

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 001-40828

a.k.a. Brands Holding Corp.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

87-0970919

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

100 Montgomery Street, Suite 2270
San Francisco, California 94104
(Address of principal executive offices, including zip code)
415-295-6085
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	AKA	New York Stock Exchange

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

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input checked="" type="checkbox"/>

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

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

As of August 5, 2024, the registrant had 10,544,822 shares of common stock outstanding.

a.k.a. BRANDS HOLDING CORP.
FORM 10-Q

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FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, or that describe our plans, goals, intentions, objectives, strategies, expectations, beliefs and assumptions, are forward-looking statements. The words “believe,” “may,” “might,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “project,” “plan,” “objective,” “could,” “would,” “should” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. We caution that the forward-looking statements in this Quarterly Report on Form 10-Q are subject to a number of known and unknown risks, uncertainties and assumptions that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Factors that could contribute to these differences include, among other things:

- economic downturns and market conditions beyond our control, including periods of inflation;
- the quality of global financial markets;
- risks related to doing business in China, including changes in the political and economic policies of the Chinese government or in relations between China and the United States;
- rapid changes in consumer preferences in the apparel, footwear and accessories industry;
- our ability to acquire new customers in a cost-effective manner;
- our ability to retain existing customers and maintain average order value levels;
- the effectiveness of our marketing and our ability to maintain high customer traffic;
- the rate of merchandise returns;
- our ability to manage inventory effectively;
- our ability to procure sufficient quantities of third-party merchandise on favorable terms;
- our ability to identify brands to acquire or to integrate and manage our acquisitions and investments effectively;
- the effectiveness of our growth strategy;
- our ability to expand into new markets;
- risks related to doing business internationally, including international economic, geopolitical instability (including the ongoing Ukraine and Israel wars), legal, compliance and supply chain risks;
- interruptions in or increased costs of shipping;
- risks related to our direct-to-consumer business model;
- risks related to sales of our products through wholesale and third-party marketplace providers;
- risks related to our use of social media and influencers in marketing, including potential impact to our reputation or regulatory scrutiny;
- our ability to achieve projected results or to meet the expectations of securities analysts or investors;
- fluctuations in our operating results;
- our ability to track our key operating metrics accurately;
- our ability to maintain our corporate integrity or the image and reputation of our brands;
- our ability to continue to comply with the New York Stock Exchange (the “NYSE”) listing standards and maintain the listing of our common stock on the NYSE;
- potential liability for uncollected sales tax in certain jurisdictions;
- foreign currency exchange rate fluctuations;
- the effects of weather conditions, natural disasters or other unexpected events, including global health crises;
- our ability to attract or retain key personnel, manage executive officer succession effectively or hire, develop and motivate key employees;
- risks related to our decentralized brand management structure;
- increases in labor costs or fluctuations in wage rates or the price, availability or quality of raw materials and finished goods;

- risks related to distribution, including expansion of the capacity of our fulfillment centers;
- our ability to meet stakeholder expectations for ethically- and sustainably-sourced fashion;
- declines in the fair value of intangible assets, or impairment of goodwill, of a business unit;
- our ability to comply with changing laws or regulations or contractual or other obligations related to data privacy and security;
- our reliance upon third-party suppliers and manufacturers;
- changes in accounting standards and subjective assumptions, estimates and judgments by management relating to complex accounting matters;
- our and our suppliers' compliance with laws or regulations regarding consumer protection, promotions, safety or other matters;
- risks related to climate change;
- our ability to comply with changing U.S., Australian or international trade policy, tariff or import/export regulations;
- our reliance on overseas manufacturing and supply partners, including vendors located in jurisdictions presenting an increased risk of bribery and corruption;
- inadequacy, interruption or integration or security failure of our and third parties' information technology systems;
- security breaches or resulting loss, theft, misuse or unauthorized disclosure or access of customer, supplier or sensitive company information;
- risks related to customer use of mobile devices to shop;
- restrictions or changes to "cookie" technology as a means of tracking consumer behavior;
- third-party claims of infringement, misappropriation or other violation of intellectual property rights;
- our ability to adequately establish, maintain, protect or enforce our intellectual property or proprietary rights, or prevent third parties from making unauthorized use of such rights, such as by counterfeiting of our products;
- risks related to collecting payments from customers;
- system interruptions that impair customer access to our sites or other performance failures in our technology infrastructure;
- the impact of our indebtedness, including future indebtedness, on our business and growth prospects;
- our ability to service our indebtedness;
- limitations on our operations as a result of restrictive covenants in our financing documents;
- our ability to refinance our indebtedness;
- our ability to raise capital or generate cash flows necessary to expand our operations;
- risks related to Summit Partners LP's control of us;
- volatility in our stock price, including as a result of sales of substantial amounts of our common stock;
- our decisions concerning the allocation of capital including the extent to which we repurchase shares of our common stock;
- our ability to develop and maintain proper and effective internal control over financial reporting; and
- the other risk factors set forth under Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the "SEC") on March 7, 2024 (the "2023 Form 10-K").

Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or changes in our expectations, unless otherwise required by law.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

a.k.a. BRANDS HOLDING CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,466	\$ 21,859
Accounts receivable, net	5,778	4,796
Inventory	106,687	91,024
Prepaid income taxes	1,274	—
Prepaid expenses and other current assets	15,862	18,016
Total current assets	155,067	135,695
Property and equipment, net	25,754	27,154
Operating lease right-of-use assets	52,033	37,465
Intangible assets, net	58,521	64,322
Goodwill	93,604	94,898
Deferred tax assets	1,555	1,569
Other assets	2,270	618
Total assets	\$ 388,804	\$ 361,721
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 32,773	\$ 28,279
Accrued liabilities	29,671	25,223
Sales returns reserve	7,930	9,610
Deferred revenue	15,911	11,782
Income taxes payable	—	257
Operating lease liabilities, current	7,258	7,510
Current portion of long-term debt	6,300	3,300
Total current liabilities	99,843	85,961
Long-term debt	100,607	90,094
Operating lease liabilities	50,195	35,344
Other long-term liabilities	1,588	1,704
Total liabilities	252,233	213,103
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 50,000,000 shares authorized; zero shares issued or outstanding as of each of June 30, 2024 and December 31, 2023	—	—
Common stock, \$0.001 par value; 500,000,000 shares authorized; 10,529,419 and 10,567,881 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	128	128
Additional paid-in capital	468,726	466,172
Accumulated other comprehensive loss	(53,676)	(50,269)
Accumulated deficit	(278,607)	(267,413)
Total stockholders' equity	136,571	148,618
Total liabilities and stockholders' equity	\$ 388,804	\$ 361,721

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

a.k.a. BRANDS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 148,931	\$ 136,028	\$ 265,771	\$ 256,513
Cost of sales	62,962	58,672	114,128	110,657
Gross profit	85,969	77,356	151,643	145,856
Operating expenses:				
Selling	41,191	35,932	75,406	70,338
Marketing	18,275	18,354	33,154	33,131
General and administrative	25,867	24,191	48,540	50,059
Total operating expenses	85,333	78,477	157,100	153,528
Income (loss) from operations	636	(1,121)	(5,457)	(7,672)
Other expense, net:				
Interest expense	(2,676)	(2,841)	(4,954)	(5,692)
Other income (expense)	245	(750)	(298)	(1,784)
Total other expense, net	(2,431)	(3,591)	(5,252)	(7,476)
Loss before income taxes	(1,795)	(4,712)	(10,709)	(15,148)
(Provision for) benefit from income taxes	(466)	(328)	(485)	555
Net loss	<u>\$ (2,261)</u>	<u>\$ (5,040)</u>	<u>\$ (11,194)</u>	<u>\$ (14,593)</u>
Net loss per share:				
Basic and diluted*	\$ (0.22)	\$ (0.47)	\$ (1.07)	\$ (1.36)
Weighted average shares outstanding:				
Basic and diluted*	10,501,057	10,761,511	10,509,810	10,757,470

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

* Amounts for the three and six months ended June 30, 2023, adjusted for the one-for-12 Reverse Stock Split. Refer to Note 13, "Stockholders' Equity."

a.k.a. BRANDS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (2,261)	\$ (5,040)	\$ (11,194)	\$ (14,593)
Other comprehensive income (loss):				
Currency translation	1,573	(1,930)	(3,407)	(5,855)
Total comprehensive loss	<u>\$ (688)</u>	<u>\$ (6,970)</u>	<u>\$ (14,601)</u>	<u>\$ (20,448)</u>

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

a.k.a. BRANDS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of December 31, 2023	10,567,881	\$ 128	\$ 466,172	\$ (50,269)	\$ (267,413)	\$ 148,618
Equity-based compensation	—	—	1,956	—	—	1,956
Issuance of common stock under employee equity plans, net of shares withheld	19,458	—	(88)	—	—	(88)
Repurchase of shares	(104,103)	—	(1,063)	—	—	(1,063)
Cumulative translation adjustment	—	—	—	(4,980)	—	(4,980)
Net loss	—	—	—	—	(8,933)	(8,933)
Balance as of March 31, 2024	10,483,236	128	466,977	(55,249)	(276,346)	135,510
Equity-based compensation	—	—	1,895	—	—	1,895
Issuance of common stock under employee equity plans, net of shares withheld	59,279	—	(21)	—	—	(21)
Repurchase of shares	(13,096)	—	(125)	—	—	(125)
Cumulative translation adjustment	—	—	—	1,573	—	1,573
Net loss	—	—	—	—	(2,261)	(2,261)
Balance as of June 30, 2024	10,529,419	\$ 128	\$ 468,726	\$ (53,676)	\$ (278,607)	\$ 136,571

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares*	Amount				
Balance as of December 31, 2022	10,750,586	\$ 129	\$ 460,660	\$ (45,185)	\$ (168,527)	\$ 247,077
Equity-based compensation	—	—	1,936	—	—	1,936
Issuance of common stock under employee equity plans, net of shares withheld	6,882	—	(43)	—	—	(43)
Cumulative translation adjustment	—	—	—	(3,925)	—	(3,925)
Net loss	—	—	—	—	(9,553)	(9,553)
Balance as of March 31, 2023	10,757,468	129	462,553	(49,110)	(178,080)	235,492
Equity-based compensation	—	—	1,824	—	—	1,824
Issuance of common stock under employee equity plans, net of shares withheld	42,117	—	66	—	—	66
Repurchase of shares	(56,153)	—	(299)	—	—	(299)
Cumulative translation adjustment	—	—	—	(1,930)	—	(1,930)
Net loss	—	—	—	—	(5,040)	(5,040)
Balance as of June 30, 2023	10,743,432	\$ 129	\$ 464,144	\$ (51,040)	\$ (183,120)	\$ 230,113

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

* Adjusted for the one-for-12 Reverse Stock Split. Refer to Note 13, "Stockholders' Equity."

a.k.a. BRANDS HOLDING CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (11,194)	\$ (14,593)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation expense	3,041	4,230
Amortization expense	5,527	5,931
Amortization of debt issuance costs	303	315
Lease incentives	—	1,186
Loss on disposal of businesses	673	1,533
Non-cash operating lease expense	4,085	3,760
Equity-based compensation	3,851	3,760
Deferred income taxes, net	—	3
Changes in operating assets and liabilities:		
Accounts receivable	(914)	896
Inventory	(18,954)	15,511
Prepaid expenses and other current assets	2,757	(3,793)
Accounts payable	4,874	350
Income taxes payable	(1,533)	(1,179)
Accrued liabilities	4,593	(9,117)
Returns reserve	(1,568)	2,214
Deferred revenue	4,253	98
Lease liabilities	(3,992)	(3,815)
Net cash (used in) provided by operating activities	(4,198)	7,290
Cash flows from investing activities:		
Purchases of intangible assets	(5)	(62)
Purchases of property and equipment	(2,726)	(3,618)
Net cash used in investing activities	(2,731)	(3,680)
Cash flows from financing activities:		
Proceeds from line of credit, net of issuance costs	24,500	—
Repayment of line of credit	(10,000)	(21,100)
Repayment of debt	(1,200)	(2,800)
Taxes paid related to net share settlement of equity awards	(202)	(66)
Proceeds from issuances under equity-based compensation plans	93	90
Repurchase of shares	(1,189)	(299)
Net cash provided by (used in) financing activities	12,002	(24,175)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,310)	69
Net increase (decrease) in cash, cash equivalents and restricted cash	3,763	(20,496)
Cash, cash equivalents and restricted cash at beginning of period	24,029	48,373
Cash, cash equivalents and restricted cash at end of period	\$ 27,792	\$ 27,877
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 25,466	\$ 25,876
Restricted cash, included in prepaid expenses and other current assets	582	2,001
Restricted cash, included in other assets	1,744	—
Total cash, cash equivalents and restricted cash	\$ 27,792	\$ 27,877

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

a.k.a. BRANDS HOLDING CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(tabular amounts in thousands, except share, per share data, unit, per unit data, ratios, or as noted)
(unaudited)

Note 1. Organization and Description of Business

a.k.a. Brands Holding Corp. (together with our wholly-owned subsidiaries, collectively, the “Company”), which operates under the name “a.k.a. Brands” or “a.k.a.,” is a portfolio of next-generation fashion brands for the next generation of consumers. The Company seeks to leverage its industry expertise and operational synergies to accelerate its brands so they can grow faster, reach broader audiences, achieve greater scale and enhance their profitability.

The Company is headquartered in San Francisco, California, with buying, studio, marketing, fulfillment and administrative functions primarily in Australia and the United States.

Note 2. Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The Company’s unaudited condensed consolidated interim financial statements have been prepared in accordance with Article 10 of the SEC’s Regulation S-X. As permitted under those rules, certain footnotes or other financial information that are normally required by generally accepted accounting principles in the United States (“GAAP”) can be condensed or omitted. These financial statements have been prepared on the same basis as our annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for the fair statement of our financial information. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2023 which are included in the 2023 Form 10-K. The year-end condensed consolidated balance sheet data were derived from audited financial statements, but do not include all disclosures required by GAAP. These interim results are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2024 or for any other interim period or for any other future year. The accompanying condensed consolidated financial statements include the balances of the Company and all of its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Actual results could materially differ from those estimates. On an ongoing basis, the Company evaluates items subject to significant estimates and assumptions.

Revenue Recognition

Revenue is primarily derived from the sale of apparel merchandise through the Company’s online websites, stores, third-party marketplaces, wholesale partnerships and, when applicable, shipping revenue.

Revenue is recognized in an amount that reflects the consideration expected to be received in exchange for products. To determine revenue recognition for contracts with customers in accordance with *Revenue from Contracts with Customers (Topic 606)*, the Company recognizes revenue from the commercial sales of products and contracts by applying the following five steps: (1) identification of the contract, or contracts, with the customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, the Company satisfies its performance obligation. A contract is created with the customer at the time the order is placed by the customer, which creates a single performance obligation. The Company recognizes revenue for its single performance obligation at the time control of the product passes to the customer, which is when the goods are transferred to a third-party common carrier, for purchases through the Company’s online websites, or at point of sale, for purchases in its stores. In addition, the Company has elected to treat shipping and handling as fulfillment activities and not a separate performance obligation.

Net sales from product sales includes shipping charged to the customer and is recorded net of taxes collected from customers, which are recorded in accrued liabilities and are remitted to governmental authorities. Cash discounts earned by the customers at the time of purchase and estimates for sales return allowances are deducted from gross revenue in determining net sales.

The Company generally provides refunds for goods returned within 30 to 45 days from the original purchase date. A returns reserve is recorded by the Company based on historical refund experience with a corresponding reduction of sales and cost of sales. The returns reserve was \$7.9 million and \$9.6 million as of June 30, 2024 and December 31, 2023, respectively.

The following table presents a summary of the Company's sales return reserve:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	\$ 7,335	\$ 4,944	\$ 9,610	\$ 3,968
Returns	(36,670)	(27,788)	(62,570)	(48,542)
Provision	37,265	28,951	60,890	50,681
Ending balance	\$ 7,930	\$ 6,107	\$ 7,930	\$ 6,107

The Company also sells gift cards and issues online credits in lieu of cash refunds or exchanges. Proceeds from the issuance of gift cards and online credits issued are recorded as deferred revenue and recognized as revenue when the gift cards or online credit are redeemed or, upon inclusion in gift card and online credit breakage estimates. Breakage estimates are determined based on historical experience.

Revenue recognized in net sales on breakage of gift cards and online credit for the three months ended June 30, 2024 and 2023 was \$0.9 million and \$0.3 million, respectively. Revenue recognized in net sales on breakage of gift cards and online credit for the six months ended June 30, 2024 and 2023 was \$1.4 million and \$0.6 million, respectively.

The following table presents the disaggregation of the Company's net sales by geography, based on customer address:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
U.S.	\$ 95,375	\$ 79,967	\$ 172,513	\$ 152,593
Australia/New Zealand	45,650	48,037	79,165	89,483
Rest of world	7,906	8,024	14,093	14,437
Total	\$ 148,931	\$ 136,028	\$ 265,771	\$ 256,513

Segment Information

Operating segments are defined as components of an entity for which separate financial information is available and is regularly reviewed by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has determined that its four brands are each an operating segment. The Company has aggregated its operating segments into one reportable segment based on the similar nature of products sold, production, merchandising and distribution processes involved, target customers and economic characteristics.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard requires disclosure of significant segment expenses and other segment items by reportable segment. This ASU becomes effective for annual periods beginning in 2024 and interim periods in 2025. The Company is assessing the impact of this ASU.

In December 2023, FASB issued ASU 2023-09, Improvements to Income Tax Disclosures, which will require incremental income tax disclosures on an annual basis for all public entities. The amendments require that public business entities disclose specific categories in the rate reconciliation and provide additional information for reconciling items meeting a quantitative threshold. The amendments also require disclosure of income taxes paid to be disaggregated by jurisdiction, and disclosure of income tax expense disaggregated by federal, state and foreign. ASU 2023-09 is effective for annual reporting beginning with the fiscal year ending December 31, 2025. The Company is currently evaluating the incremental disclosures that will be required in the Company's consolidated financial statements.

Note 3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are comprised of the following:

	June 30, 2024	December 31, 2023
Inventory prepayments	\$ 6,393	\$ 4,982
Other	9,469	13,034
Total prepaid expenses and other current assets	<u>\$ 15,862</u>	<u>\$ 18,016</u>

Note 4. Property and Equipment, Net

Property and equipment, net is comprised of the following:

	June 30, 2024	December 31, 2023
Furniture and fixtures	\$ 3,368	\$ 2,439
Machinery and equipment	4,600	6,008
Computer equipment and capitalized software	7,497	7,531
Leasehold improvements	26,058	27,680
Total property and equipment	41,523	43,658
Less: accumulated depreciation	(15,769)	(16,504)
Total property and equipment, net	<u>\$ 25,754</u>	<u>\$ 27,154</u>

Total depreciation expense was \$1.5 million and \$1.7 million for the three months ended June 30, 2024 and 2023, respectively, and was \$3.0 million and \$4.2 million for the six months ended June 30, 2024 and 2023, respectively.

Note 5. Goodwill

The carrying value of goodwill, as of June 30, 2024 and December 31, 2023, was \$93.6 million and \$94.9 million, respectively. No goodwill impairment was recorded during the three and six months ended June 30, 2024 or 2023.

The goodwill of the acquired companies is primarily related to expected improvements in technology performance and functionality, as well as sales growth from future product and service offerings and new customers, together with certain intangible assets that do not qualify for separate recognition. The goodwill of acquired companies is generally not deductible for tax purposes.

The following table summarizes goodwill activity:

Balance as of December 31, 2023	\$ 94,898
Changes in foreign currency translation	(1,294)
Balance as of June 30, 2024	<u>\$ 93,604</u>

Note 6. Intangible Assets

The gross amounts and accumulated amortization of acquired identifiable intangible assets with finite useful lives as of June 30, 2024 and December 31, 2023, included in intangible assets, net in the accompanying condensed consolidated balance sheets, are as follows:

	Useful life	June 30, 2024		December 31, 2023	
		Weighted Average Amortization Period 2024	2024	Weighted Average Amortization Period 2023	2023
Customer relationships	4 years	0.7 years	\$ 9,560	1.2 years	\$ 21,640
Brands	10 years	6.4 years	83,473	6.9 years	84,023
Trademarks	5 years	0.8 years	105	1.3 years	107
Total intangible assets			93,138		105,770
Less: accumulated amortization			(34,617)		(41,448)
Total intangible assets, net			<u>\$ 58,521</u>		<u>\$ 64,322</u>

Amortization of acquired intangible assets with finite useful lives is included in general and administrative expenses and was \$2.7 million and \$2.9 million for the three months ended June 30, 2024 and 2023, respectively, and was \$5.5 million and \$5.9 million for the six months ended June 30, 2024 and 2023, respectively.

Future estimated amortization expense for acquired identifiable intangible assets is as follows:

	Amortization Expense
Year ending December 31:	
Remainder of 2024	\$ 5,034
2025	9,496
2026	8,631
2027	8,347
2028	7,495
Thereafter	19,518
Total amortization expense	<u>\$ 58,521</u>

Note 7. Debt

Senior Secured Credit Facility

On September 24, 2021, in connection with the closing of the Company's initial public offering ("IPO"), certain subsidiaries of the Company entered into a senior secured credit facility comprised of a \$100.0 million term loan and a \$50.0 million revolving line of credit, as well as an option for additional term loan of up to \$0.0 million through an accordion feature. The senior secured credit facility also allows for the issuance of one or more letters of credit from time to time by syndicate lenders. Effective April 4, 2023, the Company modified its senior secured credit facility under existing contractual provisions to yield interest based on interest rates based on Term SOFR, as defined in the credit agreement for the senior secured credit facility (the "Credit Agreement"). Key terms and conditions of each facility were as follows:

- The \$100.0 million term loan matures five years after closing and requires the Company to make amortized annual payments of 5.0% during the first and second years, 7.5% during the third and fourth years and 10.0% during the fifth year with the balance of the loan due at maturity. Borrowings under the term loan accrue interest at Term SOFR plus an applicable margin dependent upon our net leverage ratio, as defined in the Credit Agreement. The highest interest rate under the agreement occurs at a net leverage ratio of greater than 2.75x, yielding an interest rate of Term SOFR plus 3.25%.

- The \$50.0 million revolving line of credit, which matures five years after closing, accrues interest at Term SOFR plus an applicable margin dependent upon our net leverage ratio. The highest interest rate under the Credit Agreement occurs at a net leverage ratio of greater than 2.75x, yielding an interest rate of Term SOFR plus 3.25%. Additionally, a margin fee of 25-35 basis points is assessed on unused amounts under the revolving line of credit, subject to adjustment based on our net leverage ratio.
- The \$50.0 million accordion feature allows the Company to enter into additional term loan borrowings at terms to be agreed upon at the time of issuance, but on substantially the same basis as the original term loan, which includes the requirement to make amortized annual payments at the same cadence as that of the original term loan.

The senior secured credit facility requires that the Company maintain a maximum total net leverage ratio of 3.50 to 1.00 as of the last day of any fiscal quarter, beginning with the fiscal quarter ended December 31, 2021 through maturity. The senior secured credit facility also requires that the Company maintain a minimum fixed charge coverage ratio of 1.25 to 1.00 as of the last day of any fiscal quarter, beginning with the fiscal quarter ended December 31, 2021 through maturity. In the event that the Company fails to comply with the financial covenant, the Company will have the option to make certain equity contributions, directly or indirectly, to cure any non-compliance with such covenant, subject to certain other conditions and limitations. The Company is required to make a mandatory prepayment as a percentage of excess cash flows, as defined in the Credit Agreement, in the period based on the Company triggering certain net debt leverage ratios. Specifically, a mandatory prepayment of 50% of excess cash flows is required if the Company's net leverage ratio exceeds 2.75x, and a mandatory prepayment of 25% of excess cash flows is required if the Company's net leverage ratio is greater than or equal to 2.25x. As of June 30, 2024, the Company was in compliance with all debt covenants.

During the six months ended June 30, 2024, the Company borrowed \$24.5 million under its revolving line of credit, with final payoff due on September 24, 2026, and voluntarily repaid \$10.0 million of the amounts outstanding under its revolving line of credit.

As of June 30, 2024, the all-in rate (TermSOFR plus the applicable margin) for the Company's term loan and borrowings under the revolving line of credit was 8.71%.

Total Debt and Interest

Outstanding debt consisted of the following:

	June 30, 2024	December 31, 2023
Term loan	\$ 93,250	\$ 94,450
Revolving credit facility	14,500	—
Capitalized debt issuance costs	(843)	(1,056)
Total debt	106,907	93,394
Less: current portion	(6,300)	(3,300)
Total long-term debt	\$ 100,607	\$ 90,094

Interest expense, which included the amortization of debt issuance costs, totaled \$2.7 million and \$2.8 million for the three months ended June 30, 2024 and 2023, respectively, and totaled \$5.0 million and \$5.7 million for the six months ended June 30, 2024 and 2023, respectively. Additionally, as of June 30, 2024, the Company had \$1.5 million of outstanding letters of credit.

Note 8. Leases

The Company leases office locations, warehouse facilities and stores under various non-cancellable operating lease agreements. The Company's leases have remaining lease terms of approximately 1 year to 9 years, which represent the non-cancellable periods of the leases and include extension options that the Company determined are reasonably certain to be exercised. The Company excludes from the lease terms any extension options that are not reasonably certain to be exercised, ranging from approximately 6 months to 3 years. Lease payments consist primarily of fixed rental payments for the right to use the underlying leased assets over the lease terms as well as payments for common area maintenance and administrative services. The Company often receives customary incentives from landlords, such as reimbursements for tenant improvements and rent abatement periods, which effectively reduce the total lease payments owed for these leases. Leases are classified as operating or financing at commencement. The Company does not have any material financing leases.

Operating lease right-of-use assets and liabilities on the condensed consolidated balance sheets represent the present value of the remaining lease payments over the remaining lease terms. The Company uses its incremental borrowing rate to calculate the present value of the lease payments, as the implicit rates in the leases are not readily determinable. Operating lease costs consist primarily of the fixed lease payments included in the operating lease liabilities and are recorded on a straight-line basis over the lease terms.

The Company's operating lease costs were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease costs	\$ 2,767	\$ 2,561	\$ 5,415	\$ 4,911
Variable lease costs	292	204	603	394
Short-term lease costs	104	93	188	187
Total lease costs	\$ 3,163	\$ 2,858	\$ 6,206	\$ 5,492

The Company does not have any sublease income and the Company's lease agreements do not contain any residual value guarantees or material restrictive covenants.

Supplemental cash flow information relating to the Company's operating leases was as follows:

	Six Months Ended June 30,	
	2024	2023
Cash paid for operating lease liabilities	\$ 5,189	\$ 3,779
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	19,128	7,675

Other information relating to the Company's operating leases was as follows:

	June 30, 2024	December 31, 2023
Weighted-average remaining lease term	6.7 years	6.4 years
Weighted-average discount rate	6.3%	5.1%

As of June 30, 2024, the maturities of operating lease liabilities were as follows:

Remainder of 2024	\$ 4,695
2025	12,142
2026	11,105
2027	9,643
2028	8,713
Thereafter	26,001
Total remaining lease payments	72,299
Less: imputed interest	14,846
Total operating lease liabilities	57,453
Less: current portion	(7,258)
Long-term operating lease liabilities	\$ 50,195

Note 9. Income Taxes

Interim income taxes are based on an estimated annualized effective tax rate applied to the respective quarterly periods, adjusted for discrete tax items in the period in which they occur. Although the Company believes its tax estimates are reasonable, the Company can make no assurance that the final tax outcome of these matters will not be different from that which it has reflected in its historical income tax provisions and accruals. We will adjust our liability for uncertain tax positions, if any, based on changes in facts and circumstances such as the closing of a tax audit or changes in estimates. Our income tax provision may be impacted to the extent that the final outcome of these tax positions is different than the position taken.

The Company is subject to income taxes in the United States and Australia. Significant judgment is required in evaluating the Company's tax positions and determining the provision for income taxes. During the ordinary course of business, the Company considers tax positions for which the ultimate tax determination is uncertain for the purpose of determining whether a reserve is required, despite the Company's belief that the tax positions are fully supportable. To date the Company has not established a reserve provision because the Company believes that all tax positions are highly certain.

The following table summarizes our effective tax rate for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Loss before income taxes	\$ (1,795)	\$ (4,712)	\$ (10,709)	\$ (15,148)
(Provision for) benefit from income taxes	(466)	(328)	(485)	555
Effective tax rate	(26.0)%	(7.0)%	(4.5)%	3.7%

For the three and six months ended June 30, 2024, as compared to the same periods in the prior year, the Company's effective tax rate changed due to higher projected income before income taxes in the U.S. and a full valuation allowance on the net deferred tax assets in Australia. The effective tax rate was lower than the U.S. statutory rate of 21.0% for the three and six months ended June 30, 2024 primarily due to non-deductible permanent differences in the U.S. and a full valuation allowance on the net deferred tax assets in Australia.

Note 10. Accrued Liabilities

Accrued liabilities consisted of the following:

	June 30, 2024	December 31, 2023
Accrued salaries and other benefits	\$ 8,952	\$ 8,428
Accrued freight costs	4,280	3,976
Sales tax payable	2,836	4,955
Accrued marketing costs	4,683	2,885
Accrued professional services	1,802	909
Other accrued liabilities	7,118	4,070
Total accrued liabilities	\$ 29,671	\$ 25,223

Note 11. Deferred Revenue

Deferred revenue consisted of the following:

	June 30, 2024	December 31, 2023
Gift cards	\$ 10,901	\$ 11,303
Other	5,010	479
Total deferred revenue	\$ 15,911	\$ 11,782

Note 12. Equity-based Compensation

Incentive Plans

2021 Omnibus Incentive Plan

In September 2021, the Company's board of directors adopted, and its stockholders approved, the 2021 Omnibus Incentive Plan (the "2021 Plan") which became effective in connection with the IPO. The 2021 Plan provides for the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units and other forms of equity and cash compensation. A total of 408,355 shares of the Company's common stock, as adjusted for the Reverse Stock Split (refer to Note 13, "Stockholders' Equity"), were initially reserved for issuance under the 2021 Plan. The number of shares of common stock reserved and available for issuance under the 2021 Plan increases on January 1 of each year by 1% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the compensation committee of the Company's board of directors. On May 30, 2023, the Company's stockholders approved an amendment to the 2021 Plan to increase the number of shares available for issuance under the 2021 Plan by 833,333 shares of the Company's common stock, as adjusted for the Reverse Stock Split. On May 22, 2024, the Company's stockholders approved an amendment to the 2021 Plan to increase the number of shares available for issuance under the 2021 Plan by 1,100,000 shares of the Company's common stock. As of June 30, 2024, there were 2,662,075 shares reserved for issuance of awards under the 2021 Plan.

2021 Employee Stock Purchase Plan

In September 2021, the Company's board of directors adopted, and its stockholders approved, the 2021 Employee Stock Purchase Plan (the "ESPP") which became effective in connection with the IPO. A total of 102,088 shares of the Company's common stock, as adjusted for the Reverse Stock Split, were initially reserved for issuance under the ESPP. The number of shares reserved and available for issuance under the ESPP automatically increases on January 1 of each year by 1% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the compensation committee of the Company's board of directors. As of June 30, 2024, there were 422,475 shares reserved for issuance under the ESPP.

The offering periods of the ESPP are six months long and are anticipated to be offered twice per year. The price at which common stock is purchased under the ESPP is equal to 85% of the fair market value of a share of the Company's common stock on the first or last day of the offering period, whichever is lower. The fair value of the discount and the look-back period will be estimated using the Black-Scholes option pricing model.

2018 Stock and Incentive Compensation Plan

Prior to the IPO, the 2018 Stock and Incentive Compensation Plan, as amended (the "2018 Plan"), provided for the issuance of time-based incentive units and performance-based incentive units issued by Excelerate, L.P. (the predecessor entity of a.k.a. Brands Holding Corp.). In connection with the reorganization transactions and the IPO, all of the equity interests in Excelerate, L.P., including outstanding incentive units issued as equity-based compensation under the 2018 Plan, were transferred to New Excelerate, L.P. The incentive units issued under the 2018 Plan participate in distributions from New Excelerate, L.P., but only after investors receive their return of capital plus a specified threshold amount per unit. The total incentive pool size under the 2018 Plan was 16,475,735 units. The 2018 Plan was terminated in September 2021 in connection with the IPO, but continues to govern the terms of outstanding incentive units that were granted prior to the IPO. No further incentive units will be granted under the 2018 Plan.

Grant Activity

Stock Options

The 2021 Plan provides for the issuance of incentive and nonqualified stock options. Under the 2021 Plan, the exercise price of a stock option shall not be less than the fair market value of one share of the Company's common stock on the date of grant. Stock options have a contractual term, the period during which they are exercisable, not to exceed ten years from the date of grant, and generally vest over time, based on performance or based on the achievement of a market condition.

In September 2023, an award, including 416,667 performance-based stock options (the “Bryett Award”), was issued to Wesley Bryett, a member of the Company’s board of directors, co-founder of Princess Polly and the Global CEO of Culture Kings. This award expires after ten years, or upon the termination of Mr. Bryett’s service to the Company, and includes four tranches of stock options that will vest and become exercisable based upon the achievement of various common stock price targets. The weighted average exercise price for the options in the Bryett Award is \$109.27. Each tranche of stock options has a different derived service period, the average of which is approximately 5.5 years. As of June 30, 2024, no options issued as part of the Bryett Award had vested, the options held no intrinsic value, and total unrecognized compensation cost related to the Bryett Award was \$1.0 million which is expected to be recognized over 4.7 years.

A summary of the Company’s time-based stock option activity under the 2021 Plan for the six months ended June 30, 2024, is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance as of December 31, 2023	39,820	\$ 81.47	8.06	\$ —
Granted	—	—		
Exercised	—	—		
Forfeited/Repurchased	—	—		
Balance as of June 30, 2024	39,820	\$ 81.47	7.57	\$ —
Vested as of June 30, 2024	28,294	\$ 81.47	7.57	\$ —

As of June 30, 2024, there was \$0.5 million of total unrecognized compensation cost related to unvested time-based stock options issued under the 2021 Plan, which is expected to be recognized over a weighted-average period of 1.0 year.

Restricted Stock Units

The 2021 Plan provides for the issuance of restricted stock units (“RSUs”). Time-based RSUs issued prior to March 31, 2022 vest over four years while all time-based RSUs issued after that date vest over three years.

In May 2024, an award (the “Interim CEO Award”) of 150,000 performance-based RSUs (“PSUs”) was issued to Ciaran Long, Interim Chief Executive Officer and Chief Financial Officer of the Company. The Interim CEO Award expires after five years, or upon the termination of Mr. Long’s service to the Company, and includes ten tranches of PSUs that will vest based upon the achievement of various common stock price targets. If any common stock price target is achieved for one or more tranches of PSUs prior to April 1, 2025, the vesting date for the applicable tranche(s) will be April 1, 2025. Each tranche of PSUs has a different derived service period, the average of which is approximately 2.9 years. As of June 30, 2024, the common stock price target for one tranche of PSUs issued as part of the Interim CEO Award had been achieved, and the total unrecognized compensation cost related to the Interim CEO Award was \$0.4 million, which is expected to be recognized over 2.2 years.

A summary of the Company’s time-based RSU activity under the 2021 Plan for the six months ended June 30, 2024, is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance as of December 31, 2023	578,913	\$ 15.67
Granted	59,504	10.91
Vested	(83,886)	21.33
Forfeited/Repurchased	(40,212)	14.70
Balance as of June 30, 2024	514,319	\$ 14.21

As of June 30, 2024, there was \$6.1 million of total unrecognized compensation cost related to unvested RSUs issued under the 2021 Plan, which is expected to be recognized over a weighted-average period of 1.5 years.

Incentive Units

The 2018 Plan provided for the issuance of time-based incentive units and performance-based incentive units. Time-based incentive units generally vest over four years. Performance-based incentive units vested upon the satisfaction of the performance condition as described further below.

Time-Based Incentive Partnership Units

The following table summarizes time-based incentive unit activity under the 2018 Plan for the six months ended June 30, 2024:

	Number of Units	Weighted Average Grant Date Fair Value	Weighted Average Participation Threshold	Aggregate Intrinsic Value
Balance as of December 31, 2023	1,360,067	\$ 1.50	\$ 20.01	\$ —
Granted	—	—	—	—
Vested	(848,947)	1.45	18.40	—
Forfeited/Repurchased	(30,083)	1.34	22.68	—
Balance as of June 30, 2024	<u>481,037</u>	<u>\$ 1.60</u>	<u>\$ 22.68</u>	<u>\$ —</u>
Vested as of June 30, 2024	<u>8,710,167</u>			

As of June 30, 2024, there was \$0.6 million of total unrecognized compensation cost related to unvested time-based incentive units issued under the 2018 Plan, which is expected to be recognized over a weighted average period of 0.6 years.

ESPP Purchase Rights

A six-month offering period for the ESPP ended on May 31, 2024. There were 1,580 shares purchased using ESPP purchase rights with a weighted average purchase price of \$8.05.

Equity-Based Compensation Expense

The Company recognizes compensation expense in general and administrative expenses within operating expenses in the condensed consolidated statements of income for stock options, RSUs, ESPP purchase rights and time-based incentive units granted prior to the IPO by amortizing the grant date fair value on a straight-line basis over the expected vesting period to the extent the vesting of the grant is considered probable. The Company recognizes equity-based award forfeitures in the period such forfeitures occur.

The following table summarizes the Company's equity-based compensation expense by award type for all Plans:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock options	\$ 179	\$ 125	\$ 359	\$ 249
RSUs	1,242	988	2,370	2,016
ESPP purchase rights	20	63	40	126
Time-based incentive units	454	648	1,082	1,369
Total	<u>\$ 1,895</u>	<u>\$ 1,824</u>	<u>\$ 3,851</u>	<u>\$ 3,760</u>

Note 13. Stockholders' Equity

Preferred Stock

In connection with the IPO, the Company's amended and restated certificate of incorporation became effective, which authorized the issuance of 50,000,000 shares of undesignated preferred stock with a par value of \$0.001 per share with rights and preferences, including voting rights, designated from time to time by the Company's board of directors. There were no shares of preferred stock issued and outstanding as of June 30, 2024.

Common Stock

The Company has one class of common stock. In connection with the IPO, the Company’s amended and restated certificate of incorporation became effective, which authorized the issuance of 500,000,000 shares of common stock with a par value of \$0.001 per share, with one vote per share. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the Company’s board of directors.

On September 29, 2023, the Company effected a one-for-12 reverse stock split of its common stock (the “Reverse Stock Split”). No fractional shares were issued in connection with the Reverse Stock Split and all holders of such fractional interests received cash equal to such fraction multiplied by the average of the closing sales prices of the Company’s common stock during the regular trading hours for the five consecutive trading days immediately preceding the effective date of the Reverse Stock Split, with such average closing sales prices being adjusted to give effect to the Reverse Stock Split. All references in these condensed consolidated financial statements to the Company’s outstanding common stock, including per share information, prior to the Reverse Stock Split have been retrospectively adjusted to reflect the Reverse Stock Split.

Share Repurchase Program & Share Forfeitures

On May 25, 2023, the Company’s board of directors approved a share repurchase program (the “Share Repurchase Program”). Pursuant to the Share Repurchase Program, the Company was initially authorized to repurchase up to \$2.0 million of shares of the Company’s common stock. Subsequently, in 2023, the Company’s board of directors approved an additional repurchase capacity under the Share Repurchase Program of \$3.0 million shares of the Company’s common stock. The timing of any repurchases by the Company and the actual number of shares repurchased are at the Company’s discretion, and, in deciding when to repurchase shares and the amount of shares to repurchase, the Company will consider available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a Rule 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. The Share Repurchase Program may be suspended or discontinued at any time and has no expiration date.

Additionally, from time to time, the Company’s employees may surrender shares of the Company’s common stock to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares of common stock issued under the 2021 Plan. With respect to these surrendered shares, the price paid per share is based on the fair value at the time of surrender.

During the three months ended June 30, 2024, inclusive of repurchases under the Share Repurchase Program and shares surrendered by employees to satisfy tax obligations, the Company repurchased 19,723 shares of its common stock for \$0.2 million, at an average price of \$12.07 per share. During the six months ended June 30, 2024, inclusive of repurchases under the Share Repurchase Program and shares surrendered by employees to satisfy tax obligations, the Company repurchased 133,682 shares of its common stock for \$1.4 million, at an average price of \$10.35 per share.

Note 14. Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share and a reconciliation of the weighted average number of shares outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	\$ (2,261)	\$ (5,040)	\$ (11,194)	\$ (14,593)
Denominator:				
Weighted-average common shares outstanding, basic and diluted	10,501,057	10,761,511	10,509,810	10,757,470
Net loss per share:				
Net loss per share, basic and diluted	\$ (0.22)	\$ (0.47)	\$ (1.07)	\$ (1.36)

Basic net income (loss) per share is calculated by dividing net income (loss) for the period by the weighted-average number of shares of common stock for the period. Diluted net income (loss) per share has been calculated in a manner consistent with that of basic net income (loss) per share while giving effect to shares issuable upon exercise and/or vesting of potentially dilutive stock option and RSU grants, as well as ESPP purchase rights, outstanding during the period, if applicable. Due to the net loss for all periods shown, no potentially dilutive securities had an impact on diluted loss per share for any period. For the three months ended June 30, 2024 and 2023, 406,509 and 362,894 shares (as adjusted for the Reverse Stock Split), respectively, were excluded from the calculation of weighted-average diluted common shares outstanding as they had an anti-dilutive effect. For the six months ended June 30, 2024 and 2023, 414,587 and 372,073 shares (as adjusted for the Reverse Stock Split), respectively, were excluded from the calculation of weighted-average diluted common shares outstanding as they had an anti-dilutive effect.

Note 15. Commitments and Contingencies

Contingencies

The Company records a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company also discloses material contingencies when it believes a loss is not probable but reasonably possible. Accounting for contingencies requires the Company to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although the Company cannot predict with assurance the outcome of any litigation or tax matters, it does not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on the Company's operating results, financial position or cash flows.

Indemnifications

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to vendors, directors, officers and other parties with respect to certain matters. The Company has not incurred any material costs as a result of such indemnifications and has not accrued any liabilities related to such obligations in the consolidated financial statements.

Legal Proceeding

In April 2024, the Company received a cease and desist letter alleging copyright infringement and related claims. This matter has not proceeded to litigation as of the date that these condensed consolidated financial statements are issued, and, while there is a reasonable possibility that a loss may be incurred, the possible loss or range of loss is not estimable based on currently available information. Accordingly, no loss has been accrued in these condensed consolidated financial statements related to such claims.

Note 16. Subsequent Events

The Company has evaluated subsequent events occurring through the date that these financial statements were issued, and determined the following subsequent event occurred that would require disclosure in these financial statements.

Draw on Revolving Line of Credit

On July 22, 2024, the Company borrowed \$10.0 million under the revolving line of credit, which is part of the Company's senior secured credit facility. The initial applicable interest rate for the borrowings is 8.71% and final payoff is due on September 24, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and related notes that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements because of various factors, including those set forth in the sections captioned "Risk Factors" and "Forward-Looking Statements" and in other parts of this Quarterly Report on Form 10-Q. Our fiscal year ends on December 31.

Overview

a.k.a. Brands is a portfolio of next-generation fashion brands for the next generation of consumers. We seek to leverage our industry expertise and operational synergies to accelerate our brands so they can grow faster, reach broader audiences, achieve greater scale and enhance their profitability. We believe we are disrupting the status quo and pioneering a new approach to fashion.

a.k.a. was founded with a focus on Millennial and Gen Z audiences who primarily find inspiration for fashion on social media. We have since built a portfolio of next-generation brands with distinct fashion offerings and consumer followings:

- Princess Polly, a fashion brand focusing on fun, trendy dresses, tops, shoes and accessories with slim fit, body-confident and trendy fashion designs. The brand targets a female customer between the ages of 15 and 25.
- Petal & Pup, a fashion brand offering an assortment of trendy, flattering and feminine styles and dresses for special occasions. The brand targets female customers typically in their twenties or thirties, with more than 70% of customers between the ages of 25 and 34.
- Culture Kings, an Australia-based premium online retailer of streetwear apparel, footwear, headwear and accessories. The brand targets male consumers between the ages of 18 and 35 who are fashion conscious, highly social and digitally focused.
- mnml, a Los Angeles-based streetwear brand that offers competitively priced on-trend wardrobe staples. The brand targets male consumers between the ages of 18 and 35.

Key Operating and Financial Metrics

Operating Metrics

We use the following metrics to assess the progress of our business, make decisions on where to allocate capital, time and technology investments and assess the near-term and longer-term performance of our business.

The following table sets forth our key operating metrics for each period presented:

<i>(in millions, other than dollar figures)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Active customers	4.01	3.59	4.01	3.59
Average order value	\$ 78	\$ 82	\$ 77	\$ 81
Number of orders	1.92	1.65	3.44	3.15

Active Customers

We view the number of active customers as a key indicator of our growth, our value proposition, consumer awareness of our brand, and our customer's desire to purchase our products. In any particular period, we determine our number of active customers by counting the total number of unique customer accounts who have made at least one purchase in the preceding 12-month period, measured from the last date of such period.

Average Order Value

We define average order value as net sales in a given period divided by the total orders placed in that period. Average order value may fluctuate as we expand into new categories or geographies or as our assortment changes.

Key Financial Metrics

The following table sets forth our key financial metrics prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and non-GAAP financial metrics for each period presented:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Gross margin	58%	57%	57%	57%
Net loss	\$ (2,261)	\$ (5,040)	\$ (11,194)	\$ (14,593)
Net loss margin	(2)%	(4)%	(4)%	(6)%
Adjusted EBITDA	\$ 8,012	\$ 5,568	\$ 8,885	\$ 7,754
Adjusted EBITDA margin	5%	4%	3%	3%
Net cash (used in) provided by operating activities			\$ (4,198)	\$ 7,290
Free Cash Flow			\$ (6,924)	\$ 3,672

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), Adjusted EBITDA margin and Free Cash Flow are non-GAAP measures. See "Non-GAAP Financial Measures" below for information regarding our use of Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow and their reconciliation to net income (loss), net income (loss) margin and net cash from operating activities, respectively.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we monitor the following supplemental non-GAAP financial measures to evaluate our operating performance, identify trends, formulate financial projections and make strategic decisions on a consolidated basis. Accordingly, we believe that non-GAAP financial information may provide useful supplemental information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. The non-GAAP financial measures are presented for supplemental informational purposes only. They should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

Adjusted EBITDA and Adjusted EBITDA Margin

We calculate Adjusted EBITDA as net income (loss) adjusted to exclude: interest and other expense; benefit from or provision for income taxes; depreciation and amortization expense; equity-based compensation expense; inventory step-up amortization expense; distribution center relocation costs; transaction costs; costs related to severance from headcount reductions; goodwill and intangible asset impairment; sales tax penalties; insured losses, net of any recoveries; and one-time or non-recurring items. We calculate Adjusted EBITDA margin as Adjusted EBITDA as a percentage of net sales. Adjusted EBITDA does not represent net income (loss) or cash flow from or used in operating activities as it is defined by GAAP and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA has other limitations as an analytical tool when compared to the use of net income (loss), which is the most directly comparable GAAP financial measure, including that Adjusted EBITDA does not reflect:

- the interest or other expense we incur;
- the provision for or benefit from income tax;
- any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;
- any transaction or debt extinguishment costs;
- any costs to establish or relocate distribution centers;
- any costs related to severance from headcount reductions;
- any impairment of goodwill or intangible assets;
- any costs related to sales tax penalties;
- any insured losses, net of recoveries;
- any non-routine legal matters;
- any amortization expense associated with fair value adjustments from purchase price accounting, including intangibles or inventory step-up; and
- the cost of compensation we provide to our employees in the form of equity awards.

The following table reflects a reconciliation of Adjusted EBITDA to net loss and Adjusted EBITDA margin to net loss margin, the most directly comparable financial measures prepared in accordance with GAAP:

<i>(dollars in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (2,261)	\$ (5,040)	\$ (11,194)	\$ (14,593)
Add (deduct):				
Total other expense, net	2,431	3,591	5,252	7,476
Provision for (benefit from) income tax	466	328	485	(555)
Depreciation and amortization expense	4,270	4,720	8,568	10,161
Equity-based compensation expense	1,895	1,824	3,851	3,760
Non-routine items*	1,211	145	1,923	1,505
Adjusted EBITDA	\$ 8,012	\$ 5,568	\$ 8,885	\$ 7,754
Net loss margin	(2)%	(4)%	(4)%	(6)%
Adjusted EBITDA margin	5 %	4 %	3 %	3 %

*Non-routine items include severance from headcount reductions; sales tax penalties; insured losses, net of recoveries; and non-routine legal matters.

Free Cash Flow

We calculate Free Cash Flow as net cash provided by (used in) operating activities reduced by purchases of property and equipment. Management believes Free Cash Flow is a useful measure of liquidity and an additional basis for assessing our ability to generate cash. There are limitations related to the use of Free Cash Flow as an analytical tool, including that other companies may calculate Free Cash Flow differently, which reduces its usefulness as a comparative measure, and Free Cash Flow does not reflect our future contractual commitments nor does it represent the total residual cash flow for a given period.

The following table presents a reconciliation of Free Cash Flow to net cash (used in) provided by operating activities, the most directly comparable financial measure prepared in accordance with GAAP:

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Net cash (used in) provided by operating activities	\$ (4,198)	\$ 7,290
Less: purchases of property and equipment	(2,726)	(3,618)
Free Cash Flow	\$ (6,924)	\$ 3,672

Our Free Cash Flow has fluctuated over time primarily as a result of timing of inventory purchases, purchases of property and equipment and fluctuations in earnings.

For the six months ended June 30, 2024, net cash (used in) provided by operating activities decreased by \$11.5 million compared to net cash (used in) provided by operating activities for the six months ended June 30, 2023. This was attributable primarily to more cash used to purchase inventory in the current period, as compared to the prior period, to support growth in the U.S., partially offset by timing of payments.

For the six months ended June 30, 2024, Free Cash Flow decreased by \$10.6 million compared to Free Cash Flow for the six months ended June 30, 2023. This was attributable primarily to more cash used to purchase inventory in the current year, as compared to the prior year, to support growth in the U.S., partially offset by the timing of planned capital expenditures and the timing of payments.

Factors Affecting Our Performance

Macroeconomic Environment

The macroeconomic environment in which we operate has been and, we anticipate, will continue to be pressured by adverse conditions worldwide. Inflationary pressures on consumers globally, particularly on our Australian customers, and our supply chain, elevated interest rates and shifts in global spending in anticipation of a potential economic slowdown or recession have pressured our net sales. Additionally, lower return on marketing investments, increasing labor rates, a higher-than-historical competitive promotional environment and higher merchandise returns, all stemming from the pressures previously identified, led to reduced operating income and Adjusted EBITDA performance, as well as impairment to goodwill in previous years. Consequently, our business and results of operations, including earnings and cash flows, could continue to be adversely impacted, including as a result of:

- decreased consumer confidence and consumer spending and consumption habits, including spending for the merchandise that we sell and shifting to more in-store retail experiences, and negative trends in consumer purchasing patterns due to inflationary pressures and changes in consumers' disposable income, credit availability and debt levels;
- challenges filling staffing requirements at our stores, corporate headquarters and distribution centers; and
- increased materials and procurement costs as a result of scarcity or increased prices of commodities and raw materials.

All of these factors have contributed and may continue to contribute to reduced orders, increased merchandise returns, higher discounts, lower net sales, lower gross margins, reduced effectiveness of marketing, increased inventories and goodwill impairment, and it is possible that future annual or interim impairment tests could result in additional impairment charges.

Brand Awareness

Our ability to promote our brands and maintain brand awareness and loyalty is critical to our success. We have a significant opportunity to continue to grow awareness and loyalty to our brands through word of mouth, brand marketing, performance marketing, wholesale and marketplace opportunities, and increased store openings in key locations. We plan to continue to invest in performance marketing and increase our investment in brand awareness across our brands to drive our future growth. Failure to successfully promote our brands and maintain brand awareness would have an adverse impact to our operating results.

Customer Acquisition

To continue to grow our business profitably, we intend to acquire new customers and retain our existing customers at a reasonable cost. Our methods to acquire customers have evolved and will need to continue evolving in response to changes in shopping behaviors, content consumption, costs to advertise and developments in technology. As a result of macroeconomic pressures, we reduced certain of our marketing efforts, which may result in acquiring customers at slower rates. Failure to continue attracting customers efficiently and profitably would adversely impact our profitability and operating results.

Customer Retention

Our results are driven not only by the ability of our brands to acquire customers, but also by their ability to retain customers and encourage repeat purchases. We monitor retention across our entire customer base. Our brands are at various stages of rolling out and evolving loyalty programs. Failure to retain customers would adversely impact our profitability and operating results.

Foreign Currency Rate Fluctuations

Our international operations have provided and are expected to continue to provide a significant portion of our Company's net sales and operating income. As a result, our Company's net sales and operating income will continue to be affected by changes in the U.S. dollar against international currencies, predominantly against the Australian dollar. In order to provide a framework for assessing the performance of our underlying business, excluding the effects of foreign currency rate fluctuations, we compare the percent change in the results from one period to another period in this Quarterly Report on Form 10-Q using a constant currency methodology wherein current and comparative prior period results for our operations reporting in currencies other than U.S. dollars are converted into U.S. dollars at constant exchange rates (i.e., the rates in effect on December 31, 2023, which was the last day of our prior fiscal year) rather than the actual exchange rates in effect during the respective periods. Such disclosure throughout our Management's Discussion and Analysis of Financial Condition and Results of Operations will be described as "on a constant currency basis." Volatility in currency exchange rates may impact the results, including net sales and operating income, of the Company in the future.

Results of Operations

The following tables set forth our results of operations for the periods presented and express the relationship of certain line items as a percentage of net sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 148,931	\$ 136,028	\$ 265,771	\$ 256,513
Cost of sales	62,962	58,672	114,128	110,657
Gross profit	85,969	77,356	151,643	145,856
Operating expenses:				
Selling	41,191	35,932	75,406	70,338
Marketing	18,275	18,354	33,154	33,131
General and administrative	25,867	24,191	48,540	50,059
Total operating expenses	85,333	78,477	157,100	153,528
Income (loss) from operations	636	(1,121)	(5,457)	(7,672)
Other expense, net:				
Interest expense	(2,676)	(2,841)	(4,954)	(5,692)
Other income (expense)	245	(750)	(298)	(1,784)
Total other expense, net	(2,431)	(3,591)	(5,252)	(7,476)
Loss before income taxes	(1,795)	(4,712)	(10,709)	(15,148)
(Provision for) benefit from income taxes	(466)	(328)	(485)	555
Net loss	\$ (2,261)	\$ (5,040)	\$ (11,194)	\$ (14,593)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	100 %	100 %	100 %	100 %
Cost of sales	42 %	43 %	43 %	43 %
Gross profit	58%	57%	57%	57%
Operating expenses:				
Selling	28%	26%	28%	27%
Marketing	12%	13%	12%	13%
General and administrative	17 %	18 %	18 %	20 %
Total operating expenses	57 %	58 %	59 %	60 %
Income (loss) from operations	—%	(1%)	(2%)	(3%)
Other expense, net:				
Interest expense	(2%)	(2%)	(2%)	(2%)
Other income (expense)	— %	(1 %)	— %	(1 %)
Total other expense, net	(2 %)	(3 %)	(2 %)	(3 %)
Loss before income taxes	(1 %)	(3 %)	(4 %)	(6 %)
(Provision for) benefit from income taxes	— %	— %	— %	— %
Net loss	(2%)	(4%)	(4%)	(6%)

Comparison of the Three Months Ended June 30, 2024 and 2023

Net Sales

<i>(in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Net sales	\$ 148,931	\$ 136,028

Net sales increased by \$12.9 million, or 9%, for the three months ended June 30, 2024 compared to the same period in 2023. The increase in net sales was primarily driven by a 16% increase in the number of orders we processed in the three months ended June 30, 2024 compared to the same period in 2023, partially offset by a decrease in our average order value of 5%, from \$82 in 2023 to \$78 in 2024. The increase in the number of orders was primarily driven by growth in the U.S. The decrease in our average order value was primarily due to adverse macroeconomic conditions in Australia and New Zealand and actions taken to improve our inventory position at Culture Kings. On a constant currency basis, net sales and average order value for the three months ended June 30, 2024 would have increased 10% and decreased 5%, respectively, as compared to the same period in 2023.

Cost of Sales

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Cost of sales	\$ 62,962	\$ 58,672
Percent of net sales	42 %	43 %

Cost of sales increased by \$4.3 million, or 7%, for the three months ended June 30, 2024 compared to the same period in 2023. This increase was primarily driven by the 9% increase in net sales for the three months ended June 30, 2024 and the effect of growing wholesale and marketplace initiatives, partially offset by lower inbound air freight costs and duties. The decrease in cost of sales as a percentage of net sales was primarily due to lower inbound air freight costs and duties, partially offset by the effect of growing wholesale initiatives, as well as growing marketplace initiatives, which have a higher return rate than direct-to-consumer sales.

Gross Profit

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Gross profit	\$ 85,969	\$ 77,356
Gross margin	58 %	57 %

Gross profit increased by \$8.6 million, or 11%, for the three months ended June 30, 2024 compared to the same period in 2023. This increase was primarily due to the 9% increase in net sales for the three months ended June 30, 2024 and lower inbound air freight costs and duties, partially offset by the effect of growing wholesale and marketplace initiatives. Gross margin increased due to lower inbound air freight costs and duties, partially offset by the effect of growing wholesale initiatives, as well as growing marketplace initiatives, which have a higher return rate than direct-to-consumer sales.

Selling Expenses

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Selling	\$ 41,191	\$ 35,932
Percent of net sales	28 %	26 %

Selling expenses increased by \$5.3 million, or 15%, for the three months ended June 30, 2024 compared to the same period in 2023. This increase was driven by the 9% increase in net sales for the three months ended June 30, 2024, and the impact from growing marketplace initiatives and the opening of additional stores. The increase in selling expenses as a percentage of net sales was primarily due to growing marketplace initiatives and the opening of additional stores.

Marketing Expenses

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Marketing	\$ 18,275	\$ 18,354
Percent of net sales	12 %	13 %

Marketing expenses were flat for the three months ended June 30, 2024 compared to the same period in 2023. The decrease in marketing expenses as a percentage of net sales was primarily due to higher net sales in the second quarter compared to last year, which include the impact of growing wholesale and marketplace initiatives that require reduced marketing investment.

General and Administrative Expenses

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
General and administrative	\$ 25,867	\$ 24,191
Percent of net sales	17 %	18 %

General and administrative expenses increased by \$1.7 million, or 7%, for the three months ended June 30, 2024 compared to the same period in 2023, primarily due to an increase in incentive compensation. The decrease in general and administrative expenses as a percentage of net sales was primarily due to higher sales in the second quarter compared to last year.

Other Expense, Net

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Other expense, net:		
Interest expense	\$ (2,676)	\$ (2,841)
Other income (expense)	245	(750)
Total other expense, net	\$ (2,431)	\$ (3,591)
Percent of net sales	(2)%	(3)%

Total other expense, net decreased by \$1.2 million, or 32%, for the three months ended June 30, 2024 compared to the same period in 2023, primarily due to the impact of changes in foreign currency exchange rates and lower interest expense from a reduction in our long-term debt balance.

Provision For Income Taxes

<i>(dollars in thousands)</i>	Three Months Ended June 30,	
	2024	2023
Provision for income taxes	\$ (466)	\$ (328)
Percent of net sales	— %	— %

Provision for income tax changed by \$0.1 million, or 42% for the three months ended June 30, 2024 compared to the same period in 2023. This change was due to an increase in the valuation allowance on the deferred tax assets in Australia, as well as an increase in income before income taxes in the United States.

Comparison of the Six Months Ended June 30, 2024 and 2023

Net Sales

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Net sales	\$ 265,771	\$ 256,513

Net sales increased by \$9.3 million, or 4%, for the six months ended June 30, 2024 compared to the same period in 2023. The increase in net sales was primarily driven by a 9% increase in the number of orders we processed in 2024 compared to 2023, partially offset by a decrease in our average order value of 5%, from \$81 in 2023 to \$77 in 2024. The increase in the number of orders was primarily driven by growth in the U.S. The decrease in our average order value was primarily due to adverse macroeconomic conditions in Australia and New Zealand and actions taken to improve our inventory position at Culture Kings. On a constant currency basis, net sales and average order value for the six months ended June 30, 2024 would have increased 5% and decreased 4%, respectively.

Cost of Sales

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Cost of sales	\$ 114,128	\$ 110,657
Percent of net sales	43 %	43 %

Cost of sales increased by \$3.5 million, or 3%, for the six months ended June 30, 2024 compared to the same period in 2023. This increase was primarily driven by the 4% increase in net sales in 2024, as compared to 2023, and the effect of growing wholesale and marketplace initiatives, partially offset by lower inbound air freight costs and duties during 2024. Cost of sales as a percent of net sales was flat for the six months ended June 30, 2024, as compared to the same period in 2023. However, cost of sales as a percent of net sales would have decreased due to lower inbound air freight costs and duties if not offset by the effect of growing wholesale initiatives, as well as growing marketplace initiatives, which have a higher return rate than direct-to-consumer sales.

Gross Profit

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Gross profit	\$ 151,643	\$ 145,856
Gross margin	57 %	57 %

Gross profit increased by \$5.8 million, or 4%, for the six months ended June 30, 2024 compared to the same period in 2023. This increase was primarily driven by the 4% increase in net sales in 2024, as compared to 2023, and lower inbound air freight costs and duties, partially offset by the effect of growing wholesale and marketplace initiatives. Gross margin was flat for the six months ended June 30, 2024, as compared to the same period in 2023. However, gross margin would have increased due to lower inbound air freight costs and duties if not offset by the effect of growing wholesale initiatives, as well as growing marketplace initiatives, which have a higher return rate than direct-to-consumer sales.

Selling Expenses

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Selling	\$ 75,406	\$ 70,338
Percent of net sales	28 %	27 %

Selling expenses increased by \$5.1 million, or 7%, for the six months ended June 30, 2024 compared to the same period in 2023. This increase was driven by the 4% increase in net sales for the six months ended June 30, 2024, and the impact from growing marketplace initiatives and the opening of additional stores. The increase in selling expenses as a percentage of net sales was primarily due to growing marketplace initiatives and the opening of additional stores.

Marketing Expenses

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Marketing	\$ 33,154	\$ 33,131
Percent of net sales	12 %	13 %

Marketing expenses were flat for the six months ended June 30, 2024 compared to the same period in 2023. The decrease in marketing expenses as a percentage of net sales was primarily due to higher net sales for the six months ended June 30, 2024 compared to the same period in 2023, which include the impact of growing wholesale and marketplace initiatives that require reduced marketing investment.

General and Administrative Expenses

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
General and administrative	\$ 48,540	\$ 50,059
Percent of net sales	18 %	20 %

General and administrative expenses decreased by \$1.5 million, or 3%, for the six months ended June 30, 2024 compared to the same period in 2023. The decrease, as well as the decrease in general and administrative expenses as a percentage of net sales, was primarily driven by a \$1.6 million decrease in professional and administrative fees, a \$1.5 million decrease in sales tax penalties and interest, a \$1.1 million decrease in intangible amortization and a \$0.6 million decrease in insurance costs. Partially offsetting these decreases was a \$2.1 million increase in incentive compensation and a \$1.1 million increase in non-routine legal matters.

Other Expense, Net

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Other expense, net:		
Interest expense	\$ (4,954)	\$ (5,692)
Other expense	(298)	(1,784)
Total other expense, net	\$ (5,252)	\$ (7,476)
Percent of net sales	(2)%	(3)%

Other expense, net decreased by \$2.2 million, or 30%, for the six months ended June 30, 2024 compared to the same period in 2023, primarily due to lower interest expense from a reduction in our long-term debt balance, the impact of changes in foreign currency exchange rates and the loss recognized on the sale of the Rebdolls reporting unit last year.

(Provision For) Benefit From Income Taxes

<i>(dollars in thousands)</i>	Six Months Ended June 30,	
	2024	2023
(Provision for) benefit from income taxes	\$ (485)	\$ 555
Percent of net sales	— %	— %

Provision for income taxes increased by \$1.0 million, or 187% for the six months ended June 30, 2024 compared to the same period in 2023. This change was due to an increase in the valuation allowance on the deferred tax assets in Australia, as well as an increase in the income before income taxes in the United States.

Liquidity and Capital Resources

As of June 30, 2024, our principal sources of liquidity were cash and cash equivalents totaling \$25.5 million, our revolving line of credit and our term loan accordion provision.

As of June 30, 2024, most of our cash was held for working capital purposes. We have historically financed our operations and capital expenditures primarily through cash flows generated by operations, the incurrence of debt and through the issuance of equity. We believe that our existing cash, together with cash generated from operations and available borrowing capacity under our credit facilities and lines of credit, will be sufficient to meet our anticipated cash needs for the next 12 months. We believe that cash generated from ongoing operations and continued access to debt markets will be sufficient to satisfy our cash requirements beyond 12 months. However, our liquidity assumptions may prove to be incorrect, and we could exhaust our available financial resources sooner than we currently expect. We may seek to borrow funds under our credit facility or raise additional funds at any time through equity, equity-linked or debt financing arrangements. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described in the section of our 2023 Form 10-K captioned “Risk Factors.” We may not be able to secure additional financing to meet our operating requirements on acceptable terms, or at all. The inability to raise capital if needed would adversely affect our ability to achieve our business objectives.

Senior Secured Credit Facility

In connection with our initial public offering (the “IPO”), we entered into a senior secured credit facility comprised of a \$100.0 million term loan and a \$50.0 million revolving line of credit, with an option of up to \$50.0 million in an additional term loan through an accordion provision. We used borrowings under this credit facility, together with a portion of the proceeds from the IPO, to repay our previous debt in full. As of June 30, 2024, we owed a combined \$93.3 million in term loan and accordion borrowings, as well as \$14.5 million borrowed under the revolving line of credit. The term loan requires us to make amortized annual payments of 5.0% during the first and second years, 7.5% during the third and fourth years and 10.0% during the fifth year with the balance of the loan due at maturity. Borrowings under the term loan accrue interest at Term SOFR (as defined in the credit agreement for the senior secured credit facility (the “Credit Agreement”)) plus an applicable margin dependent upon our net leverage ratio, as defined in the Credit Agreement. The revolving line of credit, when used, also accrues interest at Term SOFR plus an applicable margin dependent upon our net leverage ratio. The highest interest rates under the Credit Agreement for both the term loan and the revolving line of credit occur at a net leverage ratio of greater than 2.75x, yielding an interest rate of a benchmark rate plus 3.25%. The accordion provision allows us to borrow additional amounts of term loan at terms to be agreed upon at the time of issuance, but on substantially the same basis as the original term loan. As of June 30, 2024, principal payments of our term loan and accordion for the next twelve months are anticipated to total \$6.3 million, which reflects the impact of the early prepayments made in 2023 and 2024.

Under the senior secured credit facility, we are subject to certain financial covenant ratios and certain annual mandatory prepayment terms based on excess cash flows, as defined in the Credit Agreement, based on our net leverage ratio. If we are unable to comply with certain financial covenant ratios, which include provisions that are not precisely defined and are subject to interpretation, and terms requiring mandatory prepayment based on a percentage of excess cash flows, our long-term liquidity position may be adversely impacted. Furthermore, the variable interest rates associated with our senior secured credit facility could result in interest payments that are higher than anticipated. We were in compliance with all debt covenants as of June 30, 2024, and expect to be in compliance beyond the next 12 months, although our ability to meet these financial ratios and tests can be affected by the interpretation of certain provisions in our Credit Agreement, macro-economic factors and the seasonality of our business, which is more concentrated in the third and fourth fiscal quarters.

Refer to Note 7, “Debt,” in the Notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding our senior secured credit facility.

Material Cash Requirements

There have been no significant changes in our material cash requirements from those reported in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our 2023 Form 10-K.

Historical Cash Flows

<i>(in thousands)</i>	Six Months Ended June 30,	
	2024	2023
Net cash (used in) provided by operating activities	\$ (4,198)	\$ 7,290
Net cash used in investing activities	(2,731)	(3,680)
Net cash provided by (used in) financing activities	12,002	(24,175)

Net Cash (Used in) Provided by Operating Activities

Net cash (used in) provided by operating activities consists primarily of net income (loss) adjusted for certain non-cash items, including depreciation, amortization, equity-based compensation, the effect of changes in working capital and other activities.

During the six months ended June 30, 2024, net cash (used in) provided by operating activities decreased by \$11.5 million as compared to the same period in 2023. This was attributable primarily to more cash used to purchase inventory in the current period, as compared to the prior period, to support growth in the U.S., partially offset by timing of payments.

Net Cash Used in Investing Activities

Our primary investing activities have consisted of acquisitions to support our overall business growth, investments in our fulfillment centers and our internally developed software to support our infrastructure, and investments in stores. Purchases of property and equipment may vary from period to period due to timing of the expansion of our operations.

During the six months ended June 30, 2024, net cash used in investing activities decreased by \$0.9 million, as compared to the same period in 2023. This was attributable to the timing of planned capital expenditures.

Net Cash Provided by (Used in) Financing Activities

Our financing activities have historically consisted of cash proceeds from borrowings, cash used to pay down borrowings, cash received from the sale of our common stock in the IPO and cash used to repurchase shares of our common stock.

During the six months ended June 30, 2024, net cash (used in) provided by financing activities increased by \$36.2 million, as compared to the same period in 2023. This was primarily attributable to the \$13.3 million in net proceeds from our senior secured credit facility in 2024, as well as the net repayment of \$23.9 million in 2023 of borrowings issued under our senior secured credit facility.

Share Repurchase Program

On May 25, 2023, the Company's board of directors approved the Share Repurchase Program, authorizing the Company to repurchase up to \$2.0 million of shares of the Company's common stock. Subsequently, in 2023, the Company's board of directors approved an additional repurchase capacity under the Share Repurchase Program of \$3.0 million of shares of the Company's common stock. The timing of any repurchases by the Company and the actual number of shares repurchased are at the Company's discretion, and, in deciding when to repurchase shares and the amount of shares to repurchase, the Company will consider available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a Rule 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. The Share Repurchase Program may be suspended or discontinued at any time and has no expiration date. All repurchased shares under the Share Repurchase Program will be retired.

During the three months ended June 30, 2024, we repurchased 11,046 shares of our common stock under the Share Repurchase Program for \$0.1 million, at an average price of \$11.41 per share. During the six months ended June 30, 2024, we repurchased 117,199 shares of our common stock under the Share Repurchase Program for \$1.2 million, at an average price of \$10.16 per share.

Critical Accounting Estimates

There have been no significant changes in our critical accounting estimates from those reported in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our 2023 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company,” as defined in Item 10 of Regulation S-K, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Interim Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. This evaluation is performed to determine whether our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including our Interim Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms. Due to the material weaknesses described below, our Interim Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2024. Nevertheless, based on the performance of additional procedures by management designed to ensure reliability of financial reporting, the Company’s management has concluded that, notwithstanding the material weaknesses described below, the condensed consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, the Company’s financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with GAAP.

Material Weaknesses

We have identified two material weaknesses in the design and operation of our internal control over financial reporting in connection with the preparation of our financial statements, as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021, that had not been remediated as of June 30, 2024. 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 a company’s annual or interim financial statements will not be prevented or detected on a timely basis. The Company’s management, including our Interim Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2024:

- We had not sufficiently designed, implemented and documented internal controls at the entity level and across key business and financial processes to allow us to achieve complete, accurate and timely financial reporting.
- We had not designed and implemented controls to maintain appropriate segregation of duties in our manual and information technology-based business processes.

These material weaknesses did not result in a misstatement to our annual or interim condensed consolidated financial statements. However, each of these material weaknesses could result in a misstatement of substantially all account balances or disclosures that would result in a material misstatement to our annual or interim condensed consolidated financial statements that would not be prevented or detected.

Remediation Status of Material Weaknesses

Material weakness related to the design, implementation and documentation of internal controls at the entity level and across key business and financial processes.

We have taken numerous steps to address the underlying causes of this material weakness. We hired additional experienced financial reporting personnel and put new processes in place to achieve complete, accurate and timely financial reporting. We also hired a third-party consulting firm with expertise to help us design, implement and document our internal controls across the organization. We have continued with controls implementation, enhanced documentation and understanding of certain processes and provided additional training to individuals performing and overseeing these processes and controls. We also implemented a monitoring system to provide more timely information on control performance and have increased our oversight capabilities across the company.

Material weakness related to appropriate segregation of duties in our manual and information technology-based business processes.

We continue the process to (i) identify key systems and processes that require improved documentation, (ii) implement enhanced standards designed to meet the requirements of the Sarbanes-Oxley Act for segregation of duties, (iii) review the design of applicable internal controls and assess any required amendments and (iv) increase the training of accounting and finance staff in relevant areas. During the past year, we also started an Enterprise Resource Planning (“ERP”) system implementation project.

While progress has been made to remediate both of the material weaknesses above, as of June 30, 2024, we were still in the process of developing and implementing the enhanced processes and procedures and testing the operating effectiveness of these improved controls. We provided process and controls training and have incorporated ongoing training and monitoring as part of our overall control environment. We implemented and continue to implement control improvements and have focused on the increased operational effectiveness of our controls. We selected an ERP system, hired an implementation partner and are in the process of implementation which will provide improvements to our IT-dependent and application controls to help prevent and detect errors, enforce segregation of duties and strengthen controls around manual journal entries. We believe our actions will be effective in remediating the material weaknesses, and we continue to devote significant time and attention to these efforts. In addition, the material weaknesses will not be considered remediated until the applicable remedial processes and procedures have been in place for a sufficient period of time and management has concluded, through testing, that these controls are effective. Accordingly, the material weaknesses above were not remediated as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

We are subject to legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties. We currently are not certain whether the ultimate outcome of such legal proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations or cash flows. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our results of operations in the period in which the ruling occurs. The estimate of the potential impact from such legal proceedings on our financial position or results of operations could change in the future.

ITEM 1A. RISK FACTORS

Reference is made to the information disclosed under Part I, Item 1A - "Risk Factors" in our 2023 Form 10-K, which contains a detailed discussion of certain risk factors that could materially adversely affect the Company's business, operating results or financial condition. There are no material changes to the risk factors previously disclosed, nor has the Company identified any previously undisclosed risks that could materially adversely affect the Company's business, operating results or financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

On May 25, 2023, the Company's board of directors approved the Share Repurchase Program, authorizing the Company to repurchase up to \$2.0 million of shares of the Company's common stock. Subsequently, in 2023, the Company's board of directors approved an additional repurchase capacity under the Share Repurchase Program of \$3.0 million of shares of the Company's common stock. The timing of any repurchases by the Company and the actual number of shares repurchased are at the Company's discretion, and, in deciding when to repurchase shares and the amount of shares to repurchase, the Company will consider available liquidity, general market and economic conditions, alternate uses for the capital and other factors. Share repurchases may be made from time to time through a Rule 10b5-1 trading plan, open market transactions, block trades or in private transactions in accordance with applicable securities laws and regulations and other legal requirements. The Share Repurchase Program may be suspended or discontinued at any time and has no expiration date. All repurchased shares under the Share Repurchase Program will be retired.

The following table sets forth our share repurchase activity, on a settlement date basis, for the three months ended June 30, 2024:

Period	Total Number of Shares Purchased¹	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (millions)²
April 1, 2024 - April 30, 2024	15,519	\$ 10.74	9,948	\$ 1.7
May 1, 2024 - May 31, 2024	2,101	18.71	1,098	1.7
June 1, 2024 - June 30, 2024	2,103	15.22	—	1.7
Total	19,723		11,046	

- 8,677 of these shares represent shares of common stock surrendered by certain of our employees to satisfy their statutory minimum U.S. federal and state tax obligations associated with the vesting of restricted shares of common stock issued under the 2021 Omnibus Incentive Plan. With respect to these surrendered shares, the price paid per share is based on the fair value at the time of surrender.
- Reflects the dollar value of shares that may yet be repurchased under the Share Repurchase Program announced on May 25, 2023. The Company's board of directors initially authorized the repurchase of an aggregate of \$2.0 million of shares of common stock pursuant to the Share Repurchase Program. On December 18, 2023, the Company announced its board of directors approved an additional repurchase capacity under the Share Repurchase Program of \$3.0 million of shares of the Company's common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended June 30, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

The following exhibits are filed herewith or incorporated by reference herein:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of a.k.a. Brands Holding Corp., filed with the Delaware Secretary of State on September 21, 2021 (incorporated by reference to Exhibit 3.1 to a.k.a. Brands Holding Corp.'s Current Report on Form 8-K (File No. 001-40828), filed with the Securities and Exchange Commission on September 27, 2021).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of a.k.a. Brands Holding Corp., filed with the Delaware Secretary of State on September 25, 2023 (incorporated by reference to Exhibit 3.1 to a.k.a. Brands Holding Corp.'s Current Report on Form 8-K (File No. 001-40828) filed with the Securities and Exchange Commission on September 29, 2023).
3.3	Amended and Restated Bylaws of a.k.a. Brands Holding Corp., effective September 21, 2021 (incorporated by reference to Exhibit 3.2 to a.k.a. Brands Holding Corp.'s Current Report on Form 8-K (File No. 001-40828), filed with the Securities and Exchange Commission on September 27, 2021).
31.1*	Certification of Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer) pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Interim Chief Executive Officer and Chief Financial Officer (Principal Executive Officer and Principal Financial Officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith. The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is deemed furnished and not filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

a.k.a. Brands Holding Corp.

Date: August 7, 2024

By: /s/ Ciaran Long
Name: Ciaran Long
Title: Interim Chief Executive Officer and Chief Financial Officer
(Authorized Signatory and Principal Executive, Financial and Accounting Officer)

**CERTIFICATION OF INTERIM CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ciaran Long, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of a.k.a. Brands Holding Corp.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 7, 2024

a.k.a. Brands Holding Corp.

By: /s/ Ciaran Long
Name: Ciaran Long
Title: Interim Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

**CERTIFICATION OF INTERIM CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ciaran Long, Interim Chief Executive Officer and Chief Financial Officer of a.k.a. Brands Holding Corp., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of a.k.a. Brands Holding Corp. for the quarter ended June 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of a.k.a. Brands Holding Corp.

a.k.a. Brands Holding Corp.

Date: August 7, 2024

By: /s/ Ciaran Long
Name: Ciaran Long
Title: Interim Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)