

KIDPIK Reports Second Quarter 2023 Financial Results

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KIDPIK Reports Second Quarter 2024 Financial Results

NEW YORK – August 19, 2024--Kidpik Corp. (“KIDPIK” or the “Company”), an online clothing subscription-based e-commerce company, today reported its financial results for the second quarter 2024 ended June 29, 2024.

Second Quarter 2024 Highlights:

Revenue, net: was \$1.1 million, a year-over-year decrease of 67.3%.

Gross margin : was 66.2%, compared to 60.2% in the second quarter of 2023.

Shipped items: were 135,000 items, compared to 290,000 shipped items in the second quarter of 2023.

Average shipment keep rate: decreased to 74.6%, compared to 75.1% in the second quarter of 2023.

Net Loss: was \$1.3 million or \$0.67 per share, compared to \$2.0 million or \$1.31 per share in the second quarter of 2023.

“ As previously disclosed, on March 29, 2024, we entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”) with Nina Footwear Corp., a Delaware corporation (“Nina Footwear”), and Kidpik Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Kidpik (“Merger Sub”), whereby Nina Footwear will merge with and into Merger Sub, with Nina Footwear continuing as the surviving entity trading, trading on Nasdaq under the new symbol – ‘NINA’, upon closing (the “Merger”). While we work towards closing the Merger, we have eliminated marketing expenditures for subscription services and ceased the purchase of new inventory as we are working to clear and maximize the return on our current inventory in anticipation of the combination with Nina Footwear,” stated Mr. Ezra Dabah, the Company’s Chief Executive Officer.

“We and Nina Footwear remain committed to closing the Merger, a transaction which we believe will increase Kidpik’s revenue, cashflow and prospects, while also strengthening Kidpik’s balance sheet and significantly increasing stockholder value, said Mr. Dabah.”

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To provide the best experience for you, we collect data through web cookies and similar technologies. See our [Privacy Policy](#) or manage choices below. You may [Opt Out](#) of data sharing. **conditions, including the preparation and required stockholder approvals from Kidpik and Nina Footwear stockholders, and is expected to close in the fourth quarter of 2024.**

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Kidpik will n... ss second quarter 2024 results, as the Company continues to move forward with the Merger.

are not indicative of any future success; Kidpik's and the combined company's ability to meet Nasdaq's continued listing requirements, including the fact that Kidpik is not currently in compliance with Nasdaq's continued listing standards; Kidpik and the combined company's ability to maintain the listing of their common stock on Nasdaq; the ability to obtain additional funding, the terms of such funding and potential dilution caused thereby; the continuing effect of rising interest rates and inflation on Kidpik's and the combined company's operations, sales, and market for their products; deterioration of the global economic environment; rising interest rates and inflation and Kidpik's and the combined company's ability to control costs, including employee wages and benefits and other operating expenses; Kidpik's decision to cease purchasing new products; Kidpik's history of losses; Kidpik's and the combined company's ability to maintain current members and customers and grow members and customers; risks associated with the effect of global pandemics, and governmental responses thereto on Kidpik's and the combined company's operations, those of Kidpik's and the combined company's vendors, Kidpik's and the combined company's customers and members and the economy in general; risks associated with Kidpik's and the combined company's supply chain and third-party service providers, interruptions in the supply of raw materials and merchandise; increased costs of raw materials, products and shipping costs due to inflation; disruptions at Kidpik's and the combined company's warehouse facility and/or of their data or information services, Kidpik's and the combined company's ability to locate warehouse and distribution facilities and the lease terms of any such facilities; issues affecting our shipping providers; disruptions to the internet; risks that effect our ability to successfully market Kidpik's and the combined company's products to key demographics; the effect of data security breaches, malicious code and/or hackers; increased competition and our ability to maintain and strengthen Kidpik's and the combined company's brand name; changes in consumer tastes and preferences and changing fashion trends; material changes and/or terminations of Kidpik's and the combined company's relationships with key vendors; significant product returns from customers, excess inventory and Kidpik's and the combined company's ability to manage our inventory; the effect of trade restrictions and tariffs, increased costs associated therewith and/or decreased availability of products; Kidpik's and the combined company's ability to innovate, expand their offerings and compete against competitors which may have greater resources; the fact that Kidpik's Chief Executive Officer has majority voting control over Kidpik and will have majority control over the combined company; 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; Kidpik's and the combined company's ability to comply with the covenants of future loan and lending agreements and covenants; Kidpik's and the combined company's ability to prevent credit card and payment fraud; the risk of unauthorized access to confidential information; Kidpik's and the combined company's ability to protect intellectual property and trade secrets, claims from third-parties that Kidpik and/or the combined company have violated their intellectual property or trade secrets and potential lawsuits in connection therewith; Kidpik's and the combined company's ability to comply with changing regulations and laws, penalties associated with any non-compliance (inadvertent or otherwise), the effect of new laws or regulations, and Kidpik's and the combined company's ability to comply with such new laws or regulations; changes in tax rates; Kidpik's and the combined company's reliance and retention of management; the outcome of future lawsuits, litigation, regulatory matters or claims; the fact that Kidpik and the combined company have a limited operating history; the effect of future acquisitions on Kidpik's and the combined company's operations and expenses; and others that are included from time in filings made by Kidpik with the Securities and Exchange Commission, many of which are beyond the control of Kidpik and the combined company, including, but not limited to, in the "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" sections in Kidpik's Form 10-Ks and Form 10-Qs and in its Form 8-Ks, which it has filed, and files from time to time,

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“Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” sections in Kidpik's Form 10-Ks and Form 10-Qs and in its Form 8-Ks, which it has filed, and files from time to time,

with the Securities and Exchange Commission, including, but not limited to its Annual Report on Form 10-K for the year ended December 30, 2023 and its Quarterly Report on Form 10-Q for the quarter ended June 29, 2024. These reports are available at www.sec.gov and on Kidpik's website at <https://investor.kidpik.com/sec-filings>. Kidpik cautions that the foregoing list of important factors is not complete. All subsequent written and oral forward-looking statements attributable to Kidpik or any person acting on behalf of Kidpik are expressly qualified in their entirety by the cautionary statements referenced above. Other unknown or unpredictable factors also could have material adverse effects on Kidpik's and the combined company's future results and/or could cause their actual results and financial condition to differ materially from those indicated in the forward-looking statements. The forward-looking statements included in this press release are made only as of the date hereof. Kidpik cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Except as required by law, neither Nina Footwear nor Kidpik undertakes any obligation to update publicly any forward-looking statements for any reason after the date of this press release to conform these statements to actual results or to changes in their expectations. If they update one or more forward-looking statements, no inference should be drawn that they will make additional updates with respect to those or other forward-looking statements.

Additional Information and Where to Find It

In connection with the proposed Merger, Kidpik intends to file a proxy statement with the Securities and Exchange Commission (the "Proxy Statement"), that will be distributed to holders of Kidpik's common stock in connection with its solicitation of proxies for the vote by Kidpik's stockholders with respect to the proposed Merger and other matters as may be described in the Proxy Statement. The Proxy Statement, when it is filed and mailed to stockholders, will contain important information about the proposed Merger and the other matters to be voted upon at a meeting of Kidpik's stockholders to be held to approve the proposed Merger and other matters (the "Merger Meeting"). Kidpik may also file other documents with the SEC regarding the proposed Merger. Kidpik stockholders and other interested persons are advised to read, when available, the Proxy Statement, as well as any amendments or supplements thereto, because they will contain important information about the proposed Merger. When available, the definitive Proxy Statement will be mailed to Kidpik stockholders as of a record date to be established for voting on the proposed Merger and the other matters to be voted upon at the Merger Meeting.

Kidpik's stockholders may obtain copies of the aforementioned documents and other documents filed by Kidpik with the SEC, without charge, once available, at the SEC's web site at www.sec.gov, on Kidpik's website at <https://investor.kidpik.com/sec-filings> or, alternatively, by directing a request by mail, email or telephone to Kidpik at 200 Park Avenue South, 3rd Floor, New York, New York **We Take Privacy Seriously**; or (212) 399-2323, respectively.

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Kidpik , Nina Footwear, and their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from Kidpik's stockholders with respect to the proposed Merger. Information regarding the persons who may be deemed participants in the solicitation of proxies from Kidpik's stockholders in connection with the proposed Merger will be contained in the Proxy Statement relating to the proposed Merger, when available, which will be filed with the SEC. Additionally, information about Kidpik's directors and executive officers and their ownership of Kidpik is available in Kidpik's Annual Report on Form 10-K/A (Amendment No. 1), as filed with the Securities and Exchange Commission on April 29, 2024 (the "Amended Form 10-K"). To the extent holdings of securities by potential participants (or the identity of such participants) have changed since the information contained in the Amended Form 10-K, such information has been or will be reflected on Kidpik's Statements of Change in Ownership on Forms 3 and 4 filed with the SEC. You may obtain free copies of these documents using the sources indicated above.

Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the Proxy Statement and other relevant materials to be filed with the SEC regarding the Merger Agreement when they become available. Investors should read the Proxy Statement carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from Kidpik using the sources indicated above.

Non-Solicitation

This communication is for informational purposes only and is not intended to and shall not constitute a proxy statement or the solicitation of a proxy, consent or authorization with respect to any securities or in respect of the Merger Agreement and is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy or subscribe for any securities or a solicitation of any vote of approval, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Kidpik Corp.

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	For the 13 weeks ended		For the 26 weeks ended	
			June 29,	
	June 29, 2024	July 1, 2023	2024	July 1, 2023
Revenues, net	\$ 1,128,323	\$ 3,448,919	\$ 3,367,628	\$ 7,478,397
Cost of goods sold	381,577	1,372,563	1,055,118	2,991,789
Gross profit	746,746	2,076,356	2,312,510	4,486,608
Operating expenses				
Shipping and handling	612,048	949,734	1,393,073	2,138,956
Payroll and related costs	512,466	1,094,135	1,411,025	2,205,236
General and administrative	902,999	2,024,871	2,514,815	4,049,435
Depreciation and amortization	12,066	12,426	24,641	23,113
Total operating expenses	2,039,579	4,081,166	5,343,554	8,416,740
Operating loss	(1,292,833)	(2,004,810)	(3,031,044)	(3,930,132)
Other expenses (income)				
Interest expense	8,617	24,415	39,817	49,605
Other expenses	-	-	-	-
Total other expenses	8,617	24,415	39,817	49,605
Net loss	\$ (1,301,450)	\$ (2,029,225)	\$ (3,070,861)	\$ (3,979,737)
Net loss per share attributable to common stockholders:				
Basic	(0.67)	(1.31)	(1.60)	(2.58)
Diluted	(0.67)	(1.31)	(1.60)	(2.58)
Weighted average common shares outstanding:				
Basic	1,951,638	1,546,239	1,921,216	1,541,938
Diluted	1,951,638	1,546,239	1,921,216	1,541,938

Kidpik Corp.

Condensed Interim Balance Sheets

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Assets

Current assets

	June 29, 2024	December 30, 2023
	(Unaudited)	(Audited)
Cash	\$ 34,030	\$ 194,515

Restricted cash	4,618	4,618
Accounts receivable	90,158	211,739
Inventory	3,799,522	4,854,641
Prepaid expenses and other current assets	712,512	761,969
Total current assets	4,640,840	6,027,482
Leasehold improvements and equipment, net	72,495	97,136
Operating lease right-of-use assets	1,572,529	992,396
Total assets	\$ 6,285,864	\$ 7,117,014

Liabilities and Stockholders' (Deficit) Equity

Current liabilities

Accounts payable	\$ 1,748,897	\$ 1,862,266
Accounts payable, related party	2,094,866	1,868,411
Accrued expenses and other current liabilities	296,032	438,034
Operating lease liabilities, current	406,656	281,225
Short-term debt	784,217	-
Related party loans	1,281,154	850,000
Total current liabilities	6,611,822	5,299,936

Operating lease liabilities, net of current portion	1,253,980	780,244
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Total liabilities	7,865,802	6,080,180
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Commitments and contingencies

Stockholders' (deficit) equity

Preferred stock, par value \$0.001, 25,000,000 shares authorized, of which no shares are issued and outstanding as of June 29, 2024 and December 30, 2023, respectively	-	-
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Common stock, par value \$0.001, 75,000,000 shares authorized, of which 1,951,638 shares are issued and outstanding as of June 29, 2024, and 1,872,433 shares are issued and outstanding as of December 30, 2023	1,952	1,872
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Additional paid-in capital	52,929,198	52,475,189
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Accumulated deficit	(54,511,088)	(51,440,227)
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Total stockholders' (deficit) equity	(1,579,938)	1,036,834
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Total liabilities and stockholders' (deficit) equity	\$ 6,285,864	\$ 7,117,014
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Condensed Interim Statements of Cash Flows

	26 Weeks Ended	
	June 29, 2024	July 1, 2023
Cash flows from operating activities		
Net loss	\$ (3,070,861)	\$ (3,979,737)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	24,641	23,113
Equity-based compensation	454,089	558,429
Bad debt expense	26,928	151,362
Changes in operating assets and liabilities:		
Accounts receivable	94,653	28,710
Inventory	1,055,119	2,870,243
Prepaid expenses and other current assets	49,457	145,901
Operating lease right-of-use assets and liabilities	19,034	22,802
Accounts payable	(113,369)	(450,965)
Accounts payable, related parties	226,455	431,238
Accrued expenses and other current liabilities	(142,002)	(167,429)
Net cash used in operating activities	(1,375,856)	(366,333)
Cash flows from investing activities		
Purchases of leasehold improvements and equipment	-	(76,121)
Net cash used in investing activities	-	(76,121)
Cash flows from financing activities		
Net proceeds from advance payable	334,217	-
Net proceeds from convertible debt	450,000	-
Net proceeds from related party loan	431,154	-
Net cash provided by financing activities	1,215,371	-
Net decrease in cash and restricted cash	(160,485)	(442,454)
Cash and restricted cash, beginning of period	199,133	605,213
Cash and restricted cash, end of period	\$ 38,648	\$ 162,759
Reconciliation of cash and restricted cash:		
Cash	\$ 34,030	\$ 158,141
Restricted cash	4,618	4,618
	\$ 38,648	\$ 162,759
Supplemental disclosure of cash flow data:		
Interest paid	\$ 17,477	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Record right-of-use asset and operating lease liabilities	\$ 768,756	\$ -

Supplemental disclosure of cash flow data:

Interest paid **We Take Privacy Seriously** \$ 17,477 \$ -

Supplemental disclosure of non-cash investing and financing activities:

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Record right-of-use asset and operating lease liabilities \$ 768,756 \$ -

RESULTS OF OPERATIONS

The Company's revenue, net is disaggregated based on the following categories:

	For the 13 weeks ended		For the 26 weeks ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Subscription boxes	\$ 804,837	\$ 2,607,543	\$ 2,321,502	\$ 5,579,110
3 rd party websites	32,801	426,914	291,702	863,212
Online website sales	290,685	414,462	754,424	1,036,075
Total revenue	<u>\$ 1,128,323</u>	<u>\$ 3,448,919</u>	<u>\$ 3,367,628</u>	<u>\$ 7,478,397</u>

Gross Margin

	For the 13 weeks ended		For the 26 weeks ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Gross margin	66.2%	60.2%	68.7%	60.0%

Gross profit is equal to our net sales less cost of goods sold. Gross profit as a percentage of our net sales is referred to as gross margin. Cost of sales consists of the purchase price of merchandise sold to customers and includes import duties and other taxes, freight in, returns from customers, inventory write-offs, and other miscellaneous shrinkage. The improvement in the gross margin was the result of an inventory write-down in the fourth quarter of 2023. Without the reduction of the cost basis due to the write-down, gross margin would be 60.7% for the 13 weeks ended June 29, 2024 and 55.9% for the 26 weeks ended June 29, 2024.

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We define shipped items as the total number of items shipped in a given period to our customers through our active subscription, Amazon and online website sales.

	For the 13 weeks ended		For the 26 weeks ended	
	(in thousands)		(in thousands)	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Shipped Items	135	290	330	630

Average Shipment Keep Rate

Average shipment keep rate is calculated as the total number of items kept by our customers divided by total number of shipped items in a given period.

	For the 13 weeks ended		For the 26 weeks ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2022
	Average Shipment Keep Rate	74.6%	75.1%	76.7%

Revenue by Channel

Revenue by channel	13 weeks ended June 29, 2024	13 weeks ended July 1, 2023	Change (\$)	Change (%)
Subscription boxes	\$ 804,837	\$ 2,607,543	\$(1,802,706)	(69.1)%
Third party websites	22,801	425,914	(394,113)	(92.3)%
Online website sales	290,685	414,462	(123,777)	(29.9)%
Total revenue	\$ 1,128,323	\$ 3,447,919	\$(2,320,596)	(67.3)%

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	26 weeks ended June 29, 2024	26 weeks ended July 1, 2023	Change (\$)	Change (%)
Revenue by channel				
Subscription boxes	\$ 2,321,502	\$ 5,579,110	\$ (3,257,608)	(58.4)%
Third-party websites	291,702	863,212	(571,510)	(66.2)%
Online website sales	725,424	1,036,075	(281,651)	(27.2)%
Total revenue	\$ 3,367,628	\$ 7,478,397	\$ (4,110,769)	(55.0)%

Subscription Boxes Revenue

	13 weeks ended June 29, 2024	13 weeks ended July 1, 2023	Change (\$)	Change (%)
Subscription boxes revenue from				
Active subscriptions – recurring boxes	\$ 783,106	\$ 2,177,298	\$ (1,394,192)	(64.0)%
New subscriptions – first box	21,731	430,245	(913,838)	(94.9)%
Total subscription boxes revenue	\$ 804,837	\$ 2,607,543	\$ (1,802,706)	(69.1)%

	26 weeks ended June 29, 2024	26 weeks ended July 1, 2023	Change (\$)	Change (%)
Subscription boxes revenue from				
Active subscriptions – recurring boxes	\$ 2,234,554	\$ 4,578,324	\$ (2,343,770)	(51.2)%
New subscriptions – first box	86,948	1,000,786	(913,838)	(91.3)%
Total subscription boxes revenue	\$ 2,321,502	\$ 5,579,110	\$ (3,257,608)	(58.4)%

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Revenue by Product Line

13 weeks ended	13 weeks ended	Change (\$)	Change (%)
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	June 29, 2024	July 1, 2023		
Revenue by product line				
Girls' apparel	\$ 855,288	\$ 2,636,965	\$ (1,781,677)	(67.6)%
Boys' apparel	233,680	640,937	(407,258)	(63.5)%
Toddlers' apparel	39,355	171,017	(131,662)	(77.0)%
Total revenue	\$ 1,128,323	\$ 3,448,919	\$ (2,320,596)	(67.3)%

	26 weeks ended June 29, 2024	26 weeks ended July 1, 2023	Change (\$)	Change (%)
Revenue by product line				
Girls' apparel	\$ 2,530,504	\$ 5,684,721	\$ (3,154,217)	(55.5)%
Boys' apparel	720,675	1,428,096	(707,421)	(49.5)%
Toddlers' apparel	116,449	365,580	(249,131)	(68.1)%
Total revenue	\$ 3,367,628	\$ 7,478,397	\$ (4,110,769)	(55.0)%

Contacts

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