Table of Contents

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 28, 2026

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: 001-41059

Lulu's Fashion Lounge Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**20-8442468** **(I.R.S. Employer Identification No.)**
495 Ryan Avenue **Suite 125** **Chico, California** **(Address of principal executive offices)**	**95973** **(Zip Code)**

(530) 343-3545
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, 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, $0.001 par value per share	LVLU	Nasdaq Capital Market

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

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

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

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

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

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

As of August 7, 2026, there were 2,871,576 shares of the registrant's common stock, par value $0.001, outstanding. The foregoing reflects the reverse stock split of the registrant's common stock that became effective as of the opening of business on July 7, 2025.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in 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”). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, equity-based compensation expense, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the risk factors discussed in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 28, 2025, and our other filings with the Securities and Exchange Commission (the “SEC”). The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

BASIS OF PRESENTATION

On August 28, 2017, we executed a reorganization of our corporate structure. Our original parent company was called Lulu's Holdings, LLC. This entity was converted to Lulu's Holdings, L.P. (the "LP"). We formed two new subsidiaries, Lulu's Fashion Lounge Holdings, Inc. and Lulu's Fashion Lounge Parent, LLC, to sit between the LP and our operating company. Our operating company, previously known as Lulu's Fashion Lounge, Inc., was converted from a California corporation to a Delaware limited liability company, Lulu's Fashion Lounge, LLC, an indirect wholly-owned subsidiary of Lulu's Fashion Lounge Holdings, Inc. In connection with our initial public offering, the LP was liquidated. Unless otherwise indicated or the context otherwise requires, references in this Quarterly Report on Form 10-Q to the terms "Lulus," "we," "us," "our," or the "Company" refer to Lulu's Fashion Lounge Holdings, Inc. and its consolidated subsidiaries.

Our fiscal year is a "52-53 week" year ending on the Sunday closest in proximity to December 31, such that each quarterly period will be 13 weeks in length, except during a 53-week year when the fourth quarter will be 14 weeks. References herein to "fiscal 2026" and/or "2026" relate to the year ending January 3, 2027 and "fiscal 2025" and/or "2025" relate to the year ended December 28, 2025. The fiscal year ending January 3, 2027 consists of 53 weeks, and the fiscal year ended December 28, 2025 consists of 52 weeks.

Throughout this Quarterly Report on Form 10-Q, we provide a number of key performance indicators used by management and typically used by our competitors in our industry. These and other key performance indicators are discussed in more detail in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics." In this Quarterly Report on Form 10-Q, we also reference Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow which are non-GAAP (generally accepted accounting principles in the United States of America) financial measures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a discussion of Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow, as well as a reconciliation of net loss and comprehensive loss to Adjusted EBITDA and a reconciliation to non-GAAP Free Cash Flow from net cash provided by operating activities. Net loss and comprehensive loss is the most directly comparable financial measure to Adjusted EBITDA and net cash provided by operating activities is the most directly comparable financial measure to Free Cash Flow, required by, or presented in accordance with GAAP.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	June 28, 2026	December 28, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 4,123	$ 2,661
Accounts receivable	2,734	1,712
Inventory, net	28,642	32,444
Assets for recovery	3,593	2,197
Income tax refund receivable, net	268	1,028
Prepaids and other current assets	3,686	3,606
Total current assets	43,046	43,648
Property and equipment, net	1,854	2,311
Goodwill	7,056	7,056
Tradename	18,509	18,509
Intangible assets, net	2,484	2,680
Lease right-of-use assets	13,154	14,521
Other noncurrent assets	571	639
Total assets	$ 86,674	$ 89,364
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 17,423	$ 8,340
Accrued expenses and other current liabilities	14,157	17,411
Returns reserve	12,459	10,289
Stored-value card liability	17,666	18,231
Asset Based Revolving Credit Facility – current	10,082	14,390
Lease liabilities, current	7,259	6,402
Total current liabilities	79,046	75,063
Lease liabilities, noncurrent	8,104	10,389
Other noncurrent liabilities	1,026	898
Total liabilities	88,176	86,350
Commitments and Contingencies (Note 7)		
Stockholders' equity (deficit):		
Preferred stock: $0.001 par value, 500,000 shares authorized, and no shares issued or outstanding	—	—
Common stock: $0.001 par value, 15,000,000 shares authorized; 3,011,528 and 2,971,729 shares issued and outstanding as of June 28, 2026 and December 28, 2025, respectively[(1)]	43	43
Additional paid-in capital	267,614	266,557
Accumulated deficit	(267,777)	(262,204)
Treasury stock, at cost, 146,555 shares outstanding as of June 28, 2026 and December 28, 2025[(1)]	(1,382)	(1,382)
Total stockholders' equity (deficit)	(1,502)	3,014
Total liabilities and stockholders' equity (deficit)	$ 86,674	$ 89,364

(1) Shares have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 8, *Stockholders' Equity (Deficit)* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Net revenue	$ 67,807	$ 81,520	$ 125,338	$ 145,675
Cost of revenue	34,852	44,588	66,435	82,902
Gross profit	32,955	36,932	58,903	62,773
Selling and marketing expenses	18,381	21,993	32,418	37,908
General and administrative expenses	15,818	17,562	31,276	35,606
Loss from operations	(1,244)	(2,623)	(4,791)	(10,741)
Interest expense	(302)	(856)	(696)	(1,433)
Other income, net	54	546	98	1,169
Loss before benefit (provision) for income taxes	(1,492)	(2,933)	(5,389)	(11,005)
Income tax benefit (provision)	9	(62)	(184)	12
Net loss and comprehensive loss	(1,483)	(2,995)	(5,573)	(10,993)
Basic loss per share[(1)]	$ (0.52)	$ (1.08)	$ (1.95)	$ (3.94)
Diluted loss per share[(1)]	$ (0.52)	$ (1.08)	$ (1.95)	$ (3.94)
Basic weighted-average shares outstanding[(1)]	2,864,484	2,782,417	2,851,833	2,787,924
Diluted weighted-average shares outstanding[(1)]	2,864,484	2,782,417	2,851,833	2,787,924

(1) Amounts have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 8, *Stockholders' Equity (Deficit)* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands, except share amounts)
(unaudited)

	For the Twenty-Six Weeks Ended June 28, 2026						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Deficit
	Shares[(1)]	Amount			Shares[(1)]	Amount	
Balance as of December 28, 2025	2,971,729	$ 43	$ 266,557	$ (262,204)	(146,555)	$ (1,382)	$ 3,014
Issuance of common stock for vesting of restricted stock units ("RSUs")	45,146	—	—	—	—	—	—
Issuance of common stock for employee stock purchase plan ("ESPP")	5,822	—	24	—	—	—	24
Shares withheld for withholding tax on RSUs	(19,203)		(186)	—	—	—	(186)
Equity-based compensation	—	—	713	—	—	—	713
Net loss and comprehensive loss	—	—	—	(4,090)	—	—	(4,090)
Balance as of March 29, 2026	3,003,494	$ 43	$ 267,108	$ (266,294)	(146,555)	$ (1,382)	$ (525)
Issuance of common stock for vesting of RSUs	17,547	—	—	—	—	—	—
Shares withheld for withholding tax on RSUs	(9,783)	—	(122)	—	—	—	(122)
Equity-based compensation	—	—	628	—	—	—	628
Net loss and comprehensive loss	—	—	—	(1,483)	—	—	(1,483)
Balance as of June 28, 2026	3,011,258	$ 43	$ 267,614	$ (267,777)	(146,555)	$ (1,382)	$ (1,502)

	For the Twenty-Six Weeks Ended June 29, 2025						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares[(1)]	Amount			Shares[(1)]	Amount	
Balance as of December 29, 2024	2,804,542	$ 42	$ 262,313	$ (248,491)	(22,621)	$ (496)	$ 13,368
Issuance of common stock for vesting of RSUs	59,730	1	—	—	—	—	1
Issuance of common stock for ESPP	3,951	—	88	—	—	—	88
Shares withheld for withholding tax on RSUs	(16,176)	—	(130)	—	—	—	(130)
Equity-based compensation	—	—	1,462	—	—	—	1,462
Repurchase of common stock	—	—	—	—	(16,138)	(239)	(239)
Net loss and comprehensive loss	—	—	—	(7,998)	—	—	(7,998)
Balance as of March 30, 2025	2,852,047	$ 43	$ 263,733	$ (256,489)	(38,759)	$ (735)	$ 6,552
Issuance of common stock for vesting of RSUs	38,859	—	—	—	—	—	—
Shares withheld for withholding tax on RSUs	(12,693)	—	(79)	—	—	—	(79)
Equity-based compensation	—	—	1,278	—	—	—	1,278
Repurchase of common stock	—	—	—	—	(73,333)	(503)	(503)
Net loss and comprehensive loss	—	—	—	(2,995)	—	—	(2,995)
Balance as of June 29, 2025	2,878,213	$ 43	$ 264,932	$ (259,484)	(112,092)	$ (1,238)	$ 4,253

(1) Amounts have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 8, *Stockholders' Equity (Deficit)* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Twenty-Six Weeks Ended	
	June 28, 2026	**June 29, 2025**
Cash Flows from Operating Activities		
Net loss and comprehensive loss	$ (5,573)	$ (10,993)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,125	2,628
Noncash lease expense	2,283	2,300
Gain on lease modification	—	(92)
Gain on lease termination	—	(229)
Amortization of debt discount and debt issuance costs	106	314
Loss on disposal of property and equipment	—	2
Equity-based compensation expense	1,345	2,756
Changes in operating assets and liabilities:		
Accounts receivable	(1,022)	(1,167)
Inventories	3,802	(3,313)
Assets for recovery	(1,396)	(1,637)
Income tax payable	760	3,028
Prepaid and other current assets	(129)	(282)
Accounts payable	9,087	(4,588)
Accrued expenses and other current liabilities	(1,639)	20,455
Operating lease liabilities	(2,391)	(2,268)
Other noncurrent liabilities	128	52
Net cash provided by operating activities	7,486	6,966
Cash Flows from Investing Activities		
Capitalized software development costs	(711)	(810)
Purchases of property and equipment	(132)	(276)
Other	—	33
Net cash used in investing activities	(843)	(1,053)
Cash Flows from Financing Activities		
Repayments on Prior Credit Agreement	—	(7,340)
Proceeds from borrowings on Asset Based Revolving Credit Facility	125,826	—
Repayments on Asset Based Revolving Credit Facility	(130,134)	—
Proceeds from issuance of common stock under ESPP	20	88
Principal payments on finance lease obligations	(585)	(636)
Withholding tax payments related to vesting of RSUs	(308)	(209)
Repurchase of common stock	—	(742)
Net cash used in financing activities	(5,181)	(8,839)
Net increase in cash and cash equivalents	1,462	(2,926)
Cash and cash equivalents at beginning of period	2,661	4,460
Cash and cash equivalents at end of period	$ 4,123	$ 1,534

(Continued)

LULU'S FASHION LOUNGE HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025
Supplemental Disclosure		
Cash paid (refunded) during the period for:		
Income taxes, net	$ (702)	$ (3,093)
Interest	$ 662	$ 1,161
Operating leases	$ 2,832	$ 2,842
Finance leases	$ 612	$ 667
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchases of property and equipment included in accounts payable and accrued expenses	$ 18	$ 3
Capitalized software development costs included in accrued expenses	$ 18	$ 72
Remeasurement of operating lease right-of-use assets for lease modification	$ 1,080	$ 3,527
Operating right-of-use assets obtained in exchange for new operating lease liabilities	$ 478	$ —
Derecognition of operating lease liabilities and right-of-use assets upon lease termination	$ —	$ 342

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of Business, Organization and Liquidity

Organization and Business

Lulu's Fashion Lounge Holdings, Inc., a Delaware Corporation ("Lulus", "we", "our", or the "Company"), was formed on August 25, 2017 as a holding company and its primary asset is an indirect membership interest in Lulu's Fashion Lounge, LLC, the operating company. Prior to the Company's initial public offering, the Company was majority-owned by Lulu's Holdings, L.P. (the "LP"), the prior parent company. In connection with the Company's initial public offering, the LP was liquidated.

Lulu's Fashion Lounge, LLC was founded in 1996, starting as a vintage boutique in Chico, California that began selling online in 2005 and transitioned to a purely online business in 2008. The LP was formed in 2014 as a holding company and purchased 100% of Lulu's Fashion Lounge, LLC's outstanding common stock in 2014. The Company, based in Chico, California, through Lulu's Fashion Lounge, LLC, is a women's clothing brand offering modern, feminine styles at accessible prices for every occasion. Our goal is to make every customer feel their most confident and beautiful for the moments that matter most.

Impact of Macroeconomic Trends on Business

Changing macroeconomic factors, including inflation, interest rates, tariffs or bans, world events, wars and domestic and international conflicts, existing and future laws, regulations, directives and executive orders, and overall consumer confidence with respect to current and future economic conditions have directly impacted our sales as discretionary consumer spending levels and shopping behavior fluctuate with these factors. We have responded to these factors by taking appropriate pricing, promotional and other actions to stimulate customer demand. These factors are expected to continue to have an impact on our business, results of operations, our growth and financial condition.

Liquidity

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The primary sources of funds for our business activities are cash flows from operations and cash available under the Loan and Security Agreement with White Oak Commercial Finance, LLC, as amended (the "2025 Credit Agreement"). We believe the cash on hand, cash provided by operations and cash available under the 2025 Credit Agreement will enable us to meet our obligations for at least the next 12 months. For further information on the 2025 Credit Agreement, see Note 5, *Debt*.

2. Significant Accounting Policies

Basis of Presentation and Fiscal Year

The Company's fiscal year consists of a 52 week or 53 week period ending on the Sunday nearest to December 31. The fiscal year ending January 3, 2027 consists of 53 weeks, and the fiscal year ended December 28, 2025 consists of 52 weeks.

The condensed consolidated financial statements and accompanying notes include the accounts of the Company and its wholly owned subsidiaries, after elimination of all intercompany balances and transactions. The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the requirements of the SEC for interim reporting. As permitted under these rules, certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. The interim condensed consolidated financial statements are unaudited.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (unaudited)

As discussed in the "Reverse Stock Split" section within Note 8, *Stockholders' Equity (Deficit)*, all per share amounts and common stock amounts have been adjusted on a retroactive basis to reflect the Reverse Stock Split (as defined below). The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 28, 2026 and its results of operations for the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025 and its cash flows for the twenty-six weeks ended June 28, 2026 and June 29, 2025. The results of operations for the twenty-six weeks ended June 28, 2026 are not necessarily indicative of the results to be expected for the fiscal year ending January 3, 2027 or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K as filed with the SEC on March 30, 2026.

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements are consistent with those discussed in Note 2 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 28, 2025, except as noted below and within the "Recently Issued Accounting Pronouncements" section.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates and assumptions made by management relate to sales return reserves and related assets for recovery, store credit breakage, lease right-of-use assets and related lease liabilities, income tax valuation allowance and fair value of equity awards. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the condensed consolidated financial statements in future periods. As future events and their effects cannot be determined with precision, actual results could materially differ from those estimates and assumptions.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. Such amounts may exceed federally insured limits. The Company reduces credit risk by depositing its cash with major credit-worthy financial institutions within the United States. To date, the Company has not experienced any losses on its cash deposits. As of June 28, 2026, one wholesale customer represented 12% of the Company's accounts receivable balance. As of December 28, 2025, two wholesale customers represented 15% and 37%, respectively, of the Company's accounts receivable balance. No single customer accounted for more than 10% of the Company's net revenue during the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025.

Revenue Recognition

The Company generates revenue primarily from the sale of merchandise products directly to end customers. The sale of products is a distinct performance obligation, and revenue is recognized at a point in time when control of the promised product is transferred to customers, which the Company determined occurs upon shipment based on its evaluation of the related shipping terms. Revenue is recognized in an amount that reflects the transaction price consideration that the

Company expects to receive in exchange for those products. The Company's payment terms are typically at the time of order processing and shipment.

The Company elected to exclude from revenue taxes assessed by governmental authorities, including value-added and other sales-related taxes, that are imposed on and concurrent with revenue-producing activities. The Company has elected to apply the practical expedient, relative to e-commerce sales, which allows an entity to account for shipping and handling as fulfillment activities, and not a separate performance obligation. Accordingly, the Company recognizes revenue for only one performance obligation, the sale of the product, at shipping point (when the customer gains control). Shipping and handling costs associated with outbound freight are accounted for as fulfillment costs and are included in cost of goods sold. The Company has elected to apply the practical expedient to expense costs as incurred for incremental costs to obtain a contract when the amortization period would have been one year or less.

Revenue from merchandise product sales is reported net of sales returns, which includes an estimate of future returns based on historical return rates, with a corresponding reduction to cost of sales. There is judgment in utilizing historical trends for estimating future returns. The Company's refund liability for sales returns is included in the returns reserve on its condensed consolidated balance sheets and represents the expected value of the refund that will be due to the Company's customers. The Company's returns reserve may fluctuate period over period due to seasonal trends, including fluctuation in sales volumes, merchandise mix and the timing of associated customer returns. The Company also has corresponding assets for recovery that represent the expected net realizable value of the merchandise inventory to be returned.

The Company sells stored-value gift cards to customers and offers online store credit for certain returns and promotions. The stored-value gift cards and store credits do not have an expiration date. The Company recognizes revenue from stored-value gift cards and store credits when the card or credit is redeemed by the customer. The Company has determined that sufficient evidence exists to support an estimate for stored-value gift card and store credit breakage. The Company estimates breakage related to store credits using historical redemption rates for each store credit issuance year, which reflects customer redemption patterns. The Company evaluates redemption patterns and may record adjustments to its breakage estimate from time to time. Subject to requirements to remit balances to governmental agencies, breakage is recognized as revenue in proportion to the pattern of rights exercised by the customer, which is substantially within thirty-six months from the date of issuance. The amount of breakage recognized in revenue during the thirteen and twenty-six weeks ended June 28, 2026 was $1.6 million and $2.1 million, respectively. The amount of breakage recognized in revenue during the thirteen and twenty-six weeks ended June 29, 2025 was $0.6 million and $1.0 million, respectively.

The Company has two types of contractual liabilities: (i) cash collections from its customers prior to delivery of products purchased ("deferred revenue"), which are initially recorded within accrued expenses and recognized as revenue when the products are shipped, (ii) unredeemed gift cards and online store credits, which are initially recorded as a stored-value card liability and are recognized as revenue in the period they are redeemed.

The following table summarizes the significant changes in the contract liabilities balances during the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025 (in thousands):

		Stored-Value Cards
Balance as of December 28, 2025	$	18,231
Revenue recognized that was included in contract liability balance at the beginning of the period		(1,826)
Increase due to cash received, other revenue recognized including breakage, and other activity during the period		1,708
Balance as of March 29, 2026	$	18,113
Revenue recognized that was included in contract liability balance at the beginning of the period		(1,434)
Increase due to cash received, other revenue recognized including breakage, and other activity during the period		987
Balance as of June 28, 2026	$	17,666

		Stored-Value Cards
Balance as of December 29, 2024	$	17,883
Revenue recognized that was included in contract liability balance at the beginning of the period		(1,953)
Increase due to cash received, other revenue recognized including breakage, and other activity during the period		3,082
Balance as of March 30, 2025	$	19,012
Revenue recognized that was included in contract liability balance at the beginning of the period		(1,022)
Increase due to cash received, other revenue recognized including breakage, and other activity during the period		1,937
Balance as of June 29, 2025	$	19,927

Selling and Marketing Expenses

Advertising costs included in selling and marketing expenses were $14.4 million and $17.6 million for the thirteen weeks ended June 28, 2026 and June 29, 2025, respectively and $24.5 million and $29.6 million for the twenty-six weeks ended June 28, 2026 and June 29, 2025, respectively.

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is computed using net loss attributable to common stockholders divided by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share attributable to common stockholders represents net loss attributable to common stockholders divided by the weighted average number of shares of common stock outstanding during the period, including the effects of any dilutive securities outstanding. Due to the net loss for all periods presented, no potentially dilutive securities had an impact on diluted loss per share for any period.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

The following securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive (on an as-converted basis):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Stock options	10,760	10,760	10,760	10,760
RSUs	74,502	172,513	74,502	172,513
PSUs	160,772	167,438	160,772	167,438
ESPP	5,684	16,060	5,684	16,060
Total	251,718	366,771	251,718	366,771

Goodwill, Tradename and Intangible Assets

The Company tests for goodwill impairment at the reporting unit level on the first day of the fourth quarter of each year and between annual tests if significant indicators exist that would suggest the Company's goodwill and intangible assets could potentially be impaired. The Company monitors macroeconomic conditions, industry, competitive environment conditions, overall financial performance, reporting unit specific events and market considerations, among others, for events which could trigger the need for an interim impairment analysis.

The Company performed a qualitative assessment of its goodwill, tradename and intangible assets as of June 28, 2026 and determined that no events or changes in circumstances were identified that would indicate potential impairment related to the goodwill, tradename, and intangible assets recorded during the thirteen and twenty-six weeks ended June 28, 2026.

Recently Adopted Accounting Pronouncements

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. We will no longer qualify as an emerging growth company as of the end of fiscal 2026.

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides all entities with practical expedient of developing reasonable and supportable forecasts as part of estimating expected credit losses, that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company adopted this guidance for fiscal year 2026, and it did not have a material impact on our condensed consolidated financial statements or related disclosures.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03,*Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, to disclose specific information about certain income statement expense line items in the notes to its financial statements for interim and annual reporting periods. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, to clarify that ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. We are currently evaluating this pronouncement to determine its impact on our condensed consolidated financial statements and related disclosures.

In September 2025, FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal Use Software (Topic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,* to amend certain aspects of the accounting for and disclosure of software costs under ASC 350-40. ASU 2025-06 is effective for all entities for annual reporting periods beginning after December 15, 2027 (and interim reporting periods within those annual reporting periods). Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. We are currently evaluating this pronouncement to determine its impact on our condensed consolidated financial statements and related disclosures.

In December 2025, FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for annual periods beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. We are currently evaluating this pronouncement to determine its impact on our condensed consolidated financial statements and related disclosures.

In December 2025, FASB issued ASU 2025-12, *Codification Improvements* as part of its standing project to correct, clarify, and make narrow improvements to U.S. GAAP across a broad range of topics. This guidance is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating this pronouncement to determine its impact on our condensed consolidated financial statements and related disclosures.

3. Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses, other current liabilities and borrowings under the 2025 Credit Agreement. As of June 28, 2026 and June 29, 2025, the carrying values of cash and cash equivalents, accounts payable, accrued expenses and other current liabilities approximate fair value due to their short-term maturities.

Borrowings under the 2025 Credit Agreement bear interest at a rate equal to the 30-day SOFR rate plus 3.95% and are secured by a first-priority security interest in and lien upon all tangible and intangible personal property of the Borrowers, now owned or acquired in the future. Because the interest rate is variable and reset based on SOFR with a market-based margin, the fair value of amounts outstanding under the 2025 Credit Agreement approximates carrying value.

The Company performs the annual goodwill, tradename and intangible assets impairment assessment on the first day of the fourth quarter of each fiscal year. During the Company's most recent annual impairment assessment for fiscal year 2025, the Company determined that no events or changes in circumstances were identified that would indicate potential impairment related to the goodwill, tradename, and intangible assets recorded during the fifty-two weeks ended December 28, 2025.

The Company does not have any financial instruments that were determined to be Level 3. There were no transfers in or out of Level 1, Level 2, or Level 3 assets or liabilities.

4. Balance Sheet Components

Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	Estimated Useful Lives in Years	June 28, 2026	December 28, 2025
Leasehold improvements	1 – 6	$ 3,509	$ 3,504
Equipment	1 – 5	3,697	3,589
Furniture and fixtures	1 – 6	1,767	1,742
Total property and equipment		8,973	8,835
Less: accumulated depreciation and amortization		(7,119)	(6,524)
Property and equipment, net		$ 1,854	$ 2,311

Depreciation and amortization of property and equipment was $0.3 million and $0.4 million for the thirteen weeks ended June 28, 2026 and June 29, 2025, respectively, and $0.6 million and $0.9 million for the twenty-six weeks ended June 28, 2026 and June 29, 2025, respectively.

Amortization of right-of-use assets was $0.3 million and $0.4 million for the thirteen weeks ended June 28, 2026 and June 29, 2025, respectively, and $0.7 million for each period for the twenty-six weeks ended June 28, 2026 and June 29, 2025.

Intangible Assets, net

Intangible assets, net consists of capitalized internal-use software development, which is amortized over a three-year period.

The gross carrying amount of capitalized software was $17.7 million and $17.0 million as of June 28, 2026 and December 28, 2025, respectively, and accumulated amortization was $15.2 million and $14.3 million, respectively. Intangible asset amortization expense was $0.4 million and $0.5 million for the thirteen weeks ended June 28, 2026 and June 29, 2025, respectively. Intangible assets amortization expense was $0.9 million and $1.0 million for the twenty-six weeks ended June 28, 2026 and June 29, 2025, respectively.

As of June 28, 2026, estimated future amortization expense related to capitalized software is expected to be approximately $0.8 million in the remaining fiscal 2026, $1.1 million in fiscal 2027, $0.5 million in fiscal 2028, and less than $0.1 million in fiscal 2029.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 28, 2026	December 28, 2025
Accrued compensation and benefits	$ 3,974	$ 4,826
Accrued marketing	4,003	4,659
Accrued inventory	2,406	3,369
Accrued freight	1,193	2,460
Other	2,581	2,097
Accrued expenses and other current liabilities	$ 14,157	$ 17,411

5. Debt

Credit Facility

On November 15, 2021, the Company entered into a credit agreement with Bank of America (the "Prior Credit Agreement") for a revolving facility that provided for borrowings up to $50.0 million with a maturity date of November 15, 2024. The Prior Credit Agreement was amended subsequently by five amendments which modified a number of terms, including extending the maturity date to August 22, 2025, reducing and ultimately prohibiting further borrowings, revising the applicable interest rates, revising or providing limited waivers of compliance with certain financial covenants, and adding covenants related to achieving a refinancing transaction. The Prior Credit Agreement was satisfied in full and terminated upon entry into the 2025 Credit Agreement, described below.

On August 14, 2025, the Company and its subsidiaries (collectively, the "Borrowers") entered into the 2025 Credit Agreement for an asset-based revolving credit facility with a $20.0 million commitment, a $5.0 million uncommitted accordion and a $1.0 million sublimit for letters of credit. The amount that the Borrowers may borrow under the 2025 Credit Agreement is tied to a borrowing base calculated based on advance rates for various assets serving as collateral for the 2025 Credit Agreement. The 2025 Credit Agreement provides that at two times during each year (counted from the anniversary date of the Credit Agreement), the borrowers may elect to include an increased inventory formula into the borrowing base, giving them access to more loan availability than under the standard borrowing base calculation. As originally executed, the 2025 Credit Agreement provided for an initial increased inventory availability period beginning in November 2025 and ending in February 2026 and permitted the Borrowers to elect up to two additional 60-day periods during each of the second and third 12-month periods following the closing date. Borrowings under the 2025 Credit Agreement bear interest at a rate equal to the 30-day SOFR rate plus 3.95%. The 2025 Credit Agreement is secured by a first-priority security interest in and lien upon all tangible and intangible personal property of the Borrowers, now owned or acquired in the future. The 2025 Credit Agreement includes covenants that limit the Borrowers' ability to incur indebtedness, to create liens or other encumbrances, to make certain payments and investments, to engage in transactions with affiliates, to guarantee indebtedness and to sell or otherwise dispose of assets and merge or consolidate with other entities. The 2025 Credit Agreement also includes a financial covenant of the greater of $4 million or 20% of the total commitment in minimum excess availability under the 2025 Credit Agreement, and additional reporting requirements when excess availability is less than $5 million. It also requires the Company to maintain lockbox accounts and cash management arrangements under the control of the Administrative Agent, who has full dominion and control over each Collection Account and all Deposit Accounts (except Excluded Accounts). Outstanding borrowings are classified as current liabilities, however, the 2025 Credit Agreement does not mature until August 14, 2028.

On October 28, 2025, the Company entered into an amendment to the 2025 Credit Agreement, which included some clarifying and non-material changes to certain terms in the 2025 Credit Agreement.

On July 27, 2026, the Company entered into a Second Amendment to the 2025 Credit Agreement (the "Second Amendment"), which changes the earliest date the Borrowers can include an increased inventory formula into the revolver borrowing base from August 14, 2026 to July 21, 2026 (the "July 2026 Increased Inventory Availability Period"), provides that, on a going-forward basis after giving effect to the July 2026 Increased Inventory Availability Period, the increased inventory formula may be used once before June 30, 2027 and twice after June 30, 2027 through the third anniversary of the revolver closing date, and provides that during the July 2026 Increased Inventory Availability Period only, for purposes of determining increased reporting requirements, the excess revolver availability requirement is decreased from $5.0 million to $4.0 million.

The initial funding of the 2025 Credit Agreement occurred on August 14, 2025, and the proceeds were used in part to repay approximately $6.0 million outstanding under the Prior Credit Agreement. In connection with entering into the 2025 Credit Agreement and the repayment in full of all outstanding obligations under the Prior Credit Agreement, the Prior Credit Agreement and the related forbearance agreement and amendments with Bank of America, were terminated.

As of June 28, 2026, the outstanding borrowing under the 2025 Credit Agreement was $10.1 million in addition to a $0.3 million letter of credit outstanding. After giving effect to the excess availability covenant and the outstanding letter of credit, the unused availability was $1.6 million. During the twenty-six weeks ended June 28, 2026, the Company borrowed $125.8 million and repaid $130.1 million under the 2025 Credit Agreement and borrowings had a weighted average interest rate of 10.4% inclusive of amortization of debt issuance cost.

Debt Discounts and Issuance Costs

Debt discounts and issuance costs are deferred and amortized over the life of the related loan. The associated expense is included in interest expense in the condensed consolidated statements of operations and comprehensive loss. Debt issuance costs related to the 2025 Credit Agreement are included in prepaids and other current assets in the condensed consolidated balance sheets. As of June 28, 2026 and December 28, 2025, unamortized debt issuance costs recorded within prepaids and other current assets were $0.4 million and $0.6 million related to the 2025 Credit Agreement, respectively.

6. Leases

The Company primarily leases its distribution facilities, corporate offices and retail stores under operating lease agreements expiring on various dates through January 2029, most of which contain options to extend. In addition to payment of base rent, the Company is also required to pay property taxes, insurance, and variable common area maintenance expenses. The Company records lease expense on a straight-line basis over the term of the lease. Effective May 15, 2026, the Company’s new corporate headquarters relocated to a leased facility in Chico, California. In connection with the new lease, the Company recognized an operating lease right-of-use asset of $0.5 million and a corresponding operating lease liability of $0.5 million. Our prior corporate headquarters were also located in a different leased facility in Chico, California, and the lease agreement for that facility was terminated on May 31, 2026.

The Company also leases equipment under finance lease agreements expiring on various dates through April 2029. During the twenty-six weeks ended June 28, 2026, the Company executed a renewal to extend the lease term of certain finance leases related to equipment by 1.2 years. The extension was not previously considered reasonably certain and was accounted for as a lease modification in the first quarter of 2026. As a result, the Company remeasured the associated lease liabilities using an updated incremental borrowing rate of 5.91%. In addition the lease liabilities were remeasured with a corresponding adjustment to the right-of-use asset of $1.1 million.

In early 2025, the Company consolidated two of its distribution facilities by moving operations from its former distribution facility in Chico, California to its existing distribution facility in Ontario, California. During the twenty-six weeks ended June 29, 2025, the Company modified the terms and discount rate of two of its operating leases. As a result of the modification, the Company derecognized the related right-of-use asset and lease liability of $3.1 million and $3.2 million, respectively. The modification resulted in the recognition of a gain of $0.1 million.

As of June 28, 2026, the future minimum lease payments for the Company’s operating and finance leases for each of the fiscal years were as follows (in thousands):

Fiscal Year:	Operating Leases	Finance Leases	Total
2026 remaining 6 months	$ 3,424	$ 858	$ 4,282
2027	5,800	493	6,293
2028	5,640	13	5,653
2029	138	2	140
2030	54	—	54
Total undiscounted lease payments	15,056	1,366	16,422
Present value adjustment	(1,034)	(25)	(1,059)
Total lease liabilities	14,022	1,341	15,363
Less: lease liabilities, current	(5,944)	(1,315)	(7,259)
Lease liabilities, noncurrent	$ 8,078	$ 26	$ 8,104

Under the terms of the remaining lease agreements, the Company is also responsible for certain variable lease payments that are not included in the measurement of the lease liability, including non-lease components such as common area maintenance fees, taxes, and insurance.

7. Commitments and Contingencies

Litigation and Other

From time to time, the Company may be a party to litigation and subject to claims incurred in the ordinary course of business, including personal injury and indemnification claims, labor and employment claims, threatened claims, breach of contract claims, and other matters. The Company accrues a liability when management believes information available prior to the issuance of the condensed consolidated financial statements indicates it is probable a loss has been incurred as of the date of the condensed consolidated financial statements and the amount of loss can be reasonably estimated. The Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Legal costs are expensed as incurred. Although the results of litigation and claims are inherently unpredictable, management concluded that it was not probable that it had incurred a material loss during the periods presented related to such loss contingencies.

During the normal course of business, the Company may be a party to claims that are not covered by insurance. While the ultimate liability, if any, arising from these claims cannot be predicted with certainty, management does not believe that the resolution of any such claims would have a material adverse effect on the Company’s condensed consolidated financial statements. As of June 28, 2026, the Company was not aware of any currently pending legal matters or claims, individually or in the aggregate, that are expected to have a material adverse impact on its condensed consolidated financial statements.

Indemnification

The Company also maintains director and officer insurance, which may cover certain liabilities arising from its obligation to indemnify the Company’s directors and officers. To date, the Company has not incurred any material costs and has not accrued any liabilities in the condensed consolidated financial statements as a result of these provisions.

8. Stockholders’ Equity (Deficit)

Common Stock

Pursuant to the Company’s amended and restated certificate of incorporation, the Company is authorized to issue 15,000,000 shares of common stock having a par value of $0.001 per share. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company. Subject to the preferences that may be applicable to any outstanding share of preferred stock, the holders of common stock are entitled to receive dividends, if any, as may be declared by the Board of Directors. No dividends have been declared to date. As of June 28, 2026, the Company has reserved 10,760 shares of common stock for issuance upon the exercise of stock options, and 356,393 shares of common stock available for future issuance under the Lulu’s Fashion Lounge Holdings, Inc. Omnibus Equity Plan (the “Omnibus Equity Plan”), and 68,857 shares of common stock available for future issuance under the 2021 Employee Stock Purchase Plan (the “ESPP”), as adjusted on a retroactive basis for the Reverse Stock Split. Refer to "Reverse Stock Split" within this Note 8, *Stockholders’ Equity (Deficit)* for additional details. Both equity plans are further described below.

Preferred Stock

Pursuant to the Company’s Amended and Restated Certificate of Incorporation, the Company is authorized to issue 500,000 shares of preferred stock having a par value of $0.001 per share. The Company’s Board of Directors has the authority to issue preferred stock and to determine the rights, preferences, privileges, and restrictions, including voting rights, of those shares. As of June 28, 2026 and December 28, 2025, no shares of preferred stock were issued and outstanding.

Equity-Based Compensation

Omnibus Equity Plan and Employee Stock Purchase Plan

Under the Company’s Omnibus Equity Plan, incentive awards may be granted to employees, directors, and consultants of the Company. The Company initially reserved 247,933 shares of common stock, for future issuance under the Omnibus Equity Plan, including any shares subject to awards under the 2021 Equity Incentive Plan (the “2021 Equity Plan”) that are forfeited or lapse unexercised. The number of shares reserved for issuance under the Omnibus Equity Plan automatically increases on the first day of each fiscal year, starting in 2022 and continuing through 2031, by a number of shares equal to (a) 4% of the total number of shares of the Company’s common stock outstanding on the last day of the immediately preceding fiscal year or (b) such smaller number of shares as determined by the Company’s Board of Directors. The Company has registered shares issuable under the Omnibus Equity Plan pursuant to various Registration Statements on Form S-8.

Under the ESPP, the Company initially reserved 49,587 shares of common stock, for future issuance. The number of shares of common stock reserved for issuance automatically increases on the first day of each fiscal year beginning in 2022 and ending in 2031, by a number of shares equal to (a) 1% of the total number of shares of the Company’s common stock outstanding on the last day of the immediately preceding fiscal year or (b) such smaller number of shares as determined by the Company’s Board of Directors. The Company has registered shares issuable under the ESPP pursuant to various Registration Statements on Form S-8.

As of June 28, 2026, the Company had 356,393 shares and 68,857 shares available for issuance under the Omnibus Equity Plan and ESPP, respectively. The compensation committee of the Company's Board of Directors (the "Compensation Committee") administers the Omnibus Equity Plan and determines to whom awards will be granted, the exercise price of any options, the rates at which awards vest and the other terms and conditions of the awards granted under the Omnibus Equity Plan. The Compensation Committee may or may not issue the full number of shares that are reserved for issuance.

The Company's initial ESPP offering period commenced on August 26, 2022. The ESPP consists of consecutive, overlapping 12-month offering periods that begin on each August 26 and February 26 during the term of the ESPP, and end on each August 25 and February 25 occurring 12 months later, as applicable. Each offering period is comprised of two consecutive six-month purchase periods that begin on each August 26 and February 26 within each offering period and end on each February 25 and August 25, respectively, thereafter. The duration and timing of offering periods and purchase periods may be changed by the Company's Board of Directors or Compensation Committee at any time. The ESPP allows participants to purchase shares of the Company's common stock at a 15 percent discount from the lower of the Company's stock price on (i) the first day of the offering period or on (ii) the last day of the purchase period and includes a rollover mechanism for the purchase price if the stock price on the purchase date is less than the stock price on the offering date. The ESPP also allows participants to reduce their percentage election once during the offering period, but they cannot increase their election until the next offering period.

The Company recognizes equity-based compensation expense related to shares issued pursuant to the ESPP on a graded vesting approach over each offering period. For the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025, equity-based compensation expense related to our ESPP was immaterial. During the twenty-six weeks ended June 28, 2026 and June 29, 2025, the Company issued 5,822 shares and 3,951 shares, respectively, pursuant to the ESPP six-month purchase periods ended February 25, 2026 and February 25, 2025, respectively.

The Company used the Black-Scholes model to estimate the fair value of the purchase rights under the ESPP. For the thirteen weeks ended June 28, 2026, the Company utilized the following assumptions:

Expected term (in years)		0.50 to 1.00
Expected volatility		102.85 to 117.46 %
Risk-free interest rate		3.85 to 4.06 %
Dividend yield		-
Weighted-average fair value per share of ESPP awards granted	$	0.86 to 2.01

Equity-based compensation expense is included in general and administrative expenses in the condensed consolidated statements of operations and comprehensive loss.

LULU’S FASHION LOUNGE HOLDINGS, INC.

**Notes to Condensed Consolidated Financial Statements
(unaudited)**

2024 Stock Repurchase Program

On May 8, 2024, the Company announced that its Board of Directors authorized a stock repurchase program allowing the Company to repurchase up to an aggregate amount of $2.5 million of its shares of common stock (the "2024 Repurchase Program"). During the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025, no shares were repurchased pursuant to the Company’s 2024 Repurchase Program.

As of June 28, 2026, $1.1 million remained available under the 2024 Repurchase Program authorization. The actual timing, number, and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital. The 2024 Repurchase Program does not require the Company to purchase a minimum number of shares, and may be suspended, modified or discontinued at any time without prior notice.

Reverse Stock Split

On June 11, 2025, the Company’s Board of Directors approved a 1-for-15 reverse stock split (the “Reverse Stock Split”) of the Company’s common stock, par value $0.001 per share. On June 26, 2025, the Company filed a Certificate of Amendment to the Company’s amended and restated certificate of incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split. As a result, each stockholder of record on June 26, 2025 received one share of common stock for every fifteen shares held on the record date. No fractional shares were issued as a result of the Reverse Stock Split. Stockholders who otherwise would have been entitled to receive fractional shares because they held a number of shares of common stock not evenly divisible by the Reverse Stock Split ratio, received such number of shares of common stock rounded up to the nearest whole number. All share, equity award, and per share amounts presented herein have been retroactively adjusted to reflect this Reverse Stock Split, as applicable. The Reverse Stock Split was effective for purposes of trading on the Nasdaq Capital Market as of the opening of business on July 7, 2025.

2021 Equity Plan

During April 2021, the Company’s Board of Directors adopted the 2021 Equity Plan. The 2021 Equity Plan provided for the issuance of incentive stock options, restricted stock, restricted stock units and other equity-based and cash-based awards to the Company’s employees, directors, and consultants. The maximum aggregate number of shares reserved for issuance under the 2021 Equity Plan was 61,667 shares. The options outstanding under the 2021 Equity Plan expire ten years from the date of grant. The Company issues new shares of common stock to satisfy stock option exercises. In connection with the closing of the IPO, no further awards will be granted under the 2021 Equity Plan.

Stock Options

A summary of stock option activity, is as follows (in thousands, except per share amounts and years):

	Options Outstanding	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance as of December 28, 2025	10,760	$ 170.25	5.29	
Granted	—	—	—	
Forfeited	—	—	—	
Outstanding as of June 28, 2026	10,760	$ 170.25	5.04	
Exercisable as of June 28, 2026	10,760	$ 170.25	5.04	$ —
Vested and expected to vest as of June 28, 2026	10,760	$ 170.25	5.04	$ —

The Company had no equity-based compensation expense or unrecognized compensation cost related to stock options during the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025.

Restricted Stock Units (“RSUs”)

The Company recognized equity-based compensation expense of $0.6 million and $1.2 million during the thirteen and twenty-six weeks ended June 28, 2026 and $1.1 and $2.3 million during the thirteen and twenty-six weeks ended June 29, 2025, respectively, related to RSU awards granted to employees and directors during the period and prior periods. As of June 28, 2026, the unrecognized equity-based compensation expense is $1.6 million and will be recognized over a weighted-average period of 0.42 years.

The following table summarizes the roll forward of unvested RSUs during the thirteen weeks ended June 28, 2026:

	Unvested RSUs	Weighted-Average Fair Value per Share
Balance at December 28, 2025	107,137	$ 35.09
RSUs granted	34,837	16.28
RSUs vested	(62,693)	31.28
RSUs forfeited	(4,779)	31.35
Balance at June 28, 2026	74,502	$ 29.74

Performance Stock Units (“PSUs”)

The Company recognized equity-based compensation expense of less than $0.01 million and $0.1 million during the thirteen and twenty-six weeks ended June 28, 2026, respectively, and $0.1 million and $0.4 million during the thirteen and twenty-six weeks ended June 29, 2025, respectively, related to the PSUs granted to officers during the prior periods. As of June 28, 2026, the unrecognized equity-based compensation expense is $43.3 thousand for the financial milestones that were considered probable of achievement, which will be recognized over a weighted-average period of 2.03 years.

The following table summarizes the roll forward of unvested PSUs during the twenty-six weeks ended June 28, 2026:

	Unvested PSUs	Weighted-Average Fair Value per Share
Balance at December 28, 2025	160,772	$ 33.59
PSUs granted	—	—
PSUs vested	—	—
PSUs forfeited	—	—
Balance at June 28, 2026	160,772	$ 33.59

9. Income Taxes

All of the Company’s loss before income taxes is from the United States. The following table presents the components of the income tax benefit (provision) for income taxes (in thousands):

	Thirteen Weeks Ended	
	June 28, 2026	June 29, 2025
Loss before benefit (provision) for income taxes	$ (1,492)	$ (2,933)
Benefit (provision) for income taxes	9	(62)
Effective tax rate	(0.6)%	2.1 %

	Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025
Loss before provision for income taxes	$ (5,389)	$ (11,005)
(Provision) benefit for income taxes	(184)	12
Effective tax rate	3.4 %	(0.1)%

The Company’s benefit (provision) for income taxes during interim reporting periods has historically been calculated by applying an estimate of the annual effective tax rate for the full year to “ordinary” income or loss (pre-tax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period. However, for fiscal 2025, due to the uncertain and evolving impacts related to tariffs, the Company believed that using the year-to-date actual operating result was more reasonable. As such, beginning with the thirteen weeks ended March 30, 2025, the Company’s tax benefit for interim periods was determined using a discrete effective tax rate method, as allowed by ASC Topic 740-270, Income Taxes, Interim Reporting.

For fiscal 2026, the Company was able to provide a reasonable annual forecast. As such, beginning with the thirteen weeks ended June 28, 2026, the Company's tax provision for the interim period was determined using an estimated annual effective tax rate method, as the primary method for ASC Topic 740-270, Income Tax, Interim Reporting.

For the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025, the Company's effective tax rate differed from the federal income tax rate of 21% primarily due to the establishment or adjustment of a valuation allowance against its deferred taxes, as the Company could not provide sufficient positive evidence that the deferred tax assets (“DTAs”) will be more-likely-than-not realized in the future.

The Company regularly assesses the realizability of DTAs and records a valuation allowance to reduce the DTAs to the amount that is more likely than not to be realized. In assessing the realizability of our DTAs, we weigh all available positive and negative evidence. This evidence includes, but is not limited to, historical earnings, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Due to the weight of objectively verifiable negative evidence, the Company maintained a valuation allowance of $16.7 million as of December 28, 2025 and maintained the same position as of June 28, 2026.

10. Related Party Transactions

Significant Shareholder Relationships

The Company identified three shareholders with aggregate ownership interest in the Company greater than 10%. The Company reviewed the respective investment portfolio holdings of these shareholders and identified investments in other entities that the Company engages in business with. All of these business relationships were obtained without the support of these shareholders, and as such, are believed to be at terms comparable to those that would be obtained through arm’s length dealings with unrelated third parties.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

11. Segment Reporting

The Company identifies operating segments based on whether the Company's Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), regularly reviews operating results of particular components of the Company's activities and allocates resources and assesses performance based on those results.

The Company has one reportable segment related to the sale of merchandise directly to end customers. Neither sales to wholesale customers nor international customers are greater than 10% of total revenue, and therefore, neither requires separate disclosure as a reportable segment. All long-lived assets are located in the United States and substantially all revenue is attributable to customers based in the United States.

The measurement of segment assets is reported on the condensed consolidated balance sheet as total condensed consolidated assets. All assets, liabilities, cash flows, revenue and expenses are reported in the Company's one reportable segment. When evaluating the Company's financial performance and making strategic decisions, the CODM focuses their review of expenses incurred by the nature of those expenses.

The table below is a summary of the segment profit or loss, including significant segment expenses (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Net revenue	$ 67,807	$ 81,520	$ 125,338	$ 145,675
Less:				
Cost of revenue	34,852	44,588	66,435	82,902
Employee expenses (excluding equity-based compensation expense)	10,558	12,146	20,978	23,939
Equity-based compensation expense	628	1,282	1,345	2,756
Advertising expenses	14,399	17,582	24,520	29,590
Other net costs (1)	7,990	7,365	15,600	14,761
Depreciation and amortization (2)	570	634	1,153	1,299
Interest expense	302	856	696	1,433
Income tax provision (benefit)	(9)	62	184	(12)
Segment net loss	$ (1,483)	$ (2,995)	$ (5,573)	$ (10,993)

(1) Other net costs include professional services fees, other selling costs, other general and administrative costs, technology and software costs, facilities costs, interest income, non-operating income and expenses, and other immaterial expenses that do not align with the separately presented expense categories.

(2) Excludes depreciation expense related to distribution facilities recorded in cost of revenue.

12. Subsequent Events

Registration Statement on Form S-3

On July 2, 2026, the Company filed a Form S-3 universal shelf registration statement (the "Shelf Registration Statement") with the SEC, which was declared effective on July 14, 2026. The Shelf Registration Statement permits the Company to sell, in one or more public offerings, shares of its common stock, shares of its preferred stock, warrants, and units in an aggregate amount of up to $7.5 million, subject to limitations in accordance with General Instruction I.B.6 of Form S-3. In no event will the Company sell shares pursuant to this prospectus with a value of more than one-third of the aggregate market value of its common stock held by non-affiliates in any 12-month period, so long as the aggregate market value of its common stock held by non-affiliates is less than $75.0 million. The Company has not yet sold any securities under the Shelf Registration Statement. The Shelf Registration Statement will expire on July 14, 2029.

Nasdaq Listing Compliance Update

On July 6, 2026, the Company submitted a compliance plan (the "Compliance Plan") to the Nasdaq Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") to address its deficiency with the minimum amount of $2.5 million of stockholders' equity required for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(b)(1). Subsequently, on August 5, 2026, the Company received notice from Nasdaq confirming the Company had regained compliance with the Nasdaq continued listing requirements by satisfying the alternative market value of listed securities standard of at least $35 million set forth in Nasdaq Listing Rule 5550(b)(2) for ten consecutive business days. The Company's common stock continues to trade on the Nasdaq Capital Market under the symbol "LVLU".

Second Amendment to the 2025 Credit Agreement

On July 27, 2026, the Company entered into a Second Amendment to the 2025 Credit Agreement, which changes the earliest date the Borrowers can include an increased inventory formula into the revolver borrowing base from August 14, 2026 to July 21, 2026 (the "July 2026 Increased Inventory Availability Period"), provides that, on a going-forward basis after giving effect to the July 2026 Increased Inventory Availability Period, the increased inventory formula may be used once before June 30, 2027 and twice after June 30, 2027 through the third anniversary of the revolver closing date, and provides that during the July 2026 Increased Inventory Availability Period only, for purposes of determining increased reporting requirements, the excess revolver availability requirement is decreased from $5.0 million to $4.0 million. This Second Amendment gives the Borrowers increased flexibility in accessing borrowings and managing inventory levels. In connection with entering into the Second Amendment, the Borrowers paid an amendment fee of $10,000, as specified in the Second Amendment.

Equity Line of Credit

On August 11, 2026, the Company entered into a Purchase Agreement (the "Purchase Agreement") with ARC Group International Ltd. (the "Investor"), pursuant to which the Company has the right to sell to the Investor up to $4.5 million of shares of the Company's common stock subject to the terms and conditions set forth in the Purchase Agreement during a commitment period that will terminate on the earlier of the 36-month anniversary of the Purchase Agreement or the date the Investor has purchased shares equal to the full commitment amount. The purchase price per share will be based on a discount to the volume-weighted average price of the Company's common stock over specified pricing periods, and sales under the Purchase Agreement are subject to certain limitations as described in the Purchase Agreement. The Company retains full discretion over the timing and amount of any sales under the Purchase Agreement and there is no requirement that the Company sell any shares thereunder. Actual sales of shares of common stock to the Investor from time to time will depend on a variety of factors, including, without limitation, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. In connection with entering into the Purchase Agreement, the Company will issue to the Investor shares of common stock valued at $200,000 as a commitment fee. The Company intends to use any net proceeds from sales under the Purchase Agreement for working capital and other general corporate purposes. The Purchase Agreement also provides the Company with the option, following the termination of the Purchase Agreement upon either the conclusion of the commitment period or the Investor's purchase of shares equal to the full commitment amount, to enter into a subsequent purchase agreement with the Investor for up to an additional $5.5 million on substantially the same terms as the Purchase Agreement, provided that no commitment fee would be payable by the Company to the Investor under any such subsequent purchase agreement.

Approval of Cash Payment in lieu of the 2026 Annual RSU Awards

On June 3, 2026, the Compensation Committee of the Board of Directors (the “Compensation Committee”) approved a suspension of the 2026 annual awards of RSUs (the “2026 Annual RSU Awards”) to the Company’s independent directors valued at $100,000 pursuant to the Company’s Non-Employee Director Compensation Program, in order to avoid the potential dilutive impact to the Company’s outstanding shares of common stock. On July 30, 2026, after consulting with and receiving the recommendations of its independent compensation consultant, the Compensation Committee recommended and the Board of Directors approved a cash payment totaling $125,000 to each of the Company's independent directors as an alternative form of compensation in lieu of receiving the 2026 Annual RSU Awards. This cash payment will be payable in monthly installments retroactive to the date of the 2026 annual meeting of stockholders through the date of the 2027 annual meeting of stockholders, subject to each independent director’s continued service on the Board of Directors through each payment date.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 28, 2025, filed with the Securities and Exchange Commission ("SEC") on March 30, 2026 (the "2025 10-K"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors" in our 2025 10-K. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

Overview

Lulu's Fashion Lounge Holdings, Inc., a Delaware Corporation ("Lulus", "we", "our", or the "Company") is a women's clothing brand offering modern, feminine styles at accessible prices for every occasion. Our goal is to make every customer feel their most confident and beautiful for the moments that matter most. Lulus primarily serves a large, diverse community of Gen Z and Millennial women, who typically meet us in their 20s and stay with us through their 30s and beyond. We use direct customer feedback and insights to refine product offerings and elevate the customer experience. Lulus' world-class personal stylists, bridal concierge, and customer care team provide thoughtful, personalized service to shoppers around the world.

Recent Developments

New Corporate Headquarters Lease

Effective May 15, 2026, our new corporate headquarters relocated to a leased facility in Chico, California. Our prior corporate headquarters were also located in a different leased facility in Chico, California, and the lease agreement for that facility was terminated on May 31, 2026.

Amendments to our Certificate of Incorporation

On June 9, 2026, upon obtaining stockholder approval at the 2026 Annual Meeting, we filed with the Secretary of State of Delaware an amendment to our Certificate of Incorporation to decrease the number of authorized shares of our common stock from 250,000,000 to 15,000,000 and to decrease the number of authorized shares of our preferred stock from 10,000,000 to 500,000.

Additionally, on June 9, 2026, upon obtaining stockholder approval at the 2026 Annual Meeting, we filed with the Secretary of State of Delaware an amendment to our Certificate of Incorporation to provide exculpation to certain officers as permitted by amendments to the Delaware General Corporation Law.

Approval of Suspension of 2026 Annual RSU Awards and Cash Payment in Lieu Thereof

On June 3, 2026, the Compensation Committee approved suspending the 2026 Annual RSU Awards to the Company's independent directors valued at $100,000 pursuant to the Company's Non-Employee Director Compensation Program, in order to avoid the potential dilutive impact to the Company's outstanding shares of common stock.

On July 30, 2026, after consulting with and receiving the recommendations of its independent compensation consultant, the Compensation Committee recommended and the Board of Directors approved a cash payment totaling $125,000 to each of the Company's independent directors as an alternative form of compensation in lieu of receiving the 2026 Annual RSU Awards. This cash payment will be payable in monthly installments retroactive to the date of the 2026 annual meeting of stockholders and paid through the date of the 2027 annual meeting of stockholders, subject to each independent director's continued service on the Board of Directors through each payment date.

Registration Statement on Form S-3

On July 2, 2026, we filed a Shelf Registration Statement with the SEC, which was declared effective on July 14, 2026. The Shelf Registration Statement permits us to sell, in one or more public offerings, shares of our common stock, shares of preferred stock, warrants, and units in an aggregate amount of up to $7.5 million, subject to limitations in accordance with General Instruction I.B.6 of Form S-3. In no event will we sell shares pursuant to this prospectus with a value of more than one-third of the aggregate market value of our common stock held by non-affiliates in any 12-month period, so long as the aggregate market value of our common stock held by non-affiliates is less than $75.0 million. We have not yet sold any securities under the Shelf Registration Statement. The Shelf Registration Statement will expire on July 14, 2029.

Nasdaq Listing Compliance Update

On July 6, 2026, the Company submitted a compliance plan (the "Compliance Plan") to the Nasdaq Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") to address its deficiency with the minimum amount of $2.5 million of stockholders' equity required for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(b)(1). Subsequently, on August 5, 2026, the Company received notice from Nasdaq confirming the Company had regained compliance with the Nasdaq continued listing requirements by satisfying the alternative market value of listed securities standard of at least $35 million set forth in Nasdaq Listing Rule 5550(b)(2) for ten consecutive business days. The Company's common stock continues to trade on the Nasdaq Capital Market under the symbol "LVLU".

Special Committee of the Board of Directors

On July 13, 2026, we announced that the Board of Directors had formed a special committee of independent directors ("Special Committee") to evaluate strategic alternatives available to us to maximize stockholder value. These alternatives include a possible transaction involving the Company and continued execution of our standalone strategic plan. The Special Committee has retained Solomon Partners as its financial advisor and Willkie Farr & Gallagher LLP as its legal advisor to assist in connection with the strategic review process.

Second Amendment to the 2025 Credit Agreement

On July 27, 2026, the Company entered into a Second Amendment to the 2025 Credit Agreement, which changes the earliest date the Borrowers can include an increased inventory formula into the revolver borrowing base from August 14, 2026 to July 21, 2026 (the "July 2026 Increased Inventory Availability Period"), provides that, on a going-forward basis after giving effect to the July 2026 Increased Inventory Availability Period, the increased inventory formula may be used once before June 30, 2027 and twice after June 30, 2027 through the third anniversary of the revolver closing date, and provides that during the July 2026 Increased Inventory Availability Period only, for purposes of determining increased reporting requirements, the excess revolver availability requirement is decreased from $5.0 million to $4.0 million. This Second Amendment gives the Borrowers increased flexibility in accessing borrowings and managing inventory levels. In connection with entering into the Second Amendment, the Borrowers paid an amendment fee of $10,000, as specified in the Second Amendment.

Equity Line of Credit

On August 11, 2026, the Company entered into a Purchase Agreement (the "Purchase Agreement") with ARC Group International Ltd. (the "Investor"), pursuant to which the Company has the right to sell to the Investor up to $4.5 million of shares of the Company's common stock subject to the terms and conditions set forth in the Purchase Agreement during a commitment period that will terminate on the earlier of the 36-month anniversary of the Purchase Agreement or the date the Investor has purchased shares equal to the full commitment amount. The purchase price per share will be based on a discount to the volume-weighted average price of the Company's common stock over specified pricing periods, and sales under the Purchase Agreement are subject to certain limitations as described in the Purchase Agreement. The Company retains full discretion over the timing and amount of any sales under the Purchase Agreement and there is no requirement that the Company sell any shares thereunder. Actual sales of shares of common stock to the Investor from time to time will depend on a variety of factors, including, without limitation, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. In connection with entering into the Purchase Agreement, the Company will issue to the Investor shares of common stock valued at $200,000 as a commitment fee. The Company intends to use any net proceeds from sales under the Purchase Agreement for working capital and other general corporate purposes. The Purchase Agreement also provides the Company with the option, following the termination of the Purchase Agreement upon either the conclusion of the commitment period or the Investor's purchase of shares equal to the full commitment amount, to enter into a subsequent purchase agreement with the Investor for up to an additional $5.5 million on substantially the same terms as the Purchase Agreement, provided that no commitment fee would be payable by the Company to the Investor under any such subsequent purchase agreement.

Impact of Macroeconomic Trends on Business

Changing macroeconomic factors, including inflation, interest rates, tariffs or bans, world events, wars and domestic and international conflicts, existing and future laws, regulations and directives and executive orders, and overall consumer confidence with respect to current and future economic conditions have directly impacted our sales as discretionary consumer spending levels and shopping behavior fluctuate with these factors. We have responded to these factors by taking appropriate pricing, promotional and other actions to stimulate customer demand. These factors are expected to continue to have an impact on our business, results of operations, our growth and financial condition.

Liquidity

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The primary sources of funds for our business activities are cash flows from operations and cash available under the Loan and Security Agreement with White Oak Commercial Finance, LLC, as amended (the "2025 Credit Agreement"). We believe the cash on hand, cash provided by operations and cash available under the 2025 Credit Agreement will enable us to meet our obligations for at least the next 12 months. For further information on the 2025 Credit Agreement, see Note 5, *Debt*.

Key Operating and Financial Metrics

We collect and analyze operating and financial data to assess the performance of our business and optimize resource allocation. The following table sets forth our key performance indicators for the periods presented (in thousands, except for percentages) and Average Order Value (defined below).

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(in thousands, except percentages and Average Order Value)			
Gross Margin	48.6 %	45.3 %	47.0 %	43.1 %
Net loss and comprehensive loss	$ (1,483)	$ (2,995)	$ (5,573)	$ (10,993)
Adjusted EBITDA (1)	$ 984	$ 482	$ (541)	$ (4,188)
Adjusted EBITDA Margin (1)	1.5 %	0.6 %	(0.4)%	(2.9)%
Active Customers	2,153	2,460	2,153	2,460
Average Order Value	$ 147	$ 145	$ 142	$ 141

(1) For a reconciliation of net loss and net loss margin to non-GAAP Adjusted EBITDA and Adjusted EBITDA Margin for the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025, and why we consider non-GAAP financial measures useful, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Gross Margin

We define Gross Margin as gross profit as a percentage of our net revenue. Gross profit is equal to our net revenue less cost of revenue. Certain of our competitors and other retailers may report cost of revenue differently than we do. As a result, the reporting of our gross profit and Gross Margin may not be comparable to other companies.

Active Customers

We define Active Customers as the number of customers who have made at least one purchase across our platform in the prior 12-month period. Active Customer count is measured as of the last day of the relevant period. We consider the number of Active Customers to be a key performance metric on the basis that it is directly related to consumer awareness of our brand, our ability to attract visitors to our primarily digital platform, and our ability to convert visitors to paying customers. Active Customers counts are based on deduplication logic using customer account and guest checkout name, address, and email information.

Average Order Value

We define Average Order Value ("AOV") as the sum of the total gross sales before returns across our platform in a given period, plus shipping revenue, less discounts and markdowns, divided by the Total Orders Placed (as defined below) in that period. AOV reflects the average basket size of our customers. AOV may fluctuate as we continue investing in the development and introduction of new Lulus' merchandise and as a result of our promotional discount activity.

Total Orders Placed

We define Total Orders Placed as the number of customer orders placed across our platform during a particular period. An order is counted on the day the customer places the order. We do not adjust the number of Total Orders Placed for any cancellation or return that may have occurred subsequent to a customer placing an order. Total Orders Placed, together with AOV, is an indicator of the net revenue we expect to generate in a particular period.

Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles in the U.S. ("GAAP"). However, management believes that certain non-GAAP financial measures provide investors with additional useful information in evaluating our performance and that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net loss provides useful supplemental measures that assist in evaluating our ability to generate earnings and to more readily compare these metrics between past and future periods. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss) before interest expense, income taxes or benefit, depreciation and amortization adjusted to exclude the effects of equity-based compensation expense and other non-routine expenses. Adjusted EBITDA is a key measure used by management to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA facilitates operating performance comparisons on a period-to-period basis and, in the case of exclusion of the impact of equity-based compensation, excludes items that we do not consider to be indicative of our core operating performance. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors and others in understanding and evaluating our operating results and in comparing operating results across periods.

To supplement our audited consolidated financial statements which are prepared in accordance with GAAP, we use "Adjusted EBITDA" and "Adjusted EBITDA Margin" (collectively referred to as "Adjusted EBITDA") which are non-GAAP financial measures. Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures. Some of these limitations include:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect our tax expense or the cash requirements to pay our taxes;
- Adjusted EBITDA does not reflect certain non-routine expenses that may represent a reduction in cash available to us;
- Adjusted EBITDA excludes equity-based compensation which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, Adjusted EBITDA and Adjusted EBITDA Margin should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only supplementally. As noted in the table below, Adjusted EBITDA includes adjustments to exclude the impact of depreciation and amortization, interest expense, income taxes, equity-based compensation and goodwill impairment. It is reasonable to expect that some of these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our business and may complicate comparisons of our internal results of operations and results of operations of other companies over time. In addition, Adjusted EBITDA includes adjustments for other items that we do not expect to regularly record. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the following reconciliation table help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations. Adjusted EBITDA Margin is a non-GAAP financial measure that we calculate as Adjusted EBITDA (as defined above) as a percentage of our net revenue.

The following table provides a reconciliation for Adjusted EBITDA and Adjusted EBITDA Margin:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(in thousands)		(in thousands)	
Net loss and comprehensive loss	$ (1,483)	$ (2,995)	$ (5,573)	$ (10,993)
Depreciation and amortization	1,012	1,277	2,125	2,628
Interest expense	302	856	696	1,433
Income tax provision (benefit)	(9)	62	184	(12)
Equity-based compensation expense (1)	628	1,282	1,345	2,756
Other non-routine expense (2)	534	—	682	—
Adjusted EBITDA	$ 984	$ 482	$ (541)	$ (4,188)
Net loss margin	(2.2)%	(3.7)%	(4.4)%	(7.5)%
Adjusted EBITDA Margin	1.5 %	0.6 %	(0.4)%	(2.9)%

(1) The thirteen and twenty-six weeks ended June 28, 2026 include equity-based compensation expense for performance stock units (“PSUs”) granted during prior periods and restricted stock units (“RSUs”) granted during the period and prior periods. The thirteen and twenty-six weeks ended June 29, 2025 include equity-based compensation expense for PSUs and RSUs granted during the period and prior periods.

(2) The thirteen and twenty-six weeks ended June 28, 2026 include primarily fees related to the Special Committee.

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that we calculate as net cash provided by operating activities less cash used for capitalized software development costs and purchases of property and equipment. We view Free Cash Flow as an important indicator of our liquidity because it measures the amount of cash we generate.

A reconciliation to non-GAAP Free Cash Flow from net cash provided by operating activities for the thirteen and twenty-six weeks ended June 28, 2026 and June 29, 2025 is as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(in thousands)			
Net cash provided by (used in) operating activities	$ 586	$ (1,356)	$ 7,486	$ 6,966
Capitalized software development costs	(357)	(383)	(711)	(810)
Purchases of property and equipment	(86)	(136)	(132)	(276)
Free Cash Flow	$ 143	$ (1,875)	$ 6,643	$ 5,880

Factors Affecting Our Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors that present significant opportunities for us but also pose risks and challenges, including what is discussed below. See Part I, Item 1A, "Risk Factors" in our 2025 10-K.

Customer Acquisition

Our business performance depends in part on our continued ability to cost-effectively acquire new customers. We define customer acquisition cost ("CAC") as our brand and performance marketing expenses attributable to acquiring new customers, including, but not limited to, agency costs and marketing team costs but excluding any applicable equity-based compensation, divided by the number of customers who placed their first order with us in a given period. As a primarily digital brand, our marketing strategy is primarily focused on brand awareness marketing and digital advertising in channels like search, social, and programmatic – platforms that enable us to engage our customer where she spends her time, and in many cases also quickly track the success of our marketing, which allows us to adjust and optimize our marketing spend.

Customer Retention

Our continued success depends in part on our ability to retain and drive repeat purchases from our existing customers. We monitor retention across our entire customer base. Our goal is to attract and convert visitors into Active Customers and foster relationships that drive repeat purchases. During the trailing 12 months ended June 28, 2026, we served 2.2 million Active Customers compared to 2.5 million for the trailing 12 months ended June 29, 2025.

Inventory Management

We utilize a data-driven strategy that leverages our proprietary reorder algorithm to manage inventory as efficiently as possible. Our "test, learn, and reorder" approach consists of limited inventory purchases followed by the analysis of proprietary data including real-time transaction data and customer feedback, which then informs our selection and customization of popular merchandise prior to reordering in larger quantities. While our initial orders are limited in size and financial risk and our supplier partners are highly responsive, we nonetheless purchase inventory in anticipation of future demand and therefore are exposed to potential shifts in customer preferences and price sensitivity over time. We will continue to adjust our inventory purchases to align with the current needs of the business.

Investment in Our Operations and Infrastructure

We will continue to invest in our operations and infrastructure to facilitate further operational efficiencies and growth of our business, while managing expenses to align with our net revenue expectations and goals to return to profitability. We will continue to carefully evaluate any new investments or capital spending initiatives as we believe that a disciplined approach to capital spending will enable us to generate positive returns on our investments over the long term.

Components of Our Results of Operations

Net Revenue

Net revenue consists primarily of gross sales, net of merchandise returns, international duties and taxes and promotional discounts and markdowns, generated from the sale of apparel, footwear, and accessories. Net revenue excludes sales taxes assessed by governmental authorities. We recognize net revenue at the point in time when control of the ordered product is transferred to the customer, which we generally determine to have occurred upon shipment.

Cost of Revenue and Gross Profit

Cost of revenue consists of the product costs of merchandise sold to customers; shipping and handling costs, including all inbound, outbound, and return shipping expenses; rent, insurance, business property tax, utilities, depreciation and amortization, and repairs and maintenance related to our distribution facilities; and charges related to inventory shrinkage, damages, and our allowance for excess or obsolete inventory. Cost of revenue is primarily driven by the orders placed by customers, the mix of the product available for sale on our site, and transportation costs related to inventory receipts from our suppliers. We expect our cost of revenue to fluctuate as a percentage of net revenue primarily due to how we manage our inventory and merchandise mix.

Gross profit is equal to our net revenue less cost of revenue. We calculate Gross Margin as gross profit as a percentage of our net revenue. Our Gross Margin varies across Lulus, exclusive to Lulus, and third-party branded products. Exclusive to Lulus consists of products that we develop with design partners and have exclusive rights to sell across our platform, but that do not bear the Lulus brand. Gross Margin on sales of Lulus and exclusive to Lulus merchandise is generally higher than Gross Margin on sales of third-party branded products, which we offer for customers to “round out” the shopping basket. As we continue to optimize our distribution capabilities and gain more negotiation leverage with suppliers, our Gross Margin may fluctuate from period to period depending on the interplay of these factors.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of payment processing fees, advertising, targeted online performance marketing and customer order courtesy adjustments. Selling and marketing expenses also include our spend on brand marketing channels, including compensation and free products to social media influencers, events, and other forms of online and offline marketing related to growing and retaining the customer base. As discussed in “Net Revenue” above, in any given period, the amount of our selling and marketing expense can be affected by the use of promotional discounts in such period.

General and Administrative Expenses

General and administrative expenses consist primarily of fixed and variable labor payroll and benefits costs, including equity-based compensation for our employees involved in general corporate functions including finance, merchandising, marketing, and technology, as well as costs associated with the use by these functions of facilities and equipment, including depreciation and amortization, rent and other occupancy expenses. General and administrative expenses are primarily driven by headcount related costs required to support our business and meet our obligations as a public company.

Interest Expense

Interest expense consists of interest expense related to the prior credit agreement with Bank of America (the "Prior Credit Agreement") and the 2025 Credit Agreement.

Benefit (Provision) for Income Taxes

The benefit (provision) for income taxes represents federal, state, and local income taxes. The effective rate differs from the statutory rate primarily due to non-deductible equity-based compensation expenses, non-deductible officer compensation, valuation allowance and state taxes. Our effective tax rate will change from quarter to quarter based on recurring and nonrecurring factors including, but not limited to, the geographical mix of earnings, enacted tax legislation, state and local income taxes, the impact of permanent tax adjustments, tax audit settlements, and the interaction of various tax strategies.

We regularly assess the realizability of deferred tax assets ("DTAs") and record a valuation allowance to reduce the DTAs to the amount that is more likely than not to be realized. In assessing the realizability of our DTAs, we weigh all available positive and negative evidence. This evidence includes, but is not limited to, historical earnings, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Due to the weight of objectively verifiable negative evidence, we maintained a valuation allowance as of December 28, 2025 of $16.7 million and continued to maintain the same position as of June 28, 2026.

Our Results of Operations

The following tables set forth our condensed consolidated results of operations for the periods presented and as a percentage of net revenue:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
	(in thousands)			
Net revenue	$ 67,807	$ 81,520	$ 125,338	$ 145,675
Cost of revenue	34,852	44,588	66,435	82,902
Gross profit	32,955	36,932	58,903	62,773
Selling and marketing expenses	18,381	21,993	32,418	37,908
General and administrative expenses	15,818	17,562	31,276	35,606
Loss from operations	(1,244)	(2,623)	(4,791)	(10,741)
Interest expense	(302)	(856)	(696)	(1,433)
Other income, net	54	546	98	1,169
Loss before benefit (provision) for income taxes	(1,492)	(2,933)	(5,389)	(11,005)
Income tax benefit (provision)	9	(62)	(184)	12
Net loss and comprehensive loss	$ (1,483)	$ (2,995)	$ (5,573)	$ (10,993)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025	June 28, 2026	June 29, 2025
Net revenue	100 %	100 %	100 %	100 %
Cost of revenue	51	55	53	57
Gross profit	49	45	47	43
Selling and marketing expenses	27	26	26	26
General and administrative expenses	23	22	25	24
Loss from operations	(2)	(3)	(4)	(7)
Interest expense	—	(1)	(1)	(1)
Other income, net	—	1	1	1
Loss before benefit (provision) for income taxes	(2)	(3)	(4)	(7)
Income tax benefit (provision)	—	—	—	—
Net loss and comprehensive loss	(2)%	(3)%	(4)%	(7)%

Comparisons for the Thirteen Weeks ended June 28, 2026 and June 29, 2025

Net Revenue

Net revenue decreased in the thirteen weeks ended June 28, 2026 by $13.7 million, or 17%, compared to the same period of the prior year, primarily due to a 17% decrease in Total Orders Placed partially offset by the impact of higher AOV and an increase in wholesale revenue.

Cost of Revenue

Cost of revenue decreased in the thirteen weeks ended June 28, 2026 by $9.7 million, or 22%, compared to the same period of the prior year, primarily driven by reduced sales volume in addition to freight cost savings due to improved shipping rates.

Gross Profit

Gross profit decreased in the thirteen weeks ended June 28, 2026 by $4.0 million, or 11%, compared to the same period of the prior year even though revenues declined by 17%, reflecting the improvement in gross margins to 48.6% versus 45.3% in the prior year from a mix shift to higher margin products combined with freight cost savings due to improved shipping rates.

Selling and Marketing Expenses

Selling and marketing expenses, which are correlated to sales, decreased in the thirteen weeks ended June 28, 2026 by $3.6 million, or 16%, compared to the same period of the prior year, primarily due to lower marketing costs of $3.3 million and merchant processing fees of $0.4 million.

General and Administrative Expenses

General and administrative expenses decreased in the thirteen weeks ended June 28, 2026 by $1.7 million or 10%, compared to the same period of the prior year. The decrease was primarily due to a $0.8 million decrease in variable labor and benefits associated with lower sales volume, a $0.7 million decrease in equity-based compensation expense, and a $0.6 million decrease in fixed labor and benefits costs driven by reduced fixed headcount, partially offset by a $0.5 million increase in other general and administrative expenses.

Interest Expense

Interest expense decreased in the thirteen weeks ended June 28, 2026, by $0.6 million, or 65%, compared to the same period of the prior year. Interest expense in the prior year included $0.3 million in fees related to amendments to our Prior Credit Agreement. Excluding the impact of these non-recurring fees, interest expense increased modestly primarily due to higher average borrowings and higher interest rate.

Income Tax Benefit (Provision)

Income tax benefit in the thirteen weeks ended June 28, 2026 decreased by $0.1 million to a benefit of $9 thousand, compared to a provision of $0.1 million in the thirteen weeks ended June 29, 2025.

Comparisons for the Twenty-Six Weeks ended June 28, 2026 and June 29, 2025

Net Revenue

Net revenue decreased in the twenty-six weeks ended June 28, 2026 by $20.3 million, or 14%, compared to the same period of the prior year, primarily due to a 16% decrease in Total Orders Placed partially offset by the impact of higher AOV and an increase in wholesale revenue.

Cost of Revenue

Cost of revenue decreased in the twenty-six weeks ended June 28, 2026 by $16.5 million, or 20% compared to the same period of the prior year, primarily driven by reduced sales volume in addition to freight cost savings due to improved shipping rates.

Gross Profit

Gross profit decreased in the twenty-six weeks ended June 28, 2026 by $3.9 million, or 6% compared to the same period of the prior year even though revenues declined by 14%, reflecting the improvement in gross margins to 47.0% versus 43.1% in the prior year from a mix shift to higher margin products combined with freight cost savings due to improved shipping rates.

Selling and Marketing Expenses

Selling and marketing expenses, which are correlated to sales, decreased in the twenty-six weeks ended June 28, 2026 by $5.5 million, or 14%, compared to the same period of the prior year, primarily due to lower marketing costs of $5.3 million and merchant processing fees of $0.6 million, offset by $0.5 million of other selling expenses.

General and Administrative Expenses

General and administrative expenses decreased in the twenty-six weeks ended June 28, 2026 by $4.3 million or 12%, compared to the same period of the prior year. The decrease was primarily due to a $1.8 million decrease in variable labor and benefits associated with lower sales volume and productivity enhancements, a $1.4 million decrease in equity-based compensation expense, and a $1.2 million decrease in fixed labor and benefits costs driven by reduced fixed headcount, partially offset by a $0.1 million increase in other general and administrative expenses.

Interest Expense

Interest expense decreased in the twenty-six weeks ended June 28, 2026, by $0.7 million, or 51%, compared to the same period of the prior year. Interest expense in the prior year included $0.6 million in fees related to amendments to our Prior Credit Agreement. Excluding the impact of these non-recurring fees, interest expense increased modestly primarily due to higher average borrowings and higher interest rate.

Income Tax Benefit (Provision)

Income tax provision in the twenty-six weeks ended June 28, 2026 increased by $0.2 million to a provision of $0.2 million, compared to a benefit of $12 thousand in the twenty-six weeks ended June 29, 2025. The increase was primarily due to state income taxes and deferred taxes relating to the annual tax amortization expense on certain indefinite-lived intangible assets.

Quarterly Trends and Seasonality

We experience moderate seasonal fluctuations in aggregate sales volume during the year. Seasonality in our business does not follow that of traditional retailers, such as a typical concentration of revenue in the holiday quarter. Our net revenue is typically highest in the second and third quarters due to the increased demand for event dresses in the spring and summer. Net revenue is typically the lowest in the first and fourth quarters when event dresses are less in demand. The seasonality of our business has resulted in variability in our total net revenue quarter-to-quarter. We believe that this seasonality has affected and will continue to affect our results of operations.

While our quarterly gross profit generally fluctuates in line with our net revenue, it is also based on how we manage our inventory and merchandise mix and can be further affected by non-recurring, external factors, such as global pandemics or trade wars.

Selling and marketing expenses generally fluctuate with net revenue. Further, in any given period, the amount of our selling and marketing expense can be affected by the use of promotional discounts in such period. In addition, we may increase or decrease marketing spend to assist with optimizing inventory mix and quantities.

General and administrative expenses consist primarily of payroll and benefit costs and vary quarter to quarter as we manage distribution center labor to meet the demand based on our seasonality and the changes in the number of short term workers to meet demand based on our seasonality.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash generated from operating activities and borrowings under our 2025 Credit Agreement. Our primary requirements for liquidity and capital are inventory purchases, payroll and general operating expenses, capital expenditures associated with our distribution facilities, capitalized software and debt service requirements.

Credit Facility

On November 15, 2021, we entered into a Credit Agreement with Bank of America (the “lender”) for a revolving facility that provided for borrowings up to $50.0 million with a maturity date of November 15, 2024. The Prior Credit Agreement was amended subsequently by five amendments which modified a number of terms, including extending the maturity date to August 22, 2025, reducing and ultimately prohibiting further borrowings, revising the applicable interest rates, revising or providing limited waivers of compliance with certain financial covenants, and adding covenants related to achieving a refinancing transaction. The Prior Credit Agreement was satisfied in full and terminated upon entry into the 2025 Credit Agreement described below.

On August 14, 2025, we entered into the 2025 Credit Agreement for an asset-based revolving credit facility with a $20.0 million commitment, a $5.0 million uncommitted accordion and a $1.0 million sublimit for letters of credit. The amount that the Borrowers may borrow under the 2025 Credit Agreement is tied to our borrowing base calculated based on advance rates for various assets serving as collateral for the 2025 Credit Agreement. The 2025 Credit Agreement provides that at two times during each year (counted from the anniversary date of the Credit Agreement), the borrowers may elect to include an increased inventory formula into the borrowing base, giving them access to more loan availability than under the standard borrowing base calculation. As originally executed, the 2025 Credit Agreement provided for an initial increased inventory availability period beginning in November 2025 and ending in February 2026 and permitted the Borrowers to elect up to two additional 60-day periods during each of the second and third 12-month periods following the closing date. Borrowings under the 2025 Credit Agreement bear interest at a rate equal to the 30-day SOFR rate plus 3.95%. The 2025 Credit Agreement is secured by a first-priority security interest in and lien upon all tangible and intangible personal property of the Borrowers now owned or acquired in the future. The 2025 Credit Agreement includes covenants that limit the Borrowers' ability to incur indebtedness, to create liens or other encumbrances, to make certain payments and investments, to engage in transactions with affiliates, to guarantee indebtedness and to sell or otherwise dispose of assets and merge or consolidate with other entities. The 2025 Credit Agreement also includes a financial covenant of the greater of $4 million or 20% of the total commitment in minimum excess availability under the 2025 Credit Agreement, and additional reporting requirements when excess availability is less than $5 million. It also requires us to maintain lockbox accounts and cash management arrangements under the control of the Administrative Agent, who has full dominion and control over each Collection Account and all Deposit Accounts (except Excluded Accounts). Outstanding borrowings are classified as current liabilities, however, the 2025 Credit Agreement does not mature until August 14, 2028.

On October 28, 2025, we entered into an amendment to the 2025 Credit Agreement, which clarified the terms related to the manner in which interest is calculated, provides us greater flexibility with respect to the location of our corporate headquarters and extends the amount of time to produce our borrowing base reports.

On July 27, 2026, the Company entered into the Second Amendment, which changes the earliest date the Borrowers can include an increased inventory formula into the revolver borrowing base from August 14, 2026 to July 21, 2026 (the "July 2026 Increased Inventory Availability Period"), provides that, on a going-forward basis after giving effect to the July 2026 Increased Inventory Availability Period, the increased inventory formula may be used once before June 30, 2027 and twice after June 30, 2027 through the third anniversary of the revolver closing date, and provides that during the July 2026 Increased Inventory Availability Period only, for purposes of determining increased reporting requirements, the excess revolver availability requirement is decreased from $5.0 million to $4.0 million. This Second Amendment gives the Borrowers increased flexibility in accessing borrowings and managing inventory levels. In connection with entering into the Second Amendment, the Borrowers paid an amendment fee of $10,000, as specified in the Second Amendment.

The initial funding of the 2025 Credit Agreement occurred on August 14, 2025, and the proceeds were used in part to repay approximately $6.0 million outstanding under the Prior Credit Agreement. In connection with entering into the 2025 Credit Agreement and the repayment in full of all outstanding obligations under the Prior Credit Agreement, the Prior Credit Agreement and the related forbearance agreement and amendments with Bank of America, were terminated.

As of June 28, 2026, the outstanding borrowing under the 2025 Credit Agreement was $10.1 million in addition to a $0.3 million letter of credit outstanding. After giving effect to the Second Amendment, the excess availability covenant and the outstanding letter of credit, the unused availability was $1.6 million. During the twenty-six weeks ended June 28, 2026, we borrowed $125.8 million and repaid $130.1 million under the 2025 Credit Agreement and borrowings had a weighted average interest rate of 10.4% inclusive of amortization of debt issuance cost.

Availability and Use of Cash

As of June 28, 2026, we had cash and cash equivalents of $4.1 million. During the thirteen and twenty-six weeks ended June 28, 2026, we benefited from cost reduction and cash conservation measures, including headcount reductions, reduced inventory purchases, adjustments to marketing spend and other fixed, variable, and capital spend. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The primary sources of funds for our business activities are cash flows from operations and our 2025 Credit Agreement. We believe the cash on hand, cash provided by operations and cash available under the 2025 Credit Agreement will enable us to meet our obligations for at least the next 12 months. For further information on the 2025 Credit Agreement, see Note 5, *Debt*. Actual results of operations will depend on numerous factors, many of which are beyond our control, as further discussed in Part I, Item 1A, "Risk Factors" included in our 2025 10-K.

Repurchases Pursuant to the 2024 Repurchase Program

On May 8, 2024, we announced that our Board of Directors authorized a stock repurchase program to repurchase up to $2.5 million of our common stock (the "2024 Repurchase Program"). During the thirteen and twenty-six weeks ended June 28, 2026, no shares were repurchased pursuant to the Company's 2024 Repurchase Program. As of June 28, 2026, there was $1.1 million available under the 2024 Repurchase Program authorization.

The actual timing, number, and value of shares repurchased in the future will be determined at our discretion and will continue to depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital. Repurchases will continue to be funded from our existing cash and cash equivalents, or future cash flow. The 2024 Repurchase Program may be modified, suspended, or terminated at any time. For further information on the 2024 Repurchase Program, see Note 8, *Stockholders' Equity (Deficit)*, of the accompanying notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flow Analysis

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

	Twenty-Six Weeks Ended	
	June 28, 2026	June 29, 2025
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 7,486	$ 6,966
Investing activities	(843)	(1,053)
Financing activities	(5,181)	(8,839)
Net increase in cash and cash equivalents	$ 1,462	$ (2,926)

Operating Activities

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

During the twenty-six weeks ended June 28, 2026, net cash provided by operating activities was $7.5 million, which consisted of a net loss of $5.6 million, partially offset by non-cash charges of $5.8 million and a net change of $7.3 million in operating assets and liabilities. The non-cash charges were primarily comprised of $2.1 million of depreciation and amortization, $2.3 million of non-cash lease expense and $1.3 million of equity-based compensation expense. The net change in operating assets and liabilities was primarily driven by a $9.1 million increase in accounts payable due to timing of payments and purchases and a $3.8 million decrease in inventories primarily due to inventory optimization plan. These increases were partially offset by a $2.4 million decrease in lease liabilities, a $1.6 million decrease in accrued expenses and other current liabilities, a $1.4 million increase in assets for recovery, and a $1.0 million increase in accounts receivable pertaining to timing-related increase in higher credit card receivables.

During the twenty-six weeks ended June 29, 2025, net cash provided by operating activities was $7.0 million, which consisted of a net loss of $11.0 million, partially offset by non-cash charges of $7.7 million and a net change of $10.3 million in operating assets and liabilities. The non-cash charges were primarily comprised of $2.8 million of equity-based compensation expense, $2.6 million of depreciation and amortization, and $2.3 million of non-cash lease expense. The net change in operating assets and liabilities was primarily driven by a $20.5 million increase in accrued expenses driven by an increase in marketing costs, accrued inventory and returns reserve; and a $3.0 million decrease in income tax receivable due to the receipt of state income tax refunds. These increases were partially offset by a $4.6 million decrease in accounts payable related to the timing of payments, a $3.3 million increase in inventory, and a $2.3 million decrease in operating lease liabilities.

Investing Activities

Our primary investing activities have consisted of purchases of equipment to support our business operations and internally developed software for the continued development of our proprietary technology infrastructure. Purchases of property and equipment may vary from period to period due to the timing of the expansion or contraction of our operations. We have no material commitments for capital expenditures.

During the twenty-six weeks ended June 28, 2026, net cash used in investing activities related to the purchase of capitalized software and property and equipment was $0.8 million, as compared to $1.1 million during the twenty-six weeks ended June 29, 2025.

Financing Activities

Financing activities consist primarily of borrowings and repayments related to our revolving facility under our Prior Credit Agreement and 2025 Credit Agreement.

During the twenty-six weeks ended June 28, 2026, cash used in financing activities was $5.2 million, primarily due to $130.1 million of repayments under our 2025 Credit Agreement, $0.6 million of principal payments on finance lease obligations and $0.3 million for withholding tax payments related to vesting of RSUs, partially offset by $125.8 million proceeds from borrowings under our 2025 Credit Agreement.

During the twenty-six weeks ended June 29, 2025, cash used in financing activities was $8.8 million, primarily due to $7.3 million of repayments under our Prior Credit Agreement, $0.7 million used in the repurchase of our common stock, and $0.6 million of principal payments on finance lease obligations.

Contractual Obligations and Other Commitments

There have been no other material changes to our contractual obligations and commitments as disclosed in our 2025 10-K.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Our critical accounting policies are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” in our 2025 10-K and the notes to the audited consolidated financial statements appearing elsewhere in our 2025 10-K. There have been no significant changes to our critical accounting policies and estimates as disclosed in our 2025 10-K.

Recent Accounting Pronouncements

See Note 2, *Significant Accounting Policies - Recently Issued Accounting Pronouncements*, in the Notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial position and our results of operations.

JOBS Act Accounting Election

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in our exposure to market risk from that discussed in our 2025 10-K.

Item 4. Controls and Procedures.

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer and principal accounting officer), evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 28, 2026, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 28, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are from time to time subject to various legal proceedings and claims, including employment claims, wage and hour claims, intellectual property claims, contractual and commercial disputes and other matters that arise in the ordinary course of our business. While the outcome of these and other claims cannot be predicted with certainty, we do not believe that the outcome of these matters will have a material adverse effect on our business, financial condition, cash flows, or results of operations. We are not presently a party to any legal proceedings that we believe would, if determined adversely to us, materially and adversely affect our future business, financial condition, cash flows, or results of operations.

Item 1A. Risk Factors.

For detailed information about certain risk factors that could materially affect our business, financial condition or future results see "Risk Factors" in Part I, Item 1A of our 2025 10-K. There have been no material changes to the risk factors previously disclosed in the 2025 10-K, except for the following risk factors that have been modified from the risk factors presented in the 2025 10-K.

We are required to meet the Nasdaq Capital Market's continued listing requirements and other Nasdaq rules, or we may risk delisting. Delisting could negatively affect the price of our common stock, which could make it more difficult for us to sell securities in a future financing or for stockholders to sell our common stock.

We previously failed to meet the continued listing requirements of the Nasdaq Global Market under Nasdaq rules in 2025, but we subsequently moved to the Nasdaq Capital Market and regained compliance. Most recently, we received a deficiency letter from Nasdaq on May 21, 2026 identifying that we were not in compliance with the minimum $2.5 million of stockholders' equity requirement for continued listing on the Nasdaq Capital Market. On July 6, 2026, we submitted a Compliance Plan to Nasdaq to address such deficiency. Subsequently, on August 5, 2026, we received notice from Nasdaq confirming we had regained compliance with the Nasdaq continued listing requirements by satisfying the alternative market value of listed securities standard of at least $35 million set forth in Nasdaq Listing Rule 5550(b)(2) for ten consecutive business days.

While we are currently in compliance with the continued listing requirements of the Nasdaq Capital Market, there can be no guarantee that we will be able to maintain compliance with these requirements in the future. If we are unable to maintain compliance with the continued listing requirements of the Nasdaq Capital Market in the future, our common stock could be delisted.

If our common stock is delisted from Nasdaq, we and our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our shares;
- reduced liquidity for our shares;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our shares;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We may require additional capital to support business growth and this capital might not be available or may be available only by diluting existing stockholders.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, stockholders may experience significant dilution of their ownership interests. If we raise additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions.

On August 11, 2026, we entered into the Purchase Agreement with the Investor pursuant to which we have the right but not the obligation to sell to the Investor up to $4.5 million of shares of the Company's common stock subject to the terms and conditions set forth in the Purchase Agreement. The purchase price per share of our common stock that we elect to sell to the Investor, if any, will fluctuate based on the market prices of our common stock. Depending on market liquidity at the time, resales of our common stock by the Investor may cause the trading price of our common stock to decrease, and any such decrease could be substantial. If and when we elect to sell our common stock to the Investor, sales of newly issued common stock by us to the Investor will result in dilution to the interests of existing holders of our common stock, which dilution may be substantial. Additionally, the sale of a substantial number of shares of our common stock to the Investor, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. While it is our intention to use any net proceeds from sales under the Purchase Agreement for working capital and other general corporate purposes, their ultimate use may vary substantially from their currently intended use. The failure by us to apply these funds effectively could result in financial losses that could have a material adverse effect on our business and cause the price of our common stock to decline. Additionally, we have agreed to issue to the Investor shares of common stock valued at $200,000 as a commitment fee irrespective of how many shares of common stock, if any, we elect to sell to the Investor pursuant to the terms of the Purchase Agreement. The Purchase Agreement provides us with the option, following the termination of the Purchase Agreement upon either the conclusion of the commitment period or the Investor's purchase of shares equal to the full commitment amount, to enter into a subsequent purchase agreement with the Investor for up to an additional $5.5 million on substantially the same terms as the Purchase Agreement, provided that no commitment fee would be payable by us to the Investor under any such subsequent purchase agreement. If we need additional capital beyond that which can be provided under the terms of the Purchase Agreement and any subsequent purchase agreement in the future and we cannot raise it on acceptable terms, or at all, our ability to continue to support our business growth and to respond to business challenges could be significantly limited and our business and prospects could fail or be adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On May 8, 2024, the Company announced that its Board of Directors authorized a stock repurchase program allowing the Company to repurchase up to an aggregate amount of $2.5 million of its shares of common stock (the "2024 Repurchase Program"). The 2024 Repurchase Program may be modified, suspended or terminated by the Company's Board of Directors at any time. During the thirteen weeks ended June 28, 2026, no shares were repurchased pursuant to the Company's 2024 Repurchase Program. As of June 28, 2026, $1.1 million remained available under the 2024 Repurchase Program authorization.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Equity Line of Credit

On August 11, 2026, the Company entered into a Purchase Agreement (the "Purchase Agreement") with ARC Group International Ltd. (the "Investor"), pursuant to which the Company has the right to sell to the Investor up to $4.5 million of shares of the Company's common stock subject to the terms and conditions set forth in the Purchase Agreement during a commitment period that will terminate on the earlier of the 36-month anniversary of the Purchase Agreement or the date the Investor has purchased shares equal to the full commitment amount. The purchase price per share will be based on a discount to the volume-weighted average price ("VWAP") of the Company's common stock over specified pricing periods (96% of the lowest VWAP where no other advance is then pending and 90% of the VWAP when there is a prior advance pending), and sales under the Purchase Agreement are subject to certain limitations as described in the Purchase Agreement. The Company retains full discretion over the timing and amount of any sales under the Purchase Agreement and there is no requirement that the Company sell any shares thereunder. Actual sales of shares of common stock to the Investor from time to time will depend on a variety of factors, including, without limitation, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations. In connection with entering into the Purchase Agreement, the Company will issue to the Investor shares of common stock valued at $200,000 (determined by dividing $200,000 by the average VWAP of the Company's common stock for the 10 trading days immediately preceding the date of the Purchase Agreement) as a commitment fee. The Company intends to use any net proceeds from sales under the Purchase Agreement for working capital and other general corporate purposes. The shares of the Company’s common stock to be issued pursuant to the Purchase Agreement will be sold pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D promulgated thereunder. The Purchase Agreement also provides the Company with the option, following the termination of the Purchase Agreement upon either the conclusion of the commitment period or the Investor’s purchase of shares equal to the full commitment amount, to enter into a subsequent purchase agreement with the Investor for up to an additional $5.5 million on substantially the same terms as the Purchase Agreement, provided that no commitment fee would be payable by the Company to the Investor under any such subsequent purchase agreement.

In addition, the Purchase Agreement provides that in no event shall the number of shares of Company common stock issuable to the Investor pursuant to an advance cause the Investor to beneficially own more than 4.99% of the then issued and outstanding shares of the Company's common stock (“Ownership Limitation”), and the Company may not issue shares of common stock under the Purchase Agreement in excess of 19.99% of the outstanding shares of common stock as of the date of the Purchase Agreement (the “Exchange Cap”), unless the Company obtains the requisite stockholder approval required under the rules of the Nasdaq Capital Market. The Company is also required to file a post-effective amendment to its registration statement on Form S-3 (File No. 333-297232) or a new registration statement covering the resale of shares issuable under the Purchase Agreement within 45 calendar days of the date the Purchase Agreement was entered into, subject to the Company’s ability to delay such filing in certain circumstances, and use its best efforts to have such post-effective amendment or new registration statement declared effective as soon as possible following the filing thereof.

Securities Trading Plans of Directors and Executive Officers

During the thirteen weeks ended June 28, 2026, none of the Company’s directors or officers adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as such terms are defined under Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
10.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant, dated as of June 9, 2026.	S-3	333-297232	3.3	07/02/2026	
10.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant, dated as of June 9, 2026.	S-3	323-297232	3.4	07/02/2026	
10.3	Second Amendment to Loan and Security Agreement, dated as of July 27, 2026, among Lulu's Fashion Lounge Holdings, Inc., Lulu's Fashion Lounge Parent, LLC and Lulu's Fashion Lounge, LLC, as borrowers, White Oak Commercial Finance, LLC, as administrative agent, and the lenders party thereto.	8-K	001-41059	10.1	07/31/2026	
10.4	Purchase Agreement, dated as of August 11, 2026, by and between Lulu's Fashion Lounge Holdings, Inc. and ARC Group International Ltd.					*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.
** Furnished herewith.

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.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Date: August 12, 2026

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2026

By: /s/ Heidi Crane
Heidi Crane
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.4

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement"), dated as of August 11, 2026, is made by and between ARC Group International Ltd. (the "Investor"), and Lulu's Fashion Lounge Holdings, Inc., a Delaware corporation (the "Company").

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Company shall have the right to issue and sell to the Investor, from time to time as provided herein, and the Investor shall purchase from the Company, up to Four Million Five Hundred Thousand Dollars ($4,500,000) of the Company's common stock, par value US$0.001 per share (the "Common Stock"); and

WHEREAS, the shares of Common Stock are listed for trading on the Principal Market under the symbol "LVLU"; and

WHEREAS, the offer and sale of the Shares (as defined below) issuable hereunder to the Investor will be made in reliance upon Section 4(a)(2) under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), or upon such other exemption from the registration requirements of the Securities Act as may be available with respect to any or all of the sales of shares of Common Stock to be made to the Investor hereunder.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
CERTAIN DEFINITIONS

"Advance" shall mean the portion of the Commitment Amount requested by the Company in an Advance Notice.

"Advance Date" shall mean the date of the delivery of the Shares issuable in respect of the applicable Advance Notice.

"Advance Halt" shall have the meaning set forth in Section 2.05(b).

"Advance Notice" shall mean a written notice in the form of Exhibit A attached hereto to the Investor executed by an officer of the Company or other authorized representative of the Company identified on Schedule 1 hereto and setting forth the amount of an Advance that the Company desires to issue and sell to the Investor while no other Advance is ongoing pursuant to any Advance Notice.

"Advance Notice Confirmation" shall have the meaning set forth in Section 2.03(a).

"Advance Notice Date" shall mean each date the Company delivers (in accordance with Section 2.03 of this Agreement) to the Investor an Advance Notice, as applicable, subject to the terms of this Agreement.

"affiliate" shall have the meaning set forth in Section 3.07.

"Agreement" shall have the meaning set forth in the preamble of this Agreement.

"Applicable Law(s)" shall mean all applicable laws, statutes, rules, regulations, orders, executive orders, directives, policies, guidelines and codes having the force of law, whether local, national, or international, as amended from time to time, including without limitation (i) all applicable laws that relate to money laundering, terrorist financing, financial record keeping and reporting, (ii) all applicable laws that relate to anti-bribery, anti-corruption, books and records and internal controls, including the United States Foreign Corrupt Practices Act of 1977, and (iii) any Sanctions laws.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar federal, state or similar laws for the relief of debtors.

"Black Out Period" shall have the meaning set forth in Section 6.02(a).

"Board of Directors" means the Board of Directors of the Company.

"Broker-Dealer" means the Investor's broker-dealer as specified in the Transfer Agent Deliverables.

"Buy-In" shall have the meaning set forth in Section 2.06(a).

"Buy-In Price" shall have the meaning set forth in Section 2.06(a).

"Closing" shall have the meaning set forth in Section 2.05.

"Commitment Amount" shall mean Four Million Five Hundred Thousand United States Dollars ($4,500,000) of Common Stock.

"Commitment Fee Shares" shall have the meaning set forth in Section 13.04(b).

"Commitment Period" shall mean the period commencing on the date hereof and expiring upon the date of termination of this Agreement in accordance with Section 11.02.

"Common Stock" shall have the meaning set forth in the preamble of this Agreement.

"Company" shall have the meaning set forth in the preamble of this Agreement.

"Company Indemnitees" shall have the meaning set forth in Section 5.01(b).

"Condition Satisfaction Date" shall have the meaning set forth in Section 7.01

"Confidential Information" means all confidential, proprietary or non-public information, documentation or data (whether written, oral or electronic communications) regarding the Company or any of its affiliates received by an Investor or its representatives, in each case, regardless of whether or not such information, documentation or data is marked or otherwise identified as "confidential". Confidential Information also includes information of third parties where the Company and its affiliates have an obligation of confidentiality with respect to such information. Confidential Information will not, however, include information which (a) is or becomes publicly available other than as a result of a disclosure by an Investor or its representatives in violation of this Agreement, (b) is or becomes available to an Investor or any of its Representatives on a non-confidential basis from a third-party or (c) is or has been independently developed by an Investor and/or its representatives without use of or reference to any Confidential Information.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Daily Value Traded" means the product obtained by multiplying the daily trading volume of the shares of Common Stock on the Principal Market or Trading Market, as applicable, during regular trading hours as reported by Bloomberg L.P., by the VWAP for such Trading Day. For the avoidance of doubt, the daily trading volume shall include all trades on the Principal Market or Trading Market during regular trading hours.

"DTC" means the Depository Trust Company.

"DWAC Shares" means the Shares acquired or purchased by the Investor pursuant to this Agreement (a) that the Investor has resold in a manner described under the caption "Plan of Distribution" in the Registration Statement and otherwise in compliance with this Agreement before the delivery of the Transfer Agent Confirmation regarding the resale of such Shares in accordance with this Agreement, and (b) about which the Investor has (i) delivered to the Company and the transfer agent to the Company (A) the Transfer Agent Confirmation relating to such Shares and (B) a customary representation letter from the Investor, and, if requested by the transfer agent, its broker, confirming, among other things, the resale of such Shares in the manner described in clause (a) of this definition of DWAC Shares (including confirmation of compliance with any relevant prospectus delivery requirements), and (ii) delivered to the transfer agent instructions for the delivery of such Shares to the account with DTC of the Investor's designated Broker-Dealer as specified in the Transfer Agent Deliverables, which Shares will be in the hands of the persons who purchase such or Shares from the Investor in the manner described in clause (a) of this definition of DWAC Shares, freely tradable and transferable without restriction on resale and without stop transfer instructions maintained against the transfer thereof.

"Effective Date" means the date a Registration Statement is declared effective.

"Effectiveness Deadline" shall have the meaning set forth in Section 6.01(a).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Filing Deadline" shall have the meaning set forth in Section 6.01(a).

"Indemnified Liabilities" shall have the meaning set forth in Section 5.01(a).

"Initial Registration Statement" shall have the meaning set forth in Section 6.01(a).

"Investor" shall have the meaning set forth in the preamble of this Agreement.

"Investor Indemnitees" shall have the meaning set forth in Section 5.01(a).

"Material Adverse Effect" shall mean any event, occurrence or condition that has had or would reasonably be expected to have (i) a material adverse effect on the legality, validity or enforceability of this Agreement or the transactions contemplated herein, (ii) a material adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under this Agreement.

"Material Outside Event" shall have the meaning set forth in Section 6.08.

"Maximum Advance Amount" shall be, an amount equal to the lesser of (i) 75% of the average of the Daily Value Traded of the shares of Common Stock over the 10 Trading Days immediately preceding the date an Advance Notice is delivered, or (ii) $2,250,000; provided, however, that the Investor reserves the right to waive any Drawdown requirements on a per Advance Notice basis in its sole discretion; provided, however, that the parties hereto may modify the aforementioned conditions by mutual prior written consent; provided that in no event shall the Maximum Advance Amount exceed $2,250,000.

"OFAC" shall mean the U.S. Department of Treasury's Office of Foreign Assets Control.

"Ownership Limitation" shall have the meaning set forth in Section 2.04(a).

"Person" shall mean an individual, a corporation, a partnership, a limited liability company, a trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan of Distribution" shall mean the section of a Registration Statement disclosing the plan of distribution of the shares of Common Stock.

"Pricing Period" shall mean, in respect of any Advance, the three (3) Trading Days commencing on the date of the Investor's receipt of the Advance Notice.

"Principal Market" shall mean the Nasdaq Capital Market.

"Purchase Price" shall mean, collectively, the Purchase Price (Regular Drawdown) and Purchase Price (Rapid Drawdown).

"Purchase Price (Regular Drawdown)" shall mean 96% of the lowest VWAP of the shares of Common Stock during the applicable Pricing Period.

"Purchase Price (Rapid Drawdown)" shall mean 90% of the VWAP of the shares of Common Stock on the same Trading Day the Advance Notice (Rapid Drawdown) is received (if received by 8:30 a.m. Eastern Time), or on the immediately following Trading Day if received after 8:30 a.m. Eastern Time, subject to mutual consent between the Company and the Investor.

"Registrable Securities" shall mean (i) the Commitment Fee Shares, (ii) the Shares, and (iii) any securities issued or issuable with respect to any of the foregoing by way of exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise.

"Registration Limitation" shall have the meaning set forth in Section 2.04(b).

"Registration Statement" shall mean a registration statement on Form S-1 or Form S-3 or on such other form promulgated by the SEC for which the Company then qualifies and which counsel for the Company shall deem appropriate, including a post-effective amendment to the Company's registration statement on Form S-3 (File No. 333-297232) filed with the SEC on July 2, 2026 and declared effective by the SEC on July 14, 2026 at 4:00 p.m., and which form shall be available for the registration of the resale by the Investor of the Registrable Securities under the Securities Act.

"Regulation D" shall mean the provisions of Regulation D promulgated under the Securities Act.

"Required Delivery Date" means any date on which the Company or its transfer agent is required to deliver shares of Common Stock to Investor hereunder.

"Rule 144 Holding Period" means six months from the date of issuance of any shares of Common Stock issuable hereunder or such date as shall be required to comply with Rule 144 of the Securities Act.

"Sanctions" means any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority.

"Sanctions Programs" means any OFAC economic sanction program (including, without limitation, programs related to Crimea, Zaporizhzhia and Kherson Regions of Ukraine, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, Cuba, Iran, North Korea, and Syria (before July 1, 2025)).

"SEC" shall mean the U.S. Securities and Exchange Commission.

"SEC Documents" shall have the meaning set forth in Section 4.04.

"Securities Act" shall have the meaning set forth in the recitals of this Agreement.

"Settlement Date" shall mean the 3rd Trading Day after expiration of the applicable Pricing Period for each Advance or if the Investor shall not have sold all of the shares of Common Stock in respect of such Advance the Trading Day following the date the Investor shall have sold all of the shares in respect of such Advance.

"Settlement Document" shall have the meaning set forth in Section 2.05(a).

"Shares" shall mean the shares of Common Stock to be issued to the Investor from time to time hereunder pursuant to an Advance.

"Trading Day" shall mean any day during which the Principal Market or Trading Market shall be open for business.

"Trading Market" shall mean the New York Stock Exchange, the NYSE American LLC, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, the Nasdaq Global Market Composite, the NYSE Euronext, OTCQX, OTCQB, OTCID, Pink Limited Market, whichever is at the time the principal trading exchange or market for the shares of Common Stock.

"Transaction Documents" shall have the meaning set forth in Section 4.02.

"Transfer Agent Confirmation" means a written confirmation sent by the Investor to the transfer agent that sets forth the number of DWAC Shares that have been resold, and the date(s) of such resales.

"Transfer Agent Deliverables" shall have the meaning set forth in Section 2.03(b).

"VWAP" means, for any Trading Day, the daily volume weighted average price of the shares of Common Stock for such Trading Day on the Principal Market or Trading Market from 9:30 a.m. Eastern Time through 4:00 p.m. Eastern Time, excluding the opening price and the closing price; provided, however, that upon the occurrence of an Advance Halt due to a Material Outside Event, the VWAP calculation shall terminate as of the effective time of the Material Outside Event.

ARTICLE II
ADVANCES

Section 2.01 Advances; Mechanics. Subject to the terms and conditions of this Agreement (including, without limitation, the provisions of Article VII hereof), the Company, at its sole and exclusive option, may issue and sell to the Investor, and the Investor shall purchase from the Company, shares of Common Stock on the terms set forth herein. The Investor reserves the right to waive any Drawdown requirements on a per Advance Notice basis.

Section 2.02 Advance Notice. At any time during the Commitment Period, the Company may require the Investor to purchase shares of Common Stock by delivering an Advance Notice to the Investor, subject to the conditions set forth in Section 7.01, and in accordance with the following provisions:

a. The Company shall, in its sole discretion, select the amount of the Advance, not to exceed the Maximum Advance Amount, it desires to issue and sell to the Investor in each Advance Notice and the time it desires to deliver each Advance Notice.

b. There shall be no mandatory minimum Advances and no non-usages fee for not utilizing the Commitment Amount or any part thereof.

c. The Advance Notice shall be valid upon delivery to Investor in accordance with Exhibit C.

d. Notwithstanding anything in this Agreement to the contrary:

   i. In the event no Advance is ongoing pursuant to a valid Advance Notice at the time the Company delivers an Advance Notice to the Investor, (i) such Advance Notice shall be deemed and treated as an Advance Notice (Regular Drawdown), and (ii) the Purchase Price applicable to such Advance shall be the Purchase Price (Regular Drawdown).

   ii. In the event the Company delivers an Advance Notice to the Investor on or prior to the Settlement Date of an ongoing Advance, (i) such subsequent Advance Notice shall be deemed and treated as an Advance Notice (Rapid Drawdown), (ii) the number of shares of Common Stock subject to such Advance Notice (Rapid Drawdown) shall be a number mutually agreed upon by the Company and the Investor, and (iii) the Purchase Price applicable to such subsequent Advance shall be the Purchase Price (Rapid Drawdown).

Section 2.03 Date of Delivery of Advance Notice; Issuance of Shares.

a. An Advance Notice shall be deemed delivered on the day it is received by the Investor if such notice is received by email prior to 8:30 a.m. Eastern Time for an Advance Notice (Regular Drawdown), and prior to 9:00 a.m. Eastern Time for an Advance Notice (Rapid Drawdown) (or later if waived by the Investor in its sole discretion) in accordance with the instructions set forth on Exhibit C. Following the receipt of such Advance Notice the Investor shall promptly provide the Company with a confirmation of its receipt of such Advance Notice, which receipt may be in the form of an email (each, an "Advance Notice Confirmation").

b. Promptly after receipt of the Advance Notice with respect to each Advance (and, in any event, not later than 2 Trading Days after such receipt), the Company will, or will cause its transfer agent to, issue in the Investor's name in a DRS account or accounts at the transfer agent all the Shares purchased by Investor pursuant to such Advance. Such Shares shall constitute "restricted securities" as such term is defined in Rule 144(a)(3) under the Securities Act and the certificate or book-entry statement representing such Shares shall bear a restrictive legend as required under the Securities Act. Notwithstanding the foregoing, if the Investor is to resell the Shares in a manner described under the caption "Plan of Distribution" in the Registration Statement after the delivery of such Shares to the Investor and otherwise in compliance with this Agreement, prior to the delivery by the Investor to the Company of the applicable Advance Notice Confirmation, the Investor shall concurrently with the delivery by the Investor to the Company of such Advance Notice Confirmation deliver to the transfer agent the items set forth in clause (b) of the definition of DWAC Shares with respect to such resold Shares and such other items as the transfer agent may reasonably request (collectively, the "Transfer Agent Deliverables"). With respect to Shares to be resold by the Investor as described in the preceding sentence and as to which the Investor has timely delivered the Transfer Agent Deliverables with respect to such Shares, such securities shall be delivered and credited by the transfer agent using the Fast Automated Securities Transfer (FAST) Program maintained by DTC (or any similar program hereafter adopted by DTC performing substantially the same function) to the account with DTC of the Investor's designated Broker-Dealer as specified in the Transfer Agent Deliverables with respect to such securities at the time such securities would otherwise have been required to be delivered to the Investor in accordance with this Agreement, which securities (x) shall only be used by the Investor's Broker-Dealer to deliver such securities to DTC for the purpose of settling the Investor's share delivery obligations with respect to the sale of such Shares, which may include delivery to other accounts of such Broker-Dealer and inclusion in the number of Shares delivered by that Broker-Dealer in "net settling" that Broker-Dealer's trading of Shares, including its positions with the Broker-Dealers of the respective persons who purchase such securities from the Investor, and (y) shall remain "restricted securities" as such term is defined in Rule 144(a)(3) under the Securities Act until so delivered. The Company and the Investor acknowledge that such Shares credited to the account with DTC of the Investor's designated Broker-Dealer shall be eligible for transfer to the third-party purchasers of such Shares or their respective Broker-Dealers as DWAC Shares. No fractional shares shall be issued, and any fractional amounts shall be rounded to the next higher whole number of shares.

Section 2.04 Advance Limitations. Regardless of the amount of an Advance requested by the Company in the Advance Notice, the final amount of an Advance pursuant to an Advance Notice shall be reduced in accordance with each of the following limitations:

a. Ownership Limitation; Commitment Amount. In no event shall the number of Shares issuable to the Investor pursuant to an Advance cause the aggregate number of shares of Common Stock beneficially owned (as calculated pursuant to Section 13(d) of the Exchange Act) by the Investor and its affiliates as a result of previous issuances and sales of Shares to Investor under this Agreement to exceed 4.99% of the then issued and outstanding shares of Common Stock (the "Ownership Limitation"). In connection with each Advance Notice delivered by the Company, any portion of an Advance that would (i) cause the Investor to exceed the Ownership Limitation, or (ii) cause the aggregate number of Shares issued and sold to the Investor hereunder to exceed the Commitment Amount shall automatically be withdrawn with no further action required by the Company, and such Advance Notice shall be deemed automatically modified to reduce the amount of the Advance requested by an amount equal to such withdrawn portion; provided that in the event of any such automatic withdrawal and automatic modification, Investor will promptly notify the Company of such event.

b. Registration Limitation. In no event shall an Advance exceed the amount registered under the Registration Statement then in effect (the "Registration Limitation"). In connection with each Advance Notice, any portion of an Advance that would exceed the Registration Limitation shall automatically be withdrawn with no further action required by the Company and such Advance Notice shall be deemed automatically modified to reduce the aggregate amount of the requested Advance by an amount equal to such withdrawn portion in respect of each Advance Notice; provided that in the event of any such automatic withdrawal and automatic modification, Investor will promptly notify the Company of such event only after the Investor's receipt of the applicable Shares.

c. Notwithstanding any other provision in this Agreement, the Company and the Investor acknowledge and agree that upon the Investor's receipt of a valid Advance Notice the parties shall be deemed to have entered into an unconditional contract binding on both parties for the purchase and sale of shares of Common Stock pursuant to such Advance Notice in accordance with the terms of this Agreement and, subject to Applicable Law and Section 3.08 (Trading Activities), the Investor may sell shares of Common Stock during the Pricing Period only after the Investor's receipt of the applicable Shares.

Section 2.05 Closings. The closing of each Advance and each sale and purchase of Shares related to each Advance (each, a "Closing") shall take place on the applicable Settlement Date in accordance with the procedures set forth below. The parties acknowledge that the Purchase Price is not known at the time the Advance Notice is delivered (at which time the Investor is irrevocably bound) but shall be determined on each Closing based on the daily prices of the shares of Common Stock that are the inputs to the determination of the Purchase Price as set forth further below. In connection with each Closing, and subject to Section 2.02(c) of this Agreement, the Company and the Investor shall fulfill each of its obligations as set forth below:

a. On the Settlement Date in respect of an Advance, the Investor shall deliver to the Company a written document, in the form attached hereto as Exhibit B (each a "Settlement Document"), setting forth the final number of Shares to be purchased by the Investor (taking into account any adjustments pursuant to Section 2.04), the applicable Purchase Price, the aggregate proceeds to be paid by the Investor to the Company, and a report by Bloomberg, L.P. indicating the VWAP of the shares of Common Stock for each of the Trading Days during the applicable Pricing Period (or, if not reported on Bloomberg, L.P., another reporting service reasonably agreed to by the parties), in each case in accordance with the terms and conditions of this Agreement. The Investor shall pay to the Company the aggregate Purchase Price of the Shares (as set forth in the Settlement Document) in cash in immediately available funds to an account designated by the Company in writing, and transmit notification to the Company that such funds transfer has been requested.

b. Notwithstanding anything to the contrary in this Agreement, if on any day during the Pricing Period (i) the Company notifies Investor that a Material Outside Event set forth in Section 6.08(i) through (v) has occurred or if the Material Outside Event set forth in Sections 6.08(vi) or (vii) shall have occurred, or (ii) the Company notifies the Investor of a Black Out Period, the parties agree that the pending Advance shall end (the "Advance Halt") and the final number of Shares to be purchased by the Investor at the Closing for such Advance shall be equal to the number of Shares sold by the Investor during the applicable Pricing Period prior to the notification from the Company of a Material Outside Event or Black Out Period.

c. On or prior to the Settlement Date, each of the Company and the Investor shall deliver to the other all documents, instruments and writings expressly required to be delivered by either of them pursuant to this Agreement in order to implement and effect the transactions contemplated herein.

Section 2.06 Failure to Timely Deliver.

a. If on or prior to the Required Delivery Date either (I) if the transfer agent is not participating in the DTC Fast Automated Securities Transfer Program, the Company shall fail to issue and deliver a certificate to Investor and register such Shares on the Company's share register or, if the transfer agent is participating in the DTC Fast Automated Securities Transfer Program, credit the balance account of Investor or Investor's designee with DTC for the number of Shares to which Investor submitted for legend removal by Investor pursuant to clause (ii) below or otherwise or (II) if the Company's transfer agent is participating in the DTC Fast Automated Securities Transfer Program, the transfer agent fails to credit the balance account of Investor or Investor's designee with DTC for any Shares submitted for legend removal by Investor, in each case, if and only if the Investor has delivered the Transfer Agent Deliverables in accordance with the requirements of Section 2.03(b) above, and the Company fails to promptly, but in no event later than 2 Trading Days (x) so notify Investor and (y) deliver the Shares electronically without any restrictive legend in accordance with the requirements of Section 2.03(b) above, and if on or after such Trading Day Investor purchases (in an open market transaction or otherwise) Shares to deliver in satisfaction of a sale by Investor of Shares submitted for legend removal by Investor that Investor is entitled to receive from the Company (a "Buy-In"), then, provided that Investor has used its commercially reasonable efforts to purchase such Shares at then prevailing market prices, the Company shall, within one (1) Trading Day after Investor's request and in Investor's discretion, either (i) pay cash to Investor in an amount equal to Investor's total purchase price (including brokerage commissions, borrow fees and other out-of-pocket expenses, if any, for the shares of Common Stock so purchased) (the "Buy-In Price"), at which point the Company's obligation to so deliver such certificate or credit Investor's balance account shall terminate and such shares shall be cancelled, or (ii) promptly honor its obligation to so deliver to Investor a certificate or certificates or credit the balance account of Investor or Investor's designee with DTC representing such number of Shares that would have been so delivered if the Company timely complied with its obligations hereunder and pay cash to Investor in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of Shares that the Company was required to deliver to Investor by the Required Delivery Date multiplied by (B) the price at which Investor sold such Shares in anticipation of the Company's timely compliance with its delivery obligations hereunder. Nothing shall limit Investor's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing Shares (or to electronically deliver such Shares) as required pursuant to the terms hereof. For the avoidance of doubt, any failure of the Investor or its Broker-Dealer to set up a DWAC and required instructions to permit delivery to the Investor shall not be grounds for Buy-In or considered to be a failure by the Company.

b. In the event the Investor sells Shares after receipt of an Advance Notice and the Company fails to perform its obligations as mandated in Section 2.03, the Company agrees that in addition to and in no way limiting the rights and obligations set forth in Article V hereto and in addition to any other remedy to which the Investor is entitled at law or in equity, including, without limitation, specific performance, it will hold the Investor harmless against any loss, claim, damage, or expense (including, without limitation, all brokerage commissions, borrow fees, legal fees and expenses and all other related out-of-pocket expenses), as incurred, arising out of or in connection with such default by the Company and acknowledges that irreparable damage may occur in the event of any such default. It is accordingly agreed that the Investor shall be entitled to an injunction or injunctions to prevent such breaches of this Agreement and to specifically enforce (subject to the Securities Act and other rules of the Principal Market or Trading Market), without the posting of a bond or other security, the terms and provisions of this Agreement.

Section 2.07 Return of Surplus. If the value of the Shares delivered to the Investor causes the Company to exceed the Commitment Amount, then the Investor shall return to the Company the surplus amount of Shares associated with such Advance.

Section 2.08 Completion of Resale Pursuant to the Registration Statement. After the Investor has purchased the full Commitment Amount and has completed the subsequent resale of the full Commitment Amount pursuant to the Registration Statement, the Investor will notify the Company that all subsequent resales are completed and the Company will be under no further obligation to maintain the effectiveness of the Registration Statement.

Section 2.09 Exchange Cap. Notwithstanding anything to the contrary in this Agreement, the Company shall not effect any sales under this Agreement and the Investor shall not have the obligation to purchase shares of Common Stock under this Agreement to the extent (but only to the extent) that after giving effect to such purchase and sale the aggregate number of shares of Common Stock issued under this Agreement (including all of the Registrable Securities) would exceed 19.99% of the issued and outstanding shares of Common Stock as of the date of this Agreement (the "Exchange Cap"); provided, however, that, the Exchange Cap will not apply if the Company obtains the requisite stockholder approval under applicable rules of the Principal Market.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF INVESTOR

Investor hereby represents and warrants to, and agrees with, the Company that the following are true and correct as of the date hereof and as of each Advance Notice Date and each Advance Date:

Section 3.01 Organization and Authorization. The Investor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all requisite power and authority to execute, deliver and perform this Agreement, including all transactions contemplated hereby. The decision to invest and the execution and delivery of this Agreement by the Investor, the performance by the Investor of its obligations hereunder and the consummation by the Investor of the transactions contemplated hereby have been duly authorized and require no other proceedings on the part of the Investor. The undersigned has the right, power and authority to execute and deliver this Agreement and all other instruments on behalf of the Investor or its shareholders. This Agreement has been duly executed and delivered by the Investor and, assuming the execution and delivery hereof and acceptance thereof by the Company, will constitute the legal, valid and binding obligations of the Investor, enforceable against the Investor in accordance with its terms.

Section 3.02 Evaluation of Risks. The Investor has such knowledge and experience in financial, tax and business matters as to be capable of evaluating the merits and risks of, and bearing the economic risks entailed by, an investment in the shares of Common Stock of the Company and of protecting its interests in connection with the transactions contemplated hereby. The Investor acknowledges and agrees that its investment in the Company involves a high degree of risk, and that the Investor may lose all or a part of its investment.

Section 3.03 No Legal, Investment or Tax Advice from the Company. The Investor acknowledges that it had the opportunity to review this Agreement and the transactions contemplated by this Agreement with its own legal counsel and investment and tax advisors. The Investor is relying solely on such counsel and advisors and not on any statements or representations of the Company or any of the Company's representatives or agents for legal, tax, investment or other advice with respect to the Investor's acquisition of shares of Common Stock hereunder, the transactions contemplated by this Agreement or the laws of any jurisdiction, and the Investor acknowledges that the Investor may lose all or a part of its investment.

Section 3.04 Investment Purpose. The Investor is acquiring the shares of Common Stock for its own account, for investment purposes and not with a view towards, or for resale in connection with, the public sale or distribution thereof, in violation of the registration requirements of the Securities Act; provided, however, that by making the representations herein, the Investor does not agree, or make any representation or warranty, to hold any of the shares of Common Stock for any minimum or other specific term and reserves the right to dispose of the shares of Common Stock at any time in accordance with, or pursuant to, a registration statement filed pursuant to this Agreement or an applicable exemption under the Securities Act. The Investor does not presently have any agreement or understanding, directly or indirectly, with any Person to sell or distribute any of the Shares. The Investor acknowledges that it will be disclosed as an "underwriter" and a "selling stockholder" in each Registration Statement and in any prospectus contained therein.

Section 3.05. Accredited Investor. The Investor is an "Accredited Investor" as that term is defined in Rule 501(a)(3) of Regulation D. The Investor understands that the Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of U.S. federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein in order to determine the availability of such exemptions and the eligibility of the Investor to acquire the Shares.

Section 3.06 Information. The Investor and its advisors (and its counsel), if any, have been furnished with and/or have had access to all materials relating to the business, finances and operations of the Company and information the Investor deemed material to making an informed investment decision, including without limitation, the SEC Documents. The Investor and its advisors (and its counsel), if any, have been afforded the opportunity to ask questions of the Company and its management and have received answers to such questions. Neither such inquiries nor any other due diligence investigations conducted by such Investor or its advisors (and its counsel), if any, or its representatives shall modify, amend or affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement. The Investor acknowledges and agrees that the Company has not made to the Investor, and the Investor acknowledges and agrees it has not relied upon, any representations and warranties of the Company, its employees or any third party other than the representations and warranties of the Company contained in this Agreement. The Investor understands that its investment involves a high degree of risk. The Investor has sought such accounting, legal and tax advice, as it has considered necessary to make an informed investment decision with respect to the transactions contemplated hereby. The Investor acknowledges that it has reviewed or has access to the SEC Documents, including without limitation, the Form 10-K for the year ended December 28, 2025 filed with the SEC on March 30, 2026 and the Form 10-Q for the quarter ended March 29, 2026 filed with the SEC on May 13, 2026, including without limitation the risk factors contained therein.

Section 3.07 Not an Affiliate. The Investor is not an officer, director or a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with the Company or any "affiliate" of the Company (as that term is defined in Rule 405 promulgated under the Securities Act).

Section 3.08 Trading Activities. The Investor's trading activities with respect to the shares of Common Stock shall be in compliance with all applicable federal and state securities laws, rules and regulations and the rules and regulations of the Principal Market or Trading Market. Neither the Investor nor its affiliates has any open short position in the shares of Common Stock, nor has the Investor entered into any hedging transaction that establishes a net short position with respect to the shares of Common Stock, and the Investor agrees that it shall not, and that it will cause its affiliates not to, engage in any short sales or hedging transactions with respect to the shares of Common Stock during the term of this Agreement.

Section 3.09 General Solicitation. The Investor is not purchasing the Shares as a result of general solicitation or general advertising. Neither the Investor, nor any of its affiliates, nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the shares of Common Stock by the Investor.

Section 3.10 Organization. The Investor is organized in Cayman Islands.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the SEC Documents, or in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or warranty otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules or in another Section of the Disclosure Schedules, to the extent that it is reasonably apparent on the face of such disclosure that such disclosure is applicable to such Section, the Company represents and warrants to the Investor that, as of the date hereof and each Advance Notice Date (other than representations and warranties which address matters only as of a certain date, which shall be true and correct as written as of such certain date), that:

Section 4.01 Organization and Qualification. The Company is an entity duly organized and validly existing under the laws of its jurisdiction of organization or incorporation and has the requisite power and authority to own its properties and to carry on its business as now being conducted. The Company is duly qualified to do business and is in good standing (to the extent applicable) in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect.

Section 4.02 Authorization, Enforcement, Compliance with Other Instruments. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents and to issue the Shares in accordance with the terms hereof and thereof. The execution and delivery by the Company of this Agreement and the other Transaction Documents, and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Shares) have been or (with respect to consummation) will be duly authorized by the Board of Directors and no further consent or authorization will be required by the Company, its Board of Directors or its stockholders (except as otherwise contemplated by this Agreement). This Agreement and the other Transaction Documents to which it is a party have been (or, when executed and delivered, will be) duly executed and delivered by the Company and, assuming the execution and delivery thereof and acceptance by the Investor, constitute (or, when duly executed and delivered, will be) the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal or state securities law. "Transaction Documents" means, collectively, this Agreement and each of the other agreements and instruments entered into or delivered by any of the parties hereto in connection with the transactions contemplated hereby and thereby, as may be amended from time to time.

Section 4.03 No Conflict. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Shares) will not (i) result in a violation of the certificate of incorporation or other organizational documents of the Company (with respect to consummation, as the same may be amended from time to time prior to the date on which any of the transactions contemplated hereby are consummated), (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected except, in the case of clause (ii) or (iii) above, to the extent such violations or conflicts would not reasonably be expected to have a Material Adverse Effect.

Section 4.04 SEC Documents; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the Exchange Act for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (all of the foregoing filed within the past two years preceding the date hereof or amended after the date hereof, or filed after the date hereof, and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, and all registration statements filed by the Company under the Securities Act, being hereinafter referred to as the "SEC Documents"). The Company has made available to the Investor through the SEC's website at http://www.sec.gov, true and complete copies of the SEC Documents, and none of the SEC Documents, when viewed as a whole as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates (or, with respect to any filing that has been amended or superseded, the date of such amendment or superseding filing), the SEC Documents complied in all material respects with the requirements of the Exchange Act or the Securities Act, as applicable, and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, except as may be otherwise noted in the SEC Documents. As of their respective dates (or, with respect to any financial statements that have been amended or superseded, the date of such amended or superseding financial statements), the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the respective dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

Section 4.05 Equity Capitalization. As of the date hereof, the authorized capital of the Company consists of 15,000,000 shares of Common Stock and 500,000 shares of preferred stock, of which as of the date hereof, (A) 2,871,986, shares of Common Stock are issued and outstanding, and (B) zero shares of preferred stock are issued and outstanding. As of the date hereof, 302,472 shares of Common Stock reserved for issuance pursuant to Convertible Securities (as defined below) exercisable or exchangeable for, or convertible into, shares of Common Stock. "Convertible Securities" means any capital stock or other security of the Company that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any capital stock or other security of the Company (including, without limitation, shares of Common Stock, stock options, restricted stock units and performance share units).

Section 4.06 Intellectual Property Rights. The Company owns or possesses adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights, if any, necessary to conduct their respective businesses as now conducted, except as would not cause a Material Adverse Effect. Except as would not cause a Material Adverse Effect, the Company has not received written notice of any infringement by the Company of trademark, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, or trade secrets. Except as would not cause a Material Adverse Effect, to the knowledge of the Company, there is no claim, action or proceeding being made or brought against, or to the Company's knowledge, being threatened against the Company regarding any material trademark, trade name, patents, patent rights, invention, copyright, license, service names, service marks, service mark registrations, trade secret or other infringement; and the Company is not aware of any facts or circumstances which might give rise to any of the foregoing.

Section 4.07 Employee Relations. The Company is not involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened, in each case which is reasonably likely to cause a Material Adverse Effect.

Section 4.08 (Reserved.)

Section 4.09 (Reserved.)

Section 4.10 Insurance. The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company is engaged. The Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

Section 4.11 Regulatory Permits. Except as would not cause a Material Adverse Effect, the Company possesses all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to own their respective businesses, and the Company has not received any written notice of proceedings relating to the revocation or modification of any such certificate, authorization or permits.

Section 4.12 Internal Accounting Controls. Except as set forth in the SEC Documents, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences, and management is not aware of any material weaknesses that are not disclosed in the SEC Documents as and when required.

Section 4.13 Absence of Litigation. Except as set forth in the SEC Documents, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, selfregulatory organization or body pending against or affecting the Company, or the shares of Common Stock, wherein an unfavorable decision, ruling or finding would have a Material Adverse Effect.

Section 4.14 Subsidiaries. Except as set forth in the SEC Documents, as of the date hereof, the Company does not own or control, directly or indirectly, any interest in any other corporation, partnership, association or other business entity.

Section 4.15 Tax Status. Except as would not have a Material Adverse Effect, or except as set forth in the SEC Documents, the Company (i) has timely made or filed all foreign, federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has timely paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. The Company has not received written notification of any unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim where failure to pay would cause a Material Adverse Effect.

Section 4.16 Certain Transactions. Except as (i) set forth in the SEC Documents or (ii) not required to be disclosed pursuant to Applicable Law (including, for the avoidance of doubt, not yet required to be disclosed at the relevant time), none of the officers or directors of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer or director, or to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer or director has a substantial interest or is an officer, director, trustee or partner.

Section 4.17 (Reserved.)

Section 4.18 Dilution. The Company is aware and acknowledges that the issuance of the Shares hereunder could cause dilution to existing stockholders and could significantly increase the outstanding number of shares of Common Stock.

Section 4.19 Acknowledgment Regarding Investor's Purchase of Shares. The Company acknowledges and agrees that the Investor is acting solely in the capacity of an arm's length investor with respect to this Agreement and the transactions contemplated hereunder. The Company further acknowledges that the Investor is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement and the transactions contemplated hereunder and any advice given by the Investor or any of its representatives or agents in connection with this Agreement and the transactions contemplated hereunder is merely incidental to the Investor's purchase of the Shares hereunder. The Company is aware and acknowledges that it shall not be able to request Advances under this Agreement if the Registration Statement is not effective or if any issuances of Shares pursuant to any Advances would violate any rules of the Principal Market or Trading Market.

Section 4.20 Sanctions Matters. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company is a Person that is, or is owned or controlled by a Person that is on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC from time to time:

a. the subject of any Sanctions; or

b. has a place of business in, or is operating, organized, resident or doing business in a country or territory that is, or whose government is, the subject of Sanctions Programs (including without limitation Crimea, Zaporizhzhia and Kherson Regions of Ukraine, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, Cuba, Iran, North Korea, and Syria (before July 1, 2025)).

Section 4.21 DTC Eligibility. The Company, through the transfer agent, currently participates in the DTC Fast Automated Securities Transfer (FAST) Program and the shares of Common Stock can be transferred electronically to third parties via the DTC Fast Automated Securities Transfer (FAST) Program.

ARTICLE V
INDEMNIFICATION

Section 5.01 Indemnification.

a. **Indemnification by the Company**. In consideration of the Investor's execution and delivery of this Agreement, and in addition to all of the Company's other obligations under this Agreement, to the extent permitted by law, the Company shall defend, protect, indemnify and hold harmless the Investor, its investment manager, and each of their respective officers, directors, managers, members, partners, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) and each person who controls the Investor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "Investor Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and reasonable and documented expenses in connection therewith (irrespective of whether any such Investor Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by the Investor Indemnitees or any of them as a result of, or arising out of, or relating to (a) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Shares as originally filed or in any amendment thereof, or in any related prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Investor specifically for inclusion therein; (b) any material misrepresentation or breach of any material representation or material warranty made by the Company in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; or (c) any material breach of any material covenant, material agreement or material obligation of the Company contained in this Agreement or any other certificate, instrument or document contemplated hereby or thereby; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability is the direct result of the fraud, gross negligence, bad faith or intentional misconduct of the Investor (as determined by a final non-appealable judgment of a court having jurisdiction over such matter). To the extent that the foregoing undertaking by the Company may be unenforceable under Applicable Law, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under Applicable Law.

b. **Indemnification by the Investor.** In consideration of the Company's execution and delivery of this Agreement, and in addition to all of the Investor's other obligations under this Agreement, the

Investor shall defend, protect, indemnify and hold harmless the Company and all of its officers, directors, stockholders, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) and each person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each a "Company Indemnitee" and collectively, the "Company Indemnitees") from and against any and all Indemnified Liabilities incurred by the Company Indemnitees or any of them as a result of, or arising out of, or relating to any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Shares as originally filed or in any amendment thereof, or in any related prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the Investor will only be liable for written information relating to the Investor furnished to the Company by or on behalf of the Investor specifically for inclusion in the documents referred to in the foregoing indemnity, and will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Investor by or on behalf of the Company specifically for inclusion therein. To the extent that the foregoing undertaking by the Investor may be unenforceable under Applicable Law, the Investor shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under Applicable Law.

Section 5.02 Notice of Claim. Promptly after receipt by an Investor Indemnitee or Company Indemnitee of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving an Indemnified Liability, such Investor Indemnitee or Company Indemnitee, as applicable, shall, if a claim for an Indemnified Liability in respect thereof is to be made against any indemnifying party under this Article V, deliver to the indemnifying party a written notice of the commencement thereof; but the failure to so notify the indemnifying party will not relieve it of liability under this Article V except to the extent the indemnifying party is prejudiced by such failure. The indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually reasonably satisfactory to the indemnifying party and the Investor Indemnitee or Company Indemnitee, as the case may be; provided, however, that an Investor Indemnitee or Company Indemnitee shall have the right to retain its own counsel with the actual and reasonable third party fees and expenses of not more than one counsel for such Investor Indemnitee or Company Indemnitee to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Investor Indemnitee or Company Indemnitee and the indemnifying party would be inappropriate due to actual or potential differing interests between such Investor Indemnitee or Company Indemnitee and any other party represented by such counsel in such proceeding. The Investor Indemnitee or Company Indemnitee shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Investor Indemnitee or Company Indemnitee which relates to such action or claim. The indemnifying party shall keep the Investor Indemnitee or Company Indemnitee reasonably apprised as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Investor Indemnitee or Company Indemnitee, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Investor Indemnitee or Company Indemnitee of a release from all liability in respect to such claim or litigation. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Investor Indemnitee or Company Indemnitee with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The indemnification required by this Article V shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received and payment therefor is due, subject to receipt by the indemnifying party of an undertaking to repay any amounts that such party is ultimately not entitled to receive as indemnification pursuant to this Agreement.

Section 5.03 Remedies. The remedies provided for in this Article V are not exclusive and shall not limit any right or remedy which may be available to any indemnified person at law or equity. The obligations of the parties to indemnify or make contribution under this Article V shall survive expiration or termination of this Agreement.

Section 5.04 Limitation of Liability. Notwithstanding the foregoing, no party shall be entitled to recover from the other party for punitive, indirect, incidental or consequential damages.

ARTICLE VI
COVENANTS

Section 6.01 Registration Statement.

a. Filing of a Registration Statement. No later than the date that is 45 calendar days following the date hereof (the "Filing Deadline"), the Company shall have prepared and filed with the SEC, a Registration Statement for the resale by the Investor of Registrable Securities (the "Initial Registration Statement") and shall file one or more additional Registration Statements for the resale by Investor of Registrable Securities if necessary; provided, however, that the Company may delay filing the Initial Registration Statement or one or more additional Registration Statements or any amendments thereto if the Company determines in its sole discretion in good faith that not filing is necessary to delay the disclosure of material nonpublic information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company, in which case the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period or periods of not more than 60 days. The Company shall use its commercially reasonable efforts to have such Registration Statement declared effective as soon as possible following the filing thereof (the "Effectiveness Deadline"). The Company acknowledges and agrees that it shall not have the ability to request any Advances until the effectiveness of a Registration Statement registering the applicable Registrable Securities for resale by the Investor.

b. Maintaining a Registration Statement. After the Effective Date, other than as provided for in Schedule 6.01(b), the Company shall use commercially reasonable efforts to maintain the effectiveness of any Registration Statement that has been declared effective at all times during the Commitment Period, provided, however, that if the Company has received notification pursuant to Section 2.08 that the Investor has completed resales pursuant to the Registration Statement for the full Commitment Amount, then the Company shall be under no further obligation to maintain the effectiveness of the Registration Statement. Notwithstanding anything to the contrary contained in this Agreement, the Company shall use commercially reasonable efforts to ensure that, when filed, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading. During the Commitment Period, the Company shall notify the Investor promptly if (i) the Registration Statement shall cease to be effective under the Securities Act, (ii) the shares of Common Stock shall cease to be authorized for listing on the Principal Market or Trading Market, (iii) the shares of Common Stock ceases to be registered under Section 12(b) or Section 12(g) of the Exchange Act or (iv) the Company fails to file in a timely manner all reports and other documents required of it as a reporting company under the Exchange Act.

c. Filing Procedures. Not less than one Trading Day prior to the filing of a Registration Statement and not less than one Trading Day prior to the filing of any related amendments and supplements to any Registration Statement (except for any amendments or supplements caused by the filing of any annual reports on Form 10-K, current reports on Form 8-K, and any similar or successor reports), the Company shall furnish to the Investor copies of all such documents proposed to be filed, which documents (other than those filed pursuant to Rule 424 promulgated under the Securities Act) will be subject to the reasonable and prompt review of the Investor (in each of which cases, if such document contains material non-public information as consented to by the Investor pursuant to Section 6.13, the information provided to Investor will be kept strictly confidential until filed and treated as subject to Section 6.08). The Investor shall furnish comments on a Registration Statement and any related amendment and supplement to a Registration Statement to the Company within 24 hours of the receipt thereof. If the Investor fails to provide comments to the Company within such 24-hour period, then the Registration Statement, related amendment or related supplement, as applicable, shall be deemed accepted by the Investor in the form originally delivered by the Company to the Investor.

d. Delivery of Final Documents. The Company shall furnish to the Investor without charge, (i) at least one copy of each Registration Statement as declared effective by the SEC and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, all exhibits and each preliminary prospectus, (ii) at the request of the Investor, at least one copy of the final prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as the Investor may reasonably request) and (iii) such other documents as the Investor may reasonably request from time to time in order to facilitate the disposition of the shares of Common Stock owned by the Investor pursuant to a Registration Statement. Filing of the foregoing with the SEC via its EDGAR system shall satisfy the requirements of this section.

e. Amendments and Other Filings. The Company shall use commercially reasonable efforts to (i) prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the related prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the Securities Act, as may be necessary to keep such Registration Statement effective (other than as provided for in Schedule 6.01(b)) at all times during the Commitment Period, and prepare and file with the SEC such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related prospectus to be amended or supplemented by any required prospectus supplement (subject to the terms of this Agreement), and as so supplemented or amended to be filed pursuant to Rule 424 promulgated under the Securities Act; (iii) provide the Investor copies of all correspondence from and to the SEC relating to a Registration Statement (provided that the Company may excise any information contained therein which would constitute material non-public information), and (iv) comply with the provisions of the Securities Act with respect to the disposition of all the Shares covered by such Registration Statement until such time as all of such Shares shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 6.01(e)) by reason of the Company's filing a report on Form 10-K or Form 8-K or any analogous report under the Exchange Act, the Company shall use commercially reasonable efforts to file such report in a prospectus supplement filed pursuant to Rule 424 promulgated under the Securities Act to incorporate such filing into the Registration Statement, if applicable, or shall file such amendments or supplements with the SEC either on the day on which the Exchange Act report is filed which created the requirement for the Company to amend or supplement the Registration Statement, if feasible, or otherwise promptly thereafter.

f. Blue-Sky. The Company shall use its commercially reasonable efforts to, if required by Applicable Law, (i) register and qualify the Shares covered by a Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investor reasonably requests, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Commitment Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Commitment Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Shares for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (w) make any change to its certificate of incorporation or bylaws, (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 6.01(f), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify the Investor of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Shares for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

Section 6.02 Suspension of Registration Statement.

a. Establishment of a Black Out Period. During the Commitment Period, the Company may from time to time suspend the use of the Registration Statement by written notice to the Investor in the event that the Company determines in its sole discretion in good faith that such suspension is necessary to (A) delay the disclosure of material nonpublic information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company or (B) amend or supplement the Registration Statement or prospectus so that such Registration Statement or prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (a "Black Out Period"). With respect to any updated registration statement or post-effective amendment to the registration statement, such blackout period shall continue until such time as the registration statement or post-effective amendment thereto has been filed and declared effective by the SEC.

b. No Sales by Investor During the Black Out Period. During such Black Out Period, the Investor agrees not to sell any shares of Common Stock of the Company.

c. Limitations on the Black Out Period. The Company shall not impose any Black Out Period that is longer than 60 days or in a manner that is more restrictive (including, without limitation, as to duration) than the comparable restrictions that the Company may impose on transfers of the Company's equity securities by its directors and senior executive officers. In addition, the Company shall not deliver any Advance Notice during any Black Out Period. If the public announcement of such material, nonpublic information is made during a Black Out Period, the

Black Out Period shall terminate immediately after such announcement, and the Company shall immediately notify the Investor of the termination of the Black Out Period.

Section 6.03 Listing of the shares of Common Stock. As of each Advance Date, the Shares to be sold by the Company from time to time hereunder will have been registered under Section 12(b) of the Exchange Act and approved for listing on the Principal Market or other Trading Market, subject to official notice of issuance.

Section 6.04 Opinion of Counsel. Prior to the date of the delivery by the Company of the first Advance Notice, the Investor shall have received an opinion from counsel to the Company in form and substance reasonably satisfactory to the Investor.

Section 6.05 Exchange Act Registration. The Company will use commercially reasonable efforts to file in a timely manner all reports and other documents required of it as a reporting company under the Exchange Act and will not take any action or file any document (whether or not permitted by the Exchange Act or the rules thereunder) to terminate or suspend its reporting and filing obligations under the Exchange Act.

Section 6.06 Transfer Agent Instructions. So long as there is a Registration Statement in effect for this transaction, the Company shall (if required by the transfer agent for the shares of Common Stock) cause legal counsel for the Company to deliver to the transfer agent for the shares of Common Stock (with a copy to the Investor) instructions to issue shares of Common Stock to the Investor free of restrictive legends upon each Advance if the delivery of such instructions are consistent with Applicable Law and the Investor has provided the Transfer Agent Deliverables with respect to such shares of Common Stock required by this Agreement.

Section 6.07 Corporate Existence. The Company will use commercially reasonable efforts to preserve and continue the corporate existence of the Company during the Commitment Period.

Section 6.08 Notice of Certain Events Affecting Registration; Suspension of Right to Make an Advance. The Company will promptly notify the Investor, and confirm in writing, upon its becoming aware of the occurrence of any of the following events in respect of a Registration Statement or related prospectus relating to an offering of shares of Common Stock (in each of which cases the information provided to Investor will be kept strictly confidential): (i) except for requests made in connection with SEC or other Federal or state governmental authority investigations disclosed in the SEC Documents, receipt of any request for additional information by the SEC or any other Federal or state governmental authority during the period of effectiveness of the Registration Statement or any request for amendments or supplements to the Registration Statement or related prospectus; (ii) the issuance by the SEC or any other Federal governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt of any notification with respect to the suspension of the qualification or exemption from qualification of any of the shares of Common Stock for sale in any jurisdiction or the initiation or written threat of any proceeding for such purpose; (iv) the happening of any event that makes any statement made in the Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the related prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or of the necessity to amend the Registration Statement or supplement a related prospectus to comply with the Securities Act or any other law; and (v) the Company's reasonable determination that a post-effective amendment to the Registration Statement would be appropriate; in which case the Company will prepare and promptly make available to the Investor any such supplement or amendment to the related prospectus. The Company shall not deliver to the Investor any Advance Notice, and the Company shall not sell any Shares pursuant to any Advance Notice (other than as required pursuant to Section 2.05(b)), during the continuation of any of the foregoing events in clauses (i) through (v) above, or in the event that (vi) there shall be no bid for the shares of Common Stock on the Principal Market or Trading Market for a period of 15 consecutive minutes at any time during the applicable Pricing Period or (vii) there shall be a "trading halt" or circuit breaker" event with respect to the shares of Common Stock on the Principal Market or Trading Market during the applicable Pricing Period (each of the events described in the immediately preceding clauses (i) through (vii), inclusive, a "Material Outside Event").

Section 6.09 Consolidation. If an Advance Notice has been delivered to the Investor, then the Company shall not effect any consolidation of the Company with or into, or a transfer of all or substantially all the assets of the Company to another entity before the transaction contemplated in such Advance Notice has been closed in accordance with Section 2.05 hereof, and all Shares issuable in connection with such Advance have been received by the Investor.

Section 6.10 Issuance of shares of Common Stock. The issuance and sale of shares of Common Stock to the Investor hereunder shall be made in accordance with the provisions and requirements of Section 4(a)(2) of the Securities Act or Regulation D under the Securities Act and any applicable state securities law.

Section 6.11 Market Activities. The Company will not, directly or indirectly, take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company under Regulation M of the Exchange Act, with the exception of any open market purchases made within the safe harbor provided by Rule 10b-18 under the Exchange Act. The Investor shall comply with all laws and orders, judgments and decrees applicable to the performance by it of its obligations under this Agreement and its investment in the Shares, except as would not, individually or in the aggregate, prohibit or otherwise interfere with the ability of the Investor to enter into and perform its obligations under this Agreement in any material respect. Without limiting the foregoing, the Investor shall comply with all applicable provisions of the Securities Act and the Exchange Act, including Regulation M thereunder, the rules and regulations of FINRA, and all applicable state securities or "Blue Sky" laws.

Section 6.12 Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, will pay all expenses incident to the performance of its obligations hereunder, including but not limited to (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of each prospectus and of each amendment and supplement thereto; (ii) the preparation, issuance and delivery of any Shares issued pursuant to this Agreement, (iii) all reasonable fees and disbursements of the Company's counsel, accountants and other advisors, (iv) the qualification of the Shares under securities laws in accordance with the provisions of this Agreement, including filing fees in connection therewith, (v) the printing and delivery of copies of any prospectus and any amendments or supplements thereto, (vi) the fees and expenses incurred in connection with the listing or qualification of the Shares for trading on the Principal Market or Trading Market, or (vii) filing fees of the SEC and the Principal Market or Trading Market.

Section 6.13 Material Non-Public Information. The Company shall not, and the Company shall cause each of its and their respective officers, directors, employees and agents not to, provide the Investor with any material, non-public information regarding the Company without the express prior written consent of the Investor (which may be granted or withheld in the Investor's sole discretion and must include an agreement to keep such information confidential until publicly disclosed or 45 days have passed); it being understood that the mere notification of Investor required pursuant to Section 6.08(iv) hereof shall not in and of itself be deemed to be material non-public information. Notwithstanding anything contained in this Agreement to the contrary, the Company expressly agrees that it shall use its commercially reasonable efforts to publicly disclose, no later than 45 days following the date hereof, but in any event prior to delivering the first Advance Notice hereunder, any information communicated to the Investor by or, to the knowledge of the Company, on behalf of the Company in connection with the transactions contemplated herein, which, following the date hereof would, if not so disclosed, constitute material, non-public information regarding the Company.

Section 6.14 Advance Notice Limitation. The Company shall not deliver an Advance Notice if a stockholders meeting or corporate action date, or the record date for any stockholders meeting or any corporate action, would fall during the period beginning two Trading Days prior to the date of delivery of such Advance Notice and ending two Trading Days following the Closing of such Advance.

Section 6.15 Use of Proceeds. The Company will use the proceeds from the sale of the shares of Common Stock hereunder for working capital and other general corporate purposes or, if different, in a manner consistent with the application thereof described in the Registration Statement. Neither the Company will, directly or indirectly, use the proceeds of the transactions contemplated herein, or lend, contribute, facilitate or otherwise make available such proceeds to any Person (i) to fund, either directly or indirectly, any activities or business of or with any Person that is identified on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions or Sanctions Programs, or (ii) in any other manner that will result in a violation of Sanctions.

Section 6.16 Compliance with Laws. The Company shall comply in all material respects with all Applicable Laws.

Section 6.17 Aggregation. From and after the date of this Agreement, neither the Company, nor any of its affiliates will, and the Company shall use its commercially reasonable efforts to ensure that no Person acting on their behalf will, directly or indirectly, make any offers or sales of any security or solicit any offers to buy any security, under circumstances that would cause this offering of the shares of Common Stock by the Company to the Investor to be aggregated with other offerings by the Company in a manner that would require stockholder approval pursuant to the rules of the Principal Market or Trading Market on which any of the securities of the Company are listed or designated, unless stockholder approval is obtained before the closing of such subsequent transaction in accordance with the rules of such Principal Market or Trading Market.

Section 6.18 Other Transactions. The Company shall not enter into, announce or recommend to its stockholders any agreement, plan, arrangement or transaction in or of which the terms thereof would restrict, materially delay, conflict with or impair the ability or right of the Company to perform its obligations under the Transaction Documents, including, without limitation, the obligation of the Company to deliver the Shares to the Investor in accordance with the terms of the Transaction Documents. For the avoidance of doubt, nothing in this Section 6.18 shall restrict or impair the Company's ability to conduct any "at the market offering" (as defined in Rule 415 under the Securities Act).

Section 6.19 Integration. From and after the date of this Agreement, neither the Company, nor any of its Affiliates will, and the Company shall use its commercially reasonable efforts to ensure that no Person acting on their behalf will, directly or indirectly, make any offers or sales of any security or solicit any offers to buy any security, under circumstances that when combined with the offering of securities hereunder would require registration of the offer and sale of any of the securities under the Securities Act prior to the issuance of securities hereunder.

Section 6.20 (Reserved.)

Section 6.21 DTC. The Company shall take all commercially reasonable action required to ensure that its shares of Common Stock can be transferred electronically through DTC after the Shares have been delivered to the Investor as DWAC Shares if the Transfer Agent Deliverables with respect to such shares of Common Stock have been provided by the Investor.

Section 6.22 Confidential Information. Each party hereto agrees not to disclose any Confidential Information of the other party to any third party and shall not use the Confidential Information for any purpose other than in connection with, or in furtherance of, the transactions contemplated hereby in full compliance with applicable securities laws; provided, however that a party may disclose Confidential Information that is required by law to be disclosed by the receiving party, provided that the receiving party gives the disclosing party prompt written notice of such requirement prior to such disclosure and assistance in obtaining an order protecting the information from public disclosure. Each party hereto acknowledges that the Confidential Information shall remain the property of the disclosing party and agrees that it shall take all reasonable measures to protect the secrecy of any Confidential Information disclosed by the other party.

Section 6.23 Prohibition of Short Sales and Hedging Transactions. The Investor agrees that beginning on the date of this Agreement and ending on the date of termination of this Agreement as provided in Section 11.02, the Investor and its shareholders, directors, officers, employees, agents, representatives and affiliates, whether for their own accounts or the accounts of any other person, shall not in any manner whatsoever enter into or effect, directly or indirectly, any (i) “short sale” (as such term is defined in Rule 200 of Regulation SHO of the Exchange Act) of the shares of Common Stock (excluding transactions properly marked “short exempt”) or (ii) hedging transaction, which establishes a net short position with respect to the shares of Common Stock; provided, however, that upon receipt of a valid Advance Notice, the Investor may sell shares of Common Stock that the Investor is obligated to purchase under such Advance Notice prior to taking possession or delivery of such shares of Common Stock.

Section 6.24 Use of Name. The Company shall not, directly or indirectly, use the names “Arc Group International”, “Arc Group”, or “Arc”, or any derivations thereof, or logos associated with these names, as the case may be, in any manner or take any action that may imply any relationship with the Investor or any of its affiliates without the prior written consent of the Investor, provided, however, the Investor hereby consents to all lawful uses of these names in the prospectus, Registration Statement and other materials that are required by applicable laws or pursuant to the disclosure requirements of the SEC or any state securities authority, including for the avoidance of doubt a cleansing release following the execution of this Agreement.

ARTICLE VII
CONDITIONS FOR DELIVERY OF ADVANCE NOTICE

Section 7.01 Conditions Precedent to the Right of the Company to Deliver an Advance Notice. The right of the Company to deliver an Advance Notice and the obligations of the Investor hereunder with respect to an Advance is subject to the satisfaction by the Company, on each Advance Notice Date (a “Condition Satisfaction Date”), of each of the following conditions:

a. Accuracy of the Company’s Representations and Warranties. The representations and warranties of the Company in this Agreement shall be true and correct in all material respects, other than to the extent which does not have, or which would not have a Material Adverse Effect.

b. Registration of the shares of Common Stock with the SEC. There is an effective Registration Statement pursuant to which the Investor is permitted to utilize the prospectus thereunder to resell all of the Registrable Securities and no stop order with respect to the Registration Statement shall be pending or threatened by the SEC. The Company shall have filed with the SEC all reports, notices and other documents required under the Exchange Act and applicable SEC regulations during the twelve-month period immediately preceding the applicable Condition Satisfaction Date.

c. Authority. The Company shall have obtained all permits and qualifications required by any applicable state for the offer and sale of all the Shares issuable pursuant to such Advance Notice, or shall have the availability of exemptions therefrom. The sale and issuance of such shares of Common Stock shall be legally permitted by all laws and regulations to which the Company is subject.

d. No Material Outside Event or Material Adverse Effect. No Material Outside Event or Material Adverse Effect shall have occurred and be continuing.

e. Performance by the Company. Unless waived in advance by the Investor, the Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior the applicable Condition Satisfaction Date including, without limitation, the delivery of all shares of Common Stock issuable pursuant to all previously delivered Advance Notices and the issuance of all Commitment Fee Shares previously required to be issued to Investor (for the avoidance of doubt, if the Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement at the time of the applicable Condition Satisfaction Date, but did not comply with any timing requirement set forth herein, then this condition shall be deemed satisfied unless the Investor is materially prejudiced by the failure of the Company to comply with any such timing requirement). When so requested, and following such Rule 144 Holding Period and delivery of any required documents and representations from the Investor, the Company will ensure that its legal counsel provides the Investor with a Rule 144 legal opinion regarding the Commitment Fee Shares.

f. No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits or directly, materially and adversely affects any of the transactions contemplated by this Agreement.

g. No Suspension of Trading in or Delisting of the shares of Common Stock. The shares of Common Stock are quoted for trading on the Principal Market or a Trading Market and all of the Shares issuable pursuant to such Advance Notice will be listed or quoted for trading on the Principal Market or a Trading Market.

h. Authorized. There shall be a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock for the issuance of all of the Shares issuable pursuant to each Advance Notice.

i. Executed Advance Notice. The representations contained in the applicable Advance Notice shall be true and correct in all material respects as of the applicable Condition Satisfaction Date.

j. Consecutive Advance Notices. Except with respect to the first Advance Notice, the Pricing Period for all prior Advances has been completed.

Furthermore, the Company shall not have the right to deliver an Advance Notice to the Investor if any of the following shall occur:

k. the Company breaches any representation or warranty in any material respect, or breaches any covenant or other term or condition under any Transaction Document in any material respect, other than to the extent which does not have, or which could not have a Material Adverse Effect and except in the case of a breach of a covenant which is reasonably curable, only if such breach continues for a period of at least three (3) consecutive Trading Days;

l. if any Person commences a proceeding against the Company pursuant to or within the meaning of any Bankruptcy Law for so long as such proceeding is not dismissed;

m. if the Company is at any time insolvent, or, pursuant to or within the meaning of any Bankruptcy Law, (i) commences a voluntary case, (ii) consents to the entry of an order for relief against it in an involuntary case, (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, (iv) makes a general assignment for the benefit of its creditors or (v) the Company is generally unable to pay its debts as the same become due;

n. a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against the Company in an involuntary case, (ii) appoints a Custodian of the Company or for all or substantially all of its property, or (iii) orders the liquidation of the Company for so long as such order, decree or similar action remains in effect;

o. if at any time the Company is not eligible or is unable to transfer its Shares to Investor, including, without limitation, electronically through DTC's Deposit/Withdrawal At Custodian system;

p. the Shares shall not have been approved by the Investor's prime broker or designated clearing firm for deposit to its account with the Depository Trust Company system; or

q. another Advance shall be outstanding, unless the Company and the Investor shall have mutually agreed to permit another Advance.

ARTICLE VIII
NON-DISCLOSURE OF NON-PUBLIC INFORMATION

The Company covenants and agrees that, other than as expressly required by Section 6.08 hereof or, with the Investor's consent pursuant to Section 6.01(c) and 6.13, it shall refrain from disclosing, and shall cause its officers, directors, employees and agents to refrain from disclosing, any material non-public information (as determined under the Securities Act, the Exchange Act, or the rules and regulations of the SEC) directly or indirectly to the Investor or its affiliates, without also disseminating such information to the public, unless prior to disclosure of such information the Company identifies such information as being material non-public information and provides the Investor with the opportunity to accept or refuse to accept such material non-public information for review. Unless specifically agreed to in writing, in no event shall the Investor have a duty of confidentiality, or be deemed to have agreed to maintain information in confidence, with respect to the delivery of any Advance Notices.

ARTICLE IX
NON-EXCLUSIVE AGREEMENT

Notwithstanding anything contained herein, this Agreement and the rights awarded to the Investor hereunder are non-exclusive, and the Company may, at any time throughout the term of this Agreement and thereafter, if permitted by the terms of the Agreement, issue and allot, or undertake to issue and allot, any shares and/or securities and/or convertible notes, bonds, debentures, options to acquire shares or other securities and/or other facilities which may be converted into or replaced by shares of Common Stock or other securities of the Company, and to extend, renew and/or recycle any bonds and/or debentures, and/or grant any rights with respect to its existing and/or future share capital.

ARTICLE X
CHOICE OF LAW/JURISDICTION

This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard in New York County, New York, and expressly consent to the jurisdiction and venue of the Supreme Court of New York, sitting in New York County, New York and the United States District Court of the Southern District of New York, sitting in New York, New York, for the adjudication of any civil action asserted pursuant to this Agreement.

ARTICLE XI
ASSIGNMENT; TERMINATION; OPTION

Section 11.01 Assignment. Neither this Agreement nor any rights or obligations of the parties hereto may be assigned to any other Person.

Section 11.02 Termination.

a. Unless earlier terminated as provided hereunder, this Agreement shall terminate automatically on the earliest of (i) the day that is the 36-month anniversary of the date hereof or (ii) the date on which the Investor shall have made payment of Advances pursuant to this Agreement for shares of Common Stock equal to the Commitment Amount.

b. The Company may terminate this Agreement effective upon five (5) Trading Days' prior written notice to the Investor; provided that there are no outstanding Advance Notices that have not been completed. This Agreement may be terminated at any time by the mutual written consent of the parties, effective as of the date of such mutual written consent unless otherwise provided in such written consent.

c. If pursuant to or within the meaning of any Bankruptcy Law, the Company commences a voluntary case or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors (as described in Sections 7.01(l), 7.01(m) and 7.01(n) hereof), this Agreement shall automatically terminate without further action or notice by any Person; provided that, in connection with a proceeding described in Sections 7.01(l), 7.01(m) and 7.01(n) hereof, this Agreement shall only terminate if any such proceeding shall continue for sixty (60) days without being dismissed, bonded or discharged.

d. Nothing in this Section 11.02 shall be deemed to release the Company or the Investor from any liability for any breach under this Agreement, or to impair the rights of the Company and the

Investor to compel specific performance by the other party of its obligations under this Agreement. The indemnification provisions contained in Article V shall survive termination hereunder.

Section 11.03 Option. The Company shall have the option to enter into a subsequent purchase agreement with the Investor for up to an additional commitment amount of Five Million Five Hundred Thousand Dollars ($5,500,000) subsequent to the termination of this Agreement upon either the conclusion of the Commitment Period or upon the consummation by the Company of the issuance to the Investor of shares of Common Stock equal to the Commitment Amount pursuant to Advances made pursuant to the terms of this Agreement. If the Company exercises such option and the Company and Investor enter into a subsequent purchase agreement such subsequent purchase agreement shall be on substantially the same terms as this Agreement; provided, however that there shall be no commitment fee payable by the Company to the Investor in the form of cash or commitment fee shares.

ARTICLE XII
NOTICES

Other than with respect to Advance Notices, which must be in writing and will be deemed delivered on the day set forth in Section 2.03 in accordance with Exhibit C, any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile or e-mail if sent on a Trading Day, or, if not sent on a Trading Day, on the immediately following Trading Day; (iii) five (5) days after being sent by U.S. certified mail, return receipt requested, (iv) one (1) day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications (except for Advance Notices which shall be delivered in accordance with Exhibit C hereof) shall be:

If to the Company, to:	Lulu's Fashion Lounge Holdings, Inc. 495 Ryan Avenue, Suite 125 Chico, California 95973 Attention: Legal Telephone: (415) 425-6164 E-mail (required): legal@lulus.com
With a Copy (which shall not constitute notice or delivery of process) to:	Akerman LLP Three Brickell City Centre 98 Southeast Seventh Street, Suite 1100 Miami, Florida 33131 Attention: Christina C. Russo, Esq. and Esther L. Moreno, Esq.
If to the Investor(s):	ARC Group International Ltd. 10 East 53rd St, Suite 3001 New York, NY 10022 Attention: Mac McDonald Email: Mac.McDonald@arc-group.com
With a Copy (which shall not constitute notice or delivery of process) to:	Lucosky Brookman LLP 101 Wood Avenue South Fifth Floor Woodbridge, New Jersey 08830 Attention: Rodrigo Sanchez, Esq. Telephone: (732) 395-4417 Email: rsanchez@lucbro.com

Either party may change its information contained in this Article XII by delivering notice to the other party as set forth herein.

ARTICLE XIII
MISCELLANEOUS

Section 13.01 Counterparts. This Agreement may be executed in identical counterparts, both which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. Facsimile or other electronically scanned and delivered signatures, including by e-mail attachment, shall be deemed originals for all purposes of this Agreement.

Section 13.02 Entire Agreement; Amendments. This Agreement supersedes all other prior oral or written agreements between the Investor, the Company, their respective affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement contains the entire understanding of the parties with respect to the matters covered herein and, except as specifically set forth herein, neither the Company nor the Investor makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the parties to this Agreement.

Section 13.03 Reporting Entity for the shares of Common Stock. The reporting entity relied upon for the determination of the trading price or trading volume of the shares of Common Stock on any given Trading Day for the purposes of this Agreement shall be Bloomberg, L.P. or any successor thereto. The written mutual consent of the Investor and the Company shall be required to employ any other reporting entity.

Section 13.04 Expenses; Commitment Fee Shares

a. Each of the parties shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby, except that the Company shall be responsible for all of Investor's legal fees (and will provide proof of any retainer payments and engagement letters to the extent requested), which shall not exceed $30,000 in the aggregate, and Investor acknowledges and agrees that the Company has already paid $10,000 of such aggregate amount prior to the date hereof.

b. In consideration for the parties mutual covenants and agreements contained herein and their respective execution and delivery of this Agreement, following the execution and delivery of this Agreement and two trading days following the filing of the Company's Form 10-Q for the quarter ended June 28, 2026, the Company shall issue or cause to be issued to the Investor on the date thereof, as a commitment fee, shares of Common Stock (the "Commitment Fee Shares") which shall bear a standard restrictive legend. The initial amount of Commitment Fee Shares (the "Initial Commitment Fee Share Amount"), shall be determined by dividing $200,000 by the average VWAP of the shares of Common Stock for the 10 Trading Days immediately preceding the date hereof (the "Initial Commitment Fee Share Reference Price").

Section 13.05 Brokerage. Each of the parties hereto represents that it has had no dealings in connection with this transaction with any finder or broker who will demand payment of any fee or commission from the other party. The Company on the one hand, and the Investor, on the other hand, agree to indemnify the other against and hold the other harmless from any and all liabilities to any person claiming brokerage commissions or finder's fees on account of services purported to have been rendered on behalf of the indemnifying party in connection with this Agreement or the transactions contemplated hereby.

[***REMAINDER OF PAGE INTENTIONALLY LEFT BLANK***]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be executed by the undersigned, thereunto duly authorized, as of the date first set forth above.

COMPANY:

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: */s/ Crystal Landsem*
Name: Crystal Landsem
Title: Chief Executive Officer

INVESTOR:

ARC GROUP INTERNATIONAL LTD.

By: */s/ Abraham Cinta*
Name: Abraham Cinta
Title: Chief Executive Officer

<u>EXHIBIT A</u>

ADVANCE NOTICE

Arc Group International Ltd.

Dated: ______________ Advance Notice Number: ____

The undersigned, _______________________, hereby certifies, with respect to the sale of shares of Common Stock of Lulu's Fashion Lounge Holdings, Inc. (the "<u>Company</u>") issuable in connection with this Advance Notice, delivered pursuant to that certain Purchase Agreement, dated as of August 11, 2026 (the "<u>Agreement</u>"), as follows:

1 The undersigned is the duly elected ______________ of the Company.

2 There are no fundamental changes to the information set forth in the Registration Statement which would require the Company to file a post-effective amendment to the Registration Statement.

3 All conditions to the delivery of this Advance Notice are satisfied as of the date hereof.

4 The amount of Shares issued in respect of such Advance is:

5 The number of shares of Common Stock of the Company issued and outstanding as of the date hereof is ___________.

6 The Pricing Period shall be three (3) Trading Days.

The undersigned has executed this Advance Notice as of the date first set forth above.

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: ____
Name:
Title:

EXHIBIT B

FORM OF SETTLEMENT DOCUMENT

VIA EMAIL

LULU'S FASHION LOUNGE HOLDINGS, INC.

Attn:

Email:

Subject:

Below please find the settlement information with respect to the Advance Notice Date of:

1. Amount of Advance requested in the Advance Notice:
2. Adjusted Advance (after taking into account any adjustments pursuant to Section 2.04):
3. [Lowest VWAP during Pricing Period/ (Regular Drawdown)][Daily VWAP (Rapid Drawdown]:
4. Purchase Price:
5. Number of Shares issued to Investor:

Sincerely,

ARC GROUP INTERNATIONAL LTD.

By: ____
Name:
Title:

Agreed and Approved:

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: ____
Name:
Title:

EXHIBIT C

VIA EMAIL

Email:

Subject: ELOC: LULU'S FASHION LOUNGE HOLDINGS, INC.
Advance Notice

Below please find the Advance Notice Date of:

1. Amount of Advance Shares:

2. Time of Advance:

<u>SCHEDULE 1</u>

Authorized Representatives

The following individuals may execute Advance Notices:

Crystal Landsem, CEO
Heidi Crane, CFO

Exhibit 31.1

CERTIFICATION

I, Crystal Landsem, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lulu's Fashion Lounge Holdings, Inc.;

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(s) 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(s) 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.

Date: August 12, 2026

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Heidi Crane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lulu's Fashion Lounge Holdings, Inc.;

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(s) 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(s) 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.

Date: August 12, 2026

By: /s/ Heidi Crane
Heidi Crane
Chief Financial Officer
(Principal Financial and 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 the Quarterly Report on Form 10-Q of Lulu's Fashion Lounge Holdings, Inc. (the "Company") for the period ended June 28, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Date: August 12, 2026

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 the Quarterly Report on Form 10-Q of Lulu’s Fashion Lounge Holdings, Inc. (the “Company”) for the period ended June 28, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Date: August 12, 2026

By: /s/ Heidi Crane
Heidi Crane
Chief Financial Officer
(Principal Financial and Accounting Officer)