Risk Factors Comparison 2024-03-05 to 2023-03-07 Form: 10-K

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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 ~~generate~~ **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. • We have experienced ~~rapid~~ growth in many of our recent periods and those growth rates may not be indicative of our future growth. If we fail to manage our growth effectively, we may be unable to execute our business plan and our business, results of operations and financial condition could be harmed. • We have a 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. •** 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. • ~~Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our consolidated financial statements. • The global COVID- 19 pandemic has had and may continue to have an adverse impact on our business, results of operations and financial condition. •~~ Compromises of our data security could cause us to incur unexpected expenses and may materially harm our reputation and results of operations ~~. • 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~~ . • 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 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. 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~~ **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. In addition to sourcing high- quality secondhand items by attracting new sellers and retaining existing sellers, our European operations acquire secondhand items from professional supplier companies as well as previously returned items from other retail apparel businesses. We are subject to the risks of the broader retail environment, such as fluctuations in price and availability in procuring secondhand and returned items through these supply channels. Further, the European suppliers we work with may increase their prices, which may negatively affect the cost efficiency for our European operations to source supply in this manner. Such potential risks and constraints on the supply of items to sell on our Remix platform could lead to our business, results of operations and financial condition being harmed. 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 rely on consumer discretionary spending and have been and may continue to be adversely affected by economic downturns and other macroeconomic conditions or trends. Our business and results of operations are subject to global economic conditions and their impact on consumer discretionary spending, particularly in the retail market. Some of the factors that may negatively influence consumer spending on retail items include 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, ~~fluctuating~~ **higher** interest rates ~~and~~ **, limited** credit availability, inflation, ~~fluctuating~~ **resumption of federal student loan payments, higher** fuel and other energy costs, ~~fluctuating~~ **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, ~~hurricanes~~ **extreme weather events** and wildfires; unforeseen public health crises, such as pandemics and epidemics, including the COVID- 19 pandemic ~~,~~ **;** political crises **, such as a government shutdown, terrorist attacks, war and other incidents of political instability** , such as Russia' s invasion of Ukraine, ~~terrorist attacks,~~ **and the Israel- Hamas** war and other ~~incidents of political instability~~ **conflicts in the Middle East** or other catastrophic events, whether occurring in the United States or internationally. Traditionally, consumer purchases of new retail items have declined during periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. 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 ~~. For instance, from the beginning of the COVID- 19 pandemic and throughout 2022, we experienced an increase in the supply of Clean Out Kits with secondhand items from sellers. Additionally, at the onset of the COVID- 19 pandemic, we experienced a reduction in operations productivity at our distribution centers as we were unable to process Clean Out Kits at our normal rate~~ . 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 ~~or strategic changes we or our competitors make in response to the COVID- 19 pandemic~~ , and it is uncertain how our market will evolve. These competitive pressures in our market or our failure to compete effectively may result in price reductions, fewer buyers and sellers, reduced revenue, gross profit, and gross margins, increased net losses and loss of market share. Any failure to meet and address these factors could harm our business, results of operations and financial condition. 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, ~~rapid~~ growth in certain recent periods, which has placed, and may continue to place, significant demands on our management and our operational and financial resources. 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 was $ **322. 0 million and $** 288. 4 ~~million, $ 251. 8 million and $ 186. 0~~ million for the years ended December 31, **2023 and** 2022 ~~, 2021, and 2020~~ , respectively, representing annual growth of **12 % and** 15 ~~% and 35~~ %, respectively. In future periods, we may not be able to sustain or increase revenue growth rates consistent with recent history, or at all. ~~Our revenue growth has been and may continue to be affected by the COVID- 19 pandemic.~~ We believe our success and revenue growth depends on a number of factors, including, but not limited to, our ability to: • **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 Kits from sellers on a timely basis; • improve, expand and further automate our distribution center operations and information systems; • anticipate and respond to macroeconomic changes generally, including changes in the markets for both new and secondhand retail items; • successfully compete against established companies and new market entrants, including national retailers and brands and traditional brick- and- mortar thrift stores; • effectively scale our operations while maintaining high- quality service and buyer and seller satisfaction; • hire and retain talented employees and professional contractors at all levels of our business; • avoid or manage interruptions in our business from information technology downtime, cybersecurity breaches and other factors that could affect our physical and digital infrastructure; • fulfill and deliver Orders in a timely manner and in accordance with customer expectations, which may change over time; • maintain a high level of customer service and satisfaction; • adapt to changing conditions in our industry ~~and related to the COVID- 19 pandemic and measures implemented to manage its spread~~ ; and • comply with regulations applicable to our business. If we are unable to accomplish any of these tasks, our revenue growth will be harmed. We also expect our operating expenses to increase in future periods, and if our revenue growth does not increase to offset these anticipated increases in our operating expenses, our business, results of operations and financial condition will be harmed, and we may not be able to achieve or maintain profitability. We experienced net losses of $ **71** ~~92. 3 million, $ 63~~ . 2 million ~~,~~ and $ ~~47~~ **92** . ~~9~~ **3** million in the years ended December 31, **2023 and** 2022 ~~, 2021, and 2020~~ , respectively. We expect to continue to incur net losses 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 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. 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 Kits in a timely manner; • the amount and timing of our operating expenses ; • the timing of expenses and recognition of revenue; • the timing and success of new partnerships, 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; • our ability to effectively manage our international operations; • the impact of market volatility and economic downturns, including those caused by outbreaks of disease, such as the COVID- 19 pandemic, on our business ; • adverse litigation judgments, other dispute- related settlement payments or other litigation- related costs; • regulatory fines; • changes in, and continuing uncertainty in relation to, the legislative or regulatory environment; • legal and regulatory compliance costs; • the number of new employees and professional contractors added; • the timing of the grant or vesting of equity awards to employees, directors, contractors or consultants; • pricing pressure as a result of competition, economic conditions, shipment delays or otherwise ~~, including as a result of the effects of the COVID- 19 pandemic~~ ; • costs and timing of expenses related to the acquisition of talent, technologies, intellectual property or businesses, including potentially significant amortization costs and possible write- downs; • public health crises, including the COVID- 19 pandemic; and • general economic conditions 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 ~~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 Kits 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 the future profitability of our RaaS offerings and whether they will result in an increased number of new and repeat buyers,an increased number of new and repeat sellers selling high- quality secondhand items,increased awareness of our brand and an additional source of revenue.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 are not profitable and 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 Kits 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 U. S. locations: Arizona, Georgia, Pennsylvania and Texas. Space in well- positioned geographic locations ~~is becoming increasingly~~ **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 ~~entered into restructuring activities and~~ **reduced our cost structure to better align the operational needs of the business to current economic conditions. We** may **have** ~~enter into~~ additional restructuring 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. 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, ~~including in response to pandemics, such as the COVID- 19 pandemic,~~ 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. In March 2020, the World Health Organization declared COVID- 19 a global pandemic and this contagious disease outbreak has continued to spread. The related public health measures, including orders to shelter- in- place, travel restrictions, mandated business closures and vaccination mandates, have adversely affected work forces, organizations, customers, economies and financial markets globally, leading to increased market volatility. The fear associated with pandemics such as COVID- 19 and the reactions of governments around the world in response to such pandemics, which include regulating the flow of labor and products and impeding the travel of individuals, have and may continue to impact our ability to conduct normal business operations, which could adversely affect our results of operations and liquidity. For example, in 2021, due to shelter- in- place orders and mandatory business closures, for a period of time, we were required to limit operations at our distribution centers, resulting in a delay in our ability to process our Clean Out Kits. Additionally, we were required to implement enhanced safety and cleaning measures, resulting in increased costs and reduced profitability. Federal, state and local COVID- 19 regulations may continue to evolve and we cannot predict what policies we may determine to, or be required to, implement in the future, or the effect thereof on our business, including whether the imposition of certain policies could cause us to result in attrition and impede our ability to recruit and retain our workforce. Disruptions to our business operations have included and could include personnel absences, temporary closures of our distribution centers, further or ongoing reduced capacity at our distribution centers, delays in processing Clean Out Kits shipped by sellers to us, delays in our shipment of items purchased by our buyers, a slow- down in our ability to hire if we are unable to interview candidates in~~

~~person, decreased foot traffic at and / or closure of our and our RaaS clients' physical retail locations, disruptions in internet connections and a decrease or volatile patterns in spending on retail in general. For instance, decreased processing capacity at our distribution centers during the onset of the COVID- 19 pandemic resulted in fewer items being listed as available for sale, which adversely impacted our revenue growth. If a critical number of our employees become too ill to work or are unable to work due to personal reasons related to the effects of COVID- 19, our ability to process merchandise through our distribution centers could be significantly slowed or halted. Our third- party vendors and partners have also experienced and may continue to experience disruptions to their business operations, which in turn affects us. Further, developing various responses to the challenges caused by COVID- 19 and its effects has and may continue to divert the attention of our management team. The continued scope and duration of the COVID- 19 pandemic (including any new strains or variants of the virus), whether additional actions may be taken to contain the virus, the impact on our buyers, sellers and RaaS clients, the speed and extent to which markets fully recover from the disruptions caused by the COVID- 19 pandemic, and the impact of these factors on our business, will depend on future developments that are highly uncertain and cannot be predicted with precision. In addition, to the extent COVID- 19 adversely affects our operations and global economic conditions more generally, it may heighten other risks disclosed in this report. Public health concerns, such as COVID- 19, have resulted and could continue to result in social, economic and labor instability in the localities in which we or our vendors, buyers and sellers reside. Any of these uncertainties and actions we take to mitigate the effects of COVID- 19 and uncertainties related to COVID- 19 could harm~~ our business, results of operations and financial condition. 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 in both our U. S. and EU markets. 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. The effects of unseasonably warm weather are particularly pronounced on our Remix platform, which unlike our core marketplace, tends to see an increased concentration of revenue in winter months due to increased sales of winter apparel. 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 ~~and~~ **,** 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 current shipping arrangement with FedEx Corporation (" FedEx ") includes volume based pricing incentives and discounts. If we fall below the volume threshold under our arrangement with FedEx, either due to a decrease in outbound shipments from our distribution centers, or because we meet our shipping needs with other carriers aside from FedEx, then we would no longer benefit from the FedEx discount, thereby leading to an increase in our shipping costs. 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. We have recently experienced increased shipping costs as a result, and these costs may continue to increase in the future. In May 2022, partly as a result of rising costs, we announced a price increase in standard shipping fees for our customers. In the future, however, we may not be able to pass such increases on to our customers. ~~Our~~ **Greater than expected item return rates have, and in the** future **could have** ~~growth and potential profitability will depend in large part upon the effectiveness and efficiency of our advertising~~ , **a negative impact on** ~~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 **. We allow buyers to return certain purchases from our website** and ~~the efficacy of~~ **mobile application under our return policy. We record a reserve for returns against proceeds to us from** ~~these~~ -- **the** ~~activities will depend~~ **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 ~~number of factors~~ **macro level across e- commerce platforms** , ~~including our~~ **without the** ability to **try on items such as clothing** ~~: • determine the effective creative message~~ and **shoes** ~~media mix for advertising~~ , ~~marketing and promotional expenditures; • select~~ **customers are increasingly accustomed to over- purchasing with** the ~~right markets~~ **intent to return items** , ~~media and specific media vehicles in~~ which **has caused** ~~to advertise; • identify the most effective and~~ - **an increase** ~~efficient level of spending~~ in **returns** ~~each market, media~~ and ~~specific media vehicle; and • effectively manage marketing~~ **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 ~~, including creative~~ and **harm** ~~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~~ **our** ~~re- allocate our advertising spend across channels, customer segments and~~ **brand** ~~geographic markets~~ **. Returned items may also be damaged** in **transit as part** ~~real-time to optimize the effectiveness~~ of ~~these~~ -- **the return process** ~~activities. For instance~~ , **which can significantly impact** ~~we have previously experienced, and may experience in~~ the **price** ~~future, variability in the number of customers~~ we are able to ~~reach in~~ **charge for such items on** our **marketplaces** ~~email marketing campaigns~~ . **Any significant** ~~We expect to~~ increase ~~advertising spend~~ in **returns that exceeds** ~~future periods to continue driving our growth. We have previously experienced, and may experience in the future, increases in the pricing of one or~~ **our reserves** ~~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 **revenue and** results of operations . Implementing new marketing and advertising strategies...... operations and financial condition could be harmed . 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, ~~including due to the COVID- 19 pandemic,~~ 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 and in the European region 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 ~~the~~ 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 Kit 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 Kits and distribution caused by a backlog of Clean Out Kits 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.** Future acquisitions, strategic investments, partnerships or alliances could be difficult to identify and integrate, 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. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated. Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In addition, we 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. We may not be able to find and identify 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. Our failure to address these risks or other issues encountered in connection with acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and harm our business generally . Certain estimates of our buyer metrics...... affect our revenue and results of operations . As an online secondhand marketplace, our success depends on the accuracy of our item acceptance process. Failure by us to identify counterfeit or stolen retail items could adversely affect our reputation and expose us to liability for the resale of counterfeit or stolen items. Our success 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 may also 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 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 ~~many~~ **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 ") ~~took effect on January 1, 2020 and~~ 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. ~~Additionally, on November 3, 2020, Proposition 24 was approved in California which creates a new privacy law, the California Privacy Rights Act (the " CPRA ").~~ The ~~CPRA~~ - **CCPA is already the subject of active** ~~creates additional obligations relating to processing and safeguarding personal information that took effect on January 1, 2023 (with certain provisions having retroactive effect to January 1, 2022). The CPRA' s implementing regulations have not yet been finalized, but~~ enforcement **by the** ~~is scheduled to begin July 1, 2023. 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 ~~CPRA~~ - **CCPA** and anticipate additional costs and expenses associated with ~~CPRA~~ - **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. ~~For example, in March 2021, Virginia enacted the Virginia Consumer Data Protection Act (the " CDPA "), which became effective January 1, 2023, and on June 8, 2021, Colorado enacted the Colorado Privacy Act (the " CPA "), which takes effect on July 1, 2023. The CDPA and CPA share similarities with the CCPA, the CPRA, and legislation proposed and enacted in other states.~~ 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. Further, as our operations expand internationally, including **as a result of** ~~in connection with the Remix Acquisition~~ **acquisitions** , we may become subject to additional laws and regulations relating to privacy and data protection. Regulatory authorities in the European Economic Area, United Kingdom and Switzerland, for example, traditionally have imposed stricter obligations under laws and regulations relating to privacy and data protection. For example, in **Europe** ~~May 2018~~ , **the collection and use of personal information is governed by** the European Union' s ~~regulation governing data practices and privacy in these jurisdictions called the~~ General Data Protection Regulation **and the United Kingdom' s implementation of the same** (**collectively, the** " GDPR ") ~~, became effective~~ . The GDPR requires companies to meet stringent requirements regarding the handling **, protection, and cross- border transfers** of personal data of individuals in the relevant jurisdictions. The GDPR provides for substantial penalties for non- compliance, which may result in monetary penalties of up to 20 million Euros or 4 % of a company' s worldwide turnover, whichever is greater. Aspects of data protection laws and regulations in Europe, including those relating to cross- border data transfer and the use of cookies, are evolving rapidly and remain subject to substantial uncertainty. Additionally, many other international jurisdictions have laws, regulations, or other requirements relating to privacy, data protection, information security, and localized storage of data, and new countries and territories are adopting such legislation or other obligations with increasing frequency. There is no harmonized approach to these laws and regulations globally. Consequently, international expansion, including **as a result of** ~~in connection with the Remix Acquisition~~ **acquisitions** , increases our risk of non- compliance with applicable foreign data protection laws and regulations. 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 ~~a~~ **certain** security ~~incident~~ **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 ") and our Remix platform through a separately managed infrastructure vendor, with a data center located in the European Union (together with AWS and Shopify, 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, including the Remix data center in the European Union 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, RaaS websites or our Remix platform 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. **We also hold European Union trademarks for our Remix logo.** Our trademarks are valuable assets that support our brand and buyers' perception of our services and merchandise. We have registered trademarks in Australia, Canada, the European Union, Japan, South Korea, Mexico, the United Kingdom and the United States. We also hold the rights to the " thredup. com " Internet domain name and various related domain names, which are subject to Internet regulatory bodies and trademark and other related laws of each applicable jurisdiction. If we are unable to protect our trademarks or domain names, our brand recognition and reputation would suffer, we would incur significant expense establishing new brands and our results of operations would be adversely impacted. 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 ~~could suffer.~~ Failure to comply with applicable laws or regulations,including those relating to the resale of secondhand items,or changes to such laws,rules or regulations may subject us to fines,penalties,registration and approval or other governmental enforcement action.Our business and financial condition could be adversely affected by unfavorable changes in or interpretations of existing laws,rules and regulations or the promulgation of new laws,rules and regulations applicable to us and our business,including those relating to the internet and e- commerce,such as geo- blocking and other geographically based restrictions,internet advertising and price display,consumer protection,anti-corruption,antitrust and competition,economic and trade sanctions,tax,banking,data security,network and information systems security,data protection,privacy and escheatment **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 ~~connection .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,if we were to continue to expand internationally,we would be subject to additional regulation.For example,there are,and will likely continue to be,an increasing number of laws and regulations pertaining to the internet and e- commerce.Regulations and laws specifically governing the internet and e-commerce may involve taxes,privacy,data protection and data security,consumer protection,the ability to collect and / or share necessary information that allows us to conduct business on the internet,marketing communications and advertising,content protection,electronic contracts or gift cards.Such regulations and laws may relate to liability for information retrieved from or transmitted over the internet,display of certain taxes and fees,online editorial and consumer- generated content,user privacy,data security,network and information systems security,behavioral targeting and online advertising,taxation,liability for third- party activities and the quality of services.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** ~~the~~ **their** ~~audit~~ **secondhand items. Failure** of **our sellers to comply with applicable laws, regulations and contractual requirements could lead to litigation** ~~our~~ - **or** ~~2022 consolidated 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.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.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 ~~statements,~~ **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 ~~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,and are subject to similar anti- corruption and anti- bribery laws to the extent of the international expansion of our operations **,such as our European operations in Bulgaria** .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 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,disgorgement of profits,and other sanctions and remedial measures,and prohibitions on the conduct of our business,any of which could harm our reputation,business,results of operations,financial condition and prospects and the price of our Class A common stock.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. **We have** ~~In January 2021,we filed~~ previously ~~described~~ **identified a material weakness** in our **internal control over financial reporting in the** Annual Report on Form 10- K **and if we fail to maintain an effective system** ~~for the year ended December 31, 2021 in connection with the audits~~ of **disclosure controls and internal control over financial reporting,** our **ability to produce timely and accurate** consolidated financial statements ~~in certain prior years, we and our~~ - **or** ~~independent registered public accounting~~ **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** ~~firms~~ **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 control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness, as further described in " Item 9A. Controls and Procedures " in this Annual Report on Form 10- K. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis. ~~Our~~ **As described in Item 9A in this Annual Report on Form 10- K, we have completed the remediation measures related to our previously reported** material weakness ~~related to the following control deficiency: • We did not design~~ and **concluded** ~~maintain adequate controls over the preparation and review of certain account reconciliations and journal entries. Specifically, we did not design and maintain controls and we did not maintain a sufficient complement of accounting personnel to ensure account reconciliations were prepared and reviewed at the appropriate level of precision on a consistent and timely basis. The deficiency described above, if not remediated, could result in a misstatement of one or more account balances or disclosures in our annual or interim consolidated financial statements~~ that ~~would not be prevented or detected, and, accordingly, we determined that this control deficiency constitute a material weakness. To address our material weakness, we have added accounting and finance personnel and implemented new financial accounting processes. We intend to continue to take steps to remediate the material weakness described above through hiring additional qualified accounting and finance resources and further evolving our accounting and quarterly and annual close processes. We will not be able to fully remediate these control deficiencies until these steps have been completed and have been operating effectively for a sufficient period of time. If we fail to remediate our material weakness, identify future material weaknesses in~~ our internal control over financial reporting ~~or fail to meet the demands~~ **was effective as of December 31, 2023. However, completion of remediation does not provide assurance** that **our remediated controls will continue** ~~have been placed upon us as a public company, including the requirements of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "), we may be unable~~ to ~~accurately report~~ **operate properly or that** our financial results or report them within the timeframes...... numerous sellers located in all 50 states **statements** of the United States, and the...... cannot be certain that our insurance coverage will be **free** ~~adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. Our failure to address risks associated with payment methods, credit card fraud and other consumer fraud, or our failure to control any such fraud, could damage our reputation and brand and could harm our business, results of operations and financial condition. We have in the past incurred and may in the future incur losses~~ from **error** ~~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...... of our consolidated financial statements. " Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, ~~additional~~ weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to ~~implement and~~ maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the 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. ~~General~~ **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. Those enactments could harm our business operations, and our business, results of operations and financial condition. Further, application of income and tax laws is subject to interpretation and existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Although we believe our tax methodologies are compliant, a taxing authority' s final determination in the event of a tax audit could materially differ from our past or current methods for determining and complying with our tax obligations, including the calculation of our tax provisions and accruals. These events could require us to pay additional tax amounts on a prospective or retroactive basis, as well as require us to pay fines and / or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential buyers and sellers may elect not to use our 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, ~~2022~~ **2023** . 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 a smaller reporting company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies **and smaller reporting companies** could make our Class A common stock less attractive to investors. We are an **"** emerging growth company ~~and a smaller reporting company,~~ **" as defined in the Jumpstart Our Business Startups Act of 2012 (" JOBS Act ")** and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to " emerging growth companies, " including: • not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes- Oxley Act; • reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10- K; and • exemptions from the requirements of holding a non- binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the completion of the IPO. Our status as an emerging growth company will end as soon as any of the following takes place: • the last day of the fiscal year in which we have more than $ 1. 235 billion in annual revenue; • the date we qualify as a " large accelerated filer, " with at least $ 700 million of equity securities held by non- affiliates; • the date on which we have issued, in any three- year period, more than $ 1. 0 billion in non- convertible debt securities; or • the last day of the fiscal year ending after the fifth anniversary of the completion of the IPO. ~~We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on the exemptions afforded emerging growth companies. If some investors find our Class A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.~~ Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. **We are also a " smaller reporting company, " as defined in Item 10 (f) (1) of Regulation S- K. As a smaller reporting company, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not smaller reporting companies, including, but not limited to: • Reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements ; • Not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act of 2002 ; and • Have certain other decreased disclosure obligations in our filings with the SEC, including being required to provide only two years of audited financial statements in annual reports. We will remain a smaller reporting company until the end of the fiscal year in which (1) we have a public common equity float of more than $ 250. 0 million, or (2) we have annual revenues for the most recently completed fiscal year of more than $ 100. 0 million plus we have any public common equity float or public float of more than $ 700. 0 million. We also would not be eligible for status as smaller reporting company if we become an investment company, an asset- backed issuer or a majority- owned subsidiary of a parent company that is not a smaller reporting company. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on the exemptions afforded emerging growth companies and smaller reporting companies. If some investors find our Class A common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.** 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 conduct 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 December 14, 2023, which** contains a number of covenants that restrict our and our subsidiaries' ability to, among other things, incur additional indebtedness, materially change our business, convey, sell, lease, transfer or dispose of the business or our property, except under certain circumstances, merge or consolidate with other companies or acquire other companies, create or incur liens, pay any dividends on our Class A common stock, make certain investments and engage in certain other activities. We are also required to maintain financial covenants, including minimum cash and liquidity requirements, a debt service requirement and quarterly and annual minimum net revenue and revenue growth thresholds. The terms of our loan and security agreement may restrict our current and future operations and could adversely affect our ability to finance our future operations or capital needs or to execute business strategies in the means or manner desired. In addition, complying with these covenants may make it more difficult for us to successfully execute our business strategy, invest in our growth strategy and compete against companies who are not subject to such restrictions. While we were in compliance with our debt covenants as of December 31, ~~2022~~ **2023** , 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. Recent increases in interest rates and volatility 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. ~~In~~ **As of December 31, 2023, we have 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,** ~~2022~~ **2027** ~~, we entered into a Second Amended~~ and **as of December 31** ~~Restated Loan and Security Agreement to~~ , **2023 had incurred** ~~among other things, increase our aggregate borrowing ability to~~ $ ~~70~~ **26** . ~~0~~ **3** million **of indebtedness pursuant** ~~, reduce the applicable margin for borrowings under the Term Loan~~ to **this agreement. The indebtedness generally bears interest at** the prime rate published in ~~The~~ **the** Wall Street Journal plus a margin of 1. 25 % with a floor of ~~6~~ **4** . ~~00~~ **75** % ~~and extend~~ **per annum;** the ~~maturity~~ **applicable interest** ~~date~~ **rate as** of **December 31** ~~our outstanding term loan to July 14~~ , ~~2027~~ **2023 was 9. 75 % per annum** . Continued **or sustained** increases in interest rates will increase the cost of servicing our outstanding indebtedness as well as the cost of any new indebtedness we may incur, including as a result of any future ~~refinancings~~ - **refinancing** , and could negatively impact our business, results of operations and financial condition. In addition, uncertainty and volatility in the capital markets and other factors may negatively impact our access to debt and equity financing and such financing may not be available on terms favorable to us or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, we could face significant limitations on our ability to invest in our operations and otherwise suffer harm to our business **. Recent events 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, ~~2022~~ **2023** , the holders of shares of our Class B common stock collectively owned shares representing approximately ~~81~~ **79** . ~~3~~ **2** % of the voting power of our outstanding capital stock, and our directors, executive officers and their affiliates beneficially owned in the aggregate ~~83~~ **81** . 1 % 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, ~~2022~~ **2023** , we had outstanding a total of ~~70~~ **78** , ~~722~~ **829** , ~~701~~ **576** shares of Class A common stock and ~~30~~ **29** , ~~809~~ **954** , ~~696~~ **156** 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, ~~2022~~ **2023** , we had ~~17~~ **16** , ~~871~~ **246** , ~~709~~ **975** options outstanding that, if fully exercised, would result in the issuance of shares of Class B common stock, as well as ~~7~~ **8** , ~~854~~ **537** , ~~822~~ **618** 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 Risks 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, especially 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 ~~restricted stock units (~~ 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. Our international operations may subject us to exchange rate fluctuations and other currency risks. Assets, liabilities, revenues and related expenses of our international operations are denominated in foreign currencies. Exchange rate fluctuations between a local currency and the U. S. dollar may negatively impact the financial conditions and operating results of our international operations when converted into U. S. dollars. In addition, the relative change in currency values creates fluctuations in product pricing for foreign end- customers, which may result in lost orders and reduce the competitiveness of our products in certain foreign markets. The reduction of our revenue as a result of exchange rate fluctuations could negatively impact our future growth prospects, results of operations and financial condition. 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 new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers. As a result of disclosure of information 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.