UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

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: 001-39691

THE ORIGINAL BARK COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**83-4109918**
(State or Other Jurisdiction of Incorporation)	**(IRS Employer Identification No.)**

221 Canal Street
New York, NY, 10013
(855) 501-2275

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Former Name or Former Address, if Changed Since Last Report)

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 $0.0001	BARK	New York Stock Exchange
Warrants, each warrant exercisable for one share of Common Stock at an exercise price of $11.50 per share	BARK WS	New York Stock Exchange

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

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

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

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

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

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

As of November 5, 2021, there were 171,912,342 shares of the registrant's common stock, par value of $0.0001 per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q, including, without limitation, statements under the headings “Management's Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, any statements relating to our financial and business performance, market acceptance and the anticipated success of our business model, and our ability to expand the scope of our offerings. These statements are based on management's current expectations, but actual results may differ materially due to various factors.

The forward-looking statements contained in this quarterly report on Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under Part II, Item 1A: “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under Part II, Item 1A: “Risk Factors” may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report on Form 10-Q. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this quarterly report on Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE ORIGINAL BARK COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	September 30, 2021	March 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 272,599	$ 38,278
Accounts receivable—net	10,921	8,927
Prepaid expenses and other current assets	6,470	7,409
Inventory	130,317	77,454
Total current assets	420,307	132,068
PROPERTY AND EQUIPMENT—NET	21,482	13,465
INTANGIBLE ASSETS—NET	3,105	2,070
OTHER NONCURRENT ASSETS	4,398	3,260
TOTAL ASSETS	$ 449,292	$ 150,863
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 23,675	$ 50,501
Accrued and other current liabilities	61,988	44,605
Deferred revenue	28,398	27,177
Total current liabilities	114,061	122,283
LONG-TERM DEBT	71,735	115,729
OTHER LONG-TERM LIABILITIES	9,617	11,834
Total liabilities	195,413	249,846
COMMITMENTS AND CONTINGENCIES (Note 8)		
REDEEMABLE CONVERTIBLE PREFERRED STOCK:		
Convertible preferred stock (Series Seed, A, B, C, and C-1) $0.0001 par value with aggregate liquidation preference of $0 and $62,800 at September 30, 2021 and March 31, 2021 respectively; 0 and 8,010,560 shares authorized; 0 and 7,752,515 shares issued and outstanding at September 30, 2021 and March 31, 2021, respectively.	—	59,987
Total redeemable convertible preferred stock	—	59,987
STOCKHOLDERS' EQUITY (DEFICIT):		
Common stock, par value $0.0001 per share—500,000,000 shares authorized; 171,069,553 shares issued and outstanding as of September 30, 2021 and 148,622,942 shares authorized; 48,071,777 shares issued and outstanding as of March 31, 2021.	1	—
Treasury stock, at cost; after recapitalization there are treasury shares issued or outstanding as of September 30, 2021 or March 31, 2021	—	—
Additional paid-in capital	452,180	20,984
Accumulated deficit	(198,302)	(179,954)
Total stockholders' equity (deficit)	253,879	(158,970)
TOTAL LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 449,292	$ 150,863

See notes to condensed consolidated financial statements

THE ORIGINAL BARK COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
REVENUE	$120,162	$86,413	$237,768	$161,221
COST OF REVENUE	50,276	34,859	98,091	62,747
Gross profit	69,886	51,554	139,677	98,474
OPERATING EXPENSES:				
General and administrative	68,235	39,279	137,734	71,315
Advertising and marketing	17,075	12,958	34,225	24,533
Total operating expenses	85,310	52,237	171,959	95,848
LOSS FROM OPERATIONS	(15,424)	(683)	(32,282)	2,626
INTEREST EXPENSE	(1,296)	(1,906)	(2,857)	(3,420)
OTHER INCOME—NET	23,175	1,211	16,790	1,432
NET INCOME (LOSS) BEFORE INCOME TAXES	6,455	(1,378)	(18,349)	638
PROVISION FOR INCOME TAXES	—	—	—	—
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$6,455	$(1,378)	$(18,349)	$638
Net income (loss) per common share attributable to common stockholders—basic	$0.04	$(0.03)	$(0.13)	$—
Weighted average common shares used to compute net income (loss) per share attributable to common stockholders—basic	169,173,509	45,889,103	139,133,082	45,704,365
Net income (loss) per common share attributable to common stockholders—diluted	$0.04	$(0.03)	$(0.13)	$—
Weighted average common shares used to compute net income (loss) per share attributable to common stockholders—diluted	177,011,446	45,889,103	139,133,082	45,704,365

See notes to condensed consolidated financial statements

THE ORIGINAL BARK COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data) (Unaudited)

Three months ended September 30, 2021

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-July 1, 2021	—	$ —	166,704,484	$ 1	—	$ —	$ 446,602	$ (204,756)	$ 241,847
Net Income	—	—	—	—	—	—	—	6,455	6,455
Issuance for stock options exercised	—	—	2,657,749	—	—	—	934	—	934
Issuance for warrants exercised	—	—	1,700,468	—	—	—	915	—	915
Restricted shares vesting	—	—	6,852	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	3,729	—	3,729
Cumulative translation adjustment	—	—	—	—	—	—	—	(1)	(1)
Balance-September 30, 2021	—	$ —	171,069,553	$ 1	—	$ —	$ 452,180	$ (198,302)	$ 253,879

Six months ended September 30, 2021

	Convertible Redeemable Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-April 1, 2021	7,752,515	$ 59,987	5,498,588	$ —	259,953	$ (4,764)	$ 25,748	$ (179,954)	$ (158,970)
Retroactive application of recapitalization	—	—	42,573,189	—	(259,953)	4,764	(4,764)	—	—
BALANCE-April 1, 2021, effect of recapitalization	7,752,515	59,987	48,071,777	—	—	—	20,984	(179,954)	(158,970)
Net loss	—	—	—	—	—	—	—	(18,349)	(18,349)
Issuance for stock options exercised	—	—	3,082,133	—	—	—	1,131	—	1,131
Issuance for warrants exercised	—	—	1,931,621	—	—	—	1,019	—	1,019
Restricted shares vesting	—	—	6,852	—	—	—	—	—	—
Conversion of Preferred Stock	(7,752,515)	(59,987)	7,752,515	—	—	—	59,987	—	59,987
Conversion of Convertible Notes	—	—	1,135,713	—	—	—	11,976	—	11,976
PIPE Issuance	—	—	20,000,000	—	—	—	200,000	—	200,000
Net equity infusion from the Merger	—	—	89,088,942	1	—	—	150,256	—	150,257
Stock-based compensation	—	—	—	—	—	—	6,827	—	6,827
Cumulative translation adjustment	—	—	—	—	—	—	—	1	1
Balance-September 30, 2021	—	$ —	171,069,553	$ 1	—	$ —	$ 452,180	$ (198,302)	$ 253,879

THE ORIGINAL BARK COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share data) (Unaudited)

Three months ended September 30, 2020

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-July 1, 2020	7,752,515	$ 59,987	5,228,074	$ —	259,953	$ (4,755)	$ 18,541	$ (146,547)	$ (132,761)
Retroactive application of recapitalization	—	$ —	40,477,987	—	(259,953)	4,755	(4,755)	—	—
BALANCE-July 1, 2020, effect of recapitalization	7,752,515	$ 59,987	45,706,061	—	—	—	13,786	(146,547)	(132,761)
Net loss	—	$ —	—	—	—	—	—	(1,378)	(1,378)
Issuance for stock options exercised	—	—	137,808	—	—	—	139	—	139
Restricted shares vesting	—	—	218,632	—	—	—	403	—	403
Stock-based compensation expense	—	—	—	—	—	—	601	—	601
Modification of a warrant	—	—	—	—	—	—	80	—	80
Repurchase of common stock	—	—	(3,629)	—	—	—	(9)	—	(9)
Balance-September 30, 2020	**7,752,515**	**$ 59,987**	**46,058,872**	**$ —**	**—**	**$ —**	**$ 15,000**	**$ (147,925)**	**$ (132,925)**

Six months ended September 30, 2020

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-April 1, 2020	7,752,515	$ 59,987	5,196,711	$ —	259,953	$ (4,755)	$ 17,931	$ (148,563)	$ (135,387)
Retroactive application of recapitalization	—	—	40,235,073	—	(259,953)	4,755	(4,755)	—	—
BALANCE-April 1, 2020, effect of reverse recapitalization	7,752,515	59,987	45,431,784	—	—	—	13,176	(148,563)	$ (135,387)
Net income	—	—	—	—	—	—	—	638	638
Issuance for stock options exercised	—	—	412,085	—	—	—	361	—	361
Restricted share vesting	—	—	218,632	—	—	—	403	—	403
Stock-based compensation	—	—	—	—	—	—	989	—	989
Modification of a warrant	—	—	—	—	—	—	80	—	80
Repurchase of common stock	—	—	(3,629)	—	—	—	(9)	—	(9)
Balance-September 30, 2020	**7,752,515**	**$ 59,987**	**46,058,872**	**$ —**	**—**	**$ —**	**$ 15,000**	**$ (147,925)**	**$ (132,925)**

THE ORIGINAL BARK COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Six Months Ended	
	September 30, 2021	September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (18,349)	$ 638
Adjustments to reconcile net income (loss) to cash (used in) provided by operating activities:		
Depreciation & amortization	1,801	1,036
Amortization of deferred financing fees and debt discount	523	987
Bad debt expense	—	9
Stock-based compensation expense	6,827	1,392
Loss on extinguishment of debt	2,598	—
Loss on exercise of equity classified warrants	303	—
Change in fair value of warrant liabilities and derivatives	(24,391)	(1,263)
Changes in operating assets and liabilities:		
Accounts receivable	(1,976)	(1,315)
Inventory	(52,863)	(22,953)
Prepaid expenses and other current assets	(2,185)	(1,130)
Other assets	(314)	—
Accounts payable and accrued expenses	(15,269)	17,445
Deferred revenue	1,221	5,471
Other liabilities	(5,945)	8,164
Net cash (used in) provided by operating activities	(108,019)	8,481
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(11,003)	(2,838)
Net cash used in investing activities	(11,003)	(2,838)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of finance fees	(622)	(256)
Payments of transaction costs	(24,909)	—
Payment of deferred underwriting fees	(8,902)	—
Payment of capital lease obligations	(286)	—
Proceeds from equity infusion from the Merger, net of redemptions	227,092	—
Proceeds from PIPE issuance	200,000	—
Proceeds from the exercise of stock options	1,131	361
Proceeds from the exercise of warrants	121	—
Proceeds from convertible notes	—	1,000
Proceeds from debt	—	5,157
Payments to repurchase common stock	—	(9)
Payments of long-term debt	(39,457)	—
Net cash provided by financing activities	354,168	6,253
Effect of exchange rate changes on cash	1	—
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	235,146	11,896
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—BEGINNING OF PERIOD	39,731	9,676
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—END OF PERIOD	$ 274,877	$ 21,572
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash and cash equivalents	272,599	21,219
Restricted cash—Prepaid expenses and other current assets	2,278	353

Total cash, cash equivalents and restricted cash	$ 274,877	$ 21,572
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Purchases of property and equipment included in accounts payable and accrued liabilities	$ 150	$ 198
Cash paid for interest	$ 677	$ 1,742
Cash paid for sales tax	$ 20,551	$ —
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of preferred stock to common stock	$ 59,987	$ —
Issuance of common stock related to convertible notes	$ 12,793	$ —
Capital contribution related to extinguishment of debt	$ 688	$ —
Issuance of common stock related to cashless exercise of liability classified warrants	$ 595	$ —
Issuance of derivatives with debt	$ —	$ 1,153
Issuance of convertible promissory notes	$ —	$ 800
Modification of warrant	$ —	$ 80

See notes to condensed consolidated financial statements

The Original BARK Company

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

The Original BARK Company (the “Company”), a Delaware corporation formerly known as Northern Star Acquisition Corp. ("Northern Star"), is an omnichannel brand serving dogs across the four key categories of Play, Food, Health and Home. The Company is located and headquartered in New York, New York.

On June 1, 2021 (the “Closing Date”), Northern Star completed the acquisition of Barkbox, Inc. (“Legacy BARK”), a Delaware corporation, pursuant to that certain Agreement and Plan of Reorganization (the “Merger Agreement”), dated December 16, 2020, by and among Northern Star, NSAC Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of Northern Star (“Merger Sub”), and Legacy BARK. At the Closing Date, Merger Sub merged with and into Legacy BARK, with Legacy BARK surviving the merger as a wholly owned subsidiary of Northern Star (the “Merger” and, collectively with the other transactions described in the Merger Agreement, the “Business Combination”). Also at the Closing Date, Northern Star changed its name to “The Original BARK Company.”

The Merger was accounted for as a reverse recapitalization with Legacy BARK as the accounting acquirer and Northern Star as the acquired company for accounting purposes. Accordingly, all historical financial information presented in the unaudited condensed consolidated financial statements represents the accounts of Legacy BARK and its wholly owned subsidiaries as if Legacy BARK is the predecessor to the Company.

Prior to the Merger, Northern Star’s ordinary shares and warrants were traded on the New York Stock Exchange (“NYSE”) under the ticker symbols “STIC” and “STIC WS,” respectively. On the Closing Date, the Company's common stock and warrants began trading on the NYSE under the ticker symbols “BARK” and “BARK WS,” respectively. See Note 3, “Merger,” for additional details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation—The accompanying condensed consolidated financial statements include the accounts of The Original BARK Company and its wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the accounting disclosure rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s audited consolidated financial statements as of and for the years ended March 31, 2021 and 2020 contained in the Current Report on Form 8-K filed with the SEC on June 7, 2021.

The consolidated balance sheet as of March 31, 2021, included herein, was derived from the audited consolidated financial statements as of that date, but does not include all disclosures, including certain notes required by U.S. GAAP, required on an annual reporting basis.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in these condensed consolidated financial statements.

In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods. The results for the three and six months ended September 30, 2021 are not necessarily indicative of the results to be expected for any subsequent quarter, the year ending March 31, 2022, or any other period.

Except as described elsewhere in this Note 2 and in Note 3, “Merger”, there have been no material changes to the Company’s significant accounting policies as described in the audited consolidated financial statements as of March 31, 2021 and 2020.

Although the Company has incurred recurring losses in each year since inception, the Company expects its cash and cash equivalents will be sufficient to fund operations for at least the next twelve months.

Use of Estimates—The Company makes estimates and assumptions about future events that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Future events and their effects cannot be determined with certainty. On an ongoing basis, management evaluates these estimates, judgments and assumptions.

The Company bases its estimates on historical and anticipated results and trends and on various other assumptions that the Company believes are reasonable under the circumstances, including assumptions as to future events. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates, and any such differences may be material to the Company’s condensed consolidated financial statements. Except with respect to estimates related to the warrant liabilities, there have been no material changes to the Company’s use of estimates as described in the audited consolidated financial statements as of March 31, 2021.

Impact of the COVID-19 Pandemic—The Company is closely monitoring the impact of the COVID-19 pandemic, including the emergence and spread of variants of COVID-19, on the U.S. and global economies and on the Company’s operating results, financial condition and cash flows. The estimates of the impact COVID-19 may have on the Company’s business may change based on new information that may emerge concerning COVID-19, the actions to contain it or treat its impact and the economic impact on local, regional, national and international markets. The Company has not incurred any significant impairment losses in the carrying values of its assets as a result of the COVID-19 pandemic and is not aware of any specific related event or circumstance that would require the Company to revise the estimates reflected in its condensed consolidated financial statements.

Fair Value of Financial Instruments—The Company’s financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued expenses, are carried at historical cost. At September 30, 2021 and March 31, 2021, the carrying amounts of these instruments approximated their fair values because of their short-term nature. The carrying amounts of the Company’s long-term debt approximate the fair value based on consideration of current borrowing rates available to the Company.

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

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3—Unobservable inputs that are supported by little or no market data for the related assets or liabilities.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following summarizes assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy (in thousands):

	As of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities				
Public warrant liability[1]	$ 14,413	$ —	$ —	$ 14,413
Private warrant liability[1]	$ —	$ 7,749	$ —	$ 7,749
	$ 14,413	$ 7,749	$ —	$ 22,162

	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities				
Preferred stock warrant liabilities[1]	$ —	$ —	$ 133	$ 133
Derivative liabilities[2]	—	—	$ 4,883	$ 4,883
	$ —	$ —	$ 5,016	$ 5,016

(1) Included in accrued and other current liabilities.
(2) Included in other long-term liabilities.

A summary of the activity of the Level 3 liabilities carried at fair value on a recurring basis from March 31, 2021 through September 30, 2021 is as follows:

Balance at March 31, 2021	$5,016
Change in fair value of preferred stock warrants	664
Settlement of derivative liability due to 2019 & 2020 Notes conversion	(4,883)
Settlement of warrant liability upon exercise of warrant	(797)
Balance at September 30, 2021	$—

The Company's outstanding warrants include publicly-traded warrants (the "Public Warrants") which were issued as one-third of a warrant per unit issued during the Company's initial public offering on November 10, 2020 (the "IPO"), warrants sold in a private placement to Northern Star's sponsor (the "Private Warrants"), and preferred share warrants issued by Legacy BARK which were assumed by the Company in connection with the Merger and exchanged into warrants for BARK common stock (the "Common Stock Warrants").

The Company evaluated its warrants under ASC 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity, and concluded that they do not meet the criteria to be classified in stockholders' equity. Since the Public Warrants and Private Warrants meet the definition of a derivative under ASC 815, the Company recorded these warrants as current liabilities on the balance sheet at fair value upon the Closing Date of the Merger, with subsequent changes in their respective fair values recognized in other income, net on the condensed consolidated statements of operations and comprehensive income (loss) at each reporting date. See further disclosure on the change in fair value of Public and Private Warrant liabilities within footnote 10, "Other Income - Net."

Restricted Cash—The Company has restricted cash with its primary bank related to customs bonds required for the importing of goods. As of September 30, 2021 and March 31, 2021, the Company has classified $2.3 million and $1.5 million within prepaid expenses and other current assets, as restricted cash.

Concentration of Credit Risk and Major Customers and Suppliers—Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with one domestic financial institution of high credit quality.

The Company's accounts receivable are derived from sales contracts with large retail customers. The Company maintains reserves for potential credit losses on customer accounts when deemed necessary.

Significant customers are those that represent more than 10% of the Company's total revenues or gross accounts receivable balance at each balance sheet date. For the three and six months ended September 30, 2021 and 2020, the Company did not have any customers that accounted for 10% or more of total revenues. The Company had two customers that accounted for 51% and three customers that accounted for 84% of gross accounts receivable as of September 30, 2021 and March 31, 2021, respectively. The Company's accounts receivable relates to sales to customers within the Commerce segment, which represented 10.8% and 11.1% of total revenue for the three and six months September 30, 2021, respectively.

Significant suppliers are those that represent more than 10% of the Company's total finished goods purchased or accounts payable at each balance sheet date. During the three months ended September 30, 2021 and 2020, the Company had one supplier that accounted for 22% of total finished goods purchased and two suppliers that accounted for 38% of total finished goods purchased, respectively. During the six months ended September 30, 2021 and 2020, the Company had two suppliers that accounted for 33% of total finished goods purchased and two suppliers that accounted for 34% of total finished goods purchased, respectively. The Company had one supplier that accounted for 15% of the accounts payable balance and two suppliers that accounted for 44% of the accounts payable balance as of September 30, 2021 and March 31, 2021, respectively.

Recent Accounting Pronouncements Issued but Not Yet Adopted

In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*, which requires a lessee to record a right-of-use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the consolidated financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company plans to adopt this standard on April 1, 2022 and is continuing to evaluate the expected impact that the standard will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued *ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. This guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. The Company is currently evaluating the impact that the adoption will have on its consolidated financial statements.

In December 2019, the FASB issued *ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify the accounting for income taxes. This updated removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The new standard will be effective beginning April 1, 2022. The Company does not expect the adoption of ASU 2019-12 to have a material impact on the Company's consolidated financial statements.

3. MERGER

On June 1, 2021, the Company consummated the Merger pursuant to the terms of the Merger Agreement, by and among the Company, NSAC Merger Sub, and Legacy BARK.

Immediately upon the consummation of the Merger and the other transactions contemplated by the Merger Agreement (collectively, the "Transactions"), Merger Sub merged with and into Legacy BARK, with Legacy BARK surviving the Business Combination as a wholly-owned subsidiary of the Company. In connection with the Transactions, the Company changed its name to "The Original BARK Company."

The Merger is accounted for as a reverse recapitalization in accordance with U.S. GAAP primarily due to the fact that Legacy BARK stockholders continue to control the Company post the closing of the Merger. Under this method of accounting, Northern Star is treated as the "acquired" company for accounting purposes and the Merger is treated as the equivalent of Legacy BARK issuing stock for the net assets of Northern Star, accompanied by a recapitalization. The net assets of Northern Star are stated at historical cost, with no goodwill or other intangible assets recorded. Reported shares and earnings per share available to holders of the Company's common stock and equity awards prior to the Business Combination have been retroactively restated reflecting the exchange ratio established pursuant to the Business Combination Agreement (1:8.7425). Treasury stock has also been retrospectively restated to reflect the cancellation and extinguishment of the shares pursuant to the Business Combination Agreement.

Pursuant to the Merger, on the Closing Date, each stockholder of Legacy BARK's common and preferred stock, (including stockholders issued common stock as a result of the conversion of Legacy BARK's outstanding convertible promissory notes issued in 2019 and 2020 (other than the 2025 Convertible Notes - see Note 5, "Debt")) received 8.7425 shares of the Company's common stock, par value $0.0001 per share, per share of Legacy BARK's common stock and preferred stock, respectively, owned by such Legacy BARK stockholder that was outstanding immediately prior to the Closing Date.

In addition, pursuant to the terms of the Merger Agreement, at the Effective Time of the Merger, (1) options to purchase shares of Legacy BARK's common stock were converted into options to purchase an aggregate of 29,257,576 shares of the Company's common stock and (2) warrants to purchase shares of Legacy BARK's common and redeemable convertible preferred stock were converted into warrants to purchase an aggregate of 1,897,212 shares of the Company's common stock.

Additionally, at the Closing:

- The conversion obligations with respect to Legacy BARK's 5.50% convertible senior secured notes due 2025 (the "2025 Convertible Notes") were assumed by the Company and the 2025 Convertible Notes became convertible at the election of the holders into shares of the Company's common stock. As of the Closing, the 2025 Convertible Notes were convertible at the election of the holder into an aggregate of 7,713,121 shares of the Company's common stock based on the then outstanding principal and accrued interest. The 2025 Convertible Notes are still outstanding as of September 30, 2021;
- certain investors (the "PIPE Investors") purchased an aggregate of 20,000,000 shares of the Company's common stock in a private placement at a price of $10.00 per share for an aggregate purchase price of $200.0 million (the "PIPE" issuance);
- each of the 6,358,750 outstanding shares of Northern Star's Class B common stock were converted into a share of the Company's common stock on a one-for-one basis. Each outstanding warrant of Northern Star entitles the holder to purchase shares of the Company's common stock at a price of $11.50 per share beginning on November 13, 2021.
- the Company amended and restated its amended and restated certificate of incorporation, increasing the number of shares of common stock authorized to issue to 500,000,000 shares.

Correction of Previously Issued Condensed Consolidated Financial Statements

Subsequent to the issuance of the Company's June 30, 2021 condensed consolidated financial statements, management of the Company identified a presentation error of prior year equity and earnings per share ("EPS") after the completion of the merger between Legacy BARK and NSAC. For periods before the reverse recapitalization, reported shares and EPS available common shareholders prior to the Business Combination should have been retroactively restated reflecting the exchange ratio established pursuant to the Business Combination Agreement (1:8.7425). The Company's treasury stock also should have been retrospectively restated to reflect the cancellation and extinguishment of the shares pursuant to the Business Combination Agreement.

While management believes the effect of this error is immaterial to the Company's previously issued condensed consolidated financial statements as of and for the three months ended June 30, 2021 and 2020, the financial statement line items impacted by this error have been revised below to correct the previously reported amounts. Furthermore, the immaterial error will be corrected prospectively in the Company's subsequent quarterly and annual filings.

The effect of the correction of this error on the Company's previously issued Condensed Consolidated Balance Sheet as of March 31, 2021, Condensed Consolidated Statements of Stockholders' Equity (Deficit) for the three months ended June 30, 2021 and 2020, and EPS and weighted average shares outstanding, basic and diluted, for the three months ended June 30, 2020, are as follows:

Condensed Consolidated Balance sheet as of March 31, 2021:

	As of March 31, 2021		
	As Previously Reported	**Correction**	**As Revised**
STOCKHOLDERS' DEFICIT:		(in thousands)	
Common stock, par value $0.0001 per share	$—	$—	$—
Treasury stock, at cost	(4,764)	4,764	—
Additional paid-in capital	25,748	(4,764)	20,984
Accumulated deficit	(179,954)	—	(179,954)
Total stockholders' equity (deficit)	$ (158,970)	$ —	$ (158,970)

The table above displays only the stockholders' deficit section of the March 31, 2021 condensed consolidated balance sheet, as the remainder of this statement was not impacted by the error. Additionally, common stock authorized and common stock issued and outstanding as of March 31, 2021 were revised from 17,000,000 and 5,498,588 to 148,622,942 and 48,071,777, respectively, to reflect the retroactive application of Exchange Ratio.

Condensed Consolidated Statement of Stockholders' Equity (Deficit) - three months ended June 30, 2021

	Convertible Redeemable Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-April 1, 2021 - as reported	7,752,515	$ 59,987	5,498,588	$ —	259,953	$ (4,764)	$ 25,748	$ (179,954)	$ (158,970)
Correction - retroactive application of recapitalization	—	—	42,573,189	—	(259,953)	4,764	(4,764)	—	—
BALANCE-April 1, 2021, as revised	7,752,515	59,987	48,071,777	—	—	—	20,984	(179,954)	(158,970)
Net loss	—	—	—	—	—	—	—	(24,804)	(24,804)
Issuance for stock options exercised	—	—	424,384	—	—	—	197	—	197
Issuance for warrants exercised	—	—	231,153	—	—	—	104	—	104
Stock-based compensation	—	—	—	—	—	—	3,098	—	3,098
Conversion of Preferred Shares	(7,752,515)	(59,987)	7,752,515	—	—	—	59,987	—	59,987
Conversion of Convertible Notes	—	—	1,135,713	—	—	—	11,976	—	11,976
PIPE Issuance	—	—	20,000,000	—	—	—	200,000	—	200,000
Net equity infusion from the Merger	—	—	89,088,942 (1)	1	—	—	150,256 (2)	—	150,257
Cumulative translation adjustment	—	—	—	—	—	—	—	2	2
Balance-June 30, 2021	—	$ —	166,704,484	$ 1	—	$ —	$ 446,602	$ (204,756)	$ 241,847

(1) Common stock issued for the net equity infusion from the Merger was reported as 131,662,131 within the condensed consolidated statement of stockholders' equity for the three months ended June 30, 2021 and has been revised to 89,088,942 to appropriately reflect the correction of the recapitalization of common stock outstanding as of April 1, 2021 of 42,573,189.

(2) Additional paid-in capital was reported as $145.5 million within the condensed consolidated statement of stockholders' equity for the three months ended June 30, 2021 and has been revised to $150.3 million to appropriately reflect the cancellation and extinguishment of the Company's outstanding treasury stock of $4.8 million, pursuant to the Business Combination Agreement.

Condensed Consolidated Statement of Stockholders' Equity (Deficit) - three months ended June 30, 2020

	Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance-April 1, 2020 - as reported	7,752,515	$ 59,987	5,196,711	$ —	259,953	$ (4,755)	$ 17,931	$ (148,563)	$ (135,387)
Correction - retroactive application of recapitalization	—	—	40,235,073	—	(259,953)	4,755	(4,755)	—	—
BALANCE-April 1, 2020, as revised	7,752,515	59,987	45,431,784	—	—	—	13,176	(148,563)	(135,387)
Net Income	—	—	—	—	—	—	—	2,016	2,016
Issuance for stock options exercised	—	—	274,278 (1)	—	—	—	222	—	222
Stock-based compensation	—	—	—	—	—	—	388	—	388
Balance-June 30, 2020	7,752,515	$ 59,987	45,706,062	$ —	—	$ —	$ 13,786	$ (146,547)	$ (132,761)

(1) Common stock issued for stock options exercised was reported as 31,363 within the condensed consolidated statement of stockholders' deficit for the three months ended June 30, 2020, and has been revised to 274,278 to appropriately apply the impact of the Exchange Ratio.

	Three months ended June 30, 2020		
	As Previously Reported	Correction	As Revised
Numerator:			
Net income (loss)	$2,016	$—	$2,016
Less: Earnings attributable to participating securities	$(1,583)	$—	$(1,583)
Net loss attributable to common stockholders—basic and diluted	$433	$—	$433
Denominator:			
Weighted-average number of common shares outstanding—basic and diluted	5,206,474	40,311,437	45,517,911
Weighted average effect of potentially dilutive securities:			
Effect of potentially dilutive preferred stock	3,333,119	25,806,874	29,139,993
Effect of potentially dilutive stock options to purchase common stock	971,920	7,525,149	8,497,069
Effect of potentially dilutive warrants to purchase common stock	74,342	575,597	649,939
Effect of potentially dilutive warrants to purchase preferred stock	523	4,049	4,572
Weighted average common shares outstanding—diluted	9,586,378	74,223,106	83,809,484
Net income (loss) per share attributable to common stockholders			
Net income (loss) per share attributable to common stockholders - basic	$0.08	$(0.07)	$0.01
Net income (loss) per share attributable to common stockholders - diluted	$0.05	$(0.04)	$0.01

The corrections to basic and diluted EPS and weighted average common shares outstanding also impact the condensed consolidated statement of net income (loss) and comprehensive income (loss) for the three months ended June 30, 2020.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company's standard payment terms vary but do not result in a significant delay between the timing of invoice and payment. The Company occasionally negotiates other payment terms during the contracting process for its retail business. The Company has elected the practical expedient to not adjust the total consideration within a contract to reflect a financing component when the duration of the financing is one year or less.

Disaggregated Revenue

Revenue disaggregated by significant revenue stream for the three and six-months ended September 30, 2021 and 2020 were as follows (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Revenue				
Direct to Consumer:				
Toys and treats subscription	$103,985	$73,949	$207,074	$139,557
Other	2,832	1,419	5,119	2,911
Total Direct to Consumer	$106,817	$75,368	$212,193	$142,468
Commerce	13,345	11,045	25,575	18,753
Revenue	$120,162	$86,413	$237,768	$161,221

Contract Liability

The Company's contract liability represents cash collections from its customers prior to delivery of subscription products, which is recorded as deferred revenue on the condensed consolidated balance sheets. Deferred revenue is recognized as revenue upon the delivery of the box or product.

Contractual liabilities included in deferred revenue were $28.4 million and $27.2 million as of September 30, 2021 and March 31, 2021, respectively. During the six months ended September 30, 2021, the Company recognized $16.8 million of revenue included in deferred revenue as of March 31, 2021.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. Performance obligations are satisfied as of a point in time and are supported by contracts with customers. The Company has elected to not disclose information related to remaining performance obligations due to their original expected terms being one year or less.

5. DEBT

As of September 30, 2021 and March 31, 2021, long-term debt consisted of the following (in thousands):

	As of September 30, 2021	As of March 31, 2021
2025 Convertible Notes	$75,000	$75,000
Western Alliance revolving line of credit & term loan	—	34,300
Convertible promissory notes	—	7,167
PPP loan	—	5,157
	75,000	121,624
Less: deferred financing fees and debt discount	(3,265)	(5,895)
Total long-term debt	$71,735	$115,729

Western Alliance Bank—Line of Credit and Term Loan

In October 2017, the Company entered into a new loan and security agreement (the "Western Alliance Agreement") and issued a warrant to purchase preferred stock ("Initial Western Alliance Warrant") to Western Alliance Bank ("Western Alliance"), which provided for a secured revolving line of credit (the "Credit Facility") in an aggregate principal amount of up to $35.0 million with a maturity date of October 12, 2020.

On December 7, 2018, the Company amended the Western Alliance Agreement, which included the issuance of a warrant to purchase common stock ("Subsequent Western Alliance Warrant") to Western Alliance. The modification to the Western Alliance Agreement provided for an additional term loan of $10.0 million at issuance and an incremental seasonal loan of $5.0 million. The seasonal loan matured and was repaid on March 31, 2020. The term loan matures December 31, 2021.

On July 31, 2020, the Company amended the Western Alliance Agreement and extended the expiration of the warrants to July 31, 2030. The modification to the Western Alliance Agreement amended the maturity date of the Credit Facility to August 12, 2021.

On November 27, 2020, the Company repaid the outstanding $10.0 million principal of the term loan with Western Alliance Bank, as well as $0.2 million of early repayment fees, using proceeds from the issuance of the 2025 Convertible Notes (the "2025 Convertible Notes"). See further discussion of the 2025 Convertible Notes issuance below.

In conjunction with the 2025 Convertible Notes issuance, the Company amended the Western Alliance Agreement to extend the Credit Facility repayment date from August 12, 2021 to December 31, 2021.

On January 22, 2021, the Company amended the Western Alliance Agreement to extend the Credit Facility maturity date to May 31, 2022.

The interest rate for borrowings under the Credit Facility, as amended, is equal to (i) the greater of the prime rate that is published in the Money Rates section of The Wall Street Journal from time to time (the "Prime Rate") and 5.25%, plus (ii) half of one percent (0.50%), per annum.

The Credit Facility has a borrowing base subject to an amount equal to eighty percent (80.00%) of the Company's trailing three months of subscription revenue. Western Alliance has first perfected security in substantially all of the Company's assets, including its rights to its intellectual property.

As of March 31, 2021, the Company had $34.3 million of outstanding borrowings under the Credit Facility, recorded as debt on the accompanying condensed consolidated balance sheet. On June 15, 2021, in connection with the Merger, the Company repaid the outstanding balance on the Credit Facility, and as of September 30, 2021 there are no outstanding borrowings under the Credit Facility. The full amount of the Credit Facility of $35.0 million remains available to be borrowed by the Company if or when needed through the termination date of the agreement of May 31, 2022.

Under the terms of this Credit Facility, the Company is required to comply with certain financial and nonfinancial covenants, including covenants to maintain certain liquidity amounts, as defined in the amended Western Alliance Agreement. As of September 30, 2021 and March 31, 2021, the Company was compliant with its financial covenants.

Convertible Promissory Notes

On December 19, 2019, the Company entered into a note purchase agreement and issued individual convertible promissory notes thereunder (the "2019 Notes"), with an option for subsequent closings through May 1, 2020 for up to $10.0 million in aggregate principal. The Company received gross proceeds of $3.9 million in two December 2019 closings. The 2019 Notes bore interest at a rate of 7% per year, capitalized quarterly, and payable in kind ("PIK Interest"). The 2019 Notes had a maturity date of December 19, 2024, unless previously converted into equity securities pursuant to the terms of the note purchase agreement.

On March 31, 2020, the Company entered into a note purchase agreement and issued individual convertible promissory notes thereunder (the "2020 Notes"), with an option for subsequent closings through May 1, 2020 for up to $10.0 million in aggregate principal. The Company received gross proceeds of $1.5 million from the initial closing of the note purchase agreement on March 31, 2020 with employees, founders, and existing investors, representing a related party transaction. The agreement consisted of both Pro Rata Notes and Super Pro Rata Notes. Pro-Rata Notes are defined as one or more promissory notes issued to each lender with respect to the amount of the lender's consideration, up to the lender's pro rata amount as set forth in the note purchase agreement. Super Pro-Rata Notes are defined as one or more promissory notes issued to each lender with respect to the lender's amount of consideration paid in excess of their pro rata amount. The Super Pro Rata Notes bore interest at a rate of 10% per year, capitalized quarterly, and payable in kind ("PIK Interest"), while the Pro Rata Notes bore interest at a rate of 8% per year, capitalized quarterly, and PIK Interest. The 2020 Notes had a maturity date of March 30, 2023, unless previously converted into equity securities pursuant to the terms of the note purchase agreement.

On May 1, 2020, the Company received gross proceeds of $1.0 million from the second closing of the March 31, 2020 note purchase agreement with existing investors, representing a related party transaction.

On June 18, 2020, the Company amended the term loan with Pinnacle Ventures, LLC ("Pinnacle"), which extended the initial principal repayment period. In consideration of the modification, the Company issued to Pinnacle convertible promissory notes under the March 31, 2020 note purchase agreement of $0.8 million from the third closing of the March 31, 2020 note purchase agreement.

On November 27, 2020, in connection with the 2025 Convertible Notes issuance, the Company entered into subordination agreements with the holders of the 2019 Notes and 2020 Notes and extended the maturity of the notes to May 30, 2026.

On December 16, 2020, in connection with the execution of the Merger, the Company amended the note purchase agreements associated with the 2019 Notes and 2020 Notes to amend the conversion terms of the notes.

The 2019 Notes and 2020 Notes included the following features that were assessed and determined to meet all of the criteria required to be separated as an embedded derivative from its host:

- In-substance put options upon Qualified or Non-Qualified Equity Financing
- Redemption (put option) upon deemed liquidation event

As of March 31, 2021, the Company had $7.2 million of outstanding borrowings under the 2019 Notes and 2020 Notes.

On June 1, 2021, in connection with the closing of the Merger, the outstanding principal and interest of the 2019 Notes and 2020 Notes were converted to 1,135,713 common shares of the Company, with a fair value of $12.8 million. The conversion of the notes resulted in a loss on extinguishment of $2.6 million recorded to other expense included in other income, net on the condensed consolidated statement of operations and comprehensive income (loss), as well as a capital contribution of $0.7 million recorded to additional paid-in-capital on the condensed consolidated balance sheet for the portion of the loss associated with the 2020 Notes which were with related parties.

Paycheck Protection Program

On April 24, 2020, the Company received funds of $5.2 million under the Paycheck Protection Program ("PPP"), a part of the CARES Act. The loan was serviced by Western Alliance Bank, and the application for these funds required the Company to, in good faith, certify that the current economic uncertainty made the loan necessary to support ongoing operations.

On June 11, 2021, the Company voluntarily repaid in full the outstanding principal and interest amounts of the PPP loan.

2025 Convertible Notes

On November 27, 2020, the Company issued $75.0 million aggregate principal amount of 2025 Convertible Notes to Magnetar Capital, LLC ("Magnetar") under an indenture, dated as of November 27, 2020, between Legacy BARK and U.S. Bank National Association, as trustee and collateral agent (the "Indenture"). The Company received net proceeds of approximately $74.7 million from the sale of the 2025 Convertible Notes, after deducting fees and expenses of approximately $0.3 million. The Company recorded the expenses as a discount to the note and will amortize over the term of the note. The 2025 Convertible Notes will mature on December 1, 2025, unless earlier converted, redeemed or repurchased. For a period of one year from the issuance date of the 2025 Convertible Notes, certain funds affiliated with Magnetar may request the Company issue additional notes up to $25.0 million aggregate principal amount.

The Company used approximately $27.6 million of the net proceeds from the sale of the 2025 Convertible Notes to repay the outstanding term loans with Western Alliance Bank and Pinnacle, which included $2 million of early repayment fees related to the Pinnacle loan.

The 2025 Convertible Notes are governed by the Indenture. The 2025 Convertible Notes bear interest at the annual rate of 5.50%, payable entirely in payment-in-kind annually on December 1st of each year commencing December 1, 2021, compounded annually.

If the 2025 Convertible Notes are not converted into common stock by the maturity date, the Company must repay the outstanding principal amount plus accrued interest.

The 2025 Convertible Notes contain call and put options to be settled in cash contingent upon the occurrence of a change of control and a default interest rate increase of 3.0% applicable upon the occurrence of an event of default that when evaluated under the guidance of ASC 815, *Derivatives and Hedging*, are embedded derivatives requiring bifurcation at fair value. The fair value calculation includes Level 3 inputs including the estimated fair value of the Company's common stock and assumptions regarding the probability that the contingent call or put will be exercised or an event of default will occur. Management determined that the probability that the contingent events will occur was near zero at inception and has remained near zero as of September 30, 2021. Therefore, the Company did not record a derivative liability related to these features at September 30, 2021. The Company will assess the probability of occurrence quarterly during the term of the 2025 Convertible Notes.

As of both September 30, 2021 and March 31, 2021, the Company had $75.0 million of outstanding borrowings under the 2025 Convertible Notes agreement.

6. REDEEMABLE CONVERTIBLE PREFERRED STOCK

The following table summarizes issued and outstanding redeemable convertible preferred stock of Legacy BARK as of both immediately prior to the Closing Date and March 31, 2021 (in thousands, except share and per share information):

Redeemable Convertible Preferred Stock	Shares	Carrying Value
Series Seed	2,057,188	$ 1,897
Series A	2,110,400	4,948
Series B	990,068	10,285
Series C	2,142,188	34,585
Series C-1	452,671	8,272

Prior to the completion of the Merger there were no significant changes to the terms of the Redeemable Convertible Preferred Stock. Upon the Closing of the Merger, the Legacy BARK redeemable convertible preferred stock converted into 67,776,888 shares of the Company's common stock based on the Merger's exchange ratio of 8.7425. The Company recorded the conversion at the carrying value of the redeemable convertible preferred stock at the time of Closing. There are no shares of redeemable convertible preferred stock authorized or outstanding as of September 30, 2021.

7. STOCK-BASED COMPENSATION PLANS

Equity Incentive Plans

The Barkbox, Inc. 2011 Stock Incentive Plan (as amended from time to time, the "2011 Plan") provides for the award of stock options and other equity interests in the Company to directors, officers, employees, advisors or consultants of the Company.

On June 1, 2021, in connection with the Merger, the 2021 Equity Incentive Plan (the "2021 Plan") became effective and 16,929,505 authorized shares of common stock were reserved for issuance thereunder. In addition, pursuant to the terms of the Merger Agreement, on the Closing Date of the Merger, options to purchase shares of Legacy BARK's common stock previously issued under the 2011 Plan were converted into options to purchase an aggregate of 29,390,344 shares of BARK common stock. As of September 30, 2021, 14,487,001 shares of common stock were available for the Company to grant under the 2021 Stock Plan; there were no more shares available for grant under the 2011 Plan.

Beginning on April 1, 2022 and ending on (and including) March 31, 2031, the aggregate number of shares of common stock that may be issued under the 2021 Plan shall increase by a number, determined by the Company's board of directors on or before May 1st of such fiscal year, not to exceed 5% of the total number of shares of common stock issued and outstanding on the last day of the preceding fiscal year.

The 2011 and 2021 Plans (together, the "Plans") are administered by the Company's Compensation Committee of its board of directors (the "Compensation Committee"). The exercise prices, vesting and other restrictions are determined by the Board, except that the exercise price per share of a stock option may not be less than 100% of the fair value of the common share on the date of grant. Stock options awarded under the Plans typically expire 10 years after the date of the grant and generally have vesting conditions of 25% on the first anniversary of the date of grant and 75% on a monthly basis at a rate of 1/36th unless otherwise decided by the Compensation Committee. The Plans provide that the Compensation Committee shall determine the vesting conditions of awards granted under the Plans, and the Compensation Committee has from time to time approved vesting schedules for certain awards that deviate from the vesting conditions contained in the previous sentence.

Stock Option Activity

During the six months ended September 30, 2021 the Company granted to its employees equity awards to purchase an aggregate of 1,127,886 shares of common stock with a weighted average exercise price of $9.02 vesting over a four-year period.

Restricted Stock Unit ("RSU") Activity

During the six months ended September 30, 2021 the Company granted to its employees 1,979,669 million service based awards. Each award will vest based on continued service which is generally four years. The grant date fair value of the award will be recognized as compensation expense over the requisite service period. The fair value of the restricted stock units was estimated on the date of grant based on the fair value of the Company's common stock.

The following table summarizes the total stock-based compensation expense by function for the three and six months ended September 30, 2021 and 2020, which includes expense related to options, restricted stock units, and secondary sales (in thousands):

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
General and administrative	$ 1,501	$ 961	$2,398	$1,321
Advertising and marketing	2,228	43	4,428	71
Total stock-based compensation expense	$ 3,729	$ 1,004	$6,827	$1,392

Employee Stock Purchase Plan

In June 2021, the 2021 Employee Stock Purchase Plan (the "2021 ESPP") became effective. The 2021 ESPP authorizes the issuance of shares of common stock pursuant to purchase rights granted to employees. A total of 3,385,901 shares of common stock have been reserved for future issuance under the 2021 ESPP. On the first day of each fiscal year commencing on April 1, 2022 and ending on (and including) March 31, 2041, the aggregate number of shares of common stock that may be issued under the ESPP shall increase by a number, determined by the Company's board of directors on or before May 1st of such fiscal year, not to exceed the lesser of (i) one percent (1%) of the total number of shares of common stock issued and outstanding on the last day of the preceding fiscal year or (ii) 1,500,000 shares of common stock. If the board of directors does not determine to increase the aggregate number of shares of common stock in the ESPP by May 1st of such fiscal year, such increase shall be zero.

8. COMMITMENT AND CONTINGENCIES

Litigation

The Company is a party to various actions and claims arising in the normal course of business. The Company does not believe that the final outcome of these matters will have a material effect on the Company's condensed consolidated financial position, results of operations or cash flows. However, no assurance can be given that the final outcome of such proceedings will not materially impact the Company's condensed consolidated financial condition or results of operations.

9. INCOME TAXES

The Company did not record a federal, state, or foreign income tax provision or benefit for the three months or six months ended September 30, 2021 due to the expected loss before income taxes to be incurred for the year ended March 31, 2022, as well as the Company's continued maintenance of a full valuation allowance against its net deferred tax assets.

10. OTHER INCOME—NET

Other income—net consisted of the following:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Other income—net:				
Other income	$ 71	$ (18)	$ 183	$ 169
Change in fair value of warrants	23,407	(16)	19,508	(16)
Change in fair value of derivative liability	—	1,245	—	1,279
Loss on extinguishment of debt	—	—	(2,598)	—
Loss on warrant exercise	(303)	—	(303)	—
	$ 23,175	$ 1,211	$ 16,790	$ 1,432

11. NET INCOME (LOSS) PER SHARE

Basic and diluted net income (loss) per share attributable to common stockholders was calculated as follows:

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income (loss)	$6,455	$(1,378)	$(18,349)	$638
Less: Earnings attributable to participating securities	$—	$—	$—	$(638)
Net income (loss) attributable to common stockholders—basic and diluted	$6,455	$(1,378)	$(18,349)	$—
Denominator:				
Weighted-average number of common shares outstanding—basic	169,173,509	45,889,103	139,133,082	45,704,365
Weighted average effect of potentially dilutive securities:				
Effect of potentially dilutive stock options to purchase common stock	5,858,268	—	—	—
Effect of potentially dilutive restricted stock units	1,979,669	—	—	—
Weighted average common shares outstanding—diluted	177,011,446	45,889,103	139,133,082	45,704,365
Net income (loss) per share attributable to common stockholders				
Net income (loss) per share attributable to common stockholders - basic	$0.04	$(0.03)	$(0.13)	$—
Net income (loss) per share attributable to common stockholders - diluted	$0.04	$(0.03)	$(0.13)	$—

As the Company had net income attributable to common shareholders during the three months ended September 30, 2021, the Company's potential dilutive securities, which include stock options, and RSU's, were included in the calculation of diluted net income per share attributable to common stockholders. The Company's 13,036,333 outstanding warrants to purchase common stock, and notes which would convert to shares as of

September 30, 2021 have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share.

For the six months ended September 30, 2021, the Company's potential dilutive securities, which include stock options, RSU's, warrants and convertible notes have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common stock outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same for the six months ended September 30, 2021.

For the three and six months ended September 30, 2020, the Company's potential dilutive securities, which include redeemable convertible preferred stock, stock options and warrants, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common stock outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same for the three and six months ended September 30, 2020.

The Company excluded the following potential common stock, presented based on amounts outstanding at September 30, 2021 and 2020 from the computation of diluted net loss per share attributable to common shareholders for the three and six months ended September 30, 2021 and 2020 because including them would have had an anti-dilutive effect.

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
Redeemable convertible preferred stock as converted to common stock	—	28,390,692	—	28,390,692
Stock options to purchase common stock	20,811,019	29,139,793	26,669,287	29,139,793
Restricted stock units	—	—	1,979,669	—
Warrants to purchase common stock	13,036,333	2,044,705	13,036,333	2,044,705
Warrants to purchase preferred stock	—	4,572	—	4,572
2025 convertible notes as converted to common stock	7,847,188	—	7,847,188	—

The Company also had convertible notes outstanding for the three and six months ended September 30, 2020, which could have obligated the Company and/or its stockholders to issue shares of common stock upon the occurrence of various future events at prices and in amounts that are not determinable until the occurrence of those future events. Because the necessary conditions for the conversion of these instruments had not been satisfied during the three and six months ended September 30, 2020, the Company excluded these instruments from the table above and the calculation of diluted net loss per share for the period. See Note 5, "Debt," for additional details.

12. SEGMENTS

The Company applies ASC 280, *Segment Reporting*, in determining reportable segments for its financial statement disclosure. The Company has two reportable segments: Direct to Consumer and Commerce. The Direct to Consumer segment derives revenue from the sale of BarkBox, Super Chewer, BARK Bright and BARK Eats subscriptions, as well as product line sales through the Company's website, BarkShop. The Commerce segment derives revenue from the sale of toys, treats and BARK Home products through major retailers and online marketplaces. Reporting in this format provides management with the financial information necessary to evaluate the success of the segments and the overall business. There are no internal revenue transactions between the Company's segments.

The CODM reviews revenue and gross profit for both of the reportable segments. Gross profit is defined as revenue less cost of revenue incurred by the segment. The Company does not allocate assets at the reportable segment level as these are managed on an entity wide group basis and, accordingly, the Company does not report asset information by segments.

Key financial performance measures of the segments including revenue, cost of revenue, and gross profit are as follows (in thousands):

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Direct to Consumer:				
Revenue	$106,817	$75,368	$212,193	$142,468
Cost of revenue	42,499	29,052	83,319	53,168
Gross profit	64,318	46,316	128,874	89,300
Commerce:				
Revenue	13,345	11,045	25,575	18,753
Cost of revenue	7,777	5,807	14,772	9,579
Gross profit	5,568	5,238	10,803	9,174
Consolidated:				
Revenue	120,162	86,413	237,768	161,221
Cost of revenue	50,276	34,859	98,091	62,747
Gross profit	$69,886	$51,554	$139,677	$98,474

13. SUBSEQUENT EVENTS

On October 29, 2021, the Company entered into a lease agreement for a new office space. The new lease commences on April 1, 2022 and includes escalating rent payments and a 198 month term. Rent expense will be recorded on a straight-line basis over the lease term. Future minimum lease payments required under the operating lease are approximately $51.7 million. In connection with the lease agreement the Company executed a letter of credit of approximately $1.9 million.

On October 29, 2021, the Company and Western Alliance entered into the eleventh loan and security modification agreement, which increased the sublimit for foreign exchange services and export, import, and standby letters of credit under the Company's existing loan and security agreement with Western Alliance to $2.7 million.

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our condensed consolidated results of operations and financial condition. The discussion should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto contained in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto for the year ended March 31, 2021 contained in the Current Report on Form 8-K filed with the SEC on June 7, 2021. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" sections of our Annual Report on Form 10-K for the year ended March 31, 2021, as amended, and of this Quarterly Report on Form 10-Q. Actual results may differ materially from those contained in any forward-looking statements. Unless the context otherwise requires, references to "we", "us", "our", "the Company" and "BARK" are intended to mean the business and operations of The Original BARK Company and its condensed consolidated subsidiaries. The unaudited condensed consolidated financial statements for the three and six months ended September 30, 2021 and 2020, respectively, present the financial position and results of operations of The Original BARK Company and its wholly-owned subsidiaries.

Overview

Founded in 2012, BARK is one of the largest digitally native, and vertically integrated dog brands in the world today. Our dog-obsessed team is devoted to making all dogs happy through innovative products across the Play, Food, Health, and Home categories. We foster lifelong relationships with our customers and their pups, which drives strong customer retention and lifetime value. BARK loyally serves dogs with themed toys and treats subscriptions, BarkBox and BARK Super Chewer; custom product collections through retail partners, including Target and Amazon; its highly-personalized nutrition and meal plans with BARK Eats; and health and wellness products with BARK Bright. As a direct to consumer-first company, our growing data and machine-learning capabilities inform future product development and enable BARK to provide highly personalized experiences and product offerings for dog parents nationwide. At BARK, we want to make dogs as happy as they make us because dogs and humans are better together.

Impact of COVID-19

The extent to which the COVID-19 pandemic will continue to impact our business will depend on future developments related to the geographic spread of the disease, the duration and severity of the outbreak, travel restrictions, required social distancing, governmental mandates, business closures or governmental or business disruptions, and the effectiveness of actions taken in the United States and other countries to prevent, contain and treat the virus and any additional government stimulus programs. These impacts are highly uncertain and cannot be predicted with certainty.

As this crisis unfolded, we monitored conditions closely and adapted our operations to meet federal, state and local standards, while continuing to meet the needs of the dogs and dog parents we serve and to ensure the safety and well-being of our team members. While conditions appear to be improving, we are still unable to predict the duration of the COVID-19 pandemic, including the emergence and spread of variants of COVID-19, and therefore what the ultimate impact of the COVID-19 pandemic will be on the broader economy or our operating results, financial condition and cash flows. As such, risks still remain. Please refer to the "Special Note Regarding Forward-Looking Statements" and the "Risk Factors" in this Quarterly Report on Form 10-Q.

BARK continued to experience increases in inbound freight costs due to the challenges in the current import market, as transpacific ships and trade lanes continue to be overburdened with volume and experience a significant shortage of equipment and capacity due to the COVID-19 pandemic. BARK also began to experience supply chain disruptions, including increased demurrage fees related to freight, during the second quarter of fiscal year 2022.

Key Performance Indicators

We use the following key financial and operating metrics to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. These key financial and operating metrics should be read in conjunction with the following discussion of our results of operations and financial condition together with our condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
Subscription Shipments (in thousands)	3,593	2,675	7,201	5,043
Average Monthly Subscription Shipment Churn	7.1%	5.3%	7.2 %	5.7 %
Active Subscriptions (in thousands)	2,089	1,499	2,089	1,499
New Subscriptions (in thousands)	271	252	551	555
CAC	$ 51.71	$ 43.98	$ 50.01	$ 36.80
LTV:CAC	4.9x	7.4x	5.0x	8.4x
Average Order Value	$ 29.73	$ 28.18	$ 29.47	$ 28.25

Subscription Shipments

We define Subscription Shipments as the total number of subscription product shipments shipped in a given period. Subscription Shipments does not include gift subscriptions or one-time subscription shipments.

Average Monthly Subscription Shipment Churn

Average Monthly Subscription Shipment Churn is calculated as the average number of subscription shipments that have been cancelled in the last three months, divided by the average monthly active subscription shipments in the last three months. The number of cancellations used to calculate Average Monthly Subscription Shipment Churn is net of the number of subscriptions reactivated during the last three months.

Active Subscriptions

Our ability to expand the number of Active Subscriptions is an indicator of our market penetration and growth. We define Active Subscriptions as the total number of unique product subscriptions with at least one shipment during the last 12 months. Active Subscriptions does not include gift subscriptions or one-time subscription purchases.

New Subscriptions

We define New Subscriptions as the number of unique subscriptions with their first shipment occurring in a period.

Customer Acquisition Cost

Customer Acquisition Cost (“CAC”) is a measure of the cost to acquire New Subscriptions in our Direct to Consumer business segment. This unit economic metric indicates how effective we are at acquiring each New Subscription. CAC is a monthly measure defined as media spend in our Direct to Consumer business segment in the period indicated, divided by total New Subscriptions in such period. Direct to Consumer media spend is primarily comprised of internet and social media advertising fees.

Lifetime Value

Lifetime Value ("LTV") is the dollar value of each subscription as measured by the cumulative Direct to Consumer Gross Profit for the average life of the subscription.

Average Order Value

Average Order Value ("AOV") is Direct to Consumer revenue for the period divided by Subscription Shipments for the same period.

Components of Our Results of Operations

We operate in two reportable segments: Direct to Consumer and Commerce, to reflect the way our chief operating decision maker ("CODM") reviews and assesses the performance of the business.

Revenue

Direct to Consumer

Direct to Consumer revenue consists of product sales through our monthly subscription boxes, as well as sales through our website, BarkShop.com ("BarkShop"):

Toys and Treats Subscriptions—Our principal revenue generating products consist of a tailored assortment of premium and highly durable toys and treats sold through our BarkBox and Super Chewer monthly subscriptions. BarkBox and Super Chewer subscription rates vary based on the type of subscription plan selected by the customer, with Super Chewer's price point being slightly higher based on additional costs of the more durable product, but resulting in similar gross margins. Subscription plans are offered as monthly, six month or annual commitments. Subscription revenue is recognized at a point in time as control is transferred to the subscriber upon delivery of each monthly box.

On a monthly basis, toys and treats subscription customers have the option to purchase additional toys, treats, or essential products to add to their respective subscription boxes, through our add to box ("ATB") offering. ATB revenue is recognized at a point in time as control is transferred to the customer upon delivery of goods to the subscriber.

BARK Bright—BARK Bright revenue consists of sales of our health and wellness solutions, with our initial product being a dental solution, sold primarily through monthly subscriptions. Subscription revenue is recognized at a point in time as control is transferred to the subscriber upon delivery of each monthly box. Revenue for BARK Bright sales to retailers and through marketplaces is recognized at a point in time upon delivery of goods.

BARK Eats—BARK Eats revenue consists of sales of personalized and nutritious meals for dogs sold at a meal per day price. Revenue is recognized at a point in time, as control is transferred to the customer upon delivery of goods.

BarkShop—BarkShop revenue consists of sales of individual toys, treats and other products through our website, BarkShop. Revenue relating to the sale of goods on BarkShop is recognized at a point in time as control is transferred to the customer upon delivery of goods.

Commerce

We also generate revenue from product sales to retailers and through marketplaces. See below for additional information on each offering.

Retail—Retail revenue consists of sales of individual BARK toys, treats, and BARK Bright health and wellness solutions, mainly through major retailers. Revenue is recognized upon delivery to retailer.

Online Marketplaces—Online marketplaces revenue consists of sales of BARK Bright health and wellness solutions and BARK Home products sold through major marketplaces. BARK Home consists of an assortment of proprietary essential products for daily life, including dog beds, bowls, collars, harnesses and leashes. Online marketplaces revenue is recognized upon delivery of goods to the end customer.

Cost of Revenue

Cost of revenue primarily consists of the purchase price of inventory sold, inbound freight costs associated with inventory, shipping supply costs, and inventory shrinkage costs.

Operating Expenses

Operating expenses consist of general and administrative and advertising and marketing expenses.

General and Administrative

General and administrative expenses consists primarily of compensation and benefits costs, including stock-based compensation expense, office expense, including rent, insurance, professional service fees, and other general overhead costs including depreciation and amortization of fixed and intangible assets, account management support teams, and commissions. General and administrative expenses also includes fees charged by third parties that provide payment processing services, fulfillment costs, which represent costs incurred in operating and staffing fulfillment and customer service centers, including costs attributable to receiving, inspecting, picking, packaging and preparing customer orders for shipment, outbound freight costs associated with shipping orders to customers, and responding to inquiries from customers.

We expect to incur additional general and administrative expenses as a result of becoming a public company, including expenses related to compliance and reporting obligations of public companies, and increased costs for insurance, investor relations expenses, and professional services. As a result, we expect that our general and administrative expenses will increase in absolute dollars in future periods and vary from period to period as a percentage of revenue.

Advertising and Marketing

Advertising and marketing expense consists primarily of internet advertising, promotional items, agency fees, other marketing costs and compensation and benefits expenses, including stock-based compensation expense, for employees engaged in advertising and marketing.

Interest Expense

Interest expense primarily consists of interest incurred under our line of credit, term loan and convertible promissory notes agreements, and amortization of debt issuance costs.

Other Income (Expense), Net

Other income (expense), net, primarily consists of changes in the fair value of our warrant liabilities and loss on extinguishment of debt.

Results of Operations

We operate in two reportable segments to reflect the way our chief operating decision maker ("CODM") reviews and assesses the performance of the business. See Note 2, "Summary of Significant Accounting Policies," in our condensed consolidated financial statements for the three and six months ended September 30, 2021 and 2020 included elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,			Six Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
	(in thousands)					
Condensed Consolidated Statement of Operation Data:						
Revenue						
Direct to Consumer	$106,817	$75,368	41.7%	$212,193	$142,468	48.9 %
Commerce	13,345	11,045	20.8%	25,575	18,753	36.4 %
Total revenue	120,162	86,413	39.1%	237,768	161,221	47.5 %
Cost of revenue						
Direct to Consumer	42,499	29,052	46.3%	83,319	53,168	56.7 %
Commerce	7,777	5,807	33.9%	14,772	9,579	54.2 %
Total cost of revenue	50,276	34,859	44.2%	98,091	62,747	56.3 %
Gross profit	69,886	51,554	35.6%	139,677	98,474	41.8 %
Operating expenses:						
General and administrative	68,235	39,279	73.7%	137,734	71,315	93.1 %
Advertising and marketing	17,075	12,958	31.8%	34,225	24,533	39.5 %
Total operating expenses	85,310	52,237	63.3%	171,959	95,848	79.4 %
Income (Loss) from operations	(15,424)	(683)	N/M	(32,282)	2,626	N/M
Interest expense	(1,296)	(1,906)	-32.0%	(2,857)	(3,420)	-16.5%
Other income (expense), net	23,175	1,211	N/M	16,790	1,432	N/M
Net Income (Loss) before income taxes	6,455	(1,378)	N/M	(18,349)	638	N/M
Provision for income taxes	—	—	0.0%	—	—	0.0%
Net Income (Loss)	$6,455	$(1,378)	N/M	$(18,349)	$638	0.0%

N/M means not meaningful.

Comparison of the Three Months Ended September 30, 2021 and September 30, 2020

Revenue

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Revenue				
Direct to Consumer	$ 106,817	$ 75,368	$ 31,449	41.7 %
Commerce	13,345	11,045	2,300	20.8 %
Total revenue	$ 120,162	$ 86,413	$ 33,749	39.1 %
Percentage of Revenue				
Direct to Consumer	88.9 %	87.2 %		
Commerce	11.1 %	12.8 %		

Direct to Consumer revenue increased by $31.4 million, or 41.7%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by the 34.3% or 0.9 million increase in Subscription Shipments, in addition to a 5.5% increase in average order value.

Commerce revenue increased by $2.3 million for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily driven by the addition of new retail partners since September 30, 2020, as well as volume increases amongst existing retailer partners.

Gross Profit

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Gross Profit				
Direct to Consumer	64,318	46,316	18,002	38.9 %
Commerce	5,568	5,238	330	6.3 %
Total gross profit	$ 69,886	$ 51,554	$ 18,332	35.6 %
Percentage of revenue	58.2 %	59.7 %		

Direct to Consumer and Commerce gross profit increased by $18.0 million and $0.3 million, respectively, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020, driven by the $33.7 million increase in revenue during the period.

Gross profit as a percentage of revenue decreased 1.5% for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This decrease was primarily due to increased costs related to inbound freight, partially offset by lower product costs during the period.

Operating Expenses

General and Administrative Expense

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
General and administrative	$ 68,235	$ 39,279	$ 28,956	73.7%
Percentage of revenue	56.8 %	45.5 %		

General and administrative expense increased by $29.0 million, or 73.7%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase during the period was primarily due to: increased fulfillment and shipping costs of $15.6 million; increased compensation expense of $8.4 million, including $3.7 million of stock-based compensation; and increased other general and administrative expenses of $5.0 million primarily related to increased insurance, audit, professional, and legal fees due to growth of operations and requirements as a new publicly traded company.

Advertising and Marketing

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Advertising and marketing	$ 17,075	$ 12,958	$ 4,117	31.8%
Percentage of revenue	14.2 %	15.0 %		

Advertising and marketing expense increased by $4.1 million, or 31.8%, for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase was primarily due to additional media advertising spend to acquire New Subscriptions during the period, as well as the increase in CAC of $7.73 due to media rates exceeding pre-COVID levels during the period.

Interest Expense

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Interest expense	$ (1,296)	$ (1,906)	$ 610	-32.0%
Percentage of revenue	(1.1)%	(2.2)%		

Interest expense decreased by $0.6 million, or -32.0%, for the three months ended September 30, 2021 compared to the three months September 30, 2020. This decrease was due primarily to lower non-cash interest in connection with our convertible promissory notes during the period.

Other Income (Expense), Net

	Three Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Other income (expense), net	$ 23,175	$ 1,211	$ 21,964	N/M
Percentage of revenue	19.3 %	1.4 %		

N/M means not meaningful.

Other income (expense) increased by $22.0 million for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. This increase in other income (expense), net, was primarily due to the $23.4 million of income related to the changes in fair value of our warrant liabilities during the period.

Comparison of the Six Months Ended September 30, 2021 and September 30, 2020

Revenue

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Revenue				
Direct to Consumer	$ 212,193	$ 142,468	$ 69,725	48.9%
Commerce	$ 25,575	$ 18,753	$ 6,822	36.4%
Total revenue	$ 237,768	$ 161,221	$ 76,547	47.5%
Percentage of Revenue				
Direct to Consumer	89.2 %	88.4 %		
Commerce	10.8 %	11.6 %		

Direct to Consumer revenue increased by $69.7 million, or 48.9%, for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This increase was primarily driven by the 42.8% or 2.2 million increase in Subscription Shipments, in addition to a 4.3% increase in average order value during the period.

Commerce revenue increased by $6.8 million for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This increase was primarily driven by the addition of new retail partners since September 30, 2020, as well as volume increases amongst existing retailer partners during the period.

Gross Profit

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Gross Profit				
Direct to Consumer	$ 128,874	$ 89,300	$ 39,574	44.3%
Commerce	$ 10,803	$ 9,174	$ 1,629	17.8%
Total gross profit	$ 139,677	$ 98,474	$ 41,203	41.8%
Percentage of revenue	58.7 %	61.1 %		

Direct to Consumer and Commerce gross profit increased by $39.6 million and $1.6 million, respectively, for the six months ended September 30, 2021 compared to the six months ended September 30, 2020, driven by the $76.5 million increase in revenue during the period.

Gross profit as a percentage of revenue decreased 2.3% for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This decrease was primarily due to increased costs related to inbound freight during the period.

Operating Expenses

General and Administrative Expense

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
General and administrative	$ 137,734	$ 71,315	$ 66,419	93.1%
Percentage of revenue	57.9 %	44.2 %		

General and administrative expense increased by $66.4 million, or 93.1%, for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This increase during the period was primarily due to: increased fulfillment and shipping costs of $32.9 million; increased compensation expense of $18.4 million, including $6.8 million of stock-based compensation; and increased other general and administrative expenses of $9.9 million primarily related to increased insurance, audit, professional, and legal fees due to growth of operations and requirements as a new publicly traded company.

Advertising and Marketing

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Advertising and marketing	$ 34,225	$ 24,533	$ 9,692	39.5%
Percentage of revenue	14.4 %	15.2 %		

Advertising and marketing expense increased by $9.7 million, or 39.5%, for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This increase was primarily due to

additional media advertising spend to acquire New Subscriptions during the period, as well as the increase in CAC of $13.21 due to media rates exceeding pre-COVID levels during the period.

Interest Expense

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Interest expense	$ (2,857)	$ (3,420)	$ 563	-16.5%
Percentage of revenue	(1.2)%	(2.1)%		

Interest expense decreased by $0.6 million, or -16.5%, for the six months ended September 30, 2021 compared to the six months September 30, 2020. This decrease was due primarily to lower non-cash interest in connection with our convertible promissory notes during the period.

Other Income (Expense), Net

	Six Months Ended September 30,			
	2021	2020	$ Change	% Change
	(in thousands)			
Other income (expense), net	$ 16,790	$ 1,432	$ 15,358	N/M
Percentage of revenue	7.1 %	0.9 %		

N/M means not meaningful.

Other income (expense), net increased by $15.4 million for the six months ended September 30, 2021 compared to the six months ended September 30, 2020. This increase in other income (expense), net, was primarily due to the $19.5 million of other income related to the changes in fair value of our warrant liabilities, offset by $2.6 million of expense related to the loss on extinguishment of debt incurred from conversion of the 2019 and 2020 Notes in connection with the Merger.

Non-GAAP Financial Measures

We report our financial results in accordance with GAAP. However, management believes that Adjusted Net Income (Loss), Adjusted Net Income (Loss) Margin, Adjusted Net Income (Loss) Per Common Share, Adjusted EBITDA and Adjusted EBITDA Margin, all non-GAAP financial measures (together the “Non-GAAP Measures”), provide investors with additional useful information in evaluating our performance.

We calculate Adjusted Net Income (Loss) as net income (loss), adjusted to exclude: (1) stock-based compensation expense, (2) change in fair value of warrants and derivatives, (3) sales and use tax expense, (4) one-time transaction costs associated with the financing and merger, (5) demurrage fees related to freight and (6) other one-time items.

We calculate Adjusted Net Income (Loss) Margin by dividing Adjusted Net Income (Loss) for the period by Revenue for the period.

We calculate Adjusted Net Income (Loss) Per Common Share by dividing Adjusted Net Income (Loss) for the period by weighted average common shares used to compute net loss per share attributable to common stockholders for the period.

We calculate Adjusted EBITDA as net income (loss), adjusted to exclude: (1) interest expense, (2) depreciation and amortization, (3) stock-based compensation expense, (4) change in fair value of warrants and derivatives, (5) sales and use tax expense, (6) one-time transaction costs associated with the financing and merger, (7) demurrage fees related to freight and (8) other one-time items.

We calculate Adjusted EBITDA Margin by dividing Adjusted EBITDA for the period by revenue for the period.

The Non-GAAP Measures are financial measures that are not required by, or presented in accordance with GAAP. We believe that the Non-GAAP Measures, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of the Non-GAAP Measures are helpful to our investors as they are measures used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

The Non-GAAP Measures are presented for supplemental informational purposes only, have limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of the Non-GAAP Measures include that (1) the measures do not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA and Adjusted EBITDA Margin do not reflect these capital expenditures, (3) Adjusted EBITDA and Adjusted EBITDA Margin do not consider the impact of stock-based compensation expense, which is an ongoing expense for our company and (4) Adjusted EBITDA and Adjusted EBITDA Margin do not reflect other non-operating expenses, including interest expense. In addition, our use of the Non-GAAP Measures may not be comparable to similarly titled measures of other companies because they may not calculate the Non-GAAP Measures in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider the Non-GAAP Measures alongside other financial measures, including our net income (loss) and other results stated in accordance with GAAP.

The following table presents a reconciliation of Adjusted Net Income (Loss) to Net Income (Loss), the most directly comparable financial measure stated in accordance with GAAP, and the calculation of net income (loss)

margin, Adjusted Net Income (Loss) Margin and Adjusted Net Income (Loss) Per Common Share for the periods presented:

Adjusted Net Income (Loss)

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Net income (loss)	$ 6,455	$ (1,378)	$ (18,349)	$ 638
Stock-based compensation expense	3,729	1,004	6,827	1,392
Change in fair value of warrants and derivatives	(23,407)	(1,229)	(19,508)	(1,263)
Sales and use tax expense (1)	—	243	—	841
Transaction costs (2)	442	—	5,640	—
Demurrage fees	735	—	735	—
Other one-time items (3)	1,014	—	3,612	—
Adjusted net income (loss)	$ (11,032)	$ (1,360)	$ (21,043)	$ 1,608
Less: Earnings attributable to participating securities	—	—	—	(1,608)
Net income (loss) attributable to common stockholders—basic and diluted	$ (11,032)	$ (1,360)	$ (21,043)	$ —
Net income (loss) margin	5.37 %	(1.59) %	(7.72) %	0.40 %
Adjusted net income (loss) margin	(9.18) %	(1.57) %	(8.85) %	1.00 %
Adjusted net income (loss) per common share - basic and diluted	$ (0.07)	$ (0.03)	$ (0.15)	$ —
Weighted average common shares used to compute net loss per share attributable to common stockholders - basic and diluted	169,173,509	45,889,103	139,133,082	45,704,365

The following table presents a reconciliation of Adjusted EBITDA to net loss, the most directly comparable financial measure stated in accordance with GAAP, and the calculation of net loss margin and Adjusted EBITDA margin for the periods presented:

Adjusted EBITDA

	Three Months Ended September 30,		Six Months Ended September 30,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
Net income (loss)	$ 6,455	$ (1,378)	$ (18,349)	$ 638
Interest expense	1,296	1,906	2,857	3,420
Depreciation and amortization expense	957	528	1,801	1,036
Stock-based compensation expense	3,729	1,004	6,827	1,392
Change in fair value of warrants and derivatives	(23,407)	(1,229)	(19,508)	(1,263)
Sales and use tax expense (1)	—	243	—	841
Transaction costs (2)	442	—	5,640	—
Demurrage fees	735	—	735	—
Other one-time items (3)	1,014	—	3,612	—
Adjusted EBITDA	$ (8,778)	$ 1,074	$ (16,385)	$ 6,064
Net loss margin	5.37 %	(1.59) %	(7.72) %	0.40
Adjusted EBITDA margin	(7.31) %	1.24 %	(6.89) %	3.76

(1) Sales and use tax expense relates to recording a liability for sales and use tax we did not collect from our customers. Historically, we had collected state or local sales, use, or other similar taxes in certain jurisdictions in which we only had physical presence. On June 21, 2018, the U.S. Supreme Court decided, in South Dakota v. Wayfair, Inc. that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. A number of states have positioned themselves to require sales and use tax collection by remote vendors and/or by online marketplaces. The details and effective dates of these collection requirements vary from state to state and accordingly, we recorded a liability in those periods in which we created economic nexus based on each state's requirements. Accordingly, we now collect, remit, and report sales tax in all states that impose a sales tax.

(2) Transactions costs represent non-recurring consulting and advisory costs with respect to the merger agreement entered into with Northern Star Acquisition Corp. on December 16, 2020.

(3) For the three months ended September 30, 2021, other one-time items is comprised of SOX implementation fees of $0.3 million, executive transition costs, including recruiting, bonus and relocation related expense of $0.3 million, loss on exercise of warrants of $0.3 million and restructuring related expenses of $0.1 million. For the six months ended September 30, 2021, other one-time items is comprised of loss on extinguishment of debt of $2.6 million, SOX implementation fees of $0.3 million, executive transition costs, including recruiting, bonus and relocation related expenses of $0.3 million, loss on exercise of warrants of $0.3 million and restructuring related expenses of $0.1 million.

Liquidity and Capital Resources

Since inception, we have funded our operations with proceeds from sales of our capital stock and proceeds from borrowings in addition to cash generated by our operations. As of September 30, 2021, we had cash and cash equivalents of approximately $272.6 million. We expect that our cash and cash equivalents, together with cash provided by our operating activities and proceeds from borrowings (as defined below), will be sufficient to fund our operations for at least the next 12 months. We are required to comply with certain financial and non-financial covenants related to our borrowing agreements, which we expect to be in compliance with during the next 12 months. Our future capital requirements will depend on many factors, including our pace of new and existing customer growth and our investments in partnerships and unexplored channels. We may be required to seek additional equity or debt financing.

Western Alliance Bank—Line of Credit and Term Loan

In October 2017, we entered into a new loan and security agreement (the "Western Alliance Agreement") and issued a warrant to purchase preferred stock to Western Alliance Bank ("Western Alliance"), which provides for a secured revolving line of credit (the "Credit Facility") in an aggregate principal amount of up to $35.0 million with a maturity date of October 12, 2020.

On December 7, 2018, we amended the Western Alliance Agreement, which included the issuance of a warrant to purchase common stock to Western Alliance. The modification to the agreement provided for an additional term loan of $10.0 million at issuance and an incremental seasonal loan of $5.0 million. The seasonal loan matured and was repaid on March 31, 2020.

On July 31, 2020, we amended the Western Alliance Agreement, and extended the expiration of the warrants to July 31, 2030. The modification to the Western Alliance Agreement amended the maturity date of the Credit Facility to August 12, 2021.

On November 27, 2020, we repaid the outstanding $10.0 million principal of the term loan with Western Alliance Bank, as well as $0.2 million of early repayment fees, using proceeds from the issuance of the 2025 Convertible Notes (the "2025 Convertible Notes"). See further discussion of the 2025 Convertible Notes issuance below.

In conjunction with the 2025 Convertible Notes issuance, the Company amended the Western Alliance Agreement to extend the Credit Facility repayment date from August 12, 2021 to December 31, 2021.

On January 22, 2021, we amended the Western Alliance Agreement to extend the Credit Facility maturity date to May 31, 2022.

On June 15, 2021, in connection with the Merger, the Company repaid the outstanding balance on the Credit Facility, and as of September 30, 2021 there are no outstanding borrowings under the Credit Facility. The full amount of the Credit Facility of $35.0 million remains available to be borrowed by the Company if or when needed through the termination date of the agreement of May 31, 2022.

On October 29, 2021, the Company and Western Alliance entered into the eleventh loan and security modification agreement, which increased the sublimit for foreign exchange services and export, import, and standby letters of credit under the Company's existing loan and security agreement with Western Alliance to $2.7 million

The interest rate for borrowings under the Credit Facility, as amended, is equal to (i) the greater of the prime rate that is published in the Money Rates section of The Wall Street Journal from time to time (the "Prime Rate") and 5.25%, plus (ii) half of one percent (0.50%), per annum. As of March 31, 2021 and 2020 the weighted-average interest rate for the Western Alliance Credit Facility and term loans was 5.75% and 6.09%, respectively.

The Credit Facility has a borrowing base subject to an amount equal to eighty percent (80%) of our trailing three months of subscription revenue. Western Alliance has a first lien perfected security interest in substantially all of our assets, including our rights to our intellectual property.

Under the terms of this Credit Facility, we are required to comply with certain financial and nonfinancial covenants, including covenants to maintain certain liquidity amounts, as defined in the Western Alliance Agreement, as amended.

Convertible Promissory Notes

On December 19, 2019, we entered into a note purchase agreement and issued individual convertible promissory notes thereunder, with an option for subsequent closings through May 1, 2020 for up to $10.0 million in aggregate principal. We received gross proceeds of $3.9 million in two December 2019 closings. The notes bore interest at a rate of 7% per year, capitalized quarterly, and payable in kind. The notes have a maturity date of December 19, 2024, unless previously converted into equity securities pursuant to the terms of the note purchase agreement.

On March 31, 2020, we entered into a note purchase agreement and issued individual convertible promissory notes thereunder, with an option for subsequent closings through May 1, 2020 for up to $10.0 million in aggregate principal. We received gross proceeds of $1.5 million from the initial closing of the note purchase agreement on March 31, 2020 with employees, founders, and existing investors, representing a related party transaction. The agreement consisted of both Pro Rata Notes and Super Pro Rata Notes. Pro-Rata Notes are defined as one or more promissory notes issued to each lender with respect to the amount of the lender's consideration, up to the lender's pro rata amount as set forth in the note purchase agreement. Super Pro-Rata Notes are defined as one or more promissory notes issued to each lender with respect to the lender's amount of consideration paid in excess of their pro rata amount. The Super Pro Rata Notes bore interest at a rate of 10% per year, capitalized quarterly, and payable in kind, while the Pro Rata Notes bear interest at a rate of 8% per year, capitalized quarterly, and payable in kind. Both the Pro Rata and Super Pro Rata notes have a maturity date of March 30, 2023, unless previously converted into equity securities pursuant to the terms of the note purchase agreement.

On May 1, 2020, we received gross proceeds of $1.0 million from the second closing of the March 31, 2020 note purchase agreement with existing investors.

On June 18, 2020, we amended a previously existing term loan agreement, which extended the initial principal repayment period. In consideration of the modification, we issued to the lender convertible promissory notes under the March 31, 2020 note purchase agreement of $0.8 million from the third closing of the March 31, 2020 note purchase agreement.

On December 16, 2020, in connection with the execution of the Merger Agreement, we amended the note purchase agreements associated with the convertible notes issued in 2019 and 2020 to amend the conversion terms of the notes.

On June 1, 2021, in connection with the closing of the Merger, the outstanding principal and interest of the 2019 Notes and 2020 Notes were converted to 1,135,713 shares of our common stock, with a fair value of $12.7 million. The conversion of the notes resulted in a loss on extinguishment of $2.6 million recorded to other expense included in other income, net on the condensed consolidated statement of operations and comprehensive loss, as well as a capital contribution of $0.7 million recorded to additional paid-in-capital on the condensed consolidated balance sheet for the portion of the loss associated with the 2020 Notes which were with related parties.

Paycheck Protection Program

On April 24, 2020, we received funds of $5.2 million under the Paycheck Protection Program ("PPP"), a part of the CARES Act. The loan was serviced by Western Alliance Bank, and the application for these funds required us to, in good faith, certify that the current economic uncertainty made the loan necessary to support ongoing operations. On June 11, 2021, we voluntarily repaid the outstanding principal and interest amounts outstanding of the PPP loan.

2025 Convertible Notes

On November 27, 2020, we issued $75.0 million aggregate principal amount of 2025 Convertible Notes to Magnetar Capital, LLC ("Magnetar"). We received net proceeds of approximately $74.7 million from the sale of the 2025 Convertible Notes, after deducting fees and expenses of approximately $0.3 million.

We used approximately $27.6 million of the net proceeds from the sale of the 2025 Convertible Notes to repay the outstanding term loans with Western Alliance Bank and Pinnacle Ventures, LLC ("Pinnacle"), which included $2.0 million of early repayment fees related to the Pinnacle loan.

The 2025 Convertible Notes are governed by an indenture, dated as of November 27, 2020, between us and U.S. Bank National Association, as trustee and collateral agent. The 2025 Convertible Notes will bear interest at the annual rate of 5.50%, payable annually on December 1st commencing December 1, 2021, compounded annually. The 2025 Convertible Notes will mature on December 1, 2025, unless earlier converted, redeemed or repurchased.

Cash Flows

Comparison of the Six Months Ended September 30, 2021 and 2020.

The following table summarizes our cash flows for the six months ended September 30, 2021 and 2020:

	Six Months Ended September 30,	
	2021	2020
	(in thousands)	
Net cash (used in) provided by operating activities	$ (108,019)	$ 8,481
Net cash used in investing activities	(11,003)	(2,838)
Net cash provided by financing activities	354,168	6,253
Net increase in cash and restricted cash	$ 235,146	$ 11,896

Cash flows provided by/used in Operating Activities

Net cash flows in operating activities represent the cash receipts and disbursements related to our activities other than investing and financing activities.

Net cash flows used in operating activities is derived by adjusting our net loss for:

- non-cash operating items such as depreciation and amortization, stock-based compensation and other non-cash income or expenses;
- changes in operating assets and liabilities reflect timing differences between the receipt and payment of cash associated with transactions.

For the six months ended September 30, 2021, net cash used in operating activities was $108.0 million. The $108.0 million of net cash used in operating activities consisted of net loss of $18.3 million adjusted for non-cash charges totaling $12.3 million and a net decrease of $77.3 million in our net operating assets and liabilities. The non-cash charges primarily consisted of $24.4 million for changes in fair value of warrants, $6.8 million for stock based compensation, $2.6 million loss on extinguishment of debt and $1.8 million for depreciation and amortization. The decrease in our net operating assets and liabilities was driven by the changes in inventory of $52.9 million to support current demand, accounts payable and accrued expenses of $15.3 million related to increased expenditures to support general business growth, as well as the timing of payments, other liabilities of $5.9 million, and prepaid expenses and other current assets of $2.2 million. The decrease in our net operating assets and liabilities was partially offset by the change in deferred revenue of $1.2 million, and accounts receivable of $2.0 million.

For the six months ended September 30, 2020, net cash provided by operating activities was $8.5 million. The $8.5 million of net cash used in operating activities consisted of net income of $0.6 million adjusted for non-cash charges totaling $2.2 million and a net increase of $5.7 million in our net operating assets and liabilities. The non-cash charges primarily consisted of $1.0 million for depreciation and amortization, $1.4 million for stock based compensation and $1.0 million for amortization of debt discount and deferred issuance costs. The decrease in our net operating assets and liabilities was driven by the changes in inventory of $23.0 million to support demand and accounts payable and accrued expenses of $17.4 million related to expenditures to support general business operations, as well as the timing of payments. The decrease in our net operating assets and liabilities was partially offset by the change in deferred revenue of $5.5 million and other liabilities of $8.2 million.

Cash flows used in Investing Activities

For the six months ended September 30, 2021 and 2020, net cash used in investing activities was $11.0 million and $2.8 million, respectively, primarily due to capital expenditures.

Cash flows provided by Financing Activities

For the six months ended September 30, 2021, net cash provided by financing activities was $354.2 million, primarily due to proceeds of $227.1 million proceeds from the Merger and proceeds from the PIPE of $200.0 million. The increase in cash provided by financing activities was partially offset by the repayments of outstanding borrowings on our line of credit of $34.3 million, payments of transaction costs of $24.9 million, payment of deferred underwriting fees $8.9 million, and repayment of the outstanding PPP loan of $5.2 million.

For the six months ended September 30, 2020, net cash provided by financing activities was $6.3 million, primarily due to proceeds from debt of $5.2 million, proceeds from convertible notes of $1.0 million and proceeds from the exercise of stock options of $0.4 million.

Critical Accounting Policies and Estimates

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

Except as described in Note 2, “Summary of Significant Accounting Policies – Recent Accounting Pronouncement Issued but Not Yet Adopted,” to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates disclosed in our audited consolidated financial statements and notes thereto for the year ended March 31, 2021 contained in the Current Report on Form 8-K filed with the SEC on June 7, 2021.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 in our condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q.

JOBS Act Accounting Election

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an “emerging growth company” may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Therefore, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and are not required to provide the information otherwise required under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act") which are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives.

Our management evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2021, pursuant to Rule 13a-15(b) under the Exchange Act.

Based on this evaluation, our chief executive officer and chief financial officer have concluded that during the period covered by this report, our disclosure controls and procedures were not effective, due to our previous and currently identified material weaknesses in internal control over financial reporting. Notwithstanding these material weaknesses, management has concluded that the condensed consolidated financial statements included in this quarterly report on Form 10-Q are fairly stated in all material respects in accordance with U.S. GAAP.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

BARK's previously identified material weaknesses related to (i) the lack of formal evidence of timely preparation and review of key account reconciliations, (ii) the lack of proper design and implementation of controls around inventory vendor management, (iii) internal controls over financial reporting that were not formalized as it relates to processes over inventory management, and (iv) improper accounting for warrants issued in connection with our initial public offering, which related to the review of complex or non-routine transactions.

During the three months-ended September 30, 2021 we identified a material weakness related to the review of accounting for non-routine or complex transactions. The material weakness was due to a presentation error of prior year equity and earnings per share ("EPS") after the completion of the merger between Barkbox, Inc. ("Legacy BARK") and Northern Star, NSAC Merger Sub Corp. The Merger occurred in June 2021 and was accounted for as a reverse recapitalization. For periods before the reverse recapitalization, the shareholders' equity of the combined company should have been presented on the basis of the historical equity of the target before the reverse recapitalization, retroactively recast to reflect the number of shares that would have been received in the acquisition.

BARK is taking the following steps to remediate the material weaknesses described above through the following:

a. Hiring additional qualified accounting and financial reporting personnel,

b. Improving and updating our systems,

c. Acquiring enhanced access to accounting literature,

d. Enhancing reviews of technical analyses to ensure the proper application of GAAP and,

e. Further evolving our accounting processes.

BARK will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time.

Changes in Internal Control over Financial Reporting

Except as disclosed above, there were no changes to our internal control over financial reporting that occurred during the quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all cases of error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

BARK is from time to time subject to, and is presently involved in, litigation and other legal proceedings. BARK believes that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material effect on its business, financial condition or operating results.

ITEM 1A. RISK FACTORS AND RISK FACTOR SUMMARY

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this quarterly report on Form 10-Q, including our condensed consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not known to us or that we consider immaterial as of the date of this prospectus. The trading price of our securities could decline due to any of these risks, and, as a result, you may lose all or part of your investment.Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. This quarterly report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below. See "Cautionary Note Regarding Forward-Looking Statements."

Risk Factor Summary

Set forth below is a summary of some of the principal risks associated with BARK:

Risks Related to BARK's Business

- BARK relies significantly on revenue from subscribers purchasing subscription-based products, such as BarkBox and Super Chewer, and may not be successful in expanding its subscription-based offerings***;***
- BARK has a short operating history at its current scale in a rapidly evolving industry and, as a result, its past results may not be indicative of future operating performance;
- BARK's quarterly results of operations, as well as its key metrics, may fluctuate, which may result in BARK failing to meet the expectations of industry and securities analysts or its investors;
- BARK has experienced significant revenue growth in recent periods, including increased subscriptions during the COVID-19 pandemic. This rate of growth may not be sustainable or indicative of its future rate of growth;
- If BARK fails to acquire and retain new subscribers and customers, or fails to do so in a cost-effective manner, BARK may be unable to increase net sales, improve margins and achieve profitability;
- BARK may be unable to maintain a high level of engagement with its subscribers and increase their spending with BARK, which could harm its business, financial condition, or operating results;
- The growth of BARK's business depends on its ability to accurately predict consumer trends, successfully introduce new products, improve existing products, and expand into new offerings;
- BARK's future growth and profitability will depend in large part upon the effectiveness and efficiency of its marketing;
- BARK's business depends on a strong brand and BARK may not be able to maintain its brand and reputation;
- Certain of BARK's key performance indicators are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm BARK's reputation and negatively affect its business;

- BARK has a history of losses and expects to generate operating losses as BARK continues to expand its business;
- BARK relies on consumer discretionary spending and has been, and may in the future be, adversely affected by economic downturns and other macroeconomic conditions or trends;
- BARK may be unable to manage the complexities created by its omni channel operations, which may have a material adverse effect on its business, financial condition, operating results and prospects; and
- BARK relies on third parties to sell and distribute BARK's products, and BARK relies on their information to manage its business. Disruption of BARK's relationship with these channel partners, changes in or issues with their business practices, their failure to provide timely and accurate information, changes in distribution partners, practices or models or conflicts among its channels of distribution could adversely affect its business, results of operations, operating cash flows and financial condition.

Risks Related to Ownership of BARK's Common Stock

- BARK's stock price may be volatile and may decline regardless of its operating performance;
- An active trading market for BARK common stock may not be sustained;
- BARK has convertible debt that may be converted into shares of BARK common stock and warrants that may be exercisable for BARK common stock in the future, which would cause immediate and substantial dilution to its stockholders;
- Future sales of shares by existing stockholders could cause BARK's stock price to decline;
- If securities or industry analysts either do not publish research about BARK or publish inaccurate or unfavorable research about us, BARK's business, or its market, or if they change their recommendations regarding BARK's common stock adversely, the trading price or trading volume of its common stock could decline; and
- BARK's certificate of incorporation renounces BARK's interest and expectancy in certain corporate opportunities, which may prevent BARK from receiving the benefit of certain corporate opportunities.

Risks Related to the 2025 Convertible Notes

- Our obligation to offer to redeem the 2025 Convertible Notes upon the occurrence of a fundamental change will be triggered only by certain specified transactions, and may discourage a transaction that could be beneficial to the holders of our Common Stock and the 2025 Convertible Notes;
- The value of the collateral securing the 2025 Convertible Notes may not be sufficient to satisfy our and the guarantors' obligations under the 2025 Convertible Notes and the guarantees;
- There is no existing public trading market for the 2025 Convertible Notes, and a holder of the 2025 Convertible Notes ability to sell such notes will be limited; and
- Even though the 2025 Convertible Notes are convertible into shares of our Common Stock, the terms of the 2025 Convertible Notes will not provide protection against some types of important corporate events.

Risks Related to BARK's Business

BARK relies significantly on revenue from subscribers purchasing subscription-based products, such as BarkBox and Super Chewer, and may not be successful in expanding its subscription-based offerings.

To date the vast majority of BARK's revenue has been derived from subscribers who purchase subscription-based offerings. In BARK's subscription arrangements, subscribers select a duration over which they wish to receive product shipments. BARK significantly relies, and expects to continue to significantly rely, on these subscribers for a substantial majority of BARK's revenue. The introduction of competitors' offerings with lower prices for consumers, fluctuations in prices, a lack of subscriber satisfaction with BARK's monthly themes or products, changes in consumer purchasing habits, including an increase in the use of competitors' products or offerings and other factors could result in declines in BARK's subscriptions and in BARK's revenue, which would have an adverse effect on its business, financial condition and results of operations. Because BARK derives a vast majority of its revenue from subscribers who purchase these subscription-based products, any material decline in demand for these offerings could have an adverse impact on BARK's future revenue and results of operations. In addition, if BARK is unable to successfully introduce new subscription-based offerings, such as its BARK Eats personalized food blend subscription, which it expects to launch in nine Midwest markets in fiscal 2022, BARK's revenue growth may decline, which could have a material adverse effect on BARK's business, financial condition, and results of operations.

BARK has a short operating history at its current scale in a rapidly evolving industry and, as a result, its past results may not be indicative of future operating performance.

BARK has a short history operating at its current scale in a rapidly evolving industry that may not develop in a manner favorable to BARK's business. This relatively short operating history makes it difficult to assess BARK's future performance with certainty. You should consider BARK's business and prospects in light of the risks and difficulties BARK may encounter.

BARK's future success will depend in large part upon its ability to, among other things:

- cost-effectively acquire new subscribers and customers and engage with and retain existing subscribers and customers;
- successfully manage risks relating to the spread of COVID-19, including subsequent variants such as the delta variant, coupled with the loosening of governmental restrictions relating to COVID-19 , including any adverse impacts on its supply chain, workforce, facilities, customer services and operations, and including any changes in consumer demand as COVID-19 restrictions are eased and business re-open;
- increase its market share;
- market its products, including its ability to adapt to changes in search engine algorithms or change in policies or procedures of third parties through which BARK markets or sells its products;
- increase consumer awareness of its brand and maintain its reputation;
- anticipate and respond to macroeconomic changes;
- expand its offerings and geographic reach, including with respect to newly launched offerings such as BARK Eats;
- anticipate and effectively respond to changing trends and consumer preferences;
- manage its inventory effectively;
- compete effectively;
- avoid interruptions in its business from information technology downtime, cybersecurity breaches, or labor stoppages;

- effectively manage its growth;
- hire, integrate, and retain talented people at all levels of its organization;
- maintain the quality of its technology infrastructure; and
- retain its existing suppliers and attract new suppliers and scale its supply chain.

If BARK fails to address the risks and difficulties that BARK faces, including those associated with the challenges listed above as well as those described elsewhere in this "Risk Factors" section, BARK's business and BARK's operating results will be adversely affected.

BARK's quarterly results of operations, as well as its key metrics, may fluctuate, which may result in BARK failing to meet the expectations of industry and securities analysts or its investors.

BARK's results of operations have in the past and could in the future vary significantly from quarter-to-quarter and may fail to match the expectations of securities analysts because of a variety of factors, many of which are outside of BARK's control and, as a result, should not be relied upon as an indicator of future performance. Factors that may contribute to the variability of BARK's results of operations include:

- timing and success of new product offerings, particularly BARK Eats;
- its ability to attract and retain subscribers and customers;
- changes in its pricing policies and those of its competitors;
- its ability to maintain relationships with partners, and suppliers;
- its ability to adapt to changes in search engine algorithms or change in policies or procedures of third parties through which BARK markets or sells its products;
- changes in marketing effectiveness, marketing costs and timing of marketing campaigns;
- fluctuations in the key performance indicators that BARK utilizes in its operations or discloses to investors and analysts;
- the amount and timing of operating costs and capital expenditures related to the expansion of its business;
- announcements by competitors or other third parties of significant new products or acquisitions or entrance into its markets;
- instability in the financial markets;
- global economic conditions;
- the duration, extent, and effects of the COVID-19 pandemic, including subsequent variants such as the delta variant, coupled with loosening governmental restrictions as the pandemic conditions improve; and
- political, economic and social instability, including terrorist activities, and any disruption these events may cause to the global economy.

The impact of one or more of the foregoing and other factors may cause its results of operations to vary significantly. As such, BARK believes that quarter-to-quarter comparisons of its results of operations may not be meaningful and should not be relied upon as an indication of future performance.

BARK has experienced significant revenue growth in recent periods, including increased subscriptions during the COVID-19 pandemic. This rate of growth may not be sustainable or indicative of its future rate of growth.

BARK has experienced significant growth in recent periods. For example, BARK's revenues increased from $161.2 million in the six months ended September 30, 2020 to $237.8 million in the six months ended September 30, 2021, an increase of approximately 47.5%. Beginning in the first quarter of fiscal 2021, BARK saw an increase in the rate of BarkBox and Super Chewer subscriptions partially as a result of an increase in dog adoptions and purchases arising from more subscribers working remotely during the COVID-19 pandemic. As the COVID-19 pandemic or remote work conditions end, the trend of increased dog adoptions may not continue or BARK's subscribers may elect to purchase fewer products for their dogs or to purchase dog products from traditional brick and mortar stores rather than from BARK, which could materially and adversely affect BARK's business and results of operations. BARK believes that its continued growth in revenue will depend upon, among other factors, BARK's ability to:

- acquire new subscribers who purchase subscriptions from BARK at the same or better rates as its existing subscriber base;
- retain its subscribers and have them continue to purchase subscription-based products from BARK at the same or better rates;
- increase the amount or categories of products subscribers purchase from BARK, such as through its Add-to-Box, or ATB, offerings;
- attract new suppliers to provide quality products that BARK can offer to its subscribers and customers at attractive prices;
- retain its existing suppliers and have them provide additional quality products that BARK can offer to its subscribers and customers at attractive prices;
- expand its product offerings, including the launch of new brands, including BARK Eats, and expansion into new offerings;
- increase the awareness of its brand;
- provide dogs and dog parents with a superior experience;
- develop new features to enhance the consumer experience;
- respond to changes in consumer access to and use of the Internet and mobile devices;
- react to challenges from existing and new competitors;
- develop a scalable, high-performance technology and fulfillment infrastructure that can efficiently and reliably handle increased demand, as well as the deployment of new features and the sale of new products and services;
- fulfill and deliver orders in a timely manner and in accordance with subscriber and customer expectations, which may change over time;
- respond to macroeconomic trends and their impact on consumer spending patterns, including with respect to the reopening of the economy and loosening of restrictions as COVID-19 pandemic conditions improve, coupled with the increased predominance of variants of COVID-19, such as the delta variant;
- hire, integrate and retain talented personnel;
- invest in the infrastructure underlying its website and other operational systems; and
- BARK's ability to expand to and successfully operate in international markets in the future.

BARK's ability to improve margins and achieve profitability will also depend on the factors described above. BARK cannot provide assurance that BARK will be able to successfully manage any of the foregoing challenges. Any of these factors could cause its revenue growth to decline and may adversely affect its margins and profitability. Failure to continue BARK's revenue growth or improve margins could have a material adverse effect on BARK's business, financial condition, and results of operations. You should not rely on BARK's historical rate of revenue growth as an indication of its future performance.

If BARK fails to acquire and retain new subscribers and customers, or fails to do so in a cost-effective manner, BARK may be unable to increase net sales, improve margins and achieve profitability.

BARK's success depends on its ability to acquire and retain new subscribers and customers and to do so in a cost-effective manner. In order to expand BARK's subscriber base, BARK must appeal to, and acquire, subscribers who have historically purchased their dog products from other retailers such as traditional brick and mortar retailers, the websites of its competitors, or others. BARK has made significant investments related to subscriber and customer acquisition and expects to continue to spend significant amounts to acquire additional subscribers. BARK cannot assure you that the sales from the new subscribers and customers BARK acquires will ultimately exceed the cost of acquiring those subscribers. If BARK fails to deliver a quality shopping experience, or if dog parents do not perceive the subscriptions or products BARK offers to be of high value and quality, BARK may be unable to acquire or retain subscribers and customers. If BARK is unable to acquire or retain subscribers and customers who purchase products in volumes sufficient to grow its business, BARK may be unable to generate the scale necessary to achieve operational efficiency.

BARK believes that many of its new subscribers originate from word-of-mouth and other non-paid referrals from BARK's subscribers. Therefore, BARK must ensure that its subscribers remain loyal to BARK in order to continue receiving those referrals. If BARK's efforts to satisfy its subscribers are not successful, BARK may be unable to acquire new subscribers in sufficient numbers to continue to grow its business, and BARK may be required to incur significantly higher marketing expenses in order to acquire new subscribers.

BARK also uses paid and non-paid advertising. BARK's paid advertising includes search engine marketing; display, print, radio and podcast advertising, paid social media, affiliate and influencer marketing programs, product placement, and direct mail. BARK's advertising efforts also include search engine optimization, social media and e-mail marketing. BARK derives a significant amount of traffic to its websites via search engines, social media and other e-commerce channels. Search engines, social media platforms frequently update and change the logic that determines the placement and display of results of a user's search, such that the purchased or algorithmic placement of links to its website can be negatively affected. Moreover, a search engine or social media platform could, for competitive or other purposes, alter its search algorithms or results, causing BARK's website to place lower in search query results. As social networking and e-commerce channels continue to rapidly evolve, BARK may be unable to develop or maintain a presence within these channels. Search engines, social networks, and other third parties typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which could negatively impact BARK's marketing and sales capabilities. If BARK is unable to cost-effectively drive traffic to its website, BARK's ability to acquire new subscribers and customers and its financial condition would be materially and adversely affected.

BARK may be unable to maintain a high level of engagement with its subscribers and increase their spending with BARK, which could harm its business, financial condition, or operating results.

A high proportion of BARK's revenue is recurring revenue that comes from subscribers, especially those subscribers who are highly engaged and purchase additional merchandise from BARK's ATB offerings. Beginning in the first quarter of fiscal 2021, BARK saw an increase in the rate of BarkBox and Super Chewer subscriptions partially as a result of an increase in dog adoptions and purchases arising from more subscribers working remotely during the COVID-19 pandemic. As the COVID-19 pandemic or remote work conditions end, the trend of increased dog adoptions may not continue or BARK's subscribers may elect to purchase fewer products for their dogs or to purchase dog products from traditional brick and mortar stores rather than from BARK, which could materially and adversely affect BARK's business and results of operations.

If existing subscribers no longer find BARK's products appealing or appropriately priced, they may make fewer purchases and may cancel their subscriptions or stop purchasing products. Even if BARK's existing subscribers continue to find its offerings appealing, they may decide to reduce their subscription and purchase less merchandise over time as their demand for new dog products declines. A decrease in the number of subscribers, a decrease in subscriber spending on the products BARK offers, or its inability to attract high-quality subscribers could negatively affect BARK's operating results.

The growth of BARK's business depends on its ability to accurately predict consumer trends, successfully introduce new products, improve existing products, and expand into new offerings.

BARK's growth depends, in part, on its ability to successfully introduce new products to its existing BarkBox and Super Chewer subscriptions and to introduce new product lines, including BARK Home (everyday products), BARK Bright (dental, health and wellness), and BARK Eats (personalized food blend), and improve and reposition BARK's existing products to meet the requirements of its subscribers and customers and the needs of their dogs. It also depends on BARK's ability to expand its offerings and services. This, in turn, depends on BARK's ability to accurately predict and respond to evolving consumer trends, demands and preferences, including its ability to predict monthly themes for its BarkBox and Super Chewer subscriptions that will resonate with subscribers as timely and clever. The development and introduction of new products and expansion into new offerings involves considerable costs. In addition, it may be difficult to establish new supplier relationships and determine appropriate product selection when developing a new product or offering. Any new product or offering may not generate sufficient subscriber or customer interest and sales to become a profitable product or to cover the costs of its development and promotion and, as a result, may result in a decrease in subscriber retention and reduction in customer purchases and reduce BARK's operating income. In addition, any such unsuccessful effort may adversely affect its brand and reputation. If BARK is unable to anticipate, identify, develop or market products, or any new offering, that respond to changes in requirements and preferences, or if its new product introductions, repositioned products, or new offerings fail to gain consumer acceptance, BARK may be unable to grow its business as anticipated, BARK's sales may decline and its margins and profitability may decline or not improve. As a result, BARK's business, financial condition, and results of operations may be materially and adversely affected.

BARK's future growth and profitability will depend in large part upon the effectiveness and efficiency of its marketing.

BARK's future growth and profitability will depend in large part upon the effectiveness and efficiency of its marketing, including BARK's ability to:

- appropriately and efficiently allocate its marketing for multiple products;
- accurately identify, target and reach its audience of potential subscribers and customers with its marketing messages;
- select the right marketplace, media and specific media vehicle in which to advertise;
- adapt quickly to changes in the algorithmic logic, privacy policies, and other procedures used by search engines, social media platforms and other third party platforms on which BARK advertises or derives subscribers and customers;
- identify the most effective and efficient level of spending in each marketplace, media and specific media vehicle;
- determine the appropriate creative message and media mix for advertising, marketing and promotional expenditures;
- effectively manage marketing costs, including creative and media expenses, in order to maintain acceptable subscriber and customer acquisition costs;
- differentiate its products as compared to other products;

- create greater brand awareness; and
- drive traffic to its website, and websites of its retail partners.

BARK's planned marketing may not result in increased revenue or generate sufficient levels of product and brand name awareness, and BARK may not be able to increase its net sales at the same rate as BARK increases its advertising expenditures. As e-commerce, search, and social networking evolve, BARK must continue to evolve its marketing tactics accordingly and, if BARK is unable to do so, its business could be adversely affected.

BARK's business depends on a strong brand and BARK may not be able to maintain its brand and reputation.

BARK believes that maintaining the BARK brand and reputation, and the brand and reputation of BARK's product offerings, is critical to driving subscriber engagement and attracting subscribers and customers. Building BARK's brand will depend largely on its ability to continue to provide its subscribers with an engaging and personalized subscriber experience, including valued services, high-quality merchandise, and appropriate price points, which BARK may not do successfully. Subscriber complaints or negative reviews or publicity about BARK's products, services, merchandise, monthly themes, delivery times, or customer support, especially on social media platforms, could harm its reputation and diminish subscriber use of its services, the trust that its subscribers place in BARK, and vendor confidence in it.

BARK's brand and subscriber retention depends in part on effective customer support. Failure to manage or train its customer support representatives properly or inability to handle customer complaints effectively could negatively affect its brand, reputation, and operating results.

If BARK fails to cost-effectively promote and maintain BARK's brand and the brands of its offerings, BARK's business, financial condition, and operating results may be adversely affected.

Certain of BARK's key performance indicators are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm BARK's reputation and negatively affect its business.

BARK tracks certain key performance indicators, including metrics such as active subscriptions, average monthly subscription churn, new subscriptions and customer acquisition costs, with internal systems and tools and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which BARK relies. For example, BARK relies on third-party marketing analytics systems to identify marketing spend by channel, which data BARK then reconciles across a number of systems. In addition, BARK relies on third-party warehouse and fulfillment providers to communicate receiving and shipping information which drives active customer count and related data. BARK's internal systems and tools have a number of limitations, and its methodologies for tracking these metrics may change over time, which could result in unexpected changes to its key performance indicators, including the metrics BARK publicly discloses, or its estimates. For example, as the number of active subscriptions increases, the timely processing of information will require BARK to expand and upgrade its information technology platform. If the internal systems and tools BARK uses to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data BARK reports may not be accurate. While these numbers are based on what BARK believes to be reasonable estimates of its subscriber base for the applicable period of measurement, there are inherent challenges in measuring subscriptions for its products across large online and mobile populations. Some of these challenges include manual reconciliation of information provided by different input systems, which could result an error not being detected. If BARK's key performance indicators are not accurate representations of its business, or if investors do not perceive its operating metrics to be accurate, or if BARK discovers material inaccuracies with respect to these figures, BARK's reputation may be significantly harmed, and its operating and financial results could be adversely affected.

BARK has a history of losses and expects to generate operating losses as BARK continues to expand its business.

BARK has a history of losses and expects its operating losses to continue in the near-term as BARK increases investment in its business. As of March 31, 2021 and September 30, 2021, BARK had an accumulated deficit of $180.0 million and $198.3 million, respectively. Furthermore, it is difficult for BARK to predict its future results of operations with certainty. As a result, BARK's losses may be larger than anticipated and BARK may never achieve

profitability. BARK expects its operating expenses to increase over the next several years as BARK increases its advertising, expands into new markets, expands its offerings, hires additional personnel, incurs additional expenses related to being a public company and continues to develop features on its website and mobile application. In particular, BARK intends to continue to invest substantial resources to grow and diversify its product offerings and in marketing to acquire new subscribers and customers. Its operating expenses may also be adversely impacted by increased costs and delays in launching new markets and fulfillment centers and expanding fulfillment center capacity as a result of the COVID-19 pandemic. If BARK's future growth and operating performance fail to meet investor or analyst expectations, its financial condition and stock price could be materially and adversely affected.

BARK relies on consumer discretionary spending and has been, and may in the future be, adversely affected by economic downturns and other macroeconomic conditions or trends.

BARK's business and operating results are subject to global economic conditions and their impact on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth, declines in asset values, and related market uncertainty; home foreclosures and reductions in home values; fluctuating interest rates and credit availability; global pandemics, including the COVID-19 pandemic and the loosening of restrictions as the pandemic conditions improve; fluctuating fuel and other energy costs; fluctuating commodity prices; and general uncertainty regarding the overall future political and economic environment. Furthermore, any increases in consumer discretionary spending during times of crisis may be temporary, such as those related to government stimulus programs or remote-work environments, and consumer spending may decrease again if the government does not continue such stimulus programs or businesses terminate the ability to work remotely. Economic conditions in certain regions may also be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; other public health crises; and other major unforeseen events. Consumer purchases of discretionary items, including the merchandise that BARK offers, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence.

Adverse economic changes could reduce consumer confidence, and could thereby negatively affect BARK's operating results. In challenging and uncertain economic environments, BARK cannot predict when macroeconomic uncertainty may arise, whether or when such circumstances may improve or worsen or what impact such circumstances could have on its business.

BARK may be unable to manage the complexities created by its omni channel operations, which may have a material adverse effect on its business, financial condition, operating results and prospects.

BARK's omnichannel operations, such as offering its products through its website, on third party websites and in traditional brick and mortar stores, create additional complexities in its ability to manage inventory levels, as well as certain operational issues, including timely shipping and refunds. Accordingly, BARK's success depends to a large degree on continually evolving the processes and technology that enable BARK to plan and manage inventory levels and fulfill orders, address any related operational issues and further align channels to optimize its omnichannel operations. If BARK is unable to successfully manage these complexities, it may have a material adverse effect on BARK's business, financial condition, operating results and prospects.

BARK relies on third parties to sell and distribute BARK's products, and BARK relies on their information to manage its business. Disruption of BARK's relationship with these channel partners, changes in or issues with their business practices, their failure to provide timely and accurate information, changes in distribution partners, practices or models or conflicts among its channels of distribution could adversely affect its business, results of operations, operating cash flows and financial condition.

BARK sells some of its products to a network of retailers and e-tailers (together with BARK's direct sales channel). BARK is dependent on those indirect sales channel partners to distribute and sell its products to dog parents. The sales and business practices of all such sales channel partners, their compliance with laws and regulations, and their reputations, of which BARK may or may not be aware, may affect BARK's business and its reputation.

While BARK's overall distribution relationships are diverse, its products are available through Amazon.com as well as 23,000 retail locations including Target, Petco, PetSmart, Costco, Bed Bath & Beyond and CVS, among many others. While BARK believes that BARK has good relationships with these sales channels, any adverse change in those relationships could have an adverse impact on BARK's results of operations and financial condition.

The impact of economic conditions, labor issues, natural disasters, regional or global pandemics, evolving consumer preferences, and purchasing patterns on BARK's distribution partners, or competition between its sales channels, could result in sales channel disruption. For example, if sales at large retail stores are displaced as a result of bankruptcy, competition from Internet sales channels or otherwise, its product sales could be adversely affected and BARK's product mix could change, which could adversely affect its operating costs and gross margins. COVID-19 has also underscored the risk of disruption in BARK's sales channel at certain indirect sales partners. Any loss of a major partner or distribution channel or other channel disruption could make BARK more dependent on alternate channels, increase pricing and promotional pressures from other partners and distribution channels, increase BARK's marketing costs, or adversely impact buying and inventory patterns, payment terms or other contractual terms, sell-through or delivery of its products to dog parents, its reputation and brand equity, or its market share.

BARK's sales channel partners also sell products offered by its competitors and, in the case of retailer house brands, may also be BARK's competitors. If product competitors offer BARK's sales channel partners more favorable terms, have more products available to meet their needs, or utilize the leverage of broader product lines sold through the channel, or if its sales channel partners show preference for their own house brands, BARK's sales channel partners may de-emphasize or decline to carry BARK's products. In addition, certain of BARK's sales channel partners could decide to de-emphasize the product categories that BARK offers in exchange for other product categories that they believe provide them with higher returns, and certain of BARK's third-party e-commerce partners could change their algorithmic logic, policies or procedures in a way that makes BARK's products harder for customers to find or removes them from the partners' e-commerce sites altogether. If BARK is unable to maintain successful relationships with these sales channel partners or to maintain its distribution channels or effectively adapt to changes in algorithmic logic, policies or procedures, BARK's business will suffer.

As BARK expands into new product categories and markets, BARK will have to build relationships with new channel partners and adapt to new distribution and marketing models. These new partners, practices and models may require significant management attention and operational resources and may affect BARK's accounting, including revenue recognition, gross margins, and the ability to make comparisons from period to period. Entrenched and more experienced competitors will make these transitions difficult. If BARK is unable to build successful sales channels, or successfully market BARK's products in these new product categories, BARK may not be able to take advantage of the growth opportunities, and BARK's business and its ability to grow its business could be adversely affected.

BARK's actual results may be significantly different from its projections, estimates, targets or forecasts.

The projections, estimates, targets and forecasts are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond BARK's control. While all projections, estimates, targets and forecasts are necessarily speculative, BARK believes that the preparation of prospective financial information involves increasingly higher levels of uncertainty the further out the projection, estimate, target or forecast extends from the date of preparation. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in such projections, estimates, targets and forecasts. BARK's projections, estimates, targets and forecast should not be regarded as an indication that BARK, or its representatives, considered or consider the financial projections, estimates, targets to be a reliable prediction of future events.

BARK may be unable to accurately forecast net sales and appropriately plan BARK's expenses in the future.

Net sales and results of operations are difficult to forecast with certainty because they depend on a number of factors, some of which are outside of BARK's control, including the volume, timing, and type of orders BARK

receives and increased third party costs or transportation and freight costs. Many of these factors are uncertain and are likely to fluctuate significantly from period to period. BARK bases its expense levels and investment plans on its estimates of net sales and gross margins, and many of BARK's expenses, such as office leases, manufacturing costs and personnel costs, will be relatively fixed in the short term and will increase as BARK continues to make investments in its business and hire additional personnel. BARK cannot be sure the same growth rates, trends, and other key performance metrics are meaningful predictors of future growth. If BARK's assumptions prove to be wrong, BARK may spend more than it anticipates acquiring and retaining subscribers, maintaining or increasing customer purchases or may generate lower net sales per active subscription than anticipated, either of which could have a negative impact on its business, financial condition, and results of operations.

BARK's estimate of the size of its addressable market may prove to be inaccurate.

Data for retail sales of dog products is collected for most, but not all channels, and as a result, it is difficult to accurately estimate the size of the market and predict with certainty the rate at which the market for BARK's products will grow, if at all. While BARK's market size estimate was made in good faith and is based on assumptions and estimates it believes to be reasonable, this estimate may not be accurate. If BARK's estimates of the size of its addressable market are not accurate, its potential for future growth may be less than BARK currently anticipates, which could have a material adverse effect on its business, financial condition, and results of operations.

Competition in the dog products and services retail industry, especially Internet-based competition, is strong and presents an ongoing threat to the success of BARK's business.

The dog products and services retail industry is very competitive. BARK competes with pet product retail stores, supermarkets, warehouse clubs and other mass and general retail and online merchandisers, many of which are larger than BARK and have significantly greater capital resources than BARK does. BARK also competes with a number of specialty dog supply stores and independent dog stores, catalog retailers and other specialty e-tailers.

Many of BARK's current competitors have, and potential competitors may have, longer operating histories, greater brand recognition, larger fulfillment infrastructures, greater technical capabilities, significantly greater financial, marketing and other resources and larger customer bases than BARK does. These factors may allow BARK's competitors to derive greater net sales and profits from their existing customer base, acquire customers at lower costs or respond more quickly than BARK can to new or emerging technologies and changes in consumer preferences or habits. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies (including but not limited to predatory pricing policies and the provision of substantial discounts), which may allow them to build larger customer bases or generate net sales from their customer bases more effectively than BARK does. Current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others. By doing so, these competitors may increase their ability to meet the needs of BARK's current or potential subscribers and customers and adversely affect BARK's business, financial condition, and results of operations.

If changes in consumer preferences decrease the competitive advantage attributable to these factors, or if BARK fails to otherwise positively differentiate BARK's product offering or subscriber or customer experience from its competitors, its business, financial condition, and results of operations could be materially and adversely affected.

As BARK expands its offerings, such as its BARK Eats line, BARK will face additional competition. For example, in the dog food category, there are numerous brands and products that compete for shelf space and sales, with competition based primarily upon brand recognition and loyalty, product packaging, quality and innovation, taste, nutrition, breadth of product line, price and convenience. Competitors in new markets may have broader product lines, substantially greater financial and other resources and/or lower fixed costs than BARK. BARK may not compete successfully with these other companies or maintain or grow the distribution of its new products.

In order to effectively compete in the future, BARK may be required to offer promotions and other incentives, which may result in lower operating margins and in turn adversely affect its results of operations. BARK also faces a significant challenge from its competitors forming alliances with each other. These relationships may enable both

their retail and online stores to negotiate better pricing and better terms from suppliers by aggregating the demand for products and negotiating volume discounts, which could be a competitive disadvantage to us.

BARK expects competition in the dog products and services retail industry, in particular Internet-based competition, generally to continue to increase. If BARK fails to compete successfully, its business, financial condition, and results of operations could be materially and adversely affected.

As part of BARK's strategy, BARK seeks to obtain licenses enabling BARK to develop and market products based on popular entertainment, sports, and other branded properties owned by third parties. If products developed based on these licenses are not successful or BARK is unable to maintain, renew and extend solid relationships with its key partners its business, financial condition, and results of operations may be adversely affected.

BARK currently has in-licenses to several entertainment properties, including SCOOB!, HOME ALONE, PEANUTS and Space Jam,, as well as certain sports, such as the NBA, and other well-known branded properties. These licenses typically have multi-year terms and provide BARK with the right to market and sell designated classes of products. If BARK fails to meet its contractual commitments and/or any of these licenses were to terminate and not be maintained, renewed or extended, or the popularity of any of these licensed properties was to significantly decline, its business would be damaged and BARK would need to successfully develop and market other products to replace the products previously offered under license.

The success of third-party properties for which BARK has a license, and the ability of BARK to successfully market and sell related products, can significantly affect its revenues and profitability. For example, if BARK produces a line of products based on a movie or television series, the success of the movie or series has a critical impact on the level of consumer interest in the associated products BARK is offering. In addition, competition in BARK's industry for access to third-party properties can lessen its ability to secure, maintain, and renew popular licenses to third-party products on beneficial terms, if at all, and to attract and retain the talented employees necessary to design, develop and market successful products based on these properties.

The license agreements BARK enters into to obtain these rights usually require BARK to pay minimum royalty guarantees. While historically these guarantees have not been material, in the future such minimum guarantees may be substantial, and in some cases may be greater than what BARK is ultimately able to recoup from actual sales, which could result in write-offs of significant amounts, which, in turn, would harm its results of operations. Acquiring or renewing licenses may require the payment of minimum guaranteed royalties that BARK considers to be too high to be profitable, which may result in losing licenses that BARK currently holds when they become available for renewal, or missing business opportunities for new licenses. Additionally, as a licensee of entertainment-based properties, BARK cannot guarantee that a particular property or brand will translate into successful products, and underperformance of any such products may result in reduced revenues and operating profit for us.

Furthermore, BARK cannot assure you that a successful brand will continue to be successful or maintain a high level of sales in the future, as new entertainment properties and competitive products are continually being introduced to the market. In the event that BARK is not able to acquire, maintain, renew or extend successful entertainment licenses on advantageous terms, its revenues and profits may be harmed.

BARK relies on a limited number of suppliers, contract manufacturers, and logistics partners for its products. A loss of any of these partners could negatively affect our business.

BARK relies on a limited number of contract manufacturers, suppliers and logistics providers to manufacture and transport its products. BARK's reliance on a limited number of contract manufacturers for its products increases BARK's risks, since it does not currently have alternative or replacement contract manufacturers beyond these key parties. BARK generally does not maintain long-term supply contracts with any of BARK's suppliers, contract manufacturers, and logistics partners. In the event of interruption from any of its contract manufacturers or suppliers, BARK may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial delays. Furthermore, BARK's contract manufacturers' primary facilities are located in Asia. Thus, BARK's business could be adversely affected if one or more of its suppliers, manufacturers or logistics partners are impacted by a natural disaster, an epidemic such as the ongoing COVID-19

pandemic, or other interruption at a particular location. In particular, the ongoing COVID-19 pandemic has caused, and will likely continue to cause, interruptions in the development, manufacturing, and shipment of BARK's products, which could adversely impact BARK's revenue, gross margins, and operating results. Such interruptions may be due to, among other things, temporary closures of the facilities BARK's contract manufacturers, and other vendors in its supply chain; restrictions on travel or the import/export of goods and services from certain ports that BARK uses; and local quarantines.

If BARK experiences a significant increase in demand for its products that cannot be satisfied adequately through its existing supply channels, or if BARK needs to replace an existing supplier or partner, BARK may be unable to supplement or replace them on terms that are acceptable to BARK, which may undermine its ability to deliver products to its subscribers and customers in a timely manner and cost effective manner. An inability of BARK's existing suppliers to provide products in a timely or cost-effective manner could impair its growth and materially and adversely affect its business, financial condition, and results of operations. For example, if BARK requires additional manufacturing support, it may take a significant amount of time to identify a manufacturer that has the capability and resources to manufacture BARK's products to its specifications in sufficient volume. Identifying suitable suppliers, manufacturers, and logistics partners is an extensive process that requires BARK to become satisfied with their quality control, technical capabilities, responsiveness and service, financial stability, regulatory compliance, and labor and other ethical practices. Accordingly, a loss of any of BARK's significant suppliers, contract manufacturers, or logistics partners could have an adverse effect on BARK's business, financial condition and operating results.

In addition, BARK has achieved significant cost savings through its centralization of product purchases. However, as a result, BARK is exposed to the credit and other risks of a group of key suppliers. While BARK makes every effort to evaluate its counterparties prior to entering into significant procurement contracts, BARK cannot predict with certainty the impact on its suppliers of the current economic environment, the COVID-19 pandemic and other developments in their respective businesses. Insolvency, financial difficulties, supply chain delays or other factors may result in BARK's suppliers not being able to fulfill the terms of their agreements with BARK. Further, such factors may render suppliers unwilling to extend contracts that provide favorable terms to BARK, or may force them to seek to renegotiate existing contracts with BARK. In addition, BARK's business has signed a number of contracts whose performance depends upon third party suppliers delivering products on schedule to meet its contract commitments. Failure of the suppliers to meet their delivery commitments could result in us delaying shipment of our products and losing subscriptions from subscribers. Although we believe we have alternative sources of supply for BARK's products, concentration in the number of our suppliers could lead to delays in the delivery of products or components, and possible resultant breaches of contracts that BARK has entered into with its subscribers and customers; increases in the prices BARK must pay for products; problems with product quality; and other concerns.

BARK has limited control over its suppliers, contract manufacturers, and logistics partners, which may subject BARK to significant risks, including the potential inability to produce or obtain quality products and services on a timely basis or in sufficient quantity.

BARK has limited control over its suppliers, contract manufacturers, and logistics partners, which subjects BARK to the following risks, many of which have materialized due to the COVID-19 pandemic:

- inability to satisfy demand for its products;
- reduced control over delivery timing and product reliability;
- reduced ability to monitor the manufacturing process and components used in its products;
- limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions;
- variance in the manufacturing capability of its third-party manufacturers;
- price increases;

- failure of a significant supplier, manufacturer, or logistics partner to perform its obligations to BARK for technical, market, or other reasons;
- difficulties in establishing additional supplier, manufacturer, or logistics partner relationships if BARK experiences difficulties with its existing suppliers, manufacturers, or logistics partners;
- shortages of materials or components;
- misappropriation of its intellectual property;
- exposure to natural catastrophes, political unrest, terrorism, labor disputes, and economic instability resulting in the disruption of trade from foreign countries in which its products are manufactured or the components thereof are sourced;
- changes in local economic conditions in the jurisdictions where its suppliers, manufacturers, and logistics partners are located;
- the imposition of new laws and regulations, including those relating to labor conditions, quality and safety standards, imports, duties, tariffs, taxes, and other charges on imports, as well as trade restrictions and restrictions on currency exchange or the transfer of funds; and insufficient warranties and indemnities on components supplied to its manufacturers or performance by its partners.

Shipping is a critical part of BARK's business and any changes in its shipping arrangements or any interruptions in shipping could adversely affect its operating results.

BARK currently relies on third-party national, regional and local logistics providers to deliver the products BARK offers. If BARK is not able to negotiate acceptable pricing and other terms with these providers, or if these providers experience performance problems or other difficulties in processing its orders or delivering its products to subscribers and customers, it could negatively impact its results of operations and its subscribers' and customers' experience. For example, changes to the terms of BARK's shipping arrangements may adversely impact its margins and profitability. In addition, BARK's ability to receive inbound inventory efficiently and ship merchandise to subscribers and customers may be negatively affected by factors beyond its and these providers' control, including inclement weather, natural disasters, fire, flood, power loss, earthquakes, pandemics, acts of war or terrorism or other events specifically impacting its or other shipping partners, such as labor disputes, financial difficulties, system failures and other disruptions to the operations of the shipping companies on which BARK relies. For example, in March 2021, an engine failure aboard a ship off the coast of Alaska caused a significant delay in a product shipment which resulted in increased costs and delay in providing products to BARK's subscribers and customers. BARK is also subject to risks of damage or loss during delivery by its shipping vendors. If the products ordered by BARK's subscribers or customers are not delivered in a timely fashion or are damaged or lost during the delivery process, its subscribers or customers could become dissatisfied and cease buying products through BARK's website and mobile application, which would adversely affect its business, financial condition, and results of operations. Further, due to the continuing spread of COVID-19 and related governmental work and travel restrictions, there may be disruptions and delays in national, regional and local shipping, which may negatively impact BARK's subscribers' and customers' experience and its results or operations.

The COVID-19 global pandemic and related government, private sector and individual consumer responsive actions may adversely affect BARK's business operations, employee availability, financial performance, liquidity and cash flow for an unknown period of time.

The COVID-19 pandemic has disrupted the global supply chain and may cause disruptions to BARK's operations. Additional federal or state mandates ordering the shutdown of non-essential businesses could also impact its ability to take or fulfill its subscribers' or customers' orders and operate its business.

As a result of COVID-19, many of BARK's personnel are working remotely and it is possible that this could have a negative impact on the execution of its business plans and operations. Our offices are currently open on a limited basis as allowed under state and local orders. While we have implemented what we believe to be a

comprehensive protocol to ensure the safety and well-being of employees returning to the office, including daily health screenings, physical changes to our floor layout, and required proper personal protection equipment, these measures may not be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities.If a natural disaster, power outage, connectivity issue, or other event occurred that impacted its employees ability to work remotely, it may be difficult or, in certain cases, impossible, for BARK to continue its business for a substantial period of time. The increase in remote working may also result in consumer privacy, IT security and fraud concerns as well as increase BARK's exposure to potential wage and hour issues.

Further, as a result of COVID-19, the operations of BARK's fulfillment centers may be substantially disrupted by additional federal or state mandates ordering shutdowns of non-essential services or by the inability of BARK's employees to travel to work. BARK's plans to open new fulfillment centers or to expand the capacity of its existing fulfillment centers over the next few years may also be delayed or more costly by the continuing spread of COVID-19. Disruptions to the operations of BARK's fulfillment centers and delays or increased costs in the expansion of its fulfillment center capacity may negatively impact BARK's financial performance and slow its future growth.

The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the United States and to other areas of the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending. Any of these outcomes could have a material adverse impact on BARK's business, financial condition, operating results and ability to execute and capitalize on its strategies. The full extent of COVID-19's impact, including the impact from subsequent variants of COVID-19, on BARK's operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets and any new information that may emerge concerning the severity of the virus, its spread to other regions as well as the effectiveness of actions taken in the United States and other countries to effect a widespread global roll-out of available vaccines or otherwise contain COVID-19 or treat its impact, including the impact of any reopening plans, additional closures and spikes or surges in COVID-19 infection, and individuals' and companies' risk tolerance regarding health matters going forward, all of which are beyond our control. While conditions appear to be improving, BARK is still unable to predict the duration of the COVID-19 pandemic and therefore what the ultimate impact of the COVID-19 pandemic will be on the broader economy or its operations and liquidity. As such, risks still remain.

If BARK does not successfully optimize, operate and manage the expansion of the capacity of its fulfillment centers and shipping services, its business, financial condition, and results of operations could be harmed.

If BARK does not optimize and operate its fulfillment centers and shipping services successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm its business in other ways. In addition, if BARK does not have sufficient fulfillment or shipping capacity or experience a problem fulfilling or shipping orders in a timely manner, its subscribers or customers may experience delays in receiving their purchases, which could harm its reputation and BARK's relationship with its subscribers or customers. As a result of the COVID-19 pandemic, BARK may experience disruptions to the operations of BARK's fulfillment centers and shipping services, which may negatively impact its ability to fulfill orders in a timely manner, which could harm its reputation, relationship with subscribers and customers and results of operations.

BARK anticipates the need to add additional fulfillment center and shipping capacity as its business continues to grow. BARK cannot assure you that BARK will be able to locate suitable facilities or services on commercially acceptable terms in accordance with its expansion plans, nor can BARK assure you that BARK will be able to recruit qualified managerial and operational personnel to support its expansion plans. If BARK is unable to secure new facilities for the expansion of its fulfillment and shipping operations, recruit qualified personnel to support any such facilities, or effectively control expansion-related expenses, BARK's business, financial condition, and results of operations could be materially and adversely affected.

BARK is subject to risks related to online payment methods.

BARK currently accepts payments using a variety of methods, including credit card, debit card, PayPal and gift cards. As BARK offers new payment options to subscribers, BARK may be subject to additional regulations,

compliance requirements, fraud and other risks. For certain payment methods, BARK pays interchange and other fees, which may increase over time and raise its operating costs and lower profitability. BARK is also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for BARK to comply.

Furthermore, as BARK's business changes, BARK may be subject to different rules under existing standards, which may require new assessments that involve costs above what BARK currently pay for compliance. In the future, as BARK offers new payment options to subscribers, including by way of integrating emerging mobile and other payment methods, BARK may be subject to additional regulations, compliance requirements and fraud. If BARK fails to comply with the rules or requirements of any provider of a payment method BARK accept, if the volume of fraud in its transactions limits or terminates its rights to use payment methods BARK currently accepts, or if a data breach occurs relating to its payment systems, BARK may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, its ability to accept credit card payments from subscribers or facilitate other types of online payments. If any of these events were to occur, its business, financial condition, and results of operations could be materially and adversely affected.

BARK's reliance on software-as-a-service ("SaaS") technologies from third parties may adversely affect its business and results of operations.

BARK relies on SaaS technologies from third parties in order to operate critical functions of its business, including financial management services, credit card processing, customer relationship management services, supply chain services and data storage services. If these services become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices, or for any other reason, its expenses could increase, BARK's ability to manage its finances could be interrupted, BARK's processes for managing sales of its offerings and supporting its subscribers and customers could be impaired, BARK's ability to communicate with its suppliers could be weakened and its ability to access or save data stored to the cloud may be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could harm its business, financial condition, and results of operations.

In addition, BARK is subject to certain standard terms and conditions with these providers. These providers have broad discretion to change their terms of service and other policies with respect to BARK, and those changes may be unfavorable to BARK. Therefore, BARK believes that maintaining successful partnerships with these providers is critical to its success.

BARK is subject to risks related to its reliance on third-party processing partners to perform its payment processing services.

BARK depends on its third-party processing partners to perform payment processing services. BARK's processing partners may go out of business or otherwise be unable or unwilling to continue providing such services, which could significantly and materially reduce its payments revenue and disrupt its business. A number of its processing contracts require BARK to assume liability for any losses its processing partners may suffer as a result of losses caused by its subscribers or customers, including losses caused by chargebacks and subscriber or customer fraud. BARK has in the past and may in the future incur losses caused by chargebacks and fraud. In the event of a significant loss by its processing partners, BARK may be required to remit a large amount of cash following such event and, if BARK does not have sufficient cash on hand, may be deemed in breach of such contracts. In addition, its subscribers or customers may be subject to quality issues related to products or services provided by its third-party processing partners or BARK may become involved in contractual disputes with its processing partners, both of which could impact its reputation and adversely impact its revenue. Certain contracts may expire or be terminated, and BARK may not be able to replicate the associated revenue through a new processing partner relationship for a considerable period of time.

BARK has initiated and expects to continue to initiate new third-party payment relationships or migrate to other third-party payment partners in the future. The initiation of these relationships and the transition from one relationship to another could require significant time and resources. Due to non-solicitation obligations under its

existing contracts, establishing these new relationships may be challenging. Further, any new third-party payment processing relationships may not be as effective, efficient or well received by its subscribers and customers, nor is there any assurance that BARK will be able to reach an agreement with such processing partners. BARK's contracts with such processing partners may be less lucrative. For instance, BARK may be required to pay more for payment processing or receive a less favorable revenue arrangement from its payment processing partners. BARK may also experience the termination of revenue streams due to such migrations or be subject to claims relating to any disputes that could arise as a result of migrations.

BARK's business depends on network and mobile infrastructure, its third-party data center hosting facilities, other third-party providers, and its ability to maintain and scale its technology. Any significant interruptions or delays in service on BARK's website or mobile application or any undetected errors or design faults could result in limited capacity, reduced demand, processing delays, and loss of subscribers, customers or suppliers.

BARK's reputation and ability to acquire, retain and serve its subscribers and customers are dependent upon the reliable performance of its website and mobile application and the underlying network infrastructure. As BARK's subscriber base and the amount of information shared on its website and mobile application continue to grow, BARK will need an increasing amount of network capacity and computing power. The operation of these systems is complex and could result in operational failures. Interruptions or delays in these systems, whether due to system failures, computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or availability of BARK's website and mobile application and prevent its subscribers and customers from accessing its website and mobile application. If sustained or repeated, these performance issues could reduce the attractiveness of its products and services. In addition, the costs and complexities involved in expanding and upgrading BARK's systems may prevent BARK from doing so in a timely manner and may prevent BARK from adequately meeting the demand placed on its systems. Any web or mobile platform interruption or inadequacy that causes performance issues or interruptions in the availability of its website or mobile application could reduce consumer satisfaction and result in a reduction in the number of subscribers and customers using BARK's products and services.

BARK depends on the development and maintenance of the Internet and mobile infrastructure. This includes maintenance of reliable Internet and mobile infrastructure with the necessary speed, data capacity and security, as well as timely development of complementary products, for providing reliable Internet and mobile access. BARK also uses and relies on services from other third parties, such as its telecommunications services and credit card processors, and those services may be subject to outages and interruptions that are not within BARK's control. Failures by BARK's telecommunications providers may interrupt its ability to provide phone support to its subscribers and customers and Distributed denial-of-service ("DDoS") attacks directed at BARK's telecommunication service providers could prevent subscribers and customers from accessing its website. In addition, BARK has in the past and may in the future experience down periods where BARK's third-party credit card processors are unable to process the online payments of its subscribers or customers, disrupting its ability to receive subscribers or customer orders. BARK's business, financial condition and results of operations could be materially and adversely affected if for any reason the reliability of its Internet, telecommunications, payment systems and mobile infrastructure is compromised.

BARK currently relies upon third-party data storage providers. Nearly all of BARK's data storage and analytics are conducted on, and the data and content BARK creates associated with sales on its website and mobile application are processed through, servers hosted by these providers. BARK also relies on e-mail service providers, bandwidth providers, Internet service providers and mobile networks to deliver e-mail and "push" communications to subscribers and customers and to allow subscribers to access its and its retail partners' websites. BARK is subject to certain standard terms and conditions with these providers. These providers have broad discretion to change their terms of service and other policies with respect to BARK, and those changes may be unfavorable to BARK. Therefore, BARK believes that maintaining successful partnerships with these providers is critical to its success.

Any damage to, or failure of, BARK's systems or the systems of its third-party data centers or its other third-party network or mobile providers could result in interruptions to the availability or functionality of BARK's website and mobile application. As a result, BARK could lose subscriber and customer data and miss order fulfillment deadlines, which could result in decreased sales, increased overhead costs, excess inventory and product

shortages. If for any reason its arrangements with its data centers or third-party providers are terminated or interrupted, such termination or interruption could adversely affect its business, financial condition, and results of operations. BARK exercises little control over these providers, which increases its vulnerability to problems with the services they provide. BARK could experience additional expense in arranging for new facilities, technology, services and support. In addition, the failure of its third-party data centers or any other third-party providers to meet its capacity requirements could result in interruption in the availability or functionality of its website and mobile application.

The occurrence of a natural disaster, power loss, telecommunications failure, data loss, computer virus, an act of terrorism, cyberattack, vandalism or sabotage, act of war or any similar event, or a decision to close its third-party data centers on which BARK normally operates or the facilities of any other third-party provider without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the availability of its website and mobile application. Cloud computing, in particular, is dependent upon having access to an Internet connection in order to retrieve data. If a natural disaster, pandemic (such as the COVID-19 pandemic), blackout or other unforeseen event were to occur that disrupted the ability to obtain an Internet connection, BARK may experience a slowdown or delay in its operations. While BARK has some limited disaster recovery arrangements in place, its preparations may not be adequate to account for disasters or similar events that may occur in the future and may not effectively permit BARK to continue operating in the event of any problems with respect to its systems or those of BARK's third-party data centers or any other third-party facilities. BARK's disaster recovery and data redundancy plans may be inadequate, and its business interruption insurance may not be sufficient to compensate BARK for the losses that could occur. If any such event were to occur to its business, its operations could be impaired and its business, financial condition, and results of operations may be materially and adversely affected.

BARK's reputation and business may be harmed if it or its partners' computer network security or any of the databases containing subscriber, customer, employee, or other personal information maintained by BARK or its third-party providers is compromised, which could materially adversely affect BARK's results of operations.

In the ordinary course of BARK's business, BARK and its vendors collect, process, and store certain personal information and other data relating to individuals, such as its subscribers, customers and employees, including subscriber and customer payment card information. BARK relies substantially on commercially available systems, software, tools, and monitoring to provide security for BARK's processing, transmission, and storage of personal information and other confidential information. There can be no assurance, however, that BARK or its vendors will not suffer a data compromise, that hackers or other unauthorized parties will not gain access to personal information or other data, including payment card data or confidential business information, or that any such data compromise or unauthorized access will be discovered in a timely fashion. In addition, cyber-attacks such as ransomware attacks could lock BARK out of its information systems and disrupt its operations. The techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until they are launched against a target, and BARK and its vendors may be unable to anticipate these techniques or to implement adequate preventative measures. BARK may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. As BARK has significantly increased the number of employees and contractors working remotely due to the COVID-19 pandemic, and as its business partners move to remote work as well, BARK and its partners may be more vulnerable to cyber-attacks. In addition, BARK's employees, contractors, vendors, or other third parties with whom BARK does business may attempt to circumvent security measures in order to misappropriate such personal information, confidential information, or other data, or may inadvertently release or compromise such data Compromise of BARK's data security or of third parties with whom BARK does business, failure to prevent or mitigate the loss of personal or business information, and delays in detecting or providing prompt notice of any such compromise or loss could disrupt its operations, damage its reputation, and subject BARK to litigation, government action, or other additional costs and liabilities that could adversely affect its business, financial condition, and operating results.

Failure to comply with federal and state and foreign laws and regulations relating to privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws or regulations

relating to privacy, data protection, advertising and consumer protection, could adversely affect BARK's business, financial condition, and results of operations.

BARK relies on a variety of marketing techniques, including email and social media marketing and postal mailings, and BARK is subject to various laws and regulations that govern such marketing and advertising practices. A variety of federal and state laws and regulations govern the collection, use, retention, sharing and security of consumer data, particularly in the context of online advertising which BARK relies upon to attract new subscribers and customers.

Laws and regulations relating to privacy, data protection, marketing and advertising, and consumer protection are evolving and subject to potentially differing interpretations. These requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or BARK's practices and procedures. BARK has implemented and is implementing practices and procedures to comply with applicable privacy, data protection, marketing and advertising, and consumer protection laws and regulations, but such measures may not always be effective, particularly as the legal landscape continues to evolve. Some of BARK's internal processes are manual, which can result in employee error and internal compliance failures. Any failure, or perceived failure, by BARK to comply with its posted privacy policies or with any federal or state privacy or consumer protection-related laws, regulations, industry self-regulatory principles, industry standards or codes of conduct, regulatory guidance, orders to which BARK may be subject or other legal obligations relating to privacy or consumer protection could adversely affect BARK's reputation, brand and business, and may result in claims, liabilities, proceedings or actions against BARK by governmental entities, subscribers, customers, suppliers or others, or may require BARK to change its operations and/or cease using certain data sets. Any such claims, proceedings or actions could hurt BARK's reputation, brand and business, force BARK to incur significant expenses in defense of such proceedings or actions, distract its management, increase its costs of doing business, result in a loss of subscribers, customers and suppliers and result in the imposition of monetary penalties. BARK may also be contractually required to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws, regulations or other legal obligations relating to privacy or consumer protection or any inadvertent or unauthorized use or disclosure of data that BARK store or handle as part of operating its business.

In addition, third party vendors and business partners receive access to certain information that BARK collects. These vendors and business partners may not prevent data security breaches with respect to the information BARK provides them or fully enforce BARK's policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. A data security breach suffered by one of BARK's vendors or business partners could cause reputational and financial harm to them and BARK, negatively impact BARK's ability to offer its products and services, and could result in legal liability, costly remedial measures, governmental and regulatory investigations, harm BARK's profitability, reputation and brand, and cause BARK's business, financial condition, and results of operations to be adversely affected.

Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party "cookies" and other methods of online tracking for behavioral advertising and other purposes. The U.S. government has enacted, has considered or is considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in its ability to make effective use of services that employ such technologies could increase its costs of operations and limit BARK's ability to acquire new subscribers and customers on cost-effective terms and consequently, materially and adversely affect its business, financial condition, and results of operations.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. For example, in June 2018, the State of California

enacted the California Consumer Privacy Act of 2018 (the "CCPA"), which became effective on January 1, 2020. The CCPA requires companies that process information on California residents to make new disclosures to subscribers and customers about their data collection, use and sharing practices, and allows subscribers and customers to opt out of certain data sharing with third parties and provides a new cause of action for data breaches. Further, on November 3, 2020, the California Privacy Rights Act (the "CPRA") was voted into law by California residents. The CPRA significantly amends the CCPA, and imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It also creates a new California data protection agency specifically tasked to enforce the law, which could result in increased regulatory scrutiny of California businesses in the areas of data protection and security. The substantive requirements for businesses subject to the CPRA will go into effect on January 1, 2023, and become enforceable on July 1, 2023. Similar laws have been proposed in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging. Additionally, the Federal Trade Commission and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to PR restrict its use or storage of personal information, which may increase BARK's compliance expenses and make its business more costly or less efficient to conduct. Any such changes could compromise BARK's ability to develop an adequate marketing strategy and pursue its growth strategy effectively, which, in turn, could adversely affect its business, financial condition, and results of operations.

Outside of the United States, there are many countries with data protection laws, and new countries are adopting data protection legislation with increasing frequency. Many of these laws may require consent from customers for the use of data for various purposes, including marketing, which may reduce BARK's ability to market its products. There is no harmonized approach to these laws and regulations globally. Consequently, BARK increases its risk of non-compliance with applicable foreign data protection laws and regulations if it expands internationally. BARK may need to change and limit the way it uses personal information in operating its business and may have difficulty maintaining a single operating model that is compliant. Compliance with such laws and regulations will result in additional costs and may necessitate changes to BARK's business practices and divergent operating models, limit the effectiveness of its marketing activities, adversely affect BARK's business and financial condition, and subject it to additional liabilities.

Should we undertake an international expansion of our business, particularly if we commence doing business in one or more countries of the European Union, we will be required to comply with stringent privacy and data protection laws. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, which became effective in May 2018. Should we commence doing business in Europe, the GDPR will impose additional obligations and risk upon our business, which may increase substantially the penalties to which we could be subject in the event of any non-compliance. We may incur substantial expense in complying with obligations imposed by the GDPR and we may be required to make significant changes in our business operations, all of which may adversely affect our revenues and our business overall. Further, following the withdrawal of the United Kingdom from the European Union on January 31, 2020, if we do business in the United Kingdom, we will have to comply with the GDPR and separately the GDPR as implemented in the United Kingdom, each regime having the ability to fine up to the greater of €20 million/£17 million or 4% of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, including how data transfers between European Union member states and the United Kingdom will be treated. These changes may lead to additional compliance costs and could increase our overall risk.

Any failure by BARK or its vendors to comply with product safety, labor, or other laws, or BARK's standard vendor terms and conditions, or to provide safe factory conditions for BARK's or their workers, may damage BARK's reputation and brand, and harm its business.

The products BARK sells to its subscribers and customers is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission, and similar state and international regulatory authorities. As a result, such merchandise could in the future be subject to recalls and other remedial actions. Product safety, labeling, and licensing concerns may result in BARK voluntarily removing selected merchandise from its inventory. Such recalls or voluntary removal of products can result in, among other things, lost sales,

diverted resources, potential harm to BARK's reputation, and increased customer service costs and legal expenses, which could have a material adverse effect on its operating results.

Some of the merchandise BARK sells may expose BARK to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although BARK maintains liability insurance, BARK cannot be certain that its coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to BARK on economically reasonable terms or at all. In addition, some of BARK's agreements with its vendors may not indemnify BARK from product liability for a particular vendor's merchandise or its vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

BARK purchases its merchandise from numerous domestic and international vendors. BARK's standard vendor terms and conditions require vendors to comply with applicable laws. BARK has hired independent firms that conduct audits of the working conditions at the factories producing its products. If an audit reveals potential problems, BARK requires that the vendor institute corrective action plans to bring the factory into compliance with its standards, or BARK may discontinue its relationship with the vendor. The loss of a vendor due to failure to comply with BARK's standards could cause inventory delays, impact its subscribers' and customers' experiences, and otherwise harm its operating results. In addition, failure of BARK's vendors to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. Furthermore, the failure of any such vendors to provide safe and humane factory conditions and oversight at their facilities could damage its reputation with subscribers or customers or result in legal claims against us.

In addition, BARK's international relationships require BARK to overcome logistical and other challenges based on differing languages, cultures, legal and regulatory schemes and time zones. In addition, foreign labor laws, standards and customs may vary greatly from those in the U.S. and from jurisdiction to jurisdiction. Failure to comply with international employment and related laws and regulations could result in penalties or costs may materially and adversely affect BARK's business, financial condition, and results of operations. The U.S. or foreign countries could enact legislation or impose regulations, including unfavorable labor regulations, tax policies or economic sanctions that could have an adverse effect on BARK's ability to conduct business in the countries in which it has relationships. Allegations that BARK is violating or has violated any such laws or regulations could damage its reputation or lead to adversarial proceedings, penalties, fines, damages, or other sanctions which may materially and adversely affect BARK's business, financial condition, and results of operations.

Risks associated with BARK's suppliers could materially and adversely affect its business, financial condition, and results of operations.

BARK depends on a number of suppliers and outsourcing partners to provide its subscribers and customers with a wide range of products in a timely and efficient manner. If BARK is unable to maintain its relationships with BARK's existing outsourcing partners or cannot identify or enter into relationships with new outsourcing partners to meet the manufacturing and assembly needs of its business, BARK's business may be disrupted and its business, financial condition, and results of operations may be materially and adversely affected. In addition, political and economic instability, the financial stability of BARK's suppliers and outsourcing partners, their ability to meet its standards, labor problems, the availability and prices of raw materials, merchandise quality issues, currency exchange rates, transport availability and cost, transport security, inflation, natural disasters and epidemics, among other factors, are beyond BARK's control and may materially and adversely affect its suppliers and outsourcing partners and, in turn, its business, financial condition, and results of operations.

BARK is subject to extensive governmental regulation and BARK may incur material liabilities under, or costs in order to comply with, existing or future laws and regulation, and its failure to comply may result in enforcements, recalls, and other adverse actions.

BARK is subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public and worker health and safety, natural resources and the environment. its operations, including BARK's outsourced manufacturing partners, are subject to regulation by the Occupational Safety and Health Administration ("OSHA"), the Food and Drug Administration (the "FDA"), the Department of Agriculture (the "USDA") and by

various other federal, state, local and foreign authorities regarding the processing, packaging, storage, distribution, advertising, labeling and export of its products, including food safety standards. In addition, BARK and its outsourced manufacturing partners are subject to additional regulatory requirements, including environmental, health and safety laws and regulations administered by the U.S. Environmental Protection Agency, state, local and foreign environmental, health and safety legislative and regulatory authorities and the National Labor Relations Board, covering such areas as discharges and emissions to air and water, the use, management, disposal and remediation of, and human exposure to, hazardous materials and wastes, and public and worker health and safety. Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal fines, penalties or sanctions against us, revocation or modification of applicable permits, licenses or authorizations, environmental, health and safety investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against operations that are not in compliance, among other things. Such laws and regulations generally have become more stringent over time and may become more so in the future, and BARK may incur (directly, or indirectly through its outsourced manufacturing partners) material costs to comply with current or future laws and regulations or in any required product recalls. Liabilities under, and/or costs of compliance, and the impacts on BARK of any non-compliance, with any such laws and regulations could materially and adversely affect its business, financial condition, and results of operations. In addition, changes in the laws and regulations to which BARK is subject could impose significant limitations and require changes to its business, which may increase BARK's compliance expenses, make its business more costly and less efficient to conduct, and compromise its growth strategy.

Among other regulatory requirements, the FDA reviews the inclusion of specific claims in pet food labeling. For example, pet food products that are labeled or marketed with claims that may suggest that they are intended to treat or prevent disease in pets would potentially meet the statutory definitions of both a food and a drug. The FDA has issued guidance containing a list of specific factors it will consider in determining whether to initiate enforcement action against such products if they do not comply with the regulatory requirements applicable to drugs. These factors include, among other things, whether the product is only made available through or under the direction of a veterinarian and does not present a known safety risk when used as labeled. While BARK believes that BARK market its products in compliance with the policy articulated in FDA's guidance and in other claim-specific guidance, the FDA may disagree or may classify some of its products differently than BARK do, and may impose more stringent regulations which could lead to alleged regulatory violations, enforcement actions and product recalls. In addition, BARK may produce new products in the future that may be subject to FDA pre-market review before BARK can market and sell such products.

Currently, many states in the U.S. have adopted the Association of American Feed Control Officials definition of the term "natural" with respect to the pet food industry, which means no synthetic additives or synthetic processing except vitamins, minerals or certain trace nutrients, and only ingredients that are derived solely from plant, animal or mined sources. Certain of its pet food products use the term "natural" in their labelling or marketing materials. As a result, BARK may incur material costs to comply with any new labeling requirements relating to the term "natural" and could be subject to liabilities if BARK fails to timely comply with such requirements, which could have a material adverse effect on its business, financial condition, and results of operations. BARK also follows rules, guidelines, standards and regulations of the National Animal Supplement Council for certain products, and may incur additional costs to maintain those standards, and if BARK fails to timely comply with such requirements, that failure could have a material adverse effect on its business, financial condition, and results of operations.

These developments, depending on the outcome, could have a material adverse effect on BARK's reputation, business, financial condition, and results of operations.

Government regulation of the Internet and e-commerce is evolving, and unfavorable changes or failure by BARK to comply with these regulations could substantially harm its business, financial condition, and results of operations.

BARK is subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and e-commerce. Existing and future regulations and laws could impede the growth of the Internet, e-commerce or mobile commerce, which could in turn adversely affect BARK's growth. These regulations and laws

may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection and Internet neutrality. It is not clear how existing laws governing issues such as sales and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. It is possible that general business regulations and laws, or those specifically governing the Internet or e-commerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or its practices. BARK cannot be sure that its practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by BARK to comply with any of these laws or regulations could result in damage to its reputation, a loss in business and proceedings or actions against BARK by governmental entities, subscribers, customers, suppliers or others. Any such proceeding or action could hurt its reputation, force BARK to spend significant amounts in defense of these proceedings, distract its management, increase BARK's costs of doing business, decrease the use of its website and mobile application by subscribers, customers and suppliers and may result in the imposition of monetary liabilities. BARK may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could substantially harm BARK's business, financial condition, and results of operations.

If the use of "cookie" tracking technologies is further restricted, regulated, or blocked, or if changes in technology cause cookies to become less reliable or acceptable as a means of tracking consumer behavior, the amount or accuracy of internet user information BARK collects would decrease, which could harm its business and operating results.

Cookies are small data files that are sent by websites and stored locally on an internet user's computer or mobile device. We, and third parties who work on its behalf, collect data via cookies that is used to track the behavior of visitors to BARK's sites, to provide a more personal and interactive experience, and to increase the effectiveness of its marketing. However, internet users can easily disable, delete, and block cookies directly through browser settings or through other software, browser extensions, or hardware platforms that physically block cookies from being created and stored.

Privacy regulations restrict how BARK deploys its cookies and this could potentially increase the number of internet users that choose to proactively disable cookies on their systems. In the EU, the Directive on Privacy and Electronic Communications requires users to give their consent before cookie data can be stored on their local computer or mobile device. Users can decide to opt out of nearly all cookie data creation, which could negatively impact its operating results. BARK may have to develop alternative systems to determine its subscribers' and customers' behavior, customize their online experience, or efficiently market to them if subscribers and customers block cookies or regulations introduce additional barriers to collecting cookie data.

Some of BARK's software and systems contain open source software, which may pose particular risks to its proprietary applications.

BARK uses open source software in the applications BARK has developed to operate its business and will use open source software in the future. BARK may face claims from third parties demanding the release or license of the open source software or derivative works that BARK developed from such software (which could include its proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require BARK to purchase a costly license, publicly release the affected portions of BARK's source code, or cease offering the implicated solutions unless and until BARK can re-engineer them to avoid infringement. In addition, BARK's use of open source software may present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach BARK's website and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on its business and operating results.

Certain of BARK's warrants are accounted for as liabilities and the changes in value of the warrants could have a material effect on the combined company's financial results.

On April 12, 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the SEC together issued a statement regarding the accounting and reporting considerations for warrants issued by special purpose acquisition companies entitled "*Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies* ("*SPACs*")" (the "*SEC Statement*"). Specifically, the SEC Statement focused on certain settlement terms and provisions related to certain tender offers following a business combination, which terms are similar to those contained in the warrant agreement governing the Company's warrants. As a result of the SEC Statement, the Company reevaluated the accounting treatment of its 8,478,333 public warrants and 4,558,000 private placement warrants, and determined to classify the warrants as derivative liabilities.

As a result, included on the Company's consolidated balance sheet as of March 31, 2021 contained elsewhere in this Quarterly Report on Form 10-Q are derivative liabilities related to embedded features contained within its warrants. Accounting Standards Codification 815, Derivatives and Hedging ("ASC 815"), provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, the combined company's condensed consolidated financial statements and results of operations may in the future fluctuate on a quarterly basis, based on factors, which are outside of its control, and the amount of such gains or losses could be material.

Legacy BARK and Northern Star had each identified material weaknesses in their respective internal control over financial reporting and if BARK remediation of such material weaknesses is not effective, or if BARK fails to develop and maintain an effective system of disclosure controls and internal control over financial reporting, its ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. In the course of preparing Legacy BARK's financial statements for fiscal 2019 and 2020, management identified material weaknesses in its internal control over financial reporting. The material weaknesses identified relate to (i) the lack of timely preparation and review of key account reconciliations, (ii) the lack of controls around inventory vendor management, and (iii) Legacy BARK's internal controls over financial reporting were not formalized as it relates to processes over inventory management. In addition to these previously identified material weaknesses, during the three month-ended September 30, 2021 we identified a material weakness relating to the review of accounting for non-routine or complex transactions.The material weaknesses are currently in remediation.

Following the issuance of the SEC Statement, on April 28, 2021, the Company's prior management and its audit committee concluded that, in light of the SEC Statement, it was appropriate to restate the Company's previously issued unaudited financial statements as of and for the period ended December 31, 2020 (the "Restatement"). See "—*Certain of BARK's warrants are accounted for as liabilities and the changes in value of the warrants could have a material effect on the combined company's financial results*." As part of the Restatement process, the Company identified a material weakness in its internal controls over financial reporting related to the accounting for its warrants.

To address these material weaknesses, BARK has added personnel as well as implemented new financial systems and continued formalizing its processes. BARK intends to continue to take steps to remediate the material weaknesses described above through hiring additional qualified accounting and financial reporting personnel, and further evolving our accounting processes. BARK will not be able to fully remediate these material weaknesses until these steps have been completed and have been operating effectively for a sufficient period of time.

Furthermore, BARK cannot assure you that the measures it has taken to date, and actions BARK may take in the future, will be sufficient to remediate the control deficiencies that led to the material weaknesses in its internal

control over financial reporting or that BARK will prevent or avoid potential future material weaknesses. BARK's current controls and any new controls that it develops may become inadequate because of changes in conditions in BARK's business. Further, weaknesses in BARK's disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm BARK's operating results or cause BARK to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods.

BARK's independent registered public accounting firm is not required to formally attest to the effectiveness of BARK's internal control over financial reporting until after it is no longer an "emerging growth company" as defined in the JOBS Act. We will no longer qualify as an emerging growth company as of the end of the fiscal year ending March 31, 2022 and will become a "large accelerated filer" as defined under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). At the time of issuing such first attestation report, BARK's independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which BARK's internal control over financial reporting is documented, designed, or operating. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of BARK's internal control over financial reporting that it will be required to include in its periodic reports that are filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in BARK's reported financial and other information, which would likely have a negative effect on the trading price of its common stock. In addition, if BARK's is unable to continue to meet these requirements, it may not be able to remain listed on the New York Stock Exchange.

If BARK's internal control over financial reporting or its disclosure controls and procedures are not effective, BARK may be unable to accurately report its financial results, prevent fraud or file its periodic reports in a timely manner, which may cause investors to lose confidence in BARK's reported financial information and may lead to a decline in BARK's stock price.

Prior to the Merger, BARK had not previously been subject to the internal control and financial reporting requirements that are required of a publicly-traded company. Further, BARK will be required to comply with additional requirements under The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") following the date BARK is deemed to no longer qualify as an emerging growth company and have become a large accelerated filer, which will happen as of the end of this fiscal year on March 31, 2022. The Sarbanes-Oxley Act requires that BARK maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, BARK must perform system and process evaluation, document its controls and perform testing of its key controls over financial reporting to allow management to assess, and, when required as of the end of this fiscal year, its independent public accounting firm to report, on the effectiveness of BARK's internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Its testing, or the subsequent testing by BARK's independent public accounting firm, may reveal deficiencies in its internal control over financial reporting that are deemed to be material weaknesses. If BARK is not able to comply with the requirements of Section 404 in a timely manner, or if BARK or its accounting firm identify deficiencies in BARK's internal control over financial reporting that are deemed to be material weaknesses, the market price of its stock would likely decline and BARK could be subject to lawsuits, sanctions or investigations by regulatory authorities, which would require additional financial and management resources.

If BARK's estimates or judgments relating to its critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, BARK's operating results could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. BARK bases its estimates on historical experience and on various other assumptions that BARK believes to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity as of the date of the financial statements, and the amount of revenue and expenses, during the periods presented, that are not readily apparent from other sources.

Significant assumptions and estimates used in preparing BARK's condensed consolidated financial statements include those related to determination of fair value of BARK's common stock and warrants, stock-based compensation and the valuation of embedded derivatives. BARK's operating results may be adversely affected if its assumptions change or if actual circumstances differ from those in BARK's assumptions, which could cause its operating results to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the trading price of BARK's common stock.

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

BARK is subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and any rules promulgated thereunder, as well as the rules of NYSE. The requirements of these rules and regulations increase its legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on its systems and resources. The Sarbanes-Oxley Act requires, among other things, that BARK maintain effective disclosure controls and procedures and internal controls for financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight are required, and, as a result, management's attention may be diverted from other business concerns. These rules and regulations can also make it more difficult for BARK to attract and retain qualified independent members of BARK's board of directors. Additionally, these rules and regulations make it more difficult and more expensive for BARK to obtain director and officer liability insurance. BARK may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. The increased costs of compliance with public company reporting requirements and its potential failure to satisfy these requirements can have a material adverse effect on BARK's operations, business, financial condition or results of operations.

If BARK is unable to implement appropriate systems, procedures and controls, BARK may not be able to successfully offer its products, grow its business and account for transactions in an appropriate and timely manner.

BARK's ability to successfully offer its products, grow its business and account for transactions in an appropriate and timely manner requires an effective planning and management process and certain other automated management and accounting systems. BARK currently does not have an integrated enterprise resource planning system and certain other automated management and accounting systems. BARK periodically updates its operations and financial systems, procedures and controls; however; its current procedures that may not scale proportionately with its business growth or with becoming a public company. BARK's systems will continue to require automation, modifications and improvements to respond to current and future changes in its business. Failure to implement in a timely manner appropriate internal systems, procedures and controls could materially and adversely affect BARK's business, financial condition and results of operations.

Changes in tax treatment of companies engaged in e-commerce may adversely affect the commercial use of BARK's website and mobile application and its financial results.

Historically, BARK has not collected state or local sales, use, or other similar taxes in certain jurisdictions in which it has a physical presence, in reliance on applicable exemptions. The decision of the U.S. Supreme Court in *South Dakota v. Wayfair, Inc*., permits state and local jurisdictions, in certain circumstances, to impose sales and use tax collection obligation on remote vendors, and a number of states have already begun imposing such obligations on Internet vendors and online marketplaces. While BARK now collects, remits, and reports sales tax in states that impose a sales tax, it is still possible that one or more jurisdictions may assert that BARK has liability for previous periods for which it did not collect sales, use, or other similar taxes. In addition, due to the global nature of the Internet, if BARK chooses to expand internationally in the future, foreign countries might attempt to impose additional or new regulation on BARK's business or levy additional or new sales, income or other taxes relating to our activities. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised international, federal, state or local tax regulations may subject BARK or its subscribers and customers to additional sales, income and other taxes. New or revised taxes and, in particular, sales taxes, value-added taxes and similar taxes are likely to increase costs to its

subscribers and customers and increase the cost of doing business online (including the cost of compliance processes necessary to capture data and collect and remit taxes), and such taxes may decrease the attractiveness of purchasing products over the Internet. Any of these events could materially adversely affect BARK's business, financial condition and operating results.

BARK may experience fluctuations in its tax obligations and effective tax rate, which could materially and adversely affect its results of operations.

BARK is subject to U.S. federal and state income taxes. Tax laws, regulations and administrative practices in various jurisdictions may be subject to significant change, with or without advance notice, due to economic, political and other conditions, and significant judgment is required in evaluating and estimating BARK's provision and accruals for these taxes. There are many transactions that occur during the ordinary course of business for which the ultimate tax determination is uncertain. its effective tax rates could be affected by numerous factors, such as changes in tax, accounting and other laws, regulations, administrative practices, principles and interpretations, the mix and level of earnings in a given taxing jurisdiction or its ownership or capital structures.

Further, the U.S. federal income tax legislation enacted in Public Law No. 115-97 (the "Tax Cuts and Jobs Act") is highly complex, subject to interpretation, and contains significant changes to U.S. tax law, including, but not limited to, a reduction in the corporate tax rate, significant additional limitations on the deductibility of interest, substantial revisions to the taxation of international operations, and limitations on the use of net operating losses generated in tax years beginning after December 31, 2017. The presentation of its financial condition and results of operations is based upon BARK's current interpretation of the provisions contained in the Tax Cuts and Jobs Act. In the future, the Treasury Department and the U.S. Internal Revenue Service ("IRS") are expected to release regulations and interpretive guidance relating to the legislation contained in the Tax Cuts and Jobs Act. Any significant variance of BARK's current interpretation of such legislation from any future regulations or interpretive guidance could result in a change to the presentation of its financial condition and results of operations and could materially and adversely affect its business, financial condition, and results of operations.

BARK's ability to utilize net operating loss carryforwards may be subject to certain limitations.

BARK's ability to use its federal and state net operating losses to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon its generation of future taxable income before the expiration dates of the net operating losses, and BARK cannot predict with certainty when, or whether, BARK will generate sufficient taxable income to use all of its net operating losses. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), contains rules that impose an annual limitation on the ability of a company with net operating loss carryforwards that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock (by value) over a three-year period, to utilize its net operating loss carryforwards in years after the ownership change. These rules generally operate by focusing on ownership changes among holders owning directly or indirectly 5% or more of the shares of stock of a company or any change in ownership arising from a new issuance of shares of stock by such company. If a company's income in any year is less than the annual limitation prescribed by Section 382 of the Code, the unused portion of such limitation amount may be carried forward to increase the limitation (and net operating loss carryforward utilization) in subsequent tax years.

BARK has experienced a prior ownership change that will result in an annual limitation under Section 382 of the Code, but BARK does not expect such limitation to have a material adverse effect on its ability to utilize net operating losses. In addition, if BARK were to undergo a further ownership change as a result of future transactions involving its common stock, including a follow-on offering of BARK's common stock or purchases or sales of common stock between 5% holders, BARK's ability to use its net operating loss carryforwards may be subject to additional limitation under Section 382 of the Code. As a result, a portion of BARK's net operating loss carryforwards may expire before BARK is able to use them. If BARK is unable to utilize its net operating loss carryforwards, there may be a negative impact on BARK's financial position and results of operations.

In addition to the aforementioned federal income tax implications pursuant to Section 382 of the Code, most states follow the general provisions of Section 382 of the Code, either explicitly or implicitly resulting in separate state net operating loss limitations.

BARK may be unable to adequately protect its intellectual property rights. Additionally, BARK may be subject to intellectual property infringement claims or other allegations, which could result in substantial damages and diversion of management's efforts and attention.

BARK regards its brand, subscriber and customer lists, trademarks, trade dress, domain names, trade secrets, proprietary technology and similar intellectual property as critical to its success. BARK relies on trademark, copyright and patent law, trade secret protection, agreements and other methods with its employees and others to protect its proprietary rights. Effective intellectual property protection may not be available in every country in which its products are, or may be made, available. The protection of BARK's intellectual property rights may require the expenditure of significant financial, managerial and operational resources. Moreover, the steps BARK takes to protect its intellectual property may not adequately protect BARK's rights or prevent third parties from infringing or misappropriating its proprietary rights, and BARK may be unable to broadly enforce all of BARK's intellectual property rights. Any of BARK's intellectual property rights may be challenged by others or invalidated through administrative process or litigation. BARK's patent and trademark applications may never be granted. Additionally, the process of obtaining patent protection is expensive and time-consuming, and BARK may be unable to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect its intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain. BARK also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights. Furthermore, its confidentiality agreements may not effectively prevent disclosure of BARK's proprietary information, technologies and processes and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

BARK might be required to spend significant resources to monitor and protect its intellectual property rights. For example, BARK may initiate claims or litigation against others for infringement, misappropriation or violation of its intellectual property rights or other proprietary rights or to establish the validity of such rights. However, BARK may be unable to discover or determine the extent of any infringement, misappropriation or other violation of its intellectual property rights and other proprietary rights. Despite BARK's efforts, BARK may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating its intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in BARK's favor, could result in significant expense to BARK and divert the efforts of its technical and management personnel, which may materially and adversely affect its business, financial condition, and results of operations.

Third parties have from time to time claimed, and may claim in the future, that BARK has infringed their intellectual property rights. These claims, whether meritorious or not, could be time-consuming, result in considerable litigation costs, result in injunctions against BARK or the payment of damages or royalties by us, require significant amounts of management time or result in the diversion of significant operational resources and expensive changes to its business model, result in the payment of substantial damages or injunctions against us, or require BARK to enter into costly royalty or licensing agreements, if available. In addition, BARK may be unable to obtain or utilize on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property BARK does not own. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims. Any payments BARK is required to make and any injunctions BARK is required to comply with as a result of these claims could materially and adversely affect its business, financial condition, and results of operations.

BARK's success depends on the continuing efforts of its key employees and its ability to attract and retain highly skilled personnel and senior management.

BARK's ability to maintain its competitive position is largely dependent on the services of its senior management and other key personnel. In addition, BARK's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The market for such positions is

competitive. Qualified individuals are in high demand and BARK may incur significant costs to attract them. In addition, the loss of any of its senior management or other key employees or BARK's inability to recruit and develop mid-level managers could materially and adversely affect its ability to execute BARK's business plan and BARK may be unable to find adequate replacements. All of its employees are at-will employees, meaning that they may terminate their employment relationship with BARK at any time, and their knowledge of its business and industry would be extremely difficult to replace. If BARK fails to retain talented senior management and other key personnel, or if BARK does not succeed in attracting well-qualified employees or retaining and motivating existing employees, its business, financial condition, and results of operations may be materially and adversely affected.

BARK may face litigation and other risks as a result of the Restatement and the material weakness in the Company's internal control over financial reporting.

Following the issuance of the SEC Statement, after consultation with the Company's independent registered public accounting firm, the Company's prior management and audit committee concluded that it was appropriate to restate our previously issued unaudited financial statements as of December 31, 2020, for the three months ended December 31, 2020, and for the period from July 8, 2020 (inception) through December 31, 2020. See "*—Certain of BARK's warrants are accounted for as liabilities and the changes in value of the warrants could have a material effect on the combined company's financial results.*"

As a result of such material weakness, the Restatement, the change in accounting for the warrants, and other matters raised or that may in the future be raised by the SEC, BARK may face the potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the Restatement and material weaknesses in its internal control over financial reporting and the preparation of our financial statements. BARK can provide no assurance that such litigation or dispute will not arise in the future. Any such litigation or dispute, whether successful or not, could have a material adverse effect on the combined company's business, results of operations and financial condition. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition or our ability to complete a Business Combination.

Future litigation could have a material adverse effect on BARK's business and results of operations.

Lawsuits and other administrative, regulatory, or legal proceedings that may arise in the course of BARK's operations can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. In addition, lawsuits and other legal proceedings may be time consuming and may require a commitment of management and personnel resources that will be diverted from its normal business operations. Although BARK generally maintains insurance to mitigate certain costs, there can be no assurance that costs associated with lawsuits or other legal proceedings will not exceed the limits of insurance policies. Moreover, BARK may be unable to continue to maintain its existing insurance at a reasonable cost, if at all, or to secure additional coverage, which may result in costs associated with lawsuits and other legal proceedings being uninsured. BARK's business, financial condition and results of operations could be adversely affected if a judgment, penalty or fine is not fully covered by insurance.

Significant merchandise refunds could harm BARK's business.

BARK allows its subscribers and customers to seek refunds, subject to its refunds policy, and may in the future allow its subscribers or customers to return products. If merchandise returns or refunds are significant or higher than anticipated and forecasted, BARK's business, financial condition, and results of operations could be adversely affected. Further, BARK modifies its policies relating to returns or refunds from time to time, and may do so in the future, which may result in subscribers or customer dissatisfaction and harm to its reputation or brand, or an increase in the number of product returns or the amount of refunds BARK makes.

BARK may seek to grow its business through acquisitions of, or investments in, new or complementary businesses, facilities, technologies or products, or through strategic alliances, and the failure to manage these

acquisitions, investments or alliances, or to integrate them with its existing business, could have a material adverse effect on us.

From time to time, BARK may consider opportunities to acquire or make investments in new or complementary businesses, facilities, technologies, offerings, or products, or enter into strategic alliances, that may enhance its capabilities, expand BARK's outsourcing and supplier network, complement BARK's current products or expand the breadth of its markets. Acquisitions, investments and other strategic alliances involve numerous risks, including:

- problems integrating the acquired business, facilities, technologies, subscribers, customers, partners or products, including issues maintaining uniform standards, procedures, controls and policies;
- unanticipated costs associated with acquisitions, investments or strategic alliances;
- diversion of management's attention from its existing business;
- adverse effects on existing business relationships with suppliers, outsourced manufacturing partners, retail partners and distribution customers;
- risks associated with entering new markets in which BARK may have limited or no experience;
- potential loss of key employees of acquired businesses; and
- increased legal and accounting compliance costs.

If BARK is unable to integrate any acquired businesses, facilities, technologies and products effectively, its business, financial condition, and results of operations could be materially and adversely affected.

Restrictions in BARK's credit facilities or other debt instruments could adversely affect its operating flexibility.

BARK's revolving credit facility and indenture governing its 2025 Convertible Notes both limit BARK's ability to, among other things:

- incur or guarantee additional debt;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

BARK's revolving credit facility also contains covenants requiring BARK to satisfy certain financial covenants. The provisions of BARK's revolving credit facility may affect its ability to obtain future financing and to pursue attractive business opportunities and BARK's flexibility in planning for, and reacting to, changes in business conditions. As a result, restrictions in BARK's revolving credit facility could adversely affect its business, financial condition, and results of operations. In addition, a failure to comply with the provisions of BARK's revolving credit facility could result in a default or an event of default that could enable its lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of outstanding amounts under BARK's revolving credit facility is accelerated, its assets may be insufficient to repay such amounts in full, and its stockholders could experience a partial or total loss of their investment. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity and Capital Resources."

In addition, the 2025 Convertible Notes mature on December 1, 2025. There are no assurances that BARK will have sufficient funds available to satisfy the notes at maturity, or that the holders will elect to convert the notes into

shares of BARK common stock. The 2025 Convertible Notes are secured by an amount of BARK's assets sufficient to satisfy the obligations under each note. If BARK were to default under the repayment of the notes, the noteholders could seek to foreclose on a portion of its assets, which would materially adversely impact its business as it is currently conducted. Further, any additional financing that BARK secures may require the granting of rights, preferences or privileges senior to those of its common stock and which result in additional dilution of the existing ownership of its common shareholders.

BARK's ability to raise capital in the future may be limited and its failure to raise capital when needed could prevent BARK from growing.

In the future, BARK could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and its failure to raise capital when needed could harm its business. BARK may sell common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as BARK may determine from time to time. If BARK sells any such securities in subsequent transactions, investors in its common stock may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of BARK's common stock. Debt financing, if available, may involve restrictive covenants and could reduce its operational flexibility or profitability. If BARK cannot raise funds on acceptable terms, BARK may be forced to raise funds on undesirable terms, or BARK's business may contract or BARK may be unable to grow its business or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition, and results of operations.

Risks Relating to Ownership of BARK's Common Stock

BARK's stock price may be volatile and may decline regardless of its operating performance.

The market price of BARK's common stock may fluctuate significantly in response to numerous factors and may continue to fluctuate for these and other reasons, many of which are beyond BARK's control, including:

- actual or anticipated fluctuations in its revenue and results of operations;
- the financial projections BARK may provide to the public, any changes in these projections or its failure to meet these projections;
- failure of securities analysts to maintain coverage of its company, changes in financial estimates or ratings by any securities analysts who follow its company or its failure to meet these estimates or the expectations of investors;
- announcements by BARK or its competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, results of operations or capital commitments;
- changes in operating performance and stock market valuations of other retail or technology companies generally, or those in its industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- trading volume of its common stock;
- the inclusion, exclusion or removal of its common stock from any indices;
- changes in BARK's board of directors or management;
- transactions in its common stock by directors, officers, affiliates and other major investors;
- lawsuits threatened or filed against us;
- changes in laws or regulations applicable to its business;

- changes in BARK's capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving BARK's capital stock;
- general economic conditions in the U.S.;
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events; and
- the other factors described in this "Risk Factors" section.

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of companies have experienced fluctuations that often have been unrelated or disproportionate to their operating results. In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against BARK could result in substantial costs, divert management's attention and resources, and harm its business, financial condition, and results of operations.

An active trading market for BARK common stock may not be sustained.

BARK's Common Stock is listed on the NYSE under the symbol "BARK." BARK cannot assure you that an active trading market for its common stock will be sustained. Accordingly, BARK cannot assure you of the liquidity of any trading market, your ability to sell your shares of its Common Stock when desired or the prices that you may obtain for your shares.

BARK has convertible debt that may be converted into shares of BARK common stock and warrants that may be exercisable for BARK common stock in the future, which would cause immediate and substantial dilution to its stockholders.

In November 2020, Legacy BARK issued the 2025 Convertible Notes in the aggregate principal of $75.0 million, with an option for the lead noteholder to purchase an additional $25.0 million of 2025 Convertible Notes for a period of one year. Following the closing of the business combination, the 2025 Convertible Notes are convertible into shares of common stock at a conversion price of $10.00 per share. The issuance of shares of common stock upon any conversion of the 2025 Convertible Notes or the exercise of warrants will result in dilution to the interests of other shareholders.

Future sales of shares by existing stockholders could cause BARK's stock price to decline.

If BARK's existing stockholders sell or indicate an intention to sell substantial amounts of its common stock in the public market, the trading price of BARK's common stock could decline. In addition, shares underlying any outstanding options and restricted stock units will become eligible for sale if exercised or settled, as applicable, and to the extent permitted by the provisions of various vesting agreements and Rule 144 of the Securities Act. All the shares of common stock subject to stock options outstanding and reserved for issuance under its equity incentive plans are have been registered on Form S-8 under the Securities Act and such shares are eligible for sale in the public markets, subject to Rule 144 limitations applicable to affiliates. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of its common stock could decline.

Although the Sponsor, the Northern Star initial stockholders and certain BARK stockholders will be subject to certain restrictions regarding the transfer of BARK common stock following the business combination, these shares may be sold after the expiration of the respective applicable lock-ups. BARK intends to file one or more registration statements prior to or shortly after the closing of the business combination to provide for the resale of such shares from time to time. As restrictions on resale end and the registration statements are available for use, the market price of BARK common stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

If securities or industry analysts either do not publish research about BARK or publish inaccurate or unfavorable research about us, BARK's business, or its market, or if they change their recommendations regarding BARK's common stock adversely, the trading price or trading volume of its common stock could decline.

The trading market for BARK's common stock is influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade BARK's common stock, provide a more favorable recommendation about BARK's competitors, or publish inaccurate or unfavorable research about its business, BARK's common stock price would likely decline. In addition, BARK currently expects that securities research analysts will establish and publish their own periodic projections for its business. These projections may vary widely and may not accurately predict the results BARK actually achieves. Its stock price may decline if its actual results do not match the projections of these securities research analysts. While BARK expects research analyst coverage, if no analysts commence coverage of it, the trading price and volume for BARK common stock could be adversely affected. If any analyst who may cover BARK were to cease coverage of BARK or fail to regularly publish reports on us, BARK could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of its common stock to decline.

BARK's certificate of incorporation renounces BARK's interest and expectancy in certain corporate opportunities, which may prevent BARK from receiving the benefit of certain corporate opportunities.

The "corporate opportunity" doctrine provides that corporate fiduciaries, as part of their duty of loyalty to the corporation and its stockholders, may not take for themselves an opportunity that in fairness should belong to the corporation. Section 122(17) of the DGCL, however, expressly permits a Delaware corporation to renounce in its certificate of incorporation any interest or expectancy of the corporation in, or in being offered an opportunity to participate in, specified business opportunities or specified classes or categories of business opportunities that are presented to the corporation or its officers, directors or stockholders. Article THIRTEENTH of BARK's certificate of incorporation provides that doctrine of corporate opportunity shall not apply with respect to BARK or any of its officers or directors, or any of their respective affiliates. As a result of this provision, BARK may be not be offered certain corporate opportunities which could be beneficial to our company and our stockholders. While it is difficult at this time to predict how this provision may adversely impact BARK's stockholders, it is possible that BARK would not be offered the opportunity to participate in a future transaction which might have resulted in a financial benefit to BARK, which could, in turn, result in a material adverse effect on its business, financial condition, results of operations, or prospects.

Delaware law and provisions in BARK's certificate of incorporation and amended and restated bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of its common stock.

BARK's certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of its common stock by acting to discourage, delay, or prevent a change of control of BARK or changes in BARK's management that BARK's stockholders may deem advantageous. These provisions include the following:

- a classified board of directors so that not all members of BARK's board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- provide that directors may only be removed for cause and only by a super majority vote;
- require super-majority voting to amend certain provisions of BARK's certificate of incorporation and any provision of its bylaws;
- authorize the issuance of "blank check" preferred stock that BARK's board of directors could use to implement a stockholder rights plan;

- BARK's board of directors ability to issue BARK's authorized but unissued common stock and preferred stock without stockholder approval;
- eliminate the ability of BARK's stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of BARK's stockholders;
- limitations on the liability of, and the provision of indemnification to, our director and officers;
- provide that the board of directors is expressly authorized to make, alter, or repeal BARK's bylaws; and
- establish advance notice requirements for nominations for election to BARK's board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, BARK is subject to Section 203 of the DGCL. Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date such person becomes an interested stockholder, unless the business combination or the transaction in which such person becomes an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15.0% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the BARK board of directors and the anti-takeover effect includes discouraging attempts that might result in a premium over the market price for the shares of BARK common stock.

Any provision of BARK's certificate of incorporation or amended and restated bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for BARK's stockholders to receive a premium for their shares of BARK's common stock, and could also affect the price that some investors are willing to pay for BARK's common stock.

BARK's certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States will be the exclusive forum for substantially all disputes between BARK and its stockholders, which could limit BARK's stockholders' ability to obtain a favorable judicial forum for disputes with BARK or its directors, officers or employees.

BARK's certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on BARK's behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against BARK arising pursuant to the Delaware General Corporation Law, BARK's certificate of incorporation or its bylaws or any action asserting a claim against BARK that is governed by the internal affairs doctrine. These choices of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with BARK or its directors, officers or other employees and may discourage these types of lawsuits. This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. BARK's certificate of incorporation provides further that, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act provides that federal and state courts have concurrent jurisdiction over lawsuits brought the Securities Act or the rules and regulations thereunder. To the extent the exclusive forum provision restricts the courts in which claims arising under the Securities Act may be brought, there is uncertainty as to whether a court would enforce such a provision. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive-forum provisions, and there can be no assurance that such provisions will be enforced by a court in those other

jurisdictions. If a court were to find the exclusive-forum provision contained in BARK's certificate of incorporation to be inapplicable or unenforceable in an action, BARK may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business.

BARK does not intend to pay dividends for the foreseeable future.

BARK currently intends to retain any future earnings to finance the operation and expansion of its business and BARK does not expect to declare or pay any dividends in the foreseeable future. Moreover, the terms of BARK's revolving credit facility may restrict its ability to pay dividends, and any additional debt BARK may incur in the future may include similar restrictions. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

Concentration of ownership among BARK's existing executive officers, directors and their respective affiliates may prevent investors from influencing significant corporate decisions.

BARK's existing executive officers, directors and their respective affiliates as a group beneficially owned approximately 23.4% of the outstanding BARK common stock as of the Closing. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of BARK's certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of BARK or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

BARK may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of BARK common stock.

As of September 30, 2021, BARK had options and warrants outstanding to purchase up to an aggregate of 38,811,591 shares of common stock, including public warrants to purchase 8,478,333 shares and private warrants to purchase 4,558,000 shares. In addition, the 2025 Convertible Notes was convertible into 7,847,188 shares (based on the outstanding principal balance and accrued interest as of September 30, 2021). As of September 30, 2021, BARK also had the ability to issue up to 16,929,505 shares of common stock under the 2021 Plan and up to 3,385,901 shares of common stock under the ESPP.

BARK may issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

BARK's issuance of additional shares of common stock or other equity securities of equal or senior rank would have the following effects:

- BARK's existing stockholders' proportionate ownership interest in BARK will decrease;
- the amount of cash available per share, including for payment of dividends (if any) in the future, may decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; and
- the market price of BARK's shares of common stock may decline.

Risks Related to the 2025 Convertible Notes

Our obligation to offer to redeem the 2025 Convertible Notes upon the occurrence of a fundamental change will be triggered only by certain specified transactions, and may discourage a transaction that could be beneficial to the holders of our Common Stock and the 2025 Convertible Notes.

The term "fundamental change" is limited to certain specified transactions and may not include other events that might adversely affect our financial condition or the market value of the new notes or our common stock. Our obligation to offer to redeem the new notes upon a fundamental change would not necessarily afford holders of such notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

The value of the collateral securing the 2025 Convertible Notes may not be sufficient to satisfy our and the guarantors' obligations under the 2025 Convertible Notes and the guarantees.

No appraisal of the value of the collateral has been made, and the fair market value of the collateral is subject to fluctuations based on factors that include general economic conditions and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. Accordingly, in the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of the collateral may not be sufficient to satisfy our and the guarantors' obligations under the 2025 Convertible Notes and the guarantees.

There is no existing public trading market for the 2025 Convertible Notes, and a holder of the 2025 Convertible Notes ability to sell such notes will be limited.

There is no existing public market for the 2025 Convertible Notes. No market for the 2025 Convertible Notes may develop, and any market that develops may not persist. We cannot assure you as to the liquidity of any market that may develop for the 2025 Convertible Notes, your ability to sell your 2025 Convertible Notes or the price at which you would be able to sell your 2025 Convertible Notes. Future trading prices of the new notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities.

We do not intend to apply for listing of the new notes on any securities exchange or other market. The liquidity of any trading market and the trading price of such notes may be adversely affected by changes in our financial performance or prospects and by changes in the financial performance of or prospects for companies in our industry generally.

Even though the 2025 Convertible Notes are convertible into shares of our Common Stock, the terms of the 2025 Convertible Notes will not provide protection against some types of important corporate events.

The 2025 Convertible Notes are convertible into shares of our Common Stock. Upon the occurrence of certain events, we may be required to offer to repurchase all of the 2025 Convertible Notes then outstanding. However, certain important corporate events, such as leveraged recapitalizations, that would increase the level of our indebtedness, would not constitute a "fundamental change" under the 2025 Convertible Notes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

During the three months ended September 30, 2021 we issued the following shares of common stock upon the exercise of previously outstanding options:

Date	Equity Plan	Number of Stock Options Exercised	Weighted Average Exercise Price	Approximate Aggregate Purchase Price

7/2/2021	2011 Stock Incentive Plan	87,426 $	0.03 $	2,623
7/6/2021	2011 Stock Incentive Plan	8,742	0.60	5,245
7/8/2021	2011 Stock Incentive Plan	19,104	1.05	20,138
7/12/2021	2011 Stock Incentive Plan	1,748	0.88	1,538
7/13/2021	2011 Stock Incentive Plan	2,364	1.25	2,955
7/14/2021	2011 Stock Incentive Plan	4,732	1.85	8,754
7/15/2021	2011 Stock Incentive Plan	70,587	0.38	26,823
7/16/2021	2011 Stock Incentive Plan	11,467	1.27	14,511
7/19/2021	2011 Stock Incentive Plan	12,273	1.37	16,799
7/26/2021	2011 Stock Incentive Plan	270	1.85	500
8/2/2021	2011 Stock Incentive Plan	3,317	1.59	5,276
8/3/2021	2011 Stock Incentive Plan	6,826	1.39	9,488
8/5/2021	2011 Stock Incentive Plan	555	1.85	1,027

All of the forgoing transactions involved issuances of securities to employees of the Company and are exempt from registration pursuant to Rule 701 promulgated under the Securities Act of 1933, as amended, as transactions pursuant to benefit plans and contracts relating to compensation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

No.	Description of Exhibit
3.1	Second Amended and Restated Certificate of Incorporation
3.2	Amended and Restated Bylaws
10.1	Lease, dated October 29, 2021, between 120 Broadway Holdings, LLC and Barkbox, Inc.
10.2	Employment Agreement between the Company and Howard R. Yeaton dated November 7, 2021
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from BARK Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) the Consolidated Statements of Changes in Stockholder Equity (Deficit), (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of The Original BARK Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, 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.

THE ORIGINAL BARK COMPANY

November 12, 2021 /s/ Manish Joneja

Manish Joneja

Chief Executive Officer

(Principal Executive Officer)

THE ORIGINAL BARK COMPANY

November 12, 2021 /s/ John Toth

John Toth

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Employment Agreement

This Agreement (the "Agreement") is entered into by and between **Howard R. Yeaton** (the "Executive" or "you") and **The Original BARK Company**, a Delaware corporation (the "Company").

1. Duties and Scope of Employment.

(a) **Position**. Subject to the terms of this Agreement, the Company agrees to employ the Executive (the "Employment") in the position of Interim Chief Financial Officer. The Executive shall report to the Company's Chief Executive Officer.

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote a substantial portion of his professional time to Company duties, provided, however, that the Executive may devote such time as necessary to maintain his current financial consulting business so long as it does not materially interfere with the fulfillment of duties to the Company, and provided that Executive's employment, consulting or other business activities do not create a conflict of interest with the Company, (ii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iii) shall materially comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person.

(d) **Definitions**. Certain capitalized terms are defined in Section 10.

2. **Salary**. The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of $360,000 (as may be adjusted, the "Base Salary"). Such salary shall be payable in accordance with the Company's standard payroll procedures and shall be subject to adjustment pursuant to the Company's executive compensation policies in effect from time to time.

3. **Executive Benefits**. During his Employment, the Executive shall be eligible for paid time off in accordance with the Company's PTO policy, as in effect from time to time. During his Employment, the Executive shall also be eligible to participate in the executive benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Term of Employment**.

(a) **Employment At Will**. The Executive's Employment with the Company shall be "at will," meaning that either the Executive or the Company shall be entitled to terminate the Executive's Employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to the Executive shall be superseded by this Agreement. This Agreement shall constitute the full and complete agreement between the Executive and the Company on the "at will" nature of the Executive's Employment. Although Executive's job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of the Executive's employment may only be changed in an express written agreement signed by the Executive and a duly authorized officer of the Company (other than the Executive). The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Sections 5 and/or 6 below.

(b) **Rights Upon Termination**. Upon the termination of the Executive's Employment, the Executive shall only be entitled to the compensation and benefits that the Executive has earned under this Agreement before the effective date of the termination. The payments under this Agreement shall fully discharge all responsibilities of the Company to the Executive (other than payments of accrued and vested executive benefits, if any, under the Company's executive benefit plans).

5. **Documents and Company Property**. The Executive is prohibited from keeping in his possession in any way any correspondence, documents, other information carriers, copies thereof, and other goods made available by the Company or its affiliates to him (including, but not limited to, credit cards, mobile communication devices, keys, documents, handbooks, financial data, plans, USB sticks or other information carriers, access cards and laptop computer), except to the extent that this is necessary for the performance of his work for the Company. In any event, the Executive is obliged to immediately hand over such documents and other goods made available to him at the end of this Agreement or upon suspension of his active duties for any reason other than documents relating to his own employment and compensation.

6. **Proprietary Information and Inventions Agreement**. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Proprietary Information and Inventions Assignment Agreement, a copy of which is attached hereto as Exhibit A.

7. **Reimbursement of Expenses**. The Company will reimburse business expenses reasonably incurred in the performance of your duties in accordance with the Company's standard practice and expense reimbursement policies in place at the time (generally within thirty (30) days after you have submitted appropriate documentation, which you must do within thirty (30) days after incurring the expense) and, in any case, on or before the last day of the calendar year following the calendar year in which the relevant expense is incurred. The Company will reimburse reasonable costs of the professional use of your mobile telephone.

8. **Successors**.

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Executive's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Indemnification.** During your employment by the Company and at all times thereafter, regardless of the reason for termination, to the fullest extent permitted by its articles of incorporation and by applicable law, the Company shall indemnify you and hold you harmless against any cost, fee, expense, fine or penalty to which you may be subject as a result of serving as an employee or officer of the Company and provide for you to be covered by the insurance or other indemnity policy applicable to officers or directors of the Company (including any rights to advances or reimbursement of legal fees thereunder). The Company's indemnification obligation shall survive any termination of your employment.

10. **Definitions**. The following terms shall have the meaning set forth below wherever they are used in this Agreement:

(a) **Code**. The term "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

11. **Miscellaneous Provisions**.

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered via email to a Company domain email address or, following the Separation, to the Executive's personal email address on file with Human Resources, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. This Agreement supersedes and replaces any prior agreements, including without limitation, the Prior Agreement, representations or understandings (whether written, oral, implied or otherwise) between the Executive and the Company and constitute the complete agreement between the Executive and the Company regarding the subject matter set forth herein.

(d) **Tax Matters**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company intends that all payments and benefits provided under this Agreement or otherwise are exempt from, or comply with, with the requirements of Code Section 409A so that none of the payments or benefits will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted in accordance with such intent. For purposes of Code Section 409A, each payment, installment or benefit payable under this Agreement is hereby designated as a separate payment. The Company shall not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you agree not to make any claim against the Company or the Company's Board of Directors related to tax liabilities arising from your compensation.

(e) **Arbitration**. Any controversy or claim arising out of this Agreement and any and all claims relating to your employment with the Company will be settled by final and binding arbitration. The arbitration will take place in the State of New York. The arbitration will be administered by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes. Any award or finding will be confidential. You and the Company agree to provide one another with reasonable access to documents and witnesses in connection with the resolution of the dispute. You and the Company will share the costs of arbitration equally up to, for you, the filing fee to bring a civil action in the state courts of New York. Each party will be responsible for its own attorneys' fees, and the arbitrator may not award attorneys' fees unless a statute or contract at issue specifically authorizes such an award. This Section 11(f) does not apply to claims for workers' compensation benefits or unemployment insurance benefits. This Section 11(f) also does not apply to claims concerning the ownership, validity, infringement, misappropriation, disclosure, misuse or enforceability of any confidential information, patent right, copyright, mask work, trademark or any other trade secret or intellectual property held or sought by either you or the Company (whether or not arising under the PIIA).

(f) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New York (except its provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage or any other reason, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other

terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(g) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(h) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(*Signatures on following page*)

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

The Original BARK Company

Signature: /s/ Rustin Richburg

Title: Chief People Officer

Date: November 7, 2021

Executive

/s/ Howard R. Yeaton
Howard R. Yeaton

Date: November 7, 2021

Exhibit A: Proprietary Information and Inventions Assignment Agreement

EXHIBIT 31.1

CERTIFICATION
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manish Joneja, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of The Original BARK Company;

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

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

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

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

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

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

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

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

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

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

November 12 , 2021

/s/ Manish Joneja

Manish Joneja

Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Toth, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 of The Original BARK Company;

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

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

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

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

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

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

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

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

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

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

November 12, 2021

/s/ John Toth

John Toth

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

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

In connection with this quarterly report on Form 10-Q of The Original BARK Company (the "Company") for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Manish Joneja, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

November 12, 2021

/s/ Manish Joneja

Manish Joneja
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.1

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

In connection with this quarterly report on Form 10-Q of The Original BARK Company (the "Company") for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Toth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

November 12, 2021

/s/ John Toth

John Toth

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)