional indebtedness, requires us to maintain certain financial covenants and restricts our ability to pay dividends. If we obtain additional debt financing, the terms of such debt financing may be similar or more restrictive. Additionally, there has recently been volatility in and disruptions to the global economy, including the equity and debt financial markets. Such volatility and economic downturns in general could limit our access to capital markets and increase our borrowing costs. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

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

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

We are party to an amended and restated loan and security agreement with Western Alliance Bank, which was amended on January 30, 2026, which contains a number of covenants that restrict our and our subsidiaries' ability to, among other things, incur additional indebtedness, materially change our business, convey, sell, lease, transfer or dispose of the business or our property, except under certain circumstances, merge or consolidate with other companies or acquire other companies, create or incur liens, pay any dividends on our Class A common stock, make certain investments and engage in certain other activities. We are also required to maintain financial covenants, including minimum cash and liquidity requirements. The terms of our loan and security agreement may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute business strategies in the means or manner desired. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, invest in our growth strategy and compete against companies who are not subject to such restrictions.

While we were in compliance with our debt covenants as of December 31, 2025, we may not be able to maintain compliance with the covenants in the future. A failure by us to comply with the covenants or payment requirements specified in the loan and security agreement could result in an event of default under the agreement, which would give the lender the right to terminate its commitments to provide loans under our loan and security agreement and to declare any and all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lender would have the right to proceed against the collateral in which we granted a security interest to them, which consists of substantially all our assets. If the debt under our loan and security agreement were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could adversely affect our cash flows, business, results of operations and financial condition. Further, the terms of any new or additional financing may be on terms that are more restrictive or on terms that are less desirable to us.

Volatility in interest rates and in the capital markets may increase our borrowing costs and affect our ability to raise additional funds.

We have relied in part on borrowed funds to meet our liquidity needs and fund our operations and may continue to do so in the future.

As of December 31, 2025, we had the ability to incur up to \$48.8 million in indebtedness under our loan and security agreement, as amended, with a maturity date of July 14, 2027 and as of December 31, 2025 had incurred \$18.3 million of indebtedness pursuant to this agreement. The indebtedness generally bore interest at the prime rate published in the Wall Street Journal plus a margin of 1.25% with a floor of 4.75% per annum; the applicable interest rate as of December 31, 2025 was 8.00% per annum.

Subsequent to year-end, on January 30, 2026, we entered into Amendment No. 2 of our loan and security agreement (the "Amendment") that materially revised our debt obligations. Under the terms of the Amendment, our ability to incur indebtedness under the undrawn committed term loan facility was reduced from \$22.5 million to \$10.0 million. Additionally, the Amendment transitioned the reference interest rate for any outstanding principal from the prime rate published in the Wall Street Journal plus a margin of 1.25%, with a floor of 4.75% to the Secured Overnight Financing Rate ("SOFR"), subject to a 2.50% per annum floor, plus a margin of 3.25%. While the Amendment extended our maturity date to July 10, 2030, and provided for an interest-only period on our outstanding term loan facility until January 10, 2028, the transition to SOFR and the increased margin could result in higher interest expense, particularly if Term SOFR experiences volatility or sustained increases.

We are subject to restrictive financial covenants that could limit our operational flexibility under the Amendment. The Amendment modifies certain financial covenants under the loan and security agreement, including revisions to the existing minimum cash and liquidity requirements, and eliminates the fixed charge coverage ratio maintenance covenant.

Failure to comply with these covenants could result in an immediate event of default. Because certain minimum cash and liquidity requirement is measured daily, even temporary or seasonal fluctuations in our cash position could lead to a technical default. Any failure to comply with the financial and operating covenants could allow our lenders to accelerate the maturity of our debt and exercise remedies against our assets, which would have a material adverse effect on our business, results of operations, and financial condition. Furthermore, these restrictive covenants may limit our ability to deploy capital for strategic acquisitions or growth initiatives. If the capital markets experience continued volatility, we may be unable to obtain additional financing on favorable terms, or at all, which would significantly limit our ability to invest in our operations and otherwise suffer harm to our business.

Adverse developments affecting the financial services industry could have an adverse impact on our business, results of operations and financial conditions.

On March 10, March 12 and May 1 of 2023, the Federal Deposit Insurance Corporation (the "FDIC") took control and was appointed receiver of Silicon Valley Bank, Signature Bank and First Republic Bank, respectively, after each bank was unable to continue their operations. These events exposed vulnerabilities in the regional banking sector, including liquidity constraints, contagion and solvency risk and other legal uncertainties and caused significant volatility in the market prices of the common stock of certain other regional banks.

Although we do not have any deposits with any of the banks that have been placed into receivership to date, if any of our banking partners, lenders, or counterparties to certain financial instruments were to be placed into receivership, we may be unable to access such funds. For example, our loan and security agreement is with Western Alliance Bank, a regional bank, and while our amended and restated loan and security agreement requires that we maintain minimum cash deposits with Western Alliance Bank that exceed the FDIC insurance limits, we utilize an insured cash sweep program to extend FDIC insurance to this balance. Further, while we maintain the contractual minimum cash deposits with Western Alliance Bank, most of our cash is invested in managed assets outside of Western Alliance Bank. If Western Alliance Bank or other financial institutions with which we have relationships were to enter into receivership or become insolvent, our ability to access the cash and cash equivalents that we hold at such institutions, as well as our ability to draw on our credit facility, may be impacted. In such an event, it could become more difficult for us to access sufficient liquidity or acquire financing on commercially reasonable terms or at all. Any such event could adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, which could result in breaches of our financial and other contractual obligations, any of which could materially and adversely impact our business, results of operations and financial condition.

Risks Relating to Ownership of Our Class A Common Stock

The market price of our Class A common stock may be volatile or may decline regardless of our operating performance. You may lose all or part of your investment.

Prior to our IPO, there was no public market for shares of our Class A common stock. The market prices of our Class A common stock and the securities of other newly public companies have been highly volatile. The market price of our Class A common stock has, and may in the future, fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets and/or publicly-listed technology and retail companies;
- actual or anticipated fluctuations in our revenue or other operating metrics;
- our actual or anticipated operating performance and the operating performance of our competitors;
- changes in the financial projections we provide to the public or our failure to meet those projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet the estimates or the expectations of investors;
- the international economy as a whole and market conditions in our industry;
- adverse economic and market conditions, including declines in consumer discretionary spending, currency fluctuations, inflation and geopolitical instability;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant innovations, new services, features or capabilities, acquisitions, strategic partnerships or investments, joint ventures or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business, including those related to data privacy and cyber security;
- actual or perceived data privacy and cybersecurity incidents impacting us or others in our industry;
- lawsuits threatened or filed against us;
- any major change in our board of directors, management or key personnel;
- costs and timing of expenses related to the acquisition of businesses, talent, technologies or intellectual property, including potentially significant amortization costs and possible write-downs;
- other events or factors, including those resulting from war (including Russia's invasion of Ukraine, the Israel-Hamas war and other conflicts in the Middle East), incidents of terrorism, pandemics (including the COVID-19 pandemic), elections or responses to these events;
- whether investors or securities analysts view our stock structure unfavorably, particularly our dual-class structure and the significant voting control of our executive officers, directors and their affiliates; and
- sales of additional shares of our Class A common stock by us or our stockholders.

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

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

The dual-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to our IPO, including our directors, executive officers and their respective affiliates. This ownership will limit or preclude the ability of holders of our Class A common stock to influence corporate matters, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transactions requiring stockholder approval, and that may depress the market price of our Class A common stock.

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. As of December 31, 2025, the holders of shares of our Class B common stock collectively owned shares representing approximately 66.0% of the voting power of our outstanding capital stock, and our directors, executive officers and their affiliates beneficially owned in the aggregate 73.5% of the voting power of our capital stock. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively could continue to control a majority of the combined voting power of our common stock and therefore be able to control certain matters submitted to our stockholders for approval until March 30, 2028, when all outstanding shares of Class A common stock and Class B common stock will convert automatically into shares of a single class of common stock pursuant to a sunset provision in our certificate of incorporation. This concentrated control may limit or preclude the ability of holders of our Class A common stock to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions requiring stockholder approval. In addition, this concentrated control may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning purposes. In addition, if our co-founder and Chief Executive Officer James Reinhart is terminated or resigns from his position as our Chief Executive Officer, then his shares of Class B common stock will automatically convert into shares of Class A common stock. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. As a result, it is possible that one or more of the persons or entities holding our Class B common stock could gain significant voting control as other holders of Class B common stock sell or otherwise convert their shares into Class A common stock.

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

We cannot determine whether our dual-class structure has resulted in or will result in a lower or more volatile market price of our Class A common stock, adverse publicity or other adverse consequences. For example, certain index providers have announced and implemented restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it would require new constituents of its indices to have greater than 5% of the Company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it would no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced and implemented policies, the dual-class structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Due to the dual-class structure of our common stock, we will likely be excluded from certain indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

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

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

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

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers and principal stockholders, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline. As of December 31, 2025, we had outstanding a total of 106,357,685 shares of Class A common stock and 20,668,731 shares of Class B common stock.

Sales of a substantial number of shares or the perception that such sales may occur could cause our market price to fall or make it more difficult for you to sell your Class A common stock at a time and price that you deem appropriate. Shares held by directors, executive officers and other affiliates will also be subject to volume limitations under Rule 144 under the Securities Act and various vesting agreements.

As of December 31, 2025, we had 9,411,304 options outstanding that, if fully exercised, would result in the issuance of shares of Class B common stock, as well as 8,930,137 shares of Class A common stock subject to Restricted Stock Units ("RSU") awards. All of the shares of common stock issuable upon the exercise of stock options, settlement of RSU awards and the shares reserved for future issuance under our equity incentive plans have been registered for public resale under the Securities Act. Accordingly, these shares will be able to be freely sold in the public market upon issuance, subject to existing lock-up or market standoff agreements, volume limitations under Rule 144 for our executive officers and directors and applicable vesting requirements.

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

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

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, contractors and consultants under our stock incentive plans. We may also raise capital through equity financings or equity-linked financings in the future, such as through convertible debt. As part of our business strategy, we may acquire or make investments in complementary companies, products or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the market price of our Class A common stock to decline.

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

We have never declared or paid any cash dividends on our capital stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Further, our ability to pay dividends on our capital stock is subject to restrictions under the terms of our loan and security agreement with Western Alliance Bank. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws could depress the market price of our Class A common stock by acting to discourage, delay or prevent a change of control or changes in our management that the stockholders of our company may deem advantageous. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- provide that our board of directors is classified into three classes of directors with staggered three-year terms;
- permit our board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our amended and restated certificate of incorporation and amended and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the Chairperson of our board of directors, our Chief Executive Officer, President or a majority of our board of directors is authorized to call a special meeting of stockholders;
- provide for a dual-class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our Class A and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to approve, alter or repeal our bylaws; and
- advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

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

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

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

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders;
- any action asserting a claim arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or
- any action asserting a claim that is governed by the internal affairs doctrine (the "Delaware Forum Provision").

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

The Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, these forum selection clauses may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

General Risk Factors

We depend on our executive officers and other key personnel, and if we are unable to recruit and retain highly skilled employees or contractors our business could be harmed.

Our success depends largely upon the continued services of our executive officers and other key personnel, including highly skilled employees and contractors. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers, including our founder and Chief Executive Officer, or other executive officers or key personnel could harm our business. In addition, our future success will depend upon our ability to hire for key functions, such as engineering, data science and marketing, as well as distribution center employees. Such efforts will require significant time, expense and attention. Furthermore, oftentimes newly hired employees require significant training and time before they achieve full productivity. We have experienced and could continue to experience higher compensation costs to retain senior management and experienced personnel, including employees and contractors, that may not be offset by improved productivity or increased sales, especially if we experience inflation. A hybrid work environment may also present operational, cybersecurity and workplace culture challenges. If we are unable to continue to successfully attract and retain highly skilled personnel and maintain our corporate culture in a hybrid work environment, our business may be harmed.

Volatility or lack of appreciation in the stock price of our Class A common stock may also affect our ability to attract and retain our executive officers and key personnel. Many of our senior personnel and other key personnel have become, or will soon become, vested in a substantial amount of stock, stock options or RSUs. Employees and contractors may be more likely to leave us if the shares they own or the shares underlying their RSUs or vested options have significantly appreciated in value relative to the original purchase price of the shares or the exercise price of the options, or conversely, if the exercise price of the options that they hold are significantly above the market price of our Class A common stock or the value of the shares they hold or that underlie their RSUs has declined. Further, we expect to continue to grant equity awards to employees, directors, contractors and consultants under our stock incentive plans to retain senior management and experienced personnel. Any such issuances of additional capital stock may cause stockholders to experience additional dilution of their ownership interests.

We believe that a critical contributor to our success has been our corporate culture. If we do not maintain and continue to develop our corporate culture as we grow and evolve, including from the integration of employees and businesses acquired in connection with previous or future acquisitions, it could harm our ability to foster the innovation, craftsmanship, teamwork, curiosity and diversity that we believe we need to support our continued growth, which could negatively affect our ability to retain and recruit personnel who are essential to our future success.

In addition, as a part of restructuring actions, we implemented a variety of cost cutting initiatives and may need to implement additional cost cutting initiatives that may adversely affect our executive team, employees, contractors and business. Such restructuring measures may negatively impact morale and lead to voluntary attrition, and as a result may make it more difficult to attract and retain employees for key roles. These measures may cause or result in disruption of our business, challenges in hiring critical employees and contractors and retaining key technical, operational and sales employees and contractors. Further, as some of our contractors are information technology specialists in Ukraine, political turmoil, warfare, or terrorist attacks in Ukraine could negatively affect our contractors and our business.

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

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

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

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of Nasdaq and other applicable securities rules and regulations. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems and resources. For example, the Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our operating expenses.

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

We also expect that being a public company and being subject to these rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

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

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 1C. *Cybersecurity*

ThredUp uses, stores and processes data for and about our customers, employees, partners and suppliers. We have implemented a cybersecurity risk management program that is designed to identify, assess, and mitigate risks from cybersecurity threats to this data, our systems and business operations.

Cyber Risk Management and Strategy

Under the oversight of the Board of Directors and Audit Committee, we have implemented and maintain a risk management program that includes processes for the systematic identification, assessment, management, and treatment of cybersecurity risks. Our cybersecurity oversight and operational processes are integrated into our overall risk management processes, and cybersecurity is one of our designated risk categories. We use the National Institute of Standards and Technology Cybersecurity Framework to guide our approach, ensuring a structured and comprehensive strategy for managing cybersecurity risks. We implement a risk-based approach to the management of cyber threats, supported by cybersecurity technologies, including automated tools, designed to monitor, identify, and address cybersecurity risks. In support of this approach, our Information Security team implements processes to assess, identify, and manage security risks to the company, including in the pillar areas of security and compliance, application security, infrastructure security, and data privacy. This process includes regular compliance and critical system access reviews. In addition, we conduct application security assessments, vulnerability management, penetration testing, security audits, and ongoing risk assessments as part of our risk management process. We also maintain an incident response plan to guide our processes in the event of an incident. We also have a process by which corporate employees undertake cybersecurity training and compliance program training annually.

We utilize third parties and consultants to assist in the identification and assessment of risks, including to support tabletop exercises and to conduct security testing.

Further, we have processes in place to evaluate potential risks from cybersecurity threats associated with our use of third-party service providers that will have access to Company data, including a review process for such providers' cybersecurity practices, risk assessments, contractual requirements, and system monitoring.

We continue to evaluate and enhance our systems, controls, and processes where possible, including in response to actual or perceived threats specific to us or experienced by other companies.

Although risks from cybersecurity threats have to date not materially affected us, our business strategy, results of operations or financial condition, we have, from time to time, experienced threats to and exploit attempts of our and our third-party vendors' data and systems. For more information, please see the section titled "Risk Factors—Risks Relating to Information Technology, Intellectual Property, Data Security and Privacy—*Compromises of our data security could cause us to incur unexpected expenses and may materially harm our reputation and results of operations.*"

Risk Management Oversight and Governance

The Board of Directors has oversight of the Company's cybersecurity program and has delegated the quarterly assessments and management of cybersecurity risks to the Audit Committee.

Our Chief Product and Technology Officer oversees our information security program and leads our information security team. Our Chief Product and Technology Officer works closely with our Head of Internal Audit, in furtherance of the management of risks to the Company. The Chief Product and Technology Officer has primary responsibility for assessing and managing our cybersecurity threat management program, informed by over sixteen years of experience leading cross-functional organizations in the development and operation of large-scale systems, primarily focused on e-commerce.

The Head of Internal Audit reports to the Chair of the Audit Committee and has fourteen years of experience with internal audit oversight and risk management. The Head of Internal Audit and the Chief Operating Officer have overall responsibility for the Company-wide risk management program.

Our Chief Product and Technology Officer reports quarterly to the Audit Committee of the Board of Directors on the information security program and related cyber risks. The Head of Internal Audit and the Chief Operating Officer provide an annual update to the Board of Directors on the Company's overall risk management strategy, which includes addressing cybersecurity risks. We have also established a Cyber Incident Disclosure Committee, which is responsible for assessing the impact and materiality on the Company and its stakeholders of any significant cybersecurity incidents and any disclosure obligations arising from any such incidents, as applicable. The findings of any incidents by the Cyber Incident Disclosure Committee are reported to the Audit Committee by the Chief Product and Technology Officer.

Item 2. Properties

Our corporate headquarters is located in Oakland, California, where we currently lease approximately 25,000 square feet pursuant to a lease agreement that expires in September 2029. We also lease additional corporate facilities in Scottsdale, Arizona.

We lease and operate four distribution centers, in Arizona, Georgia, Pennsylvania and Texas, at which we receive and process primarily secondhand and resale items from sellers, ship purchases to buyers and receive and process any returns from buyers.

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

Item 3. *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 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

Market Information

Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "TDUP" and began trading on March 26, 2021. Prior to that date, there was no public trading market for our Class A common stock. There is no public trading market for our Class B common stock.

Holders

As of the close of business on February 23, 2026, there were 16 holders of record of our Class A common stock and 55 holders of record of our Class B common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers or other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of cash dividends, if any, will be made at the discretion of our board of directors, subject to applicable laws, and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant. In addition, our ability to pay cash dividends on our capital stock is limited by the terms of our existing term loans and may be limited by any future debt instruments or preferred securities.

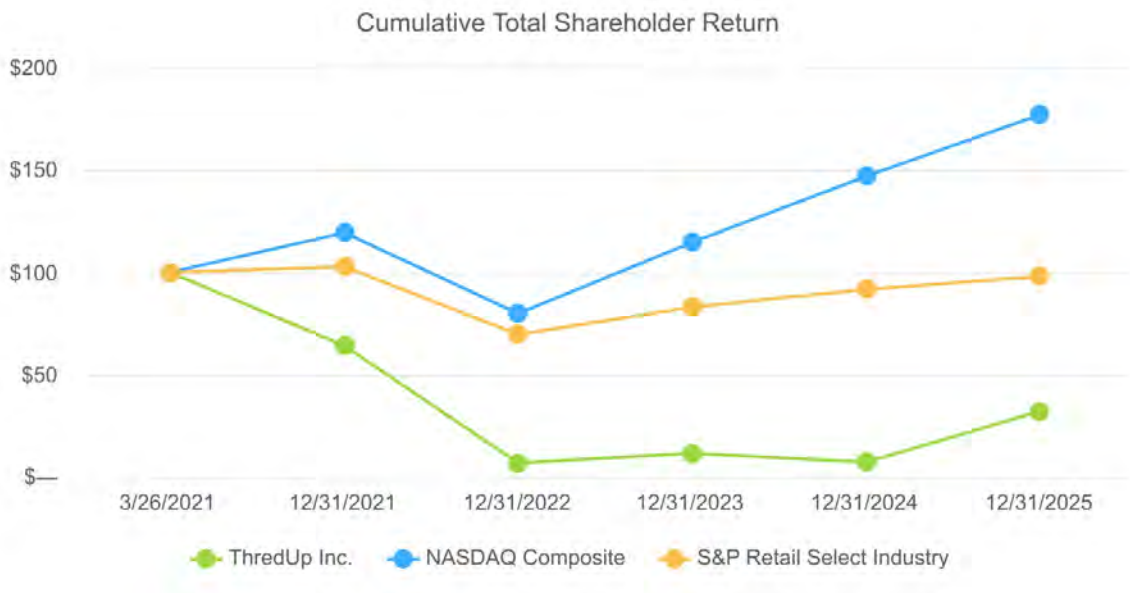
Securities Authorized for Issuance under Equity Compensation Plans

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for information regarding securities authorized for issuance.

Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

We have presented below the cumulative total return to our stockholders in comparison to the Nasdaq Composite Index (Nasdaq Composite) and the Standard and Poor’s Retail Select Index (S&P Retail Select Industry). All values assume a \$100 initial investment on March 26, 2021, the date our Class A common stock began trading on the Nasdaq Global Select Market, through December 31, 2025 and data for the Nasdaq Composite and S&P Retail Select Industry over the same period assume reinvestment of dividends. The graph uses the closing market price on March 26, 2021 of \$20.00 per share as the initial value of our Class A common stock. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our Class A common stock.



	March 26, 2021	December 31,				
		2021	2022	2023	2024	2025
ThredUp Inc.	\$ 100.00	\$ 63.80	\$ 6.55	\$ 11.25	\$ 6.95	\$ 31.9
Nasdaq Composite	\$ 100.00	\$ 119.08	\$ 79.66	\$ 114.25	\$ 146.98	\$ 176.9
S&P Retail Select Industry	\$ 100.00	\$ 102.68	\$ 69.24	\$ 82.80	\$ 91.52	\$ 97.7

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer

None.

Item 6. [Reserved]

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

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 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 2025.

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 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 Bag, fill 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 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 supplements our overall supply strategy and other services.

Recent Business Developments

Discontinued Operations

On November 30, 2024, we divested 91% of our European business and Bulgarian subsidiary, Remix, which qualified for reporting as a discontinued operation. As a result, Remix's results for 2024, reflecting the period from the beginning of the year through the transaction date, are presented as a single line item, loss from discontinued operations, net of tax, and excluded from continuing operations in the consolidated statements of operations for the year ended December 31, 2024. Cash flows attributable to Remix are segregated and presented separately as net cash flow used in discontinued operating activities and net cash flow used in discontinued investing activities for the period through the transaction date during the year ended December 31, 2024 in the consolidated statements of cash flows. Accordingly, any discussion of historical information in the following sections reflects Remix's results as a discontinued operation, and amounts, including key operating metrics, and disclosures below pertain to our continuing operations for all periods presented, unless otherwise noted.

Tax Reform

On July 4, 2025, the U.S. enacted a budget reconciliation package known as the One Big Beautiful Bill Act of 2025 (OBBBA) which includes both tax and non-tax provisions. The changes resulting from the tax provisions in OBBBA did not have a material impact on the Company's consolidated financial statements.

Overview of 2025 Results from Continuing Operations

Revenue: Revenue totaled \$310.8 million for the year ended December 31, 2025, compared to \$260.0 million for the year ended December 31, 2024, representing an increase of 19.5% year over year.

Gross Profit and Margin: Gross profit totaled \$246.8 million for the year ended December 31, 2025, compared to \$207.1 million for the year ended December 31, 2024, representing an increase of 19.1% year over year. Gross margin was 79.4%, a decrease of 30 basis points from 79.7% for the same period in 2024.

Loss from continuing operations: Loss from continuing operations was \$20.2 million, or a negative 6.5% of revenue, for the year ended December 31, 2025, compared to a loss of \$40.0 million, or a negative 15.4% of revenue, for the same period in 2024, representing a decrease of 49.5% year over year.

Non-GAAP Adjusted EBITDA from continuing operations⁽¹⁾: Non-GAAP Adjusted EBITDA from continuing operations was \$13.5 million, or 4.4% of revenue, for the year ended December 31, 2025, compared to \$8.7 million, or 3.3% of revenue, for the same period in 2024, representing an increase of 55.8% year over year.

Active Buyers and Orders: Active Buyers totaled 1.7 million and Orders totaled 6.1 million in 2025, compared to 1.3 million and 4.9 million, respectively, in 2024, representing increases of 29.5% and 25.3%, respectively, year over year.

Key Financial and Operating Metrics from Continuing Operations

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

	Year Ended December 31,		
	2025	2024	Change
	<i>(in thousands, except percentages)</i>		
Active Buyers (as of period end)	1,650	1,274	29.5 %
Orders	6,075	4,850	25.3 %
Revenue	\$ 310,813	\$ 260,031	19.5 %
Gross profit	\$ 246,753	\$ 207,125	19.1 %
Gross margin	79.4 %	79.7 %	
Loss from continuing operations	\$ (20,214)	\$ (39,999)	(49.5)%
Loss from continuing operations margin	(6.5)%	(15.4)%	
Non-GAAP Adjusted EBITDA from continuing operations ⁽¹⁾	\$ 13,524	\$ 8,679	55.8 %
Non-GAAP Adjusted EBITDA from continuing operations margin	4.4 %	3.3 %	

(1) Non-GAAP Adjusted EBITDA from continuing operations and Non-GAAP Adjusted EBITDA from continuing operations 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 from continuing operations to its most directly comparable GAAP measure, loss from continuing operations.

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 or 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 Measures from Continuing Operations

Non-GAAP Adjusted EBITDA from continuing operations and Non-GAAP Adjusted EBITDA from continuing operations Margin

Non-GAAP Adjusted EBITDA from continuing operations means loss from continuing operations adjusted to exclude, where applicable in a given period, stock-based compensation expense, depreciation and amortization, interest expense, impairment of long-lived assets, legal settlement and fees, provision for income taxes, severance and other reorganization costs, and gains related to non-marketable equity investment. Non-GAAP Adjusted EBITDA from continuing operations margin represents Non-GAAP Adjusted EBITDA from continuing operations divided by Revenue. We use Non-GAAP Adjusted EBITDA from continuing operations and Non-GAAP Adjusted EBITDA from continuing operations margin, which are 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 from continuing operations and Non-GAAP Adjusted EBITDA from continuing operations 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 loss from continuing operations to non-GAAP Adjusted EBITDA from continuing operations:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Loss from continuing operations	\$ (20,214)	\$ (39,999)
Stock-based compensation expense	19,003	25,847
Depreciation and amortization	12,924	17,328
Interest expense	1,919	2,525
Impairment of long-lived assets	1,070	—
Legal settlement and fees	247	—
Provision for income taxes	59	29
Severance and other reorganization costs	—	2,949
Gains related to non-marketable equity investments	(1,484)	—
Non-GAAP Adjusted EBITDA from continuing operations	<u>\$ 13,524</u>	<u>\$ 8,679</u>

Presentation

Revenue

Beginning in the first quarter of 2025, we combined consignment revenue and product revenue into a single line item, revenue, on the consolidated statements of operations and similarly combined related cost of revenue line items. With our transition to a primarily consignment model, product revenue is not material to warrant separate presentation on the consolidated statements of operations. Prior period amounts have been reclassified to conform to the current period's presentation.

We generate revenue primarily from the sale of secondhand apparel, shoes and accessories on behalf of sellers. Revenue is recognized net of seller payouts, discounts, incentives and returns. Additionally, revenue includes sales of company-owned inventory and bag fees charged to sellers for processing Clean Out Bags. We expect revenue to continue to increase as we grow our Active Buyers and Orders.

Cost of Revenue

Cost of revenue primarily consists of outbound shipping, outbound labor, and packaging costs. We expect cost of revenue and gross profit as a percentage of revenue to remain relatively stable.

Operating Expenses

Operations, Product and Technology

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

Marketing

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

Sales, General and Administrative

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

Interest Expense

Interest expense consists of interest and debt issuance costs relating to our term loan facility.

Other Income, Net

Other income, net primarily consists of non-operating income and expenses, including interest income earned on our investments in marketable securities and gains related to our non-marketable equity investments.

Financial Results from Continuing Operations for the Year Ended December 31, 2025 Compared to the Year Ended December 31, 2024

Revenue

	Year Ended December 31,		Change	
	2025	2024	Amount	%
<i>(in thousands, except percentages)</i>				
Revenue	\$ 310,813	\$ 260,031	\$ 50,782	19.5 %

Revenue increased \$50.8 million, or 19.5%, for the year ended December 31, 2025 as compared to the same period in 2024. The growth in revenue was mainly driven by a 25.3% increase in Orders, supported by higher engagement from new buyers acquired in 2025. The growth was partially offset by a 0.6% decrease in average order value, as well as higher discounts and changes in seller payout mix. These trends reflect the continued strength in our core marketplace business and our ongoing focus on driving platform growth.

Gross Margin

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Cost of revenue	\$ 64,060	\$ 52,906	\$ 11,154	21.1 %
Gross profit	\$ 246,753	\$ 207,125	\$ 39,628	19.1 %
Gross margin	79.4 %	79.7 %		

Gross margin was 79.4% and 79.7% for the years ended December 31, 2025 and 2024, respectively, representing a decrease of 30 basis points. Overall, gross margin remained relatively stable year over year, with the decrease primarily driven by higher outbound shipping and packaging costs.

Operations, Product and Technology

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Operations, product, and technology	\$ 152,859	\$ 142,210	\$ 10,649	7.5 %
Operations, product, and technology as a percentage of revenue	49.2 %	54.7 %		

Operations, product, and technology expenses increased \$10.6 million or 7.5% for the year ended December 31, 2025 as compared to the same period in 2024, while decreasing as a percentage of revenue. The increase in absolute dollars was primarily due to a \$9.0 million increase in personnel-related costs, primarily driven by higher distribution center headcount, a \$1.8 million increase in inbound shipping costs driven by higher supply volume, and a \$1.1 million impairment charge related to a warehouse lease incurred in 2025. The increase was partially offset by a \$1.2 million decrease in facilities, technology and other distribution center-related costs. Overall, the decrease in operations, product, and technology expenses as a percentage of revenue reflects improved operating efficiency, cost optimization efforts, and benefits from economies of scale.

Marketing

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Marketing	\$ 58,982	\$ 48,639	\$ 10,343	21.3 %
Marketing as a percentage of revenue	19.0 %	18.7 %		

Marketing expenses increased \$10.3 million or 21.3% for the year ended December 31, 2025 as compared to the same period in 2024. The increase was primarily due to a \$9.6 million increase in advertising costs and a \$1.4 million increase in professional services, both related to our marketing initiatives aimed at driving customer engagement and platform growth. This increase was partially offset by a \$0.4 million decrease in personnel-related costs, primarily due to severance costs incurred in the prior year related to our March 2024 workforce reorganization, and a \$0.3 million decrease in facility, technology, and other costs. The marketing expenses as a percentage of revenue remained relatively consistent year over year.

Sales, General and Administrative

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Sales, general and administrative	\$ 56,658	\$ 56,895	\$ (237)	(0.4)%
Sales, general and administrative as a percentage of revenue	18.2 %	21.9 %		

Sales, general, and administrative expenses remained relatively stable year over year, with a decrease of \$0.2 million or 0.4% for the year ended December 31, 2025 as compared to the same period in 2024. The decrease was primarily due to a \$4.4 million decrease in personnel-related costs, mainly attributable to lower stock-based compensation expense and severance costs incurred in the prior year related to our March 2024 workforce reorganization. This decrease was partially offset by a \$1.8 million increase in payment processing fees and a \$1.5 million increase in customer appeasement costs, both largely driven by higher order volume during the period, as well as a \$0.8 million increase in professional services and other corporate costs. The decrease in sales, general, and administrative expenses as a percentage of revenue was primarily due to increased operating leverage resulting from higher revenue and lower overall costs.

Interest Expense

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Interest expense	\$ (1,919)	\$ (2,525)	\$ 606	(24.0)%

Interest expense decreased \$0.6 million or 24.0% for the year ended December 31, 2025 as compared to the same period in 2024, primarily due to a lower interest rate environment and reduced outstanding debt balances.

Other Income, Net

	Year Ended December 31,		Change	
	2025	2024	Amount	%
	<i>(in thousands, except percentages)</i>			
Other income, net	\$ 3,510	\$ 3,174	\$ 336	10.6 %

Other income, net increased \$0.3 million or 10.6% for the year ended December 31, 2025 as compared to the same period in 2024, primarily due to \$1.5 million of gains related to non-marketable equity investments, partially offset by a \$0.9 million decrease in interest income resulting from lower interest rates and \$0.3 million in legal settlement and related fees.

Liquidity and Capital Resources

We generated positive cash flows from continuing operations of \$10.7 million for the year ended December 31, 2025. We have primarily financed our operations through private and public sales of equity securities and a term loan facility ("Term Loan"). As of December 31, 2025, we had cash, cash equivalents, restricted cash and short-term marketable securities of \$53.1 million. Additionally, we have a Term Loan under which \$22.5 million remained available to be drawn as of December 31, 2025 for the purchase of certain equipment, and we were in compliance with our debt covenants under the Term Loan as of that date. See Note 7, *Long-Term Debt*, to the consolidated financial statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for a further discussion on our Term Loan.

We expect operating losses to continue in 2026 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 seller payouts, operating costs such as distribution network spend, product and technology, marketing, personnel-related expenses, and other expenditures necessary to support our operations and our growth, as well as repayments on our Term Loan. 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 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 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, the continuing growth of our marketplaces and overall economic conditions. However, we expect that our capital expenditures will remain modest in 2026. See Part I, Item 1A, *Risk Factors*, under "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*" in this Annual Report on Form 10-K.

Cash Flows

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

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Net cash provided by (used in):		
Continuing operating activities	\$ 10,652	\$ 4,903
Continuing investing activities	(7,166)	(10,260)
Continuing financing activities	(397)	(4,392)
Net change in cash, cash equivalents and restricted cash from continuing operations	\$ 3,089	\$ (9,749)

Changes in Cash Flows from Continuing Operating Activities

Net cash provided by continuing operating activities was \$10.7 million for the year ended December 31, 2025, compared to \$4.9 million for the same period in 2024. The \$5.7 million increase in net cash provided by continuing operating activities was driven by an \$8.9 million improvement in loss from continuing operations adjusted for non-cash items, reflecting higher revenue and lower operating losses from continuing operations. This improvement was partially offset by a \$3.1 million higher net use of cash from changes in operating assets and liabilities, which primarily reflected \$8.4 million of cash used for accounts payable, accrued and other liabilities reflecting the timing of vendor payments and recognition of breakage revenue from gift cards, and \$3.3 million of cash used for other assets reflecting the timing of payments and receipts associated with prepaid expenses and other receivables and change in inventory balances following the transition from a product to a consignment model, partially offset by \$8.8 million of cash provided by seller payable, primarily reflecting increased seller credit issuance and the timing of conversion to gift cards.

Changes in Cash Flows from Continuing Investing Activities

Net cash used in continuing investing activities was \$7.2 million for the year ended December 31, 2025, compared to \$10.3 million for the same period in 2024. The \$3.1 million decrease in continuing investing cash outflows was primarily driven by an \$11.1 million decrease in purchases of marketable securities, partially offset by a \$4.1 million decrease in maturities in marketable securities and a \$3.9 million increase in purchases of property and equipment.

Changes in Cash Flows from Continuing Financing Activities

Net cash used in continuing financing activities was \$0.4 million for the year ended December 31, 2025, compared to \$4.4 million for the same period in 2024. The \$4.0 million decrease in continuing financing cash outflows was primarily driven by a \$24.3 million increase in proceeds from issuance of stock-based awards, driven by a higher stock price, partially offset by a \$20.3 million increase in payroll taxes paid on stock-based award activity.

Contractual Obligations

Our purchase obligations consist of agreements to purchase goods and services entered into in the ordinary course of business. As of December 31, 2025, the value of our non-cancellable unconditional purchase obligations was \$3.5 million. See Note 10, *Commitments and Contingencies*, to the consolidated financial statements included in Part I, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for additional information regarding our purchase obligations.

For a further discussion on our operating lease commitments and long-term debt as of December 31, 2025, see the sections above as well as Note 6, *Leases*, and Note 7, *Long-Term Debt*, to the consolidated financial statements included in Part I, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Indemnification Agreements

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

Critical Accounting Policies and Estimates

Use of 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 materially from those estimates.

We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

We generate revenue primarily from the sale of secondhand apparel, shoes and accessories on behalf of sellers and partners. We retain a percentage of the proceeds received as payment for our consignment service. We report revenue on a net basis as an agent and not the gross amount collected from the buyer. We recognize revenue upon purchase of the seller's secondhand item by the buyer. Revenue is recognized net of discounts, incentives and returns. Sales tax assessed by governmental authorities is excluded from revenue.

We recognize revenue from gift cards when the gift cards are redeemed by the customer. Additionally, we recognize breakage revenue for the portion of gift card values that are not expected to be redeemed. Previously, breakage revenue was estimated when gift card redemption was deemed remote. Beginning in the fourth quarter of 2024, with more historical data available, breakage revenue is estimated based upon historical customer redemption patterns. Judgment is required in determining the appropriate grouping of gift cards for analyzing breakage rates, redemption patterns, and estimating the ultimate value of gift cards not expected to be redeemed.

Stock-Based Compensation

We estimate the fair value of stock options and the ESPP at the grant date using the Black-Scholes option-pricing model (the “Black-Scholes Model”). The fair values of RSUs are determined based on our stock price on the date of grant. The fair values of equity awards are recognized as compensation expense over the requisite service period or over the period in which the related services are received (generally the vesting period), using the straight-line method. We account for forfeitures as they occur.

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

Goodwill

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 will be reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value 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 will 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.

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 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 consolidated financial statements included in Part I, Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K for information on new accounting pronouncements.

Item 7A. 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 December 31, 2025, we had cash and cash equivalents of \$38.6 million and marketable securities of \$9.5 million, consisting primarily of money market funds, commercial paper, corporate debt securities, 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 December 31, 2025, inflation remains elevated relative to historical norms in the U.S. where we conduct our business, resulting in higher costs in areas such as 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, which could slow 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.

Item 8. *Financial Statements and Supplementary Data*

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of ThredUp Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ThredUp Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ Deloitte & Touche LLP

San Francisco, California
March 2, 2026

We have served as the Company's auditor since 2022.

**THREDUP INC.
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2025	2024
	(in thousands, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,629	\$ 31,851
Marketable securities	9,498	12,325
Accounts receivable, net	2,437	3,567
Other current assets	6,112	9,179
Total current assets	56,676	56,922
Operating lease right-of-use assets	25,376	28,853
Property and equipment, net	67,243	68,480
Goodwill	10,746	10,746
Other assets	7,204	6,224
Total assets	\$ 167,245	\$ 171,225
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,329	\$ 8,326
Accrued and other current liabilities	24,511	29,856
Seller payable	18,264	15,142
Operating lease liabilities, current	5,401	4,345
Current portion of long-term debt	3,875	3,855
Total current liabilities	62,380	61,524
Operating lease liabilities, non-current	28,580	32,489
Long-term debt, net of current portion	14,276	18,151
Other non-current liabilities	2,816	2,760
Total liabilities	108,052	114,924
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Class A and B common stock, \$0.0001 par value; 1,120,000 shares authorized as of December 31, 2025 and 2024; 127,027 and 116,134 shares issued and outstanding as of December 31, 2025 and 2024, respectively	12	11
Additional paid-in capital	635,253	612,148
Accumulated other comprehensive income	3	3
Accumulated deficit	(576,075)	(555,861)
Total stockholders' equity	59,193	56,301
Total liabilities and stockholders' equity	\$ 167,245	\$ 171,225

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

THREDUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2025	2024
	<i>(in thousands, except per share amounts)</i>	
Revenue	\$ 310,813	\$ 260,031
Cost of revenue	64,060	52,906
Gross profit	246,753	207,125
Operating expenses:		
Operations, product and technology	152,859	142,210
Marketing	58,982	48,639
Sales, general and administrative	56,658	56,895
Total operating expenses	268,499	247,744
Operating loss	(21,746)	(40,619)
Interest expense	(1,919)	(2,525)
Other income, net	3,510	3,174
Loss before provision for income taxes	(20,155)	(39,970)
Provision for income taxes	59	29
Loss from continuing operations	(20,214)	(39,999)
Loss from discontinued operations, net of tax	—	(36,987)
Net loss	\$ (20,214)	\$ (76,986)
Weighted-average shares used to compute loss per share, basic and diluted	121,693	111,960
Loss from continuing operations per share, basic and diluted	\$ (0.17)	\$ (0.36)
Loss from discontinued operations per share, basic and diluted	—	(0.33)
Total loss per share, basic and diluted	\$ (0.17)	\$ (0.69)

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

THREDUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Net loss	\$ (20,214)	\$ (76,986)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	—	2,370
Unrealized gain on available-for-sale securities	—	8
Total other comprehensive income	—	2,378
Total comprehensive loss	\$ (20,214)	\$ (74,608)

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

THREDUP INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Additional Paid-in Capital			
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, restricted stock units, and employee stock purchase plan	8,520	—	1,542			1,542
Stock-based compensation			27,403			27,403
Shares withheld for net share settlement	(1,170)	—	(1,953)			(1,953)
Net loss					(76,986)	(76,986)
Other comprehensive income				2,378		2,378
Balance as of December 31, 2024	116,134	11	612,148	3	(555,861)	56,301
Issuance of common stock from exercise of stock options, restricted stock units, and employee stock purchase plan	11,910	1	10,096			10,097
Stock-based compensation			19,519			19,519
Shares withheld for net share settlement	(1,017)	—	(6,510)			(6,510)
Net loss					(20,214)	(20,214)
Balance as of December 31, 2025	127,027	\$ 12	\$ 635,253	\$ 3	\$ (576,075)	\$ 59,193

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

THREDUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Cash flows from continuing operating activities:		
Loss from continuing operations	\$ (20,214)	\$ (39,999)
Adjustments to reconcile loss from continuing operations to net cash provided by continuing operating activities:		
Depreciation and amortization	12,924	17,328
Stock-based compensation expense	19,003	25,847
Reduction in carrying amount of right-of-use assets	4,641	4,536
Impairment of long-lived assets	1,070	—
Other	(833)	(16)
Changes in operating assets and liabilities:		
Accounts receivable, net	1,130	1,482
Other current and non-current assets	(366)	2,956
Accounts payable	1,421	3,907
Accrued and other liabilities	(5,979)	(561)
Seller payable	3,122	(5,688)
Operating lease liabilities	(4,767)	(4,889)
Other non-current liabilities	(500)	—
Net cash provided by continuing operating activities	10,652	4,903
Cash flows from continuing investing activities:		
Purchases of marketable securities	(20,723)	(31,776)
Sale and maturities of marketable securities	24,029	28,100
Purchases of property and equipment	(10,472)	(6,584)
Net cash used in continuing investing activities	(7,166)	(10,260)
Cash flows from continuing financing activities:		
Repayment of debt	(4,000)	(4,000)
Proceeds from issuance of stock-based awards	27,931	3,667
Payments of withholding taxes on stock-based awards	(24,328)	(4,059)
Net cash used in continuing financing activities	(397)	(4,392)
Net change in cash, cash equivalents and restricted cash from continuing operations	3,089	(9,749)
Net cash flow used in discontinued operating activities	—	(4,005)
Net cash flow used in discontinued investing activities	—	(6,641)
Net change in cash, cash equivalents and restricted cash from discontinued operations	—	(10,646)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(586)
Net change in cash, cash equivalents and restricted cash	3,089	(20,981)
Cash, cash equivalents and restricted cash, beginning of period	40,488	61,469
Cash, cash equivalents and restricted cash, end of period	\$ 43,577	\$ 40,488
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 1,804	\$ 2,397
Supplemental disclosures of noncash investing and financing activities:		
Purchases of property and equipment included in accounts payable and accrued liabilities	\$ 1,897	\$ 681
Right-of-use assets obtained in exchange for new lease liabilities	\$ 1,914	\$ 5,293

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

THREDUP INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

ThredUp Inc. ("ThredUp" or the "Company") was formed as a corporation in the State of Delaware in January 2009. ThredUp 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

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("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, allowance for sales returns, breakage on gift cards, stock-based compensation, lease liabilities, and goodwill. Estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require the exercise of significant judgment.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period's presentation. Beginning in the first quarter of 2025, the Company combined consignment revenue and product revenue into a single line item, revenue, on the consolidated statements of operations, and similarly combined related cost of revenue line items, reflecting the immateriality of product revenue following the Company's transition to a primarily consignment model. The Company also reclassified inventory to other current assets on the consolidated balance sheets and statements of cash flows to align with the combined presentation. These reclassifications had no impact on previously reported revenue, net loss, stockholders' equity, or cash flows.

Discontinued Operations

During the fourth quarter of 2024, the Company divested 91% of its European business and Bulgarian subsidiary, Remix, meeting the requirements for reporting Remix as a discontinued operation. Accordingly, Remix's results during 2024, reflecting the period from the beginning of the year through the transaction date, including the loss on divestiture, are presented as discontinued operations in the consolidated statements of operations and excluded from continuing operations for the year ended December 31, 2024. Cash flows attributable to Remix are segregated and presented separately as net cash flow used in discontinued operating activities and net cash flow used in discontinued investing activities for the period through the transaction date during the year ended December 31, 2024 in the consolidated statements of cash flows. Unless otherwise noted, amounts and disclosures in these Notes to Consolidated Financial Statements pertain to the Company's continuing operations. See Note 14, *Discontinued Operations*, for further details on the transaction.

New Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which removes stage-based criteria and instead requires capitalization once a project is approved and it is probable that the project will be completed, unless significant development uncertainty exists. ASU 2025-06 is effective for annual periods beginning after December 15, 2027, and interim periods within those annual periods. For the Company, the ASU will be effective for the annual period ending December 31, 2028. Early adoption is permitted. The Company is currently evaluating the potential impact on its consolidated financial statement disclosures.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. ASU 2025-05 provides a practical expedient that permits entities to assume that conditions existing as of the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current accounts receivable and current contract assets. ASU 2025-05 is effective for annual periods beginning after December 15, 2025, including interim periods within those annual periods. For the Company, the ASU will be effective for the annual period ending December 31, 2026. Early adoption is permitted. The Company is currently evaluating the potential impact of the ASU but does not expect its adoption to have a material impact on its consolidated financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which expands disclosures about a public entity's expenses, including inventory, employee compensation, depreciation, intangible asset amortization, selling expenses and other expense categories. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. For the Company, the ASU will be effective for the annual period ending December 31, 2027. The Company is currently evaluating the potential impact on its consolidated financial statement disclosures.

In October 2023, the FASB issued 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 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 our consolidated financial statements and disclosures.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 enhances disclosures within the income tax rate reconciliation and information disclosed related to income taxes paid, and requires disaggregation of certain financial statement captions between federal and state. For public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024, which is the annual period ended December 31, 2025 for the Company. The Company adopted ASU 2023-09 prospectively as of January 1, 2025, with no material impact on its consolidated financial statements. See Note 12, *Income Taxes*, for additional information.

Revenue Recognition

Revenue is recognized in accordance with FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised goods and services to customers in an amount that reflects the consideration the Company expects to receive for those goods and services. The Company generates the majority of its revenue from its core marketplace, which allows its buyers to browse and purchase resale items for apparel, shoes and accessories on behalf of sellers. The Company recognizes revenue through the following steps: (1) identification of the contract, or contracts, with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, it satisfies a performance obligation.

Both buyers and sellers may be customers in the Company's revenue arrangements. Sellers are the primary customer in a consignment arrangement. A contract with a customer exists when the end-customer purchases the goods obligating the Company to deliver the identified performance obligation(s). The Company requires authorization from a credit card or other payment method (such as PayPal), or verification of receipt of payment, before the products are shipped to buyers. The Company generally receives payments from buyers before payments to the sellers are due.

Consignment Arrangement

The Company generates revenue primarily from the sale of secondhand apparel, shoes and accessories on behalf of sellers. The Company retains a percentage of the proceeds received as payment for its consignment service. The Company reports revenue on a net basis as an agent and not the gross amount collected from the buyer. Title to the consigned goods remain with the seller until transferred to the buyer, which occurs subsequent to purchase of the consigned goods and upon expiration of the allotted return period. The Company does not take title of consigned goods at any time except in certain cases where the consignment window expires or returned goods become Company-owned inventory. Additionally, revenue includes bag fees charged to sellers for processing Clean Out Bags.

Revenue is generally recognized upon purchase of the consigned good by the buyer as its performance obligation of providing consignment services to the consignor is satisfied at that point. Revenue is also recognized on consigned good for which the consignment window has already expired and the Company has taken title to the consigned good. Revenue is recognized net of seller payouts, discounts, incentives and returns. Revenue from bag fees charged to sellers is recognized as the related items are sold to a buyer. Sales tax assessed by governmental authorities is excluded from revenue.

Shipping Fees

The Company charges shipping fees to buyers, which are included in revenue. Outbound shipping costs are accounted for in cost of revenue at the time revenue is recognized.

Returns and Incentives

The Company generally has a 14-day return period, which may change from time to time, and recognizes a returns reserve based on historical experience, which is recorded in accrued and other current liabilities within the Company's consolidated balance sheets and reduction of revenue within the Company's consolidated statements of operations. Incentives include website discounts and customer credits. Incentives are treated as a reduction of revenue.

Deferred Revenue

Deferred revenue consists primarily of product revenue from items purchased but not shipped. Cash collections for items purchased but not shipped are generally recognized as revenue upon shipment. As of December 31, 2025 and 2024, the Company had \$1.6 million and \$1.9 million, respectively, in deferred revenue for such items in each period, included in accrued and other current liabilities within the Company's consolidated balance sheets, and for which revenue was recognized shortly after the period end.

Revenue from Loyalty Reward Redemption and Expiration

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

The allocated consideration for the points earned through qualifying purchase transactions was 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 consolidated balance sheets. Revenue was recognized for these performance obligations at a point in time when rewards were redeemed by the end customer or expired.

Effective October 1, 2024, customers were no longer able to earn loyalty points and after March 31, 2025, they could no longer redeem any previously accumulated points. As of December 31, 2025 and 2024, the Company had a deferred revenue liability of \$0 and \$1.5 million, respectively, related to its customer loyalty program, which is included in accrued and other current liabilities within the Company's consolidated balance sheets. The Company recognized \$1.5 million and \$11.5 million of revenue from loyalty reward redemptions and expirations for the years ended December 31, 2025 and 2024, respectively.

Gift Cards, Site Credits and Seller Payable

The Company sells ThredUp gift cards on its e-commerce website and may also convert seller payables and site credits to ThredUp gift cards one year after issuance 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 December 31, 2025 and 2024, \$3.9 million and \$8.5 million, respectively, of gift card liability was included in accrued and other current liabilities within the Company's consolidated balance sheets. Revenue from redemption of gift cards was not material for the years ended December 31, 2025 and 2024.

The Company recognizes breakage revenue for the portion of gift card values that are not expected to be redeemed. Previously, breakage revenue was estimated when gift card redemption was deemed remote. Beginning in the fourth quarter of 2024, with more historical data available, breakage revenue is estimated based upon historical customer redemption patterns. Judgment is required in determining the appropriate grouping of gift cards for analyzing breakage rates, redemption patterns, and estimating the ultimate value of gift cards not expected to be redeemed. Breakage revenue was \$8.6 million and \$7.2 million for the years ended December 31, 2025 and 2024, respectively.

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 December 31, 2025 and 2024, \$4.1 million and \$3.8 million, respectively, of such customer site credits were included in accrued and other current liabilities within the Company's consolidated balance sheets. Revenue recognized from the redemption of site credits was \$50.1 million, and \$43.2 million for the years ended December 31, 2025 and 2024, respectively.

Seller payable includes amounts owed to sellers upon the purchase of sellers' goods by the Company or by buyers. Amounts are initially provided as a credit to sellers ("seller credits"). These credits may be applied towards purchases from the Company, converted to third-party retailer or ThredUp gift cards, or redeemed for cash. As of December 31, 2025 and 2024, there was \$18.3 million and \$15.1 million, respectively, of seller payable within the Company's consolidated balance sheets. Revenue recognized from the redemption of seller credits was \$30.3 million and \$22.9 million for the years ended December 31, 2025 and 2024, respectively.

Segment Reporting

The Company operates under one operating segment and one reportable segment as its chief operating decision maker, who is its Chief Executive Officer, reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance. The Company does not have material intra-entity sales or transfers.

The key measure of segment profit or loss that the CODM uses to allocate resources and assess performance is the Company's consolidated loss from continuing operations, as reported in the consolidated statements of operations.

Significant expense within operating loss, as well as within loss from continuing operations, include cost of revenue, operations, product and technology, marketing, and sales, general and administrative expenses, which are each separately presented in the consolidated statements of operations. Other segment items within loss from continuing operations include interest expense, other income, net, and provision for income taxes. The CODM manages the business using consolidated expense information, as well as regularly provided budgeted or forecasted expense information. Assets provided to the CODM are consistent with those reported on the consolidated balance sheets.

Loss Per Share

The Company follows the two-class method when computing loss per common share when shares issued meet the definition of participating securities. The two-class method determines loss per share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The rights of the Class A common stock and Class B common stock are identical, other than voting rights. The undistributed earnings are allocated on a proportionate basis and the resulting 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 loss per share is the same as basic loss per share, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Comprehensive Loss

Comprehensive loss is comprised of net loss, foreign currency translation adjustments, and unrealized gains and losses on available-for-sale securities.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are comprised primarily of domestic and foreign bank accounts, commercial paper, and money market funds.

Restricted cash primarily represents letters of credit with financial institutions held as collateral for facility leases. Restricted cash is classified non-current if the Company expects that the cash will remain restricted for a period greater than one year.

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

	December 31,	
	2025	2024
	<i>(in thousands)</i>	
Cash and cash equivalents	\$ 38,629	\$ 31,851
Restricted cash included in Other current assets	225	3,690
Restricted cash included in Other assets	4,723	4,947
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 43,577	\$ 40,488

Marketable Securities

The Company invests its excess cash in investment grade, short to intermediate-term, fixed income securities and recognizes the transaction on the trade date. The Company's marketable securities are classified as available-for-sale in current assets because they represent investments of cash available for current operations. Marketable securities are reported at fair value with unrealized gains and losses reported, net of tax, as a separate component of accumulated other comprehensive gain (loss) until realized. The marketable securities are assessed periodically for impairments. Realized gains or losses and allowance for credit loss, if any, on available-for sale securities are reported in other income, net as incurred.

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 not 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.

As of December 31, 2025 and 2024, there were no customers that represented 10% or more of the Company's accounts receivable balance. There were no customers that individually exceeded 10% of the Company's revenue for the years ended December 31, 2025 and 2024.

Accounts Receivable, Net

Accounts receivable consists of amounts due from payment processors and trade customers that do not bear interest. The Company records an allowance for current expected credit losses for estimated losses inherent in its trade accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted for current market conditions, the financial condition of the customer, the amount of receivables in dispute, and the current receivables aging and payment patterns. The Company does not have any off-balance sheet credit exposure related to its customers. The allowance for current expected credit losses was not material as of December 31, 2025 and 2024.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment and amortization of leasehold improvement are computed on a straight-line basis over the estimated useful lives of the related assets, as follows:

Asset Category	Estimated Useful Life
Computers and software	Up to 3 years
Furniture and fixtures	Up to 5 years
Machinery and equipment	Up to 10 years
Leasehold improvements	Shorter of economic life or remaining lease term

Maintenance and repairs are charged to expense as incurred, and improvements are capitalized.

When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the Company's consolidated balance sheets and any resulting gain or loss is reflected in the consolidated statements of operations in the period realized.

Internal-Use Software

The Company capitalizes qualifying proprietary software development costs that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed, and (ii) it is probable that the software will be completed and placed in service for its intended use. Capitalization ceases when the software is substantially complete and ready for its intended use including the completion of all significant testing. Costs related to preliminary project activities and post implementation operating activities are expensed as incurred. Amounts capitalized are amortized over two years on a straight-line basis.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset group may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such review indicates that the carrying amount of the asset group is not recoverable, the carrying amount of such assets is reduced to their fair value. For the year ended December 31, 2025, the Company recorded a \$1.1 million impairment of long-lived assets related to a warehouse lease asset group, including a right-of-use asset and related leasehold improvements, which was recorded within operations, product and technology on the consolidated statements of operations. No such impairments were recorded for the year ended December 31, 2024, related to continuing operations.

Goodwill

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. The Company's goodwill originated from its acquisition of Remix Global EAD ("Remix") in 2021. Upon the divestiture of Remix in 2024, \$0.7 million of goodwill was allocated to the disposed business based on the relative fair values of the divested business and the portion retained, with the remaining goodwill retained by the Company's reporting unit following the divestiture. 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 value of goodwill may not be recoverable. The Company performed its annual goodwill impairment assessment during the fourth quarter. For the year ended December 31, 2025, the Company completed a qualitative assessment and determined that it is more likely than not that the fair value of its single reporting unit is greater than its carrying value. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount or if a qualitative assessment is not performed, then the Company would perform a quantitative goodwill impairment test as required, in which it would use a discounted cash flow approach to estimate the fair value of the reporting unit. If the fair value of the reporting unit is less than the carrying value, then a goodwill impairment amount is recorded for the difference. During the years ended December 31, 2025 and 2024, there were no additions to or impairment of goodwill.

Asset Retirement Obligations

The Company records asset retirement obligations ("AROs") for the estimated cost of restoring its automated warehouse facilities to the specific condition required in accordance with the terms of its lease agreement, upon termination of the lease. AROs represent the present value of the expected costs and timing of the related obligations incurred. The ARO assets and liabilities are recorded in property and equipment, net within the machinery and equipment line item and other non-current liabilities, respectively, within the Company's consolidated balance sheets. The Company records accretion expense, which represents the increase in the ARO, over the remaining estimated duration of the lease including renewal periods that are included in the lease term. Accretion expense is recorded in operations, product and technology expense in the consolidated statements of operations using accretion rates based on credit adjusted risk-free interest rates.

Leases

Under ASC 842, the Company determines if an arrangement is or contains a lease at inception by assessing whether the arrangement contains an identified asset and whether it has the right to control the identified asset. Lessees are required to classify leases as either finance or operating leases and to record a right-of-use ("ROU") asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. The lease classification will determine whether the lease expense is recognized based on an effective interest rate method or on a straight-line basis over the term of the lease. The Company determines the initial classification and measurement of its ROU assets and lease liabilities at the lease commencement date and thereafter if modified. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the lease term. ROU assets are based on the measurement of the lease liability and also include any lease payments made prior to or on lease commencement and exclude lease incentives and initial direct costs incurred, as applicable.

As the implicit rate in the Company's leases is generally unknown, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The Company gives consideration to its existing credit arrangements, term of the lease, total lease payments and adjust for the impacts of collateral, as necessary, when calculating its incremental borrowing rates. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise any such options. Lease costs for the Company's operating leases are recognized on a straight-line basis within operating expenses over the lease term.

The Company has elected to not separate lease and non-lease components for real estate leases and, as a result, accounts for lease and non-lease components as one component. The Company has also elected to not apply the recognition requirement to any leases within its existing classes of assets with a term of 12 months or less. For these leases, lease payments are recognized on a straight-line basis over the lease term and variable payments in the period in which the obligation is incurred.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income on the years in which those temporary differences are expected to be recovered and settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

Cost of Revenue

Cost of revenue primarily consists of outbound shipping, outbound labor and packaging costs. The classification of expenses varies across the retail industry. Accordingly, our cost of revenue may not be comparable to those of other companies in the retail industry.

Operations, Product and Technology

Operations, product and technology expenses consist primarily of distribution center operating costs and product and technology expenses. Distribution center operating costs include personnel costs, inbound shipping costs (excluding amounts capitalized to inventory), distribution center rent, equipment, maintenance, and depreciation. Product and technology costs include personnel costs for the design and development of product and the related technology that is used to operate the distribution centers, merchandise science, website development and related expenses for these departments. Operations, product and technology expenses also include an allocation of corporate facilities and information technology costs including equipment, depreciation and rent. Research and development costs from continuing operations related to our technology were approximately \$32.1 million and \$31.3 million, during the years ended December 31, 2025 and 2024, respectively.

Marketing

Marketing costs consist primarily of advertising, public relations expenditures and personnel costs for employees engaged in marketing. Marketing costs also include an allocation of corporate facilities and information technology costs including equipment, depreciation and rent.

Advertising and other promotional costs from continuing operations included in marketing within the Company's consolidated statements of operations are expensed as incurred and were approximately \$51.1 million and \$41.5 million for the years ended December 31, 2025 and 2024, respectively.

Sales, General and Administrative

Sales, general and administrative expenses consist of personnel costs for employees involved in general corporate functions, including accounting, finance, tax, legal and people services, and customer service. Sales, general and administrative also includes payment processing fees, professional fees and allocation of corporate facilities and information technology costs such as equipment, depreciation and rent.

Stock-Based Compensation

Stock-based compensation costs are based on the fair values on the date of grant for restricted stock unit awards and stock options and on the date of enrollment for the employee stock purchase plan ("ESPP"). The fair values of restricted stock unit awards are based on ThredUp's stock price on the date of grant. The fair values of stock options and ESPP are estimated using the Black-Scholes option-pricing model.

The fair values of share-based awards are recognized as compensation expense over the requisite service period or over the period in which the related services are received (generally the vesting period), using the straight-line method. The determination of fair value for share-based awards on the date of grant using an option pricing model requires management to make certain assumptions regarding subjective variables.

The Company accounts for forfeitures as they occur.

Fair Value Measurements

Fair value accounting is applied to 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 December 31, 2025 and 2024, the carrying amount of accounts receivable, other current assets, other assets, accounts payable, seller payable and accrued and other current liabilities approximated their fair value 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, 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.

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 December 31, 2025 and 2024:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Cash equivalents:				
Money market funds	\$ 5,030	\$ —	\$ —	\$ 5,030
Commercial paper	—	6,681	—	6,681
Corporate debt securities	—	849	—	849
U.S. government agency bonds	—	697	—	697
Total cash equivalents	5,030	8,227	—	13,257
Marketable securities:				
Corporate debt securities	—	2,374	—	2,374
U.S. treasury securities	—	6,126	—	6,126
U.S. government agency bonds	—	998	—	998
Total marketable securities	—	9,498	—	9,498
Total assets at fair value	\$ 5,030	\$ 17,725	\$ —	\$ 22,755

December 31, 2024				
	Level 1	Level 2	Level 3	Total
(in thousands)				
Assets:				
Cash equivalents:				
Money market funds	\$ 1,061	\$ —	\$ —	\$ 1,061
Commercial paper	—	7,923	—	7,923
U.S. treasury securities	—	500	—	500
Total cash equivalents	1,061	8,423	—	9,484
Marketable securities:				
U.S. treasury securities	—	8,122	—	8,122
U.S. government agency bonds	—	3,704	—	3,704
Commercial paper	—	499	—	499
Total marketable securities	—	12,325	—	12,325
Total assets at fair value	\$ 1,061	\$ 20,748	\$ —	\$ 21,809

As of December 31, 2025 and 2024, 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 years ended December 31, 2025 and 2024, the Company did not recognize any losses on its marketable securities due to credit-related factors.

As of December 31, 2025, the Company's money market funds, were valued using Level 1 inputs because they are valued using quoted prices in active markets. The Company's commercial paper, corporate debt securities, U.S. treasury securities, and U.S. government agency bonds 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.

As of December 31, 2025 and 2024, the Company had no assets or liabilities classified within Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the year ended December 31, 2025. As of December 31, 2025, of the \$9.5 million carrying amount of marketable securities, all had a contractual maturity date of less than one year.

Fair Value Measurements - Nonrecurring Basis

The Company holds a privately held, non-marketable equity investment in Remix, of which 91% was divested in 2024. As part of the divestiture, the Company retained a minority equity interest and does not have a significant influence. The investment is accounted for under the measurement alternative as it does not have a readily determinable fair value. Under this approach, the investment is initially recorded at cost, adjusted for impairment if any, and remeasured upon observable transactions for the same or similar investments issued by the investee. See Note 14, *Discontinued Operations*, for additional information regarding the divestiture.

During the year ended December 31, 2025, the Company acquired an additional equity investment in Remix of \$0.5 million and recorded a \$0.8 million gain within other income, net on the consolidated statement of operations, upon the remeasurement of its initial equity investment based on an observable transaction involving new equity issued by the investee. In determining the fair value, the Company used the transaction price as an observable input and considered the preferences and rights of the equity securities issued, as well as the lack of marketability of the investment. Due to the use of significant unobservable inputs, the investment is classified as a Level 3 asset within the fair value hierarchy.

As of December 31, 2025 and 2024, the carrying amount of the non-marketable equity investment was \$1.8 million and \$0.5 million, respectively, and was included in other assets on the Company's consolidated balance sheets. No

impairments or downward observable price adjustments were recognized during the year ended December 31, 2025 or cumulatively.

4. Property and Equipment, Net

Property and equipment, net consisted of the following:

	December 31,	
	2025	2024
	<i>(in thousands)</i>	
Property and equipment, at cost:		
Machinery and equipment	\$ 84,745	\$ 78,908
Leasehold improvements	23,457	23,901
Internal-use software	13,444	11,681
Computers and software	7,909	7,396
Construction in progress	6,858	5,583
Furniture and fixtures	2,196	2,128
Total property and equipment, at cost	138,609	129,598
Less: accumulated depreciation and amortization	(71,366)	(61,118)
Property and equipment, net	\$ 67,243	\$ 68,480

Depreciation and amortization expense of property and equipment was \$12.9 million and \$17.3 million for the years ended December 31, 2025 and 2024, respectively.

5. Balance Sheet Components

Accrued and other current liabilities consisted of the following:

	December 31,	
	2025	2024
	<i>(in thousands)</i>	
Gift card and site credit liabilities	\$ 8,026	\$ 12,234
Accrued vendor liabilities	4,844	3,916
Allowance for returns	3,814	3,052
Accrued taxes	2,571	2,608
Accrued compensation	2,527	3,438
Deferred revenue	1,573	3,328
Accrued other	1,156	1,280
Total	\$ 24,511	\$ 29,856

6. Leases

The Company leases certain office space and distribution centers with original lease terms ranging from one to twelve years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. Certain of these leases also include renewal options at the election of the Company to renew or extend the lease for an additional one to ten years. For certain leases, these optional periods have been considered in the determination of the right-of-use assets and lease liabilities associated with these leases as the Company has determined it is reasonably certain it will exercise the renewal options. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2025, future minimum undiscounted lease payments were as follows:

	Amount (in thousands)
2026	\$ 7,352
2027	7,356
2028	7,015
2029	5,704
2030	4,586
Thereafter	8,652
Total lease payments	40,666
Less: imputed interest	(6,685)
Present value of lease liabilities	33,981
Less: current lease liabilities	(5,401)
Non-current lease liabilities	\$ 28,580

Security deposits and letters of credits used to secure the leases were \$0.2 million and \$4.9 million, respectively, as of December 31, 2025 and \$0.2 million and \$5.0 million, respectively, as of December 31, 2024.

The components of lease cost are as follows:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Lease cost:		
Fixed operating lease cost	\$ 6,870	\$ 6,864
Short-term lease cost	495	438
Variable lease cost ⁽¹⁾	2,985	2,580
Total lease cost	\$ 10,350	\$ 9,882

(1) Variable lease costs, which include items such as real estate taxes, common area maintenance, and changes based on an index or rate, are not included in the calculation of the right-of-use assets and are recognized as incurred.

In the fourth quarter of 2025, the Company recorded an impairment charge of \$1.1 million related to a warehouse lease asset group, including an ROU asset and related leasehold improvements. The impairment charge was recorded within operations, product and technology in the Company's consolidated statements of operations for the year ended December 31, 2025. Fair value was estimated using a market-based approach, considering third-party broker information, market conditions, and its remaining lease term.

The weighted-average remaining lease term and weighted-average discount rate used to calculate the present value of lease liabilities are as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term	5.9 years	6.9 years
Weighted-average discount rate	6.3 %	6.2 %

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 7,062	\$ 7,206

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 and incurred an immaterial amount of debt issuance costs, which were recorded on the Company’s consolidated balance sheets and are being amortized over the life of the Term Loan using the effective-interest method.

Following subsequent amendments, as of December 31, 2025, the Term Loan had a maturity date of July 14, 2027 and provided for an aggregate borrowing amount of up to \$48.8 million, of which \$22.5 million remained available and was designated for the purchase of certain equipment. The Term Loan bore interest, as of December 31, 2025, at the prime rate published in the Wall Street Journal, with a floor of 4.75%, plus a margin of 1.25%.

The Term Loan required the Company to comply with certain financial covenants, including, among other things, liquidity requirements, performance metrics, and a debt service coverage ratio. The Term Loan also contained 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 contained customary events of default. As of December 31, 2025, the Company was in compliance with its debt covenants under the Term Loan.

As of December 31, 2025, the Term Loan was payable in consecutive monthly installments. Interest was due monthly on amounts outstanding under the Term Loan. The Company was also permitted to make voluntary prepayments without penalty or premium at any time.

As of December 31, 2025 and 2024, the effective interest rate for borrowings under the Term Loan was 8.94% and 9.71%, respectively.

During the years ended December 31, 2025 and 2024, the Company did not make any borrowings under the Term Loan and repaid \$4.0 million each year on amounts outstanding under the Term Loan. As of December 31, 2025 and 2024, the amount outstanding under the Term Loan was \$18.3 million and \$22.3 million, respectively.

During the years ended December 31, 2025 and 2024, the Company incurred interest costs of \$1.9 million and \$2.5 million, respectively, related to the Term Loan.

As of December 31, 2025, annual scheduled principal payments of the Term Loan were as follows:

	Amount
	<i>(in thousands)</i>
2026	\$ 4,000
2027	14,333
Total principal payments	18,333
Less: unamortized debt discount	(182)
Less: current portion of long-term debt	(3,875)
Non-current portion of long-term debt	\$ 14,276

On January 30, 2026, the Company entered into certain Amendment No. 2 to Second Amended and Restated Loan and Security Agreement (the “Amendment”) with the lenders party thereto (the “Lenders”) and Western Alliance Bank, as agent (the “Agent”).

The Amendment, among other things, reduces the aggregate commitment under the undrawn committed term loan facility from \$22.5 million to \$10.0 million, extends the maturity date from July 14, 2027 to July 10, 2030, and changes the reference interest rate on any outstanding principal amount from the prime rate published in the Wall Street Journal to the secured overnight financing rate (“SOFR”), subject to a 2.50% per annum floor, plus an applicable margin of 3.25% per annum. In addition, the Amendment modifies the amortization of the outstanding term loan such that only interest, and no principal, is payable until January 10, 2028.

The Amendment also modifies certain financial covenants under the Loan Agreement, including revisions to the existing minimum cash and liquidity requirements, and eliminates the fixed charge coverage ratio maintenance covenant.

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 December 31, 2025 and 2024:

	December 31, 2025	
	Authorized	Issued and Outstanding
	(in thousands)	
Class A common stock	1,000,000	106,358
Class B common stock	120,000	20,669
Total	1,120,000	127,027

	December 31, 2024	
	Authorized	Issued and Outstanding
	(in thousands)	
Class A common stock	1,000,000	88,061
Class B common stock	120,000	28,073
Total	1,120,000	116,134

9. Stock-Based Compensation

2010 Stock Incentive Plan

In 2010, the Company adopted the Second Amended and Restated 2010 Stock Plan ("2010 Plan"), and amended the 2010 Plan in 2011. The 2010 Plan provides for the grant of stock awards to employees, consultants and directors of the Company. Options granted under the 2010 Plan may either be Incentive Stock Options ("ISOs") or Nonstatutory Stock Options ("NSOs"). ISOs may be granted to Company employees only, while stock awards other than ISOs may be granted to employees, directors and consultants.

Stock awards under the 2010 Plan may be granted with terms of up to 10 years and at prices determined by the board of directors, provided, however, that (i) the exercise price of an ISO or NSO shall not be less than 100% of the estimated fair value of the shares on the date of the grant, and (ii) the exercise price of an ISO granted to a 10% or more stockholder shall not be less than 110% of the estimated fair value of the shares on the grant date. The options generally vest over a four-year period. For certain options, vesting accelerates upon the occurrence of specified events, such as a change of control.

2021 Stock Option and Incentive Plan

In February 2021, in connection with the IPO, the Company's board of directors adopted the 2021 Stock Option and Incentive Plan ("2021 Plan") to replace the 2010 Plan, which was subsequently approved by the Company's stockholders in March 2021. The 2021 Plan became effective on March 24, 2021.

Stock option activity under the 2010 Plan, as amended is as follows:

	Number of Options Outstanding <i>(in thousands)</i>	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value <i>(in thousands)</i>
Outstanding as of December 31, 2024	13,742	\$ 2.16	3.61 years	\$ 5,300
Granted	—	\$ —		
Exercised	(4,241)	\$ 2.17		
Forfeited or expired	(90)	\$ 2.25		
Outstanding as of December 31, 2025	9,411	\$ 2.16	3.30 years	\$ 39,825
Exercisable as of December 31, 2025	9,334	\$ 2.16	3.29 years	\$ 39,490

The aggregated intrinsic value represents the difference between the exercise price and the fair value of common stock. The aggregate intrinsic value of all options exercised was \$20.0 million and \$0.4 million during the years ended December 31, 2025 and 2024, respectively.

As of December 31, 2025, the total unrecognized compensation cost related to all nonvested stock options was not material.

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 stockholders in March 2021. The ESPP became effective on March 24, 2021, and the first offering period began on March 25, 2021. Under the terms of the ESPP, rights to purchase common shares may be granted to eligible qualified employees subject to certain restrictions. The ESPP enables the Company's eligible employees, through payroll withholding, to purchase a limited number of common shares at 85% of the fair market value of a common share either at the beginning of that offering period or on the applicable exercise date, whichever is less. Purchases are made on a semi-annual basis.

During the years ended December 31, 2025 and 2024, compensation expense related to ESPP was not material.

Restricted Stock Units

The Company issues service-based RSUs to employees. The RSUs automatically convert to shares of the Company's Class A common stock on a one-for-one basis as the awards vest. RSUs were granted to newly hired employees typically vest in equal quarterly installments over three years, provided that the initial vest occurs after a one-year cliff. Such grants commence vesting as of the nearest scheduled quarterly vesting date from the date of grant. The RSUs are measured at grant date fair value, at the market price of the Company's common stock on the grant date. The Company records stock-based compensation expense related to the RSUs ratably over the employee respective requisite service period.

The following table summarizes RSU activity under the 2021 Plan:

	Number of Shares <i>(in thousands)</i>	Weighted-Average Grant Date Fair Value Per Share
Outstanding and nonvested as of December 31, 2024	9,288	\$ 2.26
Granted	7,263	\$ 4.38
Vested	(7,327)	\$ 2.50
Forfeited	(294)	\$ 2.78
Outstanding and nonvested as of December 31, 2025	8,930	\$ 3.78

The fair value of RSUs as of the vesting date was \$49.7 million and \$12.3 million during the years ended December 31, 2025 and 2024 , respectively.

As of December 31, 2025, the Company had \$30.5 million of unrecognized stock-based compensation related to RSUs, which will be recognized over the weighted average remaining requisite service period of approximately two years.

Stock-based Compensation

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

	Year Ended December 31,	
	2025	2024
	<i>(in thousands)</i>	
Operations, product and technology	\$ 9,068	\$ 11,382
Marketing	480	487
Sales, general and administrative	9,455	13,978
Total stock-based compensation expense	<u>\$ 19,003</u>	<u>\$ 25,847</u>

Stock-based compensation expense capitalized in internal use software was not material for the years ended December 31, 2025 and 2024, respectively.

10. Commitments and Contingencies

Noncancellable Purchase Commitments

As of December 31, 2025, the Company has non-cancelable contractual commitments of \$3.5 million for software and other services in the ordinary course of business with varying expiration terms through 2028. The future minimum payments under these arrangements were as follows:

	Amount	
	<i>(in thousands)</i>	
2026	\$	1,546
2027		1,303
2028		601
Total future minimum payments	<u>\$</u>	<u>3,450</u>

Legal Contingencies

The Company is subject to litigation claims and assessments from time to time in the ordinary course of business. The Company's management does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

Indemnifications

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for 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. Retirement Plan

In the United States, the Company maintains a defined-contribution savings plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. The plan is available to substantially all employees who meet the minimum age and length of service requirements. The Company did not make any contributions to this plan during the years ended December 31, 2025 and 2024.

12. Income Taxes

The components of loss from continuing operations before provision for income taxes were \$20.2 million and \$40.0 million during the years ended December 31, 2025 and 2024, respectively.

The Company had no federal provision for income taxes as the Company has incurred operating losses since inception. The Company's state provision for income taxes was current and was not material for the years ended December 31, 2025 and 2024.

The Company's effective tax rate, as a percentage of loss from continuing operations before provision for income taxes, differs from the statutory federal rate primarily due to the valuation allowance that the Company records on its deferred tax assets, as management believes it is more likely than not that the deferred tax assets will not be fully realized.

The effective tax rate of the Company's provision for income taxes for the year ended December 31, 2025 differs from the federal statutory rate as follows:

	Year Ended December 31,	
	2025	
	<i>(in thousands, except percentages)</i>	
Tax expense at U.S. statutory rate	\$ (4,232)	21.0 %
State and local income taxes, net of federal income tax effect	47	(0.2)%
Change in valuation allowance	6,770	(33.6)%
Nontaxable or nondeductible items		
Stock-based compensation	(2,756)	13.6 %
Other	64	(0.3)%
Other adjustments	166	(0.8)%
Total	\$ 59	(0.3)%

The reconciliation between the provision for income taxes at the statutory rate and the provision for income taxes at the effective tax rate for the year ended December 31, 2024 is as follows:

	Year Ended December 31,	
	2024	
	<i>(in thousands)</i>	
Tax expense at U.S. statutory rate	\$ (8,394)	
Increase in tax resulting from:		
State taxes, net of federal effect		23
Non-deductible and other expenses		860
Stock-based compensation		2,540
Change in valuation allowance		5,000
Total	\$ 29	

The significant categories of temporary differences that gave rise to deferred tax assets and liabilities were as follows:

	December 31,	
	2025	2024
	(in thousands)	
Deferred tax assets:		
Accruals and reserves	\$ 2,896	\$ 2,741
Inventory and deferred revenue	156	115
Capitalized research and development costs	11,337	14,100
Stock-based compensation	1,854	2,238
Capital losses	21,355	21,746
Intangibles	350	393
Other	1,200	1,303
Net operating loss carryforwards	97,520	87,701
Gross deferred tax assets	136,668	130,337
Less: valuation allowance	(126,441)	(120,612)
Total deferred tax assets	10,227	9,725
Deferred tax liabilities:		
Fixed assets	9,911	9,723
Other	316	2
Total deferred tax liabilities	10,227	9,725
Total net deferred tax assets	\$ —	\$ —

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards. Net deferred tax assets consist primarily of net operating loss carryforwards of approximately \$97.5 million and \$87.7 million as of December 31, 2025 and 2024, respectively, related to U.S. federal and state taxes. A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. As of December 31, 2025 and 2024, the Company held valuation allowances against its deferred tax assets due to the uncertainty of realizing future benefits from its net operating loss carryforwards, capital loss carryforwards, and other deferred tax assets. The valuation allowance increased by \$5.8 million and \$22.2 million during the years ended December 31, 2025 and 2024, respectively.

U.S. federal and state net operating loss carryforwards of \$387.7 million and \$289.4 million, respectively, for income tax purposes are available to offset future taxable income as of December 31, 2025. \$307.1 million of the U.S. federal net operating losses can be carried forward indefinitely and are available to offset 80% of future taxable income. If not used, these federal and state carryforwards will begin to expire in varying amounts beginning in 2027.

The Tax Reform Act of 1986 and similar California legislation impose substantial restrictions on the utilization of net operating losses and tax credit carryforwards in the event that there is a change in ownership as provided by Section 382 and Section 383 of the Internal Revenue Code and similar state provisions. Such a limitation could result in the limitation and/or expiration of the net operating loss carryforwards and tax credits before utilization, which could result in increased future tax liabilities when the Company becomes taxable for federal or state purposes. While the Company has experienced an ownership change since its inception, an immaterial amount of net operating losses or tax credits has been limited as of December 31, 2025.

The Company recognizes the benefits of income tax positions only if the positions are more likely than not of being sustained. As of December 31, 2025 and 2024, the amount of gross unrecognized tax benefits related to continuing operations was \$1.5 million and \$1.3 million, respectively. All of the unrecognized tax benefits, if recognized, would not impact the Company's effective income tax rate.

A reconciliation of gross unrecognized tax benefits from continuing operations is as follows:

	Year Ended December 31,	
	2025	2024
	(in thousands)	
Balance at the beginning of the period	\$ 1,272	\$ 987
Increases related to prior year tax positions	—	—
Increases related to current year tax positions	270	285
Balance at the end of the period	<u>\$ 1,542</u>	<u>\$ 1,272</u>

The Company's tax years 2010 through current will remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or tax credit carryforward. The Company is not currently under examination by income tax authorities in federal, state or other jurisdictions.

The cash paid for income taxes, net of refunds, during the years ended December 31, 2025 and 2024 was not material.

13. Loss Per Share

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

	December 31,	
	2025	2024
	(in thousands)	
Outstanding stock options	9,411	13,743
Restricted stock units	8,930	9,288
Employee stock purchase plan	10	25
Total	<u>18,351</u>	<u>23,056</u>

14. Discontinued Operations

In the third quarter of 2024, the Company announced its decision to exit the European market and that it had initiated a strategic review of its Remix business. However, the Company did not classify Remix as held for sale during this period, as the necessary criteria were not met due to the required approval not being obtained. 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, recorded within loss from discontinued operations, net of tax in the consolidated statements of operations for the year ended December 31, 2024. There was no impairment recognized on goodwill as its fair value exceeded its carrying amount as of the valuation date.

On November 30, 2024, the Company completed the sale of its European subsidiary, Remix, to Remix's management (the "Transaction"). The Transaction qualified for held-for-sale classification on November 30, 2024 and represented a strategic shift with a major effect on the Company's operations and financial results. Following the divestiture, the Company did not have any significant continuing involvement in the operations of Remix. As a result, Remix met the criteria for reporting as a discontinued operation on the same date.

Upon the closing of the Transaction, the Company retained a 9% equity interest in Remix US Holdings, Inc., the parent company of Remix, with a fair value of \$530,000, and received cash proceeds of EUR 1.00. The minority investment did not provide the Company with significant influence over Remix. The Company did not elect the fair value option for this investment. The investment was accounted for under the cost method and is being assessed for impairment at each reporting period or if indicators of impairment arise. In connection with the Transaction, Remix issued an unsecured convertible promissory note (the "Convertible Note") to the Company as consideration for the Transaction. The Convertible Note, reflecting the Company's investment since acquiring Remix for various purposes, including infrastructure, technology, and personnel development, had a fair value of \$350,000. The Convertible Note had an aggregate principal amount of EUR 61.6 million and bore interest at 125 basis points plus the greater of the 12-month EURIBOR rate or zero, determined annually on November 30. The Convertible Note did not have a fixed maturity date,

and the Company did not anticipate full repayment, with both the timing and amount of any potential repayment remaining uncertain. Through its conversion feature, the Convertible Note ensured the Company's ownership interest in Remix to remain at 9% and not to exceed this level, regardless of potential future dilutive actions. Consequently, the discount, representing the difference between the aggregated principal amount and fair value, was not subject to amortization, and accrued interest was offset by a credit reserve adjustment and immediately written off in subsequent periods, resulting no net impact to the Company's consolidated financial statements.

The fair value of retained equity interest was estimated 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 included estimates of future revenues and operating expenses, long-term growth rates, working capital requirements, discount rates, and discounts for lack of marketability and control, which were considered unobservable inputs and were 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. The Company utilized a probability-weighted approach to determine the transaction-date fair value of the Convertible Note by analyzing all possible repayment scenarios, the estimated cash flows that the Company would receive under each scenario, and the likelihood of each scenario occurring.

As of December 31, 2024, the 9% retained equity interest in Remix US Holdings, Inc., valued at \$530,000, and the Convertible Note, valued at \$350,000, were recorded in other assets within the consolidated balance sheets. As a result of the Transaction, the Company derecognized net assets of \$7.6 million, a previously recognized foreign currency translation adjustment of \$3.6 million, and incurred transaction costs of \$1.0 million, resulting in a loss of \$11.3 million, recorded in loss from discontinued operations, net of tax within the consolidated statements of operations. As a result of the Transaction and the Convertible Note, there were deferred tax assets of \$21.7 million generated from the capital loss carryforwards incurred, related to U.S. federal and state taxes. As of December 31, 2024, the Company held a valuation allowance against these deferred tax assets due to the uncertainty of realizing future benefits from the capital loss carryforwards. Accordingly, there was no income tax impact and the Company has not recorded an income tax provision related to the losses.

Remix's financial results are presented as loss from discontinued operations, net of tax in the consolidated statements of operations for the year ended December 31, 2024. These results reflect the period from the beginning of the year through the date of the Transaction. The following table presents the major components of Remix's financial results for the period presented:

	Year Ended December 31, 2024
	(in thousands)
Revenue	\$ 47,317
Cost of revenue	33,937
Operating expenses	39,077
Other income, net	44
Loss on Remix divestiture	(11,334)
Loss from discontinued operations, net of tax	\$ (36,987)

During the year ended December 31, 2025, the Company received additional equity interests in Remix and remeasured its retained equity investment commensurate with an observable transaction involving new equity issued by Remix. As a result, the Company's equity investment in Remix was \$1.8 million as of December 31, 2025, and is included in other assets in the consolidated balance sheets. See Note 3, *Financial Instruments and Fair Value Measurements*, for further discussion of this investment.

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

None.

Item 9A. *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 ("Exchange Act") as of the end of the period covered by the Annual Report on Form 10-K. 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 December 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter ended December 31, 2025 that have 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.

Management's Annual Report on Internal Control over Financial Reporting

Management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. GAAP.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting due to an exemption for emerging growth companies pursuant to Section 404 of the Sarbanes-Oxley Act.

Item 9B. *Other Information*

Trading Plans

On December 5, 2025, James Reinhart, Chief Executive Officer, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act for the sale of up to 803,152 shares of the Company's Class A common stock until March 8, 2027.

Other than as disclosed above, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange act or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(c) of Regulation S-K.

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

Not Applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Our board of directors has adopted a code of conduct that applies to all of our employees, officers and directors. The full text of our code of conduct is available on our investor relations website at ir.thredup.com under the “Corporate Governance” section. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waiver from, a provision of our code of conduct by posting such information on the website address and location specified above.

Insider Trading Policies and Procedures

We are committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules and regulations. As part of this commitment, we have adopted an Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by our directors, officers, employees, contractors and other personnel providing services to ThredUp, as well as by ThredUp itself, that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and The Nasdaq Stock Market listing standards. In addition, ThredUp has adopted a Rule 10b5-1 Plan Policy that requires the Company’s employees, officers and directors to get approval for any Rule 10b5-1 plan prior to adoption, modification or amendment of any such plan.

ThredUp will not engage in trading in ThredUp securities, except in compliance with applicable securities laws. The foregoing summary of the Insider Trading Policy and Rule 10b5-1 Plan Policy does not purport to be complete and is qualified in its entirety by reference to the full text of the Insider Trading Policy and Rule 10b5-1 Plan Policy attached hereto as Exhibit 19.1.

The remaining information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

Item 11. *Executive Compensation*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

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

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

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

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

Item 14. *Principal Accountant Fees and Services*

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended December 31, 2025.

PART IV

Item 15. *Exhibit and Financial Statement Schedules*

(a) The following documents are filed as part of this Annual Report on Form 10-K, or incorporated herein by reference:

1. *Financial Statements.* The financial statements included in Part II, Item 8, *Financial Statements and Supplementary Data*, of this document are filed as part of this Annual Report on Form 10-K.
2. *Financial Statement Schedules.* Schedules are omitted because the required information is inapplicable, not material, or the information is presented in the consolidated financial statements or related notes.
3. *Exhibits.* The exhibits listed in the Exhibit Index immediately below are filed as part of this Annual Report on Form 10-K, or are incorporated by reference herein.

(b) Exhibit Index:

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of the Registrant.	10-Q	001-402249	3.1	8/5/2024
3.2	Amended and Restated Bylaws of the Registrant, as adopted on February 16, 2023.	8-K	001-40249	3.1	2/21/2023
4.1	Form of Class A common stock certificate of the Registrant.	S-1	333-253834	4.1	3/3/2021
4.2	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.	10-K	001-40249	4.2	3/22/2022
4.3	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
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-253834	10.1	3/3/2021
10.2 [#]	Second Amended and Restated 2010 Stock Incentive Plan, as amended, and forms of agreements thereunder.	S-1	333-253834	10.2	3/3/2021
10.3 [#]	2021 Stock Option and Incentive Plan and forms of agreements thereunder.	S-1/A	333-253834	10.3	3/17/2021
10.4 [#]	2021 Employee Stock Purchase Plan.	S-1/A	333-253834	10.4	3/17/2021
10.5 [#]	Senior Executive Cash Incentive Bonus Plan.	S-1	333-253834	10.5	3/3/2021
10.6 [#]	Executive Severance Plan.	S-1	333-253834	10.6	3/3/2021
10.7 [#]	Non-Employee Director Compensation Policy.	S-1	333-253834	10.7	3/3/2021
10.8 [#]	Offer Letter between the Registrant and Sean Sobers, dated September 30, 2019.	S-1	333-253834	10.10	3/3/2021
10.9 [#]	Offer Letter between the Registrant and Chris Homer, dated July 1, 2010.	10-K	001-40249	10.11	3/22/2022
10.10 [#]	Board Member Agreement between the Registrant and Mandy Ginsberg, dated December 3, 2020.	S-1	333-253834	10.11	3/3/2021
10.11 [†]	Second Amended and Restated Loan and Security Agreement dated as of July 14, 2022, by and among ThredUp Inc., ThredUp Intermediary Holdings LLC, Knitwit GC LLC, the lenders from time to time party thereto, and Western Alliance Bank, as agent	8-K	001-40249	10.1	7/20/2022
10.12	First Amendment to Second Amended and Restated Loan and Security Agreement, dated as of December 14, 2023, by and among ThredUp Inc., ThredUp Intermediary Holdings LLC and Knitwit GC LLC, and Western Alliance Bank.	10-K	001-40249	10.18	3/05/2024
10.13	Second Amendment to Second Amended and Restated Loan and Security Agreement, dated as of January 30, 2026, by and among ThredUp Inc., ThredUp Intermediary Holdings LLC and Knitwit GC LLC, and Western Alliance Bank.	Filed herewith			

19.1	Insider Trading Policy and 10b5-1 Plan Policy	Filed herewith
21.1	Subsidiaries of the Registrant	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm – Deloitte & Touche LLP	Filed herewith
24.1	Power of Attorney (included on the Signatures page of this Annual Report on Form 10-K)	Filed herewith
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
97.1	ThredUp Inc. Compensation Recovery Policy	Filed 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

Indicates management contract or compensatory plan, contract or agreement.

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Annual Report on Form 10-K 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.

† Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act. The Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

^ Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because they are both (i) not material and (ii) the type that the registrant treats as private or confidential. A copy of the omitted portions will be furnished to the Securities and Exchange Commission upon request.

Item 16. **Form 10-K Summary**

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 2, 2026

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JAMES REINHART James Reinhart	Chief Executive Officer (Principal Executive Officer and Director)	March 2, 2026
/s/ SEAN SOBERS Sean Sobers	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2026
/s/ IAN FRIEDMAN Ian Friedman	Director	March 2, 2026
/s/ MANDY GINSBERG Mandy Ginsberg	Director	March 2, 2026
/s/ TIMOTHY HALEY Timothy Haley	Director	March 2, 2026
/s/ KELLY BODNAR BATTLES Kelly Bodnar Battles	Director	March 2, 2026
/s/ PATRICIA NAKACHE Patricia Nakache	Director	March 2, 2026
/s/ DAN NOVA Dan Nova	Director	March 2, 2026
/s/ NOAM PARANSKY Noam Paransky	Director	March 2, 2026
/s/ CORETHA RUSHING Coretha Rushing	Director	March 2, 2026

CORPORATE INFORMATION

BOARD OF DIRECTORS

James Reinhart

Co-Founder and Chief Executive Officer

Patricia Nakache

Chair of the Board and General Partner of Trinity Ventures

Kelly Bodnar Battles

Board Member, Arista Networks and Former Chief Financial Officer

Ian Friedman

Independent Director

Mandy Ginsberg

Operating Partner of Advent International

Timothy Haley

Managing Director of Redpoint Ventures

Dan Nova

General Partner of Highland Capital Partners

Noam Paransky

CEO and Managing Director of Stony Brook Advisors LLC

Coretha Rushing

Managing Director and Executive Coach/Mentor for The ExCo Leadership Group, LLC and President of CR Consulting Alliance, LLC

EXECUTIVE OFFICERS

James Reinhart

Co-Founder and Chief Executive Officer

Chris Homer

Co-Founder and Chief Operating Officer

Sean Sobers

Chief Financial Officer

CORPORATE HEADQUARTERS

969 Broadway Suite 200
Oakland, CA 94607

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP

TRANSFER AGENT

Computershare Trust Company, N.A.
222 N. Pacific Coast Highway, 3rd
Floor El Segundo, CA 90245

THREDUP INVESTOR RELATIONS

IR@thredup.com



Fashion, meet Forever