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As filed with the Securities and Exchange Commission on October 12, 2021.

Registration No. 333-

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

FORM S-1 REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Lulu's Fashion Lounge Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	5961	20-8442468
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

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Chico, California 95928
Telephone: (530) 343-3545
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David McCreight
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 "accelerated filer," "large 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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common stock, par value $0.001 per share	$100,000,000	$9,270

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.
(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information contained in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER , 2021

Shares

Common Stock

This is the initial public offering of shares of common stock of Lulu's Fashion Lounge Holdings, Inc. We are offering shares of common stock.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price will be between $ and $ per share.

Upon completion of this offering, and assuming no exercise of the underwriters' option to purchase additional shares, our executive officers, directors, and principal stockholders will own, in the aggregate, approximately % of our outstanding common stock. These stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation, and approval of significant corporate transactions and will have significant control over our management and policies.

We intend to apply to list our common stock on the Nasdaq Global Market under the symbol "LVLU."

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements in this prospectus and may elect to do so in future filings.

Investing in our common stock involves risks. See the section titled "Risk Factors" beginning on page 27 to read about factors you should consider before deciding to invest in shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) See the section titled "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional shares of common stock from us at the initial public offering price, less underwriting discounts and commissions.

The underwriters expect to deliver the shares against payment in New York, New York on , 2021.

Goldman Sachs & Co. LLC **BofA Securities** **Jefferies**

Baird **Cowen** **KeyBanc Capital Markets** **Piper Sandler**

Telsey Advisory Group

Prospectus dated , 2021

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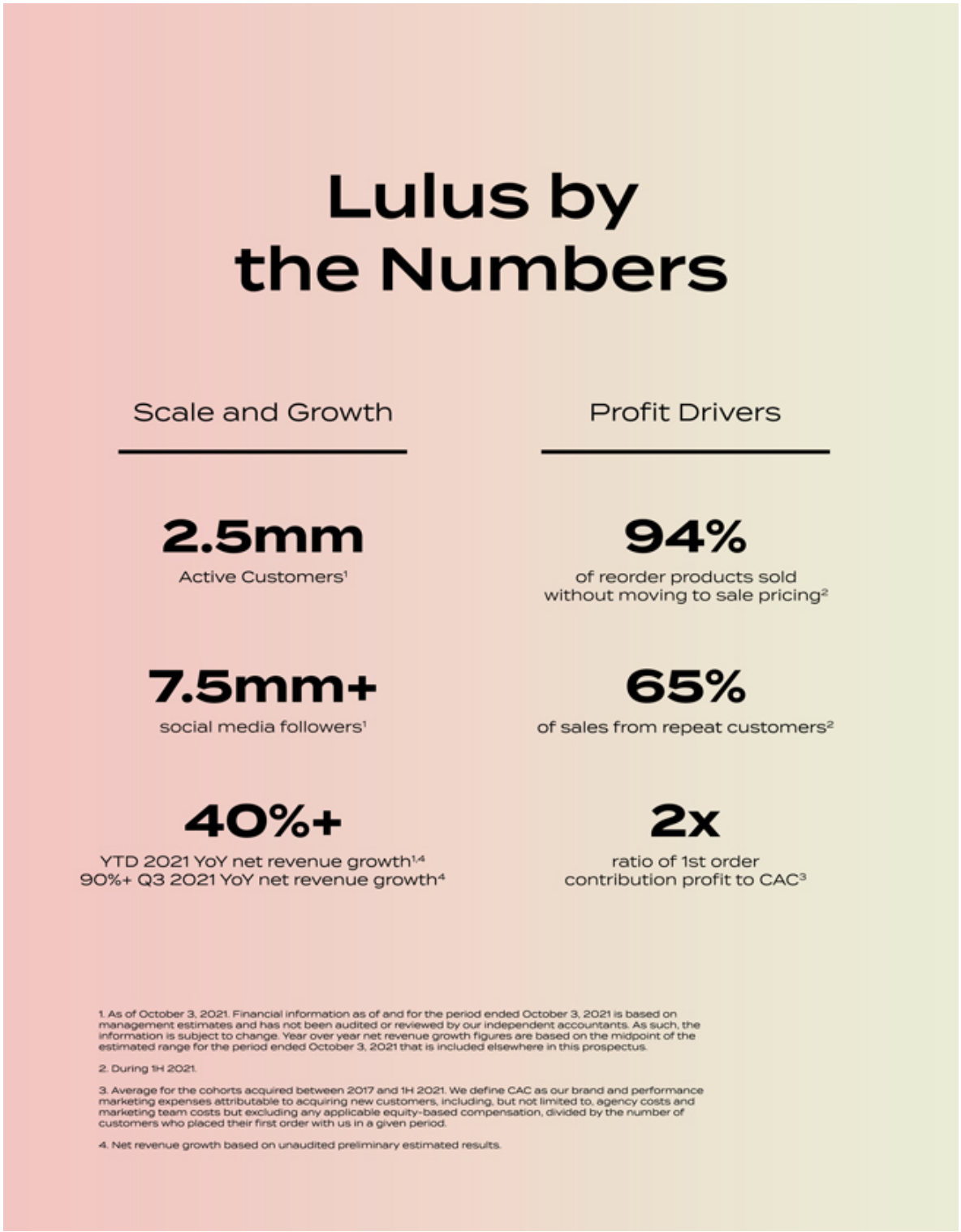
Lulus by the Numbers
Scale and Growth
2.5mm
Active Customers[1]
7.5mm+
social media followers[1]
40%+
YTD 2021 YoY net revenue growth[1,4]
90%+ Q3 2021 YoY net revenue growth[4]
Profit Drivers
94%
of reorder products sold without moving to sale pricing[2]
65%
of sales from repeat customers[2]
2x
ratio of 1st order contribution profit to CAC[3]
1. As of October 3, 2021. Financial information as of and for the period ended October 3, 2021 is based on management estimates and has not been audited or reviewed by our independent accountants. As such, the information is subject to change. Year over year net revenue growth figures are based on the midpoint of the estimated range for the period ended October 3, 2021 that is included elsewhere in this prospectus.
2. During 1H 2021.
3. Average for the cohorts acquired between 2017 and 1H 2021. We define 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.
4. Net revenue growth based on unaudited preliminary estimated results.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. Neither we nor the underwriters (or any of our or their respective affiliates) have authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters (or any of our or their respective affiliates) take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters (or any of our or their respective affiliates) are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is only accurate as of the date on the front cover of this prospectus.

Through and including , 2021 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor the underwriters (or any of their respective affiliates) have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of our shares and the distribution of this prospectus outside the United States.

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 a limited partnership, and is now known as Lulu's Holdings, L.P. We formed two new subsidiaries, Lulu's Fashion Lounge Holdings, Inc., the issuer in this offering, and Lulu's Fashion Lounge Parent, LLC, to sit between the partnership 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 the issuer. Unless otherwise indicated or the context otherwise requires, references in this prospectus 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 2020" and/or "2020" relate to the year ended January 3, 2021, references herein to "fiscal 2019" and/or "2019" relate to the year ended December 29, 2019, and references herein to "fiscal 2018" and/or "2018" relate to the year ended December 30, 2018. The years ended December 29, 2019 and December 30, 2018 were 52 week years, and the year ended January 3, 2021 was a 53 week year.

Throughout this prospectus, 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 prospectus, we also reference Adjusted EBITDA, which is a non-GAAP (accounting principles generally accepted in the United States of America) financial measure. See "Prospectus Summary—Summary Historical Consolidated Financial Data" for a discussion of Adjusted EBITDA, as well as a reconciliation of net income (loss) to Adjusted EBITDA. Net income (loss) is the most directly comparable financial measure to Adjusted EBITDA required by, or presented in accordance, with GAAP.

We define certain terms and other terms used throughout this prospectus as follows:

- ***Active Customers*** is defined as the number of customers who have made at least one purchase across our platform in the prior 12-month period.
- ***Total Orders Placed*** is defined 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.
- ***Average Order Value ("AOV")*** is defined 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 in that period.
- ***Gross Margin*** is defined as gross profit as a percentage of our net revenue. Gross profit is equal to our net revenue less cost of revenue.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including "Risk Factors," "Forward-Looking Statements," and our consolidated financial statements and related notes included elsewhere in this prospectus, before deciding whether to invest in our common stock.

Overview

Lulus is a customer-driven, digitally-native fashion brand primarily serving Millennial and Gen Z women. We focus relentlessly on giving our customers what they want. We do this by using data coupled with human insight to deliver a curated and continuously evolving assortment of on-point, affordable luxury fashion. Our customer obsession sets the tone for everything we do, from our personalized online shopping experience to our exceptional customer service.

We are focused on building authentic personal relationships with our customers and offering them coveted products they cannot purchase elsewhere. We incorporate the pulse of the consumer by engaging with her where she is: across the web, on social media and across our platform, through reviews, feedback and one-on-one interactions with our Style Advisors, Fit Experts and Bridal Concierge. Customers express their love for our brand on social media and by word-of-mouth (both in-person and online). As of October 3, 2021, we had more than 7.5 million followers, up from 5.5 million followers as of September 27, 2020, across our social media platforms where the popular #lovelulus hashtag has generated billions of impressions. Consumer surveys in 2019 and 2021 show that Lulus outperforms its peers significantly in net promoter score, customer satisfaction, overall value, and likelihood of repurchase; these metrics demonstrate our customers' genuine affinity for our brand.

A key differentiator of our business model from traditional fashion retail is our use of data to optimize almost all elements of our business. Nowhere is this more pronounced than in our product creation and curation cycle. Traditional merchandising approaches are risk and capital intensive, characterized by extended in-house design cycles, seasonal assortment decisions, deep buys, limited customer feedback, and high markdowns. Unlike traditional retailers, we leverage a "test, learn, and reorder" strategy to bring hundreds of new products to market every week; we test them in small batches, learn about customer demand and then quickly reorder winning products in higher volume to optimize profitability. This strategy allows us to rapidly convert new products into profitable sales on a consistent and repeatable basis while minimizing fashion and trend risk. We sell thousands of unique products each month across a broad range of categories and during the six months ended July 4, 2021, 70% of our sales were from reorders and 94% of our reorder products were sold without moving to sale pricing. This is up from 66% of sales from reorders and 89% of our reorder products sold without moving to sale pricing during the six months ended June 28, 2020.

We are proud of our large, diverse community of loyal customers. During the twelve months ended October 3, 2021, we served 2.5 million Active Customers. In the first six months of our 2021 fiscal year, 88% of units sold were Lulus brand products up from 86% in the first six months of the 2020 fiscal year. Our target customer initially meets us in her 20s and stays with us through her 30s and beyond. We design a broad assortment of affordable luxury fashion for many of life's moments. Our affordable luxury positioning, underscored by our sub-$50 average unit retail price ("AUR"), means that we are highly accessible and appeal to a broad segment of the market. We define *AUR* 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 number of units sold in that period.

Our company culture is defined by our core values: "*All Voices, All In, Always Evolving*." "All Voices" means every voice, at every level, is valued and encouraged. We are a team made up of individuals, and diversity and self-expression are welcome. We treat each other with respect. We listen actively and are open and honest with each other. "All In" means we are "all in" on ensuring the best possible customer experience, from placing the order to opening the package upon delivery, and every interaction along the way. We pitch in to support our team members and get the job done. "Always Evolving" means we are digital natives, changing and evolving along with our customers and technology. We are never satisfied with the status quo. We constantly seek to improve ourselves, our product, and our Company. We take pride in the growth of our teams, promoting top performers and infusing our Company with new and fresh ideas from outside hires. We strive to embody these core values in our connections with our customers as well as our employees.

Our Industry

Apparel is a Massive Market, but Traditional Brick and Mortar Brands and Retailers Are Under Pressure

Euromonitor, a consumer market research company, estimates that the aggregate apparel and footwear industry in the United States represented a $369.8 billion market in 2019. While the industry temporarily contracted in 2020 to $285.7 billion as a result of the COVID-19 pandemic, it is expected to grow to $395.2 billion by 2025, representing an expected CAGR of 7% from 2020.

Traditional brick and mortar apparel brand and retail models are increasingly under pressure. From 2016 to 2019, we believe online penetration in the U.S. apparel industry increased from 17% to 25%, and this category shift is expected to continue with online penetration reaching 38% by the end of this year and 49% by 2025. Offline retail models have generally failed to keep up with changing consumer preferences and are burdened by vast, inflexible physical store footprints, inventory management challenges, demand seasonality and a highly promotional environment as competitors seek to capture any sales available to cover high fixed costs. Additionally, offline models face a prolonged and unattractive merchandising and buying cycle that requires brands and retailers to forecast fashion trends and consumer demand several quarters into the future. This traditional model also results in higher initial retail prices due to the wholesale-to-retail markup. Finally, Millennial and Gen Z consumers increasingly prefer to shop online, which has forced many traditional retailers to respond by closing a significant portion of their previously profitable physical stores over the last several years.

Brick and mortar businesses, especially in the apparel, footwear and accessories industry, were acutely challenged during the COVID-19 pandemic as they were generally considered "non-essential" by federal, state and local authorities. Most non-essential brick and mortar stores were temporarily closed during the COVID-19 pandemic, and some were permanently closed. Businesses without adequate online capabilities suffered in comparison to omnichannel businesses as well as digitally-native brands.

Omnichannel Models and e-commerce Marketplaces Are Taking Share, but Have Inherited Challenges of Brick and Mortar Brands and Retailers

Prior to the COVID-19 pandemic, consumers were generally spending less time shopping offline and more time shopping online. According to DataReportal, the typical consumer now spends 2 hours and 25 minutes on social media each day, equating to roughly one full waking day of their life each week. According to Branded Research, this trend towards online consumption of media and adoption

of e-commerce is even more pronounced among the youngest generations, with 58% of Gen Z consumers saying they are online "almost constantly." This massive segment of the population represents the first generations to have come of age communicating, learning, and shopping online and on their mobile devices. This has resulted in a new "discovery journey" for consumers, whereby brand and product discovery, evaluation and purchase increasingly occur online. The COVID-19 pandemic further accelerated online penetration by driving product adoption of e-commerce from new consumers and deeper engagement and more buying from existing digital purchasers.

The rapid growth of e-commerce has been primarily driven by two new business models: first, brick and mortar retailers adopting omnichannel models; and second, the emergence of a new generation of online department stores. As brick and mortar retailers have moved online, they market products to consumers through legacy offline channels (e.g., department stores and owned stores) as well as emerging online channels (e.g., e-commerce retailers and owned websites). Consistent with broader industry trends, growth in the online businesses of these traditional brands and retailers has generally outpaced growth in their respective offline businesses. In addition, a new generation of online department stores offers consumers the convenience to shop online for a variety of third-party or private label brands. These online venues have the advantage of being able to offer a broader assortment and more personalized shopping experience relative to their offline counterparts.

While both the omni-channel and online department store models represent an improvement from the traditional offline-only model, they continue to be burdened by many of the challenges of their brick and mortar predecessors. Key among these challenges is a prolonged merchandising and buying cycle that requires brands and retailers to forecast fashion trends and consumer demand several quarters into the future. As a result of a prolonged merchandising and buying cycle, inventory management becomes a critical pain point, whereby inventory shortage results in lost sales, while inventory surplus results in significant markdowns, which impair margins and damage brand equity for omni-channel and brick and mortar retailers. Other challenges include the wholesale-to-retail markup, which results in higher initial retail prices as well as potential margin erosion, since consumers can easily price-shop third-party brands online and purchase from the lowest-cost provider, and the burden of having long-term brick and mortar leases, which proved to be a significant problem during the COVID-19 pandemic. Additionally, legacy and e-commerce retailers may be conflicted when developing and promoting their own private label brands, and are often reliant on third-party brands, which can pose supply risk.

Digitally-Native Brands Are Best Positioned to Win

Against this backdrop, we believe that digitally-native brands are best positioned to succeed due to the following key attributes they possess:

- Ability to offer their own brands without reliance on third-party brands;
- Direct engagement with customers;
- Large, real-time customer-centric datasets offering insights across the business;
- Significantly faster merchandise creation driven by real-time customer feedback and purchase patterns;
- Technology that is purpose-built for e-commerce;
- Asset-light distribution model; and
- Opportunity to selectively test and open temporary retail stores.

Lulus: A Customer-Driven Fashion Brand

Lulus is a customer-driven fashion brand that leverages the power of digitally-native e-commerce. We have built a community of loyal customers by listening to them and engaging with them. When we ask our customers to describe Lulus, they tell us they think of the brand as “affordable,” “quality,” and “trendy.” We take a deliberate, measured approach to developing products that feature high-end, stylistic details as well as flattering silhouettes that empower our customer to look and feel her best, whether in the office, at home or out on the weekend. As a result of our brand authenticity and focus on delivering what our customer wants, we have earned deep customer loyalty and brand affinity. Based on a 2019 survey conducted by Stax, an independent consumer market research firm, which we independently updated in 2021 (the “2021 Brand Survey”), Lulus customers recommend Lulus to their friends and family at a materially higher rate than the other brands and retailers from which they purchase. This positive brand promotion is reflected in higher net promoter scores than our competition and is supported by our strong word-of-mouth customer acquisition. According to the 2021 Brand Survey, over a third of the active Lulus customer respondents first ordered with us after seeing a friend or family member wearing Lulus products or receiving a recommendation. According to the same survey, our aided brand awareness remains modest at 17% among women 18 years of age and older in the United States, implying significant opportunity to continue to attract new customers.

Our Customer

We are proud of our large, diverse community of loyal customers. Our target customer initially meets us in her 20s and stays with us through her 30s and beyond. The Lulus brand spans many categories, including dresses, tops, bottoms, bridal, intimates, swimwear, footwear, and accessories. A customer who might have discovered Lulus when shopping for her college events can continue to shop our broad assortment that caters to events later in life such as bridal parties and weddings as well as for desk to date and everything in between.

Our affordable luxury positioning is underscored by our sub-$50 AUR, which we believe helps us to appeal to a broad segment of the market. On average, our customer’s household income is $82,000. According to the 2021 Brand Survey, our customers spend a median of $1,175 on their fashion purchases per year. In the twelve months ended July 4, 2021, our Active Customers spent $129 on average, implying an 11% share of wallet based on an assumed average wallet of $1,175, which is the median amount our customers spend on fashion purchases per year according to the 2021 Brand Survey. This is up from $122 average spend by Active Customers for the twelve months ended June 28, 2020. We believe our strong customer loyalty, affordable pricing, and significant category expansion opportunity help position us to grow our share of wallet over time.

During the twelve months ended October 3, 2021, we served 2.5 million Active Customers, up from 2.3 million Active Customers during the twelve months ended September 27, 2020. On social media, we benefit from the longevity and strength of our social presence and as of October 3, 2021, we had more than 7.5 million followers, up from 5.5 million followers as of September 27, 2020, across our social media platforms, including Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, and have a strong network of paid and free product influencers who serve as genuine Lulus ambassadors. As of July 4, 2021, as many as 20% of our followers on social media were based outside of the United States.

Why We Win

- **Customer-Driven Fashion Brand:** Lulus is one of the first digitally-native fashion brands in the United States primarily serving Millennial and Gen Z women. Over the last decade, the Lulus

customer has come to us for on-point fashion that is high quality yet affordable. We take pride in our ability to offer more luxurious fabrics and incorporate elevated stylistic details into our products relative to what is offered by other comparably-priced brands. As a result, our customers consistently remark on the quality of our products, as well as the newness of our assortment, with an average of 236 products released each week during the six months ended July 4, 2021 (up from 206 products per week during the six months ended June 28, 2020). Our obsessive focus on customer experience creates deep personal connections, which in turn rewards us with customer loyalty and word-of-mouth sharing of the brand, which, according to the 2021 Brand Survey, has been our leading driver of new customer acquisition. While other brands rely on internal design teams to create styles that reflect a particular brand aesthetic, we listen first and foremost to customer feedback and then focus our efforts on creating and curating an assortment that she will love.

- **Customer-Centric Experience**: We are passionate about building a brand synonymous with exceptional customer service. We have effectively brought the boutique experience online, developing one-on-one relationships with our customers in order to learn and then address their individual needs. We provide customer service on multiple channels—phone, email, chat, SMS, and social media—to meet our customer where she is most comfortable. During the six months ended July 4, 2021, our CSAT customer satisfaction score after interactions with customer service was 93% (based on a 23% response rate), up from the fiscal year 2020 CSAT score of 92% (based on a 24% response rate). Our custom-built digital platform allows customers to share their Lulus experience and get answers to questions without the hassle of taking the search offline. Our extensive database of over 750,000 customer reviews, including over 100,000 photo reviews, and access to personalized assistance help customers identify the perfect style and fit. The number one reason our customers contact us is for personalized fit and styling assistance. Unlike many e-commerce retailers who offer a variety of different brands with inconsistent sizing, by owning our brand we are able to offer standardized sizing across the Lulus assortment, simplifying the shopping experience and giving our customer confidence that she is selecting the best fit. Customers can also filter reviews by size, and we share our customers' photographs wearing the products, helping customers visualize themselves in clothing on bodies like their own.
- **Leveraging Data to Best Serve our Customer:** We have built a massive dataset which gives us strong insight into our customers. Millions of customers have interacted with us, leaving detailed reviews, interacting with our on-demand Style Advisors, Fit Experts, and Bridal Concierge, and completing checkout surveys. Across Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, our over 7.5 million followers engage with us through their comments, feedback, and photographs, and support of our brand with their digital followers. In aggregate, this dataset gives us a deep understanding of our customers' preferences. Our business is driven by the symbiosis between our dataset, marketing strategy, product creation, and curation process.
- **Marketing and Engagement Strategy:** We engage with our customer where she is, in authentic and personalized ways: through our website, mobile app, email, SMS, and on social media. This strategy helps drive brand awareness while fostering deep connections with our customers. Over the last thirteen years, we have built our digital footprint through strong relationships with customers and influencers and we benefit from longevity and consistency of message. Our authentic partnerships with brand ambassadors span the full spectrum of followership and engagement levels, from nano- and micro-influencers, to college ambassadors and celebrities, all of whom wear and genuinely love our brand. These genuine brand ambassadors, driven by a strong emotional connection to Lulus, help drive authentic

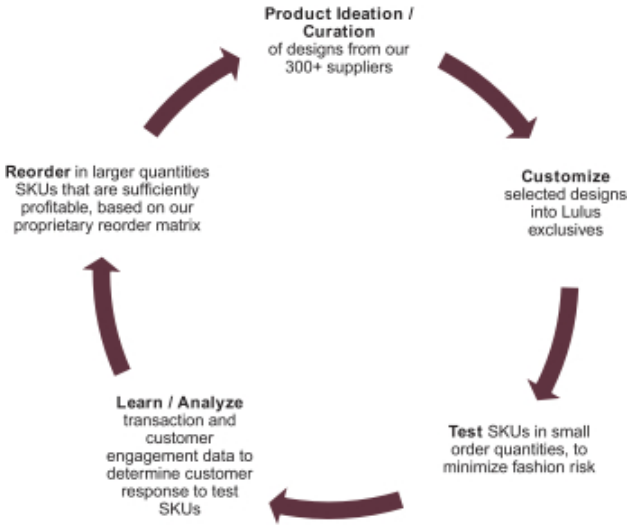
brand awareness and customer engagement. Our free, organic and low-cost initiatives coupled with profitable performance media drive traffic to our platform, which is custom-built to allow for continuous updating and personalization for each customer. Our unified cross-platform strategy consistently reinforces the same brand values, with our marketing approach resulting in attractive customer acquisition, strong retention and compelling lifetime value characteristics. We believe our marketing spend as a percentage of net revenue is highly attractive relative to peer direct-to-consumer e-commerce brands and can support significant future growth at attractive economics.

- **Data-Driven Product Creation Strategy:** Our innovative product creation strategy leverages the power of data and our "test, learn, and reorder" approach to bring new styles online almost every weekday. During the six months ended July 4, 2021, we brought to market an average of 236 products per week compared to 206 products per week during the six months ended June 28, 2020. Traditional merchandising approaches are characterized by extended in-house design cycles, seasonal assortment decisions, deep buys, limited customer feedback, and high markdowns. We leverage our large customer dataset to upend this traditional approach, rapidly bringing new designs to market that we know our customers will love. This means we are not limited to offering just one style or aesthetic across our assortment as is typical with most brands. In lieu of maintaining dedicated in-house product design overhead, we source raw designs from a broad network of creative and manufacturing partners who ensure that we see trends in real-time and often produce products exclusively for Lulus. Next, our creative buyers use our understanding of trends and data-driven customer preference to customize designs for fit, style, and color, creating branded products exclusive to Lulus. We then test these products with limited initial orders, which drive traffic and "need to own" scarcity among our customers. Then, our proprietary reorder algorithm utilizes real-time customer demand and other data to inform subsequent reorder decisions. Because we are trend adapters rather than trend creators, we do not have to forecast expected future demand for a particular style or design, which is a challenge that most of our competitors face each season. As a result, we are able to optimize our inventory levels to meet customer demand and minimize markdowns. Customer feedback via reviews and social media help us to refine products in advance of reordering, further enhancing our product and minimizing returns. During the first six months ended July 4, 2021, 94% of our reorder products were sold without moving to sale pricing, which is up from 89% during the six months ended June 28, 2020.
- **Highly Experienced and Proven Team:** We are led by a highly experienced management team committed to building a great digitally-native brand based on customer obsession, grounded in analytics, and supported by the latest technology. Our team is led by our Chief Executive Officer David McCreight and co-Presidents Crystal Landsem and Mark Vos. Our management team has significant experience in successfully growing direct and omni-channel businesses across various industries, including retail, advertising and technology while working at leading companies such as Abercrombie & Fitch, Alibaba, Anthropologie, Havas Media, MAC Cosmetics, Michael Kors, Nordstrom, SunGard, Target, and Urban Outfitters.

Product Creation and Curation Model

Our product creation and curation model leverage a "test, learn, and reorder" strategy to bring hundreds of new products to market every week; we test them in small batches, learn about customer demand, and then quickly reorder winning products in higher volume to optimize profitability.

Lulus' Product Creation and Curation Process



- *Product Ideation and Curation*: Our team of creative buyers, strategically located in the Los Angeles Fashion District, reviews hundreds of styles daily. We collaborate with a network of more than 300 suppliers, who serve as our design and manufacturing partners. These suppliers often give us priority access and exclusivity to designs, given the strong relationships we have built over the last two decades. This collaboration is guided by our ongoing dialogue with our customer. With the benefit of real-time data around customer preferences and trends, our team interprets those trends and selects and develops styles. During the six months ended July 4, 2021, we reviewed tens of thousands of products and brought to market nearly 6,000 products. We follow this process in the creation of new products as well as when iterating on and updating popular products based on customer feedback.
- *Customize*: Following the selection of a design, we customize our products across multiple key criteria including style, fabric, print, color, length, fit, and quality.
- *Test*: We then place a limited initial order, which we market online to test customer demand. We systematically display products across several categories in a variety of page and sort positions to gauge customer reaction.
- *Learn / Analyze:* We then measure each product against our proprietary reorder algorithm, evaluate real-time customer feedback and make timely product modifications prior to reordering. This limits the inventory risk that most traditional retail brands struggle with when ordering inventory in bulk.
- *Reorder*: All of this data helps us determine whether a product meets or exceeds our profitability target, at which point we reorder it in larger quantity. Over time, we have enhanced our evaluation processes and increased our rate of successful testing, driving our reorder as a percent of total net revenue from approximately 41% in fiscal year 2015 to approximately 66% in fiscal year 2020, and approximately 72% in the six months ended July 4, 2021. We believe our ability to test, learn, and reorder in a rapid manner enables us to sell a higher percentage of product at full retail price, minimize returns, and capture the associated margin benefit.

This efficient, data-driven process, coupled with human insight, allows us to respond to fashion trends with incredible speed and precision while significantly reducing risk in our business. During the six months ended July 4, 2021, Lulus branded products made up approximately 88% of units sold. In addition to our own brand, we also sell a highly curated assortment of other established and emerging brands to create a boutique shopping experience. By doing so, we are able to selectively test new categories and collect insights that we can leverage to further develop our own brand.

Marketing and Engagement

Our marketing strategy leverages our strong visual brand presence to build awareness and drive engagement with our large, diverse community of loyal customers. We integrate the power of data across multiple channels to offer a singular brand voice that speaks to Millennial and Gen Z women. We meet the Lulus customer wherever she is, enabling her discovery of the brand and providing her numerous opportunities to interact with others in the Lulus community. Through this engagement with our customers, we strive to build personal connections that are authentic and durable.

How We Attract and Engage Customers

We attract and engage customers through a combination of *owned*, *earned*, and *paid* media.

- *Owned:* Owned media primarily consists of our website, mobile app, social media platforms, email, and SMS, which we actively manage in order to be accessible and responsive to both our current and prospective customers. Through brand content posted on social media platforms such as Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, we maintain an ongoing dialogue with an audience of more than 7.5 million followers. We leverage this direct connection to drive engagement by sharing authentic, original content and creating engaging experiences like exclusive brand contests and limited-time promotions.
- *Earned:* In the early 2000s, we began sending products to and building relationships with influencers in the fashion business. Today, we enjoy positive, authentic brand exposure both online and offline. This consists of customers sharing of our content, social media influencer endorsement, as well as exposure in blogs, magazines, and television. We have built a competitive advantage through our long-term commitment to a broad-based influencer marketing approach, developing longstanding relationships with true customers and brand ambassadors who love Lulus as much as we do. This has proven scalable and cost effective. We have a network of thousands of paid and free product influencers who serve as genuine Lulus ambassadors. Our #lovelulus hashtag has garnered billions of impressions, while our extensive online backlink history, earned organically over many years, helps us to drive significant free, organic, and low-cost traffic to our platform.
- *Paid:* Paid media primarily consists of paid advertisement on search engines such as Google and Bing, and social media platforms such as Facebook and Instagram. As one of the first digitally-native brands, we have built a robust online infrastructure over time. We are especially well-positioned to leverage our data and expertise to effectively drive demand generation through performance media channels, which we use to augment the reach and impact of our owned digital properties and earned media. In addition, our strong partnerships with the key players in the performance space including Google, as well as Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, give us access to early betas and pilot programs to test new advertising opportunities before they are broadly available.

How We Drive Conversion

Upon attracting a new or existing customer to our website or mobile experience, we seek to maximize conversion through a variety of strategies.

- *Brand Strength and Exclusivity:* As a digitally-native fashion brand, we benefit from the ability to focus our resources, as well as our customers' attention, primarily on the Lulus brand, without the distraction or complexity of managing and marketing a large multi-brand portfolio. As a result, we focus on offering the best possible assortment of Lulus products for our customers. Our drive to provide our customers with products that cannot be found elsewhere creates reengagement opportunities through new product drops while also protecting us from comparison shopping and competitor pricing. Our customers look to our elevated content for styling inspiration and ideas; they value our curated collections and our single-brand focus, which differentiate us from other e-commerce retailers that function as online department stores.
- *Product Reviews:* One of the most important aspects of our digital shopping experience is our extensive database of proprietary customer product reviews, which we first enabled in 2012 and now amounts to over 750,000 reviews. Our website has the functionality to allow customers to upload their own product photos along with their reviews, which bring the products to life on a diverse array of body types. To date, customers have uploaded over 100,000 photos from verified purchases. Customers tell us that these reviews and photos help them find products that they love and fit them well. In 2021, we began highlighting select review photos alongside our on-model photos to better enable customers to envision our products on a diverse array of body shapes and skin tones. Reviews provide our customers with an opportunity to share their experience with a past purchase, fostering a diverse and inclusive community in which customers share style and fit feedback, which in turn informs other customers' purchase decisions. All of our customer-written reviews and photos can be sorted and filtered by various criteria that allow shoppers to make informed decisions based on how our products fit others in the community with similar body types, thus increasing both propensity to purchase and the likelihood that the product will look and fit as expected.
- *Boutique Styling Experience:* We strive to offer exceptional customer service before, during, and after each purchase. We accomplish this by continuously improving the boutique experience on our platform through features such as our product recommendation engine and targeted messaging and with our in-house team of customer service associates who maintain deep expertise of our brand, products, and systems. Our Style Advisors, Fit Experts, and Bridal Concierge offer styling suggestions via live chat, phone, email, and SMS, facilitating a seamless shopping experience from browse to purchase and even post-purchase. Customer benefits such as free shipping on orders above a minimum price point, expedited shipping, and a customer-friendly free returns policy serve to bolster the affordable luxury boutique experience while eliminating the friction of online shopping.
- *Personalized and Optimized Shopping Experience*: We customize and personalize our interactions with each Lulus customer by monitoring information such as how she arrives on our site, her on-site behavior, and what she buys. By monitoring real-time behavior and trends, analyzing customer transaction and engagement data, and absorbing feedback, we develop a better understanding of customer desire and behavior. As a result, we can more accurately predict what will drive conversion. Our customer insights, predictive capabilities, product recommendations, and custom-built website work seamlessly together to offer each customer a personalized experience across web, mobile, our mobile app, email, and SMS.

These strategies work in unison to help drive order conversion. Whether she is browsing social media or providing feedback on a recent purchase, we engage with our customer across a multitude of touchpoints throughout the discovery and purchase journey.

Our Growth Strategies

Grow Brand Awareness and Attract New Customers

Due to the mass market appeal of our brand, we believe there is a significant opportunity to bring new customers into the Lulus community through increased brand awareness. As of July 2021, according to the 2021 Brand Survey, our aided brand awareness among women of 18 years of age and older in the United States was 17%. According to the same survey, about half of the respondents have become aware of our brand through word-of-mouth, social media posts by Lulus or influencers, or product references from family and friends. We intend to grow awareness of the Lulus brand and attract new customers through the following strategies:

- Further investment in performance digital marketing strategies (e.g., performance search marketing via Google, social advertising via Facebook and Instagram, and remarketing);
- Exploration and expansion of new marketing channels, including public and private radio/streaming platforms, podcasts, shoppable video commerce platforms (e.g., YouTube), outdoor media, on-demand video, and television;
- Continued expansion of our brand ambassador program at all engagement tiers, including celebrity, micro- and nano-influencers, and college ambassadors to introduce Lulus to new audiences;
- Expansion of marketing programs that leverage word-of-mouth referral in a scalable online platform through email, text, and social media;
- Further development and testing of physical retail opportunities to expand on brand awareness, such as in-store partnerships with third-party retailers and small-format pop-ups and showrooms; and
- Continued development of brand partnerships, with a clear focus on brands with strong customer affinity and crossover potential. This includes collaborations with apparel brands and influencers, as well as adjacent category opportunities such as beauty, home, and lifestyle.

Enhance and Retain Existing Customer Relationships

We have a large and growing Lulus community and we served 2.5 million Active Customers during the twelve months ended October 3, 2021. We continue to leverage data-driven customer insights to develop strong customer relationships and become a one-stop shop for Gen Z and Millennial women. For example, we have had success leveraging data-driven insights across categories to offer personalized suggestions and reminders at targeted points in time, and we are focused on expanding these capabilities to provide enhanced real-time recommendations and post-purchase engagement. Additionally, we continually develop and evaluate new tools and programs designed to improve the key customer metrics that drive our business, such as frequency of purchase and Average Order Value through the following strategies:

- Optimization of our website and mobile experience through continued A/B and multivariate testing;
- Improvement of customer segmentation and personalization features;

- Leveraging our expanded multi-region distribution facilities to offer faster order delivery and developing new shipping options for loyal customers;
- Development of our loyalty program to engender even deeper brand engagement, drive repeat purchase behavior and increase wallet share;
- Enhancement of our customer service through the expansion of our Style Advisors, Fit Experts, and Bridal Concierge dedicated to creating a truly personalized digital boutique experience;
- Continued development of our affordable luxury brand positioning and content; and
- Incorporating new technology that enhances our customers' experience.

We have learned that enhancing our existing customers' experience drives increased word-of-mouth (in-person and online) recommendations, which in turn helps grow brand awareness.

Pursue Category Expansion

We believe there is tremendous potential to continue to drive growth in our underpenetrated categories. We have a significant opportunity to grow our share of total apparel budget with expansion into these underdeveloped areas. For example, our recent success in bridal and swimwear demonstrates our ability to successfully launch and grow share in new categories. Our deep and personal engagement with our customers through product reviews, exit surveys and social media feedback helps us understand the product categories they are most interested in shopping and will continue to inform the breadth and depth of the categories we offer. According to the 2021 Brand Survey, a significant percentage of Lulus customers sampled indicated they would be interested in purchasing Lulus merchandise in categories in which we are currently underpenetrated.

Due to our customer data-driven product creation strategy, we have the ability to test new categories with minimal upfront investment and risk. New categories are opened with a controlled assortment of branded and partner products through which we learn to understand customer demand via our reorder algorithms. Our ability to leverage our existing categories to introduce and grow new ones has resulted in customer repeat orders with strong product diversification.

Pursue International Expansion

While we expect the majority of our near-term growth to continue to come from the United States, we believe that serving international customers represents a long-term growth opportunity. To date, we have shipped our merchandise to over 100 countries, while spending minimal dollars on marketing outside of the United States, demonstrating our global appeal and broader market opportunity. We intend to increase our focus on global performance media and to optimize our platform and distribution processes for international customers, allowing for more flexibility across languages and currencies. We believe that providing a localized shopping experience will significantly enhance our ability to serve customers in international markets. Over time, we believe the Lulus brand has the potential to succeed in many other developed and major developing markets.

Recent Developments

Preliminary Results for the Three Months Ended October 3, 2021 (Unaudited)

We have not yet completed our closing procedures for the three months ended October 3, 2021. Presented below are certain estimated preliminary unaudited financial results and key operating

metrics for the three months ended October 3, 2021. These ranges are based on the information available to us at this time. We have provided estimated ranges, rather than specific amounts, because these results are preliminary and subject to change. As such, our actual results may differ materially from the estimated preliminary results presented here and will not be finalized until after we close this offering and complete our normal quarter-end accounting procedures, including the execution of our internal control over financial reporting. These ranges reflect our management's best estimate of the impact of events during the quarter.

These estimates should not be viewed as a substitute for our interim unaudited condensed consolidated financial statements prepared in accordance with GAAP. Accordingly, you should not place undue reliance on these preliminary financial results and key operating metrics. These estimated preliminary results and key operating metrics should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," our audited consolidated financial statements and the related notes thereto, and our unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

Additionally, the estimates reported below include certain financial measures that are not required by, or presented in accordance with, GAAP. Management believes that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations. These non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation, or as an alternative to, or a substitute for, net income (loss), operating income (loss) margin or other financial statement data presented in our consolidated financial statements as indicators of financial performance or liquidity. We may calculate or present these non-GAAP financial measures differently than other companies who report measures with the same or similar names, and as a result, the non-GAAP measures we report may not be comparable.

All of the data presented below has been prepared by and is the responsibility of management. Neither our independent registered public accounting firm, nor any other independent accountants, have audited, reviewed, compiled or performed any procedures with respect to the estimated preliminary financial results contained herein, nor have they expressed any opinion or any other form of assurance with respect thereto.

The following includes our unaudited preliminary estimated results as of and for the three months ended October 3, 2021:

	Three Months Ended		
	September 27, 2020 (Actual)	October 3, 2021 (Estimated)	
		(Low)	(High)
	(unaudited) (in thousands, except percentages)		
Preliminary Estimated Financial Results:			
Net revenue	$ 54,533	$104,538	$106,320
Cost of revenue	$ 30,128	$ 55,137	$ 55,553
Gross profit	$ 24,405	$ 49,401	$ 50,767
Net income	$ 377	$ 3,307	$ 3,850
Gross margin(1)	*44.8%*	*47.3%*	*47.7%*
Adjusted EBITDA(1)(2)	$ 5,249	$ 11,078	$ 11,885
Adjusted EBITDA Margin(1)(2)	*9.6%*	*10.6%*	*11.2%*

(1) See the definitions of key operating and financial metrics in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics."

(2) The following table provides a reconciliation for Adjusted EBITDA and Adjusted EBITDA margin:

	Three Months Ended		
	September 27, 2020 (Actual)	October 3, 2021 (Estimated)	
		(Low)	(High)
	(unaudited) (in thousands, except percentages)		
Net income	$ 377	$ 3,307	$ 3,850
Depreciation and amortization	795	730	695
Interest expense	3,959	3,649	3,612
Provision (benefit) for income taxes	(246)	1,388	1,616
Management fees(a)	157	156	165
Equity-based compensation(b)	207	1,848	1,947
Adjusted EBITDA	$ 5,249	$11,078	$11,885
Adjusted EBITDA margin	*9.6%*	*10.6%*	*11.2%*

(a) Represents management fees and expenses paid pursuant to the professional services agreement with the Sponsor and Institutional Venture Partners for consulting and other services.

(b) Represents equity-based compensation expense related to vesting of Class P unit awards and equity-based compensation expense for stock options and special compensation awards.

For the three months ended October 3, 2021, we expect revenue to be between $104.5 million and $106.3 million, compared to $54.5 million for the three months ended September 27, 2020. The expected increase in revenue from the three months ended September 27, 2020 to the three months ended October 3, 2021 is primarily due to increases in active customers and customer spend coupled with fewer markdowns and promotional discounts compared to the same period of the prior year. The higher revenue was partially offset by higher sales returns compared to the same period of the prior year due to a shift in sales mix toward product categories with higher return rates.

For the three months ended October 3, 2021, we expect Cost of revenue to be between $55.1 million and $55.6 million, compared to $30.1 million for the three months ended September 27, 2020. The expected increase in Cost of revenue in the three months ended October 3, 2021 compared to the three months ended September 27, 2020 is mostly driven by the increase in net revenue. Additionally, there was a shift in sales mix to higher gross margin products combined with lower markdowns and discounts, driving the cost of revenue as a percentage of net sales down in the three months ended October 3, 2021 compared to the same period of the prior year.

For the three months ended October 3, 2021, we expect net income to be between $3.3 million and $3.9 million, compared to $0.4 million for the three months ended September 27, 2020. The expected increase in net income from the three months ended September 27, 2020 to the three months ended October 3, 2021 is primarily due to higher gross profit partially offset by higher selling and marketing expenses, general and administrative expenses, and a higher income tax provision.

For the three months ended October 3, 2021, we expect gross margin to be between 47.3% and 47.7%, compared to 44.8% for the three months ended September 27, 2020. The expected increase in gross margin from the three months ended September 27, 2020 to the three months ended October 3, 2021 is primarily due to decreases in markdowns and discounts driven by higher customer demand.

For the three months ended October 3, 2021, we expect Adjusted EBITDA to be between $11.1 million and $11.9 million, compared to $5.2 million for the three months ended September 27, 2020. For the three months October 3, 2021, we expected Adjusted EBITDA margin to be between 10.6% and 11.2%, compared to 9.6% for the three months ended September 27, 2020. The expected increase in our Adjusted EBITDA and Adjusted EBITDA margin in the three months ended October 3, 2021 compared to the three months ended September 27, 2020 is primarily due to increases in net revenue and decreases in operating costs as a percentage of net revenue.

As of October 3, 2021, cash and cash equivalents were $40.9 million and restricted cash was $0.5 million. As of September 27, 2020, cash and cash equivalents were $35.9 million and restricted cash was $0.5 million.

Refinancing of Our Existing Indebtedness

In connection with this offering, we anticipate entering into a new $50.0 million senior secured revolving credit facility (the “New Revolving Facility”). We intend to use borrowings under the New Revolving Facility to refinance existing indebtedness and for general corporate purposes, including funding working capital.

The New Revolving Facility will mature three years after the closing date of such facility, and borrowings thereunder will accrue interest at the daily secured overnight financing rate (“SOFR”), plus a SOFR adjustment of 26.161 basis points plus a margin of 1.75% per annum. Additionally, we expect a commitment fee of 37.5 basis points will be assessed on unused commitments under the New Revolving Facility.

We expect to enter into the New Revolving Facility substantially concurrently with the completion of this offering; however, there can be no assurance that we will be able to enter into the New Revolving Facility on the terms described herein or at all.

Risk Factors Summary

Investing in our common stock involves a high degree of risk. You should consider carefully the risks described in the section titled “Risk Factors” before making a decision to invest in our common stock. If any of these risks actually occur, our business, financial condition, and results of operations would likely be materially adversely affected. In such case, the trading price of our common stock would likely decline, and you may lose all or part of your investment. Below is a summary of some of the principal risks that we face.

- If we are not able to successfully maintain our desired merchandise assortment or manage our inventory effectively, we may be unable to attract a sufficient number of customers or sell sufficient quantities of our merchandise, which could result in excess inventories, markdowns, and foregone sales;
- The COVID-19 pandemic has had and may in the future have an adverse effect our labor workforce availability, supply chain, business, financial condition, and results of operations in ways that remain unpredictable;

- Our success depends on our ability to anticipate, identify, measure, and respond quickly to new and rapidly changing fashion trends, customer preferences and demands, and other factors;
- Our efforts to acquire or retain customers may not be successful, which could prevent us from maintaining or increasing our sales;
- We may be unable to maintain a high level of engagement with our customers and increase their spending with us, which could harm our business, financial condition, and results of operations;
- If we fail to provide high-quality customer support, it could have a material adverse effect on our business, financial condition, and results of operations;
- Our business depends on our ability to maintain a strong community around the Lulus brand with engaged customers and influencers. We may not be able to maintain and enhance our existing brand community if we receive customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, financial condition, and results of operations;
- We operate in the highly competitive retail apparel industry, and the size and resources of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share, and have a material adverse effect on our business, financial condition, and results of operations;
- We may not be able to successfully implement our growth strategy;
- We rely on third parties to drive traffic to our platform, and these providers may change their algorithms or pricing in ways that could negatively affect our business, financial condition, and results of operations;
- Our use of social media, influencers, affiliate marketing, email, text messages, and direct mail may adversely impact our brand and reputation or subject us to fines or other penalties;
- As we pursue our international growth strategy, we will become subject to international business uncertainties;
- We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends;
- System security risk issues, including any real or perceived failure to protect confidential or personal information against security breaches and disruption of our internal operations or information technology systems, could have a material adverse effect on our business, financial condition, and results of operations;
- We continually update, augment and add technology systems, which could potentially disrupt our operations and have a material adverse effect on our business, financial condition, cash flows, and results of operations;
- Our business relies heavily on email and other messaging services, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications could materially adversely affect our business, financial condition, cash flows, and results of operations;
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, and warehousing;
- We have two distribution facilities and disruptions to the operations at these locations could have a material adverse effect on our business, financial condition, cash flows, and results of operations;

- We rely upon independent third-party transportation providers for substantially all of our merchandise shipments and any disruptions or increased transportation costs could have a material adverse effect on our business, financial condition, cash flows, and results of operations; and
- We may be subject to liability and other risks if we, our suppliers or the manufacturers of our merchandise infringe upon the trademarks, copyrights or other intellectual property rights of third parties, including the risk that we could acquire merchandise from our suppliers without the full right to sell it.

Our Equity Sponsor

H.I.G. Capital, LLC ("H.I.G." or our "Sponsor") is a leading global private equity and alternative assets firm with more than $45 billion in equity capital under management. Since its founding in 1993, H.I.G., through various affiliates and subsidiaries, has invested in and managed more than 300 companies with combined revenues in excess of $30 billion. H.I.G.'s investors include leading financial institutions, insurance companies, university endowments, pension funds and sovereign wealth funds.

Upon completion of this offering, affiliates of H.I.G. will control shares of our common stock (representing % of all common stock outstanding), or shares of our common stock (representing % of all common stock outstanding) if the underwriters exercise their option to purchase additional shares from us in full.

Corporate Information

We were organized in California on January 23, 2007 under the name Lulu's Fashion Lounge, Inc. Through a series of reorganizations we currently operate our business as Lulu's Fashion Lounge Holdings, Inc. and through our indirect wholly-owned operating subsidiary Lulu's Fashion Lounge, LLC. Our principal offices are located at 195 Humboldt Avenue, Chico, California 95928. Our telephone number is (530) 343-3545. We maintain a website at www.lulus.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus, and you should not rely on any such information in making the decision as to whether to purchase our common stock.

We own or have the rights to use various trademarks, service marks, and trade names referred to in this prospectus, including, among others, **LULUS**® and lulus®. Solely for convenience, we refer to trademarks, service marks, and trade names in this prospectus without the ™, SM, and ® symbols. Such references are not intended to indicate, in any way, that we will not assert, to the fullest extent permitted by law, our rights to our trademarks, service marks, and trade names. Other trademarks, service marks, or trade names appearing in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of our initial public offering, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a "large accelerated filer," as defined in the rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three year period. Any reference herein to "emerging growth company" has the meaning ascribed to it in the JOBS Act.

An emerging growth company may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements in this prospectus and only two years of related "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our registration statements, including this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act");
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements, and registration statements, including in this prospectus; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the Securities and Exchange Commission (the "SEC"). As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

An emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Section 107 of the JOBS Act provides that any decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable. We have elected to use this extended transition period under the JOBS Act.

The Offering

Common stock offered by us	shares (shares if the underwriters exercise their option to purchase additional shares in full).
Option to purchase additional shares of common stock	The underwriters also have the option to purchase up to an additional shares of common stock from us at the initial public offering price, less underwriting discounts and commissions. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Common stock to be outstanding immediately after this offering	shares (shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	We estimate that the net proceeds to us from our sale of shares of common stock in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We currently intend to use the net proceeds from this offering to repay $ million of our term loan with Credit Suisse AG, Cayman Islands Branch (the "Term Loan"), use $ million to redeem all existing Series B Redeemable Preferred Stock (the "Series B Preferred Stock") and Series B-1 Redeemable Preferred Stock (the "Series B-1 Preferred Stock") and use the remainder, if any, for general corporate purposes. As of the date of this prospectus, other than with respect to the repayment of indebtedness and redemption of the Series B Preferred Stock and Series B-1 Preferred Stock as described above, the principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock, increase our brand awareness and facilitate access to the public equity markets for us and our stockholders. As of July 4, 2021, we had $107.7 million of borrowings outstanding under our Term Loan, which matures in August 2022. The effective interest rate under our Term Loan was 12.9% for the six months ended July 4, 2021. See "Use of Proceeds."

Risk factors	Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page 27 of this prospectus for a discussion of factors you should consider carefully before investing in our common stock.
Proposed Nasdaq trading symbol	“LVLU.”

The number of shares of our common stock to be outstanding after this offering is based on shares of our common stock (including our Series A Convertible Preferred Stock (the “Series A Preferred Stock”), on an as-converted basis) outstanding as of , 2021 and excludes shares of our common stock reserved for future issuance under our equity incentive programs and/or subject to outstanding equity awards as described in “Executive Compensation—Equity Compensation Plans.”

Unless otherwise indicated, all information contained in this prospectus reflects and assumes the following:

- the automatic conversion of all outstanding shares of our Series A Preferred Stock into an aggregate of shares of our common stock immediately prior to the completion of this offering;
- the redemption and extinguishment of all outstanding shares of the Series B Preferred Stock and the Series B-1 Preferred Stock for a total consideration of approximately $ million upon the closing of this offering;
- the filing and effectiveness of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, which will occur immediately prior to the completion of this offering;
- 322,793 shares subject to options to acquire shares of our common stock that were granted to Mr. McCreight under the Lulu’s Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan, in connection with his commencement of employment with us in April 2021, of which options to purchase 161,396 shares will accelerate and become fully vested and exercisable upon completion of this offering, with any shares acquired upon exercise of such options subject to a holding period of 12 months following the completion of this offering. The terms of these options are described in more detail in “Executive Compensation—Equity Compensation Arrangements”;
- restricted share units, each of which represents the right to receive one share of our common stock, to be granted to Mr. McCreight immediately following the completion of this offering. The terms of this award are described in more detail in in “Executive Compensation—Equity Compensation Arrangements”;
- an award to Mr. Creight of $3 million fully vested shares of our common stock, which will be made under the Lulu’s Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan, on or promptly following March 31, 2022, subject to his continued employment through such date, with the number of shares to be calculated based on the volume weighted average closing price per share of our common stock over the ten-trading day period beginning on the date of the completion of this offering;
- the liquidation of Lulu’s Holdings, L.P. (the “LP”) in which the unit holders of LP will receive shares of common stock in exchange for their units of the LP, which will occur immediately prior to the completion of this offering;
- an initial public offering price of $ per share of our common stock, which is the midpoint of the price range set forth on the cover page of this prospectus;

- a -for- stock split of our common stock, which was effected on , 2021; and
- no exercise by the underwriters of their option to purchase an aggregate of additional shares of common stock from us.

The number of shares of our common stock to be issued upon the conversion of the Series A Preferred Stock depends on the initial public offering price in this offering. The terms of our Series A Preferred Stock provide that the ratio at which each share of such series converts into common stock in connection with this offering will increase if the initial public offering price is below $ per share, which would result in additional shares of our common stock being issued upon the conversion of our Series A Preferred Stock. Based upon the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, the outstanding shares of our Series A Preferred Stock would convert into an aggregate of shares of common stock. For illustrative purposes only, the table below shows the total number of outstanding shares of our common stock expected to be outstanding after this offering at the low, mid, and high point of the estimated price range set forth on the cover page of this prospectus:

Assumed Initial Public Offering Price Per Share ($)	Total Shares of Common Stock Outstanding After this Offering
$	
$	
$	

Summary Historical Consolidated Financial Data

The following tables present our summary historical consolidated financial and other data for the years ended December 29, 2019 and January 3, 2021, for the six months ended June 28, 2020 and July 4, 2021, and as of July 4, 2021. We have derived the consolidated statements of operations and comprehensive income (loss) data and the consolidated statements of cash flow data for the years ended December 29, 2019 and January 3, 2021 from our audited consolidated financial statements and the related notes thereto included elsewhere in this prospectus. We have derived the consolidated statements of operations and comprehensive income (loss) data and the consolidated statements of cash flow data for the six months ended June 28, 2020 and July 4, 2021 and the consolidated balance sheet data as of July 4, 2021 from our unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

Our historical results are not necessarily indicative of future results of operations, and the results of operations for the six months ended July 4, 2021 are not necessarily indicative of results for the full year. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the unaudited interim condensed consolidated financial statements. You should read the information set forth below together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements and the related notes thereto, and our unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
			(unaudited)	
	(in thousands, except share and per share amounts)			
Consolidated Statements of Operations and Comprehensive Income (Loss) Data:				
Net revenue	$ 369,622	$ 248,656	$ 139,596	$ 172,541
Cost of revenue	208,418	138,364	77,080	90,008
Gross profit	161,204	110,292	62,516	82,533
Selling and marketing expenses	72,875	47,812	26,413	28,499
General and administrative expenses	73,386	67,155	43,325	36,240
Income (loss) from operations	14,943	(4,675)	(7,222)	17,794
Other income (expense), net:				
Interest expense	(15,206)	(16,037)	(7,940)	(7,424)
Other income, net	239	137	66	58
Total other expense, net	(14,967)	(15,900)	(7,874)	(7,366)
Income (loss) before provision for income taxes	(24)	(20,575)	(15,096)	10,428
Income tax (provision) benefit	(445)	1,271	(433)	(3,459)
Net income (loss) and comprehensive income (loss)	$ (469)	$ (19,304)	$ (15,529)	$ 6,969
Deemed dividend to preferred stockholder	—	(504)	(504)	—
Allocation of undistributed earnings to participating securities	—	—	—	(2,751)
Net income (loss) attributable to common stockholder:				
Basic and Diluted	$ (469)	$ (19,808)	$ (16,033)	$ 4,218
Net income (loss) per share attributable to common stockholder:				
Basic and Diluted	$ (0.03)	$ (1.13)	$ (0.92)	$ 0.24
Shares used to compute net income (loss) per share attributable to common stockholder:				
Basic and Diluted	17,462,283	17,462,283	17,462,283	17,462,283

	Year Ended January 3, 2021	Six Months Ended July 4, 2021 (unaudited)
	(in thousands, except share and per share data)	
Pro Forma Consolidated Statements of Operations Data(1):		
Net income (loss) attributable to common stockholder	$ (19,808)	$ 4,218
Add: Deemed contribution from the redemption of Series B Preferred Stock and Series B-1 Preferred Stock	1,412	1,420
Add: Allocation of undistributed earnings to participating securities	—	2,751
Pro forma net income (loss) attributable to common stockholders, basic and diluted	$ (18,396)	$ 8,389
Shares used to compute net income (loss) per share attributable to common stockholder, basic and diluted	17,462,283	17,462,283
Pro forma adjustment to reflect the assumed conversion of the Series A Preferred Stock	3,129,634	3,129,634
Shares used to compute pro forma net income (loss) per share attributable to common stockholders, basic and diluted	20,591,917	20,591,917
Pro forma net income (loss) per share attributable to common stockholders, basic and diluted	$ (0.89)	$ 0.41

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
			(unaudited)	
	(in thousands)			
Consolidated Statements of Cash Flows Data:				
Net cash provided by operating activities	$ 11,874	$ 4,856	$13,870	$ 29,835
Net cash used in investing activities	(4,042)	(1,913)	(1,290)	(962)
Net cash (used in) provided by financing activities	(9,721)	6,755	10,481	(12,292)

	As of July 4, 2021		
	Actual	Pro Forma(2)	Pro Forma As Adjusted(3) (4)
		(unaudited)	
	(in thousands, except share and per share data)		
Consolidated Balance Sheet Data:			
Cash, cash equivalents and restricted cash(5)	$ 32,640	$ 14,740	$
Total current assets	65,823	47,923	
Total assets	129,516	111,616	
Long-term debt, current portion	10,125	10,125	
Total current liabilities	57,434	57,434	
Long-term debt, net of current portion	94,449	94,449	
Total liabilities	154,077	154,077	
Redeemable preferred stock	19,320	—	
Convertible preferred stock	117,038	—	
Common stock	18	21	
Additional paid-in capital	11,735	130,190	
Accumulated deficit	(172,672)	(172,672)	
Total stockholder’s (deficit) equity	(160,919)	(42,461)	

(1) See Note 2 to our consolidated financial statements for the year ended January 3, 2021 and Note 2 to our unaudited interim condensed consolidated financial statements for the six months ended July 4, 2021 for an explanation of the calculations of our basic and diluted net income (loss) per share attributable to common stockholders. The unaudited pro forma basic and diluted net income (loss) per share attributable to common stockholders was computed using the weighted-average number of shares of common stock outstanding adjusted to give effect to (a) the automatic conversion of all outstanding shares of our Series A Preferred Stock, which we expect to occur immediately prior to the completion of this offering, using the if-converted method as though the conversion had occurred as of the beginning of the period into an aggregate of 3,129,634 shares of common stock and (b) the redemption and extinguishment of all outstanding shares of our Series B Preferred Stock and Series B-1 Preferred Stock upon the closing of this offering as if the redemption had occurred as of the later of the original issue date of the Series B Preferred Stock and Series B-1 Preferred Stock or the beginning of the period for a total consideration of approximately $15.0 million for the year ended January 3, 2021 and $17.9 million for the six months ended July 4, 2021.

(2) The unaudited pro forma balance sheet data as of July 4, 2021 assumes (a) the automatic conversion of all outstanding shares of our Series A Preferred Stock as of July 4, 2021 into an aggregate of 3,129,634 shares of common stock, which we expect to occur immediately prior to the completion of this offering, and (b) the redemption and extinguishment of all outstanding shares of our Series B Preferred Stock and Series B-1 Preferred Stock for a total consideration of approximately $17.9 million upon the closing of this offering. The unaudited pro forma stockholders' (deficit) equity does not assume any proceeds from this offering.

(3) Gives effect to the pro forma adjustments described in footnote (2) above plus (a) the sale and issuance of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, (b) the repayment of our Term Loan and any amount outstanding under our revolving credit facility with Credit Suisse AG, Cayman Islands Branch (the "Revolving Facility") of $ million and accrued interest of $ million upon the closing of this offering and (c) the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the completion of this offering.

(4) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of our pro forma as adjusted cash, cash equivalents and restricted cash, total assets, and total stockholder's (deficit) equity by $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and commissions, and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, each of our pro forma as adjusted cash, cash equivalents and restricted cash, total assets, and total stockholder's (deficit) equity by $ million, assuming that the assumed initial offering price to the public remains the same, and after deducting underwriting discounts and commissions, and estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price, the number of shares offered, and the other terms of this offering determined at pricing.

(5) Restricted cash represents $0.5 million of the total cash, cash equivalents and restricted cash as of July 4, 2021.

Key Operating and Financial Metrics

We use the following metrics to analyze operating and financial metrics to assess the performance of our business and to make decisions on where to allocate capital, time, and technology resources.

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
	(in thousands, except percentages and Average Order Value)		(in thousands, except percentages and Average Order Value)	
Key Operating and Financial Metrics:				
Active Customers(1)	2,884	2,001	1,310	1,457
Total Orders Placed(1)	5,307	3,400	1,938	2,259
Average Order Value(1)	$ 110	$ 106	$ 110	$ 117
Gross Margin(1)	43.6%	44.4%	44.8%	47.8%
Net income (loss)	$ (469)	$ (19,304)	$ (15,529)	$ 6,969
Adjusted EBITDA(2)	$ 21,021	$ 18,911	$ 13,760	$ 23,164
Adjusted EBITDA margin(2)	5.7%	7.6%	9.9%	13.4%

(1) See the definitions of key operating and financial metrics in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Financial Metrics.” As defined therein, Active Customers and Total Orders Placed are for the twelve months prior to the period end dates.

(2) Adjusted EBITDA and Adjusted EBITDA margin are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. Adjusted EBITDA and Adjusted EBITDA margin are not measurements of our financial performance under GAAP and should not be considered as an alternative to net income (loss) or any other performance measure derived in accordance with GAAP.

We define Adjusted EBITDA as income before interest expense, income taxes, depreciation and amortization, adjusted to exclude the effect of equity-based compensation expense, management fees, and transaction fees, which represent the write-off of offering costs deferred during 2019 upon abandonment of a prior offering in 2020. We define Adjusted EBITDA margin as Adjusted EBITDA calculated as a percentage of net revenue. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate Adjusted EBITDA and Adjusted EBITDA margin in the same manner. We present Adjusted EBITDA and Adjusted EBITDA margin because we consider both to be important supplemental measures of our performance and believe that both measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Management believes that investors’ understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

Management uses Adjusted EBITDA and Adjusted EBITDA margin:

- as a measurement of operating performance because it assists us in comparing the operating performance of our business on a consistent basis, as it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;

- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to expand our business.

By providing these non-GAAP financial measures, together with reconciliations, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Adjusted EBITDA and Adjusted EBITDA margin have limitations as analytical tools, and should not be considered in isolation, or as an alternative to, or a substitute for, net income (loss), operating income (loss) margin or other financial statement data presented in our consolidated financial statements as indicators of financial performance or liquidity. Some of the limitations are:

- 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;
- 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, management fees, transaction fees, which represent the write-off of offering costs deferred during 2019 upon abandonment of a prior offering in 2020, and equity-based compensation. 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 following this offering. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations.

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

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
			(unaudited)	
	(in thousands)			
Net income (loss)	$ (469)	$(19,304)	$(15,529)	$ 6,969
Depreciation and amortization	3,041	3,216	1,654	1,421
Interest expense	15,206	16,037	7,940	7,424
Income taxes	445	(1,271)	433	3,459
Management fees(a)	758	626	313	317
Write-off of previously capitalized transaction fees(b)	—	1,950	1,950	—
Equity-based compensation(c)	2,040	9,086	8,428	2,093
Series B / B-1 equity-based compensation(d)	—	8,571	8,571	1,481
Adjusted EBITDA	$ 21,021	$ 18,911	$ 13,760	$23,164
Adjusted EBITDA margin	5.7%	7.6%	9.9%	13.4%

(a) Represents management fees and expenses paid pursuant to the professional services agreement with the Sponsor and Institutional Venture Partners for consulting and other services.
(b) Represents the write-off of offering costs deferred during 2019 upon abandonment of a prior offering in 2020.
(c) Represents equity-based compensation expense related to vesting of Class P unit awards which, in fiscal year 2020, included $8.8 million related to the modification to the Class P units. In the six months ended July 4, 2021, this also includes equity-based compensation expense for stock options and special compensation awards granted during that period.
(d) Represents the excess of fair value over the consideration paid for Series B Preferred Stock that was issued to an employee, the Sponsor, and Institutional Venture Partners in June 2020. Represents the excess of fair value over the consideration paid for Series B-1 Preferred Stock that was issued to executives in March 2021.

RISK FACTORS

An investment in our common stock involves a high degree of risk. Investors should consider carefully the following risk factors and all of the other information in this prospectus, including our consolidated financial statements and related notes to those statements, before deciding to invest in our common stock. If any of the following risks actually occur, it could have a material adverse effect on our business, financial condition, and results of operations. As a result, the trading price of our common stock could decline and investors could lose part or all of their investment.

Risks Related to Our Business

Our business depends on our ability to maintain a strong community around the Lulus brand with engaged customers and influencers. We may not be able to maintain and enhance our existing brand community if we receive customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, financial condition, and results of operations.

We believe that maintaining our brand image, particularly with our core target customers, is important to maintaining and expanding our customer base and sales. Maintaining and enhancing our brand image may require us to make additional investments in areas such as merchandising, marketing, online operations, online displays and other promotions, and employee training. These investments may be substantial and may not ultimately be successful. If we are unable to maintain or enhance our brand image, brand awareness, and reputation, our business, financial condition, and results of operations may be materially and adversely affected.

Over the course of 2020, we offered over 23,000 styles through our platform. Lulus brand products comprised approximately 85% of our units sold in 2020. Our ability to identify new styles and maintain and enhance our existing brand is critical to retaining and expanding our base of customers. A significant portion of our customers' experience depends on third parties outside of our control, including suppliers and logistics providers such as UPS and the U.S. Postal Service. If these third parties do not meet our or our customers' expectations or if they increase their rates, our business may suffer irreparable damage or our costs may increase. In addition, maintaining and enhancing relationships with third-party brands may require us to make substantial investments, and these investments may not be successful. Also, if we fail to promote and maintain our brand, or if we incur excessive expenses in this effort, our business, financial condition, and results of operations may be materially adversely affected. We anticipate that, as our market becomes increasingly competitive, maintaining, and enhancing our brand may become increasingly difficult and expensive.

Customer complaints or negative publicity about our website or mobile app, products, merchandise quality, product delivery times, customer data handling and security practices or customer support, especially on social media, blogs, and in reviews, could rapidly and severely diminish consumer use of our website or mobile app and customer and supplier confidence in us, and result in harm to our brand. We believe that much of the growth in our customer base to date has originated from word-of-mouth, including social media and our influencer-driven marketing strategy. If we are not able to develop and maintain positive relationships with our network of influencers or our online customer community, our ability to promote and maintain or enhance awareness of Lulus and leverage social media platforms to drive visits to www.lulus.com or our mobile app may be adversely affected.

The COVID-19 pandemic has had and may in the future have an adverse effect on our labor workforce availability, supply chain, business, financial condition, and results of operations in ways that remain unpredictable.

The impact of the ongoing COVID-19 pandemic is severe, widespread and continues to evolve. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures, including quarantines, travel bans, business closures and other heightened restrictions suggested or mandated by governmental authorities or otherwise elected by companies as a preventive measure, have adversely affected workforces, customers, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in many of our markets. It is impossible to predict all the effects and the ultimate impact of the COVID-19 pandemic, as the situation continues to rapidly evolve.

The COVID-19 pandemic and resulting disruptions to our suppliers' production facilities could materially affect our operations. Additionally, the COVID-19 pandemic has impacted our business through the suspension, postponement and cancellation of in-person social, professional and formal events, including business conferences, graduations, bridal parties and weddings. The suspension, postponement and cancellation of in-person social, professional and formal events due to the COVID-19 pandemic has reduced the volume of events for which our customer base requires our products, and had an adverse impact on our revenue. Although many in-person social, professional and formal events have recommenced in recent months, the rapid development and fluidity of this situation precludes any prediction as to the ultimate impact of the COVID-19 pandemic, which remains a material uncertainty and risk with respect to us, our performance, and our financial results. Our ability to generate revenue is related to in-person social, professional and formal events taking place, and we may not generate as much revenue in the long-run as we would have generated without the cancellations or postponements in the wake of the COVID-19 pandemic.

As a result of the COVID-19 pandemic, at certain points in 2020, we temporarily closed most of our offices, and we may have to do so again as the COVID-19 pandemic continues to develop and related government orders evolve, particularly around the novel Delta variant that is spreading throughout the United States. A large number our employees continue to work remotely as a result of the COVID-19 pandemic. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it could be difficult or, in certain cases, impossible, for us to continue our business effectively for a period of time, particularly if such event also impacted our offices and other areas of work. Further, as the COVID-19 pandemic continues and as certain businesses return to on-site operations, we may experience disruptions if our employees or third-party providers' employees become ill and are unable to perform their duties, and our operations, or the operations of one or more of our third-party providers, is impacted. The increase in remote working may also result in related consumer privacy, information technology security, and fraud concerns. In addition, the challenges to working caused by the COVID-19 pandemic and related restrictions may have an impact on our employees' wellness, which could impact employee retention, productivity and our culture. See "Business—Overview—Impact of the COVID-19 Pandemic and Response."

The COVID-19 outbreak has the potential to cause a disruption in our supply chain and may adversely impact economic conditions in North America, Europe, China, and elsewhere. These and other disruptions, as well as poor economic conditions generally, may lead to a decline in our sales and operating results. In addition, the continuation of the global outbreak of coronavirus may adversely affect the economies and financial markets of many countries and could result in a sustained reduction in the demand for our products, delayed or cancelled orders by customers, or unanticipated inventory accumulation or shortages. A decline in the sales and operating results of our products could in turn

materially and adversely affect our ability to pursue our growth strategy. Each of these results would reduce our future sales and profit margins, which in turn could materially and adversely affect our business, financial condition, and results of operations.

We are unable to accurately predict the ultimate impact on our operations that the COVID-19 pandemic will continue to have on our operations going forward due to uncertainties that will be dictated by the length of time that such disruptions continue, which will, in turn, depend on the currently unknowable duration of the COVID-19 pandemic, the impact of governmental regulations that might be imposed in response to the COVID-19 pandemic, the efficiency and efficacy of vaccination programs and overall changes in consumer behavior.

Furthermore, the global deterioration in economic conditions, which may have an adverse impact on discretionary consumer spending, could also impact our business. A reduction in consumer spending or disposable income could affect us more significantly than companies in other industries and companies with a more diversified product offering due in part to the fact that the discretionary retail items and specialty retail products we sell are discretionary purchases for consumers. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to financial markets. If these actions are not successful, the return of adverse economic conditions could have a negative effect on our business, financial condition, and results of operations.

Our efforts to acquire or retain customers may not be successful, which could prevent us from maintaining or increasing our sales.

Our success depends on our ability to acquire customers in a cost-effective manner. In order to expand our customer base, we must appeal to and acquire customers who have historically used other means of commerce in shopping for apparel and may prefer alternatives to our offerings, such as traditional brick-and-mortar retailers and the websites and mobile apps of our competitors. We have made significant investments related to customer acquisition and expect to continue to spend significant amounts to acquire additional customers. For example, we engage in social media marketing campaigns and maintain relationships with thousands of social media and celebrity influencers. Such campaigns can be expensive and may not result in cost-effective acquisition of customers. We cannot assure that the benefit of acquiring new customers will exceed the cost. If we fail to deliver a quality shopping experience, or if consumers do not perceive the products we offer to be of high value and quality, we may not be able to acquire new customers. If we are unable to acquire or retain customers who purchase products in numbers sufficient to grow our business, we may not be able to generate the scale necessary to drive beneficial network effects with our suppliers, our net revenue may decrease, and our business, financial condition, and results of operations may be materially adversely affected.

We also seek to engage with our customers and build awareness of our brands through sponsoring unique events and experiences such as Lulus Style Studio events, which are experiences we create for our customers and influencers. We anticipate that our marketing initiatives may become increasingly expensive as competition increases, and generating a meaningful return on those initiatives may be difficult. If our marketing efforts are not successful in promoting awareness of our brands and products, driving customer engagement or attracting new customers, or if we are not able to effectively manage our marketing expenses, our business, financial condition, and results of operations will be adversely affected.

We obtain a significant amount of traffic via social networking platforms or other online channels used by our current and prospective customers. As e-commerce and social networking platforms continue to rapidly evolve, we must continue to maintain and establish relationships with these

channels and may be unable to develop or maintain these relationships on acceptable terms. We also acquire and retain customers through paid search/product listing ads, paid social, retargeting, affiliate marketing, and personalized email and direct mail marketing. If we are unable to cost-effectively drive traffic to our website or mobile app, our ability to acquire new customers and our financial condition would suffer.

We may be unable to maintain a high level of engagement with our customers and increase their spending with us, which could harm our business, financial condition, cash flows, or results of operations.

A high proportion of our net revenue comes from repeat purchases by existing customers, especially those existing customers who are highly engaged and purchase a significant amount of merchandise from us. If existing customers no longer find our merchandise appealing, they may make fewer purchases and may stop shopping with us. Even if our existing customers find our merchandise appealing, if customer buying preferences change, they may decide to purchase less merchandise over time. Additionally, if customers who purchase a significant amount of merchandise from us were to make fewer purchases or stop shopping with us, then our sales may decline. A decrease in the number of our customers or a decrease in their spending on the merchandise we offer could negatively impact our business, financial condition, cash flows, and results of operations. Further, we believe that our future success will depend in part on our ability to increase sales to our existing customers over time and, if we are unable to do so, our business may suffer.

Our success depends on our ability to anticipate, identify, measure, and respond quickly to new and rapidly changing fashion trends, customer preferences and demands and other factors.

Our core market of apparel, footwear, and accessories for women is subject to new and rapidly changing fashion trends, constantly evolving consumer preferences and demands, and a modest brand loyalty. Accordingly, our success is dependent on our ability to anticipate, identify, measure and respond to the latest fashion trends and customer demands, and to translate such trends and demands into appropriate, desirable product offerings in a timely manner. A select team of our employees is primarily responsible for performing this analysis and making initial product decisions, and they rely on feedback on fashion trends from a variety of sources, which may not accurately predict evolving fashion trends. Our failure to anticipate, identify or react swiftly and appropriately to new and changing styles, trends or desired customer preferences or to accurately anticipate and forecast demand for certain product offerings is likely to lead to lower demand for our merchandise, which could cause, among other things, sales declines, excess inventories, a greater number of markdowns and lower margins. Further, if we are not able to anticipate, identify and respond to changing fashion trends and customer preferences, we may lose customers and market share to our competitors who are able to better anticipate, identify and respond to such trends and preferences. In addition, because our success depends on our brand image, our business could be materially adversely affected if new product offerings are not accepted by our customers. We cannot assure investors that our new product offerings will be met with the same level of acceptance as our past product offerings or that we will be able to adequately respond to fashion trends or the preferences of our customers in a timely manner or at all. If we do not accurately anticipate, identify, forecast, or analyze fashion trends and sales levels, it could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We rely on third parties to drive traffic to our platform, and these providers may change their algorithms or pricing in ways that could negatively affect our business, financial condition, cash flows, and results of operations.

Our success depends on our ability to attract customers cost effectively. With respect to our marketing channels, we rely heavily on relationships with providers of online services, search engines,

social media, directories, and other websites and e-commerce businesses to provide content, advertising banners, and other links that direct customers to our websites. We rely on these relationships to provide significant traffic to our website. In particular, we rely on digital platforms, such as Google and Facebook, as important marketing channels. Digital channels change their algorithms periodically, and our rankings in organic searches and visibility in social media feeds may be adversely affected by those changes, as has occurred from time to time, requiring us to increase our spending on paid marketing to offset the loss in traffic. Search engine companies may also determine that we are not in compliance with their guidelines and consequently penalize us in their algorithms as a result. Even with an increase in marketing spend to offset any loss in search engine optimization traffic as a result of algorithm changes, the recovery period in organic traffic may span multiple quarters or years. If digital platforms change or penalize us with their algorithms, terms of service, display and featuring of search results, or if competition increases for advertisements, we may be unable to cost-effectively attract customers.

Our relationships with digital platforms are not covered by long-term contractual agreements and do not require any specific performance commitments. In addition, many of the platforms and agencies with whom we have advertising arrangements provide advertising services to other companies, including retailers with whom we compete. As competition for online advertising has increased, the cost for some of these services has also increased. A significant increase in the cost of the marketing providers upon which we rely could adversely impact our ability to attract customers cost effectively and harm our business, financial condition, results of operations, and prospects.

Use of social media, influencers, affiliate marketing, email, text messages, and direct mail may adversely impact our brand and reputation or subject us to fines or other penalties.

We use social media including Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, as well as affiliate marketing, email, SMS, and direct mail as part of our multi-channel approach to marketing, and we encourage our customers to use social media while shopping. We also maintain relationships with thousands of social media influencers, who serve as our brand ambassadors, and engage in sponsorship initiatives. Laws and regulations governing the use of these platforms and other digital marketing channels are rapidly evolving. It may become more difficult for us or our partners to comply with such laws, and future data privacy laws and regulations or industry standards may restrict or limit our ability to use some or all of the marketing strategies on which we currently rely. The failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms could adversely impact our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, customers, or others. Any such inappropriate use of social media tools could also cause business interruptions and reputational damage.

Customers value readily available information concerning retailers and their goods and services and often act on such information without further investigation and without regard to its accuracy. Information concerning us, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on our brand, reputation, or business. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our business, financial condition, and results of operations.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials, and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable

regulations. For example, in some cases, the Federal Trade Commission ("FTC") has sought enforcement action where an endorsement has failed to clearly and conspicuously disclose a financial relationship between an influencer and an advertiser.

Negative commentary regarding us, our products, or influencers and other third parties who are affiliated with us may also be posted on social media platforms and may be adverse to our reputation or business. Influencers with whom we maintain relationships could engage in behavior or use their platforms to communicate directly with our customers in a manner that reflects poorly on our brand and may be attributed to us or otherwise adversely affect us. It is not possible to prevent such behavior, and the precautions we take to detect this activity may not be effective in all cases. Our target customers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate, without affording us an opportunity for redress or correction.

We have not historically used traditional advertising channels, and if we become unable to continue to connect with our target customer base, it could have a material adverse effect on our business, financial condition, and results of operations.

We utilize organic, content, affiliate marketing, email, SMS, direct mail, paid search, and social media marketing to capture the interest of our customers and drive them to our platform. We historically have not used traditional advertising channels, such as newspapers, magazines, and television, which are used by some of our competitors. In the future, we expect to increase our use of social media, such as Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube for marketing purposes. If our marketing efforts are not successful, there may be no immediately available or cost-effective alternative marketing channel for us to use to build or maintain brand awareness. As we execute our growth strategy, our ability to successfully integrate into our target customers' communities or to expand into new markets will be dependent on our ability to connect with our target customers through marketing channels. Failure to successfully connect with our target customers in new and existing markets could have a material adverse effect on our business, financial condition, and results of operations.

We may not accurately forecast income and appropriately plan our expenses.

We base our current and future expense levels on our operating forecasts and estimates of future income. Income and results of operations are difficult to forecast because they generally depend on the volume and timing of the orders we receive, which are uncertain. Additionally, our business is affected by general economic and business conditions around the world. A softening in income, whether caused by changes in customer preferences or a weakening in global economies, may result in decreased net revenue levels, and we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in income. This inability could cause our (loss)/income after tax in a given quarter to be (higher)/lower than expected. We also will make certain assumptions when forecasting the amount of expense we expect related to our future share based payments, which includes the expected volatility of our share price, the expected life of share awards granted and the expected rate of share awards forfeitures. These assumptions are partly based on historical results. If actual results differ from our estimates, our net income in a given quarter may be lower than expected or our net loss in a given quarter may be higher than expected.

Our business depends on the transportation of a large number of products. Our ability to accurately forecast and plan expenses could be adversely impacted by limitations on fuel supplies or increases in fuel prices that result in higher costs of transportation and distribution of our products. Although we are able to update our forecasts and estimates based on current data and modify the pricing of our products accordingly, there is often a lag before such modified pricing is reflected in our

operating results, and there is a limit to how much of any fuel price or other distribution cost increases we can pass onto our customers. Any such limits may adversely affect our results of operations.

If we fail to provide high-quality customer support, it could have a material adverse effect on our business, financial condition, and results of operations.

Our ongoing customer support is important to the successful marketing and sale of our merchandise. Providing this support requires that our customer support personnel have fashion, retail, technical, and other knowledge and expertise, making it difficult for us to hire qualified personnel and scale our support operations. The demand on our customer support organization will increase as we expand our business and pursue new customers, and such increased support could require us to devote significant development services and support personnel, which could strain our team and infrastructure and reduce our profit margins. If we do not help our customers quickly resolve issues and provide effective ongoing customer support, our ability to sell additional merchandise to existing and future customers could suffer and our reputation would be harmed. If we are unable to hire and retain customer support personnel capable of consistently providing customer support at a high level, as demonstrated by their enthusiasm for our culture, understanding of our customers, and knowledge of the merchandise that we offer, our ability to expand our business may be impaired.

Our business is affected by seasonality, which could result in fluctuations in our results of operations.

We experience moderate fluctuations in aggregate sales volume during the year. Historically, our net revenue has been highest in our second fiscal quarter. The seasonality of our business has resulted in variability in our total net revenue quarter-to-quarter. In addition, our customers may change their order patterns and buying habits, including frequency of purchase and/or number of items per order. As a result, we may not be able to accurately predict our quarterly sales. Accordingly, our results of operations are likely to fluctuate significantly from period to period. This seasonality, along with other factors that are beyond our control, including general economic conditions, changes in consumer preferences, weather conditions, including the effects of climate change, the availability of import quotas, transportation disruptions and foreign currency exchange rate fluctuations, could adversely affect our business and cause our results of operations to fluctuate.

We are subject to payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business.

We accept payments online via credit and debit cards, Apple Pay, Google Pay, Klarna and PayPal, which subjects us to certain regulations and risk of fraud, and we may in the future offer new payment options to customers that would be subject to additional regulations and risks. We pay interchange and other fees in connection with credit card payments, which may increase over time and adversely affect our results of operations. While we use third parties to process credit and debit card payments, we are subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. If we fail to comply with applicable rules and regulations or experience a security breach involving payment card information, we may be subject to fines, assessments and/or higher transaction fees and may lose our ability to accept online payments or other payment card transactions. If any of these events were to occur, our business, financial condition, and results of operations could be adversely affected.

We may incur significant losses from customer and or credit card fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a customer did not authorize a purchase, merchant

fraud, and customers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments, and any such losses may be significant. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our results of operations.

Our business is subject to seasonal fluctuations.

Our results of operations for any interim period are not necessarily indicative of those for the entire year because our business is subject to seasonal fluctuations. We generally expect demand to be greater in the calendar second quarter compared to the rest of the year. We believe that this seasonality has affected and will continue to affect our results of operations.

Our unaudited interim condensed consolidated financial statements and the related notes thereto include an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.

In connection with the preparation of our unaudited interim condensed consolidated financial statements as of and for the six months ended July 4, 2021, our management evaluated whether there is substantial doubt about our ability to continue as a going concern and has determined that substantial doubt existed as to whether our cash and cash equivalents as of the date of this filing would be sufficient for the repayment of amounts outstanding under the Term Loan upon its maturity in August 2022. We intend to repay the $97.6 million outstanding principal amount under the Term Loan with the net proceeds from this offering or obtaining additional equity or debt financing, if necessary. We cannot assure that we will be successful in obtaining sufficient funds to repay the amounts outstanding under the Term Loan at maturity in August 2022. In addition, we cannot assure that any future financing will be available on favorable terms or at all.

Risks Related to Our Growth

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the markets in which we compete achieve the forecasted growth, our business may not grow at similar rates, or at all.

Market opportunity estimates and growth forecasts included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The estimates and forecasts included in this prospectus relating to size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth forecasts included in this prospectus, our business may not grow at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties.

We may be unable to sustain our growth, and we may become unprofitable in the future.

Although our net revenue and profitability have grown rapidly from 2014 through 2019, this should not be considered as indicative of our future performance. As we grow our business, we expect our net revenue growth rates to slow in future periods due to a number of reasons, which may include slowing demand for our merchandise, increasing competition, a decrease in the growth of our overall market, and our failure to capitalize on growth opportunities or the maturation of our business.

Our expenses have increased in recent periods, and we expect expenses to increase substantially in the near term, particularly as we make significant investments in our marketing initiatives, expand our operations and infrastructure, develop and introduce new merchandise offerings and hire additional personnel. Investors in our common stock should recognize that we may not always pursue short-term profits but are often focused on long-term growth and this may impact the return on investment. In addition, in connection with operating as a public company, we will incur additional significant legal, accounting and other expenses that we did not incur as a private company. If our net revenue does not increase to offset increases in our operating expenses, we may not be profitable in future periods.

We may not be able to successfully implement our growth strategy.

Our future growth, profitability and cash flows depend upon our ability to successfully implement our business strategy, which, in turn, is dependent upon a number of factors, including our ability to:

- grow our brand awareness and attract new customers;
- enhance and retain our existing customer relationships;
- pursue category expansion; and
- pursue international expansion.

We cannot assure that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments which may result in short-term costs without generating any net revenue and, therefore, may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition, and results of operations.

Our current growth plans may place a strain on our existing resources and could cause us to encounter challenges we have not faced before.

As we expand, our operations will become more complex. We have grown rapidly, with our net revenue increasing from $133 million in 2016 to $370 million in 2019. While our net revenue growth decreased from $370 million in 2019 to $249 million in 2020 due to the impact of the COVID-19 pandemic, we expect to continue to grow rapidly in future periods. We expect our growth to bring new challenges. Among other difficulties that we may encounter, this growth may place a strain on our existing infrastructure, including our distribution facilities, information technology systems, financial controls, merchandising, and operations personnel. We may also place increased demands on our suppliers, to the extent we increase the size of our merchandise orders. The increased demands that our growth plans may place on our infrastructure may cause us to operate our business less efficiently or effectively, which could cause a deterioration in the performance of our business. New order delivery times could lengthen as a result of the strains that growth may place on our existing resources, and our growth may make it otherwise difficult for us to respond quickly to changing trends, customer preferences and other factors. This could impair our ability to continue to offer on-trend merchandise which could result in excess inventory, greater markdowns, loss of market share and decreased sales which, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

In addition, our planned expansion may place increased demands on our existing operational, managerial, administrative, and other resources. Specifically, our inventory management systems and personnel processes may need to be further upgraded to keep pace with our growth strategy. We cannot anticipate all of the demands that our expanding operations will impose on our business, and

our failure to appropriately address these demands could have an adverse effect on business, financial condition, and results of operations.

We may not be able to manage our growth effectively, and such rapid growth may adversely affect our corporate culture.

We have rapidly and significantly expanded our operations and anticipate expanding further as we pursue our growth strategies. Such expansion increases the complexity of our business and places a significant strain on our management, operations, technical systems, financial resources, and internal control over financial reporting functions. Our current and planned personnel, systems, procedures, and controls may not be adequate to support and effectively manage our future operations.

Our collaborative culture is important to us, and we believe it has been a major contributor to our success. We may have difficulties maintaining our culture or adapting it sufficiently to meet the needs of our future and evolving operations as we continue to grow, including as we expand internationally. In addition, our ability to maintain our culture as a public company, with the attendant changes in policies, practices, corporate governance, and management requirements may be challenging. Failure to maintain our culture could have a material adverse effect on our business, financial condition, and results of operations.

As we pursue our international growth strategy, we will become subject to international business uncertainties.

We intend to increase sales of our products to customers located outside the United States. Further, we may establish additional relationships in other countries to grow our operations. The substantial up-front investment required, the lack of consumer awareness of our products in jurisdictions outside of the United States, differences in consumer preferences and trends between the United States and other jurisdictions, the risk of inadequate intellectual property protections and differences in packaging, labeling and related laws, rules and regulations are all substantial matters that need to be evaluated prior to doing business in new territories. We cannot assure that our international efforts will be successful. International sales and increased international operations may be subject to risks such as:

- difficulties in staffing and managing foreign operations;
- burdens of complying with a wide variety of laws and regulations, including more stringent regulations relating to data privacy and security, particularly in the EU;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- political and economic instability;
- natural disasters;
- trade restrictions;
- differing employment practices and laws and labor disruptions;
- the imposition of government controls;
- an inability to use or to obtain adequate intellectual property protection for our key brands and products;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies;
- a legal system subject to undue influence or corruption;

- a business culture in which illegal sales practices may be prevalent;
- logistics and sourcing;
- military conflicts; and
- acts of terrorism.

The occurrence of any of these risks could negatively affect our international business and consequently our overall business, financial condition, and results of operations.

Risks Related to Our Industry

The global apparel industry is subject to intense pricing pressure.

The apparel industry is characterized by low barriers to entry for both suppliers and marketers, global sourcing through suppliers located throughout the world, trade liberalization, continuing movement of product sourcing to lower cost countries, regular promotional activity and the ongoing emergence of new competitors with widely varying strategies and resources. These factors have contributed, and may continue to contribute in the future, to intense pricing pressure and uncertainty throughout the supply chain. Pricing pressure has been exacerbated by the availability of raw materials in recent years. This pressure could have adverse effects on our business and financial condition, including:

- reduced gross margins across our product lines and distribution channels;
- increased supplier demands for allowances, incentives, and other forms of economic support; and
- increased pressure on us to reduce our product costs and operating expenses.

We operate in the highly competitive retail apparel industry, and the size and resources of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share, and have a material adverse effect on our business, financial condition, and results of operations.

We operate in the highly competitive retail apparel industry. We compete on the basis of a combination of factors, including our quality, concept, price, breadth, and style of merchandise, as well as our online experience and level of customer service, our brand image, and our ability to anticipate, identify and respond to new and changing fashion trends and customer demands. While we believe that we compete primarily with apparel retailers and internet businesses that specialize in women's apparel, footwear, and accessories, we also face competition from national and regional department stores, specialty retailers, fast-fashion retailers, value retailers, and mass merchants. In addition, our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have a material adverse effect on our business, financial condition, and results of operations.

We also compete with a wide variety of large and small retailers for customers, suppliers, influencers and personnel. The competitive landscape we face, particularly among apparel retailers, is subject to rapid change as new competitors emerge and existing competitors change their offerings. We cannot assure investors that we will be able to continue to compete successfully and navigate the shifts in the competitive landscape in our markets.

Additionally, the COVID-19 pandemic has accelerated the need for traditional brick-and-mortar retailers to invest significant resources in their e-commerce operations, including traditional retailers

that either did not have e-commerce operations prior to the COVID-19 pandemic or only had a nascent platform. As a result of these significant investments, the e-commerce market for apparel has become extremely competitive, and we now face competition from a broad range of national and international firms. Although the COVID-19 pandemic has negatively affected demand for apparel and fashion as retail categories, this increased competition has resulted in greater and continued downward price pressure, which could have a material adverse effect on our business, financial condition, and results of operations.

Many of our existing and potential competitors are, and many of our potential competitors may be, larger and have greater name recognition and access to greater financial, marketing and other resources than us. Therefore, these competitors may be able to adapt to changes in trends and customer desires more quickly, devote greater resources to the marketing and sale of their products, generate greater brand recognition or adopt more aggressive pricing policies than we can. Many of our competitors also utilize advertising and marketing media which we have not historically used, including advertising via newspapers, magazines, and television, which may provide them with greater brand recognition than we have. As a result, we may lose market share, which could reduce our sales and have a material adverse effect on our business, financial condition, and results of operations.

Our competitors may also sell certain products or substantially similar products through outlet centers or discount stores, increasing the competitive pressure for those products. We cannot assure investors that we will continue to be able to compete successfully against existing or future competitors. Our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have a material adverse effect on us. Competitive forces and pressures may intensify as our presence in the retail marketplace grows.

We do not possess exclusive rights to many of the elements that comprise our online experience and merchandise offerings. Some apparel retailers offer a personalized shopping experience that in certain ways is similar to the one we strive to provide to our customers. Our competitors may seek to emulate facets of our business strategy, including “test, learn, and reorder,” speed-to-market and online experience, which could result in a reduction of any competitive advantage or special appeal that we might possess. In addition, some of our merchandise offerings are sold to us on a non-exclusive basis. As a result, our current and future competitors, especially those with greater financial, marketing, or other resources, may be able to duplicate or improve upon some or all of the elements of our online experience or merchandise offerings that we believe are important in differentiating our website and our customers’ shopping experience. If our competitors were to duplicate or improve upon some or all of the elements of our online experience or product offerings, our competitive position could suffer, which could have a material adverse effect on our business, financial condition, and results of operations.

We rely on consumer discretionary spending and may be adversely affected by economic downturns and other macroeconomic conditions or trends.

Our business and results of operations are subject to global economic conditions and their impact on consumer discretionary spending. Customer purchases of discretionary retail items and specialty retail products, which include our apparel, footwear, and accessories, may be adversely affected by economic conditions such as employment levels, salary and wage levels, the availability of customer credit, inflation, high interest rates, high tax rates, high fuel prices, and customer confidence with respect to current and future economic conditions. Customer purchases may decline during recessionary periods or at other times when unemployment is higher, fuel prices are higher or disposable income is lower. These risks may be exacerbated for retailers like us that focus significantly on selling discretionary fashion merchandise to customers who seek value. Customer willingness to

make discretionary purchases may decline, may stall or may be slow to increase due to national and regional economic conditions.

Our sales may be particularly susceptible to economic and other conditions in certain regions or states. Considerable uncertainty and volatility remains in the national and global economy, and any further or future slowdowns or disruptions in the economy could adversely affect online shopping traffic and customer discretionary spending and could have a material adverse effect on our business, financial condition, and results of operations. In addition, we may not be able to maintain our recent rate of growth in net revenue if there is a decline in customer spending.

Risks Related to Our Merchandise and Inventory

If we are not able to successfully maintain our desired merchandise assortment or manage our inventory effectively, we may be unable to attract a sufficient number of customers or sell sufficient quantities of our merchandise, which could result in excess inventories, markdowns, and foregone sales.

We offer our customers a broad merchandise assortment with new styles introduced virtually every day in small batches. This enables us to learn about customer demand using our proprietary reorder algorithm, which allows us to reorder winning products in higher volume. We cannot assure investors that we will be able to continue to stock a broad assortment of merchandise at our current frequency. If we are unable to offer a broad merchandise assortment or manage our inventory effectively, customers may choose to visit our website less frequently, our brand could be impaired, we could lose sales, and our ability to compete successfully and our market share may decline. Further, any failure to manage our merchandise assortment could lead to excess inventories which could lead to markdowns. We have experienced logistics issues that have adversely affected our ability to manage our inventory in the past and may experience such issues in the future. If we are unable to successfully maintain our desired merchandise assortment, it could have a material adverse effect on our business, financial condition, and results of operations.

Our ability to obtain merchandise on a timely basis at competitive prices could suffer as a result of any deterioration or change in our supplier relationships or events that adversely affect our suppliers or their ability to obtain financing for their operations.

We have many important supplier relationships. We do not own or operate any manufacturing facilities. Instead, we purchase nearly all of our merchandise from third-party suppliers. In the year ended January 3, 2021, our top 18 suppliers accounted for approximately 50% of our purchases, with no single supplier accounting for more than 7.3% of our purchases. In the twelve months ended July 4, 2021, our top 16 suppliers accounted for approximately 50% of our purchases, with no single supplier accounting for more than 8.8% of our purchases. Our business and financial performance depend in large part on our ability to evaluate merchandise quickly for style and then modify if needed or to improve the quality, look, and fit of the item. We must also be able to quickly source merchandise and place orders in order to successfully execute our strategy of rapidly responding to evolving fashion trends. Merchandise may not be available to meet our fashion needs on a timely basis, at competitive prices, or at all. Due to the nature of our product strategy, we do not have long-term commitments with any of our suppliers, and we generally operate without any contractual assurances of continued supply, pricing, or access to new products. Our standard terms and conditions do not commit us or our suppliers to any particular quantities, which are established on a purchase order basis.

Our supplier relationships, and therefore our business, could be materially adversely affected if our suppliers:

- raise the prices they charge us;

- change pricing terms to require us to pay upfront or upon delivery;
- reduce our access to styles, brands, and merchandise by entering into broad exclusivity arrangements with our competitors or otherwise in the marketplace;
- sell similar merchandise to our competitors with similar or better pricing, many of whom already purchase merchandise in significantly greater volume and, in some cases, at lower prices than we do;
- lengthen their lead times;
- decrease the quality of their merchandise;
- initiate or expand sales of apparel, footwear, and accessories to retail customers directly through their own stores, catalogs, or on the internet and compete with us directly; or
- otherwise choose to discontinue selling merchandise to us.

The success of our business is driven in part by the price-value proposition we offer our customers. If the costs of the raw materials, for example cotton, synthetics, and trim, or other inputs, such as energy costs or prevailing wages, used in producing our merchandise increase, our suppliers may look to pass these cost increases along to us. The price and availability of such raw materials may fluctuate significantly, depending on many factors which are outside of our control, including commodity prices, crop yields, and weather patterns. In addition, the costs of other inputs are also outside of our control. If our suppliers attempt to pass any cost increases on to us and we refuse to pay the increases, we could lose those suppliers, resulting in the risk that we could not fill our purchase orders in a timely manner or at all. If we pay the increases, we could either attempt to raise retail prices for our merchandise, which could adversely affect our sales and our brand image, or choose not to raise prices, which could adversely affect the profitability of our merchandise sales. As a result, any increase in the cost of raw materials or other inputs could have a material adverse effect on our business, financial condition, and results of operations.

We historically have established good working relationships with many suppliers, some of which have more limited resources, production capacities and operating histories than others. Market and economic events that adversely impact our suppliers could impair our ability to obtain merchandise in sufficient quantities. Such events include difficulties or problems associated with our suppliers' business, finances, ability to import or ship merchandise as a result of strikes, labor disruptions or other events, costs, production, insurance, and reputation. We cannot assure investors that we will be able to acquire desired merchandise in sufficient quantities on acceptable terms or at all in the future, especially if we need significantly greater amounts of inventory in connection with the growth of our business, or that we will be able to get such merchandise delivered to our distribution facilities or our third-party logistics provider on a timely basis. We may need to develop new relationships, as our current suppliers may be unable to supply us with needed quantities and we may not be able to find similar merchandise on the same terms. If we are unable to acquire suitable merchandise in sufficient quantities, at acceptable prices with adequate delivery times due to the loss of or a deterioration or change in our relationship with one or more of our key suppliers or if events harmful to our suppliers occur, it could have a material adverse effect on our business, financial condition, and results of operations.

If new trade restrictions are imposed or existing trade restrictions become more burdensome, our ability to source imported merchandise efficiently and cost effectively could be materially adversely affected.

We purchase a portion of our inventory from foreign manufacturers, including those based in China, which is either directly imported by us from foreign suppliers or imported by domestic importers.

Suppliers, to the extent they obtain merchandise from outside of the United States, are subject to trade restrictions, including tariffs, safeguards, or quotas, changes to which could increase the cost or reduce the supply of merchandise available to us. Under the World Trade Organization Agreement, effective January 1, 2005, the United States and other World Trade Organization member countries removed quotas on goods from World Trade Organization members, which in certain instances we believe affords our suppliers greater flexibility in importing textile and apparel products from World Trade Organization countries from which they source our merchandise. However, as the removal of quotas resulted in an import surge from China, the United States imposed safeguard quotas on a number of categories of goods and apparel from China and may impose additional quotas in the future. These and other trade restrictions could have a significant impact on our suppliers' sourcing patterns in the future. The extent of this impact, if any, and the possible effect on our purchasing patterns and costs, cannot be determined at this time. We cannot predict whether any of the countries in which our suppliers' merchandise is currently manufactured or may be manufactured in the future will be subject to additional trade restrictions imposed by the United States or foreign governments, nor can we predict the likelihood, type or effect of any restrictions. Trade restrictions, including increased tariffs or quotas, embargoes, safeguards, and customs restrictions against items we offer, as well as U.S. or foreign labor strikes, work stoppages or boycotts, could increase the cost or reduce the supply of merchandise to our suppliers, and we would expect the costs to be passed along in increased prices to us, which we may be unable to pass on to our customers, which could have a material adverse effect on our business, financial condition, and results of operations.

Merchandise returns could harm our business.

We allow our customers to return merchandise, subject to our return policy. If merchandise return economics become more costly, our business, financial condition, and results of operations could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of merchandise returns. Supplier non-compliance can also result in increased returns. From time to time our products are damaged in transit, which can increase return rates and harm our brand. Competitive pressures could cause us to alter our return policies or our shipping policies, which could result in an increase in damaged products and an increase in merchandise returns.

Risks Related to Our Technology Infrastructure

System security risk issues, including any real or perceived failure to protect confidential or personal information against security breaches and disruption of our internal operations or information technology systems, could have a material adverse effect on our business, financial condition, and results of operations.

External parties, such as experienced computer programmers and hackers, or even internal users (including both employees and non-employees with authorized access), may be able to penetrate or create systems disruptions or cause shutdowns of our networks, systems and applications or those of third-party companies with which we have contracted to provide services. We collect and use personal information about our employees, customers and others, and sometimes rely upon third-party service providers to maintain or process data on our behalf and to provide security for the information in their possession. Any real or perceived compromise of such information could deter customers from using our platform, subject us to governmental investigations and/or enforcement actions, fines and penalties, litigation, claims and other liabilities, and harm our reputation, which could have a material adverse effect on our business, financial condition and results of operations. Moreover, we could incur significant expenses or disruptions of our operations in connection with system failures or other factors beyond our control. Such failures or breaches in our information systems could also result in the disclosure, misappropriation or misuse of or unauthorized access to our confidential,

proprietary, or personal information, disruption of our operations or damage to our networks and systems. An increasing number of websites, including several large internet companies, have recently disclosed breaches of their security, some of which have involved increasingly sophisticated and highly targeted attacks on portions of their sites. For example, online businesses have been targeted with attacks aimed at compromising the security of payment card information submitted by customers for online purchases, including by injecting malicious code or scripts on website pages or by gaining unauthorized access to payment systems. As an online retailer, we may be targeted with similar attempts.

Although we take steps to protect our networks, systems, applications and data, we or our service providers may be unable to anticipate, defend against, or timely identify and respond to such activity, including hacking, malware, viruses, social engineering (such as phishing or other scams), extortion, account takeover attacks, denial or degradation of service attacks, supply chain attacks, computer and network vulnerabilities or the negligence and malfeasance of individuals with authorized access to our data. For example, an unauthorized actor interfered with one of our payment processing systems during a five-day period in August 2016, and intermittently may have been able to intercept approximately 12,500 payment card numbers used for purchases by customers entering a new payment card on our website during that period. We remediated the incident and notified affected customers and state regulators of the incident in accordance with our response plan. In addition to remediating the issue, we have subsequently implemented various additional security measures to prevent and mitigate the attack vectors used to gain access to the www.lulus.com file system. When we notified potentially affected customers, we provided them with information on how to help detect and prevent abuse of their personal and credit card information. The incident did not appear to have any negative impact on customers' purchasing confidence. In addition, sophisticated hardware and operating system software and applications that we buy or license from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the security and operation of the systems. The costs to us to eliminate or alleviate security problems, viruses and bugs, or any problems associated with the outsourced services provided to us, could be significant, and efforts to address these problems could result in interruptions, delays or cessation of service that may impede our sales, distribution, or other critical functions and have a material adverse effect on our business, financial condition and results of operations.

In addition, many governments have enacted laws or regulations that require companies to notify individuals about certain types of security incidents or breaches, and any such disclosures may lead to negative publicity and may deter customers from shopping on our platform. It is also possible that security breaches affecting our competitors or others in our industry could also result in negative publicity that indirectly harms our reputation. Increasing public, industry, and governmental focus on privacy and data security may continue to lead to additional guidance or legislative and regulatory action, and the increased emphasis on privacy may lead customers to request that we take additional measures to enhance security or restrict the manner in which we collect and use customer information to gather insights into customer behavior and craft our marketing programs. As a result, we may have to modify our business systems and practices with the goal of further improving data security, which could result in reduced net revenue, increased expenditures and operating complexity. Any compromise of our security or security breach could result in a violation of applicable privacy and other laws, significant legal and financial exposure or damage to our reputation, which could have a material adverse effect on our business, financial condition, and results of operations.

Our existing general liability and cybersecurity insurance may not cover any, or cover only a portion of any, potential claims or expenses related to security breaches that affect us or may not be adequate to indemnify us for all or any portion of liabilities that may be imposed. In addition, we cannot assure investors that the limitations on liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities with respect to any particular claim. Any imposition

of liability that is not covered by insurance or is in excess of insurance coverage would increase our operating expenses and reduce our net income, if any, or increase our net loss.

We continually update, augment and add technology systems, which could potentially disrupt our operations and have a material adverse effect on our business, financial condition, and results of operations.

Over the years, we have found a balance between developing proprietary applications that are optimized for and tailored to our business and customers' needs on the one hand, and best-in-class third-party solutions on the other hand. We periodically evaluate whether our proprietary application solutions can be replaced by either more advanced or more cost effectively scaled third-party solutions. While currently our order and warehouse management systems are developed in-house, when suitable third-party solutions become available, we might replace our internal systems depending on the growth and the demands of the business.

For example, in 2017 we implemented a data warehouse solution that in near real-time integrates data from our proprietary software applications and third-party software applications to unlock the various data silos and allow for holistic business intelligence analysis and reporting. The actionable insights we have been able to gather from these analytics have allowed us to detect and act on trends sooner, identify improvement opportunities and implement predictive analysis models to gain efficiencies.

Additionally, from time to time, our systems require modifications and updates, including by adding new hardware, software, and applications; maintaining, updating, or replacing legacy programs; and integrating new service providers, and adding enhanced or new functionality. Although we are actively selecting systems and vendors and implementing procedures to enable us to maintain the integrity of our systems when we modify them, there are inherent risks associated with modifying or replacing systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. The failure of our information systems and the third-party systems we rely on to perform as designed, or our failure to implement and operate them effectively, could disrupt our business or subject us to liability and thereby harm our profitability.

The risks associated with the above systems changes, as well as any failure of such systems to operate effectively, could disrupt and adversely impact the promptness and accuracy of our merchandise distribution, transaction processing, financial accounting and reporting, and our internal controls over financial reporting, the efficiency of our operations and our ability to properly forecast earnings and cash requirements. We could be required to make significant additional expenditures to remediate any such failures or problems in the future.

We may not be able to successfully implement these new systems or, if implemented, we may still face unexpected disruptions or cost overruns in the future, any of which could have a material adverse effect on our business, financial condition, and results of operations.

We rely significantly on technology and systems to support our supply chain, payments, financial reporting and other key aspects of our business. Any failure, inadequacy, interruption or security failure of those systems could have a material adverse effect on our business, financial condition, and results of operations.

Our ability to effectively manage our business depends significantly on our information systems and platforms provided by third parties, which we use primarily to manage items, purchase orders, stock ledgers and allocation and supply chain planning. To manage the growth of our operations and

personnel, we will need to continue to improve and expand our operational and financial systems, transaction processing and internal controls and business processes; in doing so, we could encounter transitional issues and incur substantial additional expenses. If we are unable to maintain our current relationships with these service providers, there is no assurance that we will be able to locate replacements on a timely basis or on acceptable terms. The failure of our information systems to operate effectively, problems with transitioning to upgraded or replacement systems or expanding them, or a breach in security of these systems, could materially adversely affect the promptness and accuracy of our merchandise distribution, transaction processing, financial accounting and reporting, the efficiency of our operations and our ability to properly forecast earnings and cash requirements. We could be required to make significant additional expenditures to remediate any such failure, problem or breach. Any such events could have a material adverse effect on our business, financial condition, and results of operations.

Further, we house many of our systems offsite at third-party data centers. Our data centers may be subject to cyber-attacks or other technology-related incidents, and also break-ins, sabotage and intentional acts of vandalism that could cause disruptions in our ability to serve our customers and protect data. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, intentional sabotage or other anticipated problems could result in lengthy interruptions to our service. Any errors or vulnerability in our systems or damage to or failure of our systems, or a third-party data center hosting our data, could result in interruptions in our operations and could have a material adverse effect on our business, financial condition, and results of operations.

In addition, we may now and in the future implement new systems to increase efficiencies and profitability. We may encounter transitional issues and incur substantial additional expenses in connection with any implementation or change to existing processes, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Our business relies heavily on email and other messaging services, and any restrictions on the sending of emails or messages or an inability to timely deliver such communications could materially adversely affect our business, financial condition, and results of operations.

Our business is highly dependent upon email and other messaging services for promoting our brand and platform. We send promotional emails to inform customers of new products, shipping specials and other offers, and transactional emails to communicate updates to customer orders and returns. We believe these messages are an important part of our customer experience. If we are unable to successfully deliver emails or other messages to our subscribers, or if subscribers decline to open or read our messages, our net revenue and profitability would be materially adversely affected. Changes in how web and mail services block, organize and prioritize email may reduce the number of subscribers who receive or open our emails. For example, Google’s Gmail service has a feature that organizes incoming emails into categories (for example, primary, social and promotions). Such categorization or similar inbox organizational features may result in our emails being delivered in a less prominent location in a subscriber’s inbox or viewed as “spam” by our subscribers and may reduce the likelihood of that subscriber reading our emails. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages could also adversely impact our business. From time to time, emails service providers or other third parties may block bulk email transmissions or otherwise experience technical difficulties that could result in our inability to successfully deliver emails or other messages to customers. Changes in the laws or regulations that limit our ability to send such communications or impose additional requirements upon us in connection with sending such communications would also materially adversely impact our business. Our use of email and other messaging services to send communications to customers may also result in legal claims against us, which may cause us increased expense, and if successful might result in fines or orders with costly

reporting and compliance obligations or might limit or prohibit our ability to send emails or other messages. We also rely on social media platforms to communicate with our customers and to encourage our customers to engage with our brand. Changes to the terms of these social networking services to limit promotional communications, any restrictions that would limit our ability or our customers' ability to send communications through their services, disruptions or downtime experienced by these social media platforms or decline in the use of or engagement with social media platforms by consumers could materially adversely affect our business, financial condition, and results of operations.

Risks Related to the Supply of Our Products

Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, and warehousing.

We currently source nearly all of the merchandise we offer from third-party suppliers, and as a result we may be subject to price fluctuations or demand disruptions. Our results of operations would be negatively impacted by increases in the prices of our merchandise, and we have no guarantees that prices will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher prices than we have historically seen in our current categories. We may not be able to pass increased prices on to customers, which could adversely affect our results of operations. Moreover, in the event of a significant disruption in the supply of the fabrics or raw materials used in the manufacture of the merchandise we offer, the suppliers we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. For example, natural disasters could increase raw material costs, impacting pricing with certain of our suppliers, or cause shipping delays for certain of our merchandise. Any delays, interruption, damage to, or increased costs in the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise or non-delivery of merchandise altogether and could adversely affect our results of operations.

We believe that we have strong supplier relationships, and we work continuously with our suppliers to manage cost increases. Our overall profitability depends, in part, on the success of our ability to mitigate rising costs or shortages of raw materials used to manufacture our merchandise. Cotton, synthetics and other raw materials used to manufacture our merchandise are subject to availability constraints and price volatility impacted by a number of factors, including supply and demand for fabrics, weather, government regulations, economic climate, and other unpredictable factors. In addition, our sourcing costs may fluctuate due to labor conditions, transportation, or freight costs, energy prices, currency fluctuations, or other unpredictable factors. The cost of labor at many of our third-party suppliers has been increasing in recent years, and we believe it is unlikely that such cost pressures will abate.

Most of our merchandise is shipped from our suppliers by ocean vessel. If a disruption occurs in the operation of ports through which our merchandise is imported, we may incur increased costs related to air freight or use of alternative ports. Shipping by air is significantly more expensive than shipping by ocean and our margins and profitability could be reduced. Shipping to alternative ports could also lead to delays in receipt of our merchandise. We rely on third-party shipping companies to deliver our merchandise to us. Failures by these shipping companies to deliver our merchandise to us or lack of capacity in the shipping industry could lead to delays in receipt of our merchandise or increased expense in the delivery of our merchandise. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations.

In addition, we cannot guarantee that merchandise we receive from suppliers will be of sufficient quality or free from damage, or that such merchandise will not be damaged during shipping, while

stored in one of our distribution facilities, or when returned by customers. While we take measures to ensure merchandise quality and avoid damage, including evaluating supplier product samples, conducting inventory inspections and inspecting returned product, we cannot control merchandise while it is out of our possession or prevent all damage while in our distribution facilities. We may incur additional expenses and our reputation could be harmed if customers and potential customers believe that our merchandise is not of sufficiently high quality or may be damaged.

We have two distribution facilities and disruptions to the operations at these locations could have a material adverse effect on our business, financial condition, and results of operations.

Our distribution facilities are located in Chico, California and Easton, Pennsylvania. All of our merchandise is shipped from our suppliers to one of our distribution facilities or to a third-party consolidation center (which then ships to our distribution facilities) and then packaged and shipped from our distribution facilities to our customers. The success of our business depends on our timely receipt of merchandise so we can continuously bring new, on-trend products online for sale. The success of our business also depends on customer orders being timely processed and delivered to meet promised delivery dates and satisfy our customers. The efficient flow of our merchandise requires that we have adequate capacity and uninterrupted service in our distribution facilities to support both our current level of operations and the anticipated increased levels that may follow from our growth plans. In order to accommodate future growth, we will either need to expand and upgrade our existing distribution facilities or open additional distribution facilities. Upgrading our existing distribution facilities or transferring our operations to a facility with greater capacity will require us to incur additional costs, which could be significant, and may require us to secure additional favorable real estate or may require us to obtain additional financing. Appropriate locations or financing for the purchase or lease of such additional real estate may not be available at reasonable costs or at all. Our failure to provide adequate order fulfillment, secure additional distribution capacity when necessary, or retain a suitable third-party logistics provider could impede our growth plans. Further increasing this capacity could increase our costs, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

In addition, if we encounter difficulties associated with our distribution facilities or if they were to shut down or be unable to operate for any reason, including because of fire, natural disaster, power outage, or other event, we could face inventory shortages, resulting in “out-of-stock” conditions on our website, and delays in shipments, resulting in significantly higher costs and longer lead times distributing our merchandise. In addition, operations and distribution staff would need to find an alternative location, causing further disruption to our business and operations and increased costs associated with opening a new location.

Without stronger disaster recovery, business continuity and document retention plans, if we encounter difficulties or disasters with our distribution facilities or corporate offices, our critical systems, operations and information may not be restored in a timely manner, or at all, and this could have a material adverse effect on our business, financial condition, and results of operations.

We rely on third-party suppliers, manufacturers, distributors, and other suppliers, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We do not own or operate any manufacturing facilities. We use multiple third-party suppliers who source from manufacturers based primarily in China and, to a lesser extent, Brazil, the Dominican Republic, Guatemala, India, Italy, Korea, Mexico, Nicaragua, Spain, United States, and Vietnam, to source and manufacture all of our products under our owned brand and third-party brands. We engage

our third-party suppliers and manufacturers on a purchase order basis combined with customary terms and conditions and are not party to any long-term contracts containing purchase obligations. The ability of these third parties to supply and manufacture our products may be affected by competing orders placed by other clients and the demands of those clients. If we experience significant increases in demand, or need to replace a significant number of existing suppliers or manufacturers, we cannot assure that additional supply and manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us in order to meet our requirements.

In addition, quality control problems, such as the use of materials and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, could harm our business. We do not regularly inspect our suppliers and quality control problems could result in regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales, and creating inventory write-downs for unusable products.

Further, our third-party manufacturers, suppliers, and distributors may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;
- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet our production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products;
- have financial difficulties;
- encounter raw material or labor shortages;
- encounter increases in raw material or labor costs which may affect our procurement costs;
- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employ practices that may harm our reputation; and
- work with, be acquired by, or come under control of, our competitors.

Any failure by us or our suppliers to comply with product safety, labor or other laws, or our standard terms and conditions, or to provide safe factory conditions for their workers may damage our reputation and brand and harm our business.

The merchandise we sell to our customers is subject to regulation by the U.S. Consumer Product Safety Commission (the “CPSC”) and similar state and international regulatory authorities. As a result, such merchandise could be in the future subject to recalls and other remedial actions. Product safety, labeling, and licensing concerns may require us to voluntarily remove selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation, and increased customer service costs and legal expenses, which could have a material adverse effect on our results of operations.

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

We purchase our merchandise from numerous domestic and international suppliers. Our standard vendor terms and conditions require suppliers to comply with applicable laws. Failure of our suppliers to comply with applicable laws and regulations and contractual requirements could lead to litigation against us, resulting in increased legal expenses and costs. In addition, the failure of any such suppliers to provide safe and humane factory conditions and oversight at their facilities could damage our reputation with customers or result in legal claims against us.

Our current and future products may experience quality problems from time to time that could result in negative publicity, litigation, product recalls and warranty claims, which could result in decreased net revenue and harm to our brand.

We cannot assure that we will be able to detect, prevent or fix all defects that may affect our merchandise. Inconsistency of legislation and regulations may also affect the costs of compliance with such laws and regulations. Such problems could hurt the image of our brand, which is critical to maintaining and expanding our business. Any negative publicity or lawsuits filed against us related to the perceived quality of our products could harm our brand and decrease demand for our products.

We rely upon independent third-party transportation providers for substantially all of our merchandise shipments and any disruptions or increased transportation costs could have a material adverse effect on our business, financial condition, and results of operations.

We currently rely upon independent third-party transportation providers for substantially all of our merchandise shipments, including shipments to all of our distribution facilities and our customers. Our shipments are subject to risks, including increases in fuel prices, which would increase our distribution costs, and employee strikes and inclement weather, which may impact the third party's ability to provide delivery services that adequately meet our needs. For example, it can take as long as six to seven days to get shipments from our distribution facilities. If we change shipping companies, we could face logistical difficulties that could adversely impact deliveries and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the independent third-party transportation providers we currently use, which would increase our costs. Historically, the shipping and handling fees we charge our customers are intended to partially offset the related shipping and handling expenses. Pure-play and omni-channel retailers are increasing their focus on delivery services, as customers are increasingly seeking faster, guaranteed delivery times and low-price or free shipping. To remain competitive, we may be required to offer discounted, free or other more competitive shipping options to our customers, including expedited delivery services, which may result in declines in our shipping and handling fees and increased shipping and handling expense. Any increase in shipping costs or any other significant shipping difficulties or disruptions could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Regulation, Taxation and Litigation

We may be subject to liability and other risks if we, our suppliers or the manufacturers of our merchandise infringe upon the trademarks, copyrights or other intellectual property rights of third parties, including the risk that we could acquire merchandise from our suppliers without the full right to sell it.

We purchase merchandise that may be subject to copyrights, design patents, trademark, trade dress or otherwise may incorporate protected intellectual property. Typically we are not involved in the manufacture of any of the merchandise that we purchase from our suppliers for sale to our customers, and we do not independently investigate whether our suppliers or the manufacturers with whom they do business hold intellectual property rights to the merchandise we purchase. Third parties have and

may bring legal claims, or threaten to bring legal claims, against us that their intellectual property rights are being infringed or violated by our use of intellectual property if our suppliers or the manufacturers of our merchandise infringe upon the intellectual property rights of third parties. Litigation or threatened litigation, regardless of merit, could be costly, time consuming to defend, require us to redesign or rebrand our products or packaging, if feasible, distract our senior management from operating our business and require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property. Any such royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. If we were to be found liable for any such infringement, we could be required to pay substantial damages which our indemnifying suppliers may not be able to fully pay, and could be subject to injunctions preventing further infringement. In addition, any payments we are required to make and any injunctions with which we are required to comply as a result of infringement claims could be costly. While our standard terms and conditions require our suppliers to indemnify us against third-party intellectual property claims, certain agreements with our suppliers may not indemnify us from intellectual property claims for a particular supplier's merchandise or our suppliers may not have sufficient resources or insurance to satisfy their indemnity and defense obligations. Any legal claims or litigation could have a material adverse effect on our business, financial condition, and results of operations.

If a third party claims to have licensing rights with respect to merchandise we purchased from a supplier, or if we acquire unlicensed merchandise, we may be obligated to remove this merchandise from our platform, incur costs associated with this removal if the distributor or supplier is unwilling or unable to reimburse us and be subject to liability under various civil and criminal causes of action, including actions to recover unpaid royalties and other damages and injunctions. Additionally, we could need to purchase new merchandise to replace any we remove. Any such events could have a material adverse effect on our business, financial condition, and results of operations.

We may be unable to protect our trademarks or other intellectual property rights.

We believe that our trademarks are integral to our business and our success in building our brand image and customer loyalty. We rely on trademark registrations and common law trademark rights to protect the distinctiveness of our brand and have registered, or have applied to register, those trademarks that we believe are important to our business with the United States Patent and Trademark Office and in many foreign countries. We cannot assure that our applications will be approved or that these registrations will prevent imitation of our name, merchandising concept, website design or merchandise or the infringement of our other intellectual property rights by others. Third parties may also oppose our trademark applications or otherwise challenge our use of the trademarks. In certain cases, the merchandise we sell is purchased on a non-exclusive basis from suppliers that also sell to our competitors. While we use our brand name on these items, our competitors may seek to replicate aspects of our business strategy and online experience, thereby diluting the experience we offer and adversely affecting our brand and competitive position. Imitation of our name, concept, website design or merchandise in a manner that projects lesser quality or carries a negative connotation of our brand image could have a material adverse effect on our business, financial condition, and results of operations.

We cannot be certain that the actions we have taken to establish, police and protect our trademarks or our resources will be adequate to prevent imitation of our merchandise by others or to prevent others from seeking to block sales of our merchandise as a violation of the trademarks or proprietary rights of others. If disputes arise in the future, we may not be able to successfully resolve these types of conflicts to our satisfaction. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Although we cannot currently estimate the likelihood of success of any such lawsuit or ultimate resolution of such a

conflict, such a conflict, regardless of outcome, could have an adverse effect on our business, financial condition, and results of operations.

Litigation may be necessary to protect our trademarks and other intellectual property rights or to enforce these rights. Any litigation or claims brought by us could result in substantial costs and diversion of our resources, which could have a material adverse effect on our business, financial condition, and results of operations.

Unfavorable changes or failure by us to comply with evolving internet and e-commerce regulations could substantially harm our business and results of operations.

We are subject to general business regulations and laws as well as regulations and laws specifically governing the internet and e-commerce. These regulations and laws may involve taxes, privacy and data security, customer protection, the ability to collect and/or share necessary information that allows us to conduct business on the internet, marketing communications and advertising, content protection, electronic contracts or gift cards. Furthermore, the regulatory landscape impacting internet and e-commerce businesses is constantly evolving.

We collect personally identifiable information and other data from our employees, customers, prospective customers and others. We use this information to provide services and relevant products to our customers, to support, expand and improve our business, and to tailor our marketing and advertising efforts. We may also share customers' personal data with certain third parties as authorized by the customer or as described in our privacy policy.

As a result, we are subject to or affected by laws, governmental regulation and other legal obligations related to data protection, privacy and information security in certain countries where we do business, and there has been and will continue to be new proposed laws and regulations and changes to existing legal frameworks that govern how we collect, use, share, and process personal data.

In the United States, the federal government and various state governments have adopted or proposed guidelines or rules for the collection, distribution, use and storage of information collected from or about individuals or their devices. For example, in 2020, the California Consumer Privacy Act ("CCPA"), came into force, and provides new data privacy rights for California consumers and new operational requirements for covered companies. Specifically, the CCPA mandates that covered companies provide new disclosures to California consumers and afford such consumers new data privacy rights that include, among other things, the right to request a copy from a covered company of the personal information collected about them, the right to request deletion of such personal information, and the right to request to opt-out of certain sales of such personal information. The California Attorney General can enforce the CCPA, including seeking an injunction and civil penalties for violations. The CCPA also provides a private right of action for certain data breaches that is expected to increase data breach litigation. Additionally, a new privacy law, the California Privacy Rights Act ("CPRA"), was approved by California voters in the November 3, 2020 election. The CPRA, which takes effect on January 1, 2023 and significantly modifies the CCPA, could result in further uncertainty and require us to incur additional costs and expenses in an effort to comply. In addition, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act, or CDPA, which becomes effective on January 1, 2023, and on June 8, 2021, Colorado enacted the Colorado Privacy Act, or CPA, which takes effect on July 1, 2023. The CPA and CDPA are similar to the CCPA and CPRA but aspects of these state privacy statutes remain unclear, resulting in further legal uncertainty and potentially requiring us to modify our data practices and policies and to incur substantial additional costs and expenses in an effort to comply. Complying with the General Data Protection Regulation ("GDPR") in Europe, the CCPA, CPRA, CDPA, CPA, or other laws, regulations, amendments to or re-interpretations of existing laws and regulations, and contractual or other obligations relating to

privacy, data protection, data transfers, data localization, or information security may require us to make changes to our services to enable us or our customers to meet new legal requirements, incur substantial operational costs, modify our data practices and policies, and restrict our business operations. Any actual or perceived failure by us to comply with these laws, regulations, or other obligations may lead to significant fines, penalties, regulatory investigations, lawsuits, significant costs for remediation, damage to our reputation, or other liabilities. Other state regulators and the Federal Trade Commission (the "FTC") with authority to enforce federal and state customer protection laws may also impose standards for the online collection, use and dissemination of data.

Foreign privacy laws are also undergoing a period of rapid change, have become more stringent in recent years and may increase the costs and complexity of offering our products and services in new geographies. In Canada, the Personal Information Protection and Electronic Documents Act, or PIPEDA, and various provincial laws require that companies give detailed privacy notices to consumers; obtain consent to use personal information, with limited exceptions; allow individuals to access and correct their personal information; and report certain data breaches. In addition, Canada's Anti-Spam Legislation, or CASL, prohibits email marketing without the recipient's consent, with limited exceptions. Failure to comply with PIPEDA, CASL or provincial privacy or data protection laws could result in significant fines and penalties or possible damage awards. In Europe, the European Union (the "EU") has adopted the General Data Protection Regulation (the "GDPR") which went into effect in May 2018 and introduced stringent requirements for processing personal data. The GDPR has increased compliance burdens, including by mandating extensive documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and leverage information about them or how we obtain consent from them. The processing of sensitive personal data, such as physical health condition, may impose heightened compliance burdens under the GDPR and is a topic of active interest among foreign regulators. In addition, the GDPR provides for breach reporting requirements, more robust regulatory enforcement and greater penalties for noncompliance than previous data protection laws, including fines of up to €20 million or 4% of a noncompliant company's global annual revenues for the preceding financial year, whichever is greater.

In July 2020, the Court of Justice of the European Union invalidated the EU-U.S. Privacy Shield framework, a mechanism for companies to comply with data protection requirements when transferring personal data from the EU to the United States. Additionally, in September 2020, the Federal Data Protection and Information Commissioner of Switzerland issued an opinion concluding that the Swiss-U.S. Privacy Shield did not provide an adequate level of protection for data transfers from Switzerland to the United States under Swiss data protection law. We make use of alternative data transfer mechanisms such as standard contractual clauses approved by the European Commission, or the SCCs. On June 4, 2021, the European Commission adopted new SCCs under the GDPR for personal data transfers outside the EEA, which may require us to expend significant resources to update our contractual arrangements and to comply with such obligations. Further, data protection authorities may require measures to be put in place in addition to SCCs for transfers to countries outside of the European Economic Area, or EEA, as well as Switzerland and the United Kingdom, or UK. Our third-party service providers may also be affected by these changes. In addition to other impacts, we may experience additional costs to comply with these changes, and we and our customers face the potential for regulators in the EEA, Switzerland, or the UK to apply different standards to the transfer of personal data from the EEA, Switzerland, or the UK to the United States and other non-EEA countries, and to block, or require ad hoc verification of measures taken with respect to certain data flows from the EEA, Switzerland, and the UK to the United States and other non-EEA countries. We also may be required to engage in new contract negotiations with third parties that aid in processing data on our behalf, to the extent that any of our service providers or consultants have been relying on invalidated or insufficient contractual protections for compliance with evolving interpretations of and guidance for cross-border data transfers pursuant to the GDPR. In such cases, we may not be able to

find alternative service providers, which could limit our ability to process personal data from the EEA, Switzerland, or the UK and increase our costs.

The UK has implemented legislation similar to the GDPR, including the UK Data Protection Act and legislation similar to the GDPR referred to as the UK GDPR, which provides for fines of up to the greater of 17.5 million British Pounds or 4% of a company's worldwide turnover, whichever is higher. Additionally, the relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear following the UK's exit from the EU, including with respect to regulation of data transfers between EU member states and the UK. On June 28, 2021, the European Commission announced a decision of "adequacy" concluding that the UK ensures an equivalent level of data protection to the GDPR, which provides some relief regarding the legality of continued personal data flows from the EEA to the UK. Some uncertainty remains, however, as this adequacy determination must be renewed after four years and may be modified or revoked in the interim. We cannot fully predict how the Data Protection Act, the UK GDPR, and other UK data protection laws or regulations may develop in the medium to longer term nor the effects of divergent laws and guidance regarding how data transfers to and from the UK will be regulated.

As we continue to expand and new laws are enacted or existing laws change, we may be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, which could require us to incur additional costs and restrict our business operations. Furthermore, these obligations may be interpreted and applied inconsistently from one jurisdiction to another and may conflict with other requirements or our practices. Any failure or perceived failure by us to comply with rapidly evolving data protection laws and regulations, policies (including our own stated privacy policies), legal obligations, contractual obligations or industry standards, or any security incident that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental investigations and/or enforcement actions, litigation (including customer class actions), claims by our customers and other third parties, fines, penalties and other liabilities, damage to our reputation or adverse publicity, and could cause our customers to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

If our suppliers fail to comply with applicable laws, including a failure to use acceptable labor practices, or if our suppliers suffer disruptions in their businesses, we could suffer adverse business consequences.

Our suppliers source the merchandise we sell from manufacturers both inside and outside of the United States. Although each of our purchase orders is subject to our terms and conditions, which require compliance with all applicable laws including labor and employment, immigration, customs, environmental and product safety, we do not own, supervise or control our suppliers or the manufacturers that produce the merchandise we sell. In the past we have purchased merchandise from our suppliers solely within the United States. In the future, we expect to increase direct purchases from suppliers outside the United States, which may expose us to additional risks. The violation, or perception of any violation, of any labor, immigration, product safety, or other laws by any of our suppliers, their U.S. and non-U.S. manufacturers, or our direct suppliers, such as use of forced or child labor, or the divergence of the labor practices followed by any of our suppliers or these manufacturers from those generally accepted in the United States, could damage our brand image or subject us to boycotts by our customers or activist groups which could have a material adverse effect on our business, financial condition, and results of operations.

Any event causing a sudden disruption of manufacturing or imports, including the imposition of additional import restrictions, could interrupt, or otherwise disrupt the shipment of finished products to us by our suppliers. Political and financial instability outside the United States, strikes, adverse weather

conditions or natural disasters that may occur or acts of war or terrorism in the United States or worldwide, may affect the production, shipment or receipt of merchandise. These factors, which are beyond our control, may require us to modify our current business practices or incur increased costs and could have a material adverse effect on our business, financial condition, and results of operations.

Changes in laws, including employment laws and laws related to our merchandise, could make conducting our business more expensive or otherwise cause us to change the way we do business, which could have a material adverse effect on our business, financial condition, and results of operations.

We are subject to numerous regulations, including labor and employment, truth-in-advertising, California's Proposition 65 and other environmental laws and regulations, customer protection and zoning and occupancy laws and ordinances that regulate retailers generally or govern the promotion and sale of merchandise and the operation of warehouse facilities. If these regulations were to change or were violated by our management, employees, or suppliers, the costs of certain goods could increase, or we could experience delays in shipments of our goods, be subject to fines or penalties or suffer reputational harm, which could reduce demand for our merchandise and have a material adverse effect on our business, financial condition, and results of operations. In addition to increased regulatory compliance requirements, changes in laws could make the ordinary conduct of our business more expensive or require us to change the way we do business.

Laws related to employee benefits and treatment of employees, including laws related to limitations on employee hours, immigration laws, child labor laws, supervisory status, leaves of absence, wages, mandated health benefits or overtime pay, could also increase compensation and benefits costs. Moreover, changes in product safety or other customer protection laws, could lead to increased costs to us for some merchandise, or additional labor costs associated with readying merchandise for sale. It is often difficult for us to plan and prepare for potential changes to applicable laws, and future actions or increased costs related to these changes could have a material adverse effect on our business, financial condition, and results of operations.

Amendments to existing tax laws, rules or regulations or enactment of new unfavorable tax laws, rules or regulations could have an adverse effect on our business, financial condition, and results of operations.

Many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. Tax authorities in non-U.S. jurisdictions and at the U.S. federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in internet commerce and considering changes to existing tax or other laws that could regulate our transmissions and/or levy sales, income, consumption, use or other taxes relating to our activities, and/or impose obligations on us to collect such taxes. For example, many U.S. states have enacted or are enacting new sales tax laws following the U.S. Supreme Court's 2018 decision in *South Dakota v. Wayfair*, as discussed below under "—The application of indirect taxes could adversely affect our business and results of operations." We cannot predict the effect of current attempts to impose taxes on commerce over the internet. If such tax or other laws, rules or regulations were amended, or if new unfavorable laws, rules or regulations were enacted, the results could increase our tax payments or other obligations, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our services if we pass on such costs to the consumer, result in increased costs to update or expand our technical or administrative infrastructure or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As

a result, these changes may have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, various governments and intergovernmental organizations could introduce proposals for tax legislation, or adopt tax laws, that may have a significant adverse effect on our worldwide effective tax rate, or increase our tax liabilities, the carrying value of deferred tax assets, or our deferred tax liabilities. For example, the U.S. federal government could enact significant changes to the taxation of business entities including, among others, a permanent increase in the corporate income tax rate, an increase in the tax rate applicable to the global intangible low-taxed income and elimination of certain exemptions, and the imposition of minimum taxes or surtaxes on certain types of income. As another example, in October 2015, the Organization for Economic Co-Operation and Development (the "OECD") released a final package of recommended tax measures for member nations to implement in an effort to limit "base erosion and profit shifting" (the "BEPS") by multinational companies. Since then, the OECD has continued to monitor key areas of action and issue additional reports and guidance on implementation of the BEPS recommendations. Multiple jurisdictions, including some of the countries in which we operate, have begun implementing recommended changes aimed at addressing perceived issues within their respective tax systems that may lead to reduced tax liabilities among multinational companies. It is possible that other jurisdictions in which we operate or do business could react to the BEPS initiative or their own concerns by enacting tax legislation that could adversely affect us through increasing our tax liabilities.

The application of indirect taxes could adversely affect our business and results of operations.

The application of indirect taxes, such as sales and use tax, value-added tax, provincial taxes, goods and services tax, business tax and gross receipt tax, to our business and to our retailers and brands is a complex and evolving issue. Significant judgment is required to evaluate applicable tax obligations. As a result, amounts recorded may be subject to adjustments by the relevant tax authorities. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business or to the businesses of our retailers and brands. One or more states, the federal government or other countries may seek to impose additional reporting, record-keeping or indirect tax collection obligations on businesses like ours that facilitate e-commerce. For example, state and local taxing authorities in the United States and taxing authorities in other countries have identified e-commerce platforms as a means to calculate, collect and remit indirect taxes for transactions taking place over the internet. Multiple U.S. states have enacted related legislation and other states are now considering similar legislation. Such legislation could require us to incur substantial costs in order to comply, including costs associated with legal advice, tax calculation, collection, remittance and audit requirements, which could make selling in such markets less attractive and could adversely affect our business. In 2018, the U.S. Supreme Court held in *South Dakota v. Wayfair* that a U.S. state may require an online retailer to collect sales taxes imposed by that state, even if the retailer has no physical presence in that state, thus permitting a wider enforcement of such sales tax collection requirements. Most U.S. states have enacted or are enacting new sales tax laws following the decision in *South Dakota v. Wayfair*.

U.S. import taxation levels may increase and could harm our business.

Increases in taxes imposed on goods imported to the United States have been proposed by U.S. lawmakers and the President of the United States and, if enacted, may impede our growth and negatively affect our results of operations. The majority of our inventory is made outside of the United States and would be subject to increased taxation if new taxes on imports were imposed. Such taxes would increase the cost of our inventory and would raise retail prices of our merchandise to the extent we pass the increased costs on to customers, which could adversely affect our results of operations.

A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect our business, financial performance, results of operations or business growth.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules, and regulations or the promulgation of new laws, rules and regulations applicable to us and our businesses, including those relating to the internet and e-commerce, including geo-blocking and other geographically based restrictions, internet advertising and price display, customer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, banking, data security, data protection, and privacy. As a result, regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our practices were found not to comply with applicable regulatory or licensing requirements or any binding interpretation of such requirements. Unfavorable changes or interpretations could severely damage our reputation and our relationship with our customers, associates and investors as well as decrease demand for our services, limit marketing methods and capabilities, affect our margins, increase costs or subject us to additional liabilities.

For example, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce that may relate to liability for information retrieved from or transmitted over the internet, display of certain taxes and fees, online editorial and customer-generated content, user privacy, data security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of services. Furthermore, the growth and development of e-commerce may prompt calls for more stringent customer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

Likewise, the SEC, the U.S. Department of Justice, the U.S. Treasury Department's Office of Foreign Assets Controls ("OFAC"), the U.S. Department of State, as well as other foreign regulatory authorities continue to enforce economic and trade regulations and anti-corruption laws, across industries. U.S. trade sanctions relate to transactions with designated foreign countries and territories, including Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine, as well as specifically targeted individuals and entities that are identified on U.S. and other blacklists, and those owned by them or those acting on their behalf. Anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (the "FCPA"), generally prohibit direct or indirect corrupt payments to government officials and, under certain laws, private persons to obtain or retain business or an improper business advantage.

Although we have policies and procedures in place designed to promote compliance with laws and regulations, which we review and update as we expand our operations in existing and new jurisdictions in order to proportionately address risks of non-compliance with applicable laws and regulations, our employees, partners, or agents could take actions in contravention of our policies and procedures, or violate applicable laws or regulations. As regulations continue to develop and regulatory oversight continues to focus on these areas, we cannot guarantee that our policies and procedures will ensure compliance at all times with all applicable laws or regulations. In the event our controls should fail or we are found to be not in compliance for other reasons, we could be subject to monetary damages, civil and criminal monetary penalties, withdrawal of business licenses or permits, litigation, and damage to our reputation and the value of our brand.

As we expand our operations in existing and new jurisdictions internationally, we will need to increase the scope of our compliance programs to address the risks relating to the potential for violations of the FCPA and other anti-bribery and anti-corruption laws. Further, the promulgation of new laws, rules and regulations, or the new interpretation of existing laws, rules and regulations, in each case that restrict or otherwise unfavorably impact the ability or manner in which we or our retailers and brands conduct business could require us to change certain aspects of our business, operations and

commercial relationships to ensure compliance, which could decrease demand for services, reduce net revenue, increase costs or subject us to additional liabilities.

Risks Related to Our Indebtedness

We have substantial indebtedness and we may incur additional indebtedness in the future, which may require us to use a substantial portion of our cash flow to service debt and limit our financial and operating flexibility.

We have substantial indebtedness and we may incur additional indebtedness in the future. As of July 4, 2021, we had a total of $107.7 million of indebtedness outstanding under our Team Loan. Upon the completion of this offering, after giving effect to the use of proceeds described in this prospectus, we expect to have repaid all amounts outstanding under our credit facility (the "Credit Facility") with Credit Suisse AG, Cayman Islands Branch. Our existing and future indebtedness will require interest payments and need to be repaid or refinanced, and could require us to divert funds identified for other purposes to service our debt, could result in cash demands and impair our liquidity position and could result in financial risk for us. Diverting funds identified for other purposes for debt service may adversely affect our growth prospects. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets, or issue equity to obtain necessary funds. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all.

Our level of indebtedness has important consequences to investments in our common stock. For example, our level of indebtedness might:

- require us to use a substantial portion of our cash flow from operations to pay interest and principal on our debt, which would reduce the funds available to us for working capital, capital expenditures, and other general corporate purposes;
- limit our ability to pay future dividends;
- limit our ability to obtain additional financing for working capital, capital expenditures, expansion plans, and other investments, which may limit our ability to implement our business strategy;
- heighten our vulnerability to downturns in our business, the retail apparel industry, or in the general economy and limit our flexibility in planning for, or reacting to, changes in our business and the retail apparel industry; or
- prevent us from taking advantage of business opportunities as they arise or successfully carrying out our plans to expand our product offerings.

Our business may not generate sufficient cash flow from operations or future borrowings may be unavailable to us in amounts sufficient to enable us to make payments on our indebtedness or to fund our operations. If we are unable to service our debt or repay or refinance our indebtedness when due, it could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

Our Term Loan matures on August 28, 2022. In projecting our future cash flows out one year from the date that our unaudited interim condensed consolidated financial statements are issued, it appears we will have insufficient funds to satisfy this financial obligation unless we complete this offering. We cannot assure that we will be successful in obtaining sufficient funds to repay amounts outstanding under the Term Loan at maturity in August 2022. In addition, we cannot assure that any future financing will be available on favorable terms or at all.

We intend to repay the $97.6 million principal amount outstanding under the Term Loan with the net proceeds from this offering or obtaining additional equity or debt financing, if necessary. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on business opportunities because we lack sufficient capital, our business, financial condition, cash flows, or results of operations would be adversely impacted.

The terms of our existing senior secured credit facilities do, and the terms of any additional debt financing may, restrict our current and future operations, and our debt may be downgraded, which could adversely affect our ability to manage our operations and respond to changes in our business.

Our existing Credit Facility contains, and any additional debt financing we may incur would likely contain, covenants that restrict our operations, including limitations on our ability to grant liens, incur additional debt, pay dividends, redeem our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. A failure by us to comply with the covenants or financial ratios contained in our Credit Facility or any additional debt financing we may incur could result in an event of default, which could have a material adverse effect on our business, financial condition, cash flows, and results of operations. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding to be due and payable and exercise other remedies. If the indebtedness under Credit Facility or any additional debt financing we may incur were to be accelerated, it could have a material adverse effect on our business, financial condition, cash flows, and results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Reserve—Credit Facilities” for additional information on the terms of our Credit Facility.

A decrease in the ratings that rating agencies assign to our short and long-term debt may negatively impact our access to the debt capital markets and increase our cost of borrowing, which could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

We may not be able to generate sufficient cash to service our indebtedness.

It is possible that we will in the future draw down on our Revolving Facility or enter into new debt obligations. Our ability to make scheduled payments or to refinance such debt obligations depends on numerous factors, including the amount of our cash balances and our actual and projected financial and operating performance. We may be unable to maintain a level of cash balances or cash flows sufficient to permit us to pay the principal, premium, if any, and interest on our existing or future indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital, or restructure or refinance our indebtedness. We may not be able to take any of these actions, and even if we are, these actions may be insufficient to permit us to meet our scheduled debt service obligations. In addition, in the event of our breach of the Credit Facility, we may be required to repay any outstanding amounts.

Risks Related to Our Company and Our Ownership Structure

Our management team currently manages a private company and the transition to managing a public company will present new challenges.

Following the completion of this offering, we will be subject to various regulatory requirements, including those of the SEC and . These requirements include record keeping, financial reporting and corporate governance rules and regulations. While certain members of our management

team have experience managing a public company, we do not have the resources typically found in a public company. Our internal infrastructure may not be adequate to support our increased reporting obligations, and we may be unable to hire, train, or retain necessary staff and may be reliant on engaging outside consultants or professionals to overcome our lack of experience or personnel. If our internal infrastructure is inadequate, we are unable to engage outside consultants or are otherwise unable to fulfill our public company obligations, it could have a material adverse effect on our business, financial condition, and results of operations.

Concentration of ownership among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

Upon completion of this offering, and assuming no exercise of the underwriters' option to purchase additional shares, our executive officers, directors, and principal stockholders will own, in the aggregate, approximately % of our outstanding common stock. These stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors, amendment of our amended and restated certificate of incorporation, and approval of significant corporate transactions and will have significant control over our management and policies. This concentration of influence could be disadvantageous to other stockholders with interests different from those of our officers, directors, and principal stockholders and could have an adverse effect on the price of our common stock.

In addition, these stockholders could take actions that have the effect of delaying or preventing a change-in-control of us or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. These actions may be taken even if other stockholders oppose them.

Anti-takeover provisions in our amended and restated certificate of incorporation and bylaws and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our certificate of incorporation and bylaws, as amended and restated in connection with this offering, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that:

- authorize our board of directors (the "Board of Directors") to issue, without further action by the stockholders, up to shares of undesignated preferred stock;
- subject to certain exceptions, require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by a majority of our Board of Directors, the Chair of our Board of Directors or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our Board of Directors;
- establish that our Board of Directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors; and
- provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management.

In addition, because we are incorporated in Delaware, we have opted out of the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder (any stockholder with 15% or more of our capital stock) for a period of three years following the date on which the stockholder became an "interested" stockholder. However, our amended and restated certificate of incorporation will contain a provision that provides us with protections similar to Section 203 of the DGCL and will prevent us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless board or stockholder approval is obtained prior to the acquisition, except that it will provide that or any affiliate thereof, or any person or entity to which any of the foregoing stockholders transfers shares of our voting stock (subject to specified exceptions), in each case regardless of the total percentage of our voting stock owned by such stockholder or such person or entity, shall not be deemed an "interested stockholder" for purposes of this provision of our amended and restated certificate of incorporation and therefore not subject to the restrictions set forth in this provision.

Our amended and restated certificate of incorporation will designate the Court of Chancery of the State of Delaware and the federal district courts of the United States as the sole and exclusive forums for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company or our directors, officers, or other employees.

Our amended and restated certificate of incorporation to be effective on the closing of this offering will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any (1) derivative action or proceeding brought on behalf of the Company, (2) action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to the Company or our stockholders, (3) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws, or (4) action asserting a claim against us or any director or officer of the Company governed by the internal affairs doctrine. Additionally, our amended and restated certificate of incorporation to be effective on the closing of this offering will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against a defendant to such complaint. The choice of forum provisions would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, as Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court. We note that there is uncertainty as to whether a court would enforce the choice of forum provision with respect to claims under the federal securities laws, and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our amended and restated certificate of incorporation.
This choice-of-forum provision may limit a stockholder's ability

to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated certificate of incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition, and results of operations and result in a diversion of the time and resources of our management and Board of Directors. These provisions may also result in increased costs for investors seeking to bring a claim against us or any of our directors, officers, or other employees.

Lulu's Fashion Lounge Holdings, Inc. is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund its operations and expenses, including future dividend payments, if any.

As a holding company, our principal source of cash flow will be distributions or payments from our operating subsidiaries. Therefore, our ability to fund and conduct our business, service our debt, and pay dividends, if any, in the future will depend on the ability of our subsidiaries and intermediate holding companies to make upstream cash distributions or payments to us, which may be impacted, for example, by their ability to generate sufficient cash flow or limitations on the ability to repatriate funds whether as a result of currency liquidity restrictions, monetary or exchange controls, or otherwise. Our operating subsidiaries and intermediate holding companies are separate legal entities, and although they are directly or indirectly wholly owned and controlled by us, they have no obligation to make any funds available to us, whether in the form of loans, dividends, or otherwise. In addition, our operating Company and indirectly owned subsidiary, Lulu's Fashion Lounge, LLC, is restricted under the terms of the Credit Facility from paying dividends to us except in limited circumstances.

Risks Related to This Offering and Ownership of Our Common Stock

Prior to this offering, there has been no public market for shares of our common stock and an active trading market for our common stock may never develop or be sustained.

Prior to this offering, there has not been a public market for our common stock. An active market for our common stock may not develop following the completion of this offering, or if it does develop, may not be maintained. If an active trading market does not develop, investors may have difficulty selling any of our common stock they have bought. The initial public offering price for the shares of our common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, we cannot assure investors of their ability to sell shares of common stock when desired or the prices that may obtained for shares of common stock.

We expect that our stock price will fluctuate significantly, which could cause the value of investments in our common stock to decline, and investors may not be able to resell their shares at a price at or above the initial public offering price.

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. The market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock regardless of our results of operations. The trading price of our common stock is likely to be volatile and subject to significant price fluctuations in response to many factors, including:

- market conditions or trends in our industry or the economy as a whole and, in particular, in the retail sales environment;

- changes in our merchandise mix and supplier base;
- timing of promotional events;
- changes in key personnel;
- entry into new markets;
- changes in customer preferences and fashion trends;
- announcements by us or our competitors of new product offerings or significant acquisitions, divestitures, strategic partnerships, joint ventures, or capital commitments;
- actions by competitors;
- inventory shrinkage beyond our historical average rates;
- changes in operating performance and stock market valuations of other retail companies;
- investors' perceptions of our prospects and the prospects of the retail industry;
- fluctuations in quarterly results of operations, as well as differences between our actual financial results and results of operations and those expected by investors;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC and/or negative earnings or other announcements by us or other retail apparel companies;
- announcements, media reports, or other public forum comments related to litigation, claims, or reputational charges against us;
- guidance, if any, that we provide to the public, any changes in this guidance, or our failure to meet this guidance;
- changes in financial estimates or ratings by any securities analysts who follow our common stock, our failure to meet these estimates, or the failure of those analysts to initiate or maintain coverage of our common stock;
- the development and sustainability of an active trading market for our common stock;
- downgrades in our credit ratings or the credit ratings of our competitors;
- investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives;
- future sales of our common stock by our officers, directors, and significant stockholders;
- other events or factors, including those resulting from system failures and disruptions, earthquakes, hurricanes, war, acts of terrorism, other natural disasters, or responses to these events; and
- changes in accounting principles.

These and other factors may cause the market price and demand for shares of our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of our common stock and may otherwise negatively affect the liquidity of our common stock. As a result of these factors, our quarterly and annual results of operations and sales may fluctuate significantly. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and sales for any particular future period may decrease. In the future, our results of operations may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease. In the past, when the market price of a stock has been volatile, security holders have often instituted class action litigation against the company that

issued the stock. If we become involved in this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management's attention could be diverted from the operation of our business, which could have a material adverse effect on our business, financial condition, and results of operations.

Future sales of our common stock in the public market could cause the market price of our common stock to decrease significantly.

Sales of substantial amounts of our common stock in the public market following this offering by our existing stockholders, upon the exercise of stock options granted in the future or by persons who acquire shares in this offering may cause the market price of our common stock to decrease significantly. The perception that such sales could occur could also depress the market price of our common stock. Any such sales could also create public perception of difficulties or problems with our business and might also make it more difficult for us to raise capital through the sale of equity securities in the future at a time and price that we deem appropriate.

Upon the completion of this offering, we will have outstanding shares of common stock, of which:

- shares are shares that we are selling in this offering and, unless purchased by affiliates, may be resold in the public market immediately after this offering; and
- shares will be "restricted securities," as defined under Rule 144 under the Securities Act and eligible for sale in the public market subject to the requirements of Rule 144, of which shares are subject to lock-up agreements and will become available for resale in the public market beginning 180 days after the date of this prospectus and of which shares will become available for resale in the public market immediately following this offering.

In addition, we have reserved shares of common stock for issuance under our equity incentive plans. See "Executive Compensation—Equity Compensation Plans."

With limited exceptions as described under the caption "Underwriting," the lock-up agreements with the underwriters of this offering prohibit a stockholder from selling, contracting to sell or otherwise disposing of any common stock or securities that are convertible or exchangeable for common stock or entering into any arrangement that transfers the economic consequences of ownership of our common stock for at least 180 days from the date of the prospectus filed in connection with our initial public offering, although the lead underwriters may, in their sole discretion and at any time without notice, release all or any portion of the securities subject to these lock-up agreements. Upon a request to release any shares subject to a lock-up, the lead underwriters would consider the particular circumstances surrounding the request including, but not limited to, the length of time before the lock-up expires, the number of shares requested to be released, reasons for the request, the possible impact on the market for our common stock and whether the holder of our shares requesting the release is an officer, director or other affiliate of ours. As a result of these lock-up agreements, notwithstanding earlier eligibility for sale under the provisions of Rule 144, none of these shares may be sold until at least 180 days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting."

As restrictions on resale expire or as shares are registered, our share price could drop significantly if the holders of these restricted or newly registered shares sell them or are perceived by the market as intending to sell them. These sales might also make it more difficult for us to raise capital through the sale of equity securities in the future at a time and at a price that we deem appropriate.

See the information under the heading "Shares Eligible for Future Sale" for a more detailed description of the shares that will be available for future sales upon completion of this offering.

We do not intend to pay dividends on our common stock and, consequently, the ability of common stockholders to achieve a return on investment will depend on appreciation, if any, in the price of our common stock.

Investors should not rely on an investment in our common stock to provide dividend income. Because we do not expect to pay any cash dividends for the foreseeable future, investors may be forced to sell their shares in order to realize a return on their investment, if any. We do not anticipate that we will pay any dividends to holders of our common stock for the foreseeable future. Any payment of cash dividends will be at the discretion of our Board of Directors and will depend on our financial condition, capital requirements, legal requirements, earnings, and other factors. Our ability to pay dividends is restricted by the terms of our Credit Facility and might be restricted by the terms of any indebtedness that we incur in the future. Consequently, investors in our common stock should not rely on dividends in order to receive a return on their investment. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock. See “Dividend Policy.”

If investors purchase shares of common stock sold in this offering, they will incur immediate and substantial dilution as a result of this offering.

The initial public offering price per share is substantially higher than the pro forma net tangible book value per share immediately after this offering. As a result, investors will pay a price per share that substantially exceeds the book value of our assets after subtracting the book value of our liabilities. Based on our pro forma net tangible book value as of July 4, 2021, and assuming an offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, investors will incur immediate and substantial dilution in the amount of $ per share. See “Dilution.”

General Risk Factors

There are claims made against us from time to time that can result in litigation that could distract management from our business activities and result in significant liability or damage to our brand.

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and include employee claims, commercial disputes, intellectual property issues, privacy and customer protection claims, and product-oriented allegations. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time and allocation. Litigation and other claims and regulatory proceedings against us could result in unexpected expenses and liabilities, which could have a material adverse effect on our business, financial condition, and results of operations.

We depend on our senior management personnel and may not be able to retain or replace these individuals or recruit additional personnel, which could have a material adverse effect on our business, financial condition, and results of operations.

Our future success is substantially dependent on the continued service of our senior management, particularly David McCreight, our Chief Executive Officer. Mr. McCreight has extensive experience in our industry and is familiar with our business, systems, and processes. The loss of services of Mr. McCreight or any other of our key employees could impair our ability to manage our business effectively, as we may not be able to find suitable individuals to replace them on a timely basis or at all, which could have a material adverse effect on our business, financial condition, and

results of operations. In addition, any departures of key personnel could be viewed in a negative light by investors and analysts, which could cause our common stock price to decline. We do not maintain key person insurance on any employee.

In addition to our CEO, we have other employees in positions, including those employees responsible for our merchandising, marketing, software development, accounting, finance, information technology, and operations departments, that, if vacant, could cause a temporary disruption in our operations until such positions are filled, which could have a material adverse effect on our business, financial condition, and results of operations. Our success depends in part upon our ability to attract, motivate, and retain a sufficient number of employees who understand our business, customers, brand and corporate culture. Our planned growth will require us to hire and train even more personnel to manage such growth. If we are unable to hire and retain personnel capable of consistently performing at a high level, our ability to expand our business may be impaired.

If securities analysts or industry analysts downgrade our shares, publish negative research or reports, or do not publish reports about our business, our share price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our shares or our competitors' stock, our share price would likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. As a result, the market price for our common stock may decline below the initial public offering price and shares of our common stock may not be resold at or above the initial public offering price.

Our results of operations could be adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.

Our principal offices and one of our distribution facilities are located in Chico, California, an area which has a history of wildfires, and are thus vulnerable to damage. We also operate offices in other cities and states, and have a distribution facility in another state. Natural disasters, such as earthquakes, wildfires, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and distribution facilities or the operations of one or more of our third-party providers or suppliers. For example, in the fall of 2018 there was a wildfire near Chico, California where our headquarters and one of our distribution facilities are located. In particular, these types of events could impact our merchandise supply chain, including our ability to ship merchandise to customers from or to the impacted region, our suppliers' ability to ship merchandise or our ability to operate our platform. In addition, these types of events could negatively impact customer spending in the impacted regions. Sales of certain seasonal apparel items are dependent in part on the weather and may decline when weather conditions do not favor the use of this apparel. To the extent any of these events occur, our business and results of operations could be adversely affected.

We are an emerging growth company, and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an emerging growth company as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised financial accounting standards until such time as

those standards apply to private companies. We intend to take advantage of the extended transition period for adopting new or revised financial accounting standards under the JOBS Act as an emerging growth company.

For as long as we continue to be an emerging growth company, we may also take advantage of other exemptions from certain reporting requirements that are applicable to other public companies, including not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, exemption from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the report of independent registered public accounting firm, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute arrangements, and reduced financial reporting requirements. Investors may find our common stock less attractive because we will rely on these exemptions, which could result in a less active trading market for our common stock, increased price fluctuation, and a decrease in the trading price of our common stock.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year following the fifth anniversary of our initial public offering, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a “large accelerated filer,” as defined in the rules under the Exchange Act, or (4) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Our internal control over financial reporting does not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business, financial condition, and results of operations.

As a privately held company, we have not been required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404 of the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, starting with the second annual report that we file with the SEC as a public company, and generally requires in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the recently enacted JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an emerging growth company. We could be an emerging growth company for up to five years subsequent to becoming a public company.

Once we are no longer an emerging growth company, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting on an annual basis. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation and the incurrence of significant additional expenditures.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the implementation of any requested improvements and/or in obtaining a favorable attestation from our

independent registered public accounting firm. We will be unable to issue securities in the public markets through the use of a shelf registration statement if we are not in compliance with the applicable provisions of Section 404. Furthermore, failure to achieve and maintain an effective internal control environment could limit our ability to report our financial results accurately and timely and could have a material adverse effect on our business, financial condition, and results of operations.

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

As a privately held company, we were not required to comply with certain corporate governance and financial reporting practices and policies required of a publicly traded company. As a publicly traded company, we will incur significant legal, accounting, and other expenses that we were not required to incur in the recent past, particularly after we are no longer an emerging growth company as defined under the JOBS Act. After this offering, we will be required to file with the SEC annual and quarterly information and other reports that are specified in Section 13 of the Exchange Act. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. We will also become subject to other reporting and corporate governance requirements, including the requirements of , and certain provisions of the Sarbanes-Oxley Act and the regulations promulgated thereunder, which will impose significant compliance obligations upon us. As a public company, we will, among other things have to:

- prepare and distribute periodic public reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable rules;
- create or expand the roles and duties of our Board of Directors and committees of the board;
- institute more comprehensive financial reporting and disclosure compliance functions;
- enhance our investor relations function;
- establish new internal policies, including those relating to disclosure controls and procedures; and
- involve and retain to a greater degree outside counsel and accountants in the activities listed above.

These changes will require a significant commitment of additional resources and many of our competitors already comply with these obligations. We may not be successful in complying with these obligations and the significant commitment of resources required for complying with them could have a material adverse effect on our business, financial condition, and results of operations. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our results of operations on a timely and accurate basis could be impaired and we could suffer adverse regulatory consequences or violate listing standards. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our consolidated financial statements, which could have a material adverse effect on our business, financial condition, and results of operations.

The changes necessitated by becoming a public company require a significant commitment of resources and management oversight that has increased and may continue to increase our costs and might place a strain on our systems and resources. As a result, our management's attention might be diverted from other business concerns. If we fail to maintain an effective internal control environment or to comply with the numerous legal and regulatory requirements imposed on public companies, we could make material errors in, and be required to restate, our consolidated financial statements. Any such restatement could result in a loss of public confidence in the reliability of our consolidated financial statements and sanctions imposed on us by the SEC.

FORWARD-LOOKING STATEMENTS

This prospectus contains statements about future events and expectations that constitute forward-looking statements. Forward-looking statements are based on our beliefs, assumptions and expectations of our future financial and operating performance and growth plans, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the expectations of future results we express or imply in any forward-looking statements and you should not place undue reliance on such statements. Factors that could contribute to these differences include, but are not limited to, the following:

- If we are not able to successfully maintain our desired merchandise assortment or manage our inventory effectively, we may be unable to attract a sufficient number of customers or sell sufficient quantities of our merchandise, which could result in excess inventories, markdowns, and foregone sales;
- Our success depends on our ability to anticipate, identify, measure, and respond quickly to customer data on new and rapidly changing fashion trends, customer preferences and demands, and other factors;
- Our efforts to acquire or retain customers may not be successful, which could prevent us from maintaining or increasing our sales;
- We may be unable to maintain a high level of engagement with our customers and increase their spending with us, which could harm our business, financial condition, cash flows, or results of operations;
- If we fail to provide high-quality customer support, it could have a material adverse effect on our business, financial condition, cash flows, and results of operations;
- Our business depends on our ability to maintain a strong community around the Lulus brand with engaged customers and influencers. We may not be able to maintain and enhance our existing brand community if we receive customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, financial condition, cash flows, and results of operations;
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, and warehousing;
- We rely upon independent third-party transportation providers for substantially all of our merchandise shipments and any disruptions or increased transportation costs could have a material adverse effect on our business, financial condition, cash flows, and results of operations;
- We have two distribution facilities and disruptions to the operations at these locations could have a material adverse effect on our business, financial condition, cash flows, and results of operations;
- The impact of the COVID-19 pandemic and its effect on our labor workforce availability, supply chain, business, financial condition, cash flows, and results of operations;
- If our suppliers fail to comply with applicable laws, including a failure to use acceptable labor practices, or if our suppliers suffer disruptions in their businesses, we could suffer adverse business consequences; and
- System security risk issues, including any real or perceived failure to protect confidential or personal information against security breaches and disruption of our internal operations or information technology systems, could have a material adverse effect on our business, financial condition, cash flows, and results of operations.

Words such as “anticipates,” “believes,” “continues,” “estimates,” “expects,” “goal,” “objectives,” “intends,” “may,” “opportunity,” “plans,” “potential,” “near-term,” “long-term,” “projections,” “assumptions,” “projects,” “guidance,” “forecasts,” “outlook,” “target,” “trends,” “should,” “could,” “would,” “will,” and similar expressions are intended to identify such forward-looking statements. We qualify any forward-looking statements included in this prospectus entirely by these cautionary factors. Other risks, uncertainties and factors, including those discussed under “Risk Factors,” could cause our actual results to differ materially from those projected in any forward-looking statements we make. We assume no obligation to update or revise these forward-looking statements included in this prospectus for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

MARKET AND INDUSTRY INFORMATION

We are responsible for the disclosure in this prospectus. Market data and industry information used throughout this prospectus is based on management's knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management's review of independent industry surveys and publications and other publicly available information prepared by a number of sources, including Euromonitor International Limited ("Euromonitor"), Branded Research and DataReportal. In addition, we relied on surveys performed by Stax Inc. ("Stax"), which we independently updated in 2021, for market and industry information. All of the market data and industry information used in this prospectus involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the estimated market position, market opportunity, and market size information included in this prospectus is generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors," "Forward-Looking Statements," and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of shares of common stock in this offering will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional shares from us in full, based on the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. Each 1.0 million share increase or decrease in the number of shares we are offering would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price stays the same, and after deducting underwriting discounts and commissions. We do not expect that a change in the initial price to the public or the number of shares by these amounts would have a material effect on the uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

We currently intend to use the net proceeds from this offering to:

- repay $ million of our Term Loan;
- use $ million to redeem all existing Series B Preferred Stock and Series B-1 Preferred Stock; and
- the remainder, if any, for general corporate purposes.

As of the date of this prospectus, other than with respect to the repayment of indebtedness and redemption of the Series B Preferred Stock and Series B-1 Preferred Stock as described above, the principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock, increase our brand awareness and facilitate access to the public equity markets for us and our stockholders. As of July 4, 2021, we had $107.7 million of borrowings outstanding under our Term Loan, which matures in August 2022. The effective interest rate under our Term Loan was 12.9% for the six months ended July 4, 2021. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities” and “Description of Certain Indebtedness” for a more detailed description of our Credit Facility.

The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short and intermediate-term, interest-bearing, investment-grade securities, and government securities.

DIVIDEND POLICY

During 2016 and 2017, we paid cash dividends in the aggregate amounts of $27.5 million and $61.2 million, respectively. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business. Accordingly, following this offering, we do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of any future dividends will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in our current and future debt agreements, and other factors that our Board of Directors may deem relevant. In addition, the terms of our Credit Facility restrict our ability to pay dividends to limited circumstances. We may also be subject to covenants under future debt arrangements that place restrictions on our ability to pay dividends.

CAPITALIZATION

The following table sets forth our cash, cash equivalents and restricted cash and capitalization as of July 4, 2021, on:

- an actual basis;
- a pro forma basis as of July 4, 2021, giving effect to: (i) the automatic conversion of all outstanding shares of our Series A Preferred Stock as of July 4, 2021 into an aggregate of 3,129,634 shares of common stock, which we expect to occur immediately prior to the completion of this offering and (ii) the redemption and extinguishment of all outstanding shares of our Series B Preferred Stock and Series B-1 Preferred Stock for a total consideration of approximately $17.9 million upon the closing of this offering; and
- a pro forma as adjusted basis to reflect: (i) the pro forma adjustments described above, (ii) the sale and issuance of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds thereof as described in the "Use of Proceeds," (iii) the repayment of our Term Loan and any amount outstanding under our Revolving Facility in connection with the closing of this offering and (iv) the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the completion of this offering.

This table should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited consolidated financial statements and the related notes thereto, and our unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	As of July 4, 2021		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted(1)
	(in thousands, except share and per share amounts)		
Cash, cash equivalents and restricted cash(2)	$ 32,640	$ 14,740	$
Total debt:			
Term Loan	107,686	107,686	
Revolving Facility	—		
Less: debt issuance costs	(3,112)	(3,112)	
Total debt, net of issuance costs	104,574	104,574	
Redeemable preferred stock: $0.001 par value; 10,000,001 shares authorized; 8,950,001 shares issued and outstanding, actual; no shares issued and outstanding, pro forma and pro forma as adjusted	19,320	—	
Convertible preferred stock: $0.001 par value; 3,129,635 shares authorized; 3,129,634 shares issued and outstanding, actual; no shares issued and outstanding, pro forma and pro forma as adjusted	117,038	—	

	As of July 4, 2021		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted(1)
	(in thousands, except share and per share amounts)		
Stockholder's (deficit) equity:			
Common stock: $0.001 par value; 24,000,000 shares authorized; 17,462,283 shares issued and outstanding, actual; 20,591,917 shares issued and outstanding, pro forma; and shares issued and outstanding, pro forma as adjusted	$ 18	$ 21	$
Additional paid-in capital	11,735	130,190	
Accumulated deficit	(172,672)	(172,672)	
Total stockholder's (deficit) equity	(160,919)	(42,461)	
Total capitalization	$ 80,013	$ 62,113	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of cash, cash equivalents and restricted cash, total stockholder's (deficit) equity, and total capitalization by $ million, assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase or decrease of 1.0 million shares in the number of shares offered by us would increase or decrease, as applicable, each of our pro forma as adjusted cash, cash equivalents and restricted cash, total assets and total stockholder's (deficit) equity by $ million, assuming that the assumed initial offering price to the public remains the same, and after deducting underwriting discounts and commissions payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price, the number of shares offered, and the other terms of this offering determined at pricing.

(2) Restricted cash represents $0.5 million of the total cash, cash equivalents and restricted cash as of July 4, 2021.

The number of shares of our common stock to be outstanding after this offering is based on shares of our common stock (including our Series A Preferred Stock, on an as-converted basis) outstanding as of July 4, 2021 and excludes shares of our common stock reserved for future issuance under our equity incentive programs and/or subject to outstanding equity awards as described in "Executive Compensation—Equity Compensation Plans."

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after the completion of this offering. Dilution results from the fact that the per share offering price of our common stock is in excess of the book value per share attributable to new investors.

Our historical net tangible book deficit as of July 4, 2021, was $198.4 million, or $11.36 per share of common stock. Our historical net tangible book deficit per share represents the amount of total tangible assets (which excludes goodwill and other intangible assets) less total liabilities, redeemable preferred stock and convertible preferred stock, divided by the number of outstanding shares of common stock.

As of July 4, 2021, our pro forma net tangible book deficit was $80.0 million, or $3.88 per share, as adjusted for (i) the automatic conversion of all outstanding shares of our Series A Preferred Stock into an aggregate of 3,129,634 shares of common stock, which we expect to occur immediately prior to the completion of this offering and (ii) the redemption and extinguishment of all outstanding shares of our Series B Preferred Stock and Series B-1 Preferred Stock for a total consideration of approximately $17.9 million upon the closing of this offering.

After giving effect to (i) the pro forma adjustments described above, (ii) the sale and issuance of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us and (iii) the repayment of our Term Loan and any amount outstanding under our Revolving Facility in connection with the closing of this offering, our pro forma as adjusted net tangible book value at July 4, 2021 would have been approximately $ million, representing $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to new investors purchasing shares of common stock in this offering at the assumed initial public offering price. Dilution in pro forma net tangible book value per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by new investors.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share of common stock		$
Historical net tangible book deficit per share as of July 4, 2021,	$(11.36)	
Increase per share attributable to the pro forma adjustments	7.48	
Pro forma net tangible book deficit per share as of July 4, 2021	(3.88)	
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering		
Pro forma as adjusted net tangible book value per share after giving effect to this offering and the pro forma adjustments		
Dilution per share to new investors participating in this offering		$

The pro forma as adjusted dilution information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or

decrease, as applicable, the pro forma as adjusted net tangible book value per share by $ per share and the dilution per share to investors participating in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. Each 1.0 million share increase or decrease in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase or decrease, as applicable, the pro forma as adjusted net tangible book value per share by $ and decrease the dilution per share to investors participating in this offering by $, assuming the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions payable by us.

If the underwriters exercise their option to purchase additional shares in full, the pro forma as adjusted net tangible book value of our common stock would increase to $ per share, representing an immediate increase to existing stockholders of $ per share and an immediate dilution of $ per share to investors participating in this offering.

The following table summarizes as of July 4, 2021, on the pro forma as adjusted basis described above, the total number of shares of common stock purchased from us, the total cash consideration paid to us, or to be paid, and the average price per share paid, or to be paid, by our existing investors and by new investors purchasing shares in this offering, at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Weighted-Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					$
Total		100%	$	100%	

If the underwriters were to fully exercise their option to purchase additional shares of our common stock from us, the percentage of shares of our common stock held by existing investors would be %, and the percentage of shares of our common stock held by new investors would be %.

The foregoing tables and calculations (other than the historical net tangible book value calculation) are based on shares of our common stock (including our Series A Preferred Stock), on an as-converted basis) outstanding as of July 4, 2021 and excludes shares of our common stock reserved for future issuance under our equity incentive programs and/or subject to outstanding equity awards as described in “Executive Compensation—Equity Compensation Plans.”

To the extent that outstanding options are exercised, new options or other securities are issued under our equity incentive plans, or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

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 in conjunction with the section titled "Summary Historical Consolidated Financial Data," our historical consolidated financial statements and the related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results could differ materially from those contained in any forward-looking statements.

Overview

Lulus is a customer-driven, digitally-native fashion brand primarily serving Millennial and Gen Z women. We focus relentlessly on giving our customers what they want. We do this by using data coupled with human insight to deliver a curated and continuously evolving assortment of on-point, affordable luxury fashion. Our customer obsession sets the tone for everything we do, from our personalized online shopping experience to our exceptional customer service.

We are focused on building authentic personal relationships with our customers and offering them coveted products they cannot purchase elsewhere. We incorporate the pulse of the consumer by engaging with her where she is: across the web, on social media and across our platform, through reviews, feedback and one-on-one interactions with our Style Advisors, Fit Experts and Bridal Concierge. Customers express their love for our brand on social media and by word-of-mouth (both in-person and online). As of October 3, 2021, we had more than 7.5 million followers, up from 5.5 million followers as of September 27, 2020, across our social media platforms where the popular #lovelulus hashtag has generated billions of impressions. Consumer surveys in 2019 and 2021 show that Lulus outperforms its peers significantly in net promoter score, customer satisfaction, overall value and likelihood of repurchase; these metrics demonstrate our customers' genuine affinity for our brand.

A key differentiator of our business model from traditional fashion retail is our use of data to optimize almost all elements of our business. Nowhere is this more pronounced than in our product creation and curation cycle. Traditional merchandising approaches are risk and capital intensive, characterized by extended in-house design cycles, seasonal assortment decisions, deep buys, limited customer feedback, and high markdowns. Unlike traditional retailers, we leverage a "test, learn, and reorder" strategy to bring hundreds of new products to market every week; we test them in small batches, learn about customer demand and then quickly reorder winning products in higher volume to optimize profitability. This strategy allows us to rapidly convert new products into profitable sales on a consistent and repeatable basis while minimizing fashion and trend risk. We sell thousands of unique products each month across a broad range of categories and during the six months ended July 4, 2021, 70% of our sales were from reorders and 94% of our reorder products were sold without moving to sale pricing. This is up from 66% of sales from reorders and 89% of our reorder products sold without moving to sale pricing during the six months ended June 28, 2020.

In lieu of the overhead of maintaining a dedicated in-house product design team, we source raw designs from a broad network of design and manufacturing partners, who ensure that we see trends in real-time and often produce products exclusively for Lulus. Our creative buyers then use our data-driven understanding of trends and customer preference to customize designs for fit, style, and color, creating branded products exclusive to Lulus. We then test these products with limited initial orders, which drive traffic and "need to own" scarcity among our customers, and our proprietary reorder algorithm utilizes real-time purchase data to inform subsequent reorder decisions. Because we are trend adapters rather than trend creators, we do not have to forecast expected future demand for unproven styles or designs, which is a challenge that most of our competitors face each season. As a

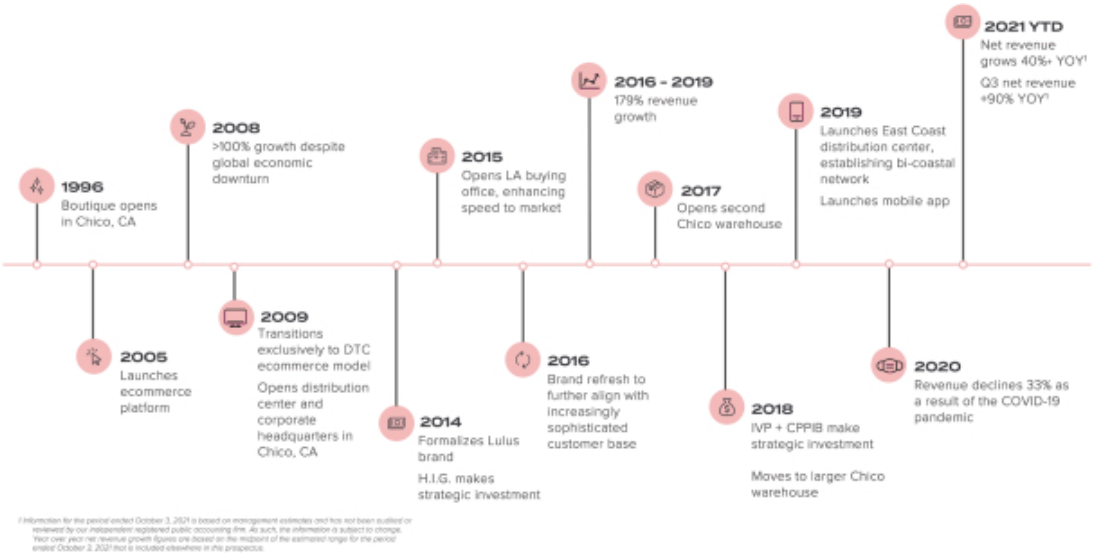
result, we are able to optimize our inventory levels to meet customer demand and minimize returns as well as markdowns. During the six months ended July 4, 2021, we brought to market an average of 236 products per week compared to 206 products per week during the six months ended June 28, 2020. During the six months ended July 4, 2021, 94% of our reorder products were sold without moving to sale pricing, compared to 94% and 89% in the fiscal years 2019 and 2020, respectively. We fulfill our customers' orders from our leased distribution facilities in Chico, California and Easton, Pennsylvania.

We are proud of our large, diverse community of loyal customers. Our target customer initially meets us in her 20s and stays with us through her 30s and beyond. We design a broad assortment of affordable luxury fashion for many of life's moments. We engage with our customer where she is, in authentic and personalized ways: through our website, mobile app, email, SMS, and on social media. This strategy helps drive brand awareness while fostering deep connections with our customers. Over the last thirteen years, we have built our digital footprint through strong relationships with customers and influencers and we benefit from longevity and consistency of message. Our authentic partnerships with brand ambassadors span the full spectrum of followership and engagement levels, from nano- and micro-influencers, to college ambassadors and celebrities, all of whom wear and genuinely love our brand. These genuine brand ambassadors, driven by a strong emotional connection to Lulus, help drive authentic brand awareness and customer engagement. Our free, organic, and low-cost initiatives coupled with profitable performance media drive traffic to our platform, which is custom-built to allow for continuous updating and personalization for each customer. Our unified cross-platform strategy consistently reinforces the same brand values, with our marketing approach resulting in attractive customer acquisition, strong retention, and compelling lifetime value characteristics. During the twelve months ended October 3, 2021, we served 2.5 million Active Customers.

Our business model has resulted in strong historical growth and profitability. Between fiscal years 2016 and 2019, we grew our net revenue by 179%. Net revenue grew by 75% from 2016 to 2017, 28% from 2017 to 2018 and 24% from 2018 to 2019. We grew our Adjusted EBITDA margin from 6% in fiscal year 2019 to 8% in fiscal year 2020, while our operating income (loss) margin declined from 4% to (2)% during the same period.

History

We began as a brick and mortar boutique in 1996, but in the midst of rising consumer adoption of e-commerce and growing influence of social media, we shifted to an online-only model in order to reach our target customer where she prefers to engage. We believe we were one of the first brands to leverage the power of bloggers and influencers to drive customer engagement. Over the last decade, we have successfully grown our net revenue and our customer base on a national scale through continued commitment to efficient product development, including exclusive products that can only be found on our website, and superior customer service.



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.

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
	(in thousands, except percentages and Average Order Value)		(in thousands, except percentages and Average Order Value)	
Active Customers	2,884	2,001	1,310	1,457
Total Orders Placed	5,307	3,400	1,938	2,259
Average Order Value	$ 110	$ 106	$ 110	$ 117
Gross Margin	43.6%	44.4%	44.8%	47.8%
Net income (loss)	$ (469)	$ (19,304)	$ (15,529)	$ 6,969
Adjusted EBITDA(1)	$ 21,021	$ 18,911	$ 13,760	$ 23,164
Adjusted EBITDA Margin(1)	5.7%	7.6%	9.9%	13.4%

(1) For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure and why we consider them useful, see “Prospectus Summary—Summary Historical Consolidated Financial Data.”

Active Customers

We define an active customer as the number of customers who have made at least one purchase across our platform in the prior 12-month 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 digital platform, and our ability to convert visitors to paying customers.

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. We consider Total Orders Placed as a key performance metric on the basis that it is directly related to our ability to attract and retain customers as well as drive purchase frequency. Total Orders Placed, together with Average Order Value, is an indicator of the net revenue we expect to generate in a particular period.

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 in that period. AOV reflects 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.

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.

Our Gross Margin varies across Lulus products and third-party branded products. Gross Margin on sales of Lulus products are generally higher than Gross Margin on sales of third-party branded products, which we offer for customers to "round out" the basket. Lulus merchandise represented approximately 87% and 85% of units sold in fiscal years 2019 and 2020, respectively. Lulus merchandise represented approximately 86% and 88% of units sold during the six months ended June 28, 2020 and July 4, 2021, respectively. We do not expect this mix to change materially going forward.

Certain of our competitors and other retailers 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.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we calculate as income before interest expense, income taxes, depreciation and amortization, adjusted to exclude the effects of equity-based compensation expense, management fees, and transaction fees. 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 an item that we do not consider to be indicative of our core operating performance. See

"Prospectus Summary-Summary Historical Consolidated Financial Data" for information regarding our use of Adjusted EBITDA and a reconciliation of net income (loss), the most directly comparable GAAP measure, to Adjusted EBITDA for the periods presented.

Adjusted EBITDA Margin

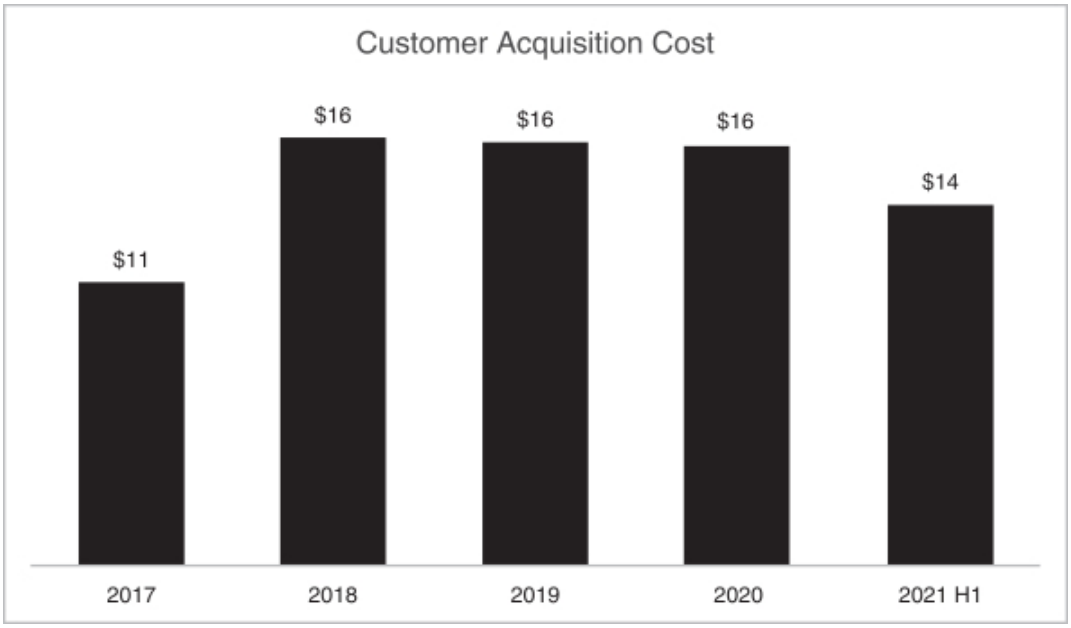
Adjusted EBITDA Margin is a non-GAAP financial measure that we calculate as Adjusted EBITDA (as defined above) as a percentage of our net revenue.

Factors Affecting Our Performance

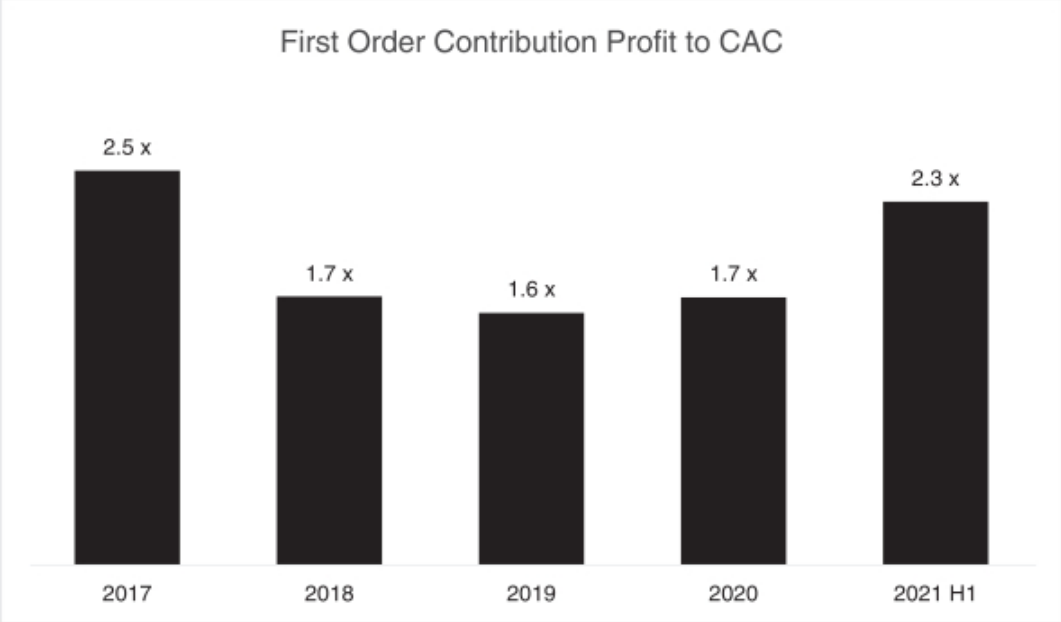
Our financial condition and results of operations have been, and will continue to be, affected by a number of factors that present significant opportunities for us but also pose risks and challenges, including what is discussed below. See "Risk Factors."

Customer Acquisition

Our business performance depends in part on our continued ability to cost-effectively acquire new customers. We define customer acquisition cost, or 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 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. Our marketing strategy has led to an average customer acquisition cost of $15 for the cohorts acquired between 2017 and the six months ended July 4, 2021.



To measure the effectiveness and return on our marketing spend, we analyze our customers' first order contribution profit as compared to CAC. First order contribution profit is defined as gross profit less fulfillment and selling and distribution expenses. For the cohorts acquired between 2017 and the first half of 2021, we generated a ratio of first order contribution profit to CAC of 2.0x, on average. Since 2020, this metric has improved as we have driven sequential improvement in both CAC and first order contribution profit.



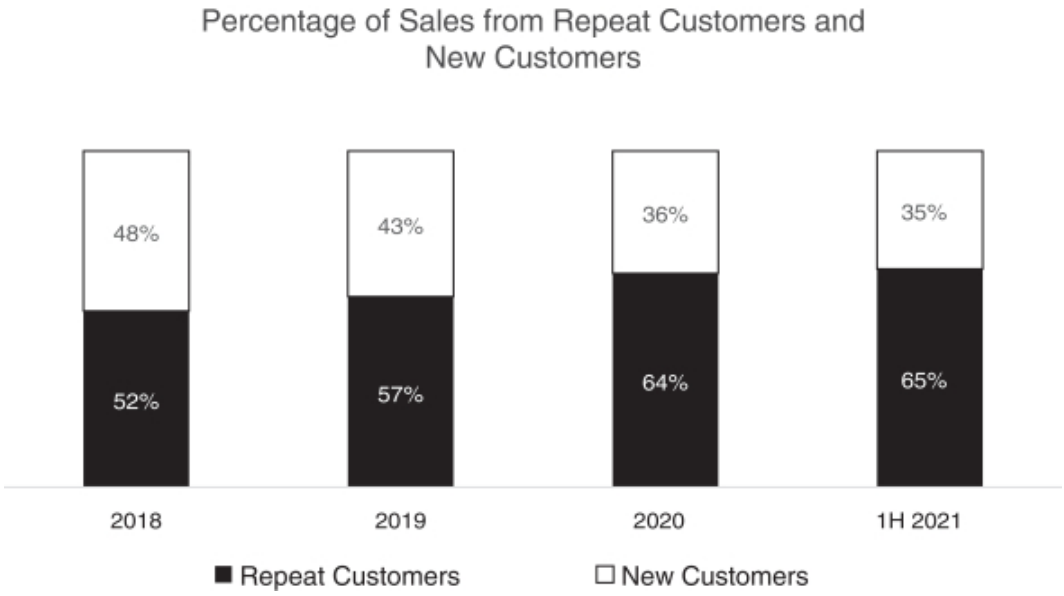
We also measure the effectiveness of our marketing spend by analyzing customer lifetime value, or LTV. We define LTV as the cumulative contribution profit attributable to a particular customer cohort, which we define as all of our customers who made their initial purchase within a given fiscal year. We define contribution profit as gross profit less fulfillment, selling and distribution expenses and the portion of marketing expenses attributable to the retention of the particular customer cohort.

For example, as of July 4, 2021, the LTV of the 2017 cohort was approximately $61, which is 5.7 times the $11 cost of acquiring those customers. We have also compared the LTV to CAC ratio for the 2017, 2018, and 2019 cohorts across one-year, two-year and three-year periods to illustrate the effectiveness of our customer acquisition over time. As of July 4, 2021, the one-year, two-year, and three-year LTV / CAC averages across these cohorts are 2.8x, 3.2x, and 4.1x, respectively. We believe this LTV to CAC development over the years is a testament to our ability to acquire customers efficiently and profitably.

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 twelve months ended October 3, 2021, we served 2.5 million Active Customers. Included in those Active Customers are "repeat customers" which we define as customers who have made a prior

purchase with us in any period. Of the sales generated during the six months ended July 4, 2021, approximately 65% came from repeat customers. Since 2018, we have consistently increased the percentage of our revenue generated from repeat customers on a yearly basis.



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. As we continue to grow, we will 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 growth of our business. While we expect our expenses to increase accordingly, we will harness the strength of our existing platform and our on-trend fashion expertise to make informed investment decisions. We intend to invest in headcount, inventory, fulfillment, logistics, and our software and data capabilities in order to improve our platform, expand into international markets, and drive operational efficiencies. We cannot guarantee that increased spending on these investments will be cost effective or result in future growth in our customer base. However, we set a high bar for approval of any capital spending initiative. We believe that our disciplined approach to capital spending will enable us to generate positive returns on our investments over the long term.

Impact of the COVID-19 Pandemic

The COVID-19 pandemic has had a material impact on the global fashion apparel, accessories and footwear industry as a significant portion of in-person social, professional, and formal events over the last 18 months were postponed or cancelled.

Historically, our business model has resulted in strong historical growth. Between fiscal years 2016 and 2019, we grew our net revenue by 179% to $370 million, or an annual compounded growth rate of 41%. Net revenue grew by 75% from 2016 to 2017, 28% from 2017 to 2018 and 24% from 2018 to 2019. In fiscal year 2020, our net revenue declined by 33% to $249 million as a result of the COVID-19 pandemic. During the three and six months ended July 4, 2021, we grew our net revenue by 69% and 24%, respectively, compared to the same periods of the prior year.

Shortly after the onset of the COVID-19 pandemic, we proactively implemented initiatives to ensure the health and safety of employees and customers, while also addressing the financial impact and returning the business to growth in fiscal year 2021. These initiatives included prudent expense and aggressive liquidity management to successfully manage the business through the challenging operating environment. We implemented a number of measures to minimize cash outlays, including reducing discretionary marketing and other expenses. Additionally, in June 2020, we modified our Credit Facility to amend covenants and adjust certain payment terms. We also borrowed $5.3 million under our Revolving Facility, which was subsequently repaid in March 2021. As the world has begun to emerge from the COVID-19 pandemic and in-person socialization has begun to return, beginning in March 2021, our business has experienced rapid recovery, growing faster than a number of e-commerce apparel businesses that are less correlated to social interaction and other activities outside of the home.

We expect ongoing volatility in these trends as the continued impact from COVID-19 remains uncertain. We may take further actions that impact our business operations as may be required by federal, state, or local authorities or that we determine to be in the best interests of our employees and our customers. For additional discussion of risks related to the COVID-19 pandemic and the impact of the COVID-19 pandemic on our Company, see “Risk Factors—The COVID-19 pandemic has had and may in the future have an adverse effect on our labor workforce availability, supply chain, business, financial condition, cash flows, and results of operations in ways that remain unpredictable.”

Components of Our Results of Operations

Net Revenue

Net revenue consists primarily of gross sales, net of merchandise returns and promotional discounts, 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 determine to have occurred upon shipment.

Net revenue is impacted by our number of customers and their spending habits, Average Order Value, product assortment and availability, and marketing and promotional activities. During any given period, we may seek to increase sales by increasing promotional discounts, and in other periods we may instead seek to increase sales by increasing our selling and marketing expenses. We consider both actions together, so increased promotional discounts in a period, which would reduce net revenue accordingly in such period, might also result in lower selling and marketing expenses in such period. Similarly, if we increase selling and marketing expenses in a given period, promotional discounts may be correspondingly reduced, thereby improving net revenue. We expect our net revenue to increase in absolute dollars as we grow our business, although our net revenue growth rate may slow in future periods.

Cost of Revenue and Gross Margin

Cost of revenue consist 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 growth in 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. Lulus merchandise represented approximately 86% and 88% of units sold during the six months ended June 28, 2020 and July 4, 2021, respectively. We expect our Gross Margin to increase modestly over the long term, as we continue to optimize our distribution capabilities and gain more negotiation leverage with suppliers as we scale, although 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 customer service, payment processing fees, advertising, and targeted online performance marketing. Selling and marketing expenses also include our spend on brand marketing channels, including compensation and free clothing 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. We expect our selling and marketing expenses to increase in absolute dollars as we continue to invest in increasing brand awareness.

General and Administrative Expenses

General and administrative expenses consist primarily of 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, rent, and other occupancy expenses. General and administrative expenses are primarily driven by increases in headcount required to support business growth and meeting our obligations as a public company.

In the near term, we also expect to incur significant legal, accounting, and other expenses that we did not incur as a private company. We expect that compliance with the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In that regard, we expect to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. We expect our general and administrative expenses to increase in absolute dollars as we continue to grow our business.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest expense and other miscellaneous income.

Provision for Income Taxes

The provision for income taxes represents federal, state, and local income taxes. The effective rate differs from statutory rates due to adjustments for allowable credits, deductions, and the valuation allowance against deferred tax assets, as applicable. 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.

Our Results of Operations

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

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
	(in thousands)			
			(unaudited)	
Net revenue	$ 369,622	$248,656	$139,596	$172,541
Cost of revenue	208,418	138,364	77,080	90,008
Gross profit	161,204	110,292	62,516	82,533
Selling and marketing expenses	72,875	47,812	26,413	28,499
General and administrative expenses	73,386	67,155	43,325	36,240
Income (loss) from operations	14,943	(4,675)	(7,222)	17,794
Other income (expense), net:				
Interest expense	(15,206)	(16,037)	(7,940)	(7,424)
Other income, net	239	137	66	58
Total other expense, net	(14,967)	(15,900)	(7,874)	(7,366)
Income (loss) before income taxes	(24)	(20,575)	(15,096)	10,428
Income tax (provision) benefit	(445)	1,271	(433)	(3,459)
Net income (loss)	$ (469)	$ (19,304)	$ (15,529)	$ 6,969

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
			(unaudited)	
Net revenue	100%	100%	100%	100%
Cost of revenue	56	56	55	52
Gross profit	44	44	45	48
Selling and marketing expenses	20	19	19	17
General and administrative expenses	20	27	31	21
Income (loss) from operations	4	(2)	(5)	10
Other income (expense), net:				
Interest expense	(4)	(6)	(6)	(4)
Other income, net	—	—	—	—
Total other expense, net	(4)	(6)	(6)	(4)
Income (loss) before income taxes	—	(8)	(11)	6
Income tax (provision) benefit	—	—	—	(2)
Net income (loss)	—%	(8)%	(11)%	4%

Comparisons for the Six Months Ended June 28, 2020 and July 4, 2021

Net Revenue

	Six Months Ended		Change	
	June 28, 2020	July 4, 2021	Amount	%
	(unaudited) (in thousands, except percentages)			
Net revenue	$139,596	$172,541	$32,945	24%

Net revenue increased in the six months ended July 4, 2021 by $32.9 million, or 24%, compared to the six months ended June 28, 2020. Consumer spending increased in the six months ended July 4, 2021 as COVID-19 vaccinations began to roll out and lockdown restrictions were lifted. More customers began shopping for special occasions, events and travel that had been postponed during the COVID-19 pandemic, which was demonstrated by an 11% increase in Active Customers during the six months ended July 4, 2021 compared to the same period of the prior year. We saw improvements in key revenue drivers, specifically a 17% increase in the number of Total Orders Placed and a 6% increase in Average Order Value for the six months ended July 4, 2021 compared to the same period of the prior year. As of July 4, 2021, we had adequate levels of inventory, which drove fewer markdowns and promotional discounts compared to the same period of the prior year. The favorable drivers of the higher net revenue were partially offset by an increase in the Company's return rate, which was approximately 130 basis points higher in the six months ended July 4, 2021 as customer shopping and return behavior started to revert to pre-COVID levels.

Cost of Revenue

	Six Months Ended		Change	
	June 28, 2020	July 4, 2021	Amount	%
	(unaudited) (in thousands, except percentages)			
Cost of revenue	$77,080	$90,008	$12,928	17%

Cost of revenue increased in the six months ended July 4, 2021 by $12.9 million, or 17%, compared to the six months ended June 28, 2020, partially explained by the increase in our net revenue. Additionally, there was a shift in sales mix to higher gross margin products in the six months ended July 4, 2021 compared to the six months ended June 28, 2020. This is largely because customers resumed shopping for higher margin items, such as special occasion and formal dresses, as the pandemic restrictions eased and weddings, events and parties became more prevalent.

Selling and Marketing Expenses

	Six Months Ended		Change	
	June 28, 2020	July 4, 2021	Amount	%
	(unaudited) (in thousands, except percentages)			
Selling and marketing expenses	$26,413	$28,499	$2,086	8%

Selling and marketing expenses increased in the six months ended July 4, 2021 by $2.1 million, or 8%, compared to the six months ended June 28, 2020. Discretionary marketing spend was suppressed in the six months ended June 28, 2020 in response to lower customer demand due to the COVID-19 pandemic. We began to slowly ramp up marketing spend in the first six months of fiscal 2021 resulting in a $0.5 million increase in online marketing expenses to acquire new customers and retain existing customers compared to same period in the prior year. Other marketing expenses, including photo shoot costs, increased by $0.4 million in the six months ended July 4, 2021, compared to the same period of the prior year. In addition, merchant processing fees increased by $1.2 million in the six months ended July 4, 2021 compared to the same period of the prior year due to the increase in net revenue.

General and Administrative Expenses

	Six Months Ended		Change	
	June 28, 2020	July 4, 2021	Amount	%
	(unaudited) (in thousands, except percentages)			
General and administrative expenses	$43,325	$36,240	$(7,085)	(16)%

General and administrative expenses decreased by $7.1 million in the six months ended July 4, 2021, or 16%, compared to the six months ended June 28, 2020. The decrease was primarily due to a $13.5 million decrease in equity-based compensation expense due to a $7.5 million decrease in expense related to Class P units as there were no modifications to Class P unit awards in the six months ended July 4, 2021, and a $7.1 million decrease in expense related to Series B Preferred Stock and Series B-1 Preferred Stock as the expense related to the Series B Preferred Stock issuance during the six months ended June 28, 2020 was higher than the expense related to the Series B-1 Preferred Stock issuance during the six months ended July 4, 2021, partially offset by a $1.1 million increase in expense related to stock options and special compensation awards issued in the second quarter of fiscal year 2021. In the six months ended June 28, 2020, there was a $2.0 million write off of previously capitalized IPO costs that did not recur during the six months ended July 4, 2021. The decrease was partially offset by a $7.4 million increase in payroll and benefits expense as a result of $2.1 million higher direct labor costs in line with higher sales volumes, higher bonus expense of $3.0 million due to improved business results and $2.3 million higher fixed headcount costs as the previous year costs were suppressed due to the furloughs related to the COVID-19 pandemic. There was also a $0.8 million increase in hardware, software and fulfillment and office supplies and a $0.4 million increase in state sales tax related expense.

Interest Expense

Interest expense decreased in the six months ended July 4, 2021 by $0.5 million, or 6%, compared to the six months ended June 28, 2020. The decrease was primarily due to reduced amount of borrowings outstanding net of the higher average interest rate under our Credit Facility for the six months ended June 28, 2020 compared to the six months ended July 4, 2021.

Income Tax (Provision) Benefit

Our income tax provision in the six months ended July 4, 2021 increased by $3.0 million, or 699%, to $3.5 million. The increase in the income tax provision was primarily due to an increase in our income before taxes, partially offset by a decrease in non-deductible equity-based compensation expenses.

Comparisons for the Years Ended December 29, 2019 and January 3, 2021

Net Revenue

	Year Ended		Change	
	December 29, 2019	January 3, 2021	Amount	%
	(in thousands, except percentages)			
Net revenue	$ 369,622	$248,656	$(120,966)	(33)%

Net revenue decreased in fiscal year 2020 by $121.0 million, or 33%, compared to the prior year. The decrease in net revenue was primarily driven by a decrease of 36% in the number of Total Orders Placed by customers caused by the COVID-19 pandemic. Consumer spending declined in fiscal year 2020 due to the economic uncertainty surrounding the COVID-19 pandemic and lockdown restrictions, which resulted in a 31% decrease in Active Customers compared to the prior year. While we saw improvements in units per transaction ("UPT") and Average Order Value net of returns, our fiscal year 2020 sales were heavier in markdowns and promotional discounts compared to fiscal year 2019 in order to reduce event related inventory on hand. UPT represents the average number of items that a customer purchases per transaction. It is calculated by dividing the total number of items sold for a given period by the total number of orders placed during that same time period. A higher UPT indicates that customers are purchasing more items per transaction, while a lower UPT indicates that customers are purchasing fewer items per transaction.

Cost of Revenue

	Year Ended		Change	
	December 29, 2019	January 3, 2021	Amount	%
	(in thousands, except percentages)			
Cost of revenue	$ 208,418	$138,364	$(70,054)	(34)%

Cost of revenue decreased in fiscal year 2020 by $70.1 million, or 34%, compared to the prior year, consistent with the decrease in our net revenue.

Selling and Marketing Expenses

	Year Ended		Change	
	December 29, 2019	January 3, 2021	Amount	%
	(in thousands, except percentages)			
Selling and marketing expenses	$ 72,875	$ 47,812	$(25,063)	(34)%

Selling and marketing expenses decreased in fiscal year 2020 by $25.1 million, or 34%, compared to the prior year. The decrease was primarily driven by our efforts to reduce discretionary marketing expenses and cash outlays in response to lower customer demand due to the COVID-19 pandemic. We reduced our online marketing investment to acquire new customers and retain existing customers by $21.3 million in fiscal year 2020 compared to the prior year. Other marketing expenses also decreased by $0.8 million. In addition, merchant processing fees decreased by $3.0 million in fiscal year 2020 compared to the prior year due to the decline in net revenue.

General and Administrative Expenses

	Year Ended		Change	
	December 29, 2019	January 3, 2021	Amount	%
	(in thousands, except percentages)			
General and administrative expenses	$ 73,386	$ 67,155	$(6,231)	(9)%

General and administrative expenses decreased by $6.2 million, or 9%, compared to the prior year. The decrease was primarily driven by a $15.9 million decrease in payroll and benefits expense as a result of lower direct labor costs in line with lower sales volumes, as well as a shift of approximately 60% of our employees to furlough in response to the COVID-19 pandemic who gradually returned to work throughout the year, a $3.0 million decrease in professional services, legal and accounting fees, and a $4.3 million decrease in hardware, software and fulfillment and office supplies. These decreases were partially offset by a $13.1 million increase in equity-based compensation due to award modifications and grants in fiscal year 2020, which included a $6.1 million charge for the excess of fair value over consideration paid for the Series B Preferred Stock issued to an employee in June 2020. There was also a $2.3 million increase in management fees driven by recognition of the excess of fair value over consideration paid for Series B Preferred Stock issued to the Sponsor and Institutional Venture Partners in June 2020.

Interest Expense

Interest expense increased in fiscal year 2020 by $0.8 million, or 5%, compared to the prior year. The increase was primarily attributable to increased borrowings under our Credit Facility and higher variable interest rates in fiscal year 2020 compared to fiscal year 2019.

Income Tax (Provision) Benefit

Our income tax provision in fiscal year 2019 decreased by $1.7 million to an income tax benefit of $1.3 million in fiscal year 2020. The change in the income tax provision for fiscal year 2020 as compared to fiscal year 2019 was primarily due to an increase in our loss before taxes and a one-time benefit in fiscal year 2020 for the release of certain interest and penalties related to uncertain tax positions as a result of settlements with taxing authorities, partially offset by an increase in non-deductible equity-based compensation expenses.

Quarterly Results of Operations

The following tables set forth our unaudited quarterly consolidated statements of operations data in dollars and as a percentage of revenue for the periods presented. The unaudited quarterly consolidated statements of operations data were prepared on the same basis as the audited annual consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair statement of the unaudited quarterly financial information set forth in such data. Our historical results are not necessarily indicative of the results that

may be expected in the future and operating results for interim periods are not necessarily indicative of the results that may be expected for a full year. You should read this data together with our consolidated financial statements and the related notes thereto as well as the unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

The following table sets forth our selected unaudited quarterly consolidated statements of operations data for the periods presented:

	Three Months Ended									
	Mar. 31, 2019	June 30, 2019	Sept. 29, 2019	Dec. 29, 2019	Mar. 29, 2020	June 28, 2020	Sept. 27, 2020	Jan. 3, 2021	Apr. 4, 2021	July 4, 2021
	(unaudited) (in thousands)									
Consolidated Statements of Operations Data:										
Net revenue	$ 85,690	$ 108,644	$ 91,656	$ 83,632	$ 78,224	$ 61,372	$ 54,533	$ 54,527	$ 68,967	$ 103,574
Cost of revenue	49,774	60,411	50,315	47,918	42,208	34,872	30,128	31,156	37,854	52,154
Gross profit	35,916	48,233	41,341	35,714	36,016	26,500	24,405	23,371	31,113	51,420
Selling and marketing expenses	17,139	21,978	17,124	16,634	16,811	9,602	9,481	11,918	13,435	15,064
General and administrative expenses	19,454	19,696	17,453	16,783	17,206	26,119	10,854	12,976	15,089	21,151
Income (loss) from operations	(677)	6,559	6,764	2,297	1,999	(9,221)	4,070	(1,523)	2,589	15,205
Other income (expense), net:										
Interest expense	(3,596)	(3,738)	(4,062)	(3,810)	(3,700)	(4,240)	(3,959)	(4,138)	(3,807)	(3,617)
Other income	55	74	64	46	55	11	20	51	6	52
Total other expense, net	(3,541)	(3,664)	(3,998)	(3,764)	(3,645)	(4,229)	(3,939)	(4,087)	(3,801)	(3,565)
Income (loss) before provision (benefit) for income taxes	(4,218)	2,895	2,766	(1,467)	(1,646)	(13,450)	131	(5,610)	(1,212)	11,640
Provision (benefit) for income taxes	(991)	926	856	(346)	(434)	867	(246)	(1,458)	163	3,296
Net income (loss) and comprehensive income (loss)	$ (3,227)	$ 1,969	$ 1,910	$ (1,121)	$ (1,212)	$ (14,317)	$ 377	$ (4,152)	$ (1,375)	$ 8,344

The following table sets forth our unaudited quarterly consolidated statements of operations data for each of the periods indicated as a percentage of net revenue:

	Three Months Ended									
	Mar. 31, 2019	June 30, 2019	Sept. 29, 2019	Dec. 29, 2019	Mar. 29, 2020	June 28, 2020	Sept. 27, 2020	Jan. 3, 2021	Apr. 4, 2021	July 4, 2021
	(unaudited)									
Consolidated Statements of Operations Data:										
Net revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenue	58.1	55.6	54.9	57.3	54.0	56.8	55.2	57.1	54.9	50.4
Gross profit	41.9	44.4	45.1	42.7	46.0	43.2	44.8	42.9	45.1	49.6
Selling and marketing expenses	20.0	20.2	18.7	19.9	21.5	15.6	17.4	21.9	19.5	14.5
General and administrative expenses	22.7	18.1	19.0	20.1	22.0	42.6	19.9	23.8	21.9	20.4
Income (loss) from operations	(0.8)	6.0	7.4	2.7	2.5	(15.0)	7.5	(2.8)	3.7	14.7
Other income (expense), net:										
Interest expense	(4.2)	(3.4)	(4.4)	(4.6)	(4.7)	(6.9)	(7.3)	(7.6)	(5.5)	(3.5)
Other income	0.1	0.1	0.1	0.1	0.1	—	—	0.1	—	0.1
Total other expense, net	(4.1)	(3.3)	(4.3)	(4.5)	(4.6)	(6.9)	(7.3)	(7.5)	(5.5)	(3.4)
Income (loss) before provision (benefit) for income taxes	(4.9)	2.7	3.1	(1.8)	(2.1)	(21.9)	0.2	(10.3)	(1.8)	11.3
Provision (benefit) for income taxes	(1.2)	0.9	0.9	(0.4)	(0.6)	1.4	(0.5)	(2.7)	0.2	3.2
Net income (loss) and comprehensive income (loss)	(3.7)%	1.8%	2.2%	(1.4)%	(1.5)%	(23.3)%	0.7%	(7.6)%	(2.0)%	8.1%

Adjusted EBITDA is a non-GAAP financial measure that we calculate as income before interest expense, income taxes, depreciation and amortization, adjusted to exclude the effects of equity-based compensation expense, management fees, and transaction fees. 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 an item that we do not consider to be indicative of our core operating performance. See “Prospectus Summary-Summary Historical Consolidated Financial Data” for information regarding our use of Adjusted EBITDA.

The following table sets forth the reconciliation of our unaudited quarterly net income (loss), the most directly comparable GAAP measure, to Adjusted EBITDA for each of the periods:

	Three Months Ended									
	Mar. 31, 2019	June 30, 2019	Sept. 29, 2019	Dec. 29, 2019	Mar. 29, 2020	June 28, 2020	Sept. 27, 2020	Jan. 3, 2021	Apr. 4, 2021	July 4, 2021
	(unaudited) (in thousands)									
Net income (loss)	$ (3,227)	$ 1,969	$ 1,910	$ (1,121)	$ (1,212)	$(14,317)	$ 377	$ (4,152)	$(1,375)	$ 8,344
Interest expense	3,596	3,738	4,062	3,810	3,700	4,240	3,959	4,138	3,807	3,617
Provision (benefit) for income taxes	(991)	926	856	(346)	(434)	867	(246)	(1,458)	163	3,296
Depreciation and amortization	700	753	780	808	841	813	795	767	725	696
Equity-based compensation expense	564	563	564	349	—	16,999	207	451	1,913	1,661
Management fees	288	157	—	313	157	156	157	156	157	160
Write-off of previously capitalized transaction fees	—	—	—	—	2,156	(206)	—	—	—	—
Adjusted EBITDA	$ 930	$ 8,106	$ 8,172	$ 3,813	$ 5,208	$ 8,552	$ 5,249	$ (98)	$ 5,390	$ 17,774

Quarterly Trends

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. Historically, our net revenue is highest in our second fiscal quarter due to higher demand for special event dresses and spring and summer fashion. The seasonality of our business has resulted in variability in our total net revenue quarter-to-quarter. As a result, we believe that comparisons of net revenue and results of operations for a given quarter to net revenue is and results of operations for the corresponding quarter in the prior fiscal year are generally more meaningful than comparisons of net revenue and results of operations for sequential quarters. Outside of the COVID-19 pandemic-effected quarters (quarters ended March 29, 2020 through April 4, 2021), our year-over-year quarterly net revenue growth has been in the double-digits.

Our quarterly gross profit fluctuates primarily based on how we manage our inventory and merchandise mix and has typically been in line with fluctuations in net revenue. When quarterly gross profit fluctuations have been unfavorable relative to the fluctuations in sales, these situations have been driven by non-recurring, external factors, as well as the COVID-19 pandemic in fiscal year 2020, which led to increased promotional discounts and higher markdowns in order to optimize our inventory mix and quantities.

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 due to changes in the number of seasonal workers to meet demand based on our seasonality. Our general and administrative expenses during the three months ended June 28, 2020 were notably higher as a percentage of net revenue than in other quarters, due to the recognition of large non-recurring, non-cash equity-based compensation expense.

Periods of quarterly net losses have been driven by non-recurring factors, including the COVID-19 pandemic and significant equity-based compensation charges, both of which had impacts on the quarters during fiscal year 2020, as well as the first quarter of 2021.

Seasonality

Our results of operations for any interim period are not necessarily indicative of those for the entire year because our business is subject to seasonal fluctuations. We generally expect demand to be greater in our second fiscal quarter compared to the rest of the year. We believe that this seasonality has affected and will continue to affect our results of operations.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash generated from operating activities, proceeds from the issuance of preferred stock and borrowings under our Credit Facility. Our primary requirements for liquidity and capital are payroll and general operating expenses, capital expenditures associated with distribution, network expansion and capitalized software and debt service requirement.

As of July 4, 2021, we had cash and cash equivalents of $32.1 million and restricted cash of $0.5 million. While we believe that our cash and cash equivalents and cash flows from operations will be sufficient to finance our continued core operations for at least the next 12 months from September 20, 2021, there is substantial doubt that we will have sufficient funds to repay the $97.6 million outstanding under our Term Loan when due in August 2022. While we expect to obtain additional financing through the capital markets, we cannot assure that we will be successful in obtaining sufficient funds to repay the amounts outstanding under the Term Loan at maturity in August 2022.

In the event that additional financing is required from outside sources, we cannot assure that such financing will be available on favorable terms or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on business opportunities because we lack sufficient capital, our business, financial condition, cash flows, or results of operations would be adversely impacted.

We cannot assure that our business will generate sufficient cash flows from operations or that we are able to secure additional debt or equity financing on acceptable terms, or at all, to enable us to service our indebtedness in the future. Our future operating performance and our ability to service or extend our indebtedness will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control.

Credit Facilities

On August, 28, 2017, our indirect wholly-owned subsidiary Lulu’s Fashion Lounge, LLC entered into a $145.0 million credit facility, (the “Credit Facility”) with Credit Suisse AG, Cayman Islands Branch, as the administrative agent and collateral agent for all lenders, with $135.0 million committed as a term loan (the “Term Loan”) and $10.0 million committed as a revolving credit facility (the “Revolving Facility”). The proceeds from the Term Loan were used to repay other long-term debt and to pay dividends to the LP, and the proceeds of the Revolving Facility are available for general working capital and other corporate purposes.

In May 2019, we entered into a waiver and fourth amendment of our Credit Facility. As part of the waiver and amendment, certain terms and covenants were modified, and the lenders waived our default for failure to comply with certain leverage ratio levels from the original Credit Facility agreement.

In June 2020, we entered into a waiver and fifth amendment of our Credit Facility. As part of the waiver and amendment, certain terms and covenants were modified, and the lenders waived our default for failure to comply with certain leverage ratio levels as modified under the fourth amendment. The fifth amendment deferred principal payments of $7.5 million for the Term Loan to the maturity date and resulted in a portion of interest being payable in kind, which was added to the outstanding principal balance of the Term Loan and the Revolving Facility, and increased interest rates on both the Term Loan and the Revolving Facility.

From and after June 5, 2020 and until the first day of the month beginning after we deliver a compliance certificate evidencing compliance with the maximum consolidated total net leverage ratio maintenance covenant (the date of such delivery, the "Compliance Date"), the Term Loan bears interest at a rate per annum equal to (i) an adjusted LIBOR rate (the "Adjusted LIBOR Rate") (subject to a minimum floor of 1.00%) plus 9.50% or (ii) a base rate equal to the greater of the "prime rate," the federal funds effective rate plus ½ of 1.0% and the Adjusted LIBOR Rate (the "Base Rate") plus 8.50%, of which 2.50% is paid in kind by adding such percent to the outstanding principal balance of Term Loan. At all times thereafter, the Term Loan bear interest at either (i) a rate per annum equal to the Adjusted LIBOR Rate (subject to a minimum floor of 1.00%) plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 7.00% to 9.00% per annum or (ii) the Base Rate plus an applicable margin of ranging from 6.00% to 8.00% per annum based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC.

From and after June 5, 2020 and until the first day of the month beginning after the Compliance Date, the loans under the Revolving Facility bear interest at a rate per annum equal to the Adjusted LIBOR Rate (subject to a minimum floor of 0.00%) plus 8.50% or (ii) the Base Rate plus 7.50%, of which 1.50% is paid in kind by adding such percent to the outstanding principal balance of the loans under the Revolving Facility. At all times thereafter, loans under the Revolving Facility bear interest at either (i) the Adjusted LIBOR Rate (subject to a floor of 0.00%) plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 5.00% to 6.00% per annum or (ii) the Base Rate plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 4.00% to 5.00% per annum. See "Description of Certain Indebtedness."

As of July 4, 2021, there were $107.7 million of borrowings outstanding under the Term Loan. As of July 4, 2021, there were no amounts outstanding under the Revolving Facility and $0.9 million of letters of credit outstanding resulting in $9.1 million of remaining borrowing capacity under the Revolving Facility. As of July 4, 2021, the interest rate on the Term Loan was the Adjusted LIBOR Rate plus 9.50% and the loans under the Revolving Facility bore interest at variable rates with a minimum of 7.00%.

In April 2021, we entered into the sixth amendment to our Credit Facility. As part of the amendment, we modified the minimum liquidity covenant under the Credit Facility to increase the minimum amount required pursuant to such covenant from $2.5 million to $10.0 million. Upon receipt of proceeds from this offering, we are required, under the terms of the sixth amendment to our Credit Facility, to pay off all outstanding debt under the Credit Facility before any proceeds are used by the Company. We are also restricted under the terms of the sixth amendment to our Credit Facility from declaring and paying any dividends to our shareholders.

Principal amounts outstanding under the Term Loan will be due and payable in full on August 28, 2022. All obligations under the Credit Facility are unconditionally guaranteed by Lulu's Fashion Lounge Parent LLC, our direct wholly-owned subsidiary, and, subject to certain exceptions, each of its current and future domestic subsidiaries. The Credit Facility contains certain covenants restricting our activities. In March 2021, we repaid $8.6 million of the outstanding principal amount under our Revolving Facility.

Additionally, in connection with this offering, we anticipate entering into a new $50.0 million senior secured revolving credit facility. The New Revolving Facility will mature three years after the closing date of such facility, and borrowings thereunder will accrue interest at the daily SOFR, plus a SOFR adjustment of 26.161 basis points plus a margin of 1.75% per annum. We expect the New Revolving Facility will contain a financial maintenance covenant requiring a maximum total leverage ratio of no more than 2.50:1.00, stepping down to 2.00:1.00 after 18 months. We expect a commitment fee of 37.5 basis points will be assessed on unused commitments under the New Revolving Facility. We intend to use borrowings under the New Revolving Facility to refinance existing indebtedness and for general corporate purposes, including funding working capital.

As of January 3, 2021, we had non-cancelable operating leases for our corporate offices and warehouses expiring at various dates through 2026, some of which have renewal provisions.

Future minimum lease payments under non-cancelable operating leases as of January 3, 2021 were as follows (in thousands):

Fiscal Year Ending:	Amounts
2021	$ 2,879
2022	2,789
2023	2,230
2024	1,777
2025	1,830
Thereafter	153
Total	$11,658

On September 30, 2021, we signed a new seven-year term lease for warehouse space commencing December 2021 and expiring in January 2029, with annual rental payments ranging from $1.9 million to $2.5 million per year.

We currently intend to use the net proceeds from this offering to repay $ million of our Term Loan, use $ million to redeem all existing Series B Preferred Stock and Series B-1 Preferred Stock and use the remainder, if any, for general corporate purposes. See “Description of Certain Indebtedness” and “Use of Proceeds.”

Cash Flow Analysis

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

	Year Ended		Six Months Ended	
	December 29, 2019	January 3, 2021	June 28, 2020	July 4, 2021
	(in thousands)		(unaudited)	
Net cash (used in) provided by:				
Operating activities	$ 11,874	$ 4,856	$13,870	$ 29,835
Investing activities	(4,042)	(1,913)	(1,290)	(962)
Financing activities	(9,721)	6,755	10,481	(12,292)
Net increase (decrease) in cash and cash equivalents	$ (1,889)	$ 9,698	$23,061	$ 16,581

Operating Activities

Cash from operating activities consists primarily of net loss adjusted for certain non-cash items, including depreciation and amortization, amortization of debt discount and debt issuance costs, interest

expense capitalized to principal of debt, equity-based compensation, and the effect of changes in working capital and other activities.

In the six months ended July 4, 2021, net cash provided by operating activities was $29.8 million and consisted of net income of $7.0 million, changes in operating assets and liabilities of $17.2 million and non-cash items of $5.6 million. Changes in operating assets and liabilities related primarily to an $18.5 million increase in accrued expenses and other current liabilities due primarily to a $10.7 million increase in the returns reserve as a result of higher sales coupled with a higher return rate, as well as an increase in accrued compensation and benefits of $4.5 million, $1.6 million increase in sales taxes payable, $1.2 million increase in marketing, shipping and vendor accruals, $0.6 million increase in stored value card liability, and $0.5 million increase in deferred revenue, all due to the higher sales in the period. There was also a $6.0 million increase in income tax payable and $2.4 million increase in accounts payable due to higher balances for both merchandise and non-merchandise accounts payable as a result of the higher sales in the period. These were partially offset by increases in inventory and assets for recovery of $4.3 million and $3.6 million, respectively. Other noncurrent liabilities decreased by $0.6 million and accounts receivable and prepaids and other current assets increased by $1.0 million and $0.3 million, respectively. Non-cash items primarily related to equity-based compensation expense of $3.6 million, depreciation and amortization of $1.4 million, amortization of debt discount and debt issuance cost of $1.4 million, and interest expense capitalized to principal of the Term Loan and the Revolving Facility of $1.4 million, offset by deferred income taxes of $2.1 million.

In the six months ended June 28, 2020, net cash provided by operating activities was $13.9 million and consisted of net loss of $15.5 million, changes in operating assets and liabilities of $6.7 million and non-cash items of $22.7 million. Changes in operating assets and liabilities related primarily to a decrease in inventory and accounts receivable of $10.0 million and $1.2 million, respectively, along with a $1.0 million decrease in prepaids and other current assets. Other increases to cash were driven by a $0.7 million increase in accrued expenses and other current liabilities. These were partially offset by decreases in accounts payable and other noncurrent liabilities of $6.0 million and $0.4 million, respectively. Non-cash items primarily related to equity-based compensation expense of $17.0 million, depreciation and amortization of $1.7 million, amortization of debt discount and debt issuance cost of $1.1 million, the write-off of deferred IPO costs of $2.0 million, and deferred income taxes of $0.7 million.

In fiscal year 2020, net cash provided by operating activities was $4.9 million and consisted of net loss of $19.3 million, changes in operating assets and liabilities of $2.9 million and non-cash items of $27.0 million. Changes in operating assets and liabilities related primarily to a decrease in accrued expenses and other current liabilities and accounts payable of $9.3 million and $3.7 million, respectively, partially offset by decreases in inventory and assets for recovery of $9.2 million and $2.1 million, respectively. Non-cash items primarily related to equity-based compensation expense of $17.7 million, depreciation and amortization of $3.2 million, amortization of debt discount and debt issuance cost of $2.5 million, the write-off of deferred offering costs of $2.0 million, and interest expense capitalized to principal of the Term Loan and the Revolving Facility of $1.7 million.

In fiscal year 2019, net cash provided by operating activities was $11.9 million and consisted of net loss of $0.5 million, changes in operating assets and liabilities of $6.8 million and non-cash items of $5.5 million. Changes in operating assets and liabilities primarily reflect cash inflows due to increases in accounts payable, accrued expenses and other current liabilities, and other noncurrent liabilities of $5.3 million, $3.1 and $2.7 million, respectively, partially offset by increases in inventory and accounts receivable of $1.8 million and $1.7 million, respectively. Non-cash items primarily related to depreciation and amortization of $3.0 million, amortization of debt issuance costs of $2.0 million and equity-based compensation expense of $2.0 million offset by deferred income taxes of $1.6 million.

Investing Activities

Our primary investing activities have consisted of purchases of equipment to support our overall business growth 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 timing of the expansion of our operations. We have no material commitments for capital expenditures.

In the six months ended July 4, 2021, net cash used in investing activities was $1.0 million. This was attributable to capital expenditures relating to equipment for our general operations, software and hardware purchases, and internally developed software.

In the six months ended June 28, 2020, net cash used in investing activities was $1.3 million. This was attributable to capital expenditures relating to equipment for our general operations, software and hardware purchases, and internally developed software.

In fiscal year 2020, net cash used in investing activities was $1.9 million. This was attributable to capital expenditures relating to equipment for our general operations, software and hardware purchases, and internally developed software.

In fiscal year 2019, net cash used in investing activities was $4.0 million. This was attributable to capital expenditures relating to equipment for our general operations, software and hardware purchases, and internally developed software.

Financing Activities

Financing activities consist primarily of borrowings and repayments related to our Credit Facility and issuance of preferred stock.

In the six months ended July 4, 2021, net cash used in financing activities was $12.3 million, which was attributable to the net proceeds from the issuance of our Series B-1 Preferred Stock of $1.4 million, offset by repayments on our Term Loan of $5.1 million and the repayment of borrowings under our Revolving Facility of $8.6 million.

In the six months ended June 28, 2020, net cash provided by financing activities was $10.5 million, which was attributable to the net proceeds from the issuance of our Series B Preferred Stock of $7.3 million and net proceeds from borrowings under our Revolving Facility of $5.3 million, offset by repayment on advance from the LP of $2.0 million.

In fiscal year 2020, net cash provided by financing activities was $6.8 million, which was attributable to the issuance of our Series B Preferred Stock of $7.3 million and net proceeds from borrowings under our Revolving Facility of $4.5 million, offset by repayments on our Term Loan of $2.5 million and repayment on advance from the LP of $2.0 million.

In fiscal year 2019, net cash used in financing activities was $9.7 million, which was largely attributable to repayments on our Term Loan of $12.7 million and payment of deferred offering costs of $2.2 million, offset by net proceeds from borrowings under our Revolving Facility of $4.0 million and advance from LP of $2.0 million.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of markets and other risks including the effects of change in interest rates, inflation and foreign currency translation and transaction risks.

Interest Rate Risk

We are exposed to interest rate risk primarily related to the effect of interest rate changes on borrowings outstanding under our Credit Facility. As of July 4, 2021, we had $107.7 million of Term Loan outstanding under our Credit Facility with an effective interest rate for the six months ended July 4, 2021 of 12.9%. As of July 4, 2021, we had no loans outstanding under our Revolving Facility with an effective interest rate for the six months ended July 4, 2021 of 9.6%. Based on the outstanding borrowings under the Credit Facility, we estimate that a 1.0% increase in the average interest rate on our borrowings would have increased interest expense by $1.2 million for the six months ended July 4, 2021. The impact on future interest expense resulting from future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

Foreign Currency Risk

All of our sales are denominated in U.S. dollars, and therefore, our net revenue is not currently subject to significant foreign currency risk. Our purchase of inventory and operating expenses are denominated in U.S. dollars. To date, foreign currency transaction gains and losses have not been material to our consolidated financial statements, and we have not engaged in any foreign currency hedging transactions.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition, cash flows, or results of operations. We continue to monitor the impact of inflation to minimize its effects through pricing strategies, productivity improvements and cost reductions. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, cash flows, and results of operations.

Critical Accounting Policies and Estimates

In preparing our consolidated financial statements in conformity with GAAP, we must make decisions that impact the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. Such decisions include the selection of the appropriate accounting policies to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgments based on our understanding and analysis of the relevant circumstances, historical experience, and business valuations. Actual amounts could differ from those estimated at the time the consolidated financial statements are prepared.

Our significant accounting policies are described in the notes to our consolidated financial statements included elsewhere in this prospectus. Some of those significant accounting policies require us to make difficult, subjective, or complex judgements or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made and (ii) different estimates reasonably could have been used, or changes in the estimate that are reasonably likely to occur from period to period may have a material impact on the presentation of our financial condition, changes in financial condition, cash flows, or results of operations. Our critical accounting estimates include the following:

Revenue Recognition

We generate revenue from the sale of merchandise products sold directly to end customers. We recognize revenue when the product is transferred to the customer, which is generally upon shipment. We estimate a reserve of future returns based on historical return rates. There is judgment in utilizing

historical trends for estimating future returns. Our refund liability for sales returns is included in returns reserve on the consolidated balance sheets and represents the expected value of the refund that will be due to our customers. We also have a corresponding asset for recovery that represents the expected net realizable value of the merchandise inventory to be returned.

Equity-Based Compensation

Stock Options

The Company grants stock option awards to certain employees, officers, directors, and other nonemployee service providers. The Company accounts for equity-based compensation expense by calculating the estimated fair value of each award at the grant date or modification date by applying the Black-Scholes option pricing model. The model utilizes the estimated per share fair value of the Company's underlying common stock at the measurement date, the expected or contractual term of the option, the expected stock price volatility, risk-free interest rates, and the expected dividend yield of the common stock. Equity-based compensation expense is recognized on a straight-line basis over the period the employee or non-employee is required to provide service in exchange for the award, which is generally the vesting period.

The Company bases its estimates of expected volatility on the historical volatility of comparable companies from a representative peer group selected based on industry, financial, and market capitalization data and recognizes forfeitures as they occur.

Determining the grant date fair value of options using the Black-Scholes option pricing model requires management to make assumptions and judgments. These estimates involve inherent uncertainties and, if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded.

Class P Units

We record equity-based compensation related to equity awards (consisting of Class P units) granted through our majority owner, the LP. The LP's Class P units are available to be issued as incentive compensation to employees, officers, directors, and other nonemployee service providers or consultants of the Company.

Through June 2020, we concluded that the LP's Class P units were not a substantive class of equity and any associated pre-vesting distributions allocated to the LP's Class P units were recorded as equity-based compensation once the contingent payment becomes probable of payment, which is upon vesting of the Class P units.

During June and July 2020, all outstanding Class P units were modified to update forfeiture terms related to employment requirements and vesting conditions were added to some of the Class P units. Due to the modifications to the employment requirements, we concluded that the Class P units are a substantive class of equity to be accounted for under FASB ASC Topic No. 718, *Compensation—Stock Compensation* ("ASC 718").

Equity-based compensation is measured at the grant date or modification date for all equity-based awards made to employees and nonemployees based on the fair value of the awards. Awards with only service conditions are recognized as expense on a straight-line basis over the requisite service period, which is generally four years.

Certain of the outstanding Class P units which were modified in fiscal year 2020 now vest upon the satisfaction of both a service condition and a performance condition. The service-based vesting

condition for these Class P units is satisfied over four years. When the performance-based vesting condition becomes probable, which is upon the completion of a qualifying distribution event, the Company will immediately record cumulative stock-based compensation expense using the accelerated attribution method for the awards that have met the service-based vesting condition. The Company has not recognized any stock-based compensation expense for the performance-based
Class P units as a qualifying distribution event has not occurred.

The fair value of the Class P units at the modification dates during fiscal year 2020 was estimated using a two-step process. First, our enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis and comparable public company analysis. These methods consider operating and financial performance including estimating future cash flows and discounting those cash flows at an appropriate rate, the lack of liquidity of capital stock and general and industry specific economic outlook, among other factors. The fair value of the LP is determined based on the fair value of our common stock. Second, the LP's enterprise value was allocated among the various classes of units that comprise the capital structure of the LP using the Black-Scholes option-pricing method. The option-pricing method treats all levels of the capital structure as call options on the enterprise's value, with the exercise price based on the "breakpoints" between each of the different claims on the securities. The inputs necessary for the option-pricing model include the LP's current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions, in accordance with the limited partnership agreement and the Class P units), term, risk-free rate, and volatility.

See Note 9 to our consolidated financial statements included elsewhere in this prospectus for more information concerning certain of the specific assumptions and methodologies we used to determine the estimated fair value of our Class P units. Certain of such assumptions involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, equity-based compensation could be materially different.

Series B and Series B-1 Redeemable Preferred Stock

During June 2020, the Company issued and sold 7,500,001 shares of Series B Redeemable Preferred Stock ("Series B Preferred Stock") at $1.00 per share to the general partner and a limited partner of the LP and the holders of Series A Preferred Stock. The Company received gross cash proceeds of $7.5 million and incurred issuance costs associated with the Series B Preferred Stock issuance of $0.2 million. For accounting purposes, the Company determined the fair value of the Series B Preferred Stock to be $2.21 per share at issuance. During March 2021, the Company issued and sold 1,450,000 shares of Series B-1 Preferred Stock at $1.00 per share to current executives of the Company. The Company received gross cash proceeds of $1.5 million and incurred nominal issuance costs associated with the Series B-1 Preferred Stock issuance. For accounting purposes, the Company determined the fair value of the Series B-1 Preferred Stock to be $2.02 per share at issuance.

The Company has elected to record its Series B Preferred Stock and Series B-1 Preferred Stock at the greater of its redemption value or the issuance date fair value, net of issuance costs, as it is probable of becoming redeemable due to the passage of time. Any excess of fair value over the consideration paid was recorded as equity-based compensation for shares purchased by entities related to current employees, board members, and service providers and as a deemed dividend for shares purchased by an existing holder of Series A Preferred Stock.

The fair value of the Series B Preferred Stock was estimated using a two-step process. First, the Company's enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis and comparable public company analysis. These methods consider operating and financial performance including estimating future cash flows and discounting

those cash flows at an appropriate rate, the lack of liquidity of capital stock and general and industry specific economic outlook, among other factors. Second, the Company's enterprise value was allocated among the various classes of outstanding securities using the Black-Scholes option-pricing method. The option-pricing method treats all levels of the capital structure as call options on the enterprise's value, with the exercise price based on the "breakpoints" between each of the different claims on the securities. The inputs necessary for the Series B Preferred Stock option-pricing model include the Company's then-current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions), time to liquidity of 3 years, risk-free rate of 0.21%, and volatility of 72.0%. The inputs necessary for the Series B-1 Preferred Stock option-pricing model include the Company's then-current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions), time to liquidity ranging from 0.5 to 1.5 years depending on the scenario, risk-free rate of 0.11%, and volatility of 78.0%. Certain of such assumptions involve inherent uncertainties and the application of significant judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, equity-based compensation could be materially different.

Goodwill and Tradename

Goodwill is stated as the excess of the acquisition price over the fair value of net assets acquired in a purchase acquisition and is not amortized. Our tradename is an indefinite-lived intangible asset and is not amortized. We review goodwill and our tradename for impairment at least annually (on the first day of the fourth quarter) or more frequently whenever events or changes in circumstances indicate that the carrying amount may be impaired. When testing goodwill for impairment, we first perform an assessment of qualitative factors ("Step 0 Test"). The qualitative assessment includes assessing the totality of relevant events and circumstances that affect the fair value or carrying value of our reporting unit. These events and circumstances include macroeconomic conditions, industry and competitive environment conditions, overall financial performance, reporting unit specific events, and market considerations. We also consider recent valuations of our reporting unit, including the magnitude of the difference between the most recent fair value estimate and the carrying value, as well as both positive and adverse events and circumstances, and the extent to which each of the events and circumstances identified may affect the comparison of our reporting unit's fair value with its carrying value. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of our reporting unit exceeds the carrying value, then no further testing is performed for our reporting unit.

When testing our tradename for impairment, we first perform an assessment of qualitative factors. If qualitative factors indicate that it is more likely than not that the fair value of our tradename is less than its carrying amount, we test the tradename for impairment at the asset level. We determine the fair value of our tradename and compare it to the carrying value. If the carrying value of our tradename exceeds the fair value, we recognize an impairment loss in an amount equal to the excess.

Recent Accounting Pronouncements

See Note 2, "Significant Accounting Policies—Recently Issued Accounting Pronouncements," to our consolidated financial statements and Note 2, "Significant Accounting Policies—Recently Issued Accounting Pronouncements," to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus 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

We are an “emerging growth company,” as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. Accordingly, our consolidated financial statements and our unaudited interim condensed consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

BUSINESS

Overview

Lulus is a customer-driven, digitally-native fashion brand primarily serving Millennial and Gen Z women. We focus relentlessly on giving our customers what they want. We do this by using data coupled with human insight to deliver a curated and continuously evolving assortment of on-point, affordable luxury fashion. Our customer obsession sets the tone for everything we do, from our personalized online shopping experience to our exceptional customer service.

We are focused on building authentic personal relationships with our customers and offering them coveted products they cannot purchase elsewhere. We incorporate the pulse of the consumer by engaging with her where she is: across the web, on social media and across our platform, through reviews, feedback and one-on-one interactions with our Style Advisors, Fit Experts and Bridal Concierge. Customers express their love for our brand on social media and by word-of-mouth (both in-person and online). As of October 3, 2021, we had more than 7.5 million followers, up from 5.5 million followers as of September 27, 2020, across our social media platforms, where the popular #lovelulus hashtag has generated billions of impressions. Consumer surveys in 2019 and 2021 show that Lulus outperforms its peers significantly in net promoter score, customer satisfaction, overall value, and likelihood of repurchase; these metrics demonstrate our customers' genuine affinity for our brand.

A key differentiator of our business model from traditional fashion retail is our use of data to optimize almost all elements of our business. Nowhere is this more pronounced than in our product creation and curation cycle. Traditional merchandising approaches are risk and capital intensive, characterized by extended in-house design cycles, seasonal assortment decisions, deep buys, limited customer feedback, and high markdowns. Unlike traditional retailers, we leverage a "test, learn, and reorder" strategy to bring hundreds of new products to market every week; we test them in small batches, learn about customer demand and then quickly reorder winning products in higher volume to optimize profitability. This strategy allows us to rapidly convert new products into profitable sales on a consistent and repeatable basis while minimizing fashion and trend risk. We sell thousands of unique products each month across a broad range of categories and during the six months ended July 4, 2021, 70% of our sales were from reorders and 94% of our reorder products were sold without moving to sale pricing. This is up from 66% of sales from reorders and 89% of our reorder products sold without moving to sale pricing during the six months ended June 28, 2020.

We are proud of our large, diverse community of loyal customers. During the twelve months ended October 3, 2021, we served 2.5 million Active Customers. In the first six months of our 2021 fiscal year, 88% of units sold were Lulus brand products up from 86% in the first six months of the 2020 fiscal year. Our target customer initially meets us in her 20s and stays with us through her 30s and beyond. We design a broad assortment of affordable luxury fashion for many of life's moments. Our affordable luxury positioning, underscored by our sub-$50 average unit retail price ("AUR"), means that we are highly accessible and appeal to a broad segment of the market. We define *AUR* 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 number of units sold in that period.

Our company culture is defined by our core values: "*All Voices, All In, Always Evolving*." "All Voices" means every voice, at every level, is valued and encouraged. We are a team made up of individuals, and diversity and self-expression are welcome. We treat each other with respect. We listen actively and are open and honest with each other. "All In" means we are "all in" on ensuring the best possible customer experience, from placing the order to opening the package upon delivery, and every interaction along the way. We pitch in to support our team members and get the job done. "Always Evolving" means we are digital natives, changing and evolving along with our customers and

technology. We are never satisfied with the status quo. We constantly seek to improve ourselves, our product, and our Company. We take pride in the growth of our teams, promoting top performers and infusing our Company with new and fresh ideas from outside hires. We strive to embody these core values in our connections with our customers as well as our employees.

Impact of the COVID-19 Pandemic and Response

The COVID-19 pandemic has had a material impact on the global fashion apparel, accessories and footwear industry as a significant portion of in-person social, professional and formal events over the last 18 months were postponed or cancelled.

Historically, our business model has resulted in strong historical growth. Between fiscal years 2016 and 2019, we grew our net revenue by 179% to $370 million. Net revenue grew by 75% from 2016 to 2017, 28% from 2017 to 2018 and 24% from 2018 to 2019. In fiscal year 2020, our net revenue declined by 33% to $249 million as a result of the COVID-19 pandemic. During the three and six months ended July 4, 2021, we grew our net revenue by 69% and 24%, respectively, compared to the same periods of the prior year.

Shortly after the onset of the COVID-19 pandemic, we proactively implemented initiatives to ensure the health and safety of employees and customers, while also addressing the financial impact and returning the business to growth in fiscal year 2021. These initiatives included prudent expense and aggressive liquidity management to successfully manage the business through the challenging operating environment. We implemented a number of measures to minimize cash outlays, including reducing discretionary marketing and other expenses. Additionally, in June 2020, we modified our existing credit agreement to amend covenants and adjust certain payment terms. We also borrowed $5.3 million of loans under our Revolving Facility, which was subsequently repaid in March 2021. As the world has begun to emerge from the COVID-19 pandemic and in-person socialization has begun to return, beginning in March 2021 our business has experienced rapid recovery, growing faster than a number of e-commerce apparel businesses that are less correlated to social interaction and other activities outside of the home.

Our Industry

Apparel is a Massive Market, but Traditional Brick and Mortar Brands and Retailers Are Under Pressure

Euromonitor, a consumer market research company, estimates that the aggregate apparel and footwear industry in the United States represented a $369.8 billion market in 2019. While the industry temporarily contracted in 2020 to $285.7 billion as a result of the COVID-19 pandemic, it is expected to grow to $395.2 billion by 2025, representing an expected CAGR of 7% from 2020.

Traditional brick and mortar apparel brand and retail models are increasingly under pressure. From 2016 to 2019, we believe online penetration in the U.S. apparel industry increased from 17% to 25%, and this category shift is expected to continue with online penetration reaching 38% by the end of this year and 49% by 2025. Offline retail models have generally failed to keep up with changing consumer preferences and are burdened by vast, inflexible physical store footprints, inventory management challenges, demand seasonality and a highly promotional environment as competitors seek to capture any sales available to cover high fixed costs. Additionally, offline models face a prolonged and unattractive merchandising and buying cycle that requires brands and retailers to forecast fashion trends and consumer demand several quarters into the future. This traditional model

also results in higher initial retail prices due to the wholesale-to-retail markup. Finally, Millennial and Gen Z consumers increasingly prefer to shop online, which has forced many traditional retailers to respond by closing a significant portion of their previously profitable physical stores over the last several years.

Brick and mortar businesses, especially in the apparel, footwear and accessories industry, were acutely challenged during the COVID-19 pandemic as they were generally considered “non-essential” by federal, state and local authorities. Most non-essential brick and mortar stores were temporarily closed during the COVID-19 pandemic, and some were permanently closed. Businesses without adequate online capabilities suffered in comparison to omnichannel businesses as well as digitally-native brands.

Omnichannel Models and E-commerce Marketplaces Are Taking Share, but Have Inherited Challenges of Brick and Mortar Brands and Retailers

Prior to the COVID-19 pandemic, consumers were generally spending less time shopping offline and more time shopping online. According to DataReportal, the typical consumer now spends 2 hours and 25 minutes on social media each day, equating to roughly one full waking day of their life each week. According to Branded Research, this trend towards online consumption of media and adoption of e-commerce is even more pronounced among the youngest generations, with 58% of Gen Z consumers saying they are online “almost constantly.” This massive segment of the population represents the first generations to have come of age communicating, learning, and shopping online and on their mobile devices. This has resulted in a new “discovery journey” for consumers, whereby brand and product discovery, evaluation and purchase increasingly occur online. The COVID-19 pandemic further accelerated online penetration by driving product adoption of e-commerce from new consumers and deeper engagement and more buying from existing digital purchasers.

The rapid growth of e-commerce has been primarily driven by two new business models: first, brick and mortar retailers adopting omnichannel models; and second, the emergence of a new generation of online department stores. As brick and mortar retailers have moved online, they market products to consumers through legacy offline channels (e.g., department stores and owned stores) as well as emerging online channels (e.g., e-commerce retailers and owned websites). Consistent with broader industry trends, growth in the online businesses of these traditional brands and retailers has generally outpaced growth in their respective offline businesses. In addition, a new generation of online department stores offers consumers the convenience to shop online for a variety of third-party or private label brands. These online venues have the advantage of being able to offer a broader assortment and more personalized shopping experience relative to their offline counterparts.

While both the omni-channel and online department store models represent an improvement from the traditional offline-only model, they continue to be burdened by many of the challenges of their brick and mortar predecessors. Key among these challenges is a prolonged merchandising and buying cycle that requires brands and retailers to forecast fashion trends and consumer demand several quarters into the future. As a result of a prolonged merchandising and buying cycle, inventory management becomes a critical pain point, whereby inventory shortage results in lost sales, while inventory surplus results in significant markdowns, which impair margins and damage brand equity for omni-channel and brick and mortar retailers. Other challenges include the wholesale-to-retail markup, which results in higher initial retail prices as well as potential margin erosion, since consumers can easily price-shop third-party brands online and purchase from the lowest-cost provider, and the burden of having long-term brick and mortar leases, which proved to be a significant problem during the COVID-19 pandemic. Additionally, legacy and e-commerce retailers may be conflicted when developing and promoting their own private label brands, and are often reliant on third-party brands, which can pose supply risk.

Digitally-Native Brands Are Best Positioned to Win

Against this backdrop, we believe that digitally-native brands are best positioned to succeed due to the following key attributes they possess:

- Ability to offer their own brands without reliance on third-party brands;
- Direct engagement with customers;
- Large, real-time customer-centric datasets offering insights across the business;
- Significantly faster merchandise creation driven by real-time customer feedback and purchase patterns;
- Technology that is purpose-built for e-commerce;
- Asset-light distribution model; and
- Opportunity to selectively test and open temporary retail stores.

Lulus: A Customer-Driven Fashion Brand

Lulus is a customer-driven fashion brand that leverages the power of digitally-native e-commerce. We have built a community of loyal customers by listening to them and engaging with them. When we ask our customers to describe Lulus, they tell us they think of the brand as “affordable,” “quality,” and “trendy.” We take a deliberate, measured approach to developing products that feature high-end, stylistic details as well as flattering silhouettes that empower our customer to look and feel her best, whether in the office, at home or out on the weekend. As a result of our brand authenticity and focus on delivering what our customer wants, we have earned deep customer loyalty and brand affinity. Based on the 2021 Brand Survey, Lulus customers recommend Lulus to their friends and family at a materially higher rate than the other brands and retailers from which they purchase. This positive brand promotion is reflected in higher net promoter scores than our competition and is supported by our strong word-of-mouth customer acquisition. According to the 2021 Brand Survey, over a third of the active Lulus customer respondents first ordered with us after seeing a friend or family member wearing Lulus products or receiving a recommendation. According to the same survey, our aided brand awareness remains modest at 17% among women 18 years of age and older in the United States, implying significant opportunity to continue to attract new customers.

Our Customer

We are proud of our large, diverse community of loyal customers. Our target customer initially meets us in her 20s and stays with us through her 30s and beyond. The Lulus brand spans many categories, including dresses, tops, bottoms, bridal, intimates, swimwear, footwear, and accessories. A customer who might have discovered Lulus when shopping for her college events can continue to shop our broad assortment that caters to events later in life such as bridal parties and weddings as well as for desk to date and everything in between.

Our affordable luxury positioning is underscored by our sub-$50 AUR, which we believe helps us to appeal to a broad segment of the market. On average, our customer’s household income is $82,000. According to the 2021 Brand Survey, our customers spend a median of $1,175 on their fashion purchases per year. In the twelve months ended July 4, 2021, our Active Customers spent $129 on average, implying an 11% share of wallet based on an assumed average wallet of $1,175, which is the median amount our customers spend on fashion purchases per year according to the 2021 Brand Survey. This is up from $122 average spend by Active Customers for the twelve months ended June 28, 2020. We believe our strong customer loyalty, affordable pricing, and significant category expansion opportunity help position us to grow our share of wallet over time.

During the twelve months ended October 3, 2021, we served 2.5 million Active Customers, up from 2.3 million Active Customers during the twelve months ended September 27, 2020. On social media, we benefit from the longevity and strength of our social presence and as of July 4, 2021, we had more than 7.5 million followers, up from 5.5 million followers as of September 27, 2020, across our social media platforms, including Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, and have a strong network of paid and free product influencers who serve as genuine Lulus ambassadors. As of July 4, 2021, as many as 20% of our followers on social media were based outside of the United States. Additionally, as of July 4, 2021, we had over two million subscribers to our daily email and SMS text message updates.

Why We Win

- **Customer-Driven Fashion Brand:** Lulus is one of the first digitally-native fashion brands in the United States primarily serving Millennial and Gen Z women. Over the last decade, the Lulus customer has come to us for on-point fashion that is high quality yet affordable. We take pride in our ability to offer more luxurious fabrics and incorporate elevated stylistic details into our products relative to what is offered by other comparably-priced brands. As a result, our customers consistently remark on the quality of our products, as well as the newness of our assortment, with an average of 236 products released each week during the six months ended July 4, 2021(up from 206 products per week during the six months ended June 28, 2020). Our obsessive focus on customer experience creates deep personal connections, which in turn rewards us with customer loyalty and word-of-mouth sharing of the brand, which, according to the 2021 Brand Survey, has been our leading driver of new customer acquisition. While other brands rely on internal design teams to create styles that reflect a particular brand aesthetic, we listen first and foremost to customer feedback and then focus our efforts on creating and curating an assortment that she will love.
- **Customer-Centric Experience**: We are passionate about building a brand synonymous with exceptional customer service. We have effectively brought the boutique experience online, developing one-on-one relationships with our customers in order to learn and then address their individual needs. We provide customer service on multiple channels—phone, email, chat, SMS, and social media—to meet our customer where she is most comfortable. During the six months ended July 4, 2021, our CSAT customer satisfaction score after interactions with customer service was 93% (based on a 23% response rate), up from the fiscal year 2020 CSAT score of 92% (based on a 24% response rate). Our custom-built digital platform allows customers to share their Lulus experience and get answers to questions without the hassle of taking the search offline. Our extensive database of over 750,000 customer reviews, including over 100,000 photo reviews, and access to personalized assistance help customers identify the perfect style and fit. The number one reason our customers contact us is for personalized fit and styling assistance. Unlike many e-commerce retailers who offer a variety of different brands with inconsistent sizing, by owning our brand we are able to offer standardized sizing across the Lulus assortment, simplifying the shopping experience and giving our customer confidence that she is selecting the best fit. Customers can also filter reviews by size, and we share our customers' photographs wearing the products, helping customers visualize themselves in clothing on bodies like their own.
- **Leveraging Data to Best Serve our Customer:** We have built a massive dataset which gives us strong insight into our customers. Millions of customers have interacted with us, leaving detailed reviews, interacting with our on-demand Style Advisors, Fit Experts, and Bridal Concierge, and completing checkout surveys. Across Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, our over 7.5 million followers engage with us through their comments, feedback, and photographs, and support of our brand with their digital

followers. In aggregate, this dataset gives us a deep understanding of our customers' preferences. Our business is driven by the symbiosis between our dataset, marketing strategy, product creation, and curation process.

- **Marketing and Engagement Strategy:** We engage with our customer where she is, in authentic and personalized ways: through our website, mobile app, email, SMS, and on social media. This strategy helps drive brand awareness while fostering deep connections with our customers. Over the last thirteen years, we have built our digital footprint through strong relationships with customers and influencers and we benefit from longevity and consistency of message. Our authentic partnerships with brand ambassadors span the full spectrum of followership and engagement levels, from nano- and micro-influencers, to college ambassadors and celebrities, all of whom wear and genuinely love our brand. These genuine brand ambassadors, driven by a strong emotional connection to Lulus, help drive authentic brand awareness and customer engagement. Our free, organic and low-cost initiatives coupled with profitable performance media drive traffic to our platform, which is custom-built to allow for continuous updating and personalization for each customer. Our unified cross-platform strategy consistently reinforces the same brand values, with our marketing approach resulting in attractive customer acquisition, strong retention and compelling lifetime value characteristics. We believe our marketing spend as a percentage of net revenue is highly attractive relative to peer direct-to-consumer e-commerce brands and can support significant future growth at attractive economics.
- **Data-Driven Product Creation Strategy:** Our innovative product creation strategy leverages the power of data and our "test, learn, and reorder" approach to bring new styles online almost every weekday. During the six months ended July 4, 2021, we brought to market an average of 236 products per week compared to 206 products per week during the six months ended June 28, 2020. Traditional merchandising approaches are characterized by extended in-house design cycles, seasonal assortment decisions, deep buys, limited customer feedback, and high markdowns. We leverage our large customer dataset to upend this traditional approach, rapidly bringing new designs to market that we know our customers will love. This means we are not limited to offering just one style or aesthetic across our assortment as is typical with most brands. In lieu of maintaining dedicated in-house product design overhead, we source raw designs from a broad network of creative and manufacturing partners who ensure that we see trends in real-time and often produce products exclusively for Lulus. Next, our creative buyers use our understanding of trends and data-driven customer preference to customize designs for fit, style, and color, creating branded products exclusive to Lulus. We then test these products with limited initial orders, which drive traffic and "need to own" scarcity among our customers. Then, our proprietary reorder algorithm utilizes real-time customer demand and other data to inform subsequent reorder decisions. Because we are trend adapters rather than trend creators, we do not have to forecast expected future demand for a particular style or design, which is a challenge that most of our competitors face each season. As a result, we are able to optimize our inventory levels to meet customer demand and minimize markdowns. Customer feedback via reviews and social media help us to refine products in advance of reordering, further enhancing our product and minimizing returns. During the first six months ended July 4, 2021, 94% of our reorder products were sold without moving to sale pricing, which is up from 89% during the six months ended June 28, 2020.
- **Highly Experienced and Proven Team:** We are led by a highly experienced management team committed to building a great digitally-native brand based on customer obsession, grounded in analytics, and supported by the latest technology. Our team is led by our Chief Executive Officer David McCreight and co-Presidents Crystal Landsem and Mark Vos. Our management team has significant experience in successfully growing direct and omni-channel businesses across various industries, including retail, advertising and technology while working

at leading companies such as Abercrombie & Fitch, Alibaba, Anthropologie, Havas Media, MAC Cosmetics, Michael Kors, Nordstrom, SunGard, Target, and Urban Outfitters.

Product Creation and Curation Model

Our product creation and curation model leverage a “test, learn, and reorder” strategy to bring hundreds of new products to market every week; we test them in small batches, learn about customer demand, and then quickly reorder winning products in higher volume to optimize profitability.

Lulus’ Product Creation and Curation Process

- *Product Ideation and Curation*: Our team of creative buyers, strategically located in the Los Angeles Fashion District, reviews hundreds of styles daily. We collaborate with a network of more than 300 suppliers, who serve as our design and manufacturing partners. These suppliers often give us priority access and exclusivity to designs, given the strong relationships we have built over the last two decades. This collaboration is guided by our ongoing dialogue with our customer. With the benefit of real-time data around customer preferences and trends, our team interprets those trends and selects and develops styles. During the six months ended July 4, 2021, we reviewed tens of thousands of products and brought to market nearly 6,000 products. We follow this process in the creation of new products as well as when iterating on and updating popular products based on customer feedback.
- *Customize*: Following the selection of a design, we customize our products across multiple key criteria including style, fabric, print, color, length, fit, and quality.
- *Test*: We then place a limited initial order, which we market online to test customer demand. We systematically display products across several categories in a variety of page and sort positions to gauge customer reaction.
- *Learn / Analyze:* We then measure each product against our proprietary reorder algorithm, evaluate real-time customer feedback and make timely product modifications prior to reordering. This limits the inventory risk that most traditional retail brands struggle with when ordering inventory in bulk.

- *Reorder*: All of this data helps us determine whether a product meets or exceeds our profitability target, at which point we reorder it in larger quantity. Over time, we have enhanced our evaluation processes and increased our rate of successful testing, driving our reorder as a percent of total net revenue from approximately 41% in fiscal year 2015 to approximately 66% in fiscal year 2020, and approximately 72% in the six months ended July 4, 2021. We believe our ability to test, learn, and reorder in a rapid manner enables us to sell a higher percentage of product at full retail price, minimize returns, and capture the associated margin benefit.

This efficient, data-driven process, coupled with human insight, allows us to respond to fashion trends with incredible speed and precision while significantly reducing risk in our business. During the six months ended July 4, 2021, Lulus branded products made up approximately 88% of units sold. In addition to our own brand, we also sell a highly curated assortment of other established and emerging brands to create a boutique shopping experience. By doing so, we are able to selectively test new categories and collect insights that we can leverage to further develop our own brand.

Marketing and Engagement

Our marketing strategy leverages our strong visual brand presence to build awareness and drive engagement with our large, diverse community of loyal customers. We integrate the power of data across multiple channels to offer a singular brand voice that speaks to Millennial and Gen Z women. We meet the Lulus customer wherever she is, enabling her discovery of the brand and providing her numerous opportunities to interact with others in the Lulus community. Through this engagement with our customers, we strive to build personal connections that are authentic and durable.

How We Attract and Engage Customers

We attract and engage customers through a combination of *owned*, *earned*, and *paid* media.

- *Owned:* Owned media primarily consists of our website, mobile app, social media platforms, email, and SMS, which we actively manage in order to be accessible and responsive to both our current and prospective customers. Through brand content posted on social media platforms such as Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, we maintain an ongoing dialogue with an audience of over 7.5 million followers. We leverage this direct connection to drive engagement by sharing authentic, original content and creating engaging experiences like exclusive brand contests and limited-time promotions.
- *Earned:* In the early 2000s, we began sending products to and building relationships with influencers in the fashion business. Today, we enjoy positive, authentic brand exposure both online and offline. This consists of customers sharing of our content, social media influencer endorsement, as well as exposure in blogs, magazines, and television. We have built a competitive advantage through our long-term commitment to a broad-based influencer marketing approach, developing longstanding relationships with true customers and brand ambassadors who love Lulus as much as we do. This has proven scalable and cost effective. We have a network of thousands of paid and free product influencers who serve as genuine Lulus ambassadors. Our #lovelulus hashtag has garnered billions of impressions, while our extensive online backlink history, earned organically over many years, helps us to drive significant free, organic, and low-cost traffic to our platform.
- *Paid:* Paid media primarily consists of paid advertisement on search engines such as Google and Bing, and social media platforms such as Facebook and Instagram. As one of the first digitally-native brands, we have built a robust online infrastructure over time. We are especially well-positioned to leverage our data and expertise to effectively drive demand generation through performance media channels, which we use to augment the reach and impact of our

owned digital properties and earned media. In addition, our strong partnerships with the key players in the performance space including Google, as well as Facebook, Instagram, Pinterest, Snapchat, TikTok, Twitter and YouTube, give us access to early betas and pilot programs to test new advertising opportunities before they are broadly available.

How We Drive Conversion

Upon attracting a new or existing customer to our website or mobile experience, we seek to maximize conversion through a variety of strategies.

- *Brand Strength and Exclusivity:* As a digitally-native fashion brand, we benefit from the ability to focus our resources, as well as our customers' attention, primarily on the Lulus brand, without the distraction or complexity of managing and marketing a large multi-brand portfolio. As a result, we focus on offering the best possible assortment of Lulus products for our customers. Our drive to provide our customers with products that cannot be found elsewhere creates reengagement opportunities through new product drops while also protecting us from comparison shopping and competitor pricing. Our customers look to our elevated content for styling inspiration and ideas; they value our curated collections and our single-brand focus, which differentiate us from other e-commerce retailers that function as online department stores.
- *Product Reviews:* One of the most important aspects of our digital shopping experience is our extensive database of proprietary customer product reviews, which we first enabled in 2012 and now amounts to over 750,000 reviews. Our website has the functionality to allow customers to upload their own product photos along with their reviews, which bring the products to life on a diverse array of body types. To date, customers have uploaded over 100,000 photos from verified purchases. Customers tell us that these reviews and photos help them find products that they love and fit them well. In 2021, we began highlighting select review photos alongside our on-model photos to better enable customers to envision our products on a diverse array of body shapes and skin tones. Reviews provide our customers with an opportunity to share their experience with a past purchase, fostering a diverse and inclusive community in which customers share style and fit feedback, which in turn informs other customers' purchase decisions. All of our customer-written reviews and photos can be sorted and filtered by various criteria that allow shoppers to make informed decisions based on how our products fit others in the community with similar body types, thus increasing both propensity to purchase and the likelihood that the product will look and fit as expected.
- *Boutique Styling Experience:* We strive to offer exceptional customer service before, during, and after each purchase. We accomplish this by continuously improving the boutique experience on our platform through features such as our product recommendation engine and targeted messaging and with our in-house team of customer service associates who maintain deep expertise of our brand, products, and systems. Our Style Advisors, Fit Experts, and Bridal Concierge offer styling suggestions via live chat, phone, email, and SMS, facilitating a seamless shopping experience from browse to purchase and even post-purchase. Customer benefits such as free shipping on orders above a minimum price point, expedited shipping, and a customer-friendly free returns policy serve to bolster the affordable luxury boutique experience while eliminating the friction of online shopping.
- *Personalized and Optimized Shopping Experience*: We customize and personalize our interactions with each Lulus customer by monitoring information such as how she arrives on our site, her on-site behavior, and what she buys. By monitoring real-time behavior and trends, analyzing customer transaction and engagement data, and absorbing feedback, we develop a better understanding of customer desire and behavior. As a result, we can more accurately predict what will drive conversion. Our customer insights, predictive capabilities, product

recommendations, and custom-built website work seamlessly together to offer each customer a personalized experience across web, mobile, our mobile app, email, and SMS.

These strategies work in unison to help drive order conversion. Whether she is browsing social media or providing feedback on a recent purchase, we engage with our customer across a multitude of touchpoints throughout the discovery and purchase journey.

Our Growth Strategies

Grow Brand Awareness and Attract New Customers

Due to the mass market appeal of our brand, we believe there is a significant opportunity to bring new customers into the Lulus community through increased brand awareness. As of July 2021, according to the 2021 Brand Survey, our aided brand awareness among women of 18 years of age and older in the United States was 17%. According to the same survey, about half of the respondents have become aware of our brand through word-of-mouth, social media posts by Lulus or influencers, or product references from family and friends. We intend to grow awareness of the Lulus brand and attract new customers through the following strategies:

- Further investment in performance digital marketing strategies (e.g., performance search marketing via Google, social advertising via Facebook and Instagram, and remarketing);
- Exploration and expansion of new marketing channels, including public and private radio/streaming platforms, podcasts, shoppable video commerce platforms (e.g., YouTube), outdoor media, on-demand video, and television;
- Continued expansion of our brand ambassador program at all engagement tiers, including celebrity, micro- and nano-influencers, and college ambassadors to introduce Lulus to new audiences;
- Expansion of marketing programs that leverage word-of-mouth referral in a scalable online platform through email, text, and social media;
- Further development and testing of physical retail opportunities to expand on brand awareness, such as in-store partnerships with third-party retailers and small-format pop-ups and showrooms; and
- Continued development of brand partnerships, with a clear focus on brands with strong customer affinity and crossover potential. This includes collaborations with apparel brands and influencers, as well as adjacent category opportunities such as beauty, home, and lifestyle.

Enhance and Retain Existing Customer Relationships

We have a large and growing Lulus community and we served 2.5 million Active Customers during the twelve months ended October 3, 2021. We continue to leverage data-driven customer insights to develop strong customer relationships and become a one-stop shop for Gen Z and Millennial women. For example, we have had success leveraging data-driven insights across categories to offer personalized suggestions and reminders at targeted points in time, and we are focused on expanding these capabilities to provide enhanced real-time recommendations and post-purchase engagement. Additionally, we continually develop and evaluate new tools and programs designed to improve the key customer metrics that drive our business, such as frequency of purchase and Average Order Value through the following strategies:

- Optimization of our website and mobile experience through continued A/B and multivariate testing;

- Improvement of customer segmentation and personalization features;
- Leveraging our expanded multi-region distribution facilities to offer faster order delivery and developing new shipping options for loyal customers;
- Development of our loyalty program to engender even deeper brand engagement, drive repeat purchase behavior and increase wallet share;
- Enhancement of our customer service through the expansion of our Style Advisors, Fit Experts, and Bridal Concierge dedicated to creating a truly personalized digital boutique experience;
- Continued development of our affordable luxury brand positioning and content; and
- Incorporating new technology that enhances our customers' experience.

We have learned that enhancing our existing customers' experience drives increased word-of-mouth (in-person and online) recommendations, which in turn helps grow brand awareness.

Pursue Category Expansion

We believe there is tremendous potential to continue to drive growth in our underpenetrated categories. We have a significant opportunity to grow our share of total apparel budget with expansion into these underdeveloped areas. For example, our recent success in bridal and swimwear demonstrates our ability to successfully launch and grow share in new categories. Our deep and personal engagement with our customers through product reviews, exit surveys and social media feedback helps us understand the product categories they are most interested in shopping and will continue to inform the breadth and depth of the categories we offer. According to the 2021 Brand Survey, a significant percentage of Lulus customers sampled indicated they would be interested in purchasing Lulus merchandise in categories in which we are currently underpenetrated.

Due to our customer data-driven product creation strategy, we have the ability to test new categories with minimal upfront investment and risk. New categories are opened with a controlled assortment of branded and partner products through which we learn to understand customer demand via our reorder algorithms. Our ability to leverage our existing categories to introduce and grow new ones has resulted in customer repeat orders with strong product diversification.

Pursue International Expansion

While we expect the majority of our near-term growth to continue to come from the United States, we believe that serving international customers represents a long-term growth opportunity. To date, we have shipped our merchandise to over 100 countries, while spending minimal dollars on marketing outside of the United States, demonstrating our global appeal and broader market opportunity. We intend to increase our focus on global performance media and to optimize our platform and distribution processes for international customers, allowing for more flexibility across languages and currencies. We believe that providing a localized shopping experience will significantly enhance our ability to serve customers in international markets. Over time, we believe the Lulus brand has the potential to succeed in many other developed and major developing markets.

Technology

The www.lulus.com website, mobile app, merchandising, customer, order, and warehouse management systems are proprietary, purpose-built solutions with the goal of delivering the best possible customer experience and operational efficiency. From payment card industry compliant checkout to the software running on handheld barcode scanners in order fulfillment, these key software

processes are developed, maintained, and enhanced by our in-house engineering and data teams to meet and exceed our customers' expectations in a scalable way. Data-driven insights are core to what we do at Lulus. Technology drives and supports our business in several foundational areas, like our merchandising test, learn and reorder model, our cost-efficient marketing, and high operational efficiency.

Our proprietary reorder system is informed and powered by our data warehouse with predictive data modeling and business intelligence. Sales analyses across hundreds of product attributes and assortment architecture and trend analyses inform our buyers' selection of new styles.

After a new product launches, its customer demand and return signal data, product profitability, seasonality, and product demand prediction are taken into consideration to advise our reorder buyers which products to reorder, when those reorders should arrive, and in what quantities. To close the loop, reorder styles and their attributes form the basis for new products, either by color additions or style extensions. Our business intelligence system identifies and informs our merchandising team of these new product opportunities.

We combine purpose-built technology systems with customer focused engineering and data teams, to provide us with deep customer behavior insights. Integrating information from many available sources, from customer actions and feedback on the platforms to predictive analysis, continuously enhances our understanding of customer preference. This understanding allows us to activate personalization across our platform and in our various marketing channels. Our extensive first-party data supports building numerous customer segments that are synchronized dynamically and in near real time with various marketing channel audiences such that we can communicate with our customers directly in these marketing channels as well as leverage the marketing channels' look alike audiences capabilities to communicate with potential new customers that have a higher probability of liking what Lulus has to offer them.

We also use our technology to optimize our operational efficiency as e-commerce fulfillment and reverse logistics are critical to profitability. In our experience, integrated third party order, inventory, and warehouse management systems are not optimized for supporting our business model, which is characterized by high SKU velocity, low to no SKU affinity, quick order-to-to-ship requirements, short return-to-refund timelines, and fast inventory turnover. We have built our own proprietary, integrated e-commerce backend system that automatically manages the cost of meeting and exceeding promised order delivery timelines, optimizes the quality of reverse logistics with quick refunds to customers, minimizes order picking footsteps while maximizing freeing up pick locations specific to the fulfillment centers we operate, as well as inbound inventory and reverse logistics inventory allocations to minimize split shipment cost and maximize customer satisfaction.

We have built our software development and deployment cycles such that software changes can be deployed daily after being verified by fully automated testing, as well as by human functional testing. We work with reputable cloud services providers across multiple data centers, with fully redundant infrastructure within each data center, as well as with full failover capability between data centers, which allows us to serve our customers at virtually any time. Our infrastructure is flexible and scalable to provide our customers with the best possible shopping experience.

Security and Data Protection

We are committed to the security of our customers' data and personal information. We aggregate and analyze data in order to optimize the customer experience internally, and do not monetize the information we collect by selling it to third parties for their own external purposes. We utilize both

on-premise and cloud-based technologies and undertake technical and other administrative measures to ensure the protection of our systems and customer data. We use various in-house and third-party tools to support our security policies and procedures including user access controls, server monitoring, (web) firewalls, security content policies, and data encryption. We also use external certified security partners to test for vulnerabilities in our software and infrastructure, and assist in our security practices, which are designed to comply with the Payment Card Industry Data Security Standard. Finally, we have implemented processes and procedures to allow customers to review and remove their non-transactional account data.

Competition

The women's apparel, footwear, and accessories industry is large, fragmented, highly competitive and rapidly evolving. The industry consists of various brands and retailers that employ several different operating models at varying price points, and consumers have the option to shop both offline and online. Our competition includes traditional brands and retailers who market to consumers via offline and online channels. Our competition also includes e-commerce retailers that generally operate as online department stores for third-party and/or private label brands. Further, we may face new competitors and increased competition from existing competitors as we increase our brand awareness, expand our categories, and pursue international expansion.

Competition in our industry is based on, among other things, quality, concept, price, breadth, and style of merchandise, as well as customer service, brand image, brand quality, strength of brand relationships, and ability to anticipate, identify, and respond to new and changing fashion trends. Because we are an early mover in our category, we believe we have a significant head start on becoming the go-to brand for Millennial and Gen Z consumers. As one of the first digitally-native brands, Lulus is well-positioned to capitalize on our deep digital footprint, social media infrastructure, loyal and active customer community, and product creation model. As a vertically integrated business, we retain full control of critical aspects of our business including brand, product, marketing, distribution, and customer service. Our long operating history means that we have collected a valuable dataset over the last decade while refining an efficient, scalable business model. However, many of our competitors are larger and have substantially greater financial, marketing, and other resources than we do. Moreover, we recognize that we do not possess exclusive rights to many of the elements that comprise our product offerings. Our competitors can and have emulated facets of our business strategy, which could further result in a reduction of any competitive advantage or special appeal that we might possess.

Our Facilities

We do not own any real property. Our corporate headquarters are located in an approximately 7,500 square foot facility in Chico, California that is leased under an agreement expiring in March 2023 with one option to renew for an additional three-year term. We also operate a facility primarily used for customer support in Chico, California in an approximately 10,000 square foot facility that is leased under an agreement expiring in December 2022 with one option to renew for an additional two-year term.

We operate two distribution facilities: an approximately 110,000 square foot facility located in Chico, California under lease agreements expiring in December 2022, with one option to renew for an additional three-year term and an approximately 258,000 square foot facility located in Easton, Pennsylvania under a lease agreement expiring January 31, 2026, with one option to renew for an additional five-year term. Some of our facilities located in Chico are leased from related persons. See "Certain Relationships and Related Person Transactions—Leasing Arrangements" for additional information.

Our creative buying and inventory planning offices are located in Los Angeles, California in an approximately 18,000 square foot facility that is leased under an agreement expiring in December 2023 with two options to renew for an additional four-year term each.

We are in the process of expanding distribution center capacity at existing facilities, which we expect to complete within the next twelve months, and we are also planning to add a third distribution center in 2022, in an approximately 140,000 square foot facility located in California that is leased under an agreement expiring in January 2029 with one option to renew for an additional five-year term.

Trademark and Intellectual Property

Our trademarks, including LULUS® and lulus ®, are registered with the United States Patent and Trademark Office. We also own the registrations for LULU'S®, LOVELULUS®, and COVETED CURATED COLLECTED®. We own the domain name www.lulus.com. We believe the Lulus® trademark has significant value in the marketing of our merchandise. We have registrations in Canada, the EU, the United Kingdom, Australia, Mexico, China, and several other countries, as well as additional pending international applications. We vigorously protect our intellectual property rights.

We rely on an intellectual property license in our standard vendor terms and conditions to obtain rights to display our suppliers' intellectual property, including supplier-provided images and trademarks, in connection with our sales of their products. We also rely on proprietary know-how and confidential information and employ various methods, including entering into confidentiality, non-disclosure and non-compete agreements with our employees and third parties, including our suppliers, service providers and potential business partners, to protect our intellectual property and proprietary information. Our employees and contractors also generally enter into agreements obligating them to assign to us all rights related to intellectual property created in connection with their employment or engagement with us.

Circumstances outside our control could pose a threat to our intellectual property rights. For example, effective intellectual property protection may not be available in the United States or other countries or territories in which we may operate in the future. Also, the efforts we have taken to protect our trademarks and confidential information may not be sufficient or effective. We may be unable to prevent competitors from acquiring domain names or marks that are similar to, infringe upon or diminish the value of our domain names, marks, copyrights and our other intellectual property rights. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting and enforcing our intellectual property rights is costly and time-consuming. Any unauthorized disclosure or use of our confidential information could make it more expensive to do business and harm our operating results.

Companies in the e-commerce, apparel, retail, and other industries may own large numbers of patents, copyrights, and marks and may frequently request license agreements, threaten litigation or file suit against us based on allegations of infringement or other violations of intellectual property rights. We routinely offer select third-party goods, promote third-party content and feature third-party brands. We have been subject to, and expect to continue to face, allegations that we have infringed or otherwise violated the marks, copyrights, patents and other intellectual property or proprietary rights of third parties. Any intellectual property infringement claims or similar claim against us, regardless of merit, could be time-consuming and expensive to settle or litigate and could divert our management's attention and other resources. These claims also could subject us to significant liability for damages and could result in our having to stop using technology, content, branding or business methods found to be in violation of another party's rights. Further, although we contractually require our suppliers to indemnify us against any liability for claims that arise out of their brands and their materials being

featured across our platform, suppliers may not be solvent or financially able to indemnify us. We might be required or may opt to seek a license for rights to intellectual property rights held by others, which may not be available on commercially reasonable terms, or at all. Even if a license is available, we could be required to pay significant royalties, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, content, branding or business methods, which could require significant effort and expense and which we may not be able to perform efficiently or at all. If we cannot use, license or develop technology, content, branding, or business methods for any allegedly infringing aspect of our business, we may be unable to compete effectively. Further, as we face increasing competition and as our business grows, we will likely face more claims of infringement.

Regulation and Legislation

We are subject to labor and employment laws, laws governing advertising and promotions, privacy laws, safety regulations, customer protection regulations and other laws that regulate retailers and govern the promotion and sale of merchandise and warehouse facilities. We monitor changes in these laws and believe that we are in material compliance with applicable laws.

We are also subject to a number of domestic and foreign laws and regulations that affect companies conducting business on the internet, many of which are still evolving and could be interpreted in ways that could harm our business. These laws and regulations include federal and state consumer protection laws and regulations, which address, among other things, the privacy and security of consumer information, sending of commercial email, and unfair and deceptive trade practices.

Under applicable federal and state laws and regulations addressing privacy and data security, we must provide notice to consumers of our policies with respect to the collection and use of personal information, our sharing of personal information with third parties, and notice of any changes to our data handling practices. In some instances, we may be obligated to give customers the right to prevent sharing of their personal information with third parties. Under applicable federal and state laws, we also are required to adhere to a number of requirements when sending commercial email to consumers, including identifying advertising and promotional emails as such, ensuring that subject lines are not deceptive, giving consumers an opportunity to opt-out of further communications and clearly disclosing our name and physical address in each commercial email. Regulation of privacy and data security matters is an evolving area, with new laws and regulations enacted frequently. For example, California enacted legislation effective January 1, 2020 that, among other things, requires certain disclosures to California consumers, and affords such consumers new abilities to opt out of certain sales of personal information. Other states are following suit. In addition, under applicable federal and state unfair competition laws, including the California Consumer Legal Remedies Act and FTC regulations, we must, and our network of influencers may be required to, accurately identify product offerings, not make misleading claims on our websites or in advertising, and use qualifying disclosures where and when appropriate. The growth and demand for e-commerce could result in more stringent domestic and foreign consumer protection laws that impose additional compliance burdens on companies that transact substantial business on the internet.

Our international business is subject to additional laws and regulations, including restrictions on imports from, exports to, and services provided to persons located in certain countries and territories, as well as foreign laws and regulations addressing topics such as advertising and marketing practices, customs duties and taxes, privacy, data protection, information security and consumer rights, any of which might apply by virtue of our sales in foreign countries and territories or our contacts with consumers in such foreign countries and territories. For example, the United States and China and the United States and Mexico, where certain of our products are manufactured, have recently engaged in

an escalating trade war, which has led to each side threatening tariffs that could adversely affect our business and results of operations or cause us to relocate manufacturing to other countries and territories, which could disrupt our operations. In addition, the EU has implemented the GDPR which imposes stringent requirements regarding the handling of personal data of individuals from the EU and provides for substantial penalties for noncompliance. More generally, many foreign jurisdictions have laws, regulations, or other requirements relating to privacy, data protection, and consumer protection, and countries and territories are adopting new legislation or other obligations with increasing frequency. Many of these laws may require consent from consumers for the use of data for various purposes, including marketing, which may reduce our ability to market our products.

In many jurisdictions, there is great uncertainty whether or how existing laws governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the internet and e-commerce. New legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business or the application of existing laws and regulations to the internet and e-commerce could result in significant additional obligations on our business or may necessitate changes to our business practices. These obligations or required changes could have an adverse effect on our cash flows and results of operations. Further, any actual or alleged failure to comply with any of these laws or regulations by us, our suppliers or our network of influencers could hurt our reputation, brand and business, force us to incur significant expenses in defending against proceedings or investigations, distract our management, increase our costs of doing business, result in a loss of customers and suppliers and may result in the imposition of monetary penalties. See “Risk Factors—Risks Related to Our Business and Industry—A failure to comply with current laws, rules and regulations, or changes to such laws, may adversely affect our business, financial performance, results of operations, or business growth.”

Our Personnel and Human Capital Resources

As of July 4, 2021, we had 744 total employees, 689 of which were full-time employees and 55 were part-time employees. We use contingent labor in varying levels throughout the year to augment our workforce. None of our employees are represented by a labor union, and we have had no labor-related work stoppages. We believe that we have good relationships with our employees.

Our human capital resources objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and additional employees. The principal purposes of our equity incentive plans are to attract, retain, and motivate selected employees, consultants, and directors through the granting of stock-based compensation awards and cash-based performance bonus awards.

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.

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information regarding members of our Board of Directors and our executive officers as of September 20, 2021.

Name	Age	Position
Executive Officers		
David McCreight	58	Chief Executive Officer and Director
Crystal Landsem	38	Co-President and Chief Financial Officer
Mark Vos	52	Co-President and Chief Information Officer
Non-Employee Directors		
Thomas Belatti	30	Director
John Black	57	Director
Debra Cannon	70	Director
Evan Karp	45	Director
Eric Liaw	43	Director
Michael Mardy	72	Director
Danielle Qi	37	Director
Colleen Winter	51	Director

Set forth below is a description of the business experience of the foregoing persons.

Executive Officers

David McCreight. Mr. McCreight has served as our Chief Executive Officer since April 2021 and on our Board of Directors since April 2021. Previously, he was the CEO of Anthropologie Group, Inc. from 2011 to 2018. He also served as the President of URBN, Inc. from 2016 to 2018, and as President at Under Armour, Inc. from 2008 to 2010. He is currently a board member of CarMax, Inc. and Wolverine Worldwide, Inc. Mr. McCreight received his Bachelor of Arts degree from the University of Virginia.

Mr. McCreight's broad apparel and direct-to-consumer experience as our Chief Executive Officer provides him with the qualifications and skills to serve as a director.

Crystal Landsem. Ms. Landsem has served as our Co-President since July 2020 and Chief Financial Officer since September 2015. Previously, she was the Co-Founder and CFO of sqwrl LLC, a consulting and project management services firm, where she provided interim CFO services including oversight of finance and accounting functions, budgeting, forecasting, cash management, accounting, and analysis for small to mid-sized e-commerce companies from August 2015 to January 2016.

Ms. Landsem also served as the Director of Finance for 11 Main, an Alibaba Group Company, where she was responsible for the administrative, financial, and risk management operations of five U.S.-based Alibaba companies from May 2012 to August 2015. Ms. Landsem holds a CPA in California and received her B.A. in Accounting from California State University-Chico.

Mark Vos. Mr. Vos has served as our Co-President since July 2020 and Chief Information Officer since January 2018. Prior to that, Mr. Vos held roles of increasing responsibility at the Company since October 2015. Previously, Mr. Vos was the Co-Founder and CEO of sqwrl LLC, a consulting and project management services firm from July 2015 to March 2016. He also served as Senior Director of Engineering at 11 Main, an Alibaba Group Company, from December 2013 to July 2015.

Mr. Vos holds a Masters in International Management from Universität zu Köln, Germany and a MSc in Business Administration from Erasmus University Rotterdam, The Netherlands.

Non-Employee Directors

Thomas Belatti. Mr. Belatti has served on our Board of Directors since June 2021. Mr. Belatti has served as a Vice President at H.I.G. since July 2019, focusing primarily on the technology-enabled services, internet, media, consumer, and healthcare sectors.

Prior to H.I.G., Mr. Belatti was with McCarthy Capital, a private equity firm focused on lower middle market companies in a wide range of industries from July 2015 to May 2017. He began his career at BMO Capital Markets, where he advised technology and business services companies.

Mr. Belatti received a B.S. in Mechanical Engineering from Villanova University and an M.B.A. from the Wharton School at the University of Pennsylvania.

Mr. Belatti's experience working with companies in a wide range of industries, including the internet and consumer sectors, and knowledge of complex financial matters provide him with valuable and relevant experience in strategic planning, corporate finance, financial reporting, and leadership of complex organizations, and provides him with the qualifications and skills to serve as a director.

John Black. Mr. Black has served on our Board of Directors since October 2017. Mr. Black is currently a Senior Advisor at H.I.G. Growth Partners. Previously, he served as the Head of H.I.G. Growth Equity, the dedicated growth equity investment group for H.I.G. Capital, LLC since March 2010.

Since joining H.I.G. in 1996, Mr. Black has led or had a significant role in more than forty H.I.G. investments in a wide range of industries including technology, media, healthcare, consumer oriented, and business service companies. His investments have supported management in the development and implementation of their growth strategies in a wide range of transaction dynamics including owner-operated/family business recapitalizations, corporate divestitures, take-private transactions, consolidations and minority growth equity investments.

Prior to H.I.G., Mr. Black was a senior professional with several leading firms working with lower middle market businesses to identify and implement operational initiatives to enable the businesses to realize their full growth potential. Mr. Black has held several executive level management positions including chief operating officer and chief financial officer. Mr. Black began his career in the Corporate Finance Group at Ernst & Young.

Mr. Black received his Bachelor of Arts in Applied Mathematics from Harvard University.

Mr. Black's experience as an executive level manager and leadership roles in a wide range of industries and business situations provides him with valuable and relevant experience in finance, accounting, reporting, operational matters, and leadership of complex organizations, and provides him with the qualifications and skills to serve as a director.

Debra A. Cannon. Dr. Cannon is one of the Co-Founders of our Company and has served on our Board of Directors since July 2014. Dr. Cannon received her B.A. in American studies and an Honorary Doctorate from California State University, Chico.

As a result of Dr. Cannon's extensive experience in the retail industry and her service as our Co-Founder, she brings to the board, among other skills and qualifications, her significant knowledge and understanding of the industry and our business and her extensive operating experience.

Evan Karp. Mr. Karp has served on our Board of Directors since August 2017 and as a board member of Lulu's Holdings, L.P. since July 2014. Mr. Karp has been a Managing Director at H.I.G. Growth Partners, focusing on e-commerce, tech-enabled business services, and consumer-oriented investments since January 2018. Prior to that he was a Principal at H.I.G from May 2012 to December 2017. Prior to H.I.G. Growth Partners, Mr. Karp was a Principal at Parallel Investment Partners (formerly d/b/a SKM Growth Investors) investing primarily in consumer oriented, multi-channel businesses and served as a board representative for numerous portfolio companies from July 2001 to April 2012.

Prior to joining Parallel, he was an Associate at J.H. Whitney & Co. He began his career at Salomon Smith Barney focusing on telecom mergers & acquisitions advisory services. In addition to Lulus, Mr. Karp currently serves on the boards of Accounting Seed, Inc and Cocona Labs. He Previously served on the boards of other H.I.G. companies including SCUF Gaming, Money Solver and Pet Services Operating Company.

Mr. Karp graduated from the Business Honors Program at the University of Texas at Austin with a B.A. in Finance.

Mr. Karp's involvement with his respective firms' investments in many e-commerce and branded consumer companies over the past 20 years, including investments in the retail industry, in-depth knowledge and industry experience, coupled with his skills in private financing and strategic planning, provides him with the qualifications and skills to serve as a director.

Eric Liaw. Mr. Liaw has served as a member of our Board of Directors since April 2018. Since March 2011, Mr. Liaw has served in roles of increasing responsibility at Institutional Venture Partners, a venture capital firm, where he currently serves as a general partner. From August 2003 to January 2011, Mr. Liaw served in several roles at Technology Crossover Ventures, a venture capital firm, including most recently as a vice president. From 2014 to February 2019, Mr. Liaw served on the board of directors of Mindbody, Inc. Mr. Liaw currently serves on the board of directors of The Honest Company, Inc. and ZipRecruiter, Inc. Mr. Liaw also serves on the boards of directors of a number of privately held companies.

Mr. Liaw holds a B.A. degree in Economics with a minor in Computer Science and an M.S. degree in Management Science and Engineering from Stanford University.

Mr. Liaw's involvement with his respective firms' investments in many e-commerce and branded consumer companies, including investments in the retail industry, in-depth knowledge and industry experience, coupled with his skills in private financing and strategic planning, provides him with the qualifications and skills to serve as a director.

Michael Mardy. Mr. Mardy has served on our Board of Directors and as Audit Committee Chair since October 2017. Mr. Mardy currently serves on the board of directors of Vince Holding Corp. and acts as the audit committee chair. Mr. Mardy previously served on the board of directors of David's Tea Inc. Mr. Mardy served as Executive Vice President and director of specialty retailer, Tumi Holding Inc. from July 2003 to August 2016. Prior to joining Tumi, from 1996 to 2002, he served as Executive Vice President and Chief Financial Officer of Keystone Foods LLC, a processor and distributor, supplying the quick service restaurant industry. From 1982 to 1996, he served as Senior Vice President, Chief Financial Officer and in various other finance positions at Nabisco Biscuit Company, a snack food and consumer products company. Mr. Mardy served on the board of directors of Keurig Green Mountain Inc. from 2007 until 2016 and ModusLink Global Solutions, Inc. from 2003 until 2013 acting as audit committee chair and a member of their respective compensation committees. Mr. Mardy had also served on the New York Stock Exchange Advisory Board from 2014 until 2016 and is a trustee of the New Jersey chapter of the financial Executive Institute.

Mr. Mardy holds an MBA from Rutgers University and undergraduate degree from Princeton University. He is a member of the American institute of Certified Public Accountants, and the New Jersey Society of Certified Public Accountants, as well as a member of the National Association of Corporate Directors.

Mr. Mardy's experience as a chief financial officer in the consumer products industry and vast knowledge of operations provide him with valuable and relevant experience in management, operations and leadership of complex organizations, as well as extensive industry knowledge, and provides him with the qualifications and skills to serve as a director.

Danielle Qi. Danielle Qi has served on our Board of Directors since August 2017 and as a board member of Lulu's Holdings, L.P. since July 2017. Ms. Qi has served as a Managing Director at H.I.G. since April 2021, focusing primarily on the internet, consumer, media, and technology-enabled services sectors, prior to which she was a Principal and Vice President at H.I.G. since July 2018 and July 2015, respectively.

Prior to H.I.G., Ms. Qi was with Alliance Holdings, a private equity firm focused on lower middle market companies in a wide range of industries from December 2012 to June 2015.

Ms. Qi received a B.S. in Economics (The Wharton School) and B.A. in History from the University of Pennsylvania and an M.B.A. from the Kellogg School of Management at Northwestern University.

Ms. Qi's experience working with companies in a wide range of industries, including the internet, consumer, media, and technology-enabled services sectors and knowledge of complex financial matters provides her with valuable and relevant experience in strategic planning, corporate finance, financial reporting, and leadership of complex organizations, and provides her with the qualifications and skills to serve as a director.

Colleen Winter. Ms. Winter is one of the Co-Founders of our Company and served as the Chief Executive Officer from our Company's founding in January 2007 until July 2020, and has been a member of our Board of Directors since July 2014. She graduated from San Diego State University with a degree in Geography and Urban Planning.

As a result of Ms. Winter's extensive experience in the retail industry and her prior service as our Chief Executive Officer, she brings to the Board of Directors, among other skills and qualifications, her significant knowledge and understanding of the industry and our business and her extensive operating experience.

Family Relationships

Debra A. Cannon is the mother of Colleen Winter. There are no other family relationships among any of our executive officers or directors.

Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Our amended and restated certificate of incorporation provides that our Board of Directors will consist of between and directors, as long as any shares of common stock are outstanding and that our Board of Directors will be divided into three classes, with one class being elected at each annual meeting of stockholders. Each director will serve a three-year term, with termination staggered according to class. Class I will initially consist of directors, Class II will initially consist of directors, and Class III will initially consist of directors.

Upon the consummation of this offering, our Board of Directors will initially consist of directors.

Our amended and restated certificate of incorporation provides that directors may only be removed for cause by the affirmative vote of the remaining members of our Board of Directors or the holders of at least a majority of the voting power of all outstanding shares of common stock then entitled to vote on the election of directors.

Director Independence

Our Board of Directors has assessed the independence of each of our directors and has determined that each of are independent under the listing standards. As required by the listing standards, our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

Board Committees

Our Board of Directors will establish an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee will operate under a charter that will be approved by our Board of Directors. Each committee will have the composition and responsibilities described below. Members serve on these committees until their resignations or until otherwise determined by our Board of Directors. The charter and composition of each committee will be effective upon the consummation of this offering. The charter of each committee will be available on our website.

Audit Committee

The primary purposes of our audit committee are to assist our Board of Directors' oversight of:

- the integrity of our consolidated financial statements;
- our internal financial reporting and compliance with our disclosure controls and procedures;
- the qualifications, engagement, compensation, independence and performance of our independent registered public accounting firm;
- our independent registered public accounting firm's annual audit of our consolidated financial statements and any engagement to provide other services;
- the performance of our internal audit function;
- our legal and regulatory compliance; and
- the application of our code of business conduct and ethics as established by management and our Board of Directors.

Upon the consummation of this offering, and prior to the listing of our common stock, our audit committee will be composed of , and . will serve as chair of the audit committee. qualifies as an "audit committee financial expert" as such term has been defined by the SEC in Item 407(d)(5) of Regulation S-K. Our Board of Directors has affirmatively determined that meets the definition of an "independent director" for the purposes of serving on the audit committee under applicable rules and Rule 10A-3 under the Exchange Act. We intend to comply with these independence requirements for all members of the audit committee within the time periods specified under such rules. The audit committee will be governed by a charter that complies with the rules of .

Compensation Committee

The primary purposes of our compensation committee are to:

- assist our Board of Directors in discharging its responsibilities regarding compensation of our executive officers;
- review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer and evaluate our Chief Executive Officer's performance in light of those goals and objectives;
- review and determine the compensation of our Chief Executive Officer and other executive officers;
- make recommendations to our Board of Directors with respect to our incentive and equity-based compensation plans;
- provide oversight of our compensation policies, plans, and benefit programs including reviewing and administering all compensation and employee benefit plans, policies and programs; and
- produce, approve, and recommend to our Board of Directors for approval reports on compensation matters required to be included in our annual proxy statement or annual report.

Upon the consummation of this offering, and prior to the listing of our common stock, our compensation committee will be composed of , and . will serve as the chair of the compensation committee. We intend to comply with the independence requirements for all members of the compensation committee within the time periods specified under such rules. Our Board of Directors will adopt a written charter for our compensation committee.

Nominating and Corporate Governance Committee

The primary purposes of our nominating and corporate governance committee are to:

- recommend to our Board of Directors for approval the qualifications, qualities, skills, and expertise required for Board of Directors membership;
- identify potential members of our Board of Directors consistent with the criteria approved by our Board of Directors and select and recommend to our Board of Directors the director nominees for election at the next annual meeting of stockholders or to otherwise fill vacancies;
- evaluate and make recommendations regarding the structure, membership, and governance of the committees of our Board of Directors;
- develop and make recommendations to our Board of Directors with regard to our corporate governance policies and principles; and
- oversee the annual review of our Board of Directors' performance.

Upon the consummation of this offering, and prior to the listing of our common stock, our nominating and corporate governance committee will be composed of , and . will serve as the chair of the nominating and corporate governance committee. We intend to comply with the independence requirements for all members of the nominating and corporate governance committee within the time periods specified under such rules. Our Board of Directors will adopt a written charter for our nominating and corporate governance committee.

Director Compensation

Historically, we have not had a formalized non-employee director compensation program. However, we have paid each of our non-employee directors who are not associated with our institutional investors, Debra Cannon and Michael Mardy, an annual cash retainer of $120,000 for their services as members of our Board of Directors. In addition, we reimburse our non-employee directors for travel and other necessary business expenses incurred in the performance of their services for us.

We intend to approve and implement a compensation policy for our non-employee directors to be effective on the consummation of this offering.

The following table sets forth information concerning the compensation earned by our non-employee directors during the year ended January 3, 2021.

Name	Fees Earned or Paid in Cash ($)	All Other Compensation ($)(1)	Total ($)
Evan Karp	—	—	—
Danielle Qi	—	—	—
John Black	—	—	—
Michael Mardy	$ 120,000	—	$120,000
Debra Cannon	$ 120,000	15,600	$135,600
Eric Liaw	—	—	—

(1) Amounts represent the incremental value of the monthly allowance provided by us to Dr. Cannon to buy products from us.

None of our non-employee directors held unexercised options or unvested equity awards as of January 3, 2021.

Code of Business Conduct and Ethics

We will adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following this offering, a current copy of the code will be posted on our website. Any amendment to our code of conduct, or any waiver of its requirements for which disclosure is required, will be disclosed on our website promptly following the date of such amendment.

Disclosure Committee and Charter

We do not have a disclosure committee and disclosure committee charter. After this offering, we plan to establish a disclosure committee and will operate under a charter. The purpose of a disclosure committee would be to provide assistance to the principal executive officer and the principal financial officer in fulfilling their responsibilities regarding the identification and disclosure of material information about us and the accuracy, completeness and timeliness of our financial reports.

Compensation Committee Interlocks and Insider Participation

Upon the completion of this offering, none of our executive officers will serve on the compensation committee or Board of Directors of any other company of which any members of our compensation committee or any of our directors is an executive officer.

Indemnification of Directors and Officers

Our amended and restated certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by the DGCL.

Our amended and restated certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty, except for liability relating to any breach of the director's duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, violations under Section 174 of the DGCL or any transaction from which the director derived an improper personal benefit.

Prior to the completion of this offering, we will enter into indemnification agreements with each of our directors. The indemnification agreements will provide the directors with contractual rights to indemnification, expense advancement and reimbursement, to the fullest extent permitted under the DGCL.

We have customary directors' and officers' indemnity insurance in place for our directors and executive officers.

EXECUTIVE COMPENSATION

The following is a discussion and analysis of compensation arrangements of our 2020 named executive officers ("NEOs"). This discussion contains forward-looking statements that are based on our current plans, considerations, expectations, and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. As an emerging growth company as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

We seek to ensure that the total compensation paid to our named executive officers is reasonable and competitive. Compensation of such executives is structured around the achievement of individual performance and near-term corporate targets as well as long-term business objectives. Our NEOs are employed with the Company and all employee compensation matters have historically been decided by the Board of Directors of the Company except for grants of equity awards, which have been made by the board of managers of LP. Following the closing of this offering, all compensation matters in respect to our NEOs will be determined by the Company's Board of Directors or its compensation committee. All references to "we," "us," or "our" in this Executive Compensation section will refer to the Company for actions taken in respect of non-equity compensation prior to the completion of this offering, LP for actions taken in respect of equity compensation prior to the completion of this offering and to the Company for actions taken on and after the completion of this offering.

Our NEOs for 2020 were as follows:

- Crystal Landsem, Co-President and Chief Financial Officer;
- Mark Vos, Co-President and Chief Information Officer; and
- Colleen Winter, Former Chief Executive Officer.

2020 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended January 3, 2021.

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Compensation($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Crystal Landsem	2020	394,329	99,138	3,376,454	—	3,869,921
Co-President and Chief Financial Officer						
Mark Vos	2020	394,329	99,138	3,376,454	—	3,869,921
Co-President and Chief Information Officer						
Colleen Winter	2020	249,915	—	6,050,000	15,600	6,315,515
Former Chief Executive Officer						

(1) Amounts represent the annual performance-based cash bonuses earned by our named executive officers based on the achievement of certain performance objectives during 2020. Please see the descriptions of the annual performance bonuses paid to our named executive officers under the section titled "2020 Bonuses" below.

(2) For Ms. Landsem and Mr. Vos, amounts represent $1,088,330 for the aggregate grant date fair value of the awards issued to them during 2020 and $2,288,124 for the incremental fair value of

certain equity awards that were modified in 2020, including Class P Units that were granted to the officers in 2016, in each case, computed in accordance with ASC Topic 718. For Ms. Winter, the amount in this column represents equity-based compensation expense recognized and computed in accordance with ASC Topic 718 in June 2020 with respect to the purchase by entities affiliated with Ms. Winter of Series B Preferred Stock. The assumptions used in calculating the grant date and modification date fair value of the Class P Units are included in Note 9 to our consolidated financial statements included in this prospectus.

(3) Amounts represent $15,600 for the incremental value of the monthly allowance provided by us to Ms. Winter to buy products from us.

Narrative to Summary Compensation Table

2020 Bonuses

We maintain an annual performance-based cash bonus program in which each of our NEOs participated in 2020. Each such NEO's target bonus was expressed as a percentage of the NEO's annual base salary and was eligible to be achieved by meeting company goals at target level. The 2020 annual bonuses for Ms. Landsem, Mr. Vos and Ms. Winter, were targeted at 50% of their respective base salaries. Our Board of Directors has historically reviewed these target percentages to ensure they are adequate but does not follow a formula. Instead, our Board of Directors set these rates based on each NEO's experience in his or her role with us and the level of responsibility held by the NEO, which we believe directly correlates to his ability to influence corporate results.

For determining performance bonus amounts for our 2020 NEOs, our Board of Directors set certain corporate performance goals after receiving input from our Chief Executive Officer, where company profitability goals need to be met. Following its review and determinations of corporate performance for 2020, our Board of Directors determined that based on the Company's financial performance, partial bonuses would be paid. The actual amount of the 2020 annual bonus paid to each NEO for 2020 performance are set forth above in the Summary Compensation Table in the column titled "Non-Equity Incentive Plan Compensation."

Equity-Based Compensation

We have issued Class P Units of LP to our NEOs (except for Ms. Winter) from time to time in recognition of their service to us and to align their interests with the interests of our stockholders. On July 22, 2019, we issued 142,018 Class P Units of LP to each of Ms. Landsem and Mr. Vos. These units vest monthly over four years from July 22, 2019, subject to her or his continued service to us through the applicable vesting date.

On October 30, 2020, we issued 239,571 additional Class P Units of LP to each of Ms. Landsem and Mr. Vos. 3/48ths of these units vested as of October 30, 2020, and the remainder of the units vest monthly over 45 months from October 30, 2020, subject to continued service to us through the applicable vesting date.

All unvested Class P Units held by Ms. Landsem and Mr. Vos are subject to 100% acceleration upon a "Sale of the Partnership" (as defined in the Lulu's Holdings L.P. Agreement of Limited Partnership), subject to continued service to us through the Sale of the Partnership. Additionally, upon the listing of our shares (or the shares of a parent or subsidiary entity of the Company) on a national securities exchange as a result of an initial public offering, direct listing, or business combination with a "SPAC" that does not constitute a Sale of the Partnership (a "P Unit Listing Event"), all unvested Class P Units (or equity securities received in respect of the Class P Units or into which such Class P Units are converted in connection with such P Unit Listing Event) held by Ms. Landsem and Mr. Vos shall

continue to vest pursuant to their existing schedule, except that, as a result of an amendment to our agreements with Ms. Landsem and Mr. Vos dated October 11, 2021, on the first anniversary of such P Unit Listing Event, the vesting of the remainder of such equity securities shall fully accelerate, subject to continued employment with us through such date. Further, if Ms. Landsem or Mr. Vos's employment is terminated by us without cause (as defined in the applicable Class P Unit award agreements) within the 120 day period preceding a Sale of the Partnership or preceding the first anniversary of a P Unit Listing Event, then the vesting of their unvested Class P Units (or equity securities received in respect of the Class P Units or into which such Class P Units are converted) shall fully accelerate as of the date of the Sale of the Partnership (for a termination preceding a Sale of the Partnership) or the date of such termination of employment (for a termination preceding the first anniversary of a P Unit Listing Event).

During the year ended January 3, 2021, Ms. Landsem and Mr. Vos vested into $351,067 and $367,954, respectively, from LP, of accumulated distributions with respect to outstanding incentive awards of Class P Units in LP. Immediately before the completion of this offering, the LP will liquidate and the unit holders of LP will receive shares of our common stock in exchange for their LP units. Any such shares of common stock received in respect of unvested Class P Units of LP shall be subject to vesting and a risk of forfeiture to the same extent as the corresponding Class P Units.

We intend to adopt the Lulu's Fashion Lounge Holdings, Inc. Omnibus Equity Plan ("the Omnibus Equity Plan"), in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable us to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the Omnibus Equity Plan will be effective on the date on which it is adopted by our Board of Directors, subject to approval of such plan by our stockholders. For additional information about the Omnibus Equity Plan, please see the section titled "Equity Compensation Plans" below.

Other Elements of Compensation

Retirement Savings and Health and Welfare Benefits

The Company currently maintains a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. The Company matches 100% of each participating employee's deferral up to a maximum of 4% of eligible compensation. The Company may make additional discretionary matching contributions up to 6% of eligible compensation. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including medical, dental and vision benefits; medical and dependent care flexible spending accounts; short-term and long-term disability insurance; and life and AD&D insurance.

Perquisites and Other Personal Benefits

We provide limited perquisites to our named executive officers, such as the products allowance provided to Ms. Winter, as described below under "Employment Agreements—Colleen Winter," when our Board, with input from the compensation committee determines that such perquisites are necessary or advisable to fairly compensate or incentivize our employees.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of LP Class P Units underlying outstanding incentive awards for Ms. Landsem and Mr. Vos. Ms. Winter does not hold any outstanding equity awards as of January 3, 2021. In connection with this offering, LP will distribute to NEOs who hold Class P Units a number of shares of Company common stock with an aggregate value equal to the value of the LP Class P Units, and the Class P Units will cease to remain outstanding.

		Class P Unit Awards	
Name	Vesting Commencement Date	Number of Units That Have Not Vested (#)	Market Value of Units That Have Not Vested ($) (3)
Crystal Landsem	7/22/2019(1)	90,832	501,393
	10/30/2020(2)	215,140	1,187,573
Mark Vos	7/22/2019(1)	90,832	501,393
	10/30/2020(2)	215,140	1,187,573

(1) The Class P Units vest as to 1/48th of the total Class P Units on each monthly anniversary of the vesting commencement date, subject to the NEO's continued service to us through the applicable vesting date. The vesting of the Class P Units will fully accelerate upon a Sale of the Partnership. Additionally, the vesting of the Class P Units is subject to acceleration upon the first anniversary of a P Unit Listing Event, or upon certain terminations of employment without cause, each as described above under "Narrative to Summary Compensation Table – Equity-Based Compensation."

(2) The Class P Units vest as to 3/48th of the total Class P Units on the vesting commencement date and as to 1/48th of the total Class P Units on each monthly anniversary of the vesting commencement date, subject to the NEO's continued service to us through the applicable vesting date. The vesting of the Class P Units will fully accelerate upon a Sale of the Partnership. Additionally, the vesting of the Class P Units are subject to acceleration upon the first anniversary of a P Unit Listing Event, or upon certain terminations of employment without cause, each as described above under "Narrative to Summary Compensation Table – Equity-Based Compensation."

(3) The value reported is determined using the value of $5.52 per unit as of December 31, 2021, which value was determined pursuant to a valuation performed by a third party valuation firm.

Executive Compensation Arrangements

Employment Agreements

We have not entered into employment agreements with Ms. Landsem or Mr. Vos.

Colleen Winter. We entered into an employment agreement with Ms. Winter on July 25, 2014, which set forth the terms and conditions of her employment as our Chief Executive Officer. In addition to her base salary, Ms. Winter was also eligible for participation in the Company's annual incentive bonus plans. Ms. Winter was entitled to participate in all applicable health and welfare benefit programs for which other executive employees of the Company are generally eligible. She was also entitled to 6 weeks of paid vacation per calendar year. She also received a $1,300 monthly allowance to buy products from the Company.

Ms. Winter's employment was terminated on July 21, 2020.

David McCreight. We and our indirect, wholly-owned subsidiary Lulu's Fashion Lounge, LLC entered into an employment agreement with Mr. McCreight on April 15, 2021, which sets forth the

terms and conditions of his employment as our Chief Executive Officer. The employment agreement provides for an initial two-year term of employment with automatic one-year extensions thereafter unless we or Mr. McCreight provide the other with at least 60 days prior written notice not to extend. The agreement also provides for an annual base salary at the rate of $1 million per year, eligibility to participate in our health and welfare benefit programs available for senior management employees, and four weeks of paid vacation per calendar year (including 2021). Additionally, Mr. McCreight is entitled to annual cash bonus payments of $1 million for each of fiscal years 2021 and 2022 and is eligible for a performance-based bonus for subsequent fiscal years based on our annual incentive plan to be administered by our Board of Directors and/or Compensation Committee at a target amount of $1 million.

Upon commencement of his employment with us, we granted Mr. McCreight the following awards under the Lulu's Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan: (i) options to purchase 322,793 shares of our common stock and (ii) two special compensation awards.

The options have a term of ten years, an exercise price of $11.35 per share, and vest and become exercisable as follows (in each case subject to Mr. McCreight's continued employment with us through each such vesting date): (i) as to 275,133 of the options in 24 substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025 (the "Base Options") and (ii) as to 47,660 of the options in 24 substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025 (the "Preferred Conversion Options"), but only if a Listing Event (as defined in the employment agreement) has occurred in connection with which our Series A Preferred Stock has converted to shares of our common stock on at least a one-to-one basis (the "Preferred Conversion Vesting Condition"). Upon a Listing Event, subject to Mr. McCreight's continued employment with us on the date of the Listing Event, (i) the Base Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates shall immediately become vested and exercisable and (ii) if the Preferred Conversion Vesting Condition occurs in connection with the Listing Event, then the Preferred Conversion Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates shall immediately become vested and exercisable, in each case, with any shares acquired pursuant to any exercise of any such accelerated options being subject to a one-year holding period. The consummation of this offering would constitute a Listing Event and satisfy the Preferred Conversion Vesting Condition. If a Change of Control (as defined in the employment agreement) occurs after the offering, then all the Base Options and Preferred Conversion Options will immediately fully vest.

Mr. McCreight's employment agreement provides that, if, in connection with a Listing Event, shares of our Series A Preferred Stock convert into shares of our common stock on a greater than one-to-one basis (any such additional number of shares into which the Series A Preferred Stock convert on a greater than one-to-one basis, "Surplus Common Shares") our board will in good faith structure a grant to Mr. McCreight, expected to be in the form of shares of our restricted common stock or restricted stock units (each of which represents the right to receive one share of our common stock), with an aggregate value that is designed to approximate the "spread value" of options to purchase a number of shares of our common stock equal to 1.5% of the Surplus Common Shares, where the spread is calculated based on the offering price and an $11.35 exercise price. Based upon the midpoint of the price range set forth on the cover page of this prospectus, this award will be for restricted stock units.

Assuming the consummation of this offering occurs on or prior to March 31, 2022 and we do not undergo a Change of Control (as defined in the employment agreement) before that date, then, subject to his continued employment through March 31, 2022 and March 31, 2023, on or as soon as reasonably practicable following each such date, we will issue Mr. McCreight $3 million worth of our fully-vested common shares (calculated based on the volume weighted average closing price per

share of our common stock over the ten-trading-day period beginning on the date of the consummation of this offering).

In the event Mr. McCreight is terminated by us without Cause, including due to our non-renewal of employment agreement, or resigns for Good Reason (each, as defined in the employment agreement and summarized below), Mr. McCreight will be entitled to the following severance benefits (subject to his timely execution and non-revocation of a general release of claims in our favor): (i) a lump sum cash payment equal to his then-current annual base salary, (ii) COBRA premium reimbursements for 12 months following termination, (iii) any then-unpaid special compensation award(s) payable in fully vested shares of our common stock (assuming such termination occurs after the consummation of this offering), and (iv) if termination occurs on or after April 15, 2022, 100% vesting of any then-unvested Options (provided that the Preferred Conversion Options shall only vest if the Preferred Conversion Vesting Condition has occurred prior to termination).

In addition to standard confidentiality, intellectual property, and non-disclosure restrictions, Mr. McCreight is bound by an employee and independent contractor non-solicitation covenant that applies during employment and for 24 months following termination and a non-competition covenant that applies during employment and for 12 months following termination. The employment agreement also provides, however, that if Mr. McCreight became a resident of California, the non-competition covenant and the no-hire provision of the non-solicitation covenant will cease to apply.

For purposes of the employment agreement:

- “Cause” is generally defined to mean, subject to certain notice and cure rights: (i) the material failure by Mr. McCreight to reasonably and substantially perform his duties under the employment agreement (other than as a result of physical or mental illness or injury) or to comply with a lawful directive or order of the Board; (ii) willful misconduct or gross negligence in the performance of his duties; (iii) breach of fiduciary duty or duty of loyalty to any member of the Company; (iv) engagement in fraud, embezzlement, or any other act of material dishonesty; (v) commission of any felony or other serious crime involving moral turpitude; (vi) material breach of his obligations under any agreement between him and any member of the Company; (vii) material breach of the Company’s material written policies or procedures (other than policies related to sexual harassment, sexual misconduct, or sex-based discrimination), or (viii) conduct that constitutes sexual harassment, sexual misconduct, or sex-based discrimination.
- “Good Reason” is generally defined to mean, subject to certain notice requirements and cure rights: (i) prior to April 15, 2023, any reduction of or failure to pay Mr. McCreight’s base salary or annual bonus as set forth in the McCreight Agreement, (ii) following April 15, 2023, a material decrease in his base salary (other than as part of an across-the-board base salary reduction of 10% or less applicable to all similarly-situated employees of the Company) or target bonus opportunity, (iii) a material diminution in his title, reporting structure, duties, authorities, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law), (iv) a material breach by the Company of the material terms of employment agreement, (v) requiring him to relocate to California or some other geographical location more than 45 miles from his current residence, or (vi) requiring him to materially increase the number of business travel days set forth in the agreement.

Equity Compensation Plans

The following summarizes the material terms of the long-term incentive compensation plan in which our named executive officers will be eligible to participate following the consummation of this

offering, our incentive award agreements evidencing Class P Units of LP and our 2021 Equity Incentive Plan, under which we have previously made periodic grants of equity and equity-based awards to our named executive officers and other key employees.

Omnibus Equity Plan

We intend to adopt the Omnibus Equity Plan, which will be effective on the day prior to the first public trading date of our common stock. The principal purpose of the Omnibus Equity Plan is to attract, retain and motivate selected employees, consultants and directors through the granting of equity-based compensation awards and cash-based performance bonus awards. The material terms of the Omnibus Equity Plan are summarized below.

Share Reserve. Under the Omnibus Equity Plan, shares of our common stock will be initially reserved for issuance pursuant to a variety of equity-based compensation awards, including stock options, stock appreciation rights ("SARs"), restricted stock awards, restricted stock unit awards and other equity-based awards. The number of shares initially reserved for issuance or transfer pursuant to awards under the Omnibus Equity Plan will be increased by an annual increase on the first day of each fiscal year beginning in 2022 and ending in 2031, equal to the lesser of (A) % of the shares of stock outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (B) such smaller number of shares of stock as determined by our Board of Directors; provided, however, that no more than shares of stock may be issued upon the exercise of incentive stock options.

The following counting provisions will be in effect for the share reserve under the Omnibus Equity Plan:

- to the extent that an award terminates, expires or lapses for any reason or an award is settled in cash without the delivery of shares, any shares subject to the award at such time will be available for future grants under the Omnibus Equity Plan;
- to the extent shares are tendered or withheld to satisfy the grant, exercise price or tax withholding obligation with respect to any award under the Omnibus Equity Plan, such tendered or withheld shares will be available for future grants under the Omnibus Equity Plan;
- to the extent shares subject to stock appreciation rights are not issued in connection with the stock settlement of stock appreciation rights on exercise thereof, such shares will be available for future grants under the Omnibus Equity Plan;
- to the extent that shares of our common stock are repurchased by us prior to vesting so that shares are returned to us, such shares will be available for future grants under the Omnibus Equity Plan;
- the payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the Omnibus Equity Plan; and
- to the extent permitted by applicable law or any exchange rule, shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by us or any of our subsidiaries will not be counted against the shares available for issuance under the Omnibus Equity Plan.

Administration. The compensation committee of our Board of Directors is expected to administer the Omnibus Equity Plan unless our Board of Directors assumes authority for administration. The compensation committee must consist of at least three members of our Board of Directors, each of whom is intended to qualify as a "non-employee director" for purposes of Rule 16b-3 under the Exchange Act and an "independent director" within the meaning of the rules of the applicable

stock exchange, or other principal securities market on which shares of our common stock are traded. The Omnibus Equity Plan provides that the Board of Directors or compensation committee may delegate its authority to grant awards to employees other than executive officers and certain senior executives of the Company to a committee consisting of one or more members of our Board of Directors or one or more of our officers, other than awards made to our non-employee directors, which must be approved by our full Board of Directors.

Subject to the terms and conditions of the Omnibus Equity Plan, the administrator has the authority to select the persons to whom awards are to be made, to determine the number of shares to be subject to awards and the terms and conditions of awards, and to make all other determinations and to take all other actions necessary or advisable for the administration of the Omnibus Equity Plan. The administrator is also authorized to adopt, amend or rescind rules relating to administration of the Omnibus Equity Plan. Our Board of Directors may at any time remove the compensation committee as the administrator and revest in itself the authority to administer the Omnibus Equity Plan. The full Board of Directors will administer the Omnibus Equity Plan with respect to awards to non-employee directors.

Eligibility. Options, SARs, restricted stock and all other equity-based and cash-based awards under the Omnibus Equity Plan may be granted to individuals who are then our officers, employees or consultants or are the officers, employees or consultants of certain of our subsidiaries. Such awards also may be granted to our directors. Only employees of our company or certain of our subsidiaries may be granted incentive stock options ("ISOs").

Awards. The Omnibus Equity Plan provides that the administrator may grant or issue stock options, SARs, restricted stock, restricted stock units, other stock- or cash-based awards and dividend equivalents, or any combination thereof. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

- *Nonstatutory Stock Options* ("NSOs") will provide for the right to purchase shares of our common stock at a specified price which may not be less than fair market value on the date of grant, and usually will become exercisable (at the discretion of the administrator) in one or more installments after the grant date, subject to the participant's continued employment or service with us and/or subject to the satisfaction of corporate performance targets and individual performance targets established by the administrator. NSOs may be granted for any term specified by the administrator that does not exceed ten years.
- *Incentive Stock Options* will be designed in a manner intended to comply with the provisions of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and will be subject to specified restrictions contained in the Code. Among such restrictions, ISOs must have an exercise price of not less than the fair market value of a share of common stock on the date of grant, may only be granted to employees, and must not be exercisable after a period of ten years measured from the date of grant. In the case of an ISO granted to an individual who owns (or is deemed to own) at least 10% of the total combined voting power of all classes of our capital stock, the Omnibus Equity Plan provides that the exercise price must be at least 110% of the fair market value of a share of common stock on the date of grant and the ISO must not be exercisable after a period of five years measured from the date of grant.
- *Restricted Stock* may be granted to any eligible individual and made subject to such restrictions as may be determined by the administrator. Restricted stock, typically, may be forfeited for no consideration or repurchased by us at the original purchase price if the conditions or restrictions on vesting are not met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Purchasers of restricted stock, unlike recipients of options, will have voting rights and will have the right to receive dividends, if any,

prior to the time when the restrictions lapse, however, extraordinary dividends will generally be placed in escrow, and will not be released until restrictions are removed or expire.

- *Restricted Stock Units* may be awarded to any eligible individual, typically without payment of consideration, but subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Like restricted stock, restricted stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike restricted stock, stock underlying restricted stock units will not be issued until the restricted stock units have vested, and recipients of restricted stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.
- *Stock Appreciation Rights* SARs may be granted in connection with stock options or other awards, or separately. SARs granted in connection with stock options or other awards typically will provide for payments to the holder based upon increases in the price of our common stock over a set exercise price. The exercise price of any SAR granted under the Omnibus Equity Plan must be at least 100% of the fair market value of a share of our common stock on the date of grant. SARs under the Omnibus Equity Plan will be settled in cash or shares of our common stock, or in a combination of both, at the election of the administrator.
- *Other Stock or Cash Based Awards* are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The plan administrator will determine the terms and conditions of other stock or cash based awards, which may include vesting conditions based on continued service, performance and/or other conditions.
- *Dividend Equivalents* represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend payments dates during the period between a specified date and the date such award terminates or expires, as determined by the plan administrator. In addition, dividend equivalents with respect to shares covered by a performance award will only be paid to the participant at the same time or times and to the same extent that the vesting conditions, if any, are subsequently satisfied and the performance award vests with respect to such shares.

Any award may be granted as a performance award, meaning that the award will be subject to vesting and/or payment based on the attainment of specified performance goals.

Change in Control. In the event of a change in control, unless the plan administrator elects to terminate an award in exchange for cash, rights or other property, or cause an award to accelerate in full prior to the change in control, such award will continue in effect or be assumed or substituted by the acquirer, provided that any performance-based portion of the award will be subject to the terms and conditions of the applicable award agreement. In the event the acquirer refuses to assume or replace awards granted, prior to the consummation of such transaction, awards issued under the Omnibus Equity Plan will be subject to accelerated vesting such that 100% of such awards will become vested and exercisable or payable, as applicable. The administrator may also make appropriate adjustments to awards under the Omnibus Equity Plan and is authorized to provide for the acceleration, cash-out, termination, assumption, substitution or conversion of such awards in the event of a change in control or certain other unusual or nonrecurring events or transactions.

Adjustments of Awards. In the event of any stock dividend or other distribution, stock split, reverse stock split, reorganization, combination or exchange of shares, merger, consolidation, split-up,

spin-off, recapitalization, repurchase, or any other corporate event affecting the number of outstanding shares of our common stock or the share price of our common stock that would require adjustments to the Omnibus Equity Plan or any awards under the Omnibus Equity Plan in order to prevent the dilution or enlargement of the potential benefits intended to be made available thereunder, the administrator will make appropriate, proportionate adjustments to: (i) the aggregate number and type of shares subject to the Omnibus Equity Plan; (ii) the number and kind of shares subject to outstanding awards and terms and conditions of outstanding awards (including, without limitation, any applicable performance targets or criteria with respect to such awards); and (iii) the grant or exercise price per share of any outstanding awards under the Omnibus Equity Plan.

Amendment and Termination. The administrator may terminate, amend or modify the Omnibus Equity Plan at any time and from time to time. However, we must generally obtain stockholder approval to the extent required by applicable law, rule, or regulation (including any applicable stock exchange rule). Notwithstanding the foregoing, an option may be amended to reduce the per share exercise price below the per share exercise price of such option on the grant date and options may be granted in exchange for, or in connection with, the cancellation or surrender of options having a higher per share exercise price without receiving additional stockholder approval.

No ISOs may be granted pursuant to the Omnibus Equity Plan after the tenth anniversary of the effective date of the Omnibus Equity Plan, and no additional annual share increases to the Omnibus Equity Plan's aggregate share limit will occur from and after such anniversary. Any award that is outstanding on the termination date of the Omnibus Equity Plan will remain in force according to the terms of the Omnibus Equity Plan and the applicable award agreement.

Award Agreements Evidencing Class P Units

The Board of Directors of LP previously granted incentive awards of Class P Units to certain eligible employees and non-employee directors pursuant to award agreements entered into with each individual. These Class P Units vest over time, subject to the holder's continued service to the Company through each applicable vesting date.

2021 Equity Incentive Plan

Our board of directors adopted the Lulu's Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan in April 2021. The 2021 Equity Incentive Plan provides for the discretionary grant of incentive stock options, nonstatutory stock options, restricted stock awards and restricted stock units to our employees and consultants, or employees and consultants of our subsidiaries, and our directors. Incentive stock options may be granted only to our employees or employees of our subsidiaries.

Authorized Shares. The 2021 Equity Incentive Plan will be terminated in connection with this offering, and no awards will be granted under the 2021 Equity Incentive Plan after the 2021 Equity Incentive Plan is terminated. The 2021 Equity Incentive Plan will continue to govern outstanding awards granted thereunder. As of September 20, 2021, options to purchase an aggregate of 322,793 shares of our common stock were outstanding under the 2021 Equity Incentive Plan. We have also granted a special compensation award under the plan to our current Chief Executive Officer, pursuant to which shares of our common stock will be delivered if certain vesting conditions are met, as outlined in his employment agreement and special compensation award agreement.

Plan Administration. Our board of directors or a duly authorized committee of our board of directors administers our 2021 Equity Incentive Plan and the awards granted under it. Subject to the terms of the 2021 Equity Incentive Plan, the administrator has the authority which service providers will receive awards, to grant Awards and to set all terms and conditions of awards (including, but not

limited to, vesting, exercise and forfeiture provisions). In addition, the administrator shall have the authority to take all actions and make all determinations contemplated by the 2021 Equity Incentive Plan and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the 2021 Equity Incentive Plan as it deems advisable. The administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the 2021 Equity Incentive Plan or any award in the manner and to the extent it shall deem necessary or appropriate to carry the 2021 Equity Incentive Plan and any Awards into effect. The administrator's determinations under the 2021 Equity Incentive Plan made in the administrator's sole discretion are final and binding on all persons having or claiming any interest in the 2021 Equity Incentive Plan or in any award.

The administrator has the power to modify outstanding awards under the 2021 Equity Incentive Plan. The administrator has the authority, with the consent of any adversely affected option holder, to substitute another award of the same or a different type, change the date of exercise or settlement, and converting an incentive stock option to a nonstatutory stock option.

Awards. The administrator, in its sole discretion, establishes the terms of all awards granted under the 2021 Equity Incentive Plan, consistent with the terms of the 2021 Equity Incentive Plan. All awards are subject to the terms and conditions provided in the award agreement and the 2021 Equity Incentive Plan.

Stock Options. Stock options may be granted under the 2021 Equity Incentive Plan. Options granted under the 2021 Equity Incentive Plan generally must have an exercise price per share at least equal to the fair market value of a share of our common stock as of the date of grant. The term of an incentive stock option may not exceed 10 years, except that with respect to any participant who owns more than 10% of the combined voting power of all classes of our outstanding stock or any subsidiary, the term must not exceed five years and the exercise price per share must equal at least 110% of the fair market value of a share of our common stock on the grant date. The administrator will determine the methods of payment of the exercise price of an option. After termination of service of an employee, director, or consultant, he or she may exercise his or her option for the period of time as specified in the applicable option agreement. Unless otherwise provided in the applicable award agreement, options generally will remain exercisable (to the extent vested) for thirty days following service termination or six months following service termination due to disability or death. However, in no event may an option be exercised later than its maximum term.

Restricted Stock Awards. Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the administrator. The administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ceases for any reason, we may receive through a forfeiture condition or a repurchase right any or all of the shares of our common stock held by the participant that have not vested as of the date the participant terminates service with us.

Restricted Stock Units. Restricted stock units s are granted pursuant to restricted stock unit award agreements adopted by the administrator. Upon vesting, which may be tied to achievement of a performance condition or other requirements, an restricted stock units may be settled by cash, shares, or in some combination of both as deemed appropriate by the administrator or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited upon the participant's cessation of continuous service for any reason.

Non-Transferability of Awards. Unless determined otherwise by the administrator, awards granted under the 2021 Equity Incentive Plan may not be transferred other than by will, the laws of

descent and distribution or as otherwise provided under the 2021 Equity Incentive Plan and, are exercisable during the option holder's lifetime only by the option holder. A restricted stock award may only be transferred as permitted in the restricted stock award agreement.

Certain Transactions. In the event of any change made in, or other events that occur with respect to the common stock subject to the 2021 Equity Incentive Plan or subject to an award granted under the 2021 Equity Incentive Plan through a dividend or other distribution (whether in the form of cash, common stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets, or sale or exchange of common stock or other securities, issuance of warrants or other rights to purchase common stock or other securities, or other similar corporate transaction or event, as determined by the administrator, affects the common stock such that an adjustment is determined by the administrator to be appropriate in order to prevent dilution or enlargement of the benefits provided for under the 2021 Equity Incentive Plan, the administrator will make appropriate adjustments to the class and maximum number of shares that may be issued upon the exercise of incentive stock options and the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards. The 2021 Equity Incentive Plan provides that in the event of transactions listed in the preceding sentence, a change in control or any unusual or nonrecurring transaction or event affecting our company or the financial statements or financial condition of our company, the administrator may, in its discretion, provide that each outstanding award will vest, be cancelled in exchange for either an amount of cash or other property, be assumed by the successor or survivor corporation, or substituted for by awards covering the stock of the successor or survivor corporation, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the administrator, be replaced with other rights or property or terminate and cannot vest, be exercised or become payable after the applicable event.

Amendment; Termination. Subject to the terms of the 2021 Equity Incentive Plan, our board of directors may terminate, amend or modify the 2021 Equity Incentive Plan or any portion thereof at any time, although certain amendments require stockholder approval. As noted above, no further awards will be granted under the 2021 Equity Incentive Plan after it is terminated in connection with this offering. However, all awards outstanding under the 2021 Equity Incentive Plan will continue to be governed by their existing terms following termination of the 2021 Equity Incentive Plan.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

We describe below transactions and series of similar transactions, since December 30, 2018 or currently proposed, to which we were a party or will be a party, in which:

- the amounts involved exceed $120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting these criteria to which we have been or will be a party other than compensation arrangements, which are described where required under “Management” and “Executive Compensation.”

Series B Preferred Stock Financing

In June 2020, we sold an aggregate of 7,500,001 shares of Series B Preferred Stock at a purchase price of $1.00 per share, for an aggregate purchase price of $7.5 million and incurred issuance costs associated with the issuance of $0.2 million. The following table summarizes purchases of our Series B Preferred Stock by related persons:

Stockholder	Shares of Series B Preferred Stock	Total Series B Preferred Stock Purchase Price
Institutional Venture Partners XV, L.P.	207,232	$ 207,232
Institutional Venture Partners XV Executive Fund, L.P.	1,102	$ 1,102
Institutional Venture Partners XVI, L.P.	208,383	$ 208,383
Canada Pension Plan Investment Board	416,667	$ 416,667
LFL Acquisition Corp.	5,000,000	$ 5,000,000
H.I.G.-GPII, Inc.	1,666,667	$ 1,666,667

In connection with the issuance of our Series B Preferred Stock, we incurred an equity-based compensation expense of $8.6 million.

Series B-1 Preferred Stock Financing

In March 2021, we sold an aggregate of 1,450,000 shares of our Series B-1 Preferred Stock at a purchase price of $1.00 per share, for an aggregate purchase price of $1.45 million. In connection with the Series B-1 offering, we filed an amended and restated certificate of incorporation, which authorized the issuance of up to 2,500,000 shares of Series B-1 Preferred Stock with the same rights, preferences and privileges of the original Series B Preferred Stock and increased the authorized shares of common stock to 24,000,000.

The following table summarizes purchases of our Series B-1 Preferred Stock by related persons:

Stockholder	Shares of Series B-1 Preferred Stock	Total Series B-1 Preferred Stock Purchase Price
Mark Vos	600,000	$ 600,000
Crystal Landsem	400,000	$ 400,000

In connection with the issuance of our Series B-1 Preferred Stock, we incurred equity-based compensation expense of $1.5 million.

Transaction Services Agreement

We entered into a transaction services agreement (the "Transaction Services Agreement") with our Sponsor and certain other related parties on July 25, 2014 whereby we agreed to compensate our Sponsor for services provided related to the Sponsor's acquisition of Company equity, and our Sponsor agreed to provide certain financial and strategic advisory services and consulting services. Under the Transaction Services Agreement, we incurred the following:

	Year Ended,			Six Months Ended
	2018	2019	2020	July 4, 2021
				(unaudited)
Sponsor	$2,595,000	$ —	$ —	$ —
Other related parties	962,000	—	—	—
Total	$3,557,000	$ —	$ —	$ —

In connection with this offering, we, our Sponsor and the other parties to the Transaction Services Agreement will terminate the Transaction Services Agreement; provided that, the provisions relating to indemnification will survive termination.

We have agreed to indemnify our Sponsor and, among others, its officers, directors, stockholders, and affiliates, against all losses, claims, liabilities, suits, costs, damages, and expenses arising from their performance of services under the Transaction Services Agreement.

Professional Services Agreement

We entered into a professional services agreement (the "Professional Services Agreement") with our Sponsor and certain other related parties on July 25, 2014, whereby our Sponsor agreed to provide certain management services and consulting services. Under the Professional Services Agreement, we incurred the following:

	Year Ended,			Six Months Ended
	2018	2019	2020	July 4, 2021
	(in thousands)			(unaudited)
Sponsor management fees	$ 585,000	$ 500,000	$ 499,995	$ 250,000
Sponsor other reimbursement	115,000	131,637	—	4,110
Other related parties(1)	214,000	246,008	260,600	122,500
Total	$ 914,000	$ 877,645	$ 760,595	$ 376,610

(1) Consists of board fees such as reimbursements for travel and management fees.

In connection with this offering, we, our Sponsor and the other parties to the Professional Services Agreement will terminate the Professional Services Agreement; provided that, the provisions relating to indemnification will survive termination. In connection with such termination, we will pay our Sponsor total accrued and unpaid fees of approximately $1.2 million, which payment will be made immediately prior to the consummation of this offering. Additionally, in connection with the termination of the Professional Services Agreement, we will pay other parties to the Professional Services Agreement total accrued and unpaid fees in the amount of approximately $0.3 million.

We have agreed to indemnify the Sponsor and, among others, its officers, directors, stockholders, and affiliates, against all losses, claims, liabilities, suits, costs, damages, and expenses arising from their performance of services under the Professional Services Agreement.

Investors' Rights Agreement

On April 12, 2018, we entered into an Investors' Rights Agreement with Lulu's Holdings, L.P., H.I.G.-GPII, Inc., LFL Acquisition Corp., Institutional Venture Partners XVI, L.P., Institutional Venture Partners XV, L.P., Institutional Venture Partners XV Executive Fund, L.P., Canada Pension Plan Investment Board, (the "Investors' Rights Agreement"), pursuant to which such investors have certain demand registration rights, short-form registration rights and piggyback registration rights in respect of any shares of common stock or common stock issuable or issued upon conversion of the Series A Preferred Stock and related indemnification rights from us, subject to customary restrictions and exceptions. All fees, costs and expenses of registrations, other than underwriting discounts and commissions, are expected to be borne by us.

Advance to LP

On January 31, 2019, we paid a cash advance to the LP of $2.4 million, which was used for the payment of accrued Class P Unit distributions to certain current employees, including Crystal Landsem and Mark Vos. We recorded interest income on the advance of $0.1 million for the year ended December 29, 2019. On September 16, 2019, LP repaid the advance, including interest, and made an advance to us of $2.0 million for future distributions to certain current employees upon the December 31, 2019 vesting of their Class P units. An additional $37,000 was advanced to us from LP during 2020. In June 2020, we repaid the 2019 and 2020 advances from LP plus accrued interest of $0.1 million, which repayment was used by LP to pay accrued Class P unit distributions to certain of our current employees, including Crystal Landsem and Mark Vos.

Indemnification Agreements and Directors' and Officers' Liability Insurance

We will enter into indemnification agreements with each of our directors and executive officers. These agreements will require us to, among other things, indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. We have obtained an insurance policy that insures our directors and officers against certain liabilities, including liabilities arising under applicable securities laws.

Policies for Approval of Related Person Transactions

In connection with this offering, we will adopt a written policy relating to the approval of related person transactions. Our audit committee will review and approve or ratify all relationships and related person transactions between us and (i) our directors, director nominees, executive officers or their immediate family members, (ii) any 5% record or beneficial owner of our common stock, or (iii) any immediate family member of any person specified in (i) and (ii) above. Our compliance director will be primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related party transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

As set forth in the related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the committee will consider:

- the nature of the related person's interest in the transaction;
- the availability of other sources of comparable products or services;

- the material terms of the transaction, including, without limitation, the amount and type of transaction; and
- the importance of the transaction to us.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the audit committee will provide all material information concerning the transaction to the audit committee.

PRINCIPAL STOCKHOLDERS

The following table shows information as of , 2021 regarding the beneficial ownership of our common stock (1) prior to this offering and (2) as adjusted to give effect to this offering by:

- each person or group who is known by us to own beneficially more than 5% of our common stock;
- each member of our Board of Directors and each of our named executive officers; and
- all members of our Board of Directors and our executive officers as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Percentage of beneficial ownership is based on shares of common stock outstanding as of , 2021 and shares of common stock outstanding after giving effect to this offering, assuming no exercise of the underwriters' option to purchase additional shares, or shares of common stock, assuming the underwriters exercise their option to purchase additional shares in full. Shares of common stock subject to options currently exercisable or exercisable within 60 days of the date of this prospectus are deemed to be outstanding and beneficially owned by the person holding the options for the purposes of computing the percentage of beneficial ownership of that person and any group of which that person is a member, but are not deemed outstanding for the purpose of computing the percentage of beneficial ownership for any other person. Except as otherwise indicated, the persons named in the table below have sole voting and investment power with respect to all shares of capital stock held by them. Unless otherwise indicated, the address for each holder listed below is 195 Humboldt Avenue, Chico, California 95928.

	Shares of common stock beneficially owned before this offering		Shares of common stock beneficially owned after this offering (assuming no exercise of the option to purchase additional shares)		Shares of common stock beneficially owned after this offering (assuming full exercise of the option to purchase additional shares)	
Name and address of beneficial owner	**Number of shares**	**Percentage of shares**	**Number of shares**	**Percentage of shares**	**Number of shares**	**Percentage of shares**
5% stockholders:						
Named executive officers and directors:						
David McCreight						
Crystal Landsem						
Mark Vos						
Thomas Belatti						
John Black						
Evan Karp						
Eric Liaw						
Michael Mardy						
Danielle Qi						
Colleen Winter						
Debra Cannon						
All Board of Director members and executive officers as a group (11 persons)						

* Represents beneficial ownership of less than 1% of our outstanding common stock.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Credit Facility

Overview

On August, 28, 2017, our indirect wholly-owned subsidiary Lulu's Fashion Lounge, LLC entered into a $145 million credit facility, (the "Credit Facility") with Credit Suisse AG, Cayman Islands Branch, as the administrative agent and collateral agent for all lenders, with $135 million committed as a term loan (the "Term Loan") and $10 million committed as a revolving credit facility (the "Revolving Facility"). The proceeds from the Term Loan were used to repay other long-term debt and to pay dividends to the LP, and the proceeds of the Revolving Facility are available for general working capital and other corporate purposes.

As of July 4, 2021, there were $107.7 million of borrowings outstanding under the Term Loan and no borrowings outstanding under the Revolving Facility.

On May 30, 2019, Lulu's Fashion Lounge, LLC entered into a waiver and amendment to the Credit Facility pursuant to which the lenders, among other things, waived a financial covenant default for the period ended March 31, 2019 and agreed to certain changes to the financial maintenance covenant levels. On June 5, 2020, Lulu's Fashion Lounge, LLC entered into a waiver and amendment to the Credit Facility pursuant to which the lenders, among other things, waived a payment default and a financial covenant default for the period ended March 31, 2020 and agreed to certain changes, including to the payment terms and financial maintenance covenant levels. On April 28, 2021, the Credit Facility was further amended to, among other things, make certain modifications to the reporting, liquidity, and mandatory prepayment requirements.

Interest Rate and Fees

From and after June 5, 2020 and until the first day of the month beginning after Lulu's Fashion Lounge, LLC delivers a compliance certificate evidencing compliance with its maximum consolidated total net leverage ratio maintenance covenant (the date of such delivery, the "Compliance Date"), the Term Loan bear interest at a rate per annum equal to (i) an adjusted LIBOR rate (the "Adjusted LIBOR Rate") (subject to a minimum floor of 1.00%) plus 9.50% or (ii) a base rate equal to the greater of the "prime rate," the federal funds effective rate plus 1/2 of 1.0% and the Adjusted LIBOR Rate (the "Base Rate") plus 8.50%, of which 2.50% is paid in kind by adding such percent to the outstanding principal balance of Term Loan. At all times thereafter, the Term Loan bear interest at either (i) a rate per annum equal to the Adjusted LIBOR Rate (subject to a minimum floor of 1.00%) plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 7.00% to 9.00% per annum, as indicated below or (ii) the Base Rate plus an applicable margin of ranging from 6.00% to 8.00% per annum based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC, as indicated below.

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for LIBOR Rate Term Loans	Applicable Margin for Base Rate Term Loan
I	Greater than 3.50 to 1.00	9.00%	8.00%
II	Less than or equal to 3.50 to 1.00, but greater than 2.25 to 1.00	8.00%	7.00%
III	Less than or equal to 2.25 to 1.00	7.00%	6.00%

From and after June 5, 2020 and until the first day of the month beginning after the Compliance Date, the loans under the Revolving Facility bear interest at a rate per annum equal to the Adjusted LIBOR Rate (subject to a minimum floor of 0.00%) plus 8.50% or (ii) the Base Rate plus 7.50%, of which 1.50% is paid in kind by adding such percent to the outstanding principal balance of Revolving Loans. At all times thereafter, loans under the Revolving Facility bear interest at either (i) the Adjusted LIBOR Rate (subject to a floor of 0.00%) plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 5.00% to 6.00% per annum, as indicated below or (ii) the Base Rate plus an applicable margin based on the consolidated total net leverage ratio of Lulu's Fashion Lounge, LLC ranging from 4.00% to 5.00% per annum, as indicated below.

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for LIBOR Rate Revolving Loans	Applicable Margin for Base Rate Revolving Loans	Applicable Margin for Unused Commitment Fee
I	Greater than 2.50 to 1.00	6.00%	5.00%	0.5%
II	Less than or equal to 2.50 to 1.00	5.00%	4.00%	0.375%

For the six months ended July 4, 2021, the effective interest rate on the Term Loan was 12.9%.

Interest on borrowings under the Credit Facility is payable (i) on the last day of any interest period with respect to LIBOR borrowing with an applicable interest period of less than six months, (ii) every three months with respect to LIBOR borrowings with an interest period of six months or greater or (iii) on the last business day of each March, June, September, and December with respect to base rate borrowings. In addition, the Credit Facility requires payment of an unused fee equal to a rate based on the consolidated total net leverage ratio of the Lulu's Fashion Lounge, LLC and ranging from 0.375% to 0.50% as indicated in the above chart, times the average daily amount by which the unutilized commitments exceed the amount outstanding under the Revolving Facility. The unused fee is payable on the last day of each quarter. Lulu's Fashion Lounge, LLC is also required to pay customary letter of credit fees and annual agency fees.

Prepayments

The Credit Facility requires prepayment of outstanding loans, subject to certain exceptions, with:

- 100% of the net cash proceeds of all non-ordinary course asset dispositions or events of loss in excess of $2,500,000 in any fiscal year by the loan parties and their respective subsidiaries, (i) if we do not reinvest those net cash proceeds in assets to be used in our business within 180 days of the receipt of such net cash proceeds or (ii) if we do not commit to reinvest such net cash proceeds within 180 days of the receipt thereof and do not actually reinvest such net cash proceeds within 360 days of the receipt thereof; and
- 100% of the net proceeds of (1) any issuance or incurrence of debt by the loan parties or any of their respective subsidiaries, other than debt permitted under the Credit Facility and (2) specified equity contributions;
- 75% (which percentage will be reduced to 50% if our consolidated total net leverage ratio is less than 2.00:1.00, as determined as of the last day of the applicable fiscal year and subject to certain reductions) of our annual excess cash flow (defined as EBITDA less certain customary deductions including, without limitation, unfinanced capital expenditures, fees and expenses under loan documents, insurance proceeds and others); and
- 100% of the net issuance proceeds of this offering.

The foregoing mandatory prepayments are used to first reduce the principal installments of the Term Loan on a pro rata basis based on the respective amounts thereof and, second, to the outstanding loans under the Revolving Facility (without a corresponding reduction in the revolving credit commitment).

We may voluntarily repay outstanding loans under the Credit Facility, and any such prepayment after August 29, 2020 is not subject to a prepayment premium.

Amortization

Amortization installment payments on the Term Loan are required to be made in quarterly installments of $2,531,250, with the remaining outstanding amount to be payable on August 28, 2022, the maturity date for the Term Loan. Principal amounts outstanding under the Revolving Facility will be due and payable in full on May 29, 2022.

Guarantee and Security

All obligations under the Credit Facility are unconditionally guaranteed by Lulu's Fashion Lounge Parent, LLC and, subject to certain exceptions, each of its current and future domestic subsidiaries (collectively referred to herein as "the loan parties"). All obligations under our Credit Facility, and the guarantees of those obligations, are secured by substantially all of the following assets of the loan parties, subject to certain exceptions, including:

- a pledge of 100% of the common units of Lulu's Fashion Lounge, LLC and 100% of the equity interests directly held by each loan party in any subsidiary of such loan party, subject to certain exceptions; and
- a security interest in substantially all tangible and intangible assets (including intellectual property) of the loan parties, subject to certain exceptions.

Certain Covenants and Events of Default

The Credit Facility contains a number of covenants that, among other things, restrict the ability of the loan parties and their respective subsidiaries to (subject to certain exceptions):

- create liens on assets;
- sell or otherwise dispose of assets;
- engage in mergers or consolidations;
- make investments (including acquisitions), loans or advances;
- incur additional indebtedness or issue preferred stock;
- engage in certain transactions with affiliates;
- pay dividends and distributions or repurchase our capital stock;
- change the line of business of the loan parties and their subsidiaries;
- amend organizational documents in a manner that materially adversely affects the interests of the agent or lenders;
- change the fiscal year of the loan parties or their subsidiaries; and
- enter into negative pledges.

The Credit Facility also contains customary representations and warranties, affirmative covenants, notice provisions and events of default, including a change of control. The change of control provision is triggered (a) upon or after the consummation of a qualified initial public offering, if any person or group other than our Sponsor and its affiliates, Company management, RLJ Credit Opportunity Fund I, L.P., LFL Acquisition Corp., or Emigrant Capital Corp. (collectively, the "Permitted Holders") or a group that includes the Permitted Holders (and with respect to which the Permitted Holders hold at least a majority of the outstanding voting stock of such group) is or becomes the beneficial owner, directly or indirectly, of voting equity interests of Lulu's Fashion Lounge Parent LLC representing more than 35% of the voting equity interests of Lulu's Fashion Lounge Parent LLC and a greater percentage of voting equity interests of Lulu's Fashion Lounge Parent LLC than is then beneficially owned, directly or indirectly, in the aggregate by the Permitted Holders or any group that includes the Permitted Holders; (b) on or after the date of an initial public offering, if a majority of the Board of Directors of Lulu's Fashion Lounge Parent LLC (or any person of which Lulu's Fashion Lounge Parent LLC is a direct or indirect subsidiary) (i) does not consist of directors that were on the Board of Directors as of the date of the Credit Agreement, (ii) was not nominated or approved by the Board of Directors of Lulu's Fashion Lounge Parent LLC (or any person of which Lulu's Fashion Lounge Parent LLC is a direct or indirect subsidiary), or (iii) was not appointed by directors so nominated or approved; and (c) the Lulu's Fashion Lounge Parent, LLC fails to own 100% of the outstanding equity interests of Lulu's Fashion Lounge, LLC.

The Credit Facility includes certain financial maintenance covenants, which, after giving effect to a waiver and amendment entered into on June 5, 2020, consist of, from and after the Compliance Date, a quarterly maximum consolidated total net leverage ratio of not more than 2.50 to 1.00 for the 12-month period ended June 30, 2020, with gradual step-downs to 2.00 to 1.00 for the fiscal year ended January 3, 2021 and thereafter.

This description of the Credit Facility does not purport to be complete and is qualified in its entirety by reference to the full text of the credit documents, which are filed as exhibits to the registration statement of which this prospectus forms a part.

New Revolving Facility

In connection with this offering, we anticipate entering into a new $50.0 million senior secured revolving credit facility. We intend to use borrowings under the New Revolving Facility to refinance existing indebtedness and for general corporate purposes, including funding working capital.

The New Revolving Facility will mature three years after the closing date of such facility, and borrowings thereunder will accrue interest at the daily SOFR rate, plus a SOFR adjustment of 26.161 basis points plus a margin of 1.75% per annum. Additionally, we expect a commitment fee of 37.5 basis points will be assessed on unused commitments under the New Revolving Facility.

Guarantee and Security

We expect that all obligations under the New Revolving Facility will be unconditionally guaranteed by Lulu's Fashion Lounge Parent, LLC and, subject to certain exceptions, each of its current and future domestic subsidiaries. All obligations under the New Revolving Facility, and the guarantees of those obligations, are expected to be secured by substantially all of the following assets of the loan parties, subject to certain exceptions, including:

- a pledge of 100% of the common units of Lulu's Fashion Lounge, LLC and 100% of the equity interests directly held by each loan party in any subsidiary of such loan party, subject to certain exceptions; and
- a security interest in substantially all tangible and intangible assets (including intellectual property) of the loan parties, subject to certain exceptions.

Certain Covenants and Events of Default

We expect the New Revolving Facility will contain a financial maintenance covenant requiring a maximum total leverage ratio of no more than 2.50:1.00, stepping down to 2.00:1.00 after 18 months.

We expect the New Revolving Facility will contain a number of covenants that, among other things, restrict the ability of the loan parties and their respective subsidiaries to (subject to certain exceptions):

- create liens on assets;
- sell or otherwise dispose of assets;
- engage in mergers or consolidations;
- make investments (including acquisitions), loans or advances;
- incur additional indebtedness or issue preferred stock;
- engage in certain transactions with affiliates;
- pay dividends and distributions or repurchase our capital stock;
- change the line of business of the loan parties and their subsidiaries;
- amend organizational documents in a manner that materially adversely affects the interests of the agent or lenders;
- change the fiscal year of the loan parties or their subsidiaries; and
- enter into negative pledges.

We expect the New Revolving Facility will also contain customary representations and warranties, affirmative covenants, notice provisions and events of default, including a change of control.

DESCRIPTION OF CAPITAL STOCK

The following discussion is a summary of the terms of our common stock, our amended and restated certificate of incorporation and bylaws as they will be in effect at the time of the offering. Copies of our amended and restated certificate of incorporation and bylaws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capitalization

Following the consummation of this offering, our authorized capital stock will consist of shares of common stock, par value $ per share, and shares of preferred stock, par value $ per share. All of our authorized preferred stock upon the completion of this offering will be undesignated.

Common Stock

As of , 2021, after giving effect to the conversion of all outstanding shares of our Preferred Stock into shares of common stock in connection with the completion of this offering, there would have been outstanding shares of common stock held by stockholders.

Holders of our common stock are entitled to the following rights.

Voting Rights

Directors will be elected by a plurality of the votes entitled to be cast except as set forth below with respect to directors to be elected by the holders of common stock. Our stockholders will not have cumulative voting rights. Except as otherwise provided in our amended and restated certificate of incorporation or as required by law, all matters to be voted on by our stockholders other than matters relating to the election and removal of directors must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter or by a written resolution of the stockholders representing the number of affirmative votes required for such matter at a meeting.

Dividend Rights

Holders of common stock will share equally in any dividend declared by our Board of Directors, subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, holders of our common stock would be entitled to share ratably in our assets that are legally available for distribution to stockholders after payment of liabilities. If we have any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, we must pay the applicable distribution to the holders of our preferred stock before we may pay distributions to the holders of our common stock.

Other Rights

Our stockholders have no preemptive or other rights to subscribe for additional shares. All holders of our common stock are entitled to share equally on a share-for-share basis in any assets available for distribution to common stockholders upon our liquidation, dissolution, or winding up. All outstanding shares are, and all shares offered by this prospectus will be, when sold, validly issued, fully paid, and nonassessable.

Preferred Stock

Upon the completion of this offering, no shares of preferred stock will be outstanding. Our Board of Directors is authorized to provide for the issuance of preferred stock in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference and to fix the number of shares to be included in any such series without any further vote or action by our stockholders. Any preferred stock so issued may rank senior to our common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. In addition, any such shares of preferred stock may have class or series voting rights. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders and may adversely affect the voting and other rights of the holders of our common stock.

Registration Rights

Our existing stockholders have certain registration rights with respect to our common stock pursuant to the Investors' Rights Agreement. See "Certain Relationships and Related Person Transactions—Investors' Rights Agreement."

Anti-Takeover Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that delay, defer or discourage transactions involving an actual or potential change in control of us or change in our management. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board of Directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our Board of Directors the power to discourage transactions that some stockholders may favor, including transactions in which stockholders might otherwise receive a premium for their shares or transactions that our stockholders might otherwise deem to be in their best interests. Accordingly, these provisions could adversely affect the price of our common stock.

Classified Board

Our amended and restated certificate of incorporation provides that our Board of Directors will consist of between and directors, as long as any shares of common stock are outstanding and that our Board of Directors will be divided into three classes, with one class being elected at each annual meeting of stockholders. Each director will serve a three-year term, with termination staggered according to class. Class I will initially consist of directors, Class II will initially consist of , , and directors, and Class III will initially consist of directors , , and .

Upon consummation of this offering, our Board of Directors will initially consist of directors.

Our amended and restated certificate of incorporation provides that directors may only be removed for cause by the affirmative vote of the remaining members of our Board of Directors or the holders of at least a majority of the voting power of all outstanding shares of common stock then entitled to vote on the election of directors.

The classification of our Board or Directors could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our Company.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated certificate of incorporation provides that special meetings of the stockholders may be called only upon the request of a majority of our board, the Chief Executive Officer or the Chair of the Board of Directors. Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying, or discouraging hostile takeovers or changes in control or management of our Company.

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board of Directors or a committee of our Board of Directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with the advance notice requirements of directors, which may be filled only by a vote of a majority of directors then in office, even though less than a quorum, and not by the stockholders. Our amended and restated bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay, or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our Company.

No Stockholder Action by Written Consent

Our amended and restated certificate of incorporation provides that, subject to the rights of any holders of preferred stock to act by written consent instead of a meeting, stockholder action may be taken only at an annual meeting or special meeting of stockholders and may not be taken by written consent instead of a meeting. Failure to satisfy any of the requirements for a stockholder meeting could delay, prevent or invalidate stockholder action.

Section 203 of the DGCL

Our amended and restated certificate of incorporation provides that the provisions of Section 203 of the DGCL, which relate to business combinations with interested stockholders, do not apply to us. Section 203 of the DGCL prohibits a publicly held Delaware corporation from engaging in a business combination transaction with an interested stockholder (a stockholder who owns more than 15% of our common stock) for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as board approval of the business combination or the transaction that resulted in such stockholder becoming an interested stockholder. These provisions would apply even if the business combination could be considered beneficial by some stockholders. However, our amended and restated certificate of incorporation contains a provision that provides us with protections similar to Section 203 of the DGCL and will prevent us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock unless board or stockholder approval is obtained prior to the acquisition.

Choice of Forum

The Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative

action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, or other employee of the Company to the Company or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine.

Additionally, our amended and restated certificate of incorporation to be effective on the closing of this offering will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against a defendant to such complaint. The choice of forum provisions would not apply to claims or causes of action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, as Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

These provisions may result in increased costs for investors seeking to bring a claim against us or any of our directors, officers or other employees.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company shall be deemed to have notice of and consented to the foregoing forum selection provisions.

Listing

We intend to apply to have our common stock listed on the Nasdaq Global Market under the symbol “LVLU.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC. The transfer agent and registrar’s address is 6201 15th Avenue, Brooklyn, NY 11219.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock in the public market, or the perception that sales may occur, could materially adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital in the future.

Sale of Restricted Securities

Upon consummation of this offering, we will have shares of our common stock outstanding (or shares, if the underwriters exercise their option to purchase additional shares in full). Of these shares, all shares sold in this offering will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our affiliates may generally only be sold in compliance with Rule 144, which is described below. Of the remaining outstanding shares, shares will be deemed "restricted securities" under the Securities Act.

Lock-Up Agreements

In connection with this offering, we, each of our directors and executive officers, as well as substantially all of our other securityholders, will enter into lock-up agreements described under "Underwriting" that restrict the sale of our securities for up to 180 days after the date of this prospectus without the prior written consent of Goldman Sachs & Co. LLC and BofA Securities, Inc. on behalf of the underwriters, subject to certain exceptions.

Following the lock-up periods described above, all of the shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

The shares of our common stock sold in this offering will generally be freely transferable without restriction or further registration under the Securities Act, except that any shares of our common stock held by an "affiliate" of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Rule 144 permits our common stock that has been acquired by a person who is an affiliate of ours, or has been an affiliate of ours within the past three months, to be sold into the market in an amount that does not exceed, during any three-month period, the greater of:

- one percent of the total number of shares of our common stock outstanding; or
- the average weekly reported trading volume of our common stock for the four calendar weeks prior to the sale.

Such sales are also subject to specific manner of sale provisions, a six-month holding period requirement, notice requirements and the availability of current public information about us.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a

sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144.

Rule 701

In general, under Rule 701, as currently in effect, any of our employees, directors, officers, consultants, or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to resell such shares 90 days after the effective date of this offering in reliance on Rule 144.

Securities issued in reliance on Rule 701 are restricted securities and, subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than "affiliates," as defined in Rule 144, subject only to the manner of sale provisions of Rule 144 and by "affiliates" under Rule 144 without compliance with its one-year minimum holding period requirement.

Additional Registration Statements

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of our common stock to be issued or reserved for issuance under our equity incentive plans. Such registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing with the SEC. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions with us or the lock-up restrictions described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership, and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local, or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership, and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder's particular circumstances, including the impact of the Medicare contribution tax on net investment income and the alternative minimum tax. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle, or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers, or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- tax-qualified retirement plans; and
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE

U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL, OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A "U.S. person" is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and all substantial decisions of which are subject to the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Distributions

As described in the section of this prospectus titled "Dividend Policy," we do not anticipate declaring or paying cash dividends in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular rates applicable to U.S. persons. A Non-U.S. Holder that is a corporation

also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Sale or Other Taxable Disposition

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI"), by reason of our status as a U.S. real property holding corporation ("USRPHC"), for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular rates applicable to U.S. persons. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

A Non-U.S. Holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on gain realized upon the sale or other taxable disposition of our common stock, which may be offset by certain U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition of our common stock by a Non-U.S. Holder will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder's holding period.

Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Payments of dividends on our common stock will not be subject to backup withholding, provided the Non-U.S. Holder certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN,
W-8BEN-E, or W-8ECI, or otherwise establishes an exemption. However, information returns are

required to be filed with the IRS in connection with any distributions on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting if the applicable withholding agent receives the certification described above or the Non-U.S. Holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker that does not have certain enumerated relationships with the United States generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code, such Sections commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC, BofA Securities, Inc. and Jefferies LLC are the representatives of the underwriters.

Underwriter	Number of Shares
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
Jefferies LLC	
Robert W. Baird & Co. Incorporated	
Cowen and Company, LLC	
KeyBanc Capital Markets Inc.	
Piper Sandler & Co.	
Telsey Advisory Group LLC	
Total	

The underwriters will be committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares, the representative may change the offering price and the other selling terms.

The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We, our executive officers, directors and holders of substantially all of our capital stock, warrants, and options have agreed or will agree with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman Sachs & Co. LLC and BofA Securities, Inc. This agreement does not apply to any existing employee benefit plans. See the section of this prospectus titled "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the representatives of the underwriters. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price will be:

- the valuation multiples of publicly traded companies that the representatives of the underwriters believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future financial performance;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the , in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to $. The underwriters have agreed to reimburse us for certain expenses incurred by us in connection with this offering upon the completion of this offering.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities or instruments of the issuer (directly, as collateral securing other obligations or otherwise) or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area (each a Relevant State), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant State at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation;

provided that no such offer of the shares shall require us or any of the representatives of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the shares shall require the Issuer or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption form, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“Companies (Winding Up and Miscellaneous Provisions) Ordinance”) or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“Securities and Futures Ordinance”), or (ii) to “professional investors” as defined

in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the

shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This offering document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of twelve months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This offering document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Dubai International Financial Centre

This offering document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This offering document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth in this prospectus and has no responsibility for the offering document. The securities to which this offering document relates may be

illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this offering document you should consult an authorized financial advisor.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described in this prospectus and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

LEGAL MATTERS

Latham & Watkins LLP, has passed upon the validity of the shares of common stock offered hereby on our behalf. The underwriters are being represented by Cooley LLP, in connection with the offering.

EXPERTS

The financial statements as of January 3, 2021 and December 29, 2019 and for the years ended January 3, 2021 and December 29, 2019, included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Deloitte advised the Audit Committee of the Company's Board of Directors (the "Audit Committee") that a loaned staff arrangement, a contingent fee arrangement, and a business relationship had been entered into between companies owned by funds affiliated with H.I.G. (the "HIG Funds") and Deloitte Touche Tohmatsu Limited entities in three separate foreign countries during certain periods in 2018 and 2019. Although these relationships were entered into when the companies were not considered affiliates of the Company pursuant to the standards under which the prior audit engagements were performed (U.S. GAAS), these relationships were deemed to be prohibited under the SEC's auditor independence rules.

Deloitte informed the Audit Committee that Deloitte maintained objectivity and impartiality on all issues encompassed within its audits of the Company's consolidated financial statements for the years ended December 29, 2019 and December 30, 2018 because:

- the impermissible loaned staff arrangement, contingent fee arrangement, and business relationship had no impact on the Company's financial statements and were not subject to Deloitte's audits;
- the impermissible loaned staff arrangement, contingent fee arrangement, and business relationship had been performed for HIG Funds' portfolio companies that are immaterial to H.I.G. and unrelated to the Company (other than the common ownership of the HIG Funds);
- Deloitte's audit team for the Company had not been previously aware of the impermissible loaned staff arrangement, contingent fee arrangement, and business relationship and was not involved in the provision of such services; and
- the impermissible loaned staff arrangement, contingent fee arrangement, and business relationship have been terminated.

After considering the facts and circumstances, the Audit Committee concurred with Deloitte's conclusion that, for the reasons described above, the impermissible relationships did not impair Deloitte's objectivity and impartiality with respect to the planning and execution of the audits of the Company's consolidated financial statements for the years ended December 29, 2019 and December 30, 2018.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further

information with respect to us and the shares of common stock offered hereby, you should refer to the registration statement and to the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. When we complete this offering, we will be required to file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC.

You can read our SEC filings, including the registration statement, over the internet at the SEC's website at www.sec.gov. Upon completion of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements, and other information will be available via the SEC's website at www.sec.gov. We also maintain a website at www.lulus.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. However, the information contained in or accessible through our website is not part of this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on such information in making a decision to purchase our common stock in this offering.

LULU'S FASHION LOUNGE HOLDINGS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and Board of Directors of Lulu's Fashion Lounge Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lulu's Fashion Lounge Holdings, Inc. and subsidiaries (the "Company") as of January 3, 2021 and December 29, 2019, the related consolidated statements of operations and comprehensive loss, redeemable preferred stock, convertible preferred stock and stockholder's deficit, and cash flows, for the years ended January 3, 2021 and December 29, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 3, 2021 and December 29, 2019, and the results of its operations and its cash flows for the years ended January 3, 2021 and December 29, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

San Francisco, California
August 6, 2021

We have served as the Company's auditor since 2017.

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

	As of December 29, 2019	As of January 3, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 5,857	$ 15,554
Accounts receivable	3,955	3,832
Inventory, net	26,137	16,895
Asset for recovery	3,251	1,104
Income tax refund receivable	2,437	2,739
Prepaids and other current assets	5,170	2,675
Total current assets	46,807	42,799
Restricted cash	504	505
Property and equipment, net	4,070	3,090
Goodwill	35,430	35,430
Tradename	18,509	18,509
Intangible assets, net	2,696	2,290
Other noncurrent assets	2,503	2,453
Total assets	$ 110,519	$ 105,076
Liabilities, Redeemable Preferred Stock, Convertible Preferred Stock and Stockholder's Deficit		
Current liabilities:		
Accounts payable	$ 10,971	$ 7,161
Accrued expenses and other current liabilities	11,295	7,533
Returns reserve	8,154	2,895
Stored-value card liability	4,605	4,973
Advance from Parent	2,003	—
Revolving line of credit	4,000	8,580
Long-term debt, current portion	10,125	10,125
Total current liabilities	51,153	41,267
Long-term debt, net of current portion	96,653	96,856
Other noncurrent liabilities	3,954	2,504
Total liabilities	151,760	140,627
Commitments and Contingencies (Note 6)		
Redeemable preferred stock: $0.001 par value, 0 and 7,500,001 shares authorized as of December 29, 2019 and January 3, 2021, respectively; 0 and 7,500,001 shares issued and outstanding as of December 29, 2019 and January 3, 2021, respectively; aggregate liquidation preference of $15,000 as of January 3, 2021.	—	16,412
Convertible preferred stock: $0.001 par value, 3,129,634 and 3,129,635 shares authorized as of December 29, 2019 and January 3, 2021, respectively; 3,129,634 shares issued and outstanding as of December 29, 2019 and January 3, 2021; aggregate liquidation preference of $240,000 as of January 3, 2021	117,038	117,038
Stockholder's deficit:		
Common stock: $0.001 par value, 20,591,917 and 21,196,740 shares authorized as of December 29, 2019 and January 3, 2021, respectively; 17,462,283 shares issued and outstanding as of December 29, 2019 and January 3, 2021	18	18
Additional paid-in capital	2,040	10,622
Accumulated deficit	(160,337)	(179,641)
Total stockholder's deficit	(158,279)	(169,001)
Total liabilities, redeemable preferred stock, convertible preferred stock and stockholder's deficit	$ 110,519	$ 105,076

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

	Year Ended December 29, 2019	Year Ended January 3, 2021
Net revenue	$ 369,622	$ 248,656
Cost of revenue	208,418	138,364
Gross profit	161,204	110,292
Selling and marketing expenses	72,875	47,812
General and administrative expenses	73,386	67,155
Income (loss) from operations	14,943	(4,675)
Other income (expense), net:		
Interest expense	(15,206)	(16,037)
Other income, net	239	137
Total other expense, net	(14,967)	(15,900)
Loss before provision for income taxes	(24)	(20,575)
Income tax (provision) benefit	(445)	1,271
Net loss and comprehensive loss	$ (469)	$ (19,304)
Deemed dividend to a preferred stockholder	—	(504)
Net loss attributable to common stockholder – Basic and Diluted	$ (469)	$ (19,808)
Net loss per share attributable to common stockholder – Basic and Diluted	$ (0.03)	$ (1.13)
Shares used to compute net loss per share attributable to common stockholder – Basic and Diluted	17,462,283	17,462,283

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Consolidated Statements of Redeemable Preferred Stock, Convertible Preferred Stock and Stockholder's Deficit
(in thousands, except share amounts)

	Redeemable Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of December 30, 2018	—	$ —	3,129,634	$117,038	17,462,283	$ 18	$ —	$ (159,868)	$ (159,850)
Equity-based compensation (Note 9)	—	—	—	—	—	—	2,040	—	2,040
Net loss and comprehensive loss	—	—	—	—	—	—	—	(469)	(469)
Balance as of December 29, 2019	—	—	3,129,634	117,038	17,462,283	18	2,040	(160,337)	(158,279)
Series B redeemable preferred stock issuance, net of issuance costs of $163	7,500,001	16,412	—	—	—	—	(504)	—	(504)
Equity-based compensation (Note 9)	—	—	—	—	—	—	9,086	—	9,086
Net loss and comprehensive loss	—	—	—	—	—	—	—	(19,304)	(19,304)
Balance as of January 3, 2021	7,500,001	$16,412	3,129,634	$117,038	17,462,283	$ 18	$ 10,622	$ (179,641)	$ (169,001)

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 29, 2019	Year Ended January 3, 2021
Cash Flows from Operating Activities		
Net loss	$ (469)	$ (19,304)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,041	3,216
Amortization of debt discount and debt issuance costs	2,045	2,485
Interest expense capitalized to principal of long-term debt and revolving line of credit	—	1,747
Equity-based compensation expense	2,040	9,086
Equity-based compensation expense related to Series B redeemable preferred stock issuance	—	8,571
Write-off of deferred offering costs	—	1,950
Deferred income taxes	(1,620)	(14)
Gain on disposal of assets	—	(25)
Changes in operating assets and liabilities:		
Accounts receivable	(1,673)	123
Inventories	(1,822)	9,242
Asset for recovery	(369)	2,147
Income tax refund receivable	483	(302)
Prepaids and other current assets	(833)	339
Accounts payable	5,264	(3,702)
Accrued expenses and other current liabilities	3,118	(9,346)
Other noncurrent liabilities	2,669	(1,357)
Net cash provided by operating activities	11,874	4,856
Cash Flows from Investing Activities		
Capitalized software development costs	(1,830)	(1,273)
Purchases of property and equipment	(2,212)	(700)
Proceeds from sale of property and equipment	—	60
Advance to Parent	(2,406)	—
Repayments of advance to Parent	2,406	—
Net cash used in investing activities	(4,042)	(1,913)
Cash Flows from Financing Activities		
Proceeds from borrowings on revolving line of credit	9,000	5,300
Repayments on revolving line of credit	(5,000)	(800)
Repayment of long-term debt	(12,656)	(2,531)
Payment of debt issuance costs	(875)	(437)
Payment of deferred offering costs	(2,156)	—
Advance from Parent	2,003	37
Repayment of Advance from Parent	—	(2,040)
Proceeds from issuance of Series B redeemable preferred stock, net of issuance costs	—	7,337
Other	(37)	(111)
Net cash (used in) provided by financing activities	(9,721)	6,755

(Continued)

LULU'S FASHION LOUNGE HOLDINGS, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 29, 2019	Year Ended January 3, 2021
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,889)	9,698
Cash, cash equivalents and restricted cash at beginning of year	8,250	6,361
Cash, cash equivalents and restricted cash at end of year	$ 6,361	$ 16,059
Supplemental Disclosure		
Cash paid for income taxes, net of income tax refunds	$ 1,383	$ 171
Cash paid for interest	$ 13,068	$ 12,732
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchases of property and equipment included in accounts payable	$ 202	$ 94
Debt issuance costs included in accrued expenses	$ —	$ 917
Deemed dividend to a preferred stockholder	$ —	$ 504
Paid-in-kind interest added to principal balance of long-term debt and revolving line of credit	$ —	$ 1,747

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Consolidated Financial Statements

1. Description of Business

Pursuant to a reorganization, Lulu's Fashion Lounge Holdings, Inc., a Delaware Corporation ("Lulus", 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 ("LFL"). Prior to the sale of the Company's Series A convertible preferred stock, the Company was wholly-owned by Lulu's Holdings, L.P. (the "Parent"). As of January 3, 2021, the Company is majority-owned by the Parent.

LFL was founded in 1996, starting as a vintage boutique in Chico, CA that began selling online in 2005 and transitioned to a purely online business in 2008. The Parent was formed in 2014 as a holding company and purchased 100% of LFL's outstanding common stock in 2014. The Company, through LFL, is an online retailer of women's clothing, shoes and accessories based in Chico, CA.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus that causes the disease COVID-19 a global pandemic. The COVID-19 pandemic has had a significant impact on the broader economy and consumer behavior. As a result of these developments, the Company experienced an unfavorable impact on its revenue, results of operations and cash flows in its fiscal year ended January 3, 2021.

The Company may face longer term impacts from COVID-19 due to, among other factors, evolving federal, state and local restrictions and shelter-in-place orders, changes in consumer behavior and health concerns which may impact customer demand. The current events and economic conditions are significant in relation to the Company's ability to fund its business operations. In response to the impact of COVID-19, the Company implemented a number of measures to minimize cash outlays, including reducing discretionary marketing and other expenses. Additionally, in June 2020, the Company modified its existing credit agreement to amend covenants and adjust certain payment terms. The Company also borrowed $5.3 million under its existing revolving line of credit facility (see Note 5, *Debt*). The Company subsequently repaid the entire outstanding balance under the revolving line of credit in March 2021 (see Note 14, *Subsequent Events*). The Company sold shares of Series B Preferred Stock in June 2020 for net cash proceeds of $7.3 million (see Note 7, *Preferred Stock*) and sold shares of Series B-1 Preferred Stock in March 2021 for gross cash proceeds of $1.5 million (see Note 14, *Subsequent Events*).

Liquidity

The Company has primarily funded its operations with proceeds from the issuance of preferred stock and debt borrowings. The Company had cash and cash equivalents of $15.6 million as of January 3, 2021. Management believes that the Company's cash and cash equivalents and operating cash flows will be sufficient to fund its operations for at least the next 12 months from the issuance of these annual consolidated financial statements on August 6, 2021.

As discussed in Note 5, *Debt*, the Company is required to make contractual principal payments of $10.1 million during fiscal year 2021 and $109.8 million during fiscal year 2022 related to the revolving line of credit and Term Loan. The Company intends to meet its contractual obligation for repayment of the $96.2 million principal payment related to the Term Loan due upon its maturity on August 28, 2022 by obtaining additional equity or debt financing.

In the event that additional financing is required from outside sources, the Company may not be able to raise it on acceptable terms or at all. If the Company is unable to raise additional capital when

desired, or if it cannot expand its operations or otherwise capitalize on its business opportunities because it lacks sufficient capital, its business, operating results, and financial condition would be adversely impacted.

2. Significant Accounting Policies

Basis of Presentation and Fiscal Year

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("United States") ("GAAP") and include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation. The Company's fiscal year consists of a 52-week or 53-week period ending on the Sunday nearest December 31. The fiscal year ended December 29, 2019 ("2019") consisted of 52 weeks while the fiscal year ended January 3, 2021 ("2020") consisted of 53 weeks.

Use of Estimates

The preparation of 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions, include, but are not limited to sales return reserves and related assets for recovery, valuation of the Series B redeemable preferred stock, and valuation of the Parent's Class P unit equity-based 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 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.

Segment Reporting

The Company manages its business on the basis of one operating and reportable segment, retail. The Company's chief operating decision makers, its Co-Presidents, review financial information on an aggregate basis for the purposes of allocating resources and evaluating financial performance. All long-lived assets are located in the United States and substantially all revenue is attributable to customers based in the United States. International sales are not significant.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid instruments purchased with original maturities of three months or less when issued as cash equivalents. These consist primarily of time deposit bank accounts and money market accounts. Due to the nature of the Company's cash flow, amounts on deposit in individual banks may temporarily exceed the insured amount throughout the period.

Restricted cash represents deposits with a financial institution to serve as collateral for the Company's corporate credit cards.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Consolidated Financial Statements

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows (in thousands):

	December 29, 2019	January 3, 2021
Cash and cash equivalents	$ 5,857	$ 15,554
Restricted cash	504	505
Total cash and restricted cash	$ 6,361	$ 16,059

Accounts Receivable

Accounts receivable consist primarily of receivables from credit card processing agencies and wholesale customers. Based on historical collections from these agencies, no allowance for doubtful accounts was deemed necessary as of December 29, 2019 and January 3, 2021.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. At times, 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 December 29, 2019 and January 3, 2021, a single wholesale customer represented 22% and 51% respectively, of the Company's accounts receivable balance. No customer accounted for greater than 10% of the Company's net revenue during 2019 and 2020.

Inventory

Inventory consists of finished goods, which are recorded at the lower of cost or net realizable value, with cost determined using the first-in-first-out method. The cost of inventory consists of merchandise costs and inbound freight costs. Inventory levels are reviewed to identify slow-moving merchandise, and promotions and markdowns are used to clear merchandise. In the period in which the Company determines estimated selling price, less costs to sell, is below cost, or identifies excess, obsolete, or unsalable items, the Company writes its inventory down to its net realizable value.

Property and Equipment, net

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 8 years. Improvements that extend the life of a specific asset are capitalized, while normal maintenance and repairs are expensed as incurred. When assets are sold or otherwise retired, their cost and related accumulated depreciation are removed from the balance sheet with any resulting gain or loss reflected in general and administrative expenses in the consolidated statements of operations and comprehensive loss.

Goodwill and Tradename

Goodwill is stated at the excess of the acquisition price over the fair value of net assets acquired in a purchase acquisition and is not amortized. Goodwill arose from the Parent's purchase of 100% of

the outstanding common stock of LFL on July 25, 2014 and the Company has one reporting unit. The Company's tradename is an indefinite-lived intangible asset and is not amortized. The Company reviews its goodwill and tradename for impairment at least annually (on the first day of the fourth quarter) or more frequently whenever events or changes in circumstances indicate that the carrying amount may be impaired.

When testing goodwill for impairment, the Company first performs an assessment of qualitative factors ("Step 0 Test"). The qualitative assessment includes assessing the totality of relevant events and circumstances that affect the fair value or carrying value of the reporting unit. These events and circumstances include macroeconomic conditions, industry and competitive environment conditions, overall financial performance, reporting unit specific events and market considerations. The Company also considers recent valuations of the reporting unit, including the magnitude of the difference between the most recent fair value estimate and the carrying value, as well as both positive and adverse events and circumstances, and the extent to which each of the events and circumstances identified may affect the comparison of a reporting unit's fair value with its carrying value. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit. The Company performed the qualitative assessment of its goodwill and determined that it is more likely than not that the fair value of its reporting unit exceeds the carrying value of the reporting unit. As a result, there was no goodwill impairment during 2019 and 2020. There was no accumulated impairment of goodwill as of December 29, 2019 and January 3, 2021.

When testing the tradename for impairment, the Company first performs an assessment of qualitative factors. If qualitative factors indicate that it is more likely than not that the fair value of the tradename is less than its carrying amount, the Company tests the tradename for impairment at the asset level. The Company determines the fair value of the tradename and compares it to the carrying value. If the carrying value of the tradename exceeds the fair value, the Company recognizes an impairment loss in an amount equal to the excess. The Company performed the qualitative assessment of its tradename and determined that it is more likely than not that the fair value of the tradename exceeds the carrying value of the reporting unit. There were no additions to, disposals of, or impairments of the tradename during 2019 and 2020. There was no accumulated impairment of the tradename as of December 29, 2019 and January 3, 2021.

Intangible Assets, net

Intangible assets, net consists of capitalized internal-use software development, which is amortized over a 3-year period. The Company capitalizes certain costs in connection with obtaining or developing software for internal use. Additionally, the Company capitalizes qualifying costs incurred for upgrades and enhancements that result in additional functionality to existing software. Amortization of such costs begins when the project is substantially complete and ready for its intended use. Costs related to design or maintenance are expensed as incurred. Intangible asset amortization expense was $1.6 million and $1.7 million in 2019 and 2020, respectively.

Intangible assets are amortized on a straight-line basis over the estimated useful life of the assets. The Company reviews intangible assets for impairment under the long-lived asset model described below. No impairment of intangible assets was recorded during 2019 and 2020.

Long-Lived Asset Impairment

The Company evaluates long-lived assets for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable. In

evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the asset and eventual disposition. To the extent that projected undiscounted future net cash flows attributable to the asset are less than the carrying amount, an impairment loss is recognized in an amount equal to the difference between the carrying value of such asset and its estimated fair value. There was no impairment recorded during 2019 and 2020.

Deferred Offering Costs

Deferred offering costs consist of expenses incurred in connection with an equity offering, including legal, accounting, printing, and other initial public offering ("IPO")-related costs. Deferred offering costs are written off to operating expenses in the consolidated statements of operations and comprehensive loss upon the termination or significant delay of a planned equity offering. There were $2.2 million of deferred offering costs capitalized as of December 29, 2019 (included in prepaids and other current assets in the consolidated balance sheets) and none as of January 3, 2021, as approximately $2.0 million of deferred offering costs were written off to general and administrative expenses in the consolidated statements of operations and comprehensive loss and the Company received a refund of such costs of $0.2 million from a vendor in 2020.

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 point of sale for merchandise product sales.

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 consolidated balance sheets and represents the expected value of the refund that will be due to the Company's customers. The Company also has a corresponding asset for recovery that represents the expected net realizable value of the merchandise inventory to be returned.

The Company sells stored-value gift cards to customers and offers merchandise credit stored-value cards for certain returns. Such stored-value cards do not have an expiration date. The Company recognizes revenue from stored-value cards when the card is redeemed by the customer. The Company has determined that sufficient evidence exists to support an estimate for stored-value card

breakage. 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 2019 and 2020 was not material.

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 2019 and 2020 (in thousands):

	Deferred Revenue	Stored-Value Cards
Balance as of December 30, 2018	$ 652	$ 3,033
Revenue recognized that was included in contract liability balance at the beginning of the year	(652)	(1,907)
Increase due to cash received, excluding amounts recognized as revenue during the year	547	3,479
Balance as of December 29, 2019	547	4,605
Revenue recognized that was included in contract liability balance at the beginning of the year	(547)	(2,094)
Increase due to cash received, excluding amounts recognized as revenue during the year	792	2,462
Balance as of January 3, 2021	$ 792	$ 4,973

Cost of Revenue

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 the Company's distribution facilities; and charges related to inventory shrinkage, damages and the allowance for excess or obsolete inventory.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of customer service, payment processing fees, advertising, targeted online performance marketing and search engine optimization costs. Selling and marketing expenses also include spend on brand marketing channels, including cash and free clothing compensation to influencers, events and other forms of online and offline marketing related to growing and retaining the customer base. Advertising costs are expensed as incurred. Advertising costs included in selling and marketing expenses were $60.5 million and $38.1 million in 2019 and 2020, respectively.

General and Administrative Expenses

General and administrative expenses consist primarily of payroll and benefits costs, including equity-based compensation for the Company's 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.

Equity-Based Compensation

Certain of the Company's employees participate in equity incentive programs (consisting of Class P units) offered by the Parent. The Parent's Class P units are available to be issued as incentive compensation to employees, officers, directors, and other nonemployee service providers or consultants of the Company. Through mid-2020, the Company had concluded that the Parent's Class P units were not a substantive class of equity and any associated pre-vesting distributions allocated to the Parent's Class P units have been recorded as equity-based compensation under Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) Topic No. 710, *Compensation - General* ("ASC 710"), once the contingent payment becomes probable of payment, which is upon vesting of the Class P units.

During mid-2020, all outstanding Class P units were modified to update forfeiture terms related to employment requirements and vesting conditions were added to some of the Class P units. Due to the modifications to the employment requirements, the Company concluded that the Class P units are a substantive class of equity to be accounted for under FASB ASC Topic No. 718, *Compensation - Stock Compensation* ("ASC 718") and that the associated pre-vesting distributions related to outstanding Class P units for five employees are a separate award that are accounted for under ASC 710.

Equity-based compensation related to the Class P unit awards and any pre-vesting distributions are recognized as general and administrative expense in the Company's consolidated statements of operations and comprehensive loss during 2019 and 2020.

Equity-based compensation is measured at the grant date or modification date for all equity-based awards made to employees and nonemployees based on the fair value of the awards. The Company has elected to recognize forfeitures by reducing the equity-based compensation in the same period as the forfeitures occur. The method for how fair value is determined for the awards is described in Note 9, *Equity-Based Compensation*. The assumptions used to determine the fair value of the Class P units represent management's best estimates. Awards with only service conditions are recognized as expense on a straight-line basis over the requisite service period, which is generally four years.

Performance Based Vesting. Certain of the outstanding Class P units which were modified in 2020 now vest upon the satisfaction of both a service condition and a performance condition. The service-based vesting condition for these Class P units is satisfied over four years. The performance-based vesting condition is satisfied upon the occurrence of a qualifying distribution event, which is generally defined as an issuance of a distribution to the Parent's partners. Additionally, the satisfaction of the service-based condition is accelerated up to 100% upon a sale of the Parent if the award holder remains a service provider at the time of such event.

When the performance-based vesting condition becomes probable, which is upon the completion of a qualifying distribution event, the Company will immediately record cumulative stock-based compensation expense using the accelerated attribution method for the awards that have met the service-based vesting condition. The Company has not recognized any stock-based compensation expense for the performance-based Class P units as a qualifying distribution event has not occurred.

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Income Taxes

The Company accounts for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which they are expected to be realized or settled.

The Company believes that it is more likely than not that forecasted income, together with future reversals of existing taxable temporary differences and results of recent operations, will be sufficient to fully recover the deferred tax assets. In the event that the Company determines all or part of the net deferred tax assets are not realizable in the future, the Company would record a valuation allowance.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits, if any, as income tax expense.

Net Loss Per Share Attributable to Common Stockholder

The Company calculates basic and diluted net loss per share attributable to common stockholder in conformity with the two-class method required for participating securities as the application of the if converted method is not more dilutive. The Company's redeemable preferred stock and convertible preferred stock contractually entitle the holders of such shares to participate in dividends but do not contractually require the holders of such shares to participate in the Company's losses. As such, net losses for the periods presented were not allocated to these securities.

Basic net loss per common share is computed using net loss attributable to common stockholder divided by the weighted average number of common shares outstanding during the period. Diluted net loss per common share represents net loss attributable to common stockholder divided by the weighted average number of common shares outstanding during the period, including the effects of any dilutive securities outstanding. Basic and diluted net loss per common share attributable to common stockholder are the same for each period presented since the effects of potentially dilutive securities are antidilutive given the Company's net loss.

Redeemable Preferred Stock

The Company has elected to record its redeemable preferred stock at the greater of its redemption value or the issuance date fair value, net of issuance costs, as it is probable of becoming redeemable due to the passage of time. Any change to the carrying value of redeemable preferred stock recognized in each period is recorded to additional paid-in capital, or in the absence of additional paid-in capital, recorded to accumulated deficit.

The issuance date fair value of the redeemable preferred stock shares purchased by entities related to current employees, board members, and service providers was higher than the consideration

paid and such excess was recorded as equity-based compensation. The excess of the fair value over consideration paid for redeemable preferred stock shares purchased by an existing convertible preferred stockholder was accounted for as a deemed dividend and recorded in additional paid-in capital.

Comprehensive Loss

Comprehensive loss is defined as a change in equity of a business enterprise during a period, resulting from transactions from non-owner sources. To date, the Company has not had any transactions that are required to be reported in comprehensive loss other than the net loss incurred from operations. Thus, comprehensive loss is the same as net loss for the periods presented.

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 consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which removes Step 2 from the goodwill impairment test. The Company early adopted this standard on December 30, 2019. The adoption of the new standard did not have a material impact on the Company's consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. This ASU clarifies the recognition, measurement, and effect on earnings per share of certain freestanding equity-classified financial instruments that include down round features affect entities that present earnings per share in accordance with the guidance in Topic 260, *Earnings Per Share*. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The guidance is effective for the Company for the fiscal year beginning after December 15, 2019. The Company adopted ASU 2017-11 on December 30, 2019. There was no impact of this standard at the date of adoption.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU. 2016-02, *Leases (Topic 842)*, as amended, which requires lessees to recognize a right-of-use asset and lease liability on their consolidated balance sheets for all leases with a term longer than twelve months. The guidance, as amended, is effective for

fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company anticipates implementing the standard by taking advantage of the alternative transition method and will apply the transition approach as of the beginning of the period of adoption and will not be restating comparative periods. The Company is currently evaluating the impact that adopting this standard will have on its consolidated financial statements. The Company expects that it will result in a significant increase in its long-term assets and liabilities.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which amends guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities from an incurred loss methodology to an expected loss methodology. For assets held at amortized cost basis, the guidance eliminates the probable initial recognition threshold and instead requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses are recorded through an allowance for credit losses, rather than a write-down, limited to the amount by which fair value is below amortized cost. Additional disclosures about significant estimates and credit quality are also required. The guidance is effective for the Company for fiscal years beginning after December 15, 2022. The Company is currently assessing the potential impact of adopting ASU 2016-13 on its consolidated financial statements and does not expect the adoption to have a material impact.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which clarifies the accounting for implementation costs in cloud computing arrangements. The update effectively aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021. The amendments in this ASU can be applied either retrospectively or prospectively to all implementation costs after the date of adoption. The Company plans to adopt this standard on a prospective basis and does not expect the adoption to have a material impact.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This standard is effective for fiscal periods beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Accounting*, which, as amended, provides optional guidance for a limited period of time to ease the potential burden in accounting for (or reorganizing the effects of) reference rate reform on financial reporting. This standard can be adopted immediately, however, the guidance will only be available until December 31, 2022. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

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In August 2020, the FASB issued ASU 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The guidance is effective for the Company for the fiscal year beginning after December 15, 2023 and interim periods within that fiscal year, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this guidance on its consolidated financial statements.

3. Fair Value Measurements

The Company discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes three levels of the fair value hierarchy as follows:

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

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

Level 3—Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable, accrued expenses, revolving line of credit and long-term debt. As of December 29, 2019 and January 3, 2021, the carrying values of cash and cash equivalents, restricted cash, accounts payable and accrued expenses approximate fair value due to their short-term maturities. The fair values of long-term debt and revolving line of credit approximate their carrying value as the stated interest rates reset monthly at the London Interbank Offered Rate ("LIBOR") plus an Applicable Margin (see Note 5, *Debt*) and, as such, approximate market rates currently available to the Company. The Company does not have any financial instruments that were determined to be Level 3.

4. Balance Sheet Components

Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following (in thousands):

	December 29, 2019	January 3, 2021
Prepaid software subscriptions	$ 470	$ 897
Prepaid inventory and fulfillment supplies	674	483
Prepaid insurance	502	391
Prepaid rent	289	273
Deferred offering costs	2,156	—
Other	1,079	631
Total accrued expenses	$ 5,170	$ 2,675

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Property and Equipment, net

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

	December 29, 2019	January 3, 2021
Leasehold improvements	$ 3,665	$ 3,647
Equipment	2,324	2,595
Furniture and fixtures	1,737	1,849
Construction in progress	156	28
Total property and equipment	7,882	8,119
Less: accumulated depreciation and amortization	(3,812)	(5,029)
Property and equipment, net	$ 4,070	$ 3,090

Depreciation of property and equipment in 2019 and 2020 was $1.4 million and $1.5 million, respectively.

Accrued Expenses and Other Current Liabilities

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

	December 29, 2019	January 3, 2021
Accrued compensation and benefits	$ 1,920	$ 2,932
Accrued debt amendment fees	—	917
Accrued marketing	3,361	495
Accrued interest	1,115	169
Other	4,899	3,020
Total accrued expenses and other current liabilities	$ 11,295	$ 7,533

5. Debt

In August 2017, the Company entered into a term loan with a principal amount of $135.0 million ("Term Loan") and a revolving credit facility of $10.0 million ("Revolving LOC") with certain financial institutions for which Credit Suisse is acting as an administrative agent (the "Credit Agreement").

The Company's outstanding debt under the Term Loan consisted of the following (in thousands):

	December 29, 2019	January 3, 2021
Principal amount of term loan	$ 112,219	$ 111,354
Less: Unamortized discount and debt issuance costs	(5,441)	(4,373)
Total carrying value of long-term debt	106,778	106,981
Less: Current portion of long-term debt	(10,125)	(10,125)
Long-term debt, net of current portion	$ 96,653	$ 96,856

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The Company's outstanding debt under the Revolving LOC consisted of the following (in thousands):

	December 29, 2019	January 3, 2021
Principal amount of revolving line of credit	$ 4,000	$ 8,580
Less: Unamortized debt issuance costs(1)	(171)	(107)
Total carrying value of revolving line of credit	$ 3,829	$ 8,473

(1) Debt issuance costs are included in other noncurrent assets in the consolidated balance sheets.

Term Loan

During May 2019 the Company entered into a Waiver and Fourth Amendment to the Credit Agreement and Amendment to the Guaranty and Security Agreement (the "Fourth Amendment"), which amended the following:

- Waived the Company's default for failure to comply with the maximum Consolidated Total Net Leverage Ratio ("Leverage Ratio") level required under the financial covenant for the quarter ended March 31, 2019;
- Reset the maximum Leverage Ratio covenant levels for the duration of the loan and added a minimum Consolidated Cumulative Unadjusted EBITDA Financial Covenant for 2019;
- Modified the Applicable Margin on the Term Loan and the Company paid interest at the LIBOR Rate plus an Applicable Margin of 9.00% from the Fourth Amendment Effective Date (May 30, 2019) to the date on which financial statements and the accompanying compliance certificate for the first full fiscal quarter ending after the Fourth Amendment Effective Date were delivered (September 29, 2019);
- Modified the Applicable Margin on the Term Loan to adjust based on the Leverage Ratio, with a range of 7.00% to 9.00% for LIBOR Rate Term Loan and 6.00% to 8.00% for Base Rate Term Loan; and
- Required the use of proceeds from an IPO to constitute a Mandatory Repayment, so that the Leverage Ratio as of the last day of the most recently ended period of four fiscal quarters shall not be in excess of 2.00 to 1.00.

During June 2020, the Company entered into a Waiver and Fifth Amendment to the Credit Agreement (the "Fifth Amendment"), which amended the following:

- Waived the Company's Existing Payment Default, Existing Covenant Default, and Existing Notice Defaults;
- Amended interest payments on the Term Loan and Revolver, resulting in a portion of interest from June 5, 2020 to the date that the Company provides evidence of compliance with the required Leverage Ratios (the "Compliance Date", which was not met as of January 3, 2021) being payable in kind, with such interest being added to the outstanding principal balance of the Term Loan and Revolver;
- Deferred March, June, and September 2020 principal payments due of $7.5 million for the Term Loan to the maturity date;

- Modified the Applicable Margin on the Term Loan from the Fifth Amendment Effective Date (June 5, 2020) to the first day of the month beginning after the Compliance Date, from an Applicable Margin of 9.00% to 9.50% for LIBOR Rate Term Loan and from an Applicable Margin of 8.00% to 8.50% for the Base Rate Term Loan; and
- Modified the Applicable Margin on the Revolver from the Fifth Amendment Effective Date (June 5, 2020) to the first day of the month beginning after the Compliance Date, from an Applicable Margin of 7.00% to 8.50% for LIBOR Rate Loans and from an Applicable Margin of 6.00% to 7.50% for Base Rate Loans.

For the Fifth Amendment, the Company incurred an amendment fee and other costs totaling $1.4 million that were treated as a debt issuance cost and will be amortized over the remaining term. As of January 3, 2021, $0.9 million of the amendment fee was unpaid and included within accrued expenses and other current liabilities. There were no gains or losses arising from the Fourth Amendment and Fifth Amendment as both were considered to be debt modifications. The interest rate for the Term Loan as of January 3, 2021 was 10.5%. The effective interest rate on the Term Loan was 12.2% and 13.3% in 2019 and 2020, respectively.

The Term Loan requires mandatory additional prepayments in May of each year if the Company's Excess Cash Flow ("ECF") for the preceding year exceeds the ECF as defined in the Term Loan agreement. There were no ECF payments due in 2019 and 2020 related to 2018 and 2019, respectively, and no ECF payments will be due in the year ending January 2, 2022 related to 2020.

Amortization installment payments on the Term Loan are required to be made in quarterly installments of $2.5 million, with the remaining outstanding amount to be payable on August 28, 2022, the maturity date for the Term Loan.

Revolving LOC

Outstanding amounts under the Revolving LOC bear interest at variable rates with a minimum of 7.00%. The interest rate for the Revolving LOC as of January 3, 2021 was 8.7%. The effective interest rate on the Revolving LOC was 10.3% and 10.4% in 2019 and 2020, respectively. Unused portions of the Revolving LOC bear a variable commitment fee of a minimum 0.375% to 0.50% per annum and are paid quarterly. The Revolving LOC matures on May 29, 2022. The Revolving LOC was amended with the Fifth amendment, but there was no change to the commitment or the maturity date. As of January 3, 2021, there was $8.6 million outstanding, letters of credit of $0.9 million were outstanding, and the Company had $0.5 million remaining borrowing capacity under the Revolving LOC.

The Term Loan and Revolving LOC are secured by all the assets of the Company and contain financial and reporting covenants, including restrictions on LFL with respect to the payment of dividends, which the Company was in compliance with as of January 3, 2021. Financial covenants include minimum liquidity amounts and are applicable if the Company's overall liquidity is less than or equal to $2.5 million at the end of a reporting period. Substantially all of LFL's assets are restricted from distribution to the Company. The Company does not have any material assets or liabilities, other than its indirect investment in LFL. For all of the periods reported in these consolidated financial statements, the Company has not and does not have any material operations on a standalone basis, and all of the operations of the Company are carried out by LFL.

Debt discounts and issuance costs are deferred and amortized over the life of the related loan using the effective interest method. The associated expense is included in interest expense in the consolidated statements of operations and comprehensive loss and was $2.0 million and $2.5 million in

2019 and 2020, respectively. Debt discounts and issuance costs are presented as a reduction of long-term debt with the exception of debt issuance costs related to the revolving loan agreement of $0.2 million and $0.1 million as of December 29, 2019 and January 3, 2021, respectively, which are included in other noncurrent assets in the consolidated balance sheets. Future discount and debt issuance cost amortization expense as of January 3, 2021 over each of the next two years will be approximately $2.7 million and $1.8 million.

Future minimum payments of principal on the Company's outstanding debt were as follows (in thousands):

Fiscal Year Ending	Amounts
2021	$ 10,125
2022	109,809
Total principal amount	$ 119,934

6. Commitments and Contingencies

Operating Leases

As of January 3, 2021, the Company had non-cancelable operating leases for its corporate offices and warehouses expiring at various dates through 2026, some of which have renewal provisions. Rental expense classified within general and administrative expenses in the consolidated statements of operations and comprehensive loss totaled $3.0 million and $3.1 million in 2019 and 2020, respectively.

Future minimum lease payments under non-cancelable operating leases as of January 3, 2021 were as follows (in thousands):

Fiscal Year ending:	Amounts
2021	$ 2,879
2022	2,789
2023	2,230
2024	1,777
2025	1,830
Thereafter	153
Total	$ 11,658

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 consolidated financial statements indicates it is probable a loss has been incurred as of the date of the 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. Therefore, the Company has not recorded a reserve for any contingencies.

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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 consolidated financial statements. As of December 29, 2019 and January 3, 2021, 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 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. To date, the Company has not incurred any material costs and has not accrued any liabilities in the combined and consolidated financial statements as a result of these provisions.

7. Preferred Stock

The Company had outstanding redeemable preferred stock and convertible preferred stock (collectively, "Preferred Stock") as follows (in thousands, except share and per share amounts):

	December 29, 2019				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Liquidation Preference
Convertible Preferred Stock (Series A)	3,129,634	3,129,634	$ 38.34	$ 117,038	$ 216,000
Total	3,129,634	3,129,634		$ 117,038	$ 216,000

	January 3, 2021				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Liquidation Preference
Convertible Preferred Stock (Series A)	3,129,635	3,129,634	$ 38.34	$ 117,038	$ 240,000
Redeemable Preferred Stock (Series B)	7,500,001	7,500,001	1.00	16,412	15,000
Total	10,629,636	10,629,635		$ 133,450	$ 255,000

The Company classifies its Preferred Stock (Series A and B) outside of stockholder's deficit because the shares contain a redemption feature that is not within the Company's control. In 2019 and 2020, the Company did not adjust the carrying value of the Series A Preferred Stock to its redemption value as a qualifying redemption event was not probable. Subsequent adjustments to the carrying value to the ultimate redemption value will be made only when it becomes probable that such a redemption event will occur. The Series B Preferred Stock is not currently redeemable but is probable of becoming redeemable based on the passage of time. The carrying value of the Series B Preferred Stock is greater than its redemption value as of January 3, 2021.

Series B Redeemable Preferred Stock Issuance

During June 2020, the Company issued and sold 7,500,001 shares of Series B Preferred Stock at $1.00 per share to the general partner and a limited partner of the Parent and the Series A preferred stockholders. The Company received gross cash proceeds of $7.5 million and incurred issuance costs

associated with the Series B Preferred Stock issuance of $0.2 million. For accounting purposes, the Company determined the fair value of the Series B Preferred Stock to be $2.21 per share at issuance. The Series B Preferred Stock shares purchased by entities related to current employees, board members, and service providers were recorded at fair value and the excess of the fair value over the consideration paid was recorded as equity-based compensation of $8.6 million. The Series B Preferred Stock shares purchased by an existing Series A preferred stockholder was recorded at fair value and the excess of the fair value over consideration paid was recorded as a deemed dividend of $0.5 million in additional paid-in capital.

The fair value of the Series B Preferred Stock was estimated using a two-step process. First, the Company's enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis and comparable public company analysis. Second, the Company's enterprise value was allocated among the various classes of outstanding securities using the Black-Scholes option-pricing method. The option-pricing method treats all levels of the capital structure as call options on the enterprise's value, with the exercise price based on the "breakpoints" between each of the different claims on the securities. The inputs necessary for the option-pricing model include the Company's current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions), time to liquidity of 3 years, risk-free rate of 0.21%, and volatility of 72.0%.

Preferred Stock Provisions

Dividends - Before any dividends on common stock shall be declared or paid, the holders of outstanding shares of Preferred Stock (Series A and B) shall be entitled to receive dividends on an as-converted basis. For dividends on non-convertible class or series, dividends to Preferred stockholders will be determined by dividing the dividend payable on each class/series of capital stock by the original issuance price of $38.34 for Series A and $1.00 for Series B (adjusted for stock split, stock dividend, etc.) and multiplying such fraction by the Preferred Stock original issue price. As of December 29, 2019 and January 3, 2021, no dividends have been declared or paid.

Liquidation - In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company (a "liquidation event"), the holders of the Series B Preferred Stock are entitled to receive out of the available assets of the corporation, prior and in preference to any distribution to the holders of Series A and common stock an amount per share equal to a) two times the original issue price of $1.00 per share until August 28, 2022 or b) the original issue price of $1.00 per share plus an amount equal to 15% per annum accruing on the original issue price from August 28, 2022 through and including the date of payment, plus any dividends declared but unpaid ("the Series B Liquidation Amount").

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of the Series A Preferred Stock are entitled to receive out of the available assets of the corporation, less the Series B Liquidation Amount, prior and in preference to any distribution to the holders of common stock, an amount per share for each share of Series A Preferred Stock held by them equal to the greater of 1) the sum of original issue price multiplied by the applicable factor (1.8 and 2.0 as of December 29, 2019 and January 3, 2021, respectively) plus any declared but unpaid dividends on the Series A Preferred Stock; and ii) the amount per share as would have been payable if all shares of Series A Preferred Stock had been converted to common stock (the "Series A Liquidation Amount").

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Voting - Each share of Series A Preferred Stock is entitled to voting rights equal to the number of shares of common stock it can be converted to. Series A stockholders are entitled to elect two directors of the Company and common stockholders are entitled to elect nine directors. Each share of Series B Preferred Stock is not entitled to voting rights.

Conversion – At the option of the holder, each share of Series A Preferred Stock is convertible into shares of common stock. As of January 3, 2021, each share of Series A Preferred Stock was convertible into one share of common stock, adjusted for stock splits, combinations, dividends and distributions. All outstanding shares of Series A Preferred Stock will automatically be converted into shares of common stock at the then effective conversion rate upon one of the following conversion events: (i) the closing of a firm commitment underwritten IPO, provided that the aggregate gross proceeds to the Company are not less than $100.0 million; or (ii) by vote or written consent for conversion from the holders of a majority of the outstanding Preferred Stock. Each share of Series B Preferred Stock is not convertible at the option of the holder.

The Series A Preferred Stock conversion ratio shall be subject to appropriate adjustments for stock splits, stock dividends, combinations, subdivisions, or recapitalization events. In addition, if the Company should issue preferred stock or common stock without consideration or for a consideration per share less than the conversion price for the Series A Preferred Stock, the conversion price for each series shall automatically be adjusted in accordance with anti-dilution provisions contained in the Company's amended and restated certificate of incorporation.

Redemption – On or after April 12, 2024, all outstanding shares of Series A Preferred Stock will be redeemable upon written notice of at least 50% of the then outstanding Series A shares requesting redemption of all or part of the stock held by such holders. The shares shall be redeemed in up to two installments, at a price equal to the then applicable Series A Liquidation Amount. The initial redemption date shall be within sixty days of receiving written notice and the Company shall redeem at least 50% of the shares at that time. The remaining shares to be redeemed shall accrue interest at a rate of 12.0% per annum and shall be redeemed no later than six months following the initial redemption date.

Upon written request from the holders of at least 50% of the then outstanding shares of Series B Preferred Stock, the Company will redeem the Series B Preferred Stock in up to two installments at a price equal to the then applicable Series B Liquidation Amount. The Series B redemption request may not be delivered prior to April 12, 2024. The initial redemption date shall be within sixty days of receiving written notice and the Company shall redeem at least 50% of the shares at that time. The remaining shares to be redeemed shall accrue interest at a rate of 12.0% per annum and shall be redeemed no later than six months following the initial redemption date. No redemption of any shares of Series B Preferred Stock shall occur prior to the earlier of (x) 91st day following the Latest Maturity Date, as defined in the Credit Agreement, and (y) the termination of the Credit Agreement.

Upon the sale of Common Stock in an IPO, all Series B Preferred Stock will be redeemed by the Company at a price equal to the Series B Liquidation Amount.

8. Common Stock

The Company has authorized the issuance of 21,196,740 shares of common stock with a $0.001 par value. As of December 29, 2019 and January 3, 2021, there were 17,462,283 shares of common stock issued and outstanding. 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 December 29, 2019 and January 3, 2021, the Company had reserved 3,129,634 and 3,129,634 shares of common stock for issuance, respectively, on an as-convertible basis, related to convertible preferred stock outstanding.

9. Equity-Based Compensation

Certain of the Company's employees participate in equity incentive programs (consisting of Class P units) offered by the Parent. The Parent's Class P units are available to be issued as incentive compensation to employees, officers, directors, and other nonemployee service providers or consultants of the Company and are considered profits interests for United States federal income tax purposes.

Class P Unit Modifications

During June, July, September, and October 2020, all outstanding Class P units were modified. All 1,858,210 outstanding Class P units were modified to include a provision that if the employment with or service to the Company is terminated, then all outstanding Class P units that have satisfied the service-based vesting requirements will remain outstanding. 384,522 of the outstanding Class P units were also modified to include both a service condition and a performance condition. The performance-based vesting condition is satisfied upon the occurrence of a qualifying distribution event, which is generally defined as an issuance of a distribution to the Parent's partners. As of the modification dates, the Company measured the fair value of all modified Class P units. If the performance-based vesting condition had occurred on January 3, 2021, the Company would have recognized $1.8 million of equity-based compensation expense for Class P unit awards that had satisfied or partially satisfied the time-based vesting condition on that date and would have approximately $1.4 million of unrecognized compensation cost that represents the Class P unit awards which have not met the time-based condition as of January 3, 2021. As of January 3, 2021, 611,944 of the unvested Class P unit awards were subject to accelerated vesting based upon a Sale of the Parent as defined in the Parent's limited partnership agreement. If a Sale of the Parent had occurred on January 3, 2021, the Company would have recognized $2.7 million of equity-based compensation expense for such Class P unit awards.

The Company recorded equity-based compensation expense of $8.8 million during 2020 related to the modified and vested service-based Class P units ($8.4 million upon modification and $0.4 million related to vesting thereafter). The 1,473,688 Class P units with a service-based vesting condition had a weighted average modification date fair value of $6.90 per Class P unit.

The modified Class P units with both a service and performance condition had a modification date fair value of $8.45 per Class P unit. As of January 3, 2021, there were 384,522 Class P units outstanding with unrecognized equity-based compensation expense of $3.2 million, and the Company has concluded that the performance-based condition was not met and accordingly, no expense has been recognized.

Class P Unit 2020 Grants

During October 2020, the Parent granted an additional 1,094,861 Class P units which vest monthly over four years from the grant date. During 2020, the Company recorded $0.3 million of equity-based compensation expense related to the 2020 Class P unit grants.

Pre-vesting Distributions

The Company recognized equity-based compensation expense (transactions with the Parent, see Note 11) of $2.0 million and zero for the pre-vesting distributions payable by the Parent during 2019

and 2020, respectively. Due to the 2020 modifications, pre-vesting distributions totaling $3.4 million will be recognized when both the service-based condition and the performance-based vesting conditions of the underlying Class P units are met. As of January 3, 2021, the performance-based condition was not met and no compensation expense associated with the pre-vesting distributions has been recognized. If the performance-based vesting condition had occurred on January 3, 2021, the Company would have recognized $1.9 million of equity-based compensation expense for pre-vesting distributions that had satisfied or partially satisfied the time-based vesting condition on that date and would have approximately $1.5 million of unrecognized compensation cost that represents the pre-vesting distributions which have not met the time-based condition as of January 3, 2021.

The following table summarizes the rollforward of unvested Class P units for 2020:

	Unvested Class P units	Weighted-Average Fair Value per Unit
Balance at December 29, 2019	1,266,321	N/A
Units granted	1,094,861	$ 4.54
Units vested	(530,030)	6.76
Units forfeited	(101,214)	1.01
Balance at January 3, 2021	1,729,938	$ 5.33

As of January 3, 2021, the unrecognized equity-based compensation expense for all Class P units with a service condition of $6.0 million will be recognized over a weighted-average period of 3.5 years.

The fair value of the Class P units at the modification dates during 2020 was estimated using a two-step process. First, the Company's enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis and comparable public company analysis. The fair value of the Parent is determined based on the fair value of the Company's common stock. Second, the Parent's enterprise value was allocated among the various classes of units that comprise the capital structure of the Parent using the Black-Scholes option-pricing method. The option-pricing method treats all levels of the capital structure as call options on the enterprise's value, with the exercise price based on the "breakpoints" between each of the different claims on the securities. The inputs necessary for the option-pricing model include the current Parent enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions, in accordance with the LP Agreement and the Class P units), term, risk-free rate, and volatility.

The estimated modification date and grant date fair value of the Class P units during 2020 was estimated using the following range of assumptions:

	2020
Expected term (in years)	2.5 - 3.0
Expected volatility	72% - 83%
Risk-free rate	0.21% - 0.35%
Dividend yield	0%

Expected Term— The expected term is estimated based on the Company's expectations related to an exit strategy, such as an IPO or liquidation event.

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Expected Volatility— The expected volatility is estimated based upon the unlevered volatilities observed from the publicly-traded guideline companies, re-levered based on the Company's capital structure.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield as of the modification date or grant date for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the Class P units.

Dividend Yield—The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

10. Income Taxes

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

	2019	2020
Current:		
Federal	$ (1,625)	$ 900
State	(440)	357
Total current (provision) benefit	(2,065)	1,257
Deferred:		
Federal	1,136	(220)
State	484	234
Total deferred benefit	1,620	14
Income tax (provision) benefit	$ (445)	$ 1,271

The following table presents a reconciliation of the statutory federal rate to the Company's effective tax rate:

	2019	2020
Federal statutory rate	21.0%	21.0%
State income taxes, net of federal tax benefit	561.3	0.9
Non-deductible equity-based compensation expense	(1,726.7)	(18.0)
Tax credits	229.2	0.4
Change in uncertain tax position	(532.1)	1.5
Prior year adjustments	(159.9)	0.2
Deduction for foreign derived intangible income	247.8	0.3
Meals and entertainment	(154.0)	(0.1)
Disallowed parking expenses	(46.5)	0.0
Other	(233.5)	0.0
Effective tax rate	(1,793.4)%	6.2%

Deferred income taxes reflect the net effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes, and (b) operating losses and tax credit carryforwards.

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The following table presents the significant components of the Company's deferred tax assets and liabilities (in thousands):

	December 29, 2019	January 3, 2021
Deferred tax assets:		
Returns reserve accrual	$ 1,331	$ 489
Interest disallowance	3,028	4,005
UNICAP	658	532
Loan fees	361	—
Deferred Revenue	375	1,053
Accrued Expenses	225	774
Tax Credits	256	325
Net Operating Losses	19	333
Other	349	100
Gross deferred tax assets	6,602	7,611
Deferred tax liabilities:		
Depreciation and amortization	(5,159)	(6,150)
Other	(199)	(202)
Gross deferred tax liabilities	(5,358)	(6,352)
Net deferred tax assets	$ 1,244	$ 1,259

Net deferred tax assets are included in other noncurrent assets on the consolidated balance sheets as of December 29, 2019 and January 3, 2021.

The tax benefit of net operating losses, temporary differences and credit carryforwards is required to be recorded as an asset to the extent that management assesses the realization is "more likely than not." Realization of the future tax benefit is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's recent history of consistent earnings and its expected future profitability, management believes that recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently more likely than not to be realized, and accordingly, has not provided a valuation allowance.

As of January 3, 2021, the Company had state net operating loss carryforwards of $4.7 million, which may be available to reduce future taxable income. The state net operating loss carryforwards will expire, if not utilized, beginning in 2039. As of January 3, 2021, the Company also had state tax credit carryforwards of $0.4 million, which will expire, if not utilized, beginning in 2024. Lastly, the Company currently has $17.7 million of a federal disallowed interest expense carryforward under Section 163(j) of the Internal Revenue Code, which can be carried forward indefinitely.

Utilization of our net operating loss carryforwards, interest expense carryforwards, and tax credits may be subject to an annual limitation due to ownership changes that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code and similar state provisions. These ownership change limitations may limit the amount of net operating loss carryforwards or interest expense carryforwards and tax credits that can be utilized annually to offset future taxable income and tax, respectively.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020 in the United States, which includes several significant provisions for corporations,

including modifications to the limitation on business interest expense and a payment deferral of employer payroll taxes. The Company has considered the modifications to the limitation on business interest expense within its provision for income taxes and has elected to defer the payment of employer payroll taxes in the twelve months ended January 3, 2021. The Company has deferred $1.1 million of U.S. payroll taxes as of January 3, 2021 through provisions of the CARES Act. The deferred payroll taxes are included within accrued expense and other current liabilities and other noncurrent liabilities in the consolidated balance sheets. The Company must repay half of the deferred payroll tax by December 31, 2021 and the remainder by December 31, 2022.

The following table presents a reconciliation of the beginning and ending amount of the Company's unrecognized tax benefits (excluding interest and penalties) (in thousands):

	2019	2020
Beginning Balance	$885	$ 885
Increases related to tax positions taken during a prior year	—	7
Decreases related to settlements with taxing authorities	—	(766)
Ending Balance	$885	$ 126

During 2019 the Company recorded interest and penalties related to uncertain tax positions of $0.2 million. During 2020, the Company recorded a net benefit of $0.3 million for interest and penalties related to uncertain tax positions, which was comprised of $0.4 million release related to settlements with taxing authorities, partially offset by $0.1 million accrual on the remaining uncertain tax positions. As of December 29, 2019 and January 3, 2021, the Company had $0.5 million and $0.1 million, respectively, of accrued interest and penalties related to the uncertain tax positions. The Company's policy is to recognize interest and penalties related to unrecognized tax benefits in the financial statements as a component of income tax expense. The Company anticipates that the entire uncertain tax positions balance of $0.1 million, including interest and penalties of $0.1 million, will be settled over the next twelve months.

The Company's federal and state income tax returns are generally not subject to examination by taxing authorities for fiscal years before 2017. There are currently no federal or state income tax audits in process.

11. Related Party Transactions

Transactions with the Parent

Certain of the Company's transactions with the Parent are classified as a component within additional paid-in capital in the consolidated statements of stockholder's deficit as there are no defined payments or other terms associated with these transactions. Such transactions included equity-based compensation related to pre-vesting distributions of $2.0 million in 2019 and equity-based compensation expense related to outstanding Class P units of $9.1 million during 2020.

Series B Redeemable Preferred Stock Issuance

The Series B Preferred Stock shares purchased by entities related to current employees, board members, and service providers were recorded at fair value and the excess of the fair value of $2.21 per share over the consideration paid of $1.00 per share was recorded as equity-based compensation of $8.6 million. The Series B Preferred Stock shares purchased by an existing Series A stockholder

was recorded at fair value and excess of the fair value of $2.21 per share over the consideration paid of $1.00 per share was recorded as a deemed dividend of $0.5 million in additional paid-in capital.

Advance to/from Parent

On January 31, 2019, the Company paid a cash advance to the Parent of $2.4 million, which was used by the Parent to pay accrued Class P unit distributions to certain current employees of the Company. The Company recorded interest income on the advance of $0.1 million in 2019. During 2019, the Parent repaid the advance, including interest, and made an advance to the Company of $2.0 million for future distributions to certain current employees of the Company upon the December 31, 2019 vesting of their Class P units. An additional $37,000 was advanced to the Company from the Parent during 2020. During June 2020, the Company repaid the 2019 and 2020 advances from the Parent plus accrued interest of $0.1 million, which repayment was used by the Parent to pay accrued Class P unit distributions to certain current employees of the Company.

Management & Consulting Fees

The Company has accrued for management and consulting fees to H.I.G. Capital, LLC ("H.I.G.", the Parent's ultimate parent), Institutional Venture Partners (a Series A Preferred Stockholder), and certain board members. Expenses for such services were $0.6 million to H.I.G and $0.2 million to other related parties in 2019 and were $0.5 million to H.I.G. and $0.2 million to other related parties in 2020. There were $0.3 million of accrued liabilities related to these services as of December 29, 2019 and $0.2 million of accrued liabilities and $0.8 million of accounts payable related to these services as of January 3, 2021.

Operating Leases

The Company leases operations and warehouse spaces from a limited partner of the Parent and a Series B Preferred Stockholder of the Company. Total rent expense to the related party was $0.1 million each year in 2019 and 2020.

12. Net Loss Per Share Attributable to Common Stockholder

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

	2019	2020
Convertible preferred stock (Series A)	3,129,634	3,129,634
Total	3,129,634	3,129,634

13. Defined Contribution Plans

The Company sponsors a participant-directed 401(k) profit sharing plan for employees who have been working full-time at the Company for at least three months and are at least 21 years of age. Participants may make wage-deferred contributions up to the maximum allowed by law. The Company matches 100% of each participating employee's deferral up to a maximum of 4% of eligible compensation. The Company may make additional discretionary matching contributions up to 6% of eligible compensation. The Company made matching contributions of $0.7 million each year in 2019 and 2020.

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14. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 6, 2021, which is the date that the financial statements were available to be issued.

Amended Certificate of Incorporation

On February 2, 2021, the Company amended its Second Amended and Restated Certificate of Incorporation to amend the liquidation preference of the Series B preferred stock to an amount per share equal to a) two times the original issue price of $1.00 per share until August 28, 2022, or b) two times the original issue price of $1.00 per share plus an amount equal to 15% per annum accruing on two times the original issue price from August 28, 2022 through and including the date of payment, plus any dividends declared but unpaid.

Series B-1 Financing

On March 31, 2021, the Company entered into a Stock Purchase Agreement with officers and directors of the Company for the sale of an aggregate of 1,450,000 shares of Series B-1 preferred stock for gross proceeds of approximately $1.5 million. In connection with the offering, the Company filed an amended and restated certificate of incorporation which authorized the issuance of up to 2,500,000 shares of Series B-1 preferred stock with the same rights, preferences and privileges of the original Series B redeemable preferred stock and increased the authorized shares of common stock to 24,000,000.

Revolving line of credit

In March 2021, the Company repaid $8.6 million of the outstanding principal amount of the Revolving LOC.

Debt Amendment

In April 2021, the Company amended the minimum liquidity covenant under the Credit Agreement from $2.5 million to $10.0 million and extended the due date for the 2020 audited consolidated financial statements to September 30, 2021. Upon receipt of proceeds from an IPO, Special Purpose Acquisition Company transaction, or other liquidity transaction that involves the equity of Lulu's or its affiliates, the Company is required, under the terms of the amendment, to pay off the outstanding obligations under the Credit Agreement before any proceeds are utilized by the Company.

2021 Equity Plan

In April 2021, the Company's board of directors adopted the 2021 Equity Incentive Plan ("2021 Equity Plan"). The 2021 Equity Plan provides for the issuance of incentive stock options, restricted stock, restricted stock units and other stock-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 is 925,000 shares.

Executive Employment Agreement

In April 2021, the Company entered into an Employment Agreement ("Employment Agreement ") with the chief executive officer ("CEO") of the Company. Pursuant to the terms of the Employment

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Agreement, the Company granted options to purchase 322,793 shares of common stock with an exercise price of $11.35 per share, which vest based on service and performance conditions. A portion of the options are also subject to accelerated vesting conditions upon the occurrence of certain future events, including an IPO. In addition, under the Employment Agreement and subject to ongoing employment, the CEO will receive two bonuses which will be settled in fully-vested shares of the Company's common stock equal to $3 million each ($6 million in aggregate) upon the occurrence of certain future events, including an IPO, if such events occur prior to March 31, 2022 and March 31, 2023, respectively. If such events do not occur prior to the stated dates, the CEO will receive the respective bonuses in cash of $3 million (up to $6 million in aggregate).

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

	As of January 3, 2021	As of July 4, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 15,554	$ 32,135
Accounts receivable	3,832	4,790
Inventory, net	16,895	21,196
Asset for recovery	1,104	4,693
Income tax refund receivable	2,739	—
Prepaids and other current assets	2,675	3,009
Total current assets	42,799	65,823
Restricted cash	505	505
Property and equipment, net	3,090	2,839
Goodwill	35,430	35,430
Tradename	18,509	18,509
Intangible assets, net	2,290	2,016
Other noncurrent assets	2,453	4,394
Total assets	$ 105,076	$ 129,516
Liabilities, Redeemable Preferred Stock, Convertible Preferred Stock and Stockholder's Deficit		
Current liabilities:		
Accounts payable	$ 7,161	$ 9,592
Income taxes payable	—	3,198
Accrued expenses and other current liabilities	7,533	15,243
Returns reserve	2,895	13,589
Stored-value card liability	4,973	5,687
Revolving line of credit	8,580	—
Long-term debt, current portion	10,125	10,125
Total current liabilities	41,267	57,434
Long-term debt, net of current portion	96,856	94,449
Other noncurrent liabilities	2,504	2,194
Total liabilities	140,627	154,077
Commitments and Contingencies (Note 6)		
Redeemable preferred stock: $0.001 par value, 7,500,001 and 10,000,001 shares authorized as of January 3, 2021 and July 4, 2021, respectively; 7,500,001 and 8,950,001 shares issued and outstanding as of January 3, 2021 and July 4, 2021, respectively; aggregate liquidation preference of $15,000 and $17,900 as of January 3, 2021 and July 4, 2021, respectively.	16,412	19,320
Convertible preferred stock: $0.001 par value, 3,129,635 shares authorized as of January 3, 2021 and July 4, 2021; 3,129,634 shares issued and outstanding as of January 3, 2021 and July 4, 2021; aggregate liquidation preference of $240,000 as of January 3, 2021 and July 4, 2021	117,038	117,038
Stockholder's deficit:		
Common stock: $0.001 par value, 21,196,740 and 24,000,000 shares authorized as of January 3, 2021 and July 4, 2021, respectively; 17,462,283 shares issued and outstanding as of January 3, 2021 and July 4, 2021	18	18
Additional paid-in capital capital	10,622	11,735
Accumulated deficit	(179,641)	(172,672)
Total stockholder's deficit	(169,001)	(160,919)
Total liabilities, redeemable preferred stock, convertible preferred stock and stockholder's deficit	$ 105,076	$ 129,516

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

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

	Six Months Ended	
	June 28, 2020	July 4, 2021
Net revenue	$ 139,596	$ 172,541
Cost of revenue	77,080	90,008
Gross profit	62,516	82,533
Selling and marketing expenses	26,413	28,499
General and administrative expenses	43,325	36,240
Income (loss) from operations	(7,222)	17,794
Other income (expense), net:		
Interest expense	(7,940)	(7,424)
Other income, net	66	58
Total other expense, net	(7,874)	(7,366)
Income (loss) before provision for income taxes	(15,096)	10,428
Income tax provision	(433)	(3,459)
Net income (loss) and comprehensive income (loss)	$ (15,529)	$ 6,969
Deemed dividend to a preferred stockholder	(504)	—
Allocation of undistributed earnings to participating securities stockholder	—	(2,751)
Net income (loss) attributable to common stockholder – Basic and Diluted	$ (16,033)	$ 4,218
Net income (loss) per share attributable to common stockholder – Basic and Diluted	$ (0.92)	$ 0.24
Shares used to compute net income (loss) per share attributable to common stockholder – Basic and Diluted	17,462,283	17,462,283

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

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Condensed Consolidated Statements of Redeemable Preferred Stock, Convertible Preferred Stock and Stockholder's Deficit
(Unaudited)
(in thousands, except share amounts)

	For the Six Months Ended June 28, 2020								
	Redeemable Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Deficit
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of December 30, 2019	—	$ —	3,129,634	$117,038	17,462,283	$ 18	$ 2,040	$ (160,337)	$ (158,279)
Series B redeemable preferred stock issuance, net of issuance costs of $163	7,500,001	16,412	—	—	—	—	(504)	—	(504)
Equity-based compensation (Note 9)	—	—	—	—	—	—	8,428	—	8,428
Net loss and comprehensive loss	—	—	—	—	—	—	—	(15,529)	(15,529)
Balance as of June 28, 2020	7,500,001	$16,412	3,129,634	117,038	17,462,283	$ 18	$ 9,964	$ (175,866)	$ (165,884)

	For the Six Months Ended July 4, 2021								
	Redeemable Preferred Stock		Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Deficit
	Shares	Amount	Shares	Amount	Shares	,Amount			
Balance as of January 3, 2021	7,500,001	$16,412	3,129,634	$117,038	17,462,283	$ 18	$ 10,622	$ (179,641)	$ (169,001)
Series B-1 redeemable preferred stock issuance, net of issuance costs of $23	1,450,000	2,908	—	—	—	—	—	—	—
Equity-based compensation (Note 9)	—	—	—	—	—	—	1,113	—	1,113
Net income and comprehensive income	—	—	—	—	—	—	—	6,969	6,969
Balance as of July 4, 2021	8,950,001	$19,320	3,129,634	$117,038	17,462,283	$ 18	$ 11,735	$ (172,672)	$ (160,919)

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
(Unaudited)
(in thousands)

	Six months ended June 28, 2020	Six months ended July 4, 2021
Cash Flows from Operating Activities		
Net income (loss)	$(15,529)	$ 6,969
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,654	1,421
Amortization of debt discount and debt issuance costs	1,120	1,355
Interest expense capitalized to principal of long-term debt and revolving line of credit	196	1,394
Equity-based compensation expense	8,428	1,113
Equity-based compensation expense related to redeemable preferred stock issuance	8,571	1,481
Equity-based compensation expense related to special compensation liability awards	—	980
Write-off of deferred offering costs	1,950	—
Deferred income taxes	745	(2,082)
Changes in operating assets and liabilities:		
Accounts receivable	1,245	(958)
Inventories	10,031	(4,301)
Asset for recovery	129	(3,589)
Income tax (receivable) payable	(32)	6,046
Prepaids and other current assets	1,034	(266)
Accounts payable	(6,025)	2,442
Accrued expenses and other current liabilities	711	18,449
Other noncurrent liabilities	(358)	(619)
Net cash provided by operating activities	13,870	29,835
Cash Flows from Investing Activities		
Capitalized software development costs	(683)	(532)
Purchases of property and equipment	(607)	(430)
Net cash used in investing activities	(1,290)	(962)
Cash Flows from Financing Activities		
Proceeds from borrowings on revolving line of credit	5,300	—
Repayments on revolving line of credit	—	(8,580)
Repayment of long-term debt	—	(5,063)
Payment of debt issuance costs	(132)	(61)
Advance from Parent	37	—
Repayment of Advance from Parent	(2,040)	—
Proceeds from issuance of redeemable preferred stock, net of issuance costs	7,337	1,427
Other	(21)	(15)
Net cash provided by (used in) financing activities	10,481	(12,292)
Net increase in cash, cash equivalents and restricted cash	23,061	16,581
Cash, cash equivalents and restricted cash at beginning of period	6,361	16,059
Cash, cash equivalents and restricted cash at end of period	$ 29,422	$ 32,640

(Continued)

LULU'S FASHION LOUNGE HOLDINGS, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Six months ended June 28, 2020	Six months ended July 4, 2021
Supplemental Disclosure		
Cash paid for income taxes, net of income tax refunds	$ 43	$ (316)
Cash paid for interest	$ 4,412	$ 4,724
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchases of property and equipment included in accounts payable and accrued expenses	$ —	$ 28
Debt issuance costs included in accrued expenses	$ 1,222	$ 917
Deemed dividend to a preferred stockholder	$ 504	$ —
Paid-in-kind interest added to principal balance of long-term debt and revolving line of credit	$ 196	$ 1,394
Deferred offering costs in accounts payable	$ —	$ 68

(Concluded)

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

Pursuant to a reorganization, Lulu's Fashion Lounge Holdings, Inc., a Delaware Corporation ("Lulus", 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 ("LFL"). Prior to the sale of the Company's Series A convertible preferred stock, the Company was wholly-owned by Lulu's Holdings, L.P. (the "Parent"). As of July 4, 2021, the Company is majority-owned by the Parent.

LFL was founded in 1996, starting as a vintage boutique in Chico, CA that began selling online in 2005 and transitioned to a purely online business in 2008. The Parent was formed in 2014 as a holding company and purchased 100% of LFL's outstanding common stock in 2014. The Company, through LFL, is an online retailer of women's clothing, shoes and accessories based in Chico, CA.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus that causes the disease COVID-19 a global pandemic. The COVID-19 pandemic has had a significant impact on the broader economy and consumer behavior. As a result of these developments, the Company experienced an unfavorable impact on its revenue, results of operations and cash flows in 2020 and on its operations to date in 2021.

The Company may face longer term impacts from COVID-19 due to, among other factors, evolving federal, state and local restrictions and shelter-in-place orders, changes in consumer behavior and health concerns which may impact customer demand, as well as labor shortages, supply chain disruptions and higher shipping costs. The current events and economic conditions are significant in relation to the Company's ability to fund its business operations. In response to the impact of COVID-19, the Company implemented a number of measures to minimize cash outlays, including reducing discretionary marketing and other expenses. Additionally, in June 2020, the Company modified its existing credit agreement to amend covenants and adjust certain payment terms. The Company also borrowed $5.3 million under its existing revolving line of credit facility (see Note 5, *Debt*). The Company repaid the entire outstanding balance under the revolving line of credit in March 2021 (see Note 5, *Debt*). The Company sold shares of Series B Preferred Stock in June 2020 for net cash proceeds of $7.3 million and sold shares of Series B-1 Preferred Stock in March 2021 for net cash proceeds of $1.4 million (see Note 7, *Preferred Stock*).

Liquidity and Going Concern

The accompanying condensed consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern and in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The going concern basis of presentation assumes that the Company will continue in operation one year after the date these condensed consolidated financial statements are issued and will be able to realize the Company's assets and discharge the Company's liabilities and commitments in the normal course of business.

As discussed in Note 5, *Debt*, the Company is required to make contractual principal payments of $5.1 million during the remainder of fiscal year 2021 and $102.6 million during fiscal year 2022 related to the Term Loan. Given the existing cash and cash equivalents as of July 4, 2021, the Company is

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

projecting insufficient liquidity to service its contractual payments related to the Term Loan through one year following the date that the condensed consolidated financial statements are issued. If cash resources are insufficient to repay the Company's Term Loan, the Company will be required to scale back or discontinue its operations entirely. While the Company expects to obtain additional financing through the capital markets, there is no assurance that the Company will be successful in obtaining any funding for the repayment of the Term Loan during fiscal year 2022. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company.

In view of the matters described above, management has concluded that these factors raise substantial doubt about the ability of the Company to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

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 December 31.

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 GAAP and the requirements of the Securities and Exchange Commission ("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. These 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 July 4, 2021 and its results of operations and cash flows for the six months ended June 28, 2020 and July 4, 2021. The results of operations for the six months ended July 4, 2021 are not necessarily indicative of the results to be expected for the fiscal year ending January 2, 2022 or for any other future annual or interim period.

The condensed consolidated balance sheet as of January 3, 2021 was derived from the Company's audited consolidated financial statements, which are included in the prospectus herein. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the prospectus herein.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

reporting period. The significant estimates and assumptions made by management relate to sales return reserves and related assets for recovery, valuation of redeemable preferred stock, valuation of the Parent's Class P unit equity-based awards, valuation of stock options, and valuation of common stock. 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 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.

Segment Reporting

The Company manages its business on the basis of one operating and reportable segment, retail. The Company's chief operating decision maker, its chief executive officer ("CEO"), reviews financial information on an aggregate basis for the purposes of allocating resources and evaluating financial performance. All long-lived assets are located in the United States and substantially all revenue is attributable to customers based in the United States. International sales are not significant.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. At times, 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 January 3, 2021 and July 4, 2021, a single wholesale customer represented 51% and 30% respectively, of the Company's accounts receivable balance. No customer accounted for greater than 10% of the Company's net revenue during the six months ended June 28, 2020 and July 4, 2021.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets to the amounts shown in the condensed consolidated statements of cash flows (in thousands):

	January 3, 2021	July 4, 2021
Cash and cash equivalents	$ 15,554	$32,135
Restricted cash	505	505
Total cash and restricted cash	$ 16,059	$32,640

Deferred Offering Costs

Deferred offering costs consist of expenses incurred in connection with an equity offering, including legal, accounting, printing, and other initial public offering ("IPO")-related costs. Deferred offering costs are written off to operating expenses in the condensed consolidated statements of

operations and comprehensive income (loss) upon the termination or significant delay of a planned equity offering. During the six months ended June 28, 2020, approximately $2.0 million of deferred offering costs were written off to general and administrative expenses in the Company's condensed consolidated statements of operations and comprehensive income (loss). Deferred offering costs of $0.1 million were capitalized within prepaid and other current assets in the condensed consolidated balance sheets as of July 4, 2021 (none as of January 3, 2021).

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 point of sale for merchandise product sales.

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 also has a corresponding asset for recovery that represents the expected net realizable value of the merchandise inventory to be returned.

The Company sells stored-value gift cards to customers and offers merchandise credit stored-value cards for certain returns. Such stored-value cards do not have an expiration date. The Company recognizes revenue from stored-value cards when the card is redeemed by the customer. The Company has determined that sufficient evidence exists to support an estimate for stored-value card breakage. 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 six months ended June 28, 2020 and July 4, 2021 was not material.

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 six months ended June 28, 2020 and July 4, 2021 (in thousands):

	Deferred Revenue	Stored-Value Cards
Balance as of December 31, 2019	$ 547	$ 4,605
Revenue recognized that was included in contract liability balance at the beginning of the period	(547)	(1,626)
Increase due to cash received, excluding amounts recognized as revenue during the period	1,232	1,713
Balance as of June 28, 2020	$ 1,232	$ 4,692

	Deferred Revenue	Stored-Value Cards
Balance as of January 3, 2021	$ 792	$ 4,973
Revenue recognized that was included in contract liability balance at the beginning of the period	(792)	(1,334)
Increase due to cash received, excluding amounts recognized as revenue during the period	1,259	2,048
Balance as of July 4, 2021	$ 1,259	$ 5,687

Selling and Marketing Expenses

Advertising costs included in selling and marketing expenses were $21.1 million and $20.1 million for the six months ended June 28, 2020 and July 4, 2021, respectively.

Equity-Based Compensation

Stock Options

The Company grants stock option awards to certain employees, officers, directors, and other nonemployee service providers. The Company accounts for equity-based compensation expense by calculating the estimated fair value of each award at the grant date or modification date by applying the Black-Scholes option pricing model. The model utilizes the estimated per share fair value of the Company's underlying common stock at the measurement date, the expected or contractual term of the option, the expected stock price volatility, risk-free interest rates, and the expected dividend yield of the common stock. Equity-based compensation expense is recognized on a straight-line basis over the period the employee or non-employee is required to provide service in exchange for the award, which is generally the vesting period. The Company classifies equity-based compensation expense as general and administrative expense in the Company's condensed consolidated statements of operations and comprehensive income (loss).

LULU'S FASHION LOUNGE HOLDINGS, INC.

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The Company bases its estimate of expected volatility on the historical volatility of comparable companies from a representative peer group selected based on industry, financial, and market capitalization data. The Company recognizes forfeitures as they occur.

Determining the grant date fair value of options using the Black-Scholes option pricing model requires management to make assumptions and judgments. These estimates involve inherent uncertainties and, if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded.

Class P Units

Certain of the Company's employees participate in an equity incentive program (consisting of Class P units) offered by the Parent. The Parent's Class P units are available to be issued as incentive compensation to employees, officers, directors, and other nonemployee service providers or consultants of the Company. Through mid-2020, the Company had concluded that the Parent's Class P units were not a substantive class of equity and any associated pre-vesting distributions allocated to the Parent's Class P units have been recorded as equity-based compensation under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 710, *Compensation—General* ("ASC 710"), once the contingent payment becomes probable of payment, which is upon vesting of the Class P units. During mid-2020, all outstanding Class P units were modified to update forfeiture terms related to employment requirements and vesting conditions were added to some of the Class P units. Due to the modifications to the employment requirements, the Company concluded that the Class P units are a substantive class of equity to be accounted for under FASB ASC Topic No. 718, *Compensation—Stock Compensation* ("ASC 718") and that the associated pre-vesting distributions related to outstanding Class P units for five employees are a separate award that are accounted for under ASC 710. Equity-based compensation related to the Class P unit awards and any pre-vesting distributions are recognized as general and administrative expense in the Company's condensed consolidated statements of operations and comprehensive income (loss).

Equity-based compensation is measured at the grant date or modification date for all equity-based awards made to employees and nonemployees based on the fair value of the awards. The Company has elected to recognize forfeitures by reducing the equity-based compensation in the same period as the forfeitures occur. The method for how fair value is determined for the awards is described in Note 9, Equity-Based Compensation. The assumptions used to determine the fair value of the Class P units represent management's best estimates. Awards with only service conditions are recognized as expense on a straight-line basis over the requisite service period, which is generally four years.

Certain of the outstanding Class P units which were modified in 2020 now vest upon the satisfaction of both a service condition (satisfied over four years) and a performance condition. When the performance-based vesting condition becomes probable, which is upon the completion of a qualifying distribution event, the Company will immediately record cumulative stock-based compensation expense using the accelerated attribution method for the awards that have met the service-based vesting condition. The Company has not recognized any stock-based compensation expense for the performance-based Class P units as a qualifying distribution event has not occurred.

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
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Net Income (Loss) Per Share Attributable to Common Stockholders

The Company calculates basic and diluted net income (loss) per share attributable to common stockholders in conformity with the two-class method required for participating securities as the application of the if converted method is not more dilutive. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company considers its redeemable preferred stock and convertible preferred stock to be participating securities. In accordance with the two-class method, net income is adjusted for earnings allocated to these participating securities and the related number of outstanding shares of the participating securities, which include contractual participation rights in undistributed earnings, have been excluded from the computation of basic and diluted net income per share attributable to common stockholders. The redeemable preferred stock and convertible preferred stock contractually entitle the holders of such shares to participate in dividends but do not contractually require the holders of such shares to participate in the Company's losses. As such, where applicable, net losses were not allocated to these securities.

During the six months ended June 28, 2020 and July 4, 2021, basic net income (loss) per common share is computed using net income (loss) attributable to common stockholder divided by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share represents net income (loss) attributable to common stockholder divided by the weighted average number of common shares outstanding during the period, including the effects of any dilutive securities outstanding. Basic and diluted net income (loss) per common share attributable to common stockholder are the same for each period presented since the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

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

	June 28, 2020	July 4, 2021
Series A convertible preferred stock	3,129,634	3,129,634
Stock options	—	322,793
Total	3,129,634	3,452,427

Redeemable Preferred Stock

The Company has elected to record its redeemable preferred stock at the greater of its redemption value or the issuance date fair value, net of issuance costs, as it is probable of becoming redeemable due to the passage of time. Any change to the carrying value of redeemable preferred stock recognized in each period is recorded to additional paid-in capital, or in the absence of additional paid-in capital, recorded to accumulated deficit.

The issuance date fair value of the redeemable preferred stock shares purchased by executives and entities related to current employees, board members, and service providers was higher than the

consideration paid and such excess was recorded as equity-based compensation. The excess of the fair value over consideration paid for redeemable preferred stock shares purchased by an existing convertible preferred stockholder was accounted for as a deemed dividend and recorded in additional paid-in capital in the six months ended June 28, 2020.

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 consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which clarifies the accounting for implementation costs in cloud computing arrangements. The update effectively aligns the requirements for capitalizing implementation costs incurred in a cloud computing arrangement service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU 2018-15 is effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021. The Company adopted this standard on January 4, 2021 using the prospective transition method. The adoption of the new standard did not have a material impact on the Company's condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU. 2016-02, *Leases (Topic 842)*, as amended, which requires lessees to recognize a right-of-use asset and lease liability on their condensed consolidated balance sheets for all leases with a term longer than twelve months. The guidance, as amended, is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company anticipates implementing the standard by taking advantage of the alternative transition method and will apply the transition approach as of the beginning of the period of adoption and will not be restating comparative periods. The Company is currently evaluating the impact that adopting this standard will have on its condensed consolidated financial statements. The Company expects that it will result in a significant increase in its long-term assets and liabilities.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which amends guidance on reporting credit losses for assets held at amortized cost basis and available-for-sale debt securities from an incurred loss methodology to an expected loss methodology. For assets held at amortized cost basis, the guidance eliminates the probable initial recognition threshold and instead requires an entity

to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the assets to present the net amount expected to be collected. For available-for-sale debt securities, credit losses are recorded through an allowance for credit losses, rather than a write-down, limited to the amount by which fair value is below amortized cost. Additional disclosures about significant estimates and credit quality are also required. The guidance is effective for the Company for fiscal years beginning after December 15, 2022. The Company is currently assessing the potential impact of adopting ASU 2016-13 on its condensed consolidated financial statements and does not expect the adoption to have a material impact.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. This standard is effective for fiscal periods beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this guidance on its condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Accounting*, which, as amended, provides optional guidance for a limited period of time to ease the potential burden in accounting for (or reorganizing the effects of) reference rate reform on financial reporting. This standard can be adopted immediately, however, the guidance will only be available until December 31, 2022. The Company is currently evaluating the potential impact of adopting this guidance on its condensed consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815*-40), which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The guidance is effective for the Company for the fiscal year beginning after December 15, 2023 and interim periods within that fiscal year, with early adoption permitted. The Company is currently evaluating the potential impact of adopting this guidance on its condensed consolidated financial statements.

3. Fair Value Measurements

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts payable, accrued expenses, revolving line of credit and long-term debt. As of January 3, 2021 and July 4, 2021, the carrying values of cash and cash equivalents, restricted cash, accounts payable and accrued expenses approximate fair value due to their short-term maturities. The fair values of long-term debt and revolving line of credit approximate their carrying value as the stated interest rates reset monthly at the London Interbank Offered Rate ("LIBOR") plus an Applicable Margin (see Note 5, *Debt*) and, as such, approximate market rates currently available to the Company. The Company does not have any financial instruments that were determined to be Level 3.

LULU'S FASHION LOUNGE HOLDINGS, INC.

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4. Balance Sheet Components

Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following (in thousands):

	January 3, 2021	July 4, 2021
Prepaid software subscriptions	$ 897	$1,205
Prepaid inventory and fulfillment supplies	483	538
Prepaid insurance	391	269
Prepaid rent	273	281
Deferred offering costs	—	68
Other	631	648
Prepaids and other current assets	$ 2,675	$3,009

Property and Equipment, net

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

	January 3, 2021	July 4, 2021
Leasehold improvements	$ 3,647	$ 3,731
Equipment	2,595	2,876
Furniture and fixtures	1,849	1,849
Construction in progress	28	27
Total property and equipment	8,119	8,483
Less: accumulated depreciation and amortization	(5,029)	(5,644)
Property and equipment, net	$ 3,090	$ 2,839

Depreciation of property and equipment for the six months ended June 28, 2020 and July 4, 2021 was $0.8 million and $0.6 million, respectively.

Accrued Expenses and Other Current Liabilities

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

	January 3, 2021	July 4, 2021
Accrued compensation and benefits	$ 2,932	$ 7,406
Accrued debt amendment fees	917	917
Accrued marketing	495	637
Accrued interest	169	120
Sales tax payable	563	2,150
Other	2,457	4,013
Accrued expenses and other current liabilities	$ 7,533	$15,243

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The Company reclassified sales tax payable from other as of January 3, 2021 to conform to the current period presentation.

5. Debt

In August 2017, the Company entered into a term loan with a principal amount of $135.0 million ("Term Loan") and a revolving credit facility of $10.0 million ("Revolving LOC") with certain financial institutions for which Credit Suisse is acting as an administrative agent (the "Credit Agreement").

The Company's outstanding debt under the Term Loan consisted of the following (in thousands):

	January 3, 2021	July 4, 2021
Principal amount of Term Loan	$111,354	$107,686
Less: Unamortized discount and debt issuance costs	(4,373)	(3,112)
Total carrying value of long-term debt	106,981	104,574
Less: Current portion of long-term debt	(10,125)	(10,125)
Long-term debt, net of current portion	$ 96,856	$ 94,449

The Company's outstanding debt under the Revolving LOC consisted of the following (in thousands):

	January 3, 2021	July 4, 2021
Principal amount of Revolving LOC	$ 8,580	$ —
Less: Unamortized debt issuance costs(1)	(107)	(75)
Total carrying value of Revolving LOC	$ 8,473	$ (75)

(1) Debt issuance costs are included in other noncurrent assets in the condensed consolidated balance sheets.

During June 2020, the Company entered into a Waiver and Fifth Amendment to the Credit Agreement (the "Fifth Amendment"), which amended the following:

- Waived the Company's Existing Payment Default, Existing Covenant Default, and Existing Notice Defaults;
- Amended interest payments on the Term Loan and Revolver, resulting in a portion of interest from June 5, 2020 to the date that the Company provides evidence of compliance with the required Leverage Ratios (the "Compliance Date", which was not met as of January 3, 2021) being payable in kind, with such interest being added to the outstanding principal balance of the Term Loan and Revolver;
- Deferred March, June, and September 2020 principal payments due of $7.5 million for the Term Loan to the maturity date;
- Modified the Applicable Margin on the Term Loan from the Fifth Amendment Effective Date (June 5, 2020) to the first day of the month beginning after the Compliance Date, from an Applicable Margin of 9.00% to 9.50% for LIBOR Rate Term Loans and from an Applicable Margin of 8.00% to 8.50% for the Base Rate Term Loans; and

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- Modified the Applicable Margin on the Revolver from the Fifth Amendment Effective Date (June 5, 2020) to the first day of the month beginning after the Compliance Date, from an Applicable Margin of 7.00% to 8.50% for LIBOR Rate Loans and from an Applicable Margin of 6.00% to 7.50% for Base Rate Loans.

For the Fifth Amendment, the Company incurred an amendment fee and other costs totaling $1.4 million that were treated as a debt issuance cost and will be amortized over the remaining term. As of January 3, 2021 and July 4, 2021, $0.9 million of the amendment fee was unpaid and included within accrued expenses and other current liabilities. There was no gain or loss arising from the Fifth Amendment as it was considered to be a debt modification.

During April 2021, the Company entered into the Sixth Amendment to the Credit Agreement ("Sixth Amendment"), which amended the following:

- Amended the minimum liquidity covenant from $2.5 million to $10.0 million
- Extended the due date for the 2020 audited consolidated financial statements to September 30, 2021;
- Upon receipt of proceeds from an IPO, Special Purpose Acquisition Company transaction, or other liquidity transaction that involves the equity of Lulu's or its affiliates, the Company is required to pay off the outstanding obligations under the Credit Agreement before any proceeds are utilized by the Company.

There was no gain or loss arising from the Sixth Amendment as it was considered to be a debt modification.

The Term Loan requires mandatory additional prepayments in May of each year if the Company's Excess Cash Flow ("ECF") for the preceding year exceeds the ECF as defined in the Term Loan agreement. There are no ECF payments due in the year ending January 2, 2022 related to 2020.

Amortization installment payments on the Term Loan are required to be made in quarterly installments of $2.5 million, with the remaining outstanding amount to be payable on August 28, 2022, the maturity date for the Term Loan. The effective interest rate on the Term Loan was 13.1% and 12.9% for the six months ended June 28, 2020 and July 4, 2021, respectively.

Revolving LOC

Outstanding amounts under the Revolving LOC bear interest at variable rates with a minimum of 7.00%. The effective interest rate for the Revolving LOC for the six months ended June 28, 2020 and July 4, 2021 was 10.3% and 9.6%, respectively. Unused portions of the Revolving LOC bear a variable commitment fee of a minimum 0.375% to 0.50% per annum and are paid quarterly. The Revolving LOC matures on May 29, 2022. The Revolving LOC was amended with the Fifth Amendment, but there was no change to the commitment or the maturity date. In March 2021, the Company repaid $8.6 million of the outstanding principal amount of the Revolving LOC. As of July 4, 2021, there was no outstanding balance on the Revolving LOC and the Company had $9.15 million remaining capacity under the Revolving LOC, net of outstanding letters of credit of $0.9 million.

The Term Loan and Revolving LOC are secured by all the assets of the Company and contain financial and reporting covenants, including restrictions on LFL with respect to the payment of

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dividends, which the Company was in compliance with as of July 4, 2021. Financial covenants include minimum liquidity amounts and are applicable if the Company's overall liquidity is less than or equal to $10.0 million at the end of a reporting period. Substantially all of LFL's assets are restricted from distribution to the Company. The Company does not have any material assets or liabilities, other than its indirect investment in LFL. For the periods reported in these condensed consolidated financial statements, the Company has not and does not have any material operations on a standalone basis, and all of the operations of the Company are carried out by LFL.

Debt discounts and issuance costs are deferred and amortized over the life of the related loan using the effective interest method. The associated expense is included in interest expense in the condensed consolidated statements of operations and comprehensive income (loss). Debt discounts and issuance costs are presented as a reduction of long-term debt with the exception of debt issuance costs related to the revolving loan agreement which are included in other non-current assets in the condensed consolidated balance sheets.

Future minimum payments of principal on the Company's outstanding debt were as follows (in thousands):

Fiscal Year Ending	Amounts
2021 (remaining six months)	$ 5,062
2022	102,624
Total principal amount	$ 107,686

6. Commitments and Contingencies

Operating Leases

As of July 4, 2021, the Company had non-cancelable operating leases for its corporate offices and warehouses expiring at various dates through 2026, some of which have renewal provisions. Rental expense classified within general and administrative expenses in the condensed consolidated statements of operations and comprehensive income (loss) totaled $1.6 million and $1.5 million in the six months ended June 28, 2020 and July 4, 2021, respectively.

Future minimum lease payments under non-cancelable operating leases as of July 4, 2021 were as follows (in thousands):

Fiscal Year ending:	Amounts
2021 (remaining six months)	$ 1,434
2022	2,789
2023	2,230
2024	1,777
2025	1,830
Thereafter	153
Total	$10,213

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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. Therefore, the Company has not recorded a reserve for any 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, 2020, January 3, 2021 and July 4, 2021, 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. 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.

7. Preferred Stock

The Company had outstanding redeemable preferred stock and convertible preferred stock (collectively, "Preferred Stock") as follows (in thousands, except share and per share amounts):

	January 3, 2021				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Liquidation Preference
Convertible Preferred Stock (Series A)	3,129,635	3,129,634	$ 38.34	$ 117,038	$ 240,000
Redeemable Preferred Stock (Series B and B-1)	7,500,001	7,500,001	1.00	16,412	15,000
Total	10,629,636	10,629,635		$ 133,450	$ 255,000

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	July 4, 2021				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price Per Share	Net Carrying Value	Liquidation Preference
Convertible Preferred Stock (Series A)	3,129,635	3,129,634	$ 38.34	$ 117,038	$ 240,000
Redeemable Preferred Stock (Series B and B-1)	10,000,001	8,950,001	1.00	19,320	17,900
Total	13,129,636	12,079,635		$ 136,358	$ 257,900

The Company classifies its Preferred Stock (Series A, Series B and Series B-1) outside of stockholder's deficit because the shares contain a redemption feature that is not within the Company's control. As of July 4, 2021, the Company did not adjust the carrying value of the Series A Preferred Stock to its redemption value as a qualifying redemption event was not probable. Subsequent adjustments to the carrying value to the ultimate redemption value will be made only when it becomes probable that such a redemption event will occur. The Series B and Series B-1 Preferred Stock are not currently redeemable but are probable of becoming redeemable based on the passage of time. The carrying value of the Series B and Series B-1 Preferred Stock is greater than its redemption value as of January 3, 2021 and July 4, 2021.

Series B and Series B-1 Redeemable Preferred Stock Issuance

During June 2020, the Company issued and sold 7,500,001 shares of Series B Preferred Stock at $1.00 per share to the general partner and a limited partner of the Parent and the Series A preferred stockholders. The Company received gross cash proceeds of $7.5 million and incurred issuance costs associated with the Series B Preferred Stock issuance of $0.2 million. For accounting purposes, the Company determined the fair value of the Series B Preferred Stock to be $2.21 per share at issuance. The Series B Preferred Stock shares purchased by entities related to current employees, board members, and service providers were recorded at fair value and the excess of the fair value over the consideration paid was recorded as equity-based compensation of $8.6 million. The Series B Preferred Stock shares purchased by an existing Series A preferred stockholder was recorded at fair value and the excess of the fair value over consideration paid was recorded as a deemed dividend of $0.5 million in additional paid-in capital.

During February 2021, the Company amended its Second Amended and Restated Certificate of Incorporation to amend the liquidation preference of the Series B preferred stock to an amount per share equal to a) two times the original issue price of $1.00 per share until August 28, 2022, or b) two times the original issue price of $1.00 per share plus an amount equal to 15% per annum accruing on two times the original issue price from August 28, 2022 through and including the date of payment, plus any dividends declared but unpaid.

During March 2021, the Company issued and sold 1,450,000 shares of Series B-1 Preferred Stock at $1.00 per share to current executives of the Company. In connection with the offering, the Company filed an amended and restated certificate of incorporation which authorized the issuance of up to 2,500,000 shares of Series B-1 preferred stock with the same rights, preferences and privileges of the Series B redeemable preferred stock and increased the authorized shares of common stock to 24,000,000.

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The Company received gross cash proceeds of $1.5 million and incurred nominal issuance costs associated with the Series B-1 Preferred Stock issuance. For accounting purposes, the Company determined the fair value of the Series B-1 Preferred Stock to be $2.02 per share at issuance. The Series B-1 Preferred Stock shares were recorded at fair value and the excess of the fair value over the consideration paid was recorded as equity-based compensation of $1.5 million.

The fair value of the Series B and Series B-1 Preferred Stock was estimated using a two-step process. First, the Company's enterprise value was established using generally accepted valuation methodologies, including discounted cash flow analysis and comparable public company analysis. Second, the Company's enterprise value was allocated among the various classes of outstanding securities using the Black-Scholes option-pricing method. The option-pricing method treats all levels of the capital structure as call options on the enterprise's value, with the exercise price based on the "breakpoints" between each of the different claims on the securities. The inputs necessary for the Series B Preferred Stock option-pricing model include the Company's then-current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions), time to liquidity of 3 years, risk-free rate of 0.21%, and volatility of 72.0%.The inputs necessary for the Series B-1 Preferred Stock option-pricing model include the Company's then-current enterprise value, breakpoints (the various characteristics for each class of equity, including liquidation preferences and priority distributions), time to liquidity ranging from 0.5 to 1.5 years depending on the scenario, risk-free rate of 0.11%, and volatility of 78.0%.

Preferred Stock Provisions

Dividends—Before any dividends on common stock shall be declared or paid, the holders of outstanding shares of Preferred Stock (Series A, B and B-1) shall be entitled to receive dividends on an as-converted basis. Dividends to Preferred stockholders will be determined by dividing the dividend payable on each class/series of capital stock by the original issuance price of $38.34 for Series A, $1.00 for Series B and $1.00 for Series B-1 (adjusted for stock split, stock dividend, etc.) and multiplying such fraction by the Preferred Stock original issue price. As of July 4, 2021, no dividends have been declared or paid.

Liquidation—In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company (a "liquidation event"), the holders of the Series B and Series B-1 Preferred Stock are entitled to receive out of the available assets of the corporation, prior and in preference to any distribution to the holders of Series A and common stock an amount per share equal to a) two times the original issue price of $1.00 per share until August 28, 2022 or b) two times the original issue price of $1.00 per share plus an amount equal to 15% per annum accruing on two times the original issue price from August 28, 2022 through and including the date of payment, plus any dividends declared but unpaid (the "Series B-1 Liquidation Amount" or "the Series B Liquidation Amount" as applicable).

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, the holders of the Series A Preferred Stock are entitled to receive out of the available assets of the corporation, less the Series B and Series B-1 Liquidation Amount, prior and in preference to any distribution to the holders of common stock, an amount per share for each share of Series A Preferred Stock held by them equal to the greater of 1) the sum of original issue price multiplied by the applicable factor (2.0 as of July 4, 2021) plus any declared but unpaid dividends on the Series A Preferred Stock; and ii) the amount per share as would have been payable if all shares of Series A Preferred Stock had been converted to common stock (the "Series A Liquidation Amount").

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Voting—Each share of Series A Preferred Stock is entitled to voting rights equal to the number of shares of common stock it can be converted to. Series A stockholders are entitled to elect two directors of the Company and common stockholders are entitled to elect nine directors. Each share of Series B and Series B-1 Preferred Stock is not entitled to voting rights.

Conversion—At the option of the holder, each share of Series A Preferred Stock is convertible into shares of common stock. As of July 4, 2021, each share of Series A Preferred Stock was convertible into one share of common stock, adjusted for stock splits, combinations, dividends and distributions. All outstanding shares of Series A Preferred Stock will automatically be converted into shares of common stock at the then effective conversion rate upon one of the following conversion events: (i) the closing of a firm commitment underwritten IPO, provided that the aggregate gross proceeds to the Company are not less than $100.0 million; or (ii) by vote or written consent for conversion from the holders of a majority of the outstanding Preferred Stock. Each share of Series B and Series B-1 Preferred Stock is not convertible at the option of the holder.

The Series A Preferred Stock conversion ratio shall be subject to appropriate adjustments for stock splits, stock dividends, combinations, subdivisions, or recapitalization events. In addition, if the Company should issue preferred stock or common stock without consideration or for a consideration per share less than the conversion price for the Series A Preferred Stock, the conversion price for each series shall automatically be adjusted in accordance with anti-dilution provisions contained in the Company's amended and restated certificate of incorporation.

Redemption—On or after April 12, 2024, all outstanding shares of Series A Preferred Stock will be redeemable upon written notice of at least 50% of the then outstanding Series A shares requesting redemption of all or part of the stock held by such holders. The shares shall be redeemed in up to two installments, at a price equal to the then applicable Series A Liquidation Amount. The initial redemption date shall be within sixty days of receiving written notice and the Company shall redeem at least 50% of the shares at that time. The remaining shares to be redeemed shall accrue interest at a rate of 12.0% per annum and shall be redeemed no later than six months following the initial redemption date.

Upon written request from the holders of at least 50% of the then outstanding shares of Series B Preferred Stock and Series B-1 Preferred Stock voting together as a single class, the Company will redeem the Series B Preferred Stock and Series B-1 Preferred Stock in up to two installments at a price equal to the then applicable Series B and B-1 Liquidation Amount. The Series B and Series B-1 redemption request may not be delivered prior to April 12, 2024. The initial redemption date shall be within sixty days of receiving written notice and the Company shall redeem at least 50% of the shares at that time. The remaining shares to be redeemed shall accrue interest at a rate of 12.0% per annum and shall be redeemed no later than six months following the initial redemption date. No redemption of any shares of Series B Preferred Stock or Series B-1 Preferred Stock shall occur prior to the earlier of (x) 91st day following the Latest Maturity Date, as defined in the Credit Agreement, and (y) the termination of the Credit Agreement.

Upon the sale of Common Stock in an IPO, all Series B and Series B-1 Preferred Stock will be redeemed by the Company at a price equal to the Series B and Series B-1 Liquidation Amount.

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8. Common Stock

The Company has authorized the issuance of 24,000,000 shares of common stock with a $0.001 par value as of July 4, 2021. As of January 3, 2021 and July 4, 2021, there were 17,462,283 shares of common stock issued and outstanding. 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 January 3, 2021 and July 4, 2021, the Company has reserved 3,129,634 shares of common stock for issuance on an as-convertible basis related to convertible preferred stock outstanding. As of July 4, 2021, the Company has reserved 322,793 shares of common stock for issuance upon the exercise of stock options.

9. Equity-Based Compensation

2021 Equity Plan

During April 2021, the Company's board of directors adopted the 2021 Equity Incentive Plan ("2021 Equity Plan"). The 2021 Equity Plan provides for the issuance of incentive stock options, restricted stock, restricted stock units and other stock-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 is 925,000 shares, with 602,207 shares available for grant as of July 4, 2021. The Company's board of directors administers the 2021 Plan and determines to whom options will be granted, the exercise price of options, the rates at which awards vest and the other terms and conditions of the awards issued from the 2021 Equity Plan. Options generally vest over four years and are subject to the employee's continued employment with us. Options granted to consultants or other nonemployees generally vest over the expected service period to the Company. The options expire ten years from the date of grant. The Company issues new shares to satisfy stock option exercises.

CEO Stock Options and Special Compensation Awards

During April 2021, the Company entered into an Employment Agreement ("Employment Agreement") with the CEO and granted stock options to purchase 322,793 shares of common stock with an exercise price of $11.35 per share, which vest based on service and performance conditions. 275,133 stock options granted to the CEO have only service vesting conditions and 47,660 stock options granted have both service and performance vesting conditions. 322,793 stock options are also subject to accelerated vesting conditions upon the occurrence of certain future events, including an IPO.

Under the Employment Agreement and subject to ongoing employment, the CEO will receive two bonuses which will be settled in fully-vested shares of the Company's common stock equal to $3.0 million each ($6.0 million in aggregate) on March 31, 2022 and March 31, 2023 if certain future events, including an IPO, occur prior to March 31, 2022 and March 31, 2023, respectively. If such events do not occur prior to March 31, 2022 and March 31, 2023, the CEO will receive the respective bonuses in cash of $3.0 million each ($6.0 million in aggregate) if the requisite service period is performed through March 31, 2022 and March 31, 2023. The Company concluded that the two

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bonuses are subject to the guidance within ASC 718, are liability classified and recorded within accrued expense and other current liabilities and other noncurrent liabilities. The Company records the equity-based compensation on a straight-line basis over the requisite service periods through March 31, 2022 and March 31, 2023. During the six months ended July 4, 2021, the Company recognized equity-based compensation related to the two bonuses of $1.0 million. The unrecognized equity-based compensation of $5.0 million is expected to be recognized over 1.27 years. If the IPO would have occurred as of July 4, 2021, the Company would have recognized no additional equity-based compensation expense.

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 January 3, 2021	—	$ —	—	$ —
Authorized				
Granted	322,793	$ 11.35		
Outstanding as of July 4, 2021	322,793	$ 11.35	9.79	$ 4,109
Vested and exercisable as of July 4, 2021	—	$ —	—	$ —
Expected to vest as of July 4, 2021	322,793	$ 11.35	9.79	$ 4,109

The weighted-average grant-date fair value of options granted during the six months ended July 4, 2021 was $16.44.

The following table presents the range of assumptions used to estimate the fair value of options granted during the periods presented:

	Six Months Ended July 4, 2021
Fair value of common stock	$ 25.86
Expected term (in years)	6.48
Expected volatility	50.62%
Risk-free rate	1.17%
Dividend yield	0%

Fair Value of Common Stock—As there is no public market for the Company's common stock, the board of directors, with the assistance of a third-party valuation specialist, determined the fair value of the Company's common stock at the time of the grant of stock options by considering a number of objective and subjective factors, including the Company's actual operating and financial performance, market conditions and performance of comparable publicly-traded companies, developments and milestones in the Company, the likelihood of achieving a liquidity event and transactions involving the Company's common stock, among other factors. The fair value of the underlying common stock was

determined by the board of directors. The fair value of the Company's common stock was determined in accordance with applicable elements of the American Institute of Certified Public Accountants guide, Valuation of Privately Held Company Equity Securities Issued as Compensation.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield in effect at the time the options are granted for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the option.

Expected Term—The expected term is based upon the Company's consideration of the historical life of options, the vesting period of the option granted, and the contractual period of the option granted. The Company has a limited history of granting options, accordingly, the expected life was calculated using the simplified method.

Volatility—As the Company is not publicly traded, the expected volatility for the Company's stock options was determined by using an average of historical volatilities of selected industry peers deemed to be comparable to the Company's business corresponding to the expected term of the awards.

Dividend Yield—The expected dividend rate is zero as the Company currently has no history or expectation of declaring dividends on its common stock.

During the six months ended July 4, 2021, equity-based compensation expense of $0.2 million was recorded to general and administrative expense related to the stock options. As of July 4, 2021, total unrecognized compensation cost related to unvested stock options was $4.3 million, which is expected to be recognized over a weighted average remaining service period of 3.74 years. If the IPO would have occurred as of July 4, 2021, the Company would have recognized an additional $1.3 million and $0.5 million of equity-based compensation expense related to the options only with service vesting conditions options and stock options with both performance and service vesting conditions, respectively.

Class P Units

During Q2 2020 and Q3 2020, all outstanding Class P units totaling 1,858,210 were modified to include a provision that if the employment with or service to the Company is terminated, then all outstanding Class P units that have satisfied the service-based vesting requirements will remain outstanding. 384,522 of the outstanding Class P units were also modified to include both a service condition and a performance condition. The performance-based vesting condition is satisfied upon the occurrence of a qualifying distribution event, which is generally defined as an issuance of a distribution to the Parent's partners. As of the modification dates, the Company measured the fair value of all modified Class P units. During Q4 2020, the Parent granted an additional 1,094,861 Class P units which vest monthly over four years from the grant date and only include a service condition. If the performance-based vesting condition had occurred on July 4, 2021, the Company would have recognized $2.6 million of equity-based compensation expense for Class P unit awards that had satisfied or partially satisfied the time-based vesting condition on that date and would have approximately $0.6 million of unrecognized compensation cost that represents the Class P unit awards which have not met the time-based condition as of July 4, 2021.

The Company recorded equity-based compensation expense of $8.4 million and $0.9 million during the six months ended June 28, 2020 and July 4, 2021, respectively, related to the outstanding

and vested service-based Class P units. As of July 4, 2021, there were 384,522 Class P units outstanding with unrecognized equity-based compensation expense of $3.2 million, and the Company has concluded that the performance-based condition was not met and accordingly, no expense has been recognized during the six months ended June 28, 2020 and July 4, 2021.

Pre-Vesting Distributions

During the six months ended July 4, 2021, there was one employee that was terminated and $0.5 million of pre-vesting distributions were forfeited. Pre-vesting distributions totaling $2.9 million will be recognized when both the service-based condition and the performance-based vesting conditions of the underlying Class P units are met. As of July 4, 2021, the performance-based condition was not met and no compensation expense associated with the pre-vesting distributions has been recognized. If the performance-based vesting condition had occurred on July 4, 2021, the Company would have recognized $2.4 million of equity-based compensation expense for pre-vesting distributions that had satisfied or partially satisfied the time-based vesting condition on that date and would have approximately $0.5 million of unrecognized compensation cost that represents the pre-vesting distributions which have not met the time-based condition as of July 4, 2021.

The following table summarizes the rollforward of unvested Class P units for July 4, 2021:

	Unvested Class P units	Weighted-Average Fair Value per Unit
Balance at January 3, 2021	1,729,938	$ 5.33
Units granted	—	—
Units vested	(199,398)	4.43
Units forfeited	(58,184)	8.45
Balance at July 4, 2021	1,472,356	$ 5.33

As of July 4, 2021, the unrecognized equity-based compensation expense for all Class P units with a service condition of $5.1 million will be recognized over a weighted-average period of 3.1 years.

10. Income Taxes

The Company's quarterly tax provision was calculated using a discrete approach, as allowed by FASB ASC 740, *Income Taxes*. The discrete method is applied when it is not possible to reliably estimate the annual effective tax rate. The Company believes the use of the discrete method is more appropriate than the annual effective rate method at this time because of the uncertainties that have resulted from the COVID-19 pandemic.

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

	Six months ended	
	June 28, 2020	July 4, 2021
Income (loss) before provision for income taxes	$(15,096)	$10,428
Provision for income taxes	(433)	(3,459)
Effective tax rate	(2.9)%	33.2%

The Company's effective tax rate for the six months ended June 28, 2020 differs from the federal income tax rate of 21% primarily due to non-deductible equity-based compensation expenses.

The Company's effective tax rate for the six months ended July 4, 2021 differs from the federal income tax rate of 21% primarily due to state taxes and non-deductible equity-based compensation expenses.

11. Related Party Transactions

Transactions with the Parent

Certain of the Company's transactions with the Parent are classified as a component within additional paid-in capital in the condensed consolidated statements of stockholder's deficit as there are no defined payments or other terms associated with these transactions. Such transactions included equity-based compensation related to outstanding Class P units of $8.4 million in the six months ended June 28, 2020 and equity-based compensation expense related to outstanding Class P units of $0.9 million during the six months ended July 4, 2021.

Series B Redeemable Preferred Stock Issuance

The Series B Preferred Stock shares purchased by entities related to current employees, board members, and service providers were recorded at fair value and the excess of the fair value of $2.21 per share over the consideration paid of $1.00 per share was recorded as equity-based compensation of $8.6 million in the six months ended June 28, 2020. The Series B Preferred Stock shares purchased by an existing Series A stockholder was recorded at fair value and excess of the fair value of $2.21 per share over the consideration paid of $1.00 per share was recorded as a deemed dividend of $0.5 million in additional paid-in capital in the six months ended June 28, 2020.

Series B-1 Redeemable Preferred Stock Issuance

The Series B-1 Preferred Stock shares purchased by current executives were recorded at fair value and the excess of the fair value of $2.02 per share over the consideration paid of $1.00 per share was recorded as equity-based compensation of $1.5 million in the six months ended July 4, 2021.

Advance to/from Parent

An additional $37,000 was advanced to the Company from the Parent during the six months ended June 28, 2020. During the six months ended June 28, 2020, the Company repaid the $2.0 million of

advances from the Parent plus accrued interest of $0.1 million, which repayment was used by the Parent to pay accrued Class P unit distributions to certain current employees of the Company.

Management & Consulting Fees

The Company has accrued for management and consulting fees to H.I.G. Capital, LLC ("H.I.G.", the Parent's ultimate parent), Institutional Venture Partners (Series A Preferred Stockholder), and certain board members. Expenses for such services were $0.3 million to H.I.G and $0.2 million to other related parties for the six months ended June 28, 2020 and were $0.3 million to H.I.G. and $0.2 million to other related parties for the six months ended July 4, 2021. There were $0.2 million of accrued liabilities and $0.8 million of accounts payable related to these services as of January 3, 2021 and $0.3 million of accrued liabilities and $1.0 million of accounts payable related to these services as of July 4, 2021.

Operating Leases

The Company leases operations and warehouse spaces from a limited partner of the Parent and a Series B Preferred Stockholder of the Company. Total rent expense to the related party was $74,794 and $24,230 for the six months ended June 28, 2020 and July 4, 2021, respectively.

12. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 20, 2021, which is the date that the financial statements were available to be issued.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the Securities and Exchange Commission (the "SEC") registration fee, the Financial Industry Regulatory Authority ("FINRA"), filing fee, and the Nasdaq (the "Exchange") listing fee.

SEC Registration Fee	$ 9,270
FINRA Filing Fee	15,550
Exchange Listing Fee	*
Printing and Engraving Expenses	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Blue Sky Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Miscellaneous Fees and Expenses	*
Total	$ *

* To be completed by amendment.

ITEM 14. Indemnification of Directors and Officers.

The Registrant is governed by the Delaware General Corporation Law (the "DGCL"). Section 145 of the DGCL provides that a corporation may indemnify any person, including an officer or director, who was or is, or is threatened to be made, a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person was or is an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the corporation's best interest and, for criminal proceedings, had no reasonable cause to believe that such person's conduct was unlawful. A Delaware corporation may indemnify any person, including an officer or director, who was or is, or is threatened to be made, a party to any threatened, pending or contemplated action or suit by or in the right of such corporation, under the same conditions, except that such indemnification is limited to expenses (including attorneys' fees) actually and reasonably incurred by such person, and except that no indemnification is permitted without judicial approval if such person is adjudged to be liable to such corporation. Where an officer or director of a corporation is successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to above, or any claim, issue or matter therein, the corporation must indemnify that person against the expenses (including attorneys' fees) which such officer or director actually and reasonably incurred in connection therewith.

The Registrant's amended and restated certificate of incorporation authorizes the indemnification of its officers and directors, consistent with Section 145 of the DGCL. Reference is made to

Section 102(b)(7) of the DGCL, which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL, which provides for liability of directors for unlawful payments of dividends of unlawful stock purchase or redemptions or (iv) for any transaction from which a director derived an improper personal benefit. As permitted by the DGCL, we have included in our amended and restated certificate of incorporation a provision to eliminate the personal liability of our directors for monetary damages for breach of their fiduciary duties as directors, subject to certain exceptions. In addition, our amended and restated certificate of incorporation and bylaws provide that we are required to indemnify our officers and directors under certain circumstances, including those circumstances in which indemnification would otherwise be discretionary, and we are required to advance expenses to our officers and directors as incurred in connection with proceedings against them for which they may be indemnified.

The Registrant intends to enter into indemnification agreements with each of its directors. These agreements, among other things, will require the Registrant to indemnify each director to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director in any action or proceeding, including any action or proceeding by or in right of the Registrant, arising out of the person's services as a director.

The Registrant maintains directors' and officers' liability insurance for the benefit of its directors and officers.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification to the Registrant's directors and officers by the underwriters against certain liabilities.

ITEM 15. Recent Sales of Unregistered Securities.

The following sets forth information regarding all unregistered securities sold or granted by us during the three years preceding the filing of this registration statement:

On June 5, 2020, we issued an aggregate of 7,500,001 shares of our Series B Preferred Stock at a price per share of $1.00 for aggregate proceeds to us of $7,500,001.00.

On March 31, 2021, we issued an aggregate of 1,450,000 shares of our Series B-1 Preferred Stock at a price per share of $1.00 for aggregate proceeds to us of $1,450,000.00.

No underwriters were used in the foregoing transaction. The sale of securities described in paragraph (1) above was deemed to be exempt from registration pursuant to Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering. All of the purchasers in this transaction represented to us in connection with their purchase that they were acquiring the shares for investment and not distribution, and that they could bear the risks of the investment and could hold the securities for an indefinite period of time. Such purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant to a registration or an available exemption from such registration. All of the foregoing securities are deemed restricted securities for the purposes of the Securities Act.

ITEM 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit Number	Description of Exhibits
1.1*	Form of Underwriting Agreement.
3.1*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be effective upon consummation of this offering.
3.2*	Form of Amended and Restated Bylaws of the Registrant, to be effective upon consummation of this offering.
4.1*	Form of Common Stock Certificate.
4.2	Investors' Rights Agreement, dated as of April 12, 2018, among the Registrant, the Investors listed on Schedule A thereto, Lulu's Holdings, L.P. and LFL Acquisition Corp.
5.1*	Opinion of Latham & Watkins LLP.
10.1*	Omnibus Equity Plan.
10.2*	2021 Employee Stock Purchase Plan.
10.3*	Form of Award Agreement Evidencing Class P Units.
10.4	2021 Equity Incentive Plan.
10.5	Stock Option Agreement and Grant Notice between the Registrant and David W. McCreight under the 2021 Equity Incentive Plan.
10.6	Special Compensation Award Agreement and Grant Notice between the Registrant and David W. McCreight under the 2021 Equity Incentive Plan.
10.7	Employment Agreement, dated as of April 15, 2021, among, Lulu's Fashion Lounge, LLC, the Registrant and David W. McCreight.
10.8*	Form of Indemnification Agreement.
10.9	Credit Agreement, dated as of August 28, 2017, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, Credit Suisse AG, Cayman Islands Branch, the Lenders party thereto, Credit Suisse Securities (USA) LLC, Lazard Middle Market LLC and Monroe Capital Management Advisors, LLC.
10.10	Amendment No. 1 to the Credit Agreement, dated as of February 12, 2018, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, the Lenders party thereto and Credit Suisse AG, Cayman Islands Branch.
10.11	Amendment No. 2 to the Credit Agreement, dated as of April 25, 2018, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, the Lenders party thereto and Credit Suisse AG, Cayman Islands Branch.
10.12	Waiver and Amendment No. 3 to the Credit Agreement, dated as of February 15, 2019, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, the Lenders party thereto and Credit Suisse AG, Cayman Islands Branch.
10.13	Waiver and Amendment No. 4 to the Credit Agreement, dated as of May 30, 2019, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, the Lenders party thereto and Credit Suisse AG, Cayman Islands Branch.
10.14	Commercial Lease Agreement, dated as of October 26, 2016, between Hegan Lane Partnership and Lulu's Fashion Lounge, Inc.
10.15	Addendum to the Commercial Lease Agreement, dated as of September 6, 2019, between Hegan Lane Partnership and Lulu's Fashion Lounge, Inc.
10.16	Commercial Lease Agreement, dated as of October 26, 2017, between the Winter Family Trust and the Registrant.

Exhibit Number	Description of Exhibits
10.17	Lease Agreement, dated as of January 7, 2019, between Chrin-Carson Development, LLC and the Registrant.
10.18	First Amendment to Lease, dated as of February 24, 2019, between Chrin-Carson Development, LLC and the Registrant.
10.19	Transactions Services Agreement, dated as of July 25, 2014, between H.I.G. and Lulu's Holdings, LLC.
10.20	Professional Services Agreement, dated as of July 25, 2014, between H.I.G. and Lulu's Holdings, LLC.
21.1*	List of Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Latham & Watkins LLP (included in the opinion filed as Exhibit 5.1 hereto).
24.1	Power of Attorney (included on signature page).

* To be filed by amendment

(b) Financial statement schedules.

No financial statements are provided because the information called for is not applicable or is shown in the financial statements or notes thereto.

ITEM 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser.

(a) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(b) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(c) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(d) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chico, State of California, on the 12th day of October, 2021.

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: /s/ David McCreight
Name: David McCreight
Title: Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned constitutes and appoints each of David McCreight and Crystal Landsem, each acting alone, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign this Registration Statement on Form S-1 (including all pre-effective and post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that any such attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ David McCreight David McCreight	Chief Executive Officer and Director (Principal Executive Officer)	October 12, 2021
/s/ Crystal Landsem Crystal Landsem	Chief Financial Officer (Principal Financial and Accounting Officer)	October 12, 2021
/s/ Debra Cannon Debra Cannon	Director	October 12, 2021
/s/ Thomas Belatti Thomas Belatti	Director	October 12, 2021
/s/ Evan Karp Evan Karp	Director	October 12, 2021
/s/ Danielle Qi Danielle Qi	Director	October 12, 2021
/s/ John Black John Black	Director	October 12, 2021
/s/ Michael Mardy Michael Mardy	Director	October 12, 2021
/s/ Eric Liaw Eric Liaw	Director	October 12, 2021
/s/ Colleen Winter Colleen Winter	Director	October 12, 2021

Exhibit 4.2

Executed

LULU'S FASHION LOUNGE HOLDINGS, INC.

INVESTORS' RIGHTS AGREEMENT

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INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT (this "**Agreement**"), is made as of the 12th day of April, 2018, by and among Lulu's Fashion Lounge Holdings, Inc., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**"), Lulu's Holdings, L.P. (the "**Limited Partnership**"), and LFL Acquisition Corp., a Delaware corporation ("**LFL**"), solely with respect to Subsection 5.6.

RECITALS

WHEREAS, the Company, the Limited Partnership and the Investors are parties to the Series A Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**"); and

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce the Investors to invest funds in the Company pursuant to the Purchase Agreement, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of Common Stock issuable to the Investors, to receive certain information from the Company, and to participate in future equity offerings by the Company, and shall govern certain other matters as set forth in this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions.

For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

1.2 "**Common Stock**" means shares of the Company's common stock, par value $0.001 per share.

1.3 "**Company Interests**" means, collectively, equity securities of the Company, including Common Stock, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.4 "**CPPIB**" means Canadian Pension Plan Investment Board and its Affiliates.

1.5 “**Damages**” means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein (in the case of a prospectus or preliminary prospectus, in light of the circumstances under which they were made) not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) in connection with the registration covered by the registration statement of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.6 “**Derivative Securities**” means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

1.7 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.8 “**Excluded Registration**” means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to the issuance of securities in an SEC Rule 145 transaction; (iii) a registration on any form that does not permit substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.9 “**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.10 “**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.11 “**Founder**” means Colleen Winter.

1.12 “**GAAP**” means generally accepted accounting principles in the United States.

1.13 “**Holder**” means any holder of Registrable Securities who is a party to this Agreement.

1.14 “**Immediate Family Member**” means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-inlaw, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

1.15 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.16 "**IPO**" means the Company's first underwritten public offering under the Securities Act.

1.17 "**IVP**" means, collectively, Institutional Venture Partners XV, L.P., Institutional Venture Partners XVI, L.P., and their respective Affiliates.

1.18 "**Key Employee**" means the Founder, Crystal Landsem, Mark Vos and Brittany Nicholls.

1.19 "**Key Holders**" means the Limited Partnership, each person to whom the rights of a Key Holder are assigned pursuant to Subsection 6.1, and any one of them, as the context may require.

1.20 "**LFL Interests**" means, collectively, equity securities of LFL, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.21 "**Major Investor**" means (i) the Limited Partnership and each of its direct and indirect transferees to whom any rights of the Limited Partnership are assigned pursuant to Subsection 6.1 (ii) IVP, for so long as IVP holds at least 391,204 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination or other recapitalization or reclassification effected after the date hereof) and (iii) CPPIB, for so long as CPPIB holds at least 391,204 shares of Registrable Securities (as adjusted for any stock split, stock dividend, combination or other recapitalization or reclassification effected after the date hereof).

1.22 "**New Interests**" means, collectively, any Partnership Interests or LFL Interests not currently authorized or outstanding on the date of this Agreement.

1.23 "**New Securities**" means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities including, for the avoidance of doubt, shares of Common Stock issued as a Permitted Common Stock Issuance (as defined in the Certificate of Incorporation (as defined below)).

1.24 "**Partnership Interests**" means, collectively, equity securities of the Limited Partnership, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities.

1.25 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.26 "**Registrable Securities**" means (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock; (ii) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, held by the Investors or Key Holders or acquired by any of them after the date hereof; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clauses (i) and (ii) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.15 of this Agreement.

1.27 "**Registrable Securities then outstanding**" means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.28 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.14(b) hereof.

1.29 "**SEC**" means the Securities and Exchange Commission.

1.30 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.31 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.32 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.33 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.7.

1.34 "**Series A Director**" means any director of the Company that the holders of record of the Series A Preferred Stock are entitled to elect pursuant to the Company's Amended and Restated Certificate of Incorporation (as may be amended, the "**Certificate of Incorporation**").

1.35 "**Series A Preferred Stock**" means shares of the Company's Series A Preferred Stock, par value $0.001 per share.

1.36 "**Transfer**" means any assignment, sale, offer to sell, pledge, mortgage, hypothecation, encumbrance, disposition of or any other like transfer.

2. Registration Rights.

The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after 180 days after the effective date of the registration statement for the IPO, the Company receives a request from the Holders of a majority of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to all or part of the Registrable Securities then outstanding (only if the anticipated aggregate offering price, net of Selling Expenses, would exceed $15 million), then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within ten (10) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.4.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from either (a) the Limited Partnership or IVP or (b) Holders of at least a majority of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $15 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within ten (10) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsections 2.1(c) and 2.4.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act (collectively, (i), (ii) and (iii) are an "**Adverse Disclosure**"), then 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 sixty (60) days per calendar year after the request of the Initiating Holders is given; provided, however, that the Company shall not register any securities for its own account or that of any other stockholder during any such sixty (60) day period other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a): (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected one registration pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b): (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.7, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.4, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.7.

2.3 Shelf Registration.

(a) Request for Shelf Registration. If at any time after one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from any Holder that the Company file with the SEC a shelf Registration Statement pursuant to Rule 415 under the Securities Act (a "**Shelf Registration Statement**") relating to the offer and sale of Registrable Securities by any Holders thereof, then the Company shall (x) within ten (10) days after the date of such request is given, give notice

thereof (the "**Shelf Registration Notice**") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Shelf Registration Statement covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within ten (10) days of the date the Shelf Registration Notice is given, and in each case, subject to the limitations of Subsections 2.3(c), 2.3(e) and 2.4.

(b) If on the date of the Shelf Registration Request the Company is a well-known seasoned issuer as defined in Rule 405 under the Securities Act (a "**WKSI**"), then the Shelf Registration Request may request registration of an unspecified amount of Registrable Securities to be sold by unspecified Holders. If on the date of the Shelf Registration Request the Company is not a WKSI, then the Shelf Registration Request shall specify the aggregate amount of Registrable Securities to be registered. The Company shall provide to the Investors the information necessary to determine the Company's status as a WKSI upon request.

(c) Suspension of Registration. If the continued use of such Shelf Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, suspend use of the Shelf Registration Statement (a "**Shelf Suspension**"); provided, however, that the Company shall not be permitted to exercise a Shelf Suspension more than one time during any twelve (12)-month period for a period not to exceed sixty (60) days. In the case of a Shelf Suspension, the Holders agree to suspend use of the applicable prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders in writing upon the termination of any Shelf Suspension, amend or supplement the prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the prospectus as so amended or supplemented as the Holders may reasonably request. The Company shall, if necessary, supplement or amend the Shelf Registration Statement, if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act o or as may reasonably be requested by the Holders of a majority of Registrable Securities that are included in such Shelf Registration Statement.

(d) Shelf Takedown. If at any time when the Company has an effective Shelf Registration Statement with respect to a Holder's Registrable Securities, the Company receives a request from a Holder (a "**Shelf Takedown Request**") that the Company effect a public offering, including an underwritten public offering conducted as a bought deal or block sale to a financial institution (a "**Underwritten Shelf Takedown**"), of all or a portion of such Holder's Registrable Securities that may be registered under such Shelf Registration Statement, then the Company shall (i) within five (5) days after the date such request is given (or such shorter period as may be reasonably requested in connection with an underwritten block trade) for any Underwritten Shelf Takedown, give a notice ("**Shelf Takedown Notice**") to all Holders with Registrable Securities covered by the applicable Registration Statement other than the Initiating Holders, or to all other Holders other than the Initiating Holders if such Shelf Registration Statement is undesignated; and (ii) as soon as practicable amend or supplement the Shelf Registration Statement as necessary for such purpose, as specified by notice given by each such Holder to the Company within three (3) days of the date (or such shorter period as may be reasonably requested in connection with an underwritten block trade) the Shelf Takedown Notice is given.

(e) The Company shall not be obligated to take any action to effect any Underwritten Shelf Takedown if a Demand Registration or Company Registration was declared effective or an Underwritten Shelf Takedown was consummated within the preceding ninety (90) days (unless otherwise consented to by the Company).

2.4 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.5(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.4, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the

Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, (ii) the number of Registrable Securities included in the offering be reduced below twenty percent (20%) of the total number of securities included in such offering, unless such offering is a Qualified Public Offering (as defined in the Certificate of Incorporation), in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the provision in this Subsection 2.4(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Subsection 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Subsection 2.4(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.5 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended, if necessary, so long as requested by the Holders of a majority of the Registrable Securities thereunder until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue- sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.6 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.7 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $100,000, of one counsel for the selling Holders ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company that was not known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsections 2.1(a) or 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.9 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may

result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.9(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.9(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.9(b) and 2.9(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.9 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.9, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.9, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.9.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.9, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.9(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.9(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.9 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.10 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.11 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder.

2.12 "Market Stand-off' Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), or ninety (90) days in the case of any registration other than the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for such offering or (ii) enter into any swap or other arrangement that

transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.12 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Holders only if all officers and directors are subject to obligations no less restrictive than those applicable to the Holders. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.12 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.12 or that are necessary to give further effect thereto.

2.13 Listing Restrictions. The Company agrees that it will neither pursue a "direct listing" of its shares on any exchange nor pursue a Qualified Public Offering except on Nasdaq, NYSE or other U.S. domiciled exchange acceptable to the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series A Preferred Stock held by the Investors (voting as a single class and on an as converted basis).

2.14 Restrictions on Transfer.

(a) The Series A Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement and (to the extent applicable thereto) the Co-Sale Agreement, dated of even date herewith, by and among the Company and the other parties thereto (as it may be amended and/or restated from time to time, the "**Co-Sale Agreement**"). A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Series A Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Series A Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.14(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.14.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144 or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.14. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.14(b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.15 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsections 2.1, 2.2, or 2.3 shall terminate upon the earliest to occur of:

(a) the closing of a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation; and

(b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration.

3. Information and Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to the Major Investors:

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) be absent of notes);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each fiscal quarter of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Major Investors to calculate their respective percentage equity ownership in the Company;

(d) as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet and statement of stockholders' equity as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) be absent of notes);

(e) promptly (but in any event no more than forty-five (45) days) following the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), prepared on a monthly basis, including revenue, expenses, and cash position for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as the Major Investors may from time to time reasonably request or as may be provided to H.I.G. Capital, LLC and its affiliates (collectively, "H.I.G.") that is not otherwise required to be provided to the Major Investors pursuant to this Agreement; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in a form acceptable to the Company); or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel; provided, however, that the Company shall not be entitled to withhold information from IVP or CPPIB on the basis of (i) or (ii) above to the extent any other Major Investor or H.I.G. is provided with such information.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries. For any period where the Parent and Company's financial statements are consolidated, the Parent's consolidated financial statements may be delivered pursuant to the foregoing sections.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney- client privilege between the Company and its counsel, provided further, however, that the Company shall not be entitled to deny IVP or CPPIB access to information on the basis of the foregoing clause to the extent any other Major Investor is provided with such access . In addition to the foregoing, to the extent any stockholder of the Company or equity holder of the Limited Partnership (including, without limitation, H.I.G.) is provided with rights superior in any way to the foregoing, the Company shall provide each Major Investor with such superior rights.

3.3 Termination of Information Rights. The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of a Qualified Public Offering, (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (iii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

3.4 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Subsection 3.4 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the

Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees in writing to be bound by the provisions of this Subsection 3.4; (iii) to any Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor promptly (but in any event within three (3) business days following such disclosure) notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.5 Board Observer Rights. For so long as CPPIB is a Major Investor, CPPIB has the right to designate one non-voting board observer who will be entitled to attend all meetings of the Board of Directors of the Company (and, in connection therewith, receive notices of such meetings according to the same terms on which notices of such meetings are required to be provided to the members of the Board of Directors pursuant to the Company's Bylaws), participate in all deliberations of the Board of Directors and receive copies of all materials provided to the Board of Directors, provided, however, that such observer shall have no voting rights with respect to actions taken or elected not to be taken by the Board of Directors; provided, further, that CPPIB shall have the right to designate an alternate to take the place of such non-voting board observer at any meeting of the Board of Directors depending on availability of the CPPIB appointee. Such non-voting board observer and any alternate shall execute a confidentiality agreement substantially in the form requested by the Company containing terms of confidentiality no more restrictive than those contained in Section 3.4 hereof prior to receiving any information, and such board observer and any alternate shall not be entitled to receive any notices, documents, materials or other information, or be in attendance for any meeting (or any portion thereof) of the Board of Directors if access to such notices, documents, materials or other information or attendance at such meeting (or portion thereof) could: (i) adversely affect attorney client privilege between the Company and its counsel, (ii) present an actual conflict of interest between CPPIB or any of its affiliates and the Company or any of its affiliates or (iii) otherwise, upon advice of outside counsel, violate the fiduciary or other duties of the Board of Directors.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Major Investor that is an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act. A Major Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among itself and its Affiliates; provided that each such Affiliate agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investors and the other parties named therein, as an "**Investor**" under each such agreement.

(a) The Company shall give notice (the "**Offer Notice**") to each Major Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, each Major Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock then held by such Major Investor (including all shares of Common Stock then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held by such Major Investor) bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Series A Preferred Stock and other Derivative Securities). At the expiration of such twenty (20) day period, the Company shall promptly notify each Major Investor that elects to purchase or acquire all the shares available to it (each, a "**Fully Exercising Investor**") of any other Major Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of shares specified above, up to that portion of the New Securities for which Major Investors were entitled to subscribe but that were not subscribed for by the Major Investors which is equal to the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of Series A Preferred Stock and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Series A Preferred Stock and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed shares. The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety(120) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Major Investors in accordance with this Subsection 4.1.

(d) The right of first offer in this Subsection 4.1 shall not be applicable to (i) Exempted Securities (as defined in the Certificate of Incorporation), and (ii) shares of Common Stock issued in a Qualified Public Offering.

(e) Notwithstanding any provision hereof to the contrary, in lieu of complying with the provisions of this Subsection 4.1, the Company may elect to give notice to the Major Investors within thirty (30) days after the issuance of New Securities. Such notice shall describe the type, price, and terms of the New Securities. Each Major Investor shall have twenty (20) days from the date notice is given to elect to purchase up to the number of New Securities

that would, if purchased by such Major Investor, maintain such Major Investor's percentage-ownership position, calculated as set forth in Subsection 4.1 (b) before giving effect to the issuance of such New Securities. The closing of such sale shall occur within sixty (60) days of the date notice is given to the Major Investors.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect (i) immediately before the consummation of a Qualified Public Offering, or (ii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

5. Additional Covenants.

5.1 Insurance. The Company shall use its commercially reasonable efforts to obtain from financially sound and reputable insurers Directors and Officers liability insurance in an amount and on terms and conditions satisfactory to the Board of Directors, and will use commercially reasonable efforts to cause such insurance policies to be maintained until such time as the Board of Directors (which must include the affirmative approval or consent of at least one of the Series A Directors) determines that such insurance should be discontinued.

5.2 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Company's Bylaws, its Certificate of Incorporation, or elsewhere, as the case may be.

5.3 Retained Search Reimbursement. If the Company retains a professional search firm in connection with the placement of an executive (at the VP-level or more senior) of the Company or one of its subsidiaries or an independent board member of the Company completed before February 1, 2019, IVP will reimburse the Company for actual fees incurred in conjunction with the first such completed search.

5.4 Right to Conduct Activities. The Company hereby agrees and acknowledges that certain limited partners of the Limited Partnership and each of IVP and CPPIB (together with their respective affiliates) is a professional investment fund, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). In addition to, and not in limitation of Article Ninth of the Certificate of Incorporation, the Company hereby agrees that, to the extent permitted under applicable law, such limited partners and each of IVP and CPPIB shall not be liable to the Company for any claim arising out of, or based upon, (i) the investment by such limited partners and IVP or CPPIB, as applicable, in any entity competitive with the Company, or (ii) actions taken by any partner, officer or other representative of such limited partners and IVP or CPPIB, as applicable to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any of the Investors from liability associated with the unauthorized disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.5 Employee Equity Incentives and Compensation.

(a) (i) Any changes to the equity compensation paid to the Founder (including, without limitation, Partnership Interests), (ii) any changes to the non-equity compensation paid to any Key Employee which would result in (A) the case of the Founder, the Founder receiving non-equity compensation in an amount per annum in excess of $800,000, or (B) the case any other Key Employee, such other Key Employee receiving non-equity compensation in an amount per annum in excess of $600,000 per annum, or (iii) a promise by, or an obligation of, the Company with respect to equity and non-equity compensation to be paid to any new member of the Company's management team, which would result in such new member of the Company's management team receiving equity and non-equity compensation in excess of $600,000 per annum, must be approved in advance by the Board of Directors, including at least one of the Series A Directors.

(b) Unless otherwise approved by the Board of Directors, including at least one of the Series A Directors, all future employees and consultants of the Company who purchase or receive after the date hereof (a) options to purchase, or receive awards of shares of the Company's capital stock or (b) Partnership Interests shall be required to execute restricted stock or option agreements or any other necessary agreements, as applicable, providing for (i) vesting of such equity over a four (4) year period, with the first twenty-five percent (25%) of such equity vesting following twelve (12) months of continued employment or service, and the remaining portion of such equity vesting in equal monthly installments over the following thirty-six (36) months, and (ii) in the case of options to purchase, or receive awards of shares of the Company's capital stock, a market stand-off provision substantially similar to that in Subection 2.12, as applicable. In addition, unless otherwise approved by the Board of Directors, including at least one of the Series A Directors, the Company or the Limited Partnership (as applicable) shall retain a "right of first refusal" on, or not permit, transfers of equity interests in the Company held by employees, directors or consultants of the Company until the Company's IPO and shall have the right to repurchase unvested equity interests at original cost (to the extent such unvested equity interests aren't automatically cancelled) upon termination of employment.

5.6 No New Issuances or Transfers of Limited Partnership or LFL Interests.

(a) Until the IPO, and unless otherwise approved by the Company's Board of Directors, including at least one of the Series A Directors, neither the Limited Partnership nor LFL shall offer or sell any New Interests, except for, in the case of the Limited Partnership, issuances of Class P Units of the Limited Partnership issued as profits interests (excluding such issuances to Key Employees or LFL).

(b) Until the IPO, neither the Limited Partnership nor LFL shall permit itself or any holder of Partnership Interests or LFL Interests, as the case may be, authorized and outstanding on the date of this Agreement to Transfer any Partnership Interests or LFL Interests, other than transfers to (i) any Person who is, with respect to the Limited Partnership, a holder of Partnership Interests on the date hereof or an Affiliate of such Person or who is, with respect to LFL, a holder of LFL Interests on the date hereof or an Affiliate of such Person, (ii) any Affiliate of such Person, (iii) to the such Person's immediate family, which shall include any natural or adopted child, stepchild or spouse, any trust for the benefit of such Persons, or, pursuant to a will or other instrument or by applicable laws of descent and distribution, and (iv) the Limited Partnership (or its successor) in the case of Partnership Interests, or LFL (or its successor) in the case of LFL Interests. The Limited Partnership and LFL shall take all such action as is necessary from time to time in order to effectuate and otherwise carry out the intent of the foregoing.

(c) Until the earlier of the IPO or the three (3) years following the date of this Agreement, the Limited Partnership shall not Transfer any Company Interests held by it other than Transfers of Company Interests by the Limited Partnership in connection with any Transfer of Partnership Interests otherwise permitted by Section 5.6(b).

5.7 Series A Director Matters.

(a) To the extent permitted by law, each Series A Director shall receive the same kind and amount of compensation from the Company as is paid, and at the same time such compensation is paid, by the Company to directors of the Company employed by or affiliated with H.I.G. (other than the Company).

(b) Each Series A Director shall be entitled in such person's discretion to be a member of any Board committee, except for any special committee of the Board comprised solely of independent or disinterested directors if such Series A Director is not disinterested.

5.8 Termination of Covenants. The covenants set forth in this Section 5, except for Subsection 5.2, shall terminate and be of no further force or effect (i) immediately before the consummation of a Qualified Public Offering, or (ii) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation, whichever event occurs first.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder or a holder of Partnership Interests (including any members, partners, shareholders, as well as trust beneficiaries holding Partnership Interests); (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 25% of such Holder's shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.12. For the purposes of determining the number of shares of Registrable Securities

held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of Delaware, excluding any rule of law that would cause the application of the laws of any jurisdiction other than the laws of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on Schedule A or Schedule B (as applicable) hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5. If notice is given to the Company, a copy shall also be sent to Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attention: Carl Marcellino, or carl.marcellino@ropesgray.com, if notice is given to the Limited Partnership, copies should also be sent to (1) Ropes & Gray LLP, 1211 Avenue of the Americas, New York, NY 10036, Attention: Carl Marcellino, or carl.marcellino@ropesgray.com and (2) Gaw, Van Male, 1000 Main Street, Ste. 300, Napa, CA 94559, Attention: Marc Hauser, or mhauser@gawvanmale.com, if notice is given to IVP, a copy shall also be given to Cooley LLP, 101 California Street, 5th Floor, San Francisco, CA 94111-5800, Attention: Jodie Bourdet, or jbourdet@cooley.com and if notice is given to CPPIB, a copy shall also be given to Latham & Watkins LLP, 555 Eleventh Street NW, Suite 1000, Washington, DC 20004, Attention: Paul Sheridan, or paul.sheridan@lw.com.

6.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.14(c); provided further that any amendment to or waiver of the provisions of Section 1 (except Subsections 1.21 and 1.26 thereof), Section 5, and this Subsection 6.6 shall require the written consent of the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series A Preferred Stock held by the Investors (voting as a single class and on an as converted basis); provided further that any amendment to or waiver of Subsections 1.21 and 1.26, Section 2, Section 3, Section 4, and Section 6 that would adversely affect the rights of the Investors hereunder shall require the written consent of the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the then outstanding shares of Series A Preferred Stock held by the Investors (voting as a single class and on an as converted basis); provided further, that any amendment to or waiver of Section 3.5 shall require the written consent of CPPIB; and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction). Further, this Agreement may not be amended, and no provision hereof may be waived, in each case, in any way which would materially and adversely affect the rights of the Key Holders hereunder in a manner disproportionate to any adverse effect such amendment or waiver would have on the rights of the Investors hereunder, without also the written consent of the holders of at least a majority of the Registrable Securities held by the Key Holders. Any amendment, termination, or waiver effected in accordance with this Subsection 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

6.10 Dispute Resolution. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN NEW YORK COUNTY, NEW YORK.

EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL- ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.11 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.12 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: /s/ Colleen Winter
Name: Colleen Winter
Title: Chief Executive Officer

Address: 195 Humboldt Ave
Chico, CA 95928

LIMITED PARTNERSHIP:

LULU'S HOLDINGS, L.P.

By: H.I.G.-GPII, Inc.,
Its General Partner

By: /s/ Richard Siegel
Name: Richard Siegel
Title: Authorized Signatory

Address: 500 Boylston Street, 20th Floor
Boston, MA 02116

LFL:

LFL Acquisition Corp.

By: /s/ Colleen Winter
Name: Colleen Winter
Title: CEO

Address: c/o Colleen Winter
195 Humboldt Ave
Chico, CA 95928

INVESTORS:

INSTITUTIONAL VENTURE PARTNERS XVI, L.P.

By: Institutional Venture Management Holdings XVI, LLC
Its: General Partner
By: Institutional Venture Management XVI, LLC
Its: Manager

By: /s/ Eric Liaw
Managing Director

Address 3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025

INSTITUTIONAL VENTURE PARTNERS XV, L.P.

By: Institutional Venture Management XV, LLC
Its: General Partner

By: /s/ Eric Liaw
Managing Director

Address: 3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025

INSTITUTIONAL VENTURE PARTNERS XV
EXECUTIVE FUND, L.P.

By: Institutional Venture Management XV, LLC
Its: General Partner

By: /s/ Eric Liaw
Managing Director

Address: 3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025

CANADA PENSION PLAN INVESTMENT BOARD

By: /s/ Pierre Lavalee
Name: Pierre Lavalee
Title: Senior Managing Director

By: /s/ Poul A. Winslow
Name: Poul A. Winslow
Title: Managing Director

Address: One Queen Street East, Suite 2500
Toronto, ON M5C 2W5
Canada

SCHEDULE A
Investors

Institutional Venture Partners XVI, L.P.
3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025
Attn: Eric Liaw, [***]

Institutional Venture Partners XV, L.P.
3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025
Attn: Eric Liaw, [***]

Institutional Venture Partners XV Executive Fund, L.P.
3000 Sand Hill Road
Building 2, Suite 250
Menlo Park, CA 94025
Attn: Eric Liaw, [***]

Canada Pension Plan Investment Board
One Queen Street East, Suite 2500
Toronto, ON M5C 2W5
Canada

SCHEDULE B
Key Holders

Lulu’s Holdings, L.P.
500 Boylston Street,
20th Floor
Boston, MA 02116

LULU'S FASHION LOUNGE HOLDINGS, INC.

2021 EQUITY INCENTIVE PLAN

1. ***Purpose***.

The purpose of the Plan is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing such persons with equity ownership opportunities and thereby better aligning the interests of such persons with those of the Company's stockholders. Capitalized terms used in the Plan are defined in Section 11 below.

2. ***Eligibility***.

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

3. ***Administration and Delegation***.

(a) *Administration.* The Plan will be administered by the Administrator. The Administrator shall have authority to determine which Service Providers will receive Awards, to grant Awards and to set all terms and conditions of Awards (including, but not limited to, vesting, exercise and forfeiture provisions). In addition, the Administrator shall have the authority to take all actions and make all determinations contemplated by the Plan and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Administrator may correct any defect or ambiguity, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem necessary or appropriate to carry the Plan and any Awards into effect, as determined by the Administrator. The Administrator shall make all determinations under the Plan in the Administrator's sole discretion and all such determinations shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) *Appointment of Committees.* To the extent permitted by Applicable Laws, the Board may delegate any or all of its powers under the Plan to one or more Committees. The Board may abolish any Committee at any time and re-vest in itself any previously delegated authority.

4. ***Stock Available for Awards***.

(a) *Number of Shares.* Subject to adjustment under Section 8 hereof, Awards may be made under the Plan covering up to 925,000 shares of Common Stock. The limit provided in the immediately preceding sentence shall also constitute the maximum number of shares of Common Stock that may be that may be granted as Incentive Stock Options under the Plan. If any Award expires or lapses or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including, without limitation, as the result of shares of Common Stock subject to such Award being repurchased by the Company at or below the original issuance price, as such price may be adjusted to reflect corporate events), in any case in a manner that results in any shares of Common Stock covered by such Award not being issued or being so reacquired by the Company, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Further, shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy the applicable exercise or purchase price of an Award and/or to satisfy any applicable tax withholding obligation (including, without limitation, shares retained by the Company from the Award being exercised or purchased and/or creating the tax obligation) shall be added to the number of shares

of Common Stock available for the grant of Awards under the Plan. If any Award under the Plan may by its terms be settled in cash or shares of Common Stock and is actually settled in cash, the shares of Common Stock that were eligible to be issued under such Award shall not be added to the number of shares of Common Stock available for the grant of Awards under the Plan. However, in the case of Incentive Stock Options, the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares, shares purchased on the open market or treasury shares.

(b) *Substitute Awards*. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Administrator may grant Awards in substitution for any options or other stock or stock-based awards granted prior to such merger or consolidation by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Administrator deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a) hereof, except as may be required by reason of Section 422 of the Code.

5. ***Stock Options***.

(a) *General*. The Administrator may grant Options to any Service Provider, subject to the limitations on Incentive Stock Options described below. The Administrator shall determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including, without limitation, conditions relating to Applicable Laws, as it considers necessary or advisable.

(b) *Incentive Stock Options.* The Administrator may grant Options intended to qualify as Incentive Stock Options only to employees of the Company, any of the Company's present or future "parent corporations" or "subsidiary corporations" as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code. All Options intended to qualify as Incentive Stock Options shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. Neither the Company nor the Administrator shall have any liability to a Participant, or any other party, (i) if an Option (or any part thereof) which is intended to qualify as an Incentive Stock Option fails to qualify as an Incentive Stock Option or (ii) for any action or omission by the Administrator that causes an Option not to qualify as an Incentive Stock Option, including, without limitation, the conversion of an Incentive Stock Option to a Non-Qualified Stock Option or the grant of an Option intended as an Incentive Stock Option that fails to satisfy the requirements under the Code applicable to an Incentive Stock Option. Any Option that is intended to qualify as an Incentive Stock Option, but fails to so qualify for any reason, including, without limitation, the portion of any Option becoming exercisable in excess of the $100,000 limitation described in Treasury Regulation Section 1.422-4, shall be treated as a Non-Qualified Stock Option for all purposes.

(c) *Exercise Price.* The Administrator shall establish the exercise price of each Option and specify the exercise price in the applicable Award Agreement. The exercise price shall be not less than 100% of the Fair Market Value on the date the Option is granted, unless determined otherwise by the Administrator. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the per share exercise price shall be no less than 110% of the Fair Market Value on the date the Option is granted.

(d) *Duration of Options.* Each Option shall be exercisable at such times and subject to such terms and conditions as the Administrator may specify in the applicable Award Agreement, provided that the term of any Option shall not exceed ten years. In the case of an Incentive Stock Option granted to an employee who, at the time of grant of the Option, owns (or is treated as owning under Section 424 of the Code) stock representing more than 10% of the voting power of all classes of stock of the Company (or a "parent corporation" or "subsidiary corporation" thereof within the meaning of Sections 424(e) or 424(f) of the Code, respectively), the term of the Option shall not exceed five years.

(e) *Exercise of Option; Notification of Disposition.* Options may be exercised by delivery to the Company of a written notice of exercise, in a form approved by the Administrator (which may be an electronic form), signed by the person authorized to exercise the Option, together with payment in full (i) as specified in Section 5(f) hereof for the number of shares for which the Option is exercised and (ii) as specified in Section 9(e) hereof for any applicable withholding taxes. Unless otherwise determined by the Administrator, an Option may not be exercised for a fraction of a share of Common Stock. If an Option is designated as an Incentive Stock Option, the Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Common Stock acquired from the Option if such disposition or transfer is made (i) within two years from the grant date with respect to such Option or (ii) within one year after the transfer of such shares to the Participant (other than any such disposition made in connection with a Change in Control). Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

(f) *Payment Upon Exercise.* Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for in cash, by wire transfer of immediately available funds or by check, payable to the order of the Company, or, to the extent permitted by the Administrator, by:

(i) (A) delivery of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(ii) delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (A) such method of payment is then permitted under Applicable Laws, (B) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Company at any time, and (C) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(iii) surrendering shares of Common Stock then issuable upon exercise of the Option valued at their Fair Market Value on the date of exercise;

(iv) delivery of a promissory note of the Participant to the Company on terms determined by the Administrator;

(v) delivery of property of any other kind which constitutes good and valuable consideration as determined by the Administrator; or

(vi) any combination of the above permitted forms of payment (including, without limitation, cash or check).

6. ***Restricted Stock; Restricted Stock Units***.

(a) *General*. The Administrator may grant Restricted Stock, or the right to purchase Restricted Stock, to any Service Provider, subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture of such shares if issued at no cost) in the event that conditions specified by the Administrator in the applicable Award Agreement are not satisfied prior to the end of the applicable restriction period or periods established by the Administrator for such Award. In addition, the Administrator may grant to Service Providers Restricted Stock Units, which may be subject to vesting and forfeiture conditions during applicable restriction period or periods, as set forth in an applicable Award Agreement.

(b) *Terms and Conditions for All Restricted Stock and Restricted Stock Unit Awards*. The Administrator shall determine and set forth in the applicable Award Agreement the terms and conditions applicable to each Restricted Stock and Restricted Stock Unit Award, including, without limitation, the conditions for vesting and repurchase (or forfeiture) and the issue price, in each case, if any.

(c) *Additional Provisions Relating to Restricted Stock*.

(i) *Dividends*. Participants holding shares of Restricted Stock will be entitled to all ordinary cash dividends paid with respect to such shares to the extent such dividends have a record date that is on or after the date on which the Participant to whom such shares of Restricted Stock are granted becomes the record holder of such shares of Restricted Stock, unless otherwise provided by the Administrator in the applicable Award Agreement. In addition, unless otherwise provided by the Administrator, if any dividends or distributions are paid in shares, or consist of a dividend or distribution to holders of Common Stock of property other than an ordinary cash dividend, the shares or other property will be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Each dividend payment will be made as provided in the applicable Award Agreement, but in no event later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the later of (A) the date the dividends are paid to stockholders of that class of stock, and (B) the date the dividends are no longer subject to forfeiture.

(ii) *Stock Certificates*. The Company may require that any stock certificates issued in respect of shares of Restricted Stock be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee).

(d) *Additional Provisions Relating to Restricted Stock Units*.

(i) *Settlement*. Upon the vesting of a Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or an amount of cash or other property equal to the Fair Market Value of one share of Common Stock on the settlement date, as the Administrator shall determine and as provided in the applicable Award Agreement. The Administrator may provide that settlement of Restricted Stock Units shall occur upon or as soon as reasonably practicable after the vesting of the Restricted Stock Units or shall instead be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A.

(ii) *Voting Rights*. A Participant shall have no voting rights with respect to any Restricted Stock Units unless and until shares are delivered in settlement thereof.

(iii) *Dividend Equivalents*. To the extent provided by the Administrator, a grant of Restricted Stock Units may provide a Participant with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and may be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which the Dividend Equivalents are paid, as determined by the Administrator, subject, in each case, to such terms and conditions as the Administrator shall establish and set forth in the applicable Award Agreement.

7. ***Other Awards.*** Other Awards may be granted hereunder to Participants, including, without limitation, Awards entitling Participants to receive shares of Common Stock to be delivered in the future. Such Other Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan, as stand-alone payments and/or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Awards may be paid in shares of Common Stock, cash or other property, as the Administrator shall determine. Subject to the provisions of the Plan, the Administrator shall determine the terms and conditions of each Other Award, including, without limitation, any purchase price, transfer restrictions, vesting conditions and other terms and conditions applicable thereto, which shall be set forth in the applicable Award Agreement.

8. ***Adjustments for Changes in Common Stock and Certain Other Events***.

(a) *Equity Restructurings*. In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 8, the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 8(a) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined by the Administrator.

(b) *Certain Transactions or Events.* In the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), reorganization, merger, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

(i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 4 hereof on the maximum number and kind of shares which may be issued);

(ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;

(iii) the grant or exercise price with respect to any Award; and

(iv) the terms and conditions of any Awards (including, without limitation, any applicable financial or other performance "targets" specified in an Award Agreement).

(c) *Additional Transactions or Events.* In the event of any transaction or event described in Section 8(b) hereof (including, without limitation, any Change in Control) or any unusual or nonrecurring transaction or event affecting the Company or the financial statements or financial condition of the Company, or any change in any Applicable Laws or accounting principles, the Administrator, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan, (y) to facilitate such transaction or event or (z) give effect to such changes in Applicable Laws or accounting principles**:**

(i) to provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained in connection with such transaction or event upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero, then the vested portion of such Award may be terminated without payment;

(ii) to provide that such Award shall vest and, to the extent applicable, be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(iii) to provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iv) to make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including, without limitation, the grant or exercise price), and the criteria included in, outstanding Awards;

(v) to replace such Award with other rights or property selected by the Administrator; and/or

(vi) to provide that the Award will terminate and cannot vest, be exercised or become payable after the applicable event.

(d) *Administrative Stand Still*. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock, including, without limitation, any Equity Restructuring, for reasons of administrative convenience the Administrator may refuse to permit the exercise of any Award during a period of up to thirty days prior to the consummation of any such transaction.

(e) *Miscellaneous*. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Common Stock subject to an Award or the grant or exercise price of any Award. The existence of the Plan, any Award Agreements and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger, consolidation dissolution or liquidation of the Company or sale of Company assets or (iii) any sale or issuance of securities, including, without limitation, securities with rights superior to those of the Common Stock or which are convertible into or exchangeable for Common Stock. The Administrator may treat Participants and Awards (or portions thereof) differently under this Section 8.

9. ***General Provisions Applicable to Awards***.

(a) *Transferability.* Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, neither Awards nor any interest therein shall be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. Except as the Administrator may otherwise determine or provide in an Award Agreement or otherwise, in any case in accordance with Applicable Laws, shares of Common Stock acquired by a Participant in connection with Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom such shares are issued, either voluntarily or by operation of law, except as may be expressly permitted under the terms of the Management Stockholders Agreement. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) *Documentation.* Each Award shall be evidenced in an Award Agreement, which may be in such form (written, electronic or otherwise) as the Administrator shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) *Discretion.* Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

(d) *Termination of Status.* The Administrator shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

(e) *Withholding.* Each Participant shall pay to the Company, or make provision satisfactory to the Administrator for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. Except as the Administrator may otherwise determine, all such payments shall be made in cash, by wire transfer of immediately available funds or by certified check. Notwithstanding the foregoing, Participants may

satisfy such tax obligations, subject to Section 10(h), any Company insider trading policy (including blackout periods) and Applicable Laws, to the extent permitted by the Administrator, in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value. The Company may, to the extent permitted by Applicable Laws, deduct any such tax obligations based on applicable statutory withholding rates from any payment of any kind otherwise due to a Participant.

(f) *Amendment of Award.* The Administrator may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or settlement, and converting an Incentive Stock Option to a Non-Qualified Stock Option. The Participant's consent to such action shall be required unless (i) the Administrator determines that the action, taking into account any related action, would not materially and adversely affect the Participant, or (ii) the change is permitted under Section 8 and 10(f) hereof.

(g) *Conditions on Delivery of Stock.* The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including, without limitation, any applicable securities laws and any applicable stock exchange or stock market rules and regulations, (iii) the Participant has entered into the Management Stockholders Agreement with the Company in the form provided to the Participant by the Company and (iv) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy the requirements of any Applicable Laws. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is determined by the Administrator to be necessary to the lawful issuance and sale of any securities hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained.

(h) *Acceleration.* The Administrator may at any time provide that any Award shall become vested and/or exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

10. ***Miscellaneous***.

(a) *No Right To Employment or Other Status.* No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an applicable Award Agreement.

(b) *No Rights As Stockholder; Certificates.* Subject to the provisions of the applicable Award Agreement, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Laws, the Company shall not be required to deliver to any Participant certificates evidencing shares of Common Stock issued in connection with any Award and instead such shares of Common Stock may be recorded in the books of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on stock certificates issued under the Plan deemed necessary or appropriate by the Administrator in order to comply with Applicable Laws.

(c) *Effective Date and Term of Plan.* The Plan shall become effective on the date on which it is adopted by the Board. No Awards shall be granted under the Plan after the completion of ten years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date in accordance with the terms of the Plan.

(d) *Amendment of Plan.* The Administrator may amend, suspend or terminate the Plan or any portion thereof at any time; provided that no amendment of the Plan shall materially and adversely affect (as determined by the Administrator) any Award outstanding at the time of such amendment without the consent of the affected Participant. Awards outstanding under the Plan at the time of any suspension or termination of the Plan shall continue to be governed in accordance with the terms of the Plan and the applicable Award Agreement, as in effect prior to such suspension or termination. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(e) *Provisions for Foreign Participants*. The Administrator may modify Awards granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(f) *Section 409A.*

(i) *General*. The Company intends that all Awards be structured in compliance with, or to satisfy an exemption from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply in connection with any Awards. Notwithstanding anything herein or in any Award Agreement to the contrary, the Administrator may, without a Participant's prior consent, amend this Plan and/or Awards, adopt policies and procedures, or take any other actions (including, without limitation, amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to preserve the intended tax treatment of Awards under the Plan, including, without limitation, any such actions intended to (A) exempt this Plan and/or any Award from the application of Section 409A, and/or (B) comply with the requirements of Section 409A, including, without limitation, any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of grant of any Award. The Company makes no representations or warranties as to the tax treatment of any Award under Section 409A or otherwise. The Company shall have no obligation under this Section 10(f) or otherwise to take any action (whether or not described herein) to avoid the imposition of taxes, penalties or interest under Section 409A with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute non-compliant, "nonqualified deferred compensation" subject to the imposition of taxes, penalties and/or interest under Section 409A.

(ii) *Separation from Service*. With respect to any Award that constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award that is to be made upon a termination of a Participant's Service Provider relationship shall, to the extent necessary to avoid the imposition of taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or subsequent to the termination of the Participant's Service Provider relationship. For purposes of any such provision of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(iii) *Payments to Specified Employees*. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" that are otherwise required to be made under an Award to a "specified employee" (as defined under Section 409A and determined by the Administrator) as a result of his or her "separation from service" shall, to the extent necessary to avoid the imposition of taxes under Code Section 409A(a)(2)(B)(i), be delayed until the expiration of the six-month period immediately following such "separation from service" (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award agreement) on the day that immediately follows the end of such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award that are, by their terms, payable more than six months following the Participant's "separation from service" shall be paid at the time or times such payments are otherwise scheduled to be made.

(g) *Limitations on Liability*. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as an Administrator, director, officer, other employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be granted or delegated, against any cost or expense (including, without limitation, attorneys' fees) or liability (including, without limitation, any sum paid in settlement of a claim with the Administrator's approval) arising out of any act or omission to act concerning this Plan unless arising out of such person's own fraud or bad faith.

(h) *Lock-Up Period*. The Company may, at the request of any representative of the underwriters, a special purpose acquisition company or otherwise, in connection with any registration of the offering of any securities of the Company under the Securities Act or a merger (or similar transaction) with a special purpose acquisition company, the result of which is that any class of common stock of the Company or the parent or successor entity of the Company is listed on the New York Stock Exchange, the Nasdaq Stock Market or other securities exchange, prohibit Participants from, directly or indirectly, selling or otherwise transferring any shares of Common Stock or other securities of the Company during a period of up to one hundred eighty days following the effective date of a registration statement of the Company filed under the Securities Act.

(i) *Right of First Refusal*. The Company and its assignee(s) shall have a right of first refusal to purchase shares of Common Stock before such shares of Common Stock are sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of only to the extent expressly permitted under the terms of the Management Stockholders Agreement.

(j) *Right to Repurchase Common Stock*. The Company shall have the option to repurchase the Participant's shares of Common Stock only to the extent expressly permitted under the terms of the Management Stockholders Agreement.

(k) *Data Privacy*. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Company and its subsidiaries and affiliates may hold certain personal information about a Participant, including but not limited to, the Participant's name, home address and

telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), any shares of stock held in the Company or any of its subsidiaries and affiliates, details of all Awards, in each case, for the purpose of implementing, managing and administering the Plan and Awards (the "***Data***"). The Company and its subsidiaries and affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of a Participant's participation in the Plan, and the Company and its subsidiaries and affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. Through acceptance of an Award, each Participant authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including, without limitation, any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Common Stock. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel Participant's ability to participate in the Plan and, in the Administrator's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws his or her consents as described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(l) *Severability*. In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

(m) *Governing Documents*. In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any subsidiary of the Company that has been approved by the Administrator, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

(n) *Submission to Jurisdiction; Waiver of Jury Trial*. By accepting an Award, each Participant irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Delaware and of the United States of America, in each case located in the State of Delaware, for any action arising out of or relating to the Plan (and agrees not to commence any litigation relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to the address contained in the records of the Company shall be effective service of process for any litigation brought against it in any such court. By accepting an Award, each Participant irrevocably and unconditionally waives any objection to the laying of venue of any litigation arising out of Plan or Award hereunder in the courts of the State of Delaware or the United States of America, in each case located in the State of Delaware, and further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such litigation brought in any such court has been brought in an inconvenient forum. By accepting an Award, each Participant irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to the Plan or any Award hereunder.

(o) *Governing Law*. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

(p) *Restrictions on Shares; Claw-back Provisions*. Shares of Common Stock acquired in respect of Awards shall be subject to such terms and conditions as the Administrator shall determine, including, without limitation, restrictions on the transferability of shares of Common Stock, the right of the Company to repurchase shares of Common Stock, the right of the Company to require that shares of Common Stock be transferred in the event of certain transactions, tag-along rights, bring-along rights, redemption and co-sale rights and voting requirements. Such terms and conditions may be additional to those contained in the Plan and may, as determined by the Administrator, be contained in the applicable Award Agreement, the Management Stockholders Agreement, in an exercise notice or in such other agreement as the Administrator shall determine, in each case, in a form determined by the Administrator. The issuance of such shares of Common Stock shall be conditioned on the Participant's consent to such terms and conditions and the Participant's entering into such agreement or agreements. All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any shares of Common Stock underlying the Award) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy and/or in the applicable Award Agreement.

(q) *Titles and Headings*. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(r) *Conformity to Securities Laws*. Participant acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan and all Awards granted hereunder shall be administered only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Laws, the Plan and all Award Agreements shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11. ***Definitions***. As used in the Plan, the following words and phrases shall have the following meanings:

(a) "***Administrator***" means the Board or a Committee to the extent that the Board's powers or authority under the Plan have been delegated to such Committee.

(b) "***Applicable Laws***" means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where Awards are granted or issued under the Plan.

(c) "***Award***" means, individually or collectively, a grant under the Plan of Options, Restricted Stock, Restricted Stock Units, Other Awards.

(d) "***Award Agreement***" means a written agreement evidencing an Award, which agreements may be in electronic medium and shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with and subject to the terms and conditions of the Plan.

(e) "***Board***" means the Board of Directors of the Company.

(f) "***Change in Control***" means (i) a merger or consolidation of the Company with or into any other corporation or other entity or person, (ii) a sale, lease, exchange or other transfer in one transaction or a series of related transactions of all or substantially all of the Company's assets, or (iii) any other transaction, including, without limitation, the sale by the Company of new shares of its capital stock or a transfer of existing shares of capital stock of the Company, the result of which is that a third party that is not an affiliate of the Company or its stockholders (or a group of third parties not affiliated with the Company or its stockholders) immediately prior to such transaction acquires or holds capital stock of the Company representing a majority of the Company's outstanding voting power immediately following such transaction; provided that the following events shall not constitute a "Change in Control": (A) a transaction (other than a sale of all or substantially all of the Company's assets) in which the holders of the voting securities of the Company immediately prior to the merger or consolidation hold, directly or indirectly, at least a majority of the voting securities in the successor corporation or its parent immediately after the merger or consolidation; (B) a sale, lease, exchange or other transaction in one transaction or a series of related transactions of all or substantially all of the Company's assets to an affiliate of the Company; (C) an initial public offering of any of the Company's securities or any other transaction or series of related transactions principally for bona fide equity financing purposes; (D) a reincorporation of the Company solely to change its jurisdiction; or (E) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held the Company's securities immediately before such transaction. Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event with respect to any Award that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event for such Award, to the extent required by Section 409A.

(g) "***Code***" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(h) "***Committee***" means one or more committees or subcommittees of the Board, which may be comprised of one or more directors and/or executive officers of the Company, in any case, to the extent permitted in accordance with Applicable Laws.

(i) "***Common Stock***" means common stock, par value $0.001 per share, of the Company.

(j) "***Company***" means Lulu's Fashion Lounge Holdings, Inc., a Delaware corporation, or any successor thereto. Except where the context otherwise requires, the term "Company" includes any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a significant interest, as determined by the Administrator.

(k) "***Consultant***" means any person, including, without limitation, any advisor, engaged by the Company or a parent or subsidiary of the Company to render services to such entity if: (i) the consultant or adviser renders *bona fide* services to the Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or advisor is a natural person, or such other advisor or consultant as is approved by the Administrator.

(l) "***Designated Beneficiary***" means the beneficiary or beneficiaries designated, in a manner determined by the Administrator, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or incapacity In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as it may be amended from time to time.

(o) "***Dividend Equivalents***" means a right granted to a Participant pursuant to Section 6(d)(3) hereof to receive the equivalent value (in cash or shares of Common Stock) of dividends paid on shares of Common Stock.

(p) "***Employee***" means any person, including, without limitation, officers and Directors, employed by the Company (within the meaning of Section 3401(c) of the Code) or any parent or subsidiary of the Company.

(q) "***Equity Restructuring***" means, as determined by the Administrator, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

(r) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(s) "***Fair Market Value***" means, as of any date, the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, its Fair Market Value shall be the closing sales price for such Common Stock as quoted on such exchange for such date, or if no sale occurred on such date, the first market trading day immediately prior to such date during which a sale occurred, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; (ii) if the Common Stock is not traded on a stock exchange but is quoted on a national market or other quotation system, the last sales price on such date, or if no sales occurred on such date, then on the date immediately prior to such date on which sales prices are reported, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or (iii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined by the Administrator in its sole discretion.

(t) "***Incentive Stock Option***" means an "incentive stock option" as defined in Section 422 of the Code.

(u) "***Management Stockholders Agreement***" means that certain Management Stockholders Agreement by and between the Company and its stockholders, as may be amended from time to time.

(v) "***Non-Qualified Stock Option***" means an Option that is not intended to be or otherwise does not qualify as an Incentive Stock Option.

(w) "***Option***" means an option to purchase Common Stock.

(x) "***Other Awards***" means other Awards of shares of Common Stock, Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property or Awards that are denominated in cash but that may be settled in Common Stock.

(y) "***Participant***" means a Service Provider who has been granted an Award under the Plan.

(z) "***Plan***" means this 2021 Equity Incentive Plan.

(aa)

(bb) "***Restricted Stock***" means Common Stock awarded to a Participant pursuant to Section 6 hereof that is subject to certain vesting conditions and other restrictions.

(cc) "***Restricted Stock Unit***" means an unfunded, unsecured right to receive, on the applicable settlement date, one share of Common Stock or an amount in cash or other consideration determined by the Administrator equal to the value thereof as of such payment date, which right may be subject to certain vesting conditions and other restrictions.

(dd) "***Section 409A***" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

(ee) "***Securities Act***" means the Securities Act of 1933, as amended from time to time.

(ff) "***Service Provider***" means an Employee, Consultant or Director.

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LULU'S FASHION HOLDINGS, INC.

2021 EQUITY INCENTIVE PLAN

CALIFORNIA SUPPLEMENT

This supplement is intended to satisfy the requirements of Section 25102(o) of the California Corporations Code and the regulations issued thereunder ("*Section 25102(o)*"). Notwithstanding anything to the contrary contained in the Plan and except as otherwise determined by the Administrator, the provisions set forth in this supplement shall apply to all Awards granted under the Plan to a Participant who is a resident of the State of California on the date of grant (a "***California Participant***") and which are intended to be exempt from registration in California pursuant to Section 25102(o), and otherwise to the extent required to comply with applicable law (but only to such extent). Definitions in the Plan are applicable to this supplement.

1. *Limitation On Securities Issuable Under Plan*. The amount of securities issued pursuant to the Plan shall not exceed the amounts permitted under Section 260.140.45 of the California code of regulations to the extent applicable.

2. *Additional Limitations For Grants.* The terms of all Awards shall comply, to the extent applicable, with section 260.140.41 and 260.140.42 of the California code of regulations.

3. *Additional Requirement To Provide Information To California Participants.* The company shall provide to each California Participant, not less frequently than annually, copies of annual financial statements (which need not be audited). The company shall not be required to provide such statements to key persons whose duties in connection with the company assure their access to equivalent information. In addition, this information requirement shall not apply to any plan or agreement that complies with all conditions of Rule 701 of the Securities Act of 1933, as amended; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

* * * * *

LULU'S FASHION LOUNGE HOLDINGS, INC.
2021 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

GRANT NOTICE

You have been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Lulu's Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan (the "Plan") and this Stock Option Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (collectively, the "Agreement"). Capitalized terms used but not defined in the Agreement shall have the meanings ascribed to such terms in the Plan.

Name of Optionee:	David W. McCreight
Total Number of Shares Subject to the Option:	322,793
Exercise Price per Share:	$11.35 per Share
Grant Date:	April 19, 2021
Type of Option:	Non-Qualified Stock Option
Final Expiration Date:	April 19, 2031
Vesting Schedule:	This Option will vest and become exercisable in accordance with the vesting schedule set forth in Appendix A.

[*signature page to follow*]

Your signature below indicates your agreement and understanding that this Option is subject to all of the terms and conditions contained in the Agreement (including this Grant Notice and Appendix A to the Agreement) and the Plan. In the event that you fail to return a signed copy of this Agreement to the Company within 60 days following the Grant Date, the Option will be automatically cancelled, unless determined otherwise by the Administrator. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS OPTION.**

LULU'S FASHION LOUNGE HOLDINGS, INC.

By _____
Name: _____
Title: _____

[Signature Page to David McCreight Option Agreement]

OPTIONEE

David W. McCreight

[Signature Page to David McCreight Option Agreement]

APPENDIX A TO OPTION AGREEMENT

ARTICLE I.

GRANT OF OPTION

Section 1.1 Grant of Option. The Company hereby grants to the Optionee the Option to purchase any part or all of an aggregate of the Shares set forth in the Grant Notice to which this Appendix A is attached, upon the terms and conditions set forth in the Plan and this Agreement (including the Grant Notice and Appendix A to the Agreement).

Section 1.2 Option Subject to Plan. The Option granted hereunder is subject to the terms and provisions of the Plan.

Section 1.3 Exercise Price. The Exercise Price of a Share covered by the Option shall be the Exercise Price per Share as set forth in the Grant Notice (without commission or other charge).

ARTICLE II.

VESTING SCHEDULE; EXERCISABILITY

Section 2.1 Vesting and Exercisability of Option. Except as provided below, the Option shall become vested and exercisable, so long as the Optionee remains continuously a Service Provider from the Grant Date through each applicable date set forth below, as follows:

(a) The Option will vest as to 275,133 of the Shares subject to the Option (the "Base Options") in twenty-four (24) substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025;

(b) The Option will vest as to 47,660 of the Shares subject to the Option (the "Preferred Conversion Options") in twenty-four (24) substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025, but only if, as of the applicable monthly vesting date, a Listing Event has occurred in connection with which the shares of the Company's Series A Preferred Stock have converted into shares of Common Stock on a one-to-one basis (such conversion, the "Preferred Conversion Vesting Condition"); provided, that, if on a particular monthly vesting date the Preferred Conversion Vesting Condition has not occurred, but such Preferred Conversion Vesting Condition has occurred as of a later monthly vesting date, then any of the Preferred Conversion Options that were eligible to vest on an earlier monthly vesting date but did not vest on such date because the Preferred Conversion Vesting Condition had not occurred as of such date, shall immediately vest on the first monthly vesting date on which the Preferred Conversion Vesting Condition occurs; provided, further, that if the Preferred Conversion Vesting Condition has not occurred as of March 31, 2025, but does occur after such date and still before the expiration date of the Options, then all Preferred Conversion Options shall become vested and exercisable as of the date on which the Preferred Conversion Vesting Condition occurs. For the avoidance of doubt, the Preferred Conversion Options shall be forfeited for no consideration if the Preferred Conversion Vesting Condition does not occur;

(c) If a Change of Control, as defined in this Agreement (and not, for the avoidance of doubt, a "Change in Control" as defined in the Plan) occurs, the Base Options and any Preferred Conversion Options for which the Preferred Conversion Vesting Condition has occurred shall vest and become exercisable in full upon such Change of Control; and

(d) If the Company consummates a Listing Event, then, (i) the Base Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates under Section 2.1(a) shall, to the extent unvested on the date of the Listing Event, immediately become vested and exercisable on the date of the Listing Event and (ii) if the Preferred Conversion Vesting Condition occurs in connection with the Listing Event, then the Preferred Conversion Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates (as described in Section 2.1(b)) shall immediately become vested and exercisable; provided, that any Shares acquired pursuant to the exercise of the Options that accelerated pursuant to this subclause (d) shall be subject to a one-year holding period and may not be Transferred (as defined in the Management Stockholders Agreement) prior to the first anniversary of the Listing Event.

Section 2.2 No Vesting of Options; Forfeiture. Any portion of the Option that has not become vested and exercisable on or prior to the date of the Optionee's Termination of Service shall be forfeited on the date of the Optionee's Termination of Service and shall not thereafter become vested or exercisable. Notwithstanding the foregoing, if, on or after the first anniversary of the Grant Date, the Optionee's employment with the Company is terminated by the Company without Cause, the Optionee terminates employment with the Company for Good Reason or the Company does not renew the term of the Employment Agreement, then, on the date of the Optionee's termination from employment, (i) any Base Options that have not previously become vested and exercisable shall immediately fully vest and become exerciseable and (ii) if the Preferred Conversion Vesting Condition has occurred, any Preferred Conversion Options shall immediately fully vest and become exerciseable. For the avoidance of doubt, any portion of the Option that becomes vested and exercisable pursuant to Sections 2.2(i) and 2.2(ii) shall not be forfeited pursuant to the first sentence of this Section 2.2.

Section 2.3 Exercisability of the Option. The Optionee shall not have the right to exercise the Option until the date the applicable portion of the Option becomes vested. The date that the applicable portion of the Option becomes exercisable is referred to herein as the "Exercise Commencement Date." Subject to Section 8 of the Plan, following the Exercise Commencement Date, the applicable portion of the Option shall be and shall remain exercisable until it becomes unexercisable under Section 2.4. Once the Option becomes unexercisable, it shall be forfeited immediately, unless determined otherwise by the Administrator.

Section 2.4 Expiration of Option.

(a) The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) The Final Expiration Date;

(ii) Except for such longer period of time as the Administrator may otherwise approve, three (3) months following the Optionee's Termination of Service for any reason other than Cause, death or Disability;

(iii) Except as the Administrator may otherwise approve, (A) the Optionee's Termination of Service for Cause or (B) a Covenant Breach; or

(iv) Except for such longer period of time as the Administrator may otherwise approve, twelve (12) months following the Optionee's Termination of Service by reason of the Optionee's death or Disability.

(b) If the Company has a right to repurchase the Optionee's Shares, the Company may exercise such right regardless of whether the Optionee continues to have a right to exercise the Option under this Section 2.4.

Section 2.5 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable.

Section 2.6 Exercise of Option. The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan.

Section 2.7 Manner of Exercise. Unless determined otherwise by the Administrator, as a condition to the exercise of the Option, the Optionee shall (i) notify the Company at least thirty (30) days prior to exercise and no earlier than ninety (90) days prior to exercise that the Optionee intends to exercise and (ii) concurrently with the exercise of the Option, execute the Management Stockholders Agreement, unless the Optionee has already executed the Management Stockholders Agreement. This Section 2.7 shall not apply if the Shares underlying the Option are registered on Form S-8, unless determined otherwise by the Administrator.

ARTICLE III.

OTHER PROVISIONS

Section 3.1 Optionee Representation; Not a Contract of Service. The Optionee hereby represents that the Optionee's execution of this Agreement and participation in the Plan is voluntary and that the Optionee has in no way been induced to enter into this Agreement in exchange for or as a requirement of the expectation of service with the Company or any of its subsidiaries. Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue as a Service Provider or shall interfere with or restrict in any way the rights of the Company or its subsidiaries, which are hereby expressly reserved, to discharge the Optionee at any time for any reason whatsoever, with or without Cause except pursuant to an employment or consulting agreement executed by and between the Company and the Optionee and approved by the Board.

Section 3.2 Shares Subject to Plan and Management Stockholders Agreement. The Optionee acknowledges that this Option and any Shares acquired upon exercise of the Option are subject to the terms of the Plan and the Management Stockholders Agreement. In the event of a conflict between the terms of this Agreement and the Plan or the Management Stockholders Agreement, the terms of the Plan or Management Stockholders Agreement, as applicable, will control.

Section 3.3 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the state of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

ARTICLE IV.

DEFINITIONS

Whenever the following terms are used in this Agreement (including the Grant Notice), they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms used in this Agreement and not defined below shall have the meaning given such terms in the Plan. The singular pronoun shall include the plural, where the context so indicates.

Section 4.1 Affiliate. “Affiliate” shall mean any person or entity that is directly or indirectly Controlling, Controlled by, or under common Control with such first person; provided, that, any portfolio company owned by H.I.G. Growth Partners – LuLu’s, L.P., H.I.G. Growth Partners – LuLu’s, LLC or their affiliated investment funds (other than the Company and Lulu Holdings, LP) shall not be an Affiliate of a Company Investor.

Section 4.2 Cause. “Cause” shall mean “Cause” (or any term of similar effect) as defined in the Optionee’s then-current employment agreement with the Company if such an agreement exists and contains a definition of Cause (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Cause (or term of similar effect), then Cause shall include, but not be limited to: (i) the material failure by the Optionee to reasonably and substantially perform the Optionee’s duties under this Agreement (other than as a result of physical or mental illness or injury) or to comply with a lawful directive or order of the Board that has continued after the Company has provided written notice of such failure and the Optionee has not cured such failure within ten (10) business days after the date of such written notice; (ii) willful misconduct or gross negligence; (iii) breach of fiduciary duty or duty of loyalty to any member of the Company Group; (iv) engagement in fraud, embezzlement, or any other act of material dishonesty; (v) commission of any felony or other serious crime involving moral turpitude; (vi) material breach of the Optionee’s obligations under any agreement between the Executive and any member of the Company Group, which, if such breach is reasonably susceptible to cure, has continued after the Company has provided written notice of such breach and the Optionee has not cured such failure within 30 days after the date of such written notice; (vii) material breach of the Company’s material written policies or procedures (other than policies related to sexual harassment, sexual misconduct, or sex-based discrimination) after the Company has provided written notice of such breach and the Optionee has not cured such breach (if curable) within 30 days after the date of such written notice, or (viii) conduct that constitutes sexual harassment, sexual misconduct, or sex-based discrimination.

Section 4.3 Change of Control. “Change of Control” shall mean (i) the sale or disposition, in one transaction or a series of related transactions, of all or substantially all of the consolidated assets of the Company and its respective subsidiaries as a whole to any “person” or “group” (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than to any Company Investors; (ii) a sale of any securities of the Company resulting in more than 50% of the voting securities of the Company being beneficially owned, directly or indirectly, by a person or group other than a Company Investor; (iii) a merger, consolidation, recapitalization or reorganization of the Company with or into another person; if and only if any such event listed in clauses (i) through (iii) above results in the inability of any of the Company Investors to designate or elect a majority of the Board (or of the board of directors of the resulting entity or its parent company). Notwithstanding the foregoing, the occurrence of a Listing Event shall not constitute a Change of Control, notwithstanding the structure or resulting ownership of the Company or any successor thereto following the Listing Event.

Section 4.4 Company Investors. “Company Investors” shall mean the Canada Pension Plan Investment Board, H.I.G. Growth Partners – LuLu’s L.P., Institutional Venture Partners XVI, L.P., Institutional Venture Partners XV, L.P. and Institutional Venture Partners Executive Fund XV, L.P or any of their Affiliates.

Section 4.5 Control. “Control” shall mean possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through ownership of voting securities, by agreement or otherwise.

Section 4.6 Covenant Breach. “Covenant Breach” shall mean the Optionee’s violation of any non-competition, non-solicitation, non-disclosure, non-disparagement or other restrictive covenant to which the Optionee is subject.

Section 4.7 Disability. “Disability” shall mean “Disability” (or any term of similar effect) as defined in the Employment Agreement if such an agreement exists and contains a definition of Disability (or term of similar effect), or, if no such agreement exists or such agreement does not contain a definition of Disability (or term of similar effect), then Disability shall mean that the Optionee is unable to perform the essential functions of the Optionee’s position with substantially the same level of quality as immediately prior to such incapacity by reason of any medically determinable physical or mental impairment which has lasted or can reasonably be expected to last for a period of ninety (90) or more consecutive days or one hundred twenty (120) days during any consecutive six- (6-) month period, as determined by a physician to be selected by the Company.

Section 4.8 “Employment Agreement” shall mean that certain employment agreement by and between the Optionee, the Company, and Lulu’s Fashion Lounge, LLC, a Delaware limited liability company and indirect subsidiary of the Company, dated as of April 15, 2021.

Section 4.9 Exercise Price. “Exercise Price” shall mean the exercise price per Share set forth in the Grant Notice.

Section 4.10 Final Expiration Date. “Final Expiration Date” shall mean the final expiration date set forth in the Grant Notice.

Section 4.11 Good Reason. “Good Reason” shall mean “Good Reason” (or any term of similar effect) as defined in the Optionee’s then-current employment agreement with the Company.

Section 4.12 Grant Date. “Grant Date” shall be the grant date set forth in the Grant Notice.

Section 4.13 Grant Notice. “Grant Notice” shall mean the Grant Notice referred to in Section 1.1 of this Agreement, which Grant Notice is for all purposes a part of the Agreement.

Section 4.14 Listing Event. “Listing Event” shall mean the consummation by the Company of either (i) an initial public offering or direct listing of any class of common stock of the Company or (ii) a merger (or similar transaction) with a special purpose acquisition company, the result of which is that any class of common stock of the Company or the parent or successor entity of the Company is listed on the New York Stock Exchange, the Nasdaq Stock Market or other securities exchange.

Section 4.15 Management Stockholders Agreement. “Management Stockholders Agreement” shall mean that certain Management Stockholders Agreement by and between the Company and its stockholders, as may be amended from time to time.

Section 4.16 Option. “Option” shall mean the option to purchase Shares granted under this Agreement.

Section 4.17 Optionee. “Optionee” shall be the person designated as such in the Grant Notice.

Section 4.18 Plan. “Plan” shall mean the Lulu’s Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan.

Section 4.19 Share. “Share” shall mean a share of common stock, par value $0.001, of the Company.

Section 4.20 Termination of Service. “Termination of Service” shall mean the date the Participant ceases to be a Service Provider.

* * *

Exhibit 10.6

LULU'S FASHION LOUNGE HOLDINGS, INC.
2021 EQUITY INCENTIVE PLAN
SPECIAL COMPENSATION AWARD AGREEMENT

GRANT NOTICE

You have been granted a special compensation award, intended to constitute an Other Award for purposes of the Plan (the "Award"), subject to the terms and conditions of the Lulu's Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan (the "Plan") and this Special Compensation Award Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (collectively, the "Agreement"). Capitalized terms used but not defined in the Agreement shall have the meanings ascribed to such terms in the Plan.

Name of Awardee:	David W. McCreight
Grant Date:	April 19, 2021

[*signature page to follow*]

Your signature below indicates your agreement and understanding that this Award is subject to all of the terms and conditions contained in the Agreement (including this Grant Notice and Appendix A to the Agreement) and the Plan. In the event that you fail to return a signed copy of this Agreement to the Company within 60 days following the Grant Date, the Award will be automatically cancelled, unless determined otherwise by the Administrator. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS AWARD.**

LULU'S FASHION LOUNGE HOLDINGS, INC.

By _____

Name: _____

Title: _____

AWARDEE

David W. McCreight

APPENDIX A TO AWARD AGREEMENT

ARTICLE I.

GRANT OF AWARD

Section 1.1 Grant of Award. The Company hereby grants to the Awardee the Award referred to in the Grant Notice, the specific terms of which are set forth in this Appendix A, upon the terms and conditions set forth in that certain employment agreement by and between the Awardee, the Company, and Lulu's Fashion Lounge, LLC, a Delaware limited liability company and indirect subsidiary of the Company, dated as of [April 15, 2021] (the "Employment Agreement"), the Plan, the Management Stockholders Agreement, and this Agreement (including the Grant Notice and this Appendix A to the Agreement).

Section 1.2 Award Subject to Plan and Management Stockholders Agreement. The Award granted hereunder is subject to the terms and provisions of the Plan and the Management Stockholders Agreement.

Section 1.3 Special Compensation Awards. This Award sets forth further terms and conditions of the obligations of the Company and the Awardee pursuant to the Employment Agreement to pay or issue amounts in satisfaction of (i) the First Special Compensation Award and Second Compensation Award, as defined in the Employment Agreement, due pursuant to Sections 2.5(a) and 2.5(b) of the Employment Agreement and (ii) Sections 3.5(c) and 3.5(d) of the Employment Agreement.

Section 1.4 Vesting, Timing and Manner of Issuance of Shares. To the extent the conditions set forth in the Employment Agreement have been satisfied, Awardee shall receive the number of shares of Common Stock (i) in settlement of the First Special Compensation Award and/or Second Special Compensation Award, as applicable, as is required to be delivered pursuant to the applicable subsection of Section 2.5 of the Employment Agreement or (ii) as is required to be delivered pursuant Section 3.5(c) or 3.5(d) of the Employment Agreement, in the case of clauses (i) and (ii), subject to the Awardee having also executed the Management Stockholders Agreement. Such shares shall be issued to Awardee in accordance with the timing set forth in the applicable subsection of Section 2.5 of the Employment Agreement or in Section 3.5(c) or 3.5(d) of the Employment Agreement, as applicable. If the Awardee fails to validly execute the Management Stockholders Agreement, the Company shall have no obligation to deliver the shares of Common Stock subject to the Award. Unless otherwise determined by the Company, the shares will be issued in uncertificated form and recorded in the name of the Awardee in the books and records of the Company or its transfer agent with appropriate notations regarding the restrictions set forth in this Agreement, the Plan or the Management Stockholders Agreement. Prior to the issuance of the shares pursuant to the preceding sentence, the Awardee shall have no rights as a Stockholder of the Company in respect of the Award.

ARTICLE II.

OTHER PROVISIONS

Section 2.1 Awardee Representation; Not a Contract of Service. The Awardee hereby represents that the Awardee's execution of this Agreement and participation in the Plan is voluntary and that the Awardee has in no way been induced to enter into this Agreement in exchange for or as a requirement of the expectation of service with the Company or any of its subsidiaries. Nothing in this Agreement or in the Plan shall confer upon the Awardee any right to continue as a Service Provider or shall interfere with or restrict in any way the rights of the Company or its subsidiaries, which are hereby expressly reserved, to discharge the Awardee at any time for any reason whatsoever, with or without Cause except pursuant to an employment or consulting agreement executed by and between the Company and the Awardee and approved by the Board.

Section 2.2 Shares Subject to Plan and Management Stockholders Agreement. The Awardee acknowledges that this Award and the shares of Common Stock delivered to the Awardee pursuant to the Award are subject to the terms of the Plan and the Management Stockholders Agreement. In the event of a conflict between the terms of this Agreement and the Plan or the Management Stockholders Agreement, the terms of the Plan or Management Stockholders Agreement, as applicable, will control.

Section 2.3 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the state of Delaware, disregarding choice-of-law principles of the law of any state that would require the application of the laws of a jurisdiction other than such state.

Section 2.4 Taxes. The Awardee acknowledges and agrees that the Awardee has relied upon the advice of the Awardee's own tax advisors in connection with the transactions contemplated by this Agreement and that the Awardee makes no representation or warranty as to the tax treatment of the Award. The Awardee acknowledges that the Awardee is responsible for all taxes associated with the Awardee's receipt of the Award and any shares or other consideration delivered in settlement hereof.

Section 2.5 No Transfers. The Awardee agrees not to sell or otherwise transfer any equity securities of the Company except in accordance with the terms of the Management Stockholders Agreement.

Section 2.6 No Registration. The Awardee understands and agrees that the Shares are being acquired by the Awardee in a transaction not involving any public offering within the meaning of the Securities Act, in reliance on an exemption therefrom. The Awardee understands that the Shares have not been, and will not be, approved or disapproved by the Securities and Exchange Commission or by any other federal or state agency, and that no such agency has passed on the accuracy or adequacy of disclosures made to the Awardee by the Company. No federal or state governmental agency has passed on or made any recommendation or endorsement of the Awardee or an investment in the Company.

Section 2.7 Limitations on Disposition and Resale. The Awardee understands and acknowledges that the shares of Common Stock have not been and will not be registered under the Securities Act, or the securities laws of any state and, unless the shares of Common Stock are so registered, they may not be offered, sold, transferred or otherwise disposed of except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or foreign jurisdiction. The Awardee recognizes that there will not be any public trading market for the shares of Common Stock, and, as a result, the Awardee may be unable to sell or dispose of his or her interest in the Company.

ARTICLE III.

DEFINITIONS

Whenever the following terms are used in this Agreement (including the Grant Notice), they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms used in this Agreement and not defined below shall have the meaning given such terms in the Plan. The singular pronoun shall include the plural, where the context so indicates.

Section 3.1 Award. "Award" shall mean the Award of Shares granted under this Agreement that is intended to constitute an Other Award for purposes of the Plan.

Section 3.2 Awardee. “Awardee” shall be the person designated as such in the Grant Notice.

Section 3.3 Governmental Authority. “Governmental Authority” shall mean any (i) federal, state, local, municipal, foreign or other government, (ii) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal) or (iii) body exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any arbitral tribunal.

Section 3.4 Grant Date. “Grant Date” shall be the grant date set forth in the Grant Notice.

Section 3.5 Grant Notice. “Grant Notice” shall mean the Grant Notice referred to in Section 1.1 of this Agreement, which Grant Notice is for all purposes a part of the Agreement.

Section 3.6 Management Stockholders Agreement. “Management Stockholders Agreement” shall mean that certain Management Stockholders Agreement by and between the Company and its stockholders, as may be amended from time to time.

Section 3.7 Plan. “Plan” shall mean the Lulu’s Fashion Lounge Holdings, Inc. 2021 Equity Incentive Plan.

Section 3.8 Securities Act. “Securities Act” shall mean the Securities Act of 1933, as amended.

* * *

EMPLOYMENT AGREEMENT

This Employment Agreement (this "**Agreement**"), is made and entered into on April 15, 2021, by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "**Company**"), Lulu's Fashion Lounge Holdings, Inc., a Delaware corporation and indirect parent of the Company ("**Parent**") and David W. McCreight ("**Executive**"). This Agreement shall become effective as of the Effective Date (as hereinafter defined).

WHEREAS, the Company desires to employ Executive as its Chief Executive Officer, on the terms and conditions set forth herein, commencing no later than April 19, 2021 (such actual date employment commences, the "**Effective Date**"); and

WHEREAS, Executive desires to be employed by the Company as its Chief Executive Officer on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, the adequacy of all of which consideration is hereby acknowledged, the parties hereby agree as follows:

1. EMPLOYMENT

1.1 Agreement and Term. Executive's employment and the term of this Agreement (the "**Term**") shall commence on the Effective Date and end on the second anniversary of the Effective Date, subject to earlier termination as provided in Section 3; provided, that, commencing on the second anniversary of the Effective Date and on each anniversary thereafter (each, an "**Extension Date**"), the Term shall be automatically extended for an additional one-year period unless the Company or Executive has provided the other party hereto at least 60 days prior written notice before a particular Extension Date that the Term shall not be so extended on such Extension Date.

1.2 Position and Duties; Work Location.

(a) During the Term, Executive shall serve as the Chief Executive Officer of the Company and Parent and shall report directly to the Board of Directors of Parent (the "**Board of Directors**"). In such position, Executive shall have such duties, responsibilities and authorities as are customarily associated with such position for an officer with the same title at a similar company and shall perform such other duties, commensurate with Executive's position, as requested by the Board of Directors. During the Term, Executive shall serve as a member of the Board of Directors. Each member of the Board of Directors, including Executive in his capacity as a member of the Board of Directors, shall have one vote. For purposes of this Agreement, the term "Company" shall include Parent and each of its subsidiaries, including the Company, unless the context clearly indicates otherwise.

(b) Executive's principal work location shall be remote, and Executive understands and agrees that Executive may be required to travel if reasonably necessary to perform his duties and responsibilities hereunder; provided, that Executive shall spend five business days during each month of the Term working from the Company's offices in Chico, California and/or Los Angeles, California. If at any time during the Term, the Board or the Company requests that Executive spend more than five business days during a month working in the Company's offices in Chico, California and/or Los Angeles, California, Executive shall not be required to agree, but, if Executive does agree, such additional days shall not constitute "Good Reason" as defined below or a breach of this Agreement, and the Company's request for such additional days shall not constitute Good Reason or a breach of this Agreement. To the extent Executive determines, after reasonable consultation with the Board of Directors, that Executive is unable or unwilling to travel due to health and/or safety concerns implicated by such travel, such travel shall not be required. Notwithstanding the foregoing, the Company shall not require Executive to travel, including, but not limited to, to the Company's offices in Chico, California and/or Los Angeles, California, prior to that certain date to which the Company and Executive may agree in light of the COVID-19 pandemic, which shall, at minimum, be 60 days following Executive receiving the final dose of a COVID-19 vaccination. In connection with the foregoing, and irrespective of geographic considerations, Executive agrees that he shall carry out his duties and responsibilities hereunder at all times in compliance with the Company's policies and procedures that apply to any status, title or position that Executive holds, as the same may be in effect from time to time.

1.3 Outside Activities. During the Term, Executive shall use his best efforts and full business time to the performance of Executive's duties to the Company; provided, that, subject to Section 4 hereof, during the Term, Executive may serve on the boards of directors of those entities set forth on **Appendix A** or, with prior written notice to the Company on any other board of directors but only if the total number of boards on which Executive shall serve at any given time, inclusive of those listed on Appendix A hereto, shall not exceed two. The Executive agrees to make every reasonable effort to ensure Outside Activity does not materially interfere individually, or in aggregate, with the Executive's performance of Executive's duties and responsibilities under this Agreement. The Executive will review outside board service with the Board of Directors on the one-year anniversary of his employment, and every subsequent anniversary. The Company will address with the Executive any concerns of outside board service detracting from performance of the Executives duties; and work together with the Executive to resolve concerns. In the event concerns of Outside Activities remain post-discussion, Executive will have 90 days to remedy the Board of Directors' concerns of the Executive's Outside Activities.

2. COMPENSATION AND BENEFITS; EXPENSES

2.1 Salary. The Company shall compensate and pay Executive for his services at a rate equivalent to $1,000,000 per year ("**Base Salary**"), less payroll deductions and all required tax withholdings, which salary shall be payable in accordance with the Company's customary payroll practices applicable to its executives. Executive shall be entitled to such increases in the Base Salary, if any, as may be determined from time to time in the discretion of the Board of Directors.

2.2 Bonus. Executive shall receive an annual bonus (the "**Annual Bonus**") of $1,000,000 for each of fiscal years 2021 and 2022, which shall be paid on March 31, 2022 and March 31, 2023, respectively, even if Executive is no longer employed, unless, prior to the date of payment, Executive's employment was terminated by the Company for Cause (as defined below) or by Executive without Good Reason (as defined below) or due to Executive's non-renewal of the Term. For the avoidance of doubt, Executive's Annual Bonus for fiscal year 2021 shall not be

prorated for the portion of the year Executive was employed by the Company. With respect to each fiscal year of the Company ending after the end of fiscal year 2022, and subject to the achievement of any applicable performance goals, based on corporate, business unit and/or individual performance, to be established by the Board of Directors, Executive shall be entitled to participate in the Company's annual incentive plan, as such, and on such terms and conditions as, may be established by the Board of Directors from time to time, under which Executive shall be eligible to earn an Annual Bonus, with a target amount equal to $1,000,000 (the "**Target Bonus**"), subject to Executive being employed with the Company on the date that the Annual Bonus is paid. The Annual Bonus shall be paid in accordance with the Company's customary practices, but in no event later than three months following the end of the applicable fiscal year.

2.3 Employee Benefits; Vacation. During the Term of this Agreement, Executive shall be entitled to participate in the employee benefit plans and programs made available to senior management employees of the Company. The terms and conditions of Executive's participation in any employee benefit plan or program shall be subject to the terms and conditions of such plan or program, as may be amended or modified by the Company from time to time. Nothing in this Agreement shall preclude the Company from amending or terminating any employee benefit plan or program in accordance with the terms thereof. During the Term, Executive shall be entitled to four weeks of paid vacation time per calendar year, including calendar year 2021.

2.4 Equity.

(a) Contemporaneously with approving this Agreement, the Board of Directors has approved the grant, on the Effective Date, of a one-time, non-recurring award of options (the "**Options**") to purchase 322,793 shares of common stock, par value $0.001 per share, of Parent (the "**Common Stock**") pursuant to Parent's equity incentive plan (as from time to time amended and in effect, the "**Plan**") and a stock option agreement between Executive and Parent that sets forth the terms governing the Options (the "**Award Agreement**"). The per share exercise price of the Options shall be $11.35. Subject to Executive's continued employment with the Company through each vesting date, (i) 275,133 of the Options (the "**Base Options**") shall become vested and exercisable in 24 substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025 and (ii) 47,660 of the Options (the "**Preferred Conversion Options**") shall become vested and exercisable in 24 substantially equal monthly installments beginning on April 31, 2023 and ending on March 31, 2025, but only if, as of the applicable monthly vesting date, a Listing Event has occurred in connection with which the shares of the Company's Series A Preferred Stock have converted into shares of Common Stock on a one-to-one basis (such conversion, the "**Preferred Conversion Vesting Condition**"); provided, that, if on a particular monthly vesting date the Preferred Conversion Vesting Condition has not occurred, but such Preferred Conversion Vesting Condition has occurred as of a later monthly vesting date, then any of the Preferred Conversion Options that were eligible to vest on an earlier monthly vesting date but did not vest on such date because the Preferred Conversion Vesting Condition had not occurred as of such date, shall immediately vest on the first monthly vesting date on which the Preferred Conversion Vesting Condition occurs; provided, further, that if the Preferred Conversion Vesting Condition has not occurred as of March 31, 2025, but does occur after such date and still before the expiration date of the Options, then all Preferred Conversion Options shall become vested and exercisable as of the date on which the Preferred Conversion Vesting Condition occurs. For the avoidance of doubt, the Preferred Conversion Options shall be forfeited for no

consideration if the Preferred Conversion Vesting Condition does not occur. Notwithstanding the foregoing, if a Change of Control (defined below) occurs whether prior to or subsequent to a Listing Event (defined below), then the Base Options and any Preferred Conversion Options for which the Preferred Conversion Vesting Condition has been satisfied will be immediately fully vested upon the Change of Control. The specific terms and conditions governing all aspects of the Options shall be consistent with the Plan and as set forth in the Award Agreement, and, as a condition to exercising the Options, Executive shall be required if requested by the Company to execute a stockholders' agreement, investor rights agreement or other similar agreement that contains provisions customarily included in such agreements and applicable to equity held by members of management (any such agreements the "**Investor Agreements**" and, together with the Plan and the Award Agreement, the "**Equity Agreements**"). For purposes of this Agreement, a "**Change of Control**" means (A) the sale or disposition, in one transaction or a series of related transactions, of all or substantially all of the consolidated assets of Parent, the Company and their respective subsidiaries as a whole to any "person" or "group" (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") other than the Parent Investors or their Affiliates (each as defined below); (B) a sale of any securities of Parent resulting in more than 50% of the voting securities of Parent being beneficially owned, directly or indirectly, by a person or group other than a Parent Investor; (C) a merger, consolidation, recapitalization or reorganization of Parent with or into another person; if and only if any such event listed in clauses (A) through (C) above results in the inability of any of the Parent Investors to designate or elect a majority of the Board of Directors (or of the board of directors of the resulting entity or its parent company). For purposes of this Agreement, "**Parent Investors**" shall mean the Canada Pension Plan Investment Board, H.I.G. Growth Partners – LuLu's L.P., Institutional Venture Partners XVI, L.P., Institutional Venture Partners XV, L.P. and Institutional Venture Partners Executive Fund XV, L.P. For purposes of this Agreement, "**Affiliate**" shall mean with respect to any person shall mean any other person or entity that is directly or indirectly Controlling, Controlled by, or under common Control with such first person; provided, that, any portfolio company owned by H.I.G. Growth Partners – LuLu's, L.P., H.I.G. Growth Partners – LuLu's, LLC or their affiliated investment funds (other than the Company and Lulu Holdings, LP) shall not be an Affiliate of a Parent Investor. "**Control**" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through ownership of voting securities, by agreement or otherwise. Notwithstanding the foregoing, the occurrence of a Listing Event (defined below) shall not constitute a Change of Control, notwithstanding the structure or resulting ownership of Parent or any successor thereto following the Listing Event.

(b) Notwithstanding anything in Section 2.4(a) to the contrary, if Parent consummates (i) an initial public offering or direct listing of any class of common stock of Parent or (ii) a merger (or similar transaction) with a special purpose acquisition company, the result of which is that any class of common stock of Parent or the parent or successor entity of Parent is listed on the New York Stock Exchange, the Nasdaq Stock Market or other securities exchange (each transaction described in clauses (i) and (ii), a "**Listing Event**"), then, subject to Executive's continued employment on the date of the Listing Event, (i) the Base Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates (as described in Section 2.4(a)(i)) shall, to the extent unvested, immediately become vested and exercisable, and (ii) if the Preferred Conversion Vesting Condition occurs in connection with the Listing Event, then the Preferred Conversion Options that would have become vested and exercisable on the last 12 scheduled monthly vesting dates (as described in Section 2.4(a)(ii)) shall immediately become vested and exercisable. Any Options that accelerate pursuant to the preceding sentence shall be subject to a one-year holding period such that Executive may not sell or trade shares acquired pursuant to the exercise of such Options until the first anniversary of the Listing Event.

(c) If, in connection with a Listing Event, shares of Parents Series A Preferred Stock convert into shares of Common Stock on a greater than one-to-one basis (any such additional number of shares into which the Series A Preferred Stock convert on a greater than one-to-one basis, "**Surplus Common Shares**"), the Board of Directors agrees in good faith to structure a grant to Executive, expected to be in the form of an award of restricted stock or restricted stock units in Parent or its successor in the applicable Listing Event, with an aggregate value that is designed to approximate the "spread value" of options to purchase a number of shares of Common Stock equal to 1.5% of the Surplus Common Shares, based on the price per share of Common Stock in the Listing Event and a per share option exercise price of $11.35 (the "**Top-Up Award**"). Any Top-Up Award shall be granted pursuant to the Plan and an award agreement between Executive and Parent that sets forth the terms governing the Top-Up Award.

2.5 Special Compensation Awards.

(a) First Special Compensation Award. If Executive continues in employment through March 31, 2022, Executive shall be entitled to the following: (i) if a Listing Event has occurred on or prior to March 31, 2022, then Parent or its successor in the Listing Event shall issue to Executive a number of fully-vested shares of Common Stock equal to the quotient obtained by dividing $3,000,000 by the volume weighted average closing price per share of Common Stock over the ten-trading-day period beginning on the day of the closing of the Listing Event (the "**Listing Event Shares**"), such shares to be issued as soon as reasonably practicable following March 31, 2022 and in no event later than March 15, 2023, (ii) if a Listing Event has not occurred on or prior to March 31, 2022, but the Company has engaged an underwriter or investment bank to facilitate the consummation of a Listing Event, such Listing Event is scheduled or reasonably estimated to close on or before June 30, 2022 (the "**2022 Expected Listing Condition**") and such Listing Event actually closes prior to June 30, 2022, then Parent or its successor in the Listing Event shall issue the Listing Event Shares to Executive on the ninth trading day following the closing of the Listing Event but in no event later than March 15, 2023 or (iii) if a Listing Event has not occurred on or prior to March 31, 2022, and if on March 31, 2022, the 2022 Expected Listing Condition has not been satisfied, then the Company shall pay Executive an amount in cash equal to $3,000,000 on or promptly following March 31, 2022 and in no event later than March 15, 2023; provided, that if an event of default or covenant breach has occurred pursuant to any credit facility, loan agreement or similar financing arrangement to which the Company is a party or bound, or if such event of default or covenant breach would occur as a result of the payment of this cash amount, then the payment may be delayed but shall be paid promptly upon such time as such event of default or covenant breach is no longer continuing. Executive's right to receive either the Listing Event Shares or the cash payment described in this Section 2.5(a) is referred to herein as the "**First Special Compensation Award**".

(b) Second Special Compensation Award. If Executive continues in employment through March 31, 2023, Executive shall be entitled to the following: (i) if a Listing Event has occurred on or prior to March 31, 2023, then Parent or its successor in the Listing Event shall issue the Listing Event Shares to Executive, such shares to be issued as soon as reasonably practicable following March 31, 2023 and in no event later than March 15, 2024, (ii) if a Listing Event has not occurred on or prior to March 31, 2023, but the Company has engaged an underwriter or investment bank to facilitate the consummation of a Listing Event, such Listing Event is scheduled or reasonably estimated to close on or before June 30, 2023 (the "**2023 Expected Listing Condition**") and such Listing Event actually closes prior to June 30, 2023, then Parent or its successor in the Listing Event shall issue the Listing Event Shares to Executive on the ninth trading day following the closing of the Listing Event, but in no event later than March 15, 2024 or (iii) if a Listing Event has not occurred on or prior to March 31, 2023, and if on March 31, 2023, the 2023 Expected Listing Condition has not been satisfied, then the Company shall pay Executive an amount in cash equal to $3,000,000 on or promptly following March 31, 2023 and in no event later than March 15, 2024; provided, that if an event of default or covenant breach has occurred pursuant to any credit facility, loan agreement or similar financing arrangement to which the Company is a party or bound, or if such event of default or covenant breach would occur as a result of the payment of this cash amount, then the payment may be delayed but shall be paid promptly upon such time as such event of default or covenant breach is no longer continuing. Executive's right to receive either the Listing Event Shares or the cash payment described in this Section 2.5(b) is referred to herein as the "**Second Special Compensation Award**".

(c) Change of Control Award. If a Change of Control occurs at any time (A) on or before March 31, 2022 and also prior to a Listing Event, then, in lieu of the First Special Compensation Award, Executive shall be entitled to receive an amount in cash equal to $6,000,000, payable in a lump sum within 30 days following such Change of Control event, or (B) at any time on or between April 1, 2022 and March 31, 2023 and also prior to a Listing Event, then, in lieu of the Second Special Compensation Award, Executive shall be entitled to receive an amount in cash equal to $3,000,000, payable in a lump sum within 30 days following such Change of Control event.

(d) Awards Subject to the Plan, Equity Agreements. The Special Compensation Awards and the Change of Control Award provided pursuant to this Section 2.5 shall be granted pursuant to the Plan and shall be subject to the Equity Agreements, including any requirement that may be included therein that, as a condition to the issuance of any shares in settlement of the Special Compensation Awards, Executive shall be required to execute the Investor Agreements.

2.6 Business Expenses. The Company shall reimburse Executive for reasonable out-of-pocket fees and expenses incurred by Executive in the performance of Executive's duties to the Company, including, but not limited to, reasonable travel expenses, including first-class, round-trip commercial airfare, hotel accommodations, car rental or vehicle transportation, and meals, which expenses shall be subject to such reasonable documentation requirements as may be established or required pursuant to the Company's policies as in effect from time to time.

3. TERMINATION

3.1 Notice of Termination. With the exception of termination of Executive's employment due to Executive's death, any purported termination of Executive's employment by the Company for any reason, including without limitation for Cause or Disability, or by Executive for any reason, shall be communicated by a written Notice of Termination (as defined below) to the other party. For purposes of this Agreement, "**Notice of Termination**" means a dated notice that: (i) indicates the specific termination provision in this Agreement relied upon; (ii) is given in the manner specified in Section 5.2; and (iii) specifies a Termination Date, which may be the date of the notice, and "**Termination Date**" means the date specified in the Notice of Termination; provided that in the event of a termination by Executive without Good Reason (as defined below), the Termination Date shall not be less than sixty (60) days after such notice, unless otherwise agreed to by the parties. For the avoidance of doubt, the Term shall end on the Termination Date.

3.2 Termination Due to Death or Disability. If Executive's employment and the Term is terminated by reason of Executive's death or Disability, Executive or his estate shall be entitled to receive: (i) Executive's earned but unpaid Base Salary through the Termination Date; (ii) an amount for reimbursement, paid within 30 days following submission by Executive (or if applicable, Executive's estate) to the Company of appropriate supporting documentation for any unreimbursed reasonable business expenses properly incurred prior to the Termination Date by Executive pursuant to Section 2.6 and in accordance with Company policy; (iii) any earned and unused vacation, paid when required by applicable law and no later than 30 days following the Termination Date; and (iv) such employee benefits, if any, to which Executive (or, if applicable, Executive's estate) or his dependents may be entitled under the employee benefit plans or programs of the Company, paid in accordance with the terms of the applicable plans or programs (the amounts described in clauses (i) through (iv) hereof being referred to collectively as the "**Accrued Rights**"). For purposes of this Agreement, "**Disability**" means Executive is unable to perform the essential functions of his position with substantially the same level of quality as immediately prior to such incapacity by reason of any medically determinable physical or mental impairment which has lasted or can reasonably be expected to last for a period of 90 or more consecutive days or one hundred and 120 days during any consecutive six-month period, as determined by a physician to be selected by the Company and approved by Executive, such approval not to be unreasonably delayed or withheld.

3.3 Termination or Non-Renewal by Executive Other Than for Good Reason. In the event Executive terminates his employment and the Term, including not renewing the Term pursuant to Section 1.1, Executive shall be entitled to receive the Accrued Rights.

3.4 Termination by the Company for Cause. In the event the Company terminates his employment and the Term for Cause, Executive shall be entitled to receive the Accrued Rights.

3.5 Termination or Non-Renewal by the Company without Cause or by Executive for Good Reason. If Executive's employment is terminated by the Company without Cause (other than due to death or Disability), including the Company not renewing the Term pursuant to Section 1.1 or by Executive for Good Reason, then, subject to Executive's continued compliance with this Agreement and the Equity Agreements and Executive's execution, delivery and non-revocation of a fully effective release of all claims against the Company in substantially the form attached as **Appendix B** hereto (the "**Release**") within the 40-day period following the date of the termination of Executive's employment (the "**Release Requirement**"), Executive shall be entitled to the following severance benefits, in addition to the Accrued Rights:

(a) an aggregate amount equal to Executive's then-current annual Base Salary, payable in a lump sum within 30 days following satisfaction by Executive of the Release Requirement;

(b) subject to Executive timely electing COBRA (as defined below) coverage, the Company shall reimburse Executive for Executive's monthly COBRA premiums for a period of 12 months after the Termination Date;

(c) if the Termination Date is prior to the first anniversary of the Effective Date, then (i) if a Listing Event has not occurred prior to the Termination Date, Executive shall be entitled to receive $6,000,000, payable in a lump sum within 30 days following satisfaction by Executive of the Release Requirement; provided, that if an event of default or covenant breach has occurred pursuant to any credit facility, loan agreement or similar financing arrangement to which the Company is a party or bound, or if such event of default or covenant breach would occur as a result of the payment of this amount, then the payment may be delayed but shall be paid promptly upon such time as such event of default or covenant breach is no longer continuing and (ii) if a Listing Event has occurred prior to the Termination Date, Executive shall be entitled to receive a number of fully vested shares of Common Stock equal to the quotient obtained by dividing $6,000,000 by the volume weighted average closing price per share of Common Stock over the ten-trading-day period beginning on the day of the closing of the Listing Event, such shares to be delivered within 30 days following satisfaction by Executive of the Release Requirement but in no event later than March 15 of the calendar year following the year in which the Termination Date occurs. The amounts in clauses (i) and (ii) shall be in full satisfaction of any rights Executive has to the First Special Compensation Award or Second Special Compensation Award;

(d) if the Termination Date is on or after the first anniversary of the Effective Date but before the second anniversary of the Effective Date, and after Executive has received his First Special Compensation Award but not his Second Special Compensation Award, then Executive shall not be entitled to the Second Special Compensation Award set forth in Section 2.5 and (i) if a Listing Event has not occurred prior to the Termination Date, Executive shall be entitled to receive $3,000,000, payable in a lump sum within 30 days following satisfaction by Executive of the Release Requirement; provided, that if an event of default or covenant breach has occurred pursuant to any credit facility, loan agreement or similar financing arrangement to which the Company is a party or bound, or if such event of default or covenant breach would occur as a result of the payment of this amount, then the payment may be delayed but shall be paid promptly upon such time as such event of default or covenant breach is no longer continuing and (ii) if a Listing Event has occurred prior to the Termination Date, Executive shall be entitled to receive the Listing Event Shares within 30 days following satisfaction by Executive of the Release Requirement but in no event later than March 15 of the calendar year following the year in which the Termination Date occurs. The amounts in clauses (i) and (ii) shall be in full satisfaction of any rights Executive has to the Second Special Compensation Award; and

(e) notwithstanding anything to the contrary in Section 2.4(a) requiring continued employment, if the Termination Date is on or after the first anniversary of the Effective Date then 100% of any then unvested Base Options shall immediately fully vest and, if the Preferred Conversion Vesting Condition has occurred prior to the Termination Date, then 100% of any then unvested Preferred Conversion Options shall also immediately fully vest.

For purposes of this Agreement, "**Cause**" shall mean: (i) the material failure by Executive to reasonably and substantially perform Executive's duties under this Agreement (other than as a result of physical or mental illness or injury) or to comply with a lawful directive or order of the Board that has continued after the Company has provided written notice of such failure and the Executive has not cured such failure within twenty (20) business days after the date of such written notice; (ii) willful misconduct or gross negligence in the performance of his duties; (iii) breach of fiduciary duty or duty of loyalty to any member of the Company ; (iv) engagement in fraud, embezzlement, or any other act of material dishonesty; (v) commission of any felony or other serious crime involving moral turpitude; (vi) material breach of the Executive's obligations under any agreement between the Executive and any member of the Company , which, if such breach is reasonably susceptible to cure, has continued after the Company has provided written notice of such breach and the Executive has not cured such failure within 30 days after the date of such written notice; (vii) material breach of the Company's material written policies or procedures (other than policies related to sexual harassment, sexual misconduct, or sex-based discrimination) after the Company has provided written notice of such breach and the Executive has not cured such breach (if curable) within 30 days after the date of such written notice, or (viii) conduct that constitutes sexual harassment, sexual misconduct, or sex-based discrimination. Notwithstanding the foregoing, "Cause" shall not include failure by Executive to travel or engage in in-person interactions to the extent such failure to travel or meet is due to health and safety issues and/or the Executive's agreed travel limits described in Section 1.2(b)

For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any of the following without Executive's consent during the Term: (i) prior to the second anniversary of the Effective Date, any reduction of or failure to pay Executive's Base Salary and/or Annual Bonus in accordance with Sections 2.1 and 2.2 above, (ii) following the second anniversary of the Effective Date, a material decrease in Executive's Base Salary (other than as part of an across-the-board base salary reduction of 10% or less applicable to all similarly-situated employees of the Company) or Target Bonus opportunity, (iii) a material diminution in the Executive's title, reporting structure, duties, authorities, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law), (iv) a material breach by the Company of the material terms of this Agreement, (v) requiring Executive to relocate to California or some other geographical location more than 45 miles from his current residence, or (vi) requiring Executive to materially increase the number of business travel days as described in Section 1.2(b). Good Reason shall not occur unless Executive provides a detailed written notice to the Company of any fact or circumstance believed by Executive to constitute Good Reason within 30 days following the occurrence of such fact or circumstance, the Company is given at least 30 days to cure such fact or circumstance, and Executive terminates his employment immediately following such 30 day cure period in the event the Company fails to cure such fact or circumstance.

3.6 Change of Control Termination.

(a) If a Change of Control occurs at any time during his employment but prior to a Listing Event, Executive shall have the right, for 60 days following consummation of such Change of Control, to terminate his employment and the Term for any reason, including not renewing the Term pursuant to Section 1.1, in which case, subject to Executive's continued compliance with this Agreement and the Equity Agreements and satisfaction of the Release Requirement, Executive shall be entitled to receive an aggregate amount equal to the sum of (i)

Executive's then-current Annual Base Salary, (ii) Executive's Target Bonus for the fiscal year in which the Termination Date falls and (iii) any amount payable pursuant to the Change of Control Award that was due pursuant to Section 2.5(c) hereof and not paid prior to the Date of Termination, such payment to be made in a lump sum within 30 days following satisfaction of the Release Requirement, and the Accrued Rights, but in no event later than March 15 of the calendar year following the calendar year in which the Change of Control occurs.

3.7 No Other Benefits Upon Termination. Except as provided in the applicable subsection of this Section 3 or in Section 2.2 hereof, and except for any vested benefits under any tax qualified retirement plans of the Company, and continuation of health insurance benefits on the terms and to the extent required by Section 4980B of the Code and Section 601 of the Employee Retirement Income Security Act of 1974, as amended (which provisions are commonly known as "**COBRA**"), the Company shall have no additional obligations upon the termination of Executive's employment with the Company.

3.8 Cooperation with Company after Termination of Employment. Following termination of Executive's employment for any reason, Executive shall reasonably cooperate with the Company in all matters relating to the winding up of his pending work on behalf of the Company including, but not limited to, the orderly transfer of any such pending work to other employees of the Company as may be designated by the Company. The Company shall reimburse Executive for any reasonable out-of-pocket expenses he incurs in performing any work on behalf of the Company following the Termination Date.

4. NON-SOLICITATION & NON-COMPETITION

4.1 Non-Solicit; Non-compete.

(a) Executive agrees that he shall not, directly or indirectly, during the Term and for the 24-month period following the Termination Date, (i) solicit or hire or engage or attempt to solicit or hire or engage, as applicable, any employee or individual who was an employee within the six-month period immediately prior thereto to terminate or otherwise alter his or her employment with the Company or (ii) solicit or encourage any independent contractor providing services to the Company to terminate or alter in a manner adverse to the Company such independent contractor's relationship with the Company.

(b) Executive further agrees that he shall not, directly or indirectly, during the Term and for the 12-month period following the Termination Date, (i) become an employee, director, or independent contractor, stockholder or other owner (other than a holder of less than 1% of the outstanding voting shares of any publicly held company) of, or a consultant to, or perform any services for, any Person that offers products that are directly and materially competitive with the Company's offerings (any such Person, or any other Person that competes with any member of the Company, a "**Competing Business**") or (ii) solicit or engage or attempt to solicit or engage, as applicable, any current or prospective vendor or supplier of the Company in connection with a Competing Business or to terminate or alter in a manner adverse to the Company such vendor or supplier's relationship with the Company.

(c) For purposes of this Article 4, "**Person**" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

4.2 Non-Disparagement. During the Term and thereafter, Executive agrees that he will not, at any time, make or encourage others to make, directly or indirectly, any oral or written statements that are disparaging or defamatory of the Company, its products, services, customers or suppliers, or any of its present or former officers, directors or employees. Additionally, the Company agrees that its officers and members of the Board of Directors will not, at any time, make or encourage others to make, directly or indirectly, any oral or written statements that are disparaging or defamatory of Executive. Notwithstanding the foregoing, this Section 4.2 shall not preclude Executive or the Company from making any truthful statement as expressly provided by Section 4.3 or (i) to the extent required or protected by law, subpoena, court order or legal process, (ii) to a government agency or other governmental or regulatory authority, (iii) in the course of any legal, arbitral or regulatory proceeding or (iv) in connection with an internal investigation by the Company regarding unlawful acts in the workplace.

4.3 Confidential Information. Executive acknowledges and agrees that all information regarding the Company or the activity of any member of the Company that is not generally known to persons not employed or retained (as employees or as independent contractors or agents) by the Company, including without limitation information about the customers, business connections, customer lists, procedures, operations, trade secrets, techniques and other aspects of and information about the business of the Company (the "**Confidential Information**") is established at great expense and protected as confidential information and provides the Company with a substantial competitive advantage in conducting its business. Executive further acknowledges and agrees that by virtue of his employment with the Company, he will have access to, and will be entrusted with Confidential Information, and that the Company would suffer great loss and injury if Executive would disclose this information or use it in a manner not specifically authorized by the Company. Therefore, Executive agrees that during the Term and at all times thereafter, he will not, directly or indirectly, either individually or as an employee, agent, partner, shareholder, owner trustee, beneficiary, co-venturer distributor, consultant or in any other capacity, use or disclose or cause to be used or disclosed any Confidential Information, unless and to the extent that any such information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions. Executive shall deliver to the Company at the termination of his employment and the Term, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes, printouts and software and other documents and data (and copies thereof) relating to the Confidential Information, or the business of the Company which he may then possess or have under his control. In addition, Executive agrees that, notwithstanding the foregoing, to the extent Executive is compelled to disclose Confidential Information by lawful service of process, subpoena, court order, or otherwise compelled to do by law, Executive shall, to the extent legally permitted, provide the Company with a copy of the document(s) seeking disclosures of such information promptly upon receipt of such document(s) and prior to Executive's disclosure of any such information, so that the Company may take such action as it deems to be necessary or appropriate in relation to such subpoena or request and Executive may not disclose any such information until the Company has had the opportunity to take such action. Executive cannot be held criminally or civilly liable under any federal or state law (including trade secret laws) for disclosing a trade secret or confidential

information (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, Executive may be held liable if he unlawfully accesses trade secrets or confidential information by unauthorized means. Nothing in this Agreement (A) limits, restricts or in any other way affects Executive's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity or (B) requires Executive to notify the Company or any member of the Company about such communication.

4.4 Intellectual Property

(a) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("**Works**"), either alone or with third parties, at any time during Executive's employment with any member of the Company and within the scope of such employment, relating to the business of the Company and/or with the use of any the Company resources or Confidential Information ("**Company Works**"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, and agrees to assign, transfer and convey, all rights, title, interest and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company (or as otherwise directed by the Company) to the extent ownership of any such rights does not vest originally in the Company. Executive hereby waives and irrevocably quitclaims to the Company or its designee any and all claims, of any nature whatsoever, that Executive now has or may hereafter have for infringement of any and all Company Works. Any assignment of Company Works includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like (collectively, "**Moral Rights**"). To the extent that Moral Rights cannot be assigned under applicable law, Executive hereby waives and agrees not to enforce any and all Moral Rights, including, without limitation, any limitation on subsequent modification, to the extent permitted under applicable law.

(b) Subject to the requirements of applicable state law, if any, Company Works will not include, and the provisions of this Agreement requiring assignment of Company Works to the Company do not apply to, any Company Work which qualifies fully for exclusion under the provisions of applicable state law. In order to assist in the determination of which inventions qualify for such exclusion, Executive will advise the Company promptly in writing, during and for a period of 12 months immediately following the Term, of all inventions solely or jointly conceived or developed or reduced to practice by Executing during the Term.

(c) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts in connection with the foregoing.

(d) Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with, the Company, any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. Executive shall comply with all relevant policies and guidelines of the Company, including, without limitation, policies and guidelines regarding the protection of confidential information and intellectual property and potential conflicts of interest. Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that Executive remains at all times bound by their most current version.

4.5 Reasonable Limitation and Severability; Injunctive Relief. The parties agree that the above restrictions are (i) reasonable given Executive's role with the Company, and are necessary to protect the interests of the Company and (ii) completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Agreement for any reason whatsoever. The parties further agree that any invalidity or unenforceability of any one or more of such restrictions contained in this Section 4 shall not render invalid or unenforceable any remaining restrictions contained in this Section 4. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Section 4 is too broad to be enforced as written, the parties hereby authorize the court to reform the provision to such narrower scope as it determines to be reasonable and enforceable and the parties intend that the affected provision be enforced as so amended. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach would be inadequate and the Company would suffer significant harm and irreparable damages as a result of a breach or threatened breach. In recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available, in addition to an award of its attorney's fees incurred in enforcing its rights hereunder. The remedies under this Agreement are without prejudice to the Company's right to seek any other remedy to which it may be entitled at law or in equity. So that the Company may enjoy the full benefit of the covenants contained in this Section 4, Executive further agrees that the restricted period shall be tolled, and shall not run, during the period of any breach by Executive of any of the covenants contained in this Section 4. It is also agreed that each member of the Company shall have the right to enforce all of Executive's obligations to that member of the Company under this Agreement, including without limitation pursuant to this Section 4. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of Executive's employment or other relationship with the Company, shall operate to excuse Executive from the performance of his obligations under this Section 4.

5. GENERAL PROVISIONS

5.1 Assignment; Successors. This Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Neither this Agreement nor any right or obligation hereunder may be assigned by Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume this Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in the Agreement, "the Company" shall mean both the Company as defined above and any such successor that assumes this Agreement, by operation of law or otherwise.

5.2 Notice. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Company:	Lulu's Fashion Lounge, LLC 195 Humboldt Avenue Chico, CA 95928 Naomi.BeckmanStraus@lulus.com Attn: Naomi Beckman-Straus, General Counsel
With copies to:	Latham & Watkins LLP 140 Scott Drive Menlo Park, CA 94025 Tad.Freese@lw.com Attn: Tad Freese and H.I.G. Growth Partners – LuLu's, L.P. 500 Boylston Street, 20th Floor Boston, MA 02116 Attn: Evan Karp
To Executive:	David W. McCreight P.O. Box 111 Annapolis, MD 21404

5.3 Amendment and Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed by each of the parties hereto.

5.4 Non-Waiver of Breach. No failure by either party to declare a default due to any breach of any obligation under this Agreement by the other, nor failure by either party to act quickly with regard thereto, shall be considered to be a waiver of any such obligation, or of any future breach.

5.5 Severability. In the event that any provision or portion of this Agreement, shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

5.6 Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Delaware (without regard to its choice of law provisions). The parties acknowledge and agree that in connection with any dispute hereunder, each party shall pay all of its own costs and expenses, including its own legal fees and expenses. The parties irrevocably consent to the jurisdiction of, and venue in, the state and federal courts in the State of Delaware, with respect to any matters pertaining to, or arising from, this Agreement, the Executive's equity awards or the Executive's employment by the Company. Notwithstanding the foregoing, in the event Executive becomes a resident of California, (i) this Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of California (without regard to its choice of law provisions), and (ii) the parties agree that the provisions of Section 4.1(b) and the no-hire restriction in Section 4.1(a) shall not apply with respect to any period following the termination of Executive's service with the Company, but shall continue to apply in the event Executive's service with the Company continues after termination of this Agreement.

5.7 Waiver of Jury Trial. The parties each hereby waives, to the fullest extent permitted by law, any right to trial by jury of any claim, demand, action, cause of action (i) arising under this Agreement or (ii) in any way connected with or related or incidental to the dealings of the parties hereto in respect of this Agreement whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise. The parties to this Agreement each hereby agrees and consents that any such claim, demand, action or cause of action shall be decided by court trial without a jury and that the parties may file an original counterpart of a copy of this Agreement with any court as written evidence of the consent of the parties to the waiver of their right to trial by jury.

5.8 Entire Agreement. This Agreement contains all of the terms agreed upon by the Company and Executive with respect to the subject matter hereof and supersedes all prior agreements, arrangements and communications between the parties dealing with such subject matter, whether oral or written.

5.9 Headings. Numbers and titles to Sections hereof are for information purposes only and, where inconsistent with the text, are to be disregarded.

5.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together, shall be and constitute one and the same instrument.

5.11 Taxes.

(a) The Company may withhold from any payment hereunder such state, federal or local income, employment or other taxes and other legally mandated withholdings in accordance with applicable law and considering the location of the Executive's residence and the location in which he performs his duties for the Company. The Company makes no representation about the tax treatment or impact of any payment(s) hereunder.

(b) The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (together with the regulations and other guidance promulgated thereunder, "**Section 409A**"), to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything herein to the contrary: (i) if at the time of Executive's termination of employment with the Company, Executive is a "specified employee" as defined in Section 409A and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six (6) months following Executive's termination of employment with the Company (or the earliest date as is permitted under Section 409A); (ii) if any other payments of money or other benefits due to Executive hereunder could cause the application of an accelerated or additional tax under Section 409A, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner determined by the Company that does not cause such an accelerated or additional tax; (iii) to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payment shall be due to Executive under this Agreement until Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A; and (iv) each amount to be paid or benefit to be provided to Executive pursuant to this Agreement, which constitute deferred compensation subject to Section 409A, shall be construed as a separately identified payment for purposes of Section 409A. Notwithstanding anything to the contrary herein, to the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to Executive under this Agreement shall be paid to Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Executive) may not be liquidated or exchanged for other payments or benefits, and during any one year may not affect amounts reimbursable or provided in any subsequent year. Neither the Company nor any of its employees or representatives shall have any liability to Executive with respect to Section 409A.

(c) In the event that it is determined that any payment or distribution of any type to or for Executive's benefit made by the Company, by any of its affiliates, by any person who acquires ownership or effective control or ownership of a substantial portion of the Company's assets (within the meaning of Code Section 280G and the regulations thereunder) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to

the terms of this Agreement or otherwise (collectively, the "**Total Payments**"), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are collectively referred to as the "**Excise Tax**"), then such payments or distributions or benefits shall be payable to such lesser amount as would result in no portion of such payments or distributions or benefits being subject to the Excise Tax. If the Total Payments must be reduced as provided in the previous paragraph, the reduction shall occur in the following order (on a pro rata basis among payments or benefits within categories, except as provided below): (1) reduction of cash payments for which the full amount is treated as a "parachute payment" (as defined under Section 280G of the Code and the regulations thereunder); (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount in not treated as a parachute payment; (3) reduction of any continued employee benefits and (4) cancellation of any accelerated vesting of equity awards. In selecting the equity awards (if any) for which vesting will be reduced under clause (4) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of reduced Total Payments provided to Executive, provided that if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A of the Code, awards instead shall be selected in the reverse order of the date of grant. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. Executive and the Company shall furnish such documentation and documents as may be necessary for the Company's independent external accountants to perform the requisite Code Section 280G computations and analysis. The Company shall bear the costs of performing any calculations contemplated by this Section 5.11.

5.12 Clawback. Notwithstanding anything in this Agreement to the contrary, Executive acknowledges that the Company may be entitled or required by law, the Company's policy (the "**Clawback Policy**") or the requirements of an exchange on which the Company's or its parent's shares are listed for trading, to recoup compensation paid to Executive pursuant to this Agreement or otherwise, and Executive agrees to comply with any such request or demand for recoupment by the Company. Executive acknowledges that the Clawback Policy may be modified from time to time in the sole discretion of the Company and without the consent of Executive.

5.13 Return of Property. Upon termination of Executive's employment with the Company for any reason, Executive shall immediately destroy, delete, or return to the Company, at the Company's option, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control that contain Confidential Information or otherwise relate to the business of the Company, and cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware, and shall otherwise return to the Company all property of the Company.

5.14 No Conflict. Executive represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive does not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound; and (ii) Executive is not a party to or bound by an employment agreement, non-compete agreement, non-solicit agreement or confidentiality agreement with any other Person which would interfere in any material respect with the performance of his duties hereunder.

5.15 Survival. Except as otherwise expressly provided in this Agreement, all covenants, representations and warranties, express or implied, in addition to the provisions of Sections 4 and 5 of this Agreement, shall survive the termination of this Agreement.

[signatures on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Employment Agreement to be duly executed on the date and year first written above.

COMPANY

By: /s/ Evan Karp
Name: Evan Karp
Title: Authorized Signatory

PARENT

By: /s/ Evan Karp
Name: Evan Karp
Title: Authorized Signatory

EXECUTIVE

/s/ David W. McCreight
David W. McCreight

[Signature Page to David McCreight Employment Agreement]

Appendix A

Board of Director Memberships

CarMax, Inc.

Wolverine World Wide, Inc.

Appendix B

Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between David W. McCreight ("Executive") and Lulu's Fashion Lounge, LLC (together with its parents, subsidiaries, and any successor(s) thereto, the "Company") (collectively, referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Employment Agreement, dated as of April 15, 2021 (the "Employment Agreement"); and

WHEREAS, in connection with Executive's termination of employment with the Company or a subsidiary or affiliate of the Company effective _____, 20__, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees (as defined below), including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's ownership of vested equity securities of the Company or one of its affiliates, Executive's right to vested benefits under any employee benefit plan of the Company or one of its affiliates, or Executive's right to indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims").

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section 3.5 of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments and Benefits; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section 3.5 of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive the Accrued Rights (as defined in the Employment Agreement), subject to and in accordance with the terms of the Employment Agreement.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of its or their current and former officers, directors, equityholders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns, each in their capacity as such, (collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from, and agrees not to

sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Executive's release of claims herein bars Executive from recovering such monetary relief from the Company or any Releasee), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any Retained Claims. This release further does not release claims for breach of Section 3(c) or Section 4(a) of the Employment Agreement or prevent Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies).

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive signs this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive has been advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has 21 days within which to consider this Agreement; (c) Executive has 7 days following Executive's execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21 day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

5. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

6. Notice; Governing Law; Counterparts. This Agreement shall be subject to the provisions of Sections 5.2, 5.6, and 5.10 of the Employment Agreement.

7. Effective Date. Executive has seven days after Executive has signed this Agreement to revoke it and this Agreement will become effective on the eighth day after Executive signed this Agreement, so long as it has been signed by the Parties and has not been revoked by Executive before that date.

8. Trade Secrets; Whistleblower Protections. In accordance with 18 U.S.C. §1833, notwithstanding anything to the contrary in this Agreement, the Employment Agreement, or any other agreement between Executive and the Company or any of its subsidiaries in effect as of the date Executive receives this Agreement (together, the "Subject Documents"): (a) Executive will not be in breach of the Subject Document, and shall not be held criminally or civilly liable under any federal or state trade secret law (i) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (ii) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (b) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Furthermore, the Parties agree that nothing in the Subject Documents prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation or releases or restrains Executive's right to receive an award for information provided to any such government agencies.

8. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees, except as otherwise provided in this Agreement. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; and (e) Executive is fully aware of the legal and binding effect of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE

Dated: _____

_____
David W. McCreight

COMPANY

Dated: _____ By: _____

Name:
Title:

Exhibit 10.9

EXECUTION VERSION

$145,000,000 CREDIT FACILITY

CREDIT AGREEMENT

Dated as of August 28, 2017,

by and among

LULU'S FASHION LOUNGE, LLC
as the Borrower,

LULU'S FASHION LOUNGE PARENT, LLC,
as Holdings and a Guarantor,

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent and as Collateral Agent for all Lenders,

and

THE LENDERS PARTY HERETO
as Lenders

CREDIT SUISSE SECURITIES (USA) LLC
and
LAZARD MIDDLE MARKET LLC,
as Joint Lead Arrangers and Joint Bookrunners

MONROE CAPITAL MANAGEMENT ADVISORS, LLC,
as Documentation Agent

[CS&M Ref. No. 7865-316]

THE TERM LOANS ISSUED PURSUANT TO THIS AGREEMENT WERE ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTION 1271 ET SEQ. OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED. BEGINNING NO LATER THAN 10 DAYS AFTER THE DATE OF THIS AGREEMENT, A LENDER MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE TERM LOANS BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE BORROWER AT THE ADDRESS SET FORTH ON THE APPLICABLE SIGNATURE PAGE HERETO.

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CREDIT AGREEMENT

This CREDIT AGREEMENT (including all exhibits and schedules hereto, as the same may be amended, restated, amended and restated, supplemented, extended or otherwise modified from time to time, this "**Agreement**") is entered into as of August 28, 2017, by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "**Borrower**"), Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company ("**Holdings**"), Credit Suisse AG, Cayman Islands Branch, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") and as collateral agent (in such capacity, including any successor thereto, the "**Collateral Agent**") for the several lenders from time to time party hereto (collectively, the "**Lenders**" and individually each a "**Lender**"), and the Lenders.

W I T N E S S E T H:

WHEREAS, (a) the Borrower has requested, and the Term Lenders have agreed to make available to the Borrower, credit in the form of the Initial Term Loan on the Closing Date upon and subject to the terms and conditions set forth in this Agreement to (i) finance the Special Dividend, (ii) refinance the Prior Indebtedness and (iii) pay fees, premiums (if any), expenses and other transaction costs incurred in connection with the Transactions and (b) the Borrower has requested, and the Revolving Lenders have agreed to make available to the Borrower, Revolving Loans (i) on the Closing Date in an aggregate principal amount not to exceed $2,500,000 (the "**Permitted Closing Date Revolving Extensions of Credit**") to pay fees, premiums (if any), expenses and other transaction costs incurred in connection with the Transactions and (ii) at any time and from time to time after the Closing Date and prior to the Revolving Termination Date upon and subject to the terms and conditions set forth in this Agreement to provide for working capital and other general corporate purposes (including for capital expenditures, acquisitions, investments, restricted payments and any other transaction not prohibited by the Loan Documents);

WHEREAS, the Borrower desires to secure all of its Obligations under the Loan Documents by granting to the Agent, for the benefit of the Secured Parties, a security interest in and lien upon substantially all of its Property subject to the exceptions and limitations otherwise set forth in this Agreement and the Collateral Documents; and

WHEREAS, Holdings directly owns all of the Stock and Stock Equivalents of the Borrower, and upon and subject to the terms and conditions of the Guaranty and Security Agreement, is willing to guarantee the Obligations of the Borrower and to pledge to the Agent, for the benefit of the Secured Parties, among other things, all of its interests in the Stock and Stock Equivalents of the Borrower and substantially all of its other Property to secure its Obligations subject to the exceptions and limitations otherwise set forth in this Agreement and the Collateral Documents.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE I

THE CREDITS

1.1 Amounts and Terms of Commitments.

(a) The Term Loan. Subject to the terms and conditions of this Agreement, each Term Lender, severally and not jointly, agrees to make Loans to the Borrower on the Closing Date in the amount set forth opposite such Lender's name in Schedule 1.1(a) under the heading "Initial Term Loan Commitment" (such amount being referred to herein as such Lender's "**Initial Term Loan Commitment**"). Amounts borrowed under this Section 1.1(a)(i) are referred to collectively as the "**Initial Term Loans**". Amounts borrowed as Term Loans which are repaid or prepaid may not be reborrowed. Term Loans may be Base Rate Loans or LIBOR Rate Loans, in each case as provided herein. The Initial Term Loans funded on the Closing Date will be funded with original issue discount (it being agreed that the Borrower shall be obligated to repay 100% of the principal amount of the Initial Term Loans and interest shall accrue on 100% of the principal amount of the Initial Term Loans, in each case as provided herein).

(b) The Revolving Credit. Subject to the terms and conditions of this Agreement, each Revolving Lender severally and not jointly agrees to make Loans to the Borrower (each such Loan, a "**Revolving Loan**") from time to time on any Business Day during the period from the Closing Date through the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth opposite such Lender's name in Schedule 1.1(b) under the heading "Revolving Loan Commitment" or in the Assignment pursuant to which such Lender became a Lender hereunder (such amount, as the same may be reduced or increased from time to time in accordance with this Agreement, being referred to herein as such Lender's "**Revolving Loan Commitment**"); *provided*, *however*, that, after giving effect to any Borrowing of Revolving Loans, the aggregate principal amount of all outstanding Revolving Loans shall not exceed the Maximum Revolving Loan Balance. Subject to the other terms and conditions hereof, amounts borrowed under this Section 1.1(b) may be repaid and reborrowed from time to time without premium or penalty except as provided in Section 10.4. The "**Maximum Revolving Loan Balance**" at any time shall equal the Aggregate Revolving Loan Commitment then in effect, less the aggregate amount of Letter of Credit Obligations. If at any time the then outstanding principal balance of Revolving Loans exceeds the Maximum Revolving Loan Balance, then the Borrower shall, no later than the Business Day following written notice thereof by the Agent or Required Revolving Lenders (*provided* that if such notice is received after 3:00 p.m.(New York time) on any such day, the Borrower shall make such prepayment no later than the second Business Day after such notice is received), prepay outstanding Revolving Loans in an amount sufficient to eliminate such excess. No Revolving Loans may be drawn on the Closing Date except for Permitted Closing Date Revolving Extensions of Credit. Revolving Loans may be Base Rate Loans or LIBOR Rate Loans, in each case as provided herein.

(c) Letters of Credit.

(i) Conditions. On the terms and subject to the conditions contained herein, each L/C Issuer agrees to Issue, at the request of the Borrower, in accordance with such L/C Issuer's usual and customary business practices, and for the account of the Credit Parties, Letters of Credit (denominated in Dollars) from time to time on any Business Day during the period from the Closing Date through the earlier of (x) the Revolving Termination Date and (y) five Business Days prior to the date specified in clause (a) of the definition of Revolving Termination Date; *provided*, *however*, that no L/C Issuer shall be under any obligation to Issue any Letter of Credit upon the occurrence of any of the following or, if after giving effect to such Issuance:

(A) (i) Availability would be less than zero, or (ii) the Letter of Credit Obligations for all Letters of Credit would exceed $2,500,000 (the "**L/C Sublimit**")

(B) the expiration date of such Letter of Credit (i) is more than one year after the date of Issuance thereof (except as otherwise agreed to by the applicable L/C Issuer) or (ii) is later than five Business Days prior to the date specified in clause (a) of the definition of Revolving Termination Date; *provided*, *however*, that any Letter of Credit with a term not exceeding one year may provide for its renewal for additional periods not exceeding one year as long as (x) each of the Borrower and such L/C Issuer have the option to prevent such renewal before the expiration of such term or any such period and (y) neither such L/C Issuer nor the Borrower shall permit any such renewal to extend such expiration date beyond the date set forth in clause (ii) above unless cash collateralized or backstopped pursuant to arrangements reasonably satisfactory to the L/C Issuer thereof; or

(C) (i) any fee due in connection with, and on or prior to, such Issuance has not been paid, (ii) such Letter of Credit is requested to be Issued in a form that is not reasonably acceptable to such L/C Issuer or (iii) such L/C Issuer shall not have received, each in form and substance reasonably acceptable to it and duly executed by the Borrower, the documents that such L/C Issuer generally uses in the ordinary course of business for the Issuance of letters of credit of the type of such Letter of Credit (collectively, the "**L/C Reimbursement Agreement**").

Furthermore, each L/C Issuer may elect only to Issue Letters of Credit in its own name and may only Issue Letters of Credit to the extent not prohibited by applicable Requirements of Law, and such Letters of Credit may not be accepted by certain beneficiaries such as insurance companies. For each Issuance (other than any Issuance in respect of a then-outstanding Letter of Credit that does not increase the face amount thereof or extend the expiration date thereof), the applicable L/C Issuer may, but shall not be required to, determine that, or take notice whether, the conditions precedent set forth in Section 2.2 have been satisfied or waived in

connection with the Issuance of any Letter of Credit; *provided*, *however*, that no Letters of Credit shall be required to be Issued (other than any Issuance in respect of a then-outstanding Letter of Credit that does not increase the face amount thereof or extend the expiration date thereof) during the period starting on the first Business Day after the receipt by such L/C Issuer of notice (a "**Non-Issuance Notice**") from the Required Revolving Lenders that any condition precedent contained in Section 2.2 is not satisfied and ending on the date all such conditions are satisfied or duly waived.

Notwithstanding anything else to the contrary herein, if any Lender holding Revolving Loan Commitments is a Non-Funding Lender or Impacted Lender, no L/C Issuer shall be obligated to Issue any Letter of Credit unless (w) the Non-Funding Lender or Impacted Lender has been replaced in accordance with Section 9.9 or 9.22, (x) the Letter of Credit Obligations of such Non-Funding Lender or Impacted Lender have been cash collateralized, (y) the Revolving Loan Commitments of the other Lenders have been increased by an amount sufficient to satisfy the Agent that all future Letter of Credit Obligations will be covered by all Revolving Lenders that are not Non-Funding Lenders or Impacted Lenders, or (z) the Letter of Credit Obligations of such Non-Funding Lender or Impacted Lender have been reallocated to other Revolving Lenders in a manner consistent with Section 1.1(e)(ii).

(ii) Notice of Issuance. The Borrower shall give the relevant L/C Issuer and the Agent a notice of any requested Issuance of any Letter of Credit, which shall be effective only if received by such L/C Issuer and the Agent not later than 1:00 p.m. (New York time) on the third Business Day prior to the date of such requested Issuance (or such shorter period as is reasonably acceptable to both such L/C Issuer and the Agent). Such notice shall be made in a writing or Electronic Transmission substantially in the form of Exhibit 1.1(c) duly completed or in any other written form reasonably acceptable to such L/C Issuer (an "**L/C Request**").

(iii) Reporting Obligations of L/C Issuers. Each L/C Issuer agrees to provide the Agent, in form and substance satisfactory to the Agent, each of the following on the following dates: (A) (i) on or prior to any Issuance of any Letter of Credit by such L/C Issuer, (ii) immediately after any drawing under any such Letter of Credit or (iii) immediately after any payment (or failure to pay when due) by the Borrower of any related L/C Reimbursement Obligation, notice thereof, which shall contain a reasonably detailed description of such Issuance, drawing or payment and the Agent shall provide copies of such notices to each Revolving Lender reasonably promptly after receipt thereof; (B) upon the request of the Agent (or any Revolving Lender through the Agent), copies of any Letter of Credit Issued by such L/C Issuer and any related L/C Reimbursement Agreement and such other documents and information as may reasonably be requested by the Agent; and (C) on the first Business Day of each calendar month, a schedule of the Letters of Credit Issued by such L/C Issuer, in form and substance reasonably satisfactory to the Agent, setting forth the Letter of Credit Obligations for such Letters of Credit outstanding on the last Business Day of the previous calendar week.

(iv) Acquisition of Participations. Upon any Issuance of a Letter of Credit in accordance with the terms of this Agreement resulting in any increase in the Letter of Credit Obligations, each Revolving Lender shall be deemed to have acquired, without recourse or warranty, an undivided interest and participation in such Letter of Credit and the related Letter of Credit Obligations in an amount equal to its Commitment Percentage of such Letter of Credit Obligations.

(v) Reimbursement Obligations of the Borrower. The Borrower agrees to pay to the L/C Issuer of any Letter of Credit, or to the Agent for the benefit of such L/C Issuer, each L/C Reimbursement Obligation owing with respect to such Letter of Credit no later than one Business Day after the Borrower receives written (including electronic) notice from such L/C Issuer or from the Agent that payment has been made under such Letter of Credit (*provided* that, if such notice is received after 3:00 p.m. (New York time) on any such day, the Borrower shall pay such L/C Reimbursement Obligation no later than the second Business Day after receipt of such notice) or that such L/C Reimbursement Obligation is otherwise due (the "**L/C Reimbursement Date**") with interest thereon computed as set forth in clause (A) below. In the event that any L/C Reimbursement Obligation is not repaid by the Borrower as provided in this clause (v) (or any such payment by the Borrower is rescinded or set aside for any reason), such L/C Issuer shall promptly notify the Agent of such failure (and, upon receipt of such notice, the Agent shall notify each Revolving Lender) and, irrespective of whether such notice is given, such L/C Reimbursement Obligation shall be payable on demand by the Borrower with interest thereon computed (A) from the date on which such L/C Reimbursement Obligation arose to the L/C Reimbursement Date, at the interest rate applicable during such period to Revolving Loans that are Base Rate Loans and (B) unless repaid with deemed Revolving Loans in accordance with clause (vi) below, thereafter until payment in full, at the interest rate specified in Section 1.3(c) to past due Revolving Loans that are Base Rate Loans (regardless of whether or not an election is made under such Section) (it being understood that the payment of such L/C Reimbursement Obligation will be deemed satisfied with the proceeds of Revolving Loans to the extent provided in clause (vi) below).

(vi) Reimbursement Obligations of the Revolving Credit Lenders.

(1) Upon receipt of the notice described in the second sentence of clause (v) above from the Agent, each Revolving Lender shall pay to the Agent for the account of such L/C Issuer its Commitment Percentage of such Letter of Credit Obligations (as such amount may be increased pursuant to Section 1.11(e)(ii)).

(2) By making any payment described in clause (1) above (other than during the continuation of an Event of Default under Section 7.1(f) or 7.1(g)), such Lender shall be deemed to have made a Revolving Loan to the Borrower, which, upon receipt thereof by the Agent for the benefit of such L/C Issuer, the Borrower shall be deemed to have used in whole to repay such L/C Reimbursement Obligation on the L/C Reimbursement Date. Any

such payment that is not deemed a Revolving Loan shall be deemed a funding by such Lender of its participation in the applicable Letter of Credit and the Letter of Credit Obligation in respect of the related L/C Reimbursement Obligations. Such participation shall not otherwise be required to be funded. Following receipt by any L/C Issuer of any payment from any Lender pursuant to this clause (vi) with respect to any portion of any L/C Reimbursement Obligation, such L/C Issuer shall promptly pay to the Agent, for the benefit of such Lender, all amounts received by such L/C Issuer (or to the extent such amounts shall have been received by the Agent for the benefit of such L/C Issuer, the Agent shall promptly pay to such Lender all amounts received by the Agent for the benefit of such L/C Issuer) with respect to such portion of such L/C Reimbursement Obligation.

(vii) Obligations Absolute. The obligations of the Borrower and the Revolving Lenders pursuant to clauses (iv), (v) and (vi) above shall be absolute, unconditional and irrevocable and performed strictly in accordance with the terms of this Agreement irrespective of (A) (i) the invalidity or unenforceability of any term or provision in any Letter of Credit, any document transferring or purporting to transfer a Letter of Credit, any Loan Document (including the sufficiency of any such instrument), or any modification to any provision of any of the foregoing, (ii) any document presented under a Letter of Credit being forged, fraudulent, invalid, insufficient or inaccurate in any respect or failing to comply with the terms of such Letter of Credit or (iii) any loss or delay, including in the transmission of any document, (B) the existence of any setoff, claim, abatement, recoupment, defense or other right that any Person (including any Credit Party) may have against the beneficiary of any Letter of Credit or any other Person, whether in connection with any Loan Document or any other Contractual Obligation or transaction, or the existence of any other withholding, abatement or reduction, (C) in the case of the obligations of any Revolving Lender, (i) except if a Non-Issuance Notice is in effect and the conditions precedent specified therein have not been satisfied or waived at the time the applicable Letter of Credit was issued, the failure of any condition precedent set forth in Section 2.2 to be satisfied (each of which conditions precedent the Revolving Lenders hereby irrevocably waive) or (ii) any adverse change in the condition (financial or otherwise) of any Credit Party and (D) any other act or omission to act or delay of any kind of the Agent, any Lender or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this clause (vii), constitute a legal or equitable discharge of any obligation of the Borrower or any Revolving Lender hereunder. No provision hereof shall be deemed to waive or limit the Borrower's right to seek repayment of any payment of any L/C Reimbursement Obligations from the L/C Issuer under the terms of the applicable L/C Reimbursement Agreement or applicable law. Nothing herein shall excuse any L/C Issuer for liability to the extent such liability has resulted from the gross negligence, bad faith or willful misconduct of such L/C Issuer, in each case as determined by a court of competent jurisdiction in a final non-appealable judgment or order.

1.2 Evidence of Loans; Notes.

(a) The Term Loans made by each Lender are evidenced by this Agreement and, if requested by such Lender, a Term Note payable to such Lender and its registered assigns in an amount equal to the unpaid balance of the Term Loans held by such Lender.

(b) The Revolving Loans made by each Revolving Lender are evidenced by this Agreement and, if requested by such Lender, a Revolving Note payable to such Lender and its registered assigns in an amount equal to such Lender's Revolving Loan Commitment.

1.3 Interest.

(a) Subject to Sections 1.3(c) and 1.3(d), each Loan shall bear interest on the outstanding principal amount thereof from the date when made at a rate per annum equal to Adjusted LIBOR or the Base Rate, as the case may be, plus the Applicable Margin. Each determination of an interest rate by the Agent shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest or demonstrable error. All computations of fees and interest (other than interest accruing on Base Rate Loans) payable under this Agreement shall be made on the basis of a 360-day year and actual days elapsed. All computations of interest accruing on Base Rate Loans payable under this Agreement shall be made on the basis of a 365-day year (366 days in the case of a leap year) and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to, but excluding, the last day thereof.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any payment or prepayment of Term Loans or of Revolving Loans on the Revolving Termination Date.

(c) While (i) any Event of Default under Section 7.1(a) or, solely with respect to the Borrower, Section 7.1(f) or 7.1(g) is continuing, automatically, or (ii) while any other Event of Default is continuing, upon the written request of the Required Lenders, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on all amounts outstanding under this Agreement and, in each case, solely for so long as such Event of Default is continuing, at a rate per annum (the "**Default Rate**") which is determined by adding 2.0% per annum to the interest rate then in effect for such amount (or, if no interest rate is then in effect for such amount, at the rate applicable to Initial Term Loans that are Base Rate Loans plus 2.0% per annum). Such default interest shall be payable quarterly on the last day of each calendar quarter.

(d) Anything herein to the contrary notwithstanding, the obligations of the Borrower hereunder shall be subject to the limitation that payments of interest shall not be required, for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the respective Lender would be contrary to the provisions of any applicable Requirements of Law, and in such event the Borrower shall pay such Lender interest at a rate equal to the lesser of (x) the then otherwise applicable interest rate hereunder and (y) the highest rate permitted by such

applicable Requirements of Law ("**Maximum Lawful Rate**"); *provided, however*, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, the Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by the Agent, on behalf of Lenders, is equal to the total interest that would have been received by the Agent, on behalf of Lenders, had the interest payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement.

1.4 Loan Accounts.

(a) The Agent, on behalf of the Lenders, shall record on its books and records the amount of each Loan made, the interest rate applicable, all payments of principal and interest thereon and the principal balance thereof from time to time outstanding. Upon the request of the Borrower, the Agent shall deliver to the Borrower a loan statement setting forth such record for the immediately preceding calendar month. Such record shall, absent manifest or demonstrable error, be conclusive evidence of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so, or any failure to deliver such loan statement shall not, however, limit or otherwise affect the obligation of the Borrower hereunder (and under any Note) to pay any amount owing with respect to the Loans or provide the basis for any claim against the Agent.

(b) The Agent, acting as a non-fiduciary agent of the Borrower solely with respect to the actions described in this Section 1.4(b), shall establish and maintain at its address referred to in Section 9.2 (or at such other address as the Agent may notify the Borrower in writing) (A) a record of ownership (the "**Register**") in which the Agent agrees to register by book entry the interests (including any rights to receive payment hereunder) of the Agent, each Lender and each L/C Issuer in the Term Loans, Revolving Loans, L/C Reimbursement Obligations and Letter of Credit Obligations, each of their obligations under this Agreement to participate in each Loan, Letter of Credit, Letter of Credit Obligations and L/C Reimbursement Obligations, and any assignment of any such interest, obligation or right and (B) accounts in the Register in accordance with its usual practice in which it shall record (1) the names and addresses of the Lenders and the L/C Issuers (and each change thereto pursuant to Sections 9.9 and 9.22), (2) the Commitments of each Lender, (3) the amount of each Loan and each funding of any participation described in clause (A) above, and for LIBOR Rate Loans, the Interest Period applicable thereto, (4) the amount of any principal or interest due and payable or paid, (5) the amount of the L/C Reimbursement Obligations due and payable or paid in respect of Letters of Credit and (6) any other payment received by the Agent from or on behalf of a Credit Party and its application to the Obligations.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Loans (including any Notes evidencing such Loans and, in the case of Revolving Loans, the corresponding obligations to participate in Letter of Credit Obligations) and the L/C Reimbursement Obligations are registered obligations, the right, title and interest of the Lenders and the L/C Issuers and their assignees in and to such Loans or L/C Reimbursement Obligations, as the case may be, shall be transferable only upon notation

of such transfer in the Register and no assignment thereof shall be effective until recorded therein and any consents necessary hereunder have been obtained. This Section 1.4, Section 1.2 and Section 9.9 shall be construed so that the Loans and L/C Reimbursement Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

(d) The Credit Parties, the Agent, the Lenders and the L/C Issuers shall treat each Person whose name is recorded in the Register that has become a Lender or L/C Issuer in accordance with the terms of this Agreement (including but not limited to, for the avoidance of doubt, after the obtaining of any necessary consents) as a Lender or L/C Issuer, as applicable, for all purposes of the Loan Documents. Information contained in the Register with respect to any Lender or any L/C Issuer shall be available for access by the Borrower, the Agent, such Lender or such L/C Issuer during normal business hours and from time to time upon at least one Business Day's prior notice. No Lender or L/C Issuer shall, in such capacity, have access to or be otherwise permitted to review any information in the Register other than information with respect to such Lender or L/C Issuer unless otherwise agreed by the Agent.

1.5 Procedure for Revolving Credit Borrowings.

(a) Each Borrowing of a Revolving Loan shall be made upon the Borrower's irrevocable (subject to Section 10.5) notice, which may be in the form of a telephonic notice followed promptly by written notice delivered to the Agent substantially in the form of a Notice of Borrowing or in a writing in any other form acceptable to the Agent, which notice must be received by the Agent prior to 1:00 p.m. (New York time) (i) on the date which is three (3) Business Days prior to the requested Borrowing date in the case of each LIBOR Rate Loan and (ii) on the requested Borrowing date in the case of each Base Rate Loan. Such Notice of Borrowing shall specify:

(i) the amount of the Borrowing (which shall be in an aggregate minimum principal amount of $500,000 with respect to Revolving Loans that are LIBOR Rate Loans and $250,000 with respect to Revolving Loans that are Base Rate Loans);

(ii) the requested Borrowing date, which shall be a Business Day;

(iii) whether the Borrowing is to be comprised of LIBOR Rate Loans or Base Rate Loans; and

(iv) if the Borrowing is to be LIBOR Rate Loans, the Interest Period applicable to such Loans.

(b) Upon receipt of a Notice of Borrowing, the Agent will promptly notify each Revolving Lender of such Notice of Borrowing and of the amount of such Lender's Commitment Percentage of the Borrowing.

(c) The proceeds of each requested Borrowing after the Closing Date will be made available to the Borrower by the Agent by wire transfer of such amount to the Borrower pursuant to the wire transfer instructions specified on the signature page hereto (or as directed by the Borrower in written directions from the Borrower to the Agent).

1.6 Conversion and Continuation Elections.

(a) The Borrower shall have the option to (i) request that any Loan be made as a LIBOR Rate Loan, (ii) convert at any time all or any part of outstanding Loans from Base Rate Loans to LIBOR Rate Loans, (iii) convert any LIBOR Rate Loan to a Base Rate Loan, subject to Section 10.4 if such conversion is made prior to the expiration of the Interest Period applicable thereto, or (iv) continue all or any portion of any Loan as a LIBOR Rate Loan upon the expiration of the applicable Interest Period. Any Loan or group of Loans having the same proposed Interest Period to be made or continued as, or converted into, a LIBOR Rate Loan must be in a minimum amount of $500,000. Any such election must be made by Borrower by 1:00 p.m. (New York time) on the third Business Day prior to (1) the date of any proposed Revolving Loan which is to bear interest at LIBOR, (2) the end of each Interest Period with respect to any LIBOR Rate Loans to be continued as such, or (3) the date on which the Borrower wishes to convert any Base Rate Loan to a LIBOR Rate Loan for an Interest Period designated by the Borrower in such election. If no election is received with respect to a LIBOR Rate Loan by 1:00 p.m. (New York time) on the third Business Day prior to the end of the Interest Period with respect thereto, that LIBOR Rate Loan shall be continued as a LIBOR Rate Loan with an Interest Period of one month. The Borrower may make such election to the Agent in writing (including by Electronic Transmission) or by telephonic notice to the Agent followed promptly by a notice in writing, including by Electronic Transmission. In the case of any conversion or continuation, such election must be made pursuant to a written notice (a "**Notice of Conversion/Continuation**") substantially in the form of Exhibit 1.6 or in writing in any other form reasonably acceptable to the Agent. No Loan shall be made, converted into or continued as a LIBOR Rate Loan, if an Event of Default has occurred and is continuing at the time of such proposed conversion or continuation and Required Lenders have determined in writing not to make or continue any Loan as a LIBOR Rate Loan as a result thereof.

(b) Upon receipt of a Notice of Conversion/Continuation, the Agent will promptly notify each applicable Lender thereof. In addition, the Agent will, with reasonable promptness, notify the Borrower and the Lenders of each determination of LIBOR; *provided* that any failure to do so shall not relieve the Borrower of any liability hereunder or provide the basis for any claim against the Agent. All conversions and continuations shall be made pro rata according to the respective outstanding principal amounts of the Loans held by each Lender with respect to which the notice was given.

(c) Notwithstanding any other provision contained in this Agreement, after giving effect to any Borrowing, or to any continuation or conversion of any Loans, there shall not be more than six (6) different Interest Periods in effect.

1.7 Optional Prepayments and Reductions in Revolving Loan Commitments.

(a) Optional Prepayments Generally. The Borrower may at any time and from time to time upon (x) in the case of Base Rate Loans, at least one Business Day's prior written notice (or such shorter period as is reasonably acceptable to the Agent) and (y) in the case of LIBOR Rate Loans, at least two (2) Business Days' prior written notice (or such shorter period as is reasonably acceptable to the Agent), by the Borrower to the Agent, prepay the Loans of any Class in whole or in part in an amount greater than or equal to $100,000 (or $500,000 with respect to Revolving Loans that are LIBOR Rate Loans and $250,000 with respect to Revolving Loans that are Base Rate Loans) or, if less, in an amount equal to the outstanding principal amount thereof (other than with respect to Revolving Loans that are Base Rate Loans, for which prior notice is not required and for which no minimum shall apply), in each instance, without penalty or premium except as provided in Section 1.9(d) and Section 10.4. Optional partial prepayments of the Initial Term Loans shall be applied against the remaining scheduled installments of principal thereof as specified by the Borrower in such notice of prepayment and, in the absence of such direction, in direct order of maturity.

(b) Reductions in Revolving Loan Commitments. The Borrower may at any time and from time to time upon at least one Business Day's (or such shorter period as is reasonably acceptable to the Agent) prior written notice by the Borrower to the Agent permanently reduce the Aggregate Revolving Loan Commitment without premium or penalty; *provided* that unless the Aggregate Revolving Loan Commitment is being reduced to zero, such reductions shall be in an amount greater than or equal to $1,000,000 (or such lesser amount as the Agent may agree in its sole discretion). All reductions of the Aggregate Revolving Loan Commitment shall be allocated pro rata among all Lenders with a Revolving Loan Commitment. A permanent reduction of the Aggregate Revolving Loan Commitment shall not require a corresponding pro rata reduction in the L/C Sublimit; *provided* that the L/C Sublimit shall be permanently reduced by the amount thereof in excess of the Aggregate Revolving Loan Commitment.

(c) Notices. Notice of prepayment or commitment reduction pursuant to clauses (a) and (b) above shall not thereafter be revocable by the Borrower and the Agent will promptly notify each Lender thereof and of such Lender's Commitment Percentage of such prepayment or commitment reduction, as the case may be; *provided* that a notice of prepayment of outstanding Loans or commitment reduction of the Aggregate Revolving Loan Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit or debt facilities or other refinancing arrangements or other conditions, in which case such notice may be revoked by the Borrower (by written notice to the Agent on or prior to the specified effective date) if such condition is not satisfied. The payment amount specified in a notice of prepayment shall be due and payable on the date specified therein unless the Borrower has provided the Agent with written notice that any condition to such prepayment or termination is not satisfied as provided for in the previous sentence. Together with each prepayment under this Section 1.7, the Borrower shall pay any amounts required pursuant to Section 10.4.

1.8 Mandatory Prepayments of Loans and Commitment Reductions.

(a) Scheduled Term Loan Payments. The principal amount of the Initial Term Loans shall be paid in installments on the dates and in the respective amounts shown below (in each case, as adjusted by any amounts prepaid and applied to such installments, whether pursuant to Section 1.7(a), Section 1.8(f), Section 9.9(h) or otherwise), or if any such date is not a Business Day on the immediately preceding Business Day:

Date of Payment	Amount of Initial Term Loan Payment
December 31, 2017	$ 2,531,250.00
March 31, 2018	$ 2,531,250.00
June 30, 2018	$ 2,531,250.00
September 30, 2018	$ 2,531,250.00
December 31, 2018	$ 2,531,250.00
March 31, 2019	$ 2,531,250.00
June 30, 2019	$ 2,531,250.00
September 30, 2019	$ 2,531,250.00
December 31, 2019	$ 2,531,250.00
March 31, 2020	$ 2,531,250.00
June 30, 2020	$ 2,531,250.00
September 30, 2020	$ 2,531,250.00
December 31, 2020	$ 2,531,250.00
March 31, 2021	$ 2,531,250.00
June 30, 2021	$ 2,531,250.00
September 30, 2021	$ 2,531,250.00
December 31, 2021	$ 2,531,250.00
March 31, 2022	$ 2,531,250.00
June 30, 2022	$ 2,531,250.00
Term Loan Maturity Date	Aggregate outstanding balance of the Initial Term Loans

The final scheduled installment of the Initial Term Loans shall, in any event, be in an amount equal to the entire remaining principal balance thereof.

(b) Revolving Loan. The Borrower shall repay to the Lenders in full on the date specified in clause (a) of the definition of “Revolving Termination Date” the aggregate principal amount of the Revolving Loans outstanding on the Revolving Termination Date.

(c) Asset Dispositions; Events of Loss. If a Credit Party or any Subsidiary of a Credit Party shall at any time or from time to time:

(i) make a Disposition; or

(ii) suffer an Event of Loss,

and the aggregate amount of the Net Proceeds received by the Credit Parties in connection with such Disposition or Event of Loss (or series of related Dispositions or Events of Loss) exceeds $2,500,000 in any Fiscal Year in the aggregate together with the aggregate amount of Net Proceeds received by the Credit Parties in connection with each other Disposition and Event of Loss during such Fiscal Year, then within five Business Days following receipt by a Credit Party of the Net Proceeds of such Disposition or Event of Loss, the Borrower shall deliver, or cause to be delivered, such excess Net Proceeds to the Agent for distribution to the Lenders as a prepayment of the Loans, which prepayment shall be applied in accordance with Section 1.8(f) hereof. Notwithstanding the foregoing, such prepayment shall not be required to the extent a Credit Party reinvests the Net Proceeds of such Disposition or Event of Loss in assets of a kind then used, or usable, in the business of the Borrower and its Subsidiaries, within 180 days after the date of receipt of Net Proceeds with respect to such Disposition or Event of Loss, or enters into a binding commitment thereof within said 180-day period and subsequently makes such reinvestment within 180 days thereafter; *provided* that the Borrower notifies the Agent within five Business Days following receipt by a Credit Party of such Net Proceeds of such Credit Party's intent to reinvest such Net Proceeds.

(d) Incurrence of Indebtedness; Specified Equity Contribution.

(i) Immediately upon the receipt by any Credit Party or any Subsidiary of any Credit Party of Net Incurrence Proceeds from the incurrence of Indebtedness, the Borrower shall deliver, or cause to be delivered, to the Agent an amount equal to such Net Incurrence Proceeds, for application to the Loans in accordance with Section 1.8(f).

(ii) Immediately upon the receipt by the Borrower of the proceeds of any Specified Equity Contribution, the Borrower shall deliver to the Agent an amount equal to such proceeds for application to the Loans in accordance with Section 1.8(f).

(e) Excess Cash Flow. Within 10 Business Days after the date on which annual financial statements of Holdings for the relevant Fiscal Year are required to be delivered hereunder (the "**Excess Cash Flow Prepayment Date**"), commencing with the Fiscal Year ending on or about December 31, 2017, the Borrower shall deliver to the Agent, for distribution to the Lenders, an amount equal to the ECF Percentage of Excess Cash Flow for (i) in the case of the Fiscal Year ending on or about December 31, 2017, the Fiscal Quarter commencing on or about October 1, 2017 and ending on or about December 31, 2017, and (ii) in the case of each Fiscal Year thereafter, such Fiscal Year; *provided*, *however*, that at the option of the Borrower, the amount of such mandatory prepayment

hereunder shall be reduced dollar-for-dollar by the amount of voluntary prepayments under Section 1.7(a) of the Term Loans, and, to the extent accompanied by a permanent reduction of the Aggregate Revolving Loan Commitment, any Revolving Loans, in each case, without duplication of any such prepayments from prior periods, prior to any Excess Cash Flow Prepayment Date except to the extent financed with long-term Indebtedness (other than Revolving Loans).

(f) Application of Prepayments. Subject to Section 1.10(c), any prepayments pursuant to Section 1.8(c), 1.8(d) or 1.8(e) shall be applied first to prepay the Initial Term Loans on a pro rata basis based on the outstanding principal balances thereof, and within each such Class of Loans, to prepay the remaining scheduled amortization payments of such Class of Loans, pro rata against all such scheduled installments based upon the respective amounts thereof, second to prepay outstanding Revolving Loans without permanent reduction of the Aggregate Revolving Loan Commitment, and third to provide cash collateral for outstanding Letters of Credit in an amount not to exceed 103% of the face amount of such Letters of Credit. To the extent permitted by the foregoing sentence, amounts prepaid shall be applied first to any Base Rate Loans then outstanding and then to outstanding LIBOR Rate Loans with the shortest Interest Periods remaining; *provided* that, if any Lenders exercise the right to waive a given mandatory prepayment of the Term Loans pursuant to this Section 1.8(f), then such prepayment shall be applied on a pro rata basis to the then outstanding Term Loans being prepaid irrespective of whether such outstanding Term Loans are Base Rate Loans or LIBOR Rate Loans; *provided further,* so long as no Event of Default shall have occurred and be continuing at the time of such prepayment, the Borrower may elect that, for a period not to exceed 30 days, the remainder of such prepayments not applied to prepay Base Rate Loans be deposited in a non-interest-bearing collateral account pledged to, and under the exclusive control of, the Agent to secure the Obligations and applied thereafter to prepay the LIBOR Rate Loans until the last day of the next expiring Interest Period of such LIBOR Rate Loans so prepaid (*provided* that (x) interest shall continue to accrue on such LIBOR Rate Loans in respect of which such deposit was made at the rate otherwise applicable under this Agreement to such LIBOR Rate Loans until such deposit is applied to prepay such LIBOR Rate Loans, and (y) immediately upon the occurrence of an Event of Default, such amounts may, without any further action or notice of any kind, be removed from such account by the Agent and immediately used by the Agent to prepay the LIBOR Rate Loans in accordance with the relevant terms of this Agreement). Together with each prepayment under this Section 1.8, the Borrower shall pay any amounts required pursuant to Section 10.4 hereof. Any Lender may elect not to accept its pro rata portion of any mandatory prepayment pursuant to Section 1.8(c) or Section 1.8(e) above (each a "**Declining Lender**"). Any prepayment amount declined by a Declining Lender (a "**Declined Amount**") may be retained by the Borrower.

(g) No Implied Consent. Provisions contained in this Section 1.8 for the application of proceeds of certain transactions shall not be deemed to constitute consent of the Lenders to transactions that are not otherwise permitted by the terms hereof or the other Loan Documents.

1.9 Fees.

(a) Fees. The Borrower shall pay to the Agent the fees in the amounts and at the times set forth in the Fee Letter.

(b) Unused Commitment Fee. The Borrower shall pay to the Agent a fee (the "**Unused Commitment Fee**") for the account of each Revolving Lender (other than Non-Funding Lenders) in an amount equal to:

(i) the daily balance of the Revolving Loan Commitment of such Revolving Lender during the preceding calendar quarter, less the sum of (x) the daily balance of all Revolving Loans held by such Revolving Lender plus (y) the daily amount of Letter of Credit Obligations held by such Revolving Lender,

(ii) multiplied by the Applicable Margin with respect to the Unused Commitment Fee then in effect.

The total Unused Commitment Fee paid by the Borrower will be equal to the sum of all of the Unused Commitment Fees due to the respective Lenders, in each case, subject to Section 1.11(e)(vi). Such Unused Commitment Fees shall be payable quarterly in arrears on the last Business Day of each calendar quarter commencing with the calendar quarter ending on or about September 30, 2017. The Unused Commitment Fees provided in this Section 1.9(b) shall accrue at all times from and after the execution and delivery of this Agreement. For purposes of this Section 1.9(b), the Revolving Loan Commitment of any Non-Funding Lender shall be deemed to be zero, except to the extent such Revolving Loan Commitment shall have been reallocated to another Revolving Lender pursuant to and in accordance with this Agreement.

(c) Letter of Credit Fee. The Borrower agrees to pay to the Agent for the ratable benefit of the Revolving Lenders, as compensation to such Lenders for Letter of Credit Obligations incurred hereunder, (i) without duplication of costs and expenses otherwise payable to the Agent or Lenders hereunder or fees otherwise paid by the Borrower and subject to the limitations on such costs and expenses set forth in Section 9.5, all reasonable and documented out-of-pocket costs and expenses incurred by the Agent or any Lender on account of such Letter of Credit Obligations, and (ii) on the last Business Day of each calendar quarter during which any Letter of Credit Obligation shall remain outstanding, an amount (the "**Letter of Credit Fee**") equal to the product of the average daily undrawn face amount of all Letters of Credit Issued, guaranteed or supported by risk participation agreements multiplied by a per annum rate equal to the Applicable Margin with respect to Revolving Loans which are LIBOR Rate Loans; *provided*, *however*, that automatically while any Event of Default under Section 7.1(a) or, solely with respect to the Borrower, Section 7.1(f) or 7.1(g) is continuing, such rate shall be increased by two percent (2.00%) per annum from and after the automatic application in the case of any Event of Default under Section 7.1(a) or, solely with respect to the Borrower, Section 7.1(f) or 7.1(g) and solely for so long as such Event of Default is continuing. Subject to the preceding sentence, such Letter of Credit Fee shall be paid to the Agent for the benefit of the Revolving Lenders quarterly in arrears, on the last Business Day of each calendar quarter and on the date on

which all L/C Reimbursement Obligations have been discharged. In addition, the Borrower shall pay to the Agent, any L/C Issuer or any prospective L/C Issuer, as appropriate, on demand, such L/C Issuer's or prospective L/C Issuer's reasonable and customary fronting fees at then prevailing rates (but, where the Agent or any Affiliate of the Agent or any other Lender is the L/C Issuer, 0.125% of the face amount of such Letter of Credit), without duplication of fees otherwise payable hereunder (including all per annum fees), charges and reasonable and documented out-of-pocket expenses of such L/C Issuer or prospective L/C Issuer in respect of the application for, and the Issuance, negotiation, acceptance, amendment, transfer and payment of, each Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is Issued.

(d) Prepayment Fee. Any voluntary prepayment of the Term Loans that is made prior to the First Call Date (including any payment upon acceleration in accordance with Section 7.2) shall be accompanied by a payment by the Borrower of the Make- Whole Amount. Any voluntary prepayment of the Term Loans that is made on, or after, the First Call Date shall be accompanied by a payment by the Borrower of the applicable Prepayment Premium. For the avoidance of doubt, any Lender that is forced to assign any Term Loan under Section 9.22(ii) prior to the Third Call Date following the failure of such Lender to consent to any amendment, waiver or modification to this Agreement shall be entitled to receive the Make-Whole Amount or the applicable Prepayment Premium, as applicable, upon the effectiveness of such assignment.

(e) Upfront Fee. The Borrower shall pay on the Closing Date to each Revolving Lender party to this Agreement on the Closing Date an upfront fee in an amount equal to 1.00% of the amount of such Revolving Lender's Revolving Loan Commitment on the Closing Date.

1.10 Payments by the Borrower.

(a) Except as otherwise expressly provided for in this Agreement, including Article X, all payments (including prepayments) to be made by each Credit Party on account of principal, interest, fees and other amounts required hereunder shall be made without set-off, recoupment, counterclaim or deduction of any kind, shall, except as otherwise expressly provided herein, be made to the Agent (for the ratable account of the Persons entitled thereto) at the address specified on the signature page hereof for notices to the Administrative Agent (or such other address as the Agent may from time to time specify), including payments utilizing the ACH system, and shall be made in Dollars and by wire transfer or ACH transfer in immediately available funds (which shall be the exclusive means of payment hereunder), no later than 1:00 p.m. (New York time) on the date due. Any payment which is received by the Agent later than 1:00 p.m. (New York time) may in the Agent's discretion be deemed to have been received on the immediately succeeding Business Day and any applicable interest or fee shall continue to accrue. The Borrower and each other Credit Party hereby irrevocably waives the right to direct the application of any and all payments in respect of any Obligation and any proceeds of Collateral during the continuance of an Event of Default under Section 7.1(a), 7.1(f) or 7.1(g).

(b) Except as otherwise expressly provided for in this Agreement, including in the definition of "Interest Period" herein, if any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. So long as no Event of Default under Section 7.1(a) has occurred and is continuing and the Obligations shall not have been accelerated, subject to the following sentence and to the provisions of Section 1.7(a) any and all voluntary prepayments received by the Agent in respect of any Obligation shall be applied to the Obligations as directed by the Borrower. Notwithstanding any provision herein to the contrary, all amounts collected or received by the Agent after any or all of the Obligations have been accelerated (so long as such acceleration has not been rescinded) or upon the occurrence of an Event of Default arising as a result of the failure of Payment in Full to occur on or following the stated maturity date of the Loans or during the continuation of any other Event of Default if the Required Lenders shall so elect in writing to the Administrative Agent, including, in each case, proceeds of Collateral, shall be applied as follows:

first, to payment of costs and expenses, including Attorney Costs, of the Agent payable or reimbursable by the Credit Parties under the Loan Documents;

second, to payment of Attorney Costs of Lenders payable or reimbursable by the Borrower under this Agreement;

third, to payment of all accrued unpaid interest on the Obligations and fees owed to the Agent, the Lenders and L/C Issuers;

fourth, to payment of principal of the Obligations then due and payable, including, without limitation, L/C Reimbursement Obligations then due and payable, any Obligations under any Secured Rate Contract then due and payable in an aggregate amount not to exceed $4,000,000, and cash collateralization in an amount of 103% of unmatured L/C Reimbursement Obligations to the extent not then due and payable;

fifth, to payment of any other amounts owing constituting Obligations then due and payable (including any Obligations in respect of Secured Rate Contracts then due and payable in excess of amounts in respect thereof payable pursuant to clause fourth above); and

sixth, any remainder shall be for the account of and paid to the applicable Credit Parties or whoever may be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, (ii) each of the Lenders or other Persons entitled to payment shall receive an amount equal to its pro rata share of amounts available to be applied pursuant to clauses third, fourth and fifth above and (iii) no payments by a Guarantor and no proceeds of Collateral of a Guarantor shall be applied to Excluded Rate Contract Obligations of such Guarantor.

1.11 Payments by the Lenders to the Agent; Settlement.

(a) The Agent may, on behalf of Lenders, disburse funds to the Borrower for Loans requested to be made pursuant to the Commitments under this Agreement. Each Lender shall reimburse the Agent on demand for all funds disbursed on its behalf in respect of such Loans by the Agent, or if the Agent so requests, each Lender will remit to the Agent its Commitment Percentage of any Loan before the Agent disburses the same to the Borrower. If the Agent elects to require that each Lender make funds available to the Agent prior to disbursement of Loans by the Agent to the Borrower, the Agent shall advise each Lender by telephone or fax of the amount of such Lender's Commitment Percentage of the Loan requested by the Borrower no later than the Business Day prior to the scheduled Borrowing date applicable thereto, and each such Lender shall pay the Agent such Lender's Commitment Percentage of such requested Loan, in same day funds, by wire transfer to the Agent's account, as set forth on the Agent's signature page hereto, no later than noon (or, in the case of a same day Borrowing, 2:00 p.m.) (New York time) on such scheduled Borrowing date. Nothing in this Section 1.11(a) or elsewhere in this Agreement or the other Loan Documents, including the remaining provisions of Section 1.11, shall be deemed to require the Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Agent, any Lender or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(b) [Reserved].

(c) Availability of Lender's Commitment Percentage. The Agent may assume that each Revolving Lender will make its Commitment Percentage of each Revolving Loan available to the Agent on each Borrowing date. If such Commitment Percentage is not, in fact, paid to the Agent by such Revolving Lender when due, the Agent will be entitled to recover such amount on demand from such Revolving Lender without setoff, counterclaim or deduction of any kind. If any Revolving Lender fails to pay the amount of its Commitment Percentage forthwith upon the Agent's demand, the Agent shall promptly notify the Borrower and the Borrower shall promptly (and in any event no later than the Business Day following the receipt of such notice) repay such amount to the Agent. Nothing in this Section 1.11(c) or elsewhere in this Agreement or the other Loan Documents shall be deemed to require the Agent to advance funds on behalf of any Revolving Lender or to relieve any Revolving Lender from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Borrower may have against any Revolving Lender as a result of any default by such Revolving Lender hereunder. To the extent that the Agent advances funds to the Borrower on behalf of any Revolving Lender and is not reimbursed therefor on the same Business Day as such advance is made, the Agent shall be entitled to retain for its account all interest accrued on such advance from the date such advance was made until reimbursed by the applicable Revolving Lender.

(d) Return of Payments.

(i) If the Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by the Agent from the Borrower and such related payment is not received by the Agent, then the Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind.

(ii) If the Agent determines at any time that any amount received by the Agent under this Agreement or any other Loan Document must be returned to any Credit Party or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, the Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to the Agent on demand any portion of such amount that the Agent has distributed to such Lender, together with interest at such rate, if any, as the Agent is required to pay to the Borrower or such other Person, without setoff, counterclaim or deduction of any kind, and the Agent will be entitled to set-off against future distributions to such Lender any such amounts (with interest) that are not repaid on demand.

(e) Non-Funding Lenders.

(i) Responsibility. The failure of any Non-Funding Lender to make any Revolving Loan or to fund any purchase of any participation to be made or funded by it (including, without limitation, with respect to any Letter of Credit), or to make any payment required to be made by it under any Loan Document on the date specified therefor shall not relieve any other Lender of its obligations to make such loan, fund the purchase of any such participation, or make any other payment required hereunder or under any other Loan Document on such date, and neither the Agent nor, other than as expressly set forth herein, any other Lender shall be responsible for the failure of any Non-Funding Lender to make a loan, fund the purchase of a participation or make any payment required hereunder or under any other Loan Document.

(ii) Reallocation. If any Revolving Lender is a Non-Funding Lender, all or a portion of such Non-Funding Lender's Letter of Credit Obligations (unless such Lender is the L/C Issuer that Issued such Letter of Credit) shall, at the Agent's election at any time or upon any L/C Issuer's written request delivered to the Agent (whether before or after the occurrence of any Default or Event of Default), be reallocated to and assumed by the Revolving Lenders that are not Non-Funding Lenders or Impacted Lenders pro rata in accordance with their Commitment Percentages of the Aggregate Revolving Loan Commitment (calculated as if such Non-Funding Lender's Commitment Percentage was reduced to zero and each other Revolving Lender's Commitment Percentage had been increased proportionately); *provided* that no Revolving Lender shall be reallocated any such amounts or be required to fund any amounts that would cause the sum of its outstanding Revolving Loans and outstanding Letter of Credit Obligations to exceed its Revolving Loan Commitment.

(iii) Voting Rights. Notwithstanding anything set forth herein to the contrary, including Section 9.1, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Loan Document or constitute a "Lender" or a "Revolving Lender" (or be, or have its Loans and Commitments, included in the determination of "Required Lenders", "Required Revolving Lenders" or "Lenders directly affected" pursuant to Section 9.1) for any voting or consent rights under or with respect to any Loan Document; *provided* that (A) the Commitment of a Non-Funding Lender may not be increased, extended or reinstated, (B) the principal of a Non-Funding Lender's Loans may not be reduced or forgiven, and (C) the interest rate applicable to Obligations owing to a Non-Funding Lender may not be reduced, in each case, without the consent of such Non-Funding Lender. Moreover, for the purposes of determining Required Lenders and Required Revolving Lenders, the Loans, Letter of Credit Obligations and Commitments held by Non-Funding Lenders shall be excluded from the total Loans and Commitments outstanding.

(iv) Borrower Payments to a Non-Funding Lender. The Agent shall be authorized to use all payments received by the Agent for the benefit of any Non-Funding Lender pursuant to this Agreement to pay in full the Aggregate Excess Funding Amount to the appropriate Secured Parties. Following such payment in full of the Aggregate Excess Funding Amount, the Agent shall be entitled to hold such funds as cash collateral in a non-interest-bearing account up to an amount equal to such Non-Funding Lender's unfunded Commitment and to use such amount to pay such Non-Funding Lender's funding obligations hereunder until the Obligations are paid in full in cash, all Letter of Credit Obligations have been discharged or cash collateralized and all Commitments have been terminated. Upon any such unfunded obligations owing by a Non-Funding Lender becoming due and payable, the Agent shall be authorized to use such cash collateral to make such payment on behalf of such Non-Funding Lender. With respect to such Non-Funding Lender's failure to fund Revolving Loans or purchase participations in Letters of Credit or Letter of Credit Obligations, any amounts applied by the Agent to satisfy such funding shortfalls shall be deemed to constitute a Revolving Loan or amount of the participation required to be funded and, if necessary to effectuate the foregoing, the other Revolving Lenders shall be deemed to have sold, and such Non-Funding Lender shall be deemed to have purchased, Revolving Loans or Letter of Credit participation interests from the other Revolving Lenders until such time as the aggregate amount of the Revolving Loans and participations in Letters of Credit and Letter of Credit Obligations are held by the Revolving Lenders in accordance with their Commitment Percentages of the Aggregate Revolving Loan Commitment. Any amounts owing by a Non-Funding Lender to the Agent which are not paid when due shall accrue interest at the interest rate applicable during such period to Revolving Loans that are Base Rate Loans. In the event that the Agent is holding cash collateral of a Non-Funding Lender that cures pursuant to clause (v) below or ceases to be a Non-Funding Lender pursuant to the definition of Non-Funding Lender, the Agent shall return the unused portion of such cash collateral to such Lender. The "**Aggregate Excess Funding Amount**" of a Non-Funding Lender shall be the aggregate amount of (A) all unpaid obligations owing by such Lender to the Agent, L/C Issuers and other Lenders under the Loan Documents, including such Lender's pro rata share of all Revolving Loans, and Letter of Credit Obligations, plus, without duplication, (B) all amounts of such Non-Funding Lender's Letter of Credit Obligations reallocated to other Lenders pursuant to Section 1.11(e)(ii).

(v) Cure. A Lender may cure its status as a Non-Funding Lender under clause (a) of the definition of "Non-Funding Lender" if such Lender (A) fully pays to the Agent, on behalf of the applicable Secured Parties, the Aggregate Excess Funding Amount, plus all interest due thereon, and (B) timely funds the next Revolving Loan required to be funded by such Lender or makes the next reimbursement required to be made by such Lender. Any such cure shall not relieve any Lender from liability for breaching its contractual obligations hereunder.

(vi) Fees. A Lender that is a Non-Funding Lender pursuant to clause (a) of the definition of "Non-Funding Lender" shall not earn and shall not be entitled to receive, and the Borrower shall not be required to pay, such Lender's portion of the Unused Commitment Fee during the time such Lender is a Non-Funding Lender pursuant to clause (a) thereof. In the event that any reallocation of Letter of Credit Obligations occurs pursuant to Section 1.11(e)(ii), during the period of time that such reallocation remains in effect, the Letter of Credit Fee payable with respect to such reallocated portion shall be payable to (A) all Revolving Lenders based on their pro rata share of such reallocation or (B) to the L/C Issuer for any remaining portion not reallocated to any other Revolving Lenders.

(f) Procedures. The Agent is hereby authorized by each Credit Party and each other Secured Party to establish procedures (and to amend such procedures from time to time) to facilitate administration and servicing of the Loans and other matters incidental thereto. Without limiting the generality of the foregoing, the Agent is hereby authorized to establish procedures to make available or deliver, or to accept, notices, documents and similar items, by posting to or submitting and/or completion, on E-Systems.

ARTICLE II

CONDITIONS PRECEDENT

2.1 Conditions of Initial Loans. The obligation of each Lender to make its initial Loans and of each L/C Issuer to Issue, or cause to be Issued, the initial Letters of Credit hereunder on the Closing Date is subject to satisfaction of the following conditions in a manner satisfactory to the Agent:

(a) Loan Documents. The Agent shall have received executed copies of each of the following, each dated as of the Closing Date (or, in the case of certificates of government officials, a recent date before the Closing Date, but in no event prior to two weeks before the Closing Date):

(i) duly executed counterparts of this Agreement, the Guaranty and Security Agreement, and each other Collateral Document to be entered into on the Closing Date;

(ii) a Note or Notes duly executed by the Borrower in favor of each Lender requesting the same;

(iii) a certificate of the Secretary or other appropriate officer of each Credit Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Organization Document of such Credit Party and, with respect to the articles or certificate of incorporation or formation (or similar document), certified (to the extent applicable) as of a recent date by the Secretary of State of the state of its organization, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors or managers (or equivalent governing body) of such Credit Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect as of the date of such certificate, and (C) as to the incumbency and specimen signature of each officer or authorized person executing any Loan Document or any other document delivered in connection herewith on behalf of such Credit Party (together with a certificate of another officer or authorized person as to the incumbency and specimen signature of the Secretary or other appropriate officer executing the certificate in this clause (iii));

(iv) a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State (or other applicable Governmental Authority) of its jurisdiction of organization;

(v) customary legal opinions of Ropes & Gray LLP, counsel to the Credit Parties, addressed to the Agent, each Lender and each L/C Issuer; and

(vi) a certificate of a Responsible Officer of the Borrower dated the Closing Date, certifying as to satisfaction with the conditions precedent set forth in Sections 2.2(a) and (b).

(b) Repayment of Prior Indebtedness. Concurrently with the funding of the initial Loans and the Issuance of the initial Letters of Credit on the Closing Date, the Borrower shall have repaid in full all Prior Indebtedness and all Guarantees by any of the Credit Parties, and all Liens upon any of the Property of the Credit Parties or any of their Subsidiaries in connection therewith shall be released and terminated immediately upon such payment, and as of the Closing Date after giving effect thereto, none of Holdings, the Borrower or any of Holdings' Subsidiaries shall have any third party Indebtedness for borrowed money other than the Initial Term Loan, any Permitted Closing Date Revolving Extensions of Credit, and other Indebtedness permitted hereunder.

(c) [Reserved].

(d) Solvency. The Agent, on behalf of itself, the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the L/C Issuers, shall have received a solvency opinion in form and substance and from an independent investment bank or valuation firm reasonably satisfactory to the Agent to the effect that Holdings and its Subsidiaries, on a consolidated basis after giving effect to the Transactions, are solvent.

(e) [Reserved].

(f) [Reserved].

(g) Payment of Fees. The Borrower shall have paid the fees required to be paid on the Closing Date in the respective amounts specified in Section 1.9 (including the fees specified in the Fee Letter), and shall have paid all other fees, costs and expenses due and payable on or prior to the Closing Date hereunder or pursuant to the Engagement Letter, in the case of such costs and expenses, for which invoices have been presented no later than two (2) Business Days prior to the Closing Date.

(h) Patriot Act. So long as requested by the Agent at least ten (10) Business Days prior to the Closing Date, the Agent shall have received, at least three (3) Business Days prior to the Closing Date, all documentation and other information with respect to the Credit Parties that is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

(i) Creation and Perfection of Security Interests. All actions necessary to establish that the Agent will have a perfected first priority security interest (subject to Permitted Liens) in the Collateral under the Loan Documents shall have been taken, in each case, to the extent such Collateral (including the creation or perfection of any security interest) is required to be provided on the Closing Date.

(j) Notice of Borrowing. The Agent shall have received a customary notice of borrowing in form and substance reasonably satisfactory to the Agent.

For purposes of determining compliance with the conditions specified in this Section 2.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted, or to be satisfied with, each document or other matter required hereunder or thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

2.2 Conditions to All Borrowings. Except as otherwise expressly provided herein, no Lender or L/C Issuer shall be obligated to fund any Loan or incur any Letter of Credit Obligation, in each instance, if, as of the date thereof:

(a) any representation or warranty by any Credit Party contained herein or in any other Loan Document is untrue or incorrect in any material respect (without duplication of any materiality qualifier contained therein) as of such date, except to the extent that such representation or warranty expressly relates to an earlier date or period (in which event such representations and warranties were untrue or incorrect in any material respect (without duplication of any materiality qualifier contained therein) as of such earlier date or period);

(b) any Default or Event of Default has occurred and is continuing;

(c) after giving effect to any Loan (or the incurrence of any Letter of Credit Obligations), the aggregate outstanding amount of the Revolving Loans would exceed the Maximum Revolving Loan Balance; and

(d) the Agent shall not have received a notice with respect to such extension of credit as required by Article I.

The request by the Borrower and acceptance by the Borrower of the proceeds of any Loan or the incurrence of any Letter of Credit Obligations shall be deemed to constitute, as of the date thereof, a representation and warranty by the Borrower that the conditions in Section 2.2 have been satisfied or waived in writing in accordance with this Agreement, as applicable.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Credit Parties, jointly and severally, represent and warrant to the Agent and each Lender as follows on and as of each date applicable pursuant to Section 2.2, respectively:

3.1 Corporate Existence and Power. Each Credit Party and each of their respective Subsidiaries:

(a) is a corporation, company, limited liability company or limited partnership, as applicable, duly organized, validly existing and in good standing, in each case, under the laws of the jurisdiction of its incorporation, organization or formation, as applicable;

(b) has the power and authority to own its assets, carry on its business, and execute, deliver and perform its obligations under the Loan Documents to which it is a party;

(c) is duly qualified as a foreign corporation, company, limited liability company, partnership or limited partnership, as applicable, and licensed and in good standing (to the extent such concept is applicable in the applicable jurisdiction), under the laws of each jurisdiction where its ownership, lease or operation of Property or the conduct of its business requires such qualification or license; and

(d) is in compliance with all Requirements of Law, except, in each case referred to in clauses (a) (in the case of Persons other than Holdings and the Borrower), (b), (c) and (d), to the extent that the failure to do so would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

3.2 Corporate Authorization; No Contravention. The execution, delivery and performance by each of the Credit Parties party hereto of this Agreement and by each Credit Party of any other Loan Document to which such Person is a party have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of that Person's Organization Documents;

(b) conflict with or result in any material breach or contravention of any order, injunction, writ or decree of any Governmental Authority to which such Person or its Property is subject, except for conflicts, breaches or contraventions that would not reasonably be expected to result in a Material Adverse Effect;

(c) result in the creation or imposition of any Lien on any property of any Credit Party, except Liens created by the Loan Documents and Permitted Liens; or

(d) violate any material Requirement of Law, except to the extent such violation would not reasonably be expected to result in a Material Adverse Effect.

3.3 Governmental Authorization. No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority is required in connection with the execution, delivery or performance by, or enforcement against, any Credit Party party to this Agreement, any other Loan Document to which such Credit Party is a party except for (a) recordings, registrations and filings in connection with the Liens granted to the Agent under the Collateral Documents, (b) those obtained or made on or prior to the Closing Date, (c) those required in the ordinary course of business, and (d) those which, if not obtained or made, would not reasonably be expected to have a Material Adverse Effect.

3.4 Binding Effect. This Agreement and each other Loan Document to which any Credit Party is a party, when executed and delivered by such Credit Party, will constitute the legal, valid and binding obligations of each such Person which is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3.5 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority now pending or, to the knowledge of any Credit Party, threatened in writing against or affecting any Credit Party, any Subsidiary of any Credit Party or any of their respective businesses, properties or rights that would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

3.6 No Default. No Default or Event of Default is continuing or would result immediately thereafter from the incurring of any Obligations by any Credit Party or the grant or perfection of the Agent's Liens on the Collateral.

3.7 ERISA Compliance. Except for those that would not, in the aggregate, reasonably be expected to have a Material Adverse Effect: (a) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other Requirements of Law, (b) there are no existing or, to the knowledge of any Credit Party, pending (or threatened in writing) claims (other than routine claims for benefits in the normal course), actions, lawsuits or proceedings or investigations

by any Governmental Authority involving any Benefit Plan to which any Credit Party incurs or otherwise has or would reasonably be expected to have an obligation or any Liability, and (c) no ERISA Event has occurred or is reasonably expected to occur in connection with which any liabilities (contingent or otherwise) of a Credit Party remain outstanding.

3.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans shall be used solely for the purposes permitted by Section 4.10. No Credit Party and no Subsidiary of any Credit Party is engaged, either principally or in the ordinary course of its business, in the business of extending credit for the purpose of purchasing or carrying Margin Stock. None of the proceeds from the Loans have been or will be used directly for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any Margin Stock, or for any other purpose which would cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation U or X of the Federal Reserve Board, in each case in violation of such Regulation U or X.

3.9 Ownership of Property; Liens. Each of the Credit Parties and each of their respective Subsidiaries is the lawful owner of, has good title to or has valid leasehold interests in, all properties and other assets (real or personal, tangible, intangible or mixed), in each instance, (a) material to their respective businesses and necessary for the ordinary conduct of their respective businesses and (b) subject to no Liens, other than Permitted Liens; except to the extent that the failure to have such title, possession or interest would not reasonably be expected to result in a Material Adverse Effect; *provided*, *however*, that the representations and warranties in this Section 3.9 shall not apply to Intellectual Property, the treatment of which is separately handled in Section 3.16.

3.10 Taxes. All federal and other material Tax returns required to be filed by or on behalf of each Credit Party have been timely filed. All Taxes, assessments and other governmental charges payable by or on behalf of or required to be withheld and paid over by or on behalf of each Credit Party have been paid (other than Taxes, assessments and other governmental charges which are not delinquent), except those (a) not delinquent by more than thirty (30) days or (b) if more than thirty (30) days delinquent, those that are being contested in good faith and by proper legal proceedings and as to which appropriate reserves have been provided for in accordance with GAAP.

3.11 Financial Condition.

(a) Each of (i) the audited consolidated balance sheet of Holdings and its Subsidiaries dated January 1, 2017, and the related audited consolidated statements of income or operations, members' equity and cash flows for the Fiscal Year ended on that date and (ii) subject to the absence of footnote disclosure and year-end audit adjustments, the unaudited interim consolidated balance sheets of Holdings and its Subsidiaries dated April 2, 2017 and July 2, 2017 and the related unaudited consolidated statements of income and cash flows for such fiscal quarter then ended, copies of which have already been provided to the Agent, present fairly in all material respects the consolidated financial condition of Holdings and its Subsidiaries as of the dates indicated and for the periods indicated.

(b) [Reserved].

(c) Since January 1, 2017, there has been no Material Adverse Effect.

(d) All financial performance projections delivered to the Agent, including the Projections, have been prepared in good faith and are based on assumptions believed by the Borrower to be reasonable in light of current market conditions at the time of preparation thereof (it being understood and agreed by the Agent and Lenders that projections are not to be viewed as facts or a guarantee of financial performance, are subject to significant uncertainties and contingencies many of which are beyond the Borrower's control, that the actual results during the period or periods covered by such projections may differ from the projected results and that such differences may be material).

3.12 Environmental Matters. Except as would not reasonably be expected to result in, either individually or in the aggregate, a Material Adverse Effect, (a) the operations of each Credit Party and each Subsidiary of each Credit Party are and have been in compliance with all applicable Environmental Laws, including obtaining, maintaining and complying with all Permits required by any applicable Environmental Law, (b) no Credit Party and no Subsidiary of any Credit Party is party to, and no Credit Party and no Subsidiary of any Credit Party and, to the knowledge of the Responsible Officers of the Credit Parties, no Real Estate currently or previously owned, leased, subleased or operated by or for any such Person is subject to or the subject of, any Contractual Obligation or any pending (or, to the knowledge of any Credit Party, threatened in writing) order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice relating in any manner to any Environmental Law, (c) no Lien in favor of any Governmental Authority securing, in whole or in part, Environmental Liabilities has attached to any Property of any Credit Party or any Subsidiary of any Credit Party and, to the knowledge of any Credit Party, no facts, circumstances or conditions exist that would reasonably be expected to result in any such Lien attaching to any such Property, (d) no Credit Party and no Subsidiary of any Credit Party has caused or suffered to occur a Release of Hazardous Materials at, to or from any Real Estate owned or leased by such Credit Party, (e) all Real Estate currently (or, to the knowledge of any Credit Party, previously) owned, leased, subleased, operated or otherwise occupied by or for any such Credit Party and each Subsidiary of each Credit Party is free of contamination by any Hazardous Materials and (f) no Credit Party and no Subsidiary of any Credit Party (i) is or has been engaged in, or has permitted any current or former tenant to engage in, operations in violation of any Environmental Law or (ii) knows of any facts, circumstances or conditions reasonably constituting notice of a violation of any Environmental Law by any Credit Party or Subsidiary of a Credit Party, including receipt of any information request or notice of potential responsibility under the Comprehensive Environmental Response, Compensation and Liability Act or similar Environmental Laws.

3.13 Regulated Entities. Neither any Credit Party nor any Subsidiary of any Credit Party is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940.

3.14 Solvency. On and as of the Closing Date, immediately after giving effect to (a) the incurrence of the Loans made and the issuance of the Letters of Credit Issued, and the application of the proceeds of such Loans to or as directed by the Borrower, (b) the payment on the Closing Date by Holdings and its Subsidiaries of all of their transaction costs in connection with the Loan Documents and (c) the consummation of the Transactions (including all Indebtedness being incurred or assumed and Liens created by the Credit Parties in connection therewith on the Closing Date), Holdings and its Subsidiaries, taken as a whole, are Solvent.

3.15 Labor Relations. There are no strikes, work stoppages, slowdowns or lockouts existing or, to the knowledge of any Credit Party, pending (or threatened in writing) against or involving any Credit Party or any Subsidiary of any Credit Party, except for those that would not, in the aggregate, reasonably be expected to have a Material Adverse Effect. As of the Closing Date, (a) there is no collective bargaining or similar agreement with any union, labor organization, works council or similar representative covering any employee of any Credit Party or any Subsidiary of any Credit Party, (b) to the knowledge of any Credit Party, no petition for certification or election of any such representative is existing or pending with respect to any employee of any Credit Party or any Subsidiary of any Credit Party and (c) to the knowledge of any Credit Party, no such representative has sought certification or recognition with respect to any employee of any Credit Party or any Subsidiary of any Credit Party.

3.16 Intellectual Property. Each Credit Party and each Subsidiary of each Credit Party owns, or is licensed to use, all material Intellectual Property necessary to conduct its business as currently conducted. To the knowledge of each Credit Party, (a) the conduct and operations of the businesses of each Credit Party and each Subsidiary of each Credit Party do not infringe, misappropriate, dilute, violate or otherwise impair any Intellectual Property owned by any other Person and (b) no other Person is non-frivolously contesting any right, title or interest of any Credit Party or any Subsidiary of any Credit Party in, or relating to, any material Intellectual Property necessary to conduct its business as currently conducted.

3.17 Brokers' Fees; Transaction Fees. Except as previously disclosed in writing by the Borrower to the Agent, and except for fees payable to the Agent and Lenders, none of the Credit Parties nor any of their respective Subsidiaries has any obligation to any Person in respect of any finder's, broker's or investment banker's fee in connection with the Loan Documents or the Transactions.

3.18 Insurance. Each of the Credit Parties and each of their respective Subsidiaries and their respective Properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are required by Section 4.6. As of the Closing Date, a true and complete listing of such insurance, including issuers, coverages and deductibles, has been provided to the Agent.

3.19 Ventures, Subsidiaries and Affiliates; Outstanding Stock. Except as set forth in Schedule 3.19, as of the Closing Date, no Credit Party (a) has any Subsidiaries or (b) has an investment in any joint venture or partnership with any other Person.

3.20 Collateral Documents.

(a) The Guaranty and Security Agreement, upon execution and delivery thereof by the parties thereto, will create in favor of the Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral and the proceeds thereof and (i) when the Pledged Collateral (as defined in the Guaranty and Security Agreement) is delivered to the Agent, the Lien created under the Guaranty and Security Agreement shall constitute a fully perfected first priority Lien on, and security interest in, all right, title and interest of the Credit Parties in such Pledged Collateral, in each case prior and superior in right to any other Person, and (ii) when the financing statements in appropriate form are filed in the offices specified on Schedule 6 of the Perfection Certificate, the Lien created under the Guaranty and Security Agreement will constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Credit Parties in the Collateral described in such statements (other than Copyrights and Collateral requiring perfection by control under the UCC), in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

(b) Upon the recordation of each short-form security agreement (in the form of Annex 2 to the Guaranty and Security Agreement) with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, together with the financing statements in appropriate form filed in the offices specified on Schedule 6 of the Perfection Certificate, the Lien created under the Guaranty and Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Credit Parties in the Intellectual Property in which a security interest may be perfected by filing in the United States and its territories and possessions, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the Credit Parties after the date hereof).

(c) Each Mortgage is effective to create in favor of the Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable first priority Lien on all of the applicable Credit Party's right, title and interest in and to the mortgaged property thereunder and the proceeds thereof, and when such Mortgage is filed in the offices specified on Schedule 10 of the Perfection Certificate (if any), such Mortgage shall constitute a fully perfected first priority Lien on, and security interest in, all right, title and interest of such Credit Party in such mortgaged property and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

(d) Each Collateral Document, other than any Collateral Document referred to in the preceding paragraphs of this Section 3.20, upon execution and delivery thereof by the parties thereto and the making of the filings and taking of the other actions provided for therein, will be effective under applicable law to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a valid and enforceable security interest in the Collateral subject thereto, and will constitute a fully perfected security interest in all right, title and interest of the Loan Parties in the Collateral subject thereto, prior and superior to the rights of any other Person, other than with respect to Permitted Liens.

3.21 [Reserved].

3.22 Status of Holdings. Holdings has not engaged in any business activities and does not own any Property other than as permitted under Section 4.16.

3.23 Full Disclosure. All written information (other than projections, other forward-looking information and general economic or industry-specific information) furnished by or on behalf of any Credit Party to the Agent and the Lenders in connection with the Loan Documents, when taken as a whole, when furnished, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time). All projections that are part of such information (including those set forth in any projections delivered subsequent to the Closing Date) have been prepared in good faith based upon assumptions believed to be reasonable at the time of preparation thereof (it being understood and agreed that projections are not to be viewed as facts or a guarantee of financial performance, are subject to significant uncertainties and contingencies, many of which are beyond the Credit Parties' control, that actual results may differ from projected results, and that such differences may be material).

3.24 Foreign Assets Control Regulations and Anti-Money Laundering. Each Credit Party and each Subsidiary of each Credit Party is in compliance in all material respects with all applicable U.S. economic sanctions laws, Executive Orders and implementing regulations as promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**"), all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant thereto and other similar applicable laws of other jurisdictions in which it conducts business. None of Holdings or any Subsidiary of Holdings nor, to the knowledge of any Credit Party, any director, officer, agent, employee or Affiliate of any of the foregoing (a) is a Person designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "**SDN List**") with which a U.S. Person cannot deal with or otherwise engage in business transactions, (b) is a Person who is otherwise the target of U.S. economic sanctions laws such that a U.S. Person cannot deal or otherwise engage in business transactions with such Person or sanctions under other similar applicable laws of other jurisdictions in which it conducts business or (c) is controlled by (including, without limitation, by virtue of such person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any person or entity on the SDN List or a foreign government that is the target of U.S. economic sanctions or prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under U.S. law or sanctions under other similar applicable laws of other jurisdictions in which it conducts business. No Credit Party intends to directly or indirectly use the proceeds of the Loans or the Letters of Credit or otherwise make available such proceeds to any Person, for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC or sanctions under other similar applicable laws of other jurisdictions in which it conducts business with the result that any Lender or Issuing Bank would be in violation of applicable law.

3.25 Patriot Act; FCPA. The Credit Parties and each of their Subsidiaries are in compliance in all material respects with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department and any other enabling legislation or executive order relating thereto, (b) the Patriot Act and (c) other applicable federal anti-money laundering rules and regulations. No part of the proceeds of any Loan will knowingly

be used or authorized for use directly or indirectly for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation in any material respect of the United States Foreign Corrupt Practices Act of 1977.

ARTICLE IV

AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that, until Payment in Full:

4.1 Financial Statements. The Borrower shall deliver to the Agent (which shall make the same available to the Lenders) by Electronic Transmission:

(a) not later than 120 days after the end of each Fiscal Year, a copy of the audited consolidated balance sheet of Holdings and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of income or operations, members' equity and cash flows for such Fiscal Year, setting forth in each case for each Fiscal Year in comparative form the figures for the previous Fiscal Year, and accompanied by (x) the report of an independent certified public accounting firm of recognized national standing, which report shall (i) contain an opinion stating that such consolidated financial statements present fairly in all material respects the financial condition as of the dates and for the periods indicated and in accordance with GAAP, and (ii) not include any explanatory note or like exception or qualification expressing substantial doubt as to "going concern" status (except to the extent such explanatory note, exception or qualification is due solely to (1) the scheduled maturity of any Indebtedness (or the scheduled termination of any commitments to provide Indebtedness) occurring within one year from the date of such report or (2) any prospective default under any financial maintenance covenant (including the financial maintenance covenant set forth in Article VI)) and (y) a customary "management discussion and analysis" narrative report with respect to such financial statements;

(b) not later than 45 days after the end of each Fiscal Quarter of each Fiscal Year (commencing with the Fiscal Quarter ending on or about September 30, 2017), a copy of the internally prepared unaudited consolidated balance sheet of Holdings and its Subsidiaries and the related consolidated statements of income and cash flows as of the end of such Fiscal Quarter and for the portion of the Fiscal Year then ended, all certified on behalf of Holdings and its Subsidiaries by a Responsible Officer of Holdings as fairly presenting, in all material respects, in accordance with GAAP, the financial condition and results of operations of Holdings and its Subsidiaries, subject to normal year-end adjustments and absence of footnote disclosures, accompanied by a customary "management discussion and analysis" narrative report with respect to such financial statements;

(c) not later than 30 days after the end of the first two months of each Fiscal Quarter (commencing with the month ending on or about August 31, 2017), a copy of the internally prepared unaudited consolidated balance sheet of Holdings and its Subsidiaries and the related consolidated statements of income and cash flows as of the end of such fiscal month, all certified on behalf of Holdings and its Subsidiaries by a Responsible Officer of Holdings as fairly presenting, in all material respects, in accordance with GAAP, the financial condition and results of operations of Holdings and its Subsidiaries, subject to normal year-end adjustments and absence of footnote disclosures; and

(d) to the extent reasonably requested by the Agent, commencing with respect to the fiscal year ending on or about December 31, 2017, Holdings shall conduct a conference call that the Lenders may attend to discuss the financial condition and results of operations of Holdings and its Subsidiaries for the most recently ended measurement period for which financial statements have been, or will be, delivered pursuant to Section 4.1(a), at a date and time to be reasonably determined by Holdings and the Agent.

Notwithstanding the foregoing, the obligations in clauses (a) and (b) of this Section 4.1 may be satisfied with respect to financial statements of Holdings and its Subsidiaries by furnishing (A) the applicable financial statements of any direct or indirect parent company of Holdings or (B) Holdings' (or any direct or indirect parent company thereof), as applicable, Form 10-K or 10-Q, as applicable, that is responsive in all material respects to the requirements of the applicable form and filed with the SEC; *provided* that, with respect to each of clauses (A) and (B) of this paragraph, to the extent such information relates to a direct or indirect parent company of Holdings, such information is accompanied by other information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to Holdings and its Subsidiaries on a standalone basis, on the other hand. Documents required to be delivered pursuant to clauses (a), (b) and (c) of this Section 4.1, and clause (e) of Section 4.2, may be delivered electronically and if so delivered, subject to the second proviso below, shall be deemed to have been delivered on the earliest date on which (i) the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet, (ii) such documents are posted on the Borrower's behalf on any other E-System, if any, to which each Lender and the Agent have access or (iii) such documents are publicly available on the SEC's website on the internet at www.sec.gov; *provided* that (x) the Borrower shall, at the request of the Agent, continue to deliver copies (which delivery may be by electronic transmission) of such documents to the Agent and (y) the Borrower shall notify the Agent of the posting of any such documents on any website or E-System described in this paragraph (*provided* that the posting of such documents on any website or E-System shall not be deemed to have satisfied the obligations under clauses (a), (b) and (c) of this Section 4.1 or clause (e) of Section 4.2, as applicable, unless the Agent has been notified of the posting thereof). Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of copies of such documents from the Agent and maintaining its copies of such documents.

4.2 Certificates; Other Information. The Borrower shall furnish to the Agent (which shall make the same available to the Lenders) by Electronic Transmission:

(a) commencing with the Fiscal Quarter ending on or about September 30, 2017, together with each delivery of financial statements pursuant to Sections 4.1(a), 4.1(b) and 4.1(c), comparisons with the corresponding figures for the previous Fiscal Year and with the annual budget for applicable period;

(b) commencing with the Fiscal Quarter ending on or about September 30, 2017, concurrently with the delivery of the financial statements referred to in Sections 4.1(a) and 4.1(b) above, a duly completed certificate in the form of Exhibit 4.2(b) (a "**Compliance Certificate**") certified on behalf of Holdings, the Borrower and their Subsidiaries by a Responsible Officer of the Borrower;

(c) promptly after the same are sent but without duplication of any other deliveries required to be made to the Agent and the other Lenders hereunder, copies of all financial statements and regular, periodic or special filings which such Person makes to, or files with, the Securities and Exchange Commission or any successor Governmental Authority;

(d) not later than 45 days after the last day of each Fiscal Year of Holdings, an annual budget and projections of Holdings' and its Subsidiaries' consolidated financial performance for the then-current Fiscal Year on a month-by-month basis;

(e) promptly upon filing thereof, copies of any filings (including on Form 10-K, 10-Q or 8-K) or registration statements with, and reports to, the SEC or any analogous Governmental Authority in any relevant jurisdiction by Holdings or any of its Subsidiaries (other than amendments to any registration statement (to the extent such registration statement, in the form it becomes effective, is delivered to the Agent), exhibits to any registration statement and, if applicable, any registration statements on Form S-8) and copies of all financial statements, proxy statements, notices of defaults, and reports, in each case, that Holdings or any of its Subsidiaries shall send or otherwise make available to the holders of any publicly issued debt of Holdings and/or any of its Subsidiaries, in their capacity as such holders, lenders or agents (in each case to the extent not theretofore delivered to the Agent pursuant to this Agreement); and

(f) promptly following the Agent's or any Lender's reasonable written request therefor, solely to the extent readily available to the Credit Parties, such additional financial information related to this Section 4.2 or Section 4.3 regarding the Credit Parties as the Agent or such Lender may from time to time reasonably request; *provided* that the Credit Parties shall not be obligated to provide such information to the extent such disclosure, would, in the good faith determination of the Credit Parties, violate attorney-client privilege or applicable confidentiality requirements, constitutes attorney work product or trade secrets or proprietary information or otherwise prohibited by law or fiduciary duty from disclosing.

4.3 Notices. The Borrower shall notify the Agent (and the Agent shall promptly forward such notices to the Lenders) promptly after a Responsible Officer becomes aware of each of the following:

(a) the occurrence or existence of any Default or Event of Default;

(b) together with each delivery of the Compliance Certificate pursuant to Section 4.2(b), a written calculation of the Available Amount;

(c) any dispute, litigation, investigation, proceeding or suspension which may exist at any time between any Credit Party or any Subsidiary of any Credit Party and any Governmental Authority which would reasonably be expected to result, in the aggregate, in a liability of any Credit Party or any Subsidiary of any Credit Party in excess of $4,000,000;

(d) the commencement of any litigation or proceeding affecting any Credit Party or any Subsidiary of any Credit Party or their respective property that would reasonably be expected to result in a liability of any Credit Party or any Subsidiary of any Credit Party in excess of $4,000,000;

(e) (i) the receipt by any Credit Party of any notice of violation of or potential liability or similar notice under Environmental Law, (ii)(A) unpermitted Releases, (B) the existence of any condition that would reasonably be expected to result in violations of, or Liabilities under, any Environmental Law or (C) the commencement of, or any material change to, any action, investigation, suit, proceeding, audit, claim, demand or dispute alleging a violation of or Liability under any Environmental Law, (iii) the receipt by any Credit Party of notification that any Property of any Credit Party is subject to any Lien in favor of any Governmental Authority securing, in whole or in part, Environmental Liabilities and (iv) any proposed acquisition or lease of Real Estate which, in each case with respect to clauses (i), (ii), (iii) and (iv) above, would reasonably be expected to result in a Material Adverse Effect;

(f) (i) any filing by any ERISA Affiliate of any notice of any reportable event under Section 4043(c) of ERISA (unless the 30-day notice requirement has been duly waived under the applicable regulations) or intent to terminate any Title IV Plan, and shall include a copy of such notice, (ii) that a request for a minimum funding waiver under Section 412 of the Code has been filed with respect to any Title IV Plan, or receipt by any ERISA Affiliate of notice of the filing of any such request with respect to a Multiemployer Plan, and shall include in such notice a description of such waiver request and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notice filed by a Credit Party or ERISA Affiliate with the PBGC or the IRS pertaining thereto, and (iii) that an ERISA Event will or has occurred, and shall include in such notice a description of such ERISA Event, and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notices received by a Credit Party or ERISA Affiliate from or filed by a Credit Party or ERISA Affiliate with the PBGC, IRS, or any Multiemployer Plan pertaining thereto, which, in each case with respect to clauses (i), (ii) and (iii) above, would reasonably be expected to result in a Material Adverse Effect; and

(g) the occurrence or existence of any Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement by a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and, if relevant, stating what action the Borrower or other Person proposes to take with respect thereto and at what time.

4.4 Preservation of Corporate Existence, Etc. Each Credit Party shall, and shall cause each of its Subsidiaries to:

(a) preserve and maintain in full force and effect its organizational existence and good standing under the laws of its jurisdiction of incorporation, organization or formation, as applicable, except as (i) permitted by Section 5.2 or 5.3, or (ii) other than in the case of Holdings or the Borrower, as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; and

(b) preserve and maintain in full force and effect all rights, privileges, qualifications, permits, licenses and franchises necessary in the normal conduct of its business, except as (i) permitted by Section 5.2 or 5.3, or (ii) as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

4.5 Maintenance of Property. Each Credit Party shall maintain and preserve, and shall cause each of its Subsidiaries to maintain and preserve, all its material tangible Property which is necessary to its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, and shall make all necessary repairs thereto and renewals and replacements thereof except (a) as permitted by Section 5.2 or 5.3, (b) to the extent that any such Properties are obsolete, are being replaced or, in the good faith judgment of such Credit Party, are no longer useful or desirable in the conduct of the business of the Credit Parties, or (c) where the failure to do so would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

4.6 Insurance.

(a) The Borrower will maintain with insurance companies that the Borrower believes (in the good faith judgment of its management) are financially sound and reputable at the time the relevant coverage is placed or renewed or with a Captive Insurance Subsidiary, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar businesses, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as Holdings and its Subsidiaries) as are customarily carried under similar circumstances by such other Persons, and will furnish to the Lenders, upon reasonable written request from the Agent, information presented in reasonable detail as to the insurance so carried. Each such policy of property and casualty or general liability insurance shall, as appropriate, (i) name the Agent, on behalf of the Lenders, as an additional insured thereunder as its interests may appear or (ii) in the case of each property and casualty insurance policy, contain a lender’s loss payable clause or endorsement that names the Agent, on behalf of the Lenders, as a lender’s loss payee thereunder. Notwithstanding the requirement in clause (i) above or any other provision hereof or of any other Loan Document, Federal Flood Insurance shall not be required (x) to the extent that no improvements upon the real Property are located in a Special Flood Hazard Area, or (y) to the extent that the real Property is located in a Special Flood Hazard Area in a community that does not participate in the National Flood Insurance Program.

(b) [Reserved].

(c) Upon the occurrence and during the continuance of any Event of Default resulting from the failure of the Borrower to provide the Agent with evidence of the insurance coverage required by this Agreement, the Agent may purchase insurance at the Borrower's expense to protect the Agent's and the Lenders' interests. The Borrower may later cancel any insurance purchased by the Agent, but only after providing the Agent with evidence that the Borrower has obtained insurance as required by this Agreement. If the Agent purchases insurance for the Collateral, to the fullest extent provided by law, the Borrower will be responsible for the costs of that insurance, including interest and other charges imposed by the Agent in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance the Borrower is able to obtain on its own.

4.7 Payment of Taxes. Each Credit Party shall, and shall cause each of its Subsidiaries to, pay, discharge and perform, before the same shall become delinquent or in default (giving effect to any applicable periods of grace), all United States federal and all other material Tax liabilities, assessments and governmental charges or levies upon it or its Property, unless the same are being contested in good faith by appropriate proceedings which stay the enforcement of any Lien and for which adequate reserves if required in accordance with GAAP are being maintained by such Person.

4.8 Compliance with Laws. Each Credit Party shall, and shall cause each of its Subsidiaries to, comply with all applicable Requirements of Law of any Governmental Authority having jurisdiction over it or its business, except where the failure to comply would not reasonably be expected to have, in the aggregate, a Material Adverse Effect.

4.9 Inspection of Property and Books and Records. Each Credit Party shall maintain and shall cause each of its Subsidiaries to maintain, books of record and account, in such a manner as to permit it to report its financial transactions and matters involving the assets or business of such Person in accordance with GAAP in all material respects consistently applied; *provided* that such Credit Party or Subsidiary may estimate GAAP results in good faith if the financial statements with respect to a Permitted Acquisition are not maintained in accordance with GAAP, and may make such further adjustments as are reasonably necessary in connection with consolidation of such financial statements with those of the Credit Parties. Each Credit Party shall, and shall cause each of its Subsidiaries to, with respect to each real property owned or leased by it, during normal business hours and upon reasonable advance notice: (a) provide access to such property to the Agent and the Lenders and any of their respective Related Persons and (b) permit the Agent and the Lenders and any of their respective Related Persons to review, inspect and make copies from all of such Credit Party's books and records (collectively, "**Inspections**"), in the case of any Lender, in each instance, at such Lender's expense, and in the case of the Agent, in each instance, at the Credit Parties' expense; *provided* that each of the Agent and the Lenders shall be entitled to only one such Inspection per calendar year or more frequently if an Event of Default has occurred and is continuing.

4.10 Use of Proceeds. The Borrower shall use the proceeds of the Term Loans on the Closing Date solely for the purposes set forth in the recitals to this Agreement. The Borrower shall use the proceeds of the Revolving Loans (i) on the Closing Date, to fund any Permitted Closing Date Revolving Extensions of Credit and (ii) after the Closing Date, for working capital and general corporate purposes (including, without limitation, for capital expenditures, acquisitions, investments, restricted payments and any other transaction not prohibited by the Loan Documents.

4.11 Ratings. The Borrower will use commercially reasonable efforts to maintain continuously in effect a private corporate rating from S&P and a private corporate family rating from Moody's and a private rating of the credit facilities hereunder by each of S&P and Moody's (it being understood and agreed that, in each case (i) such ratings will be made available to any Lender that executes an appropriate access letter with respect thereto and (ii) at the Borrower's sole discretion, such ratings may instead be "public" ratings).

4.12 Compliance with ERISA. The Borrower shall not allow an ERISA Affiliate to cause or suffer to exist (a) any event that would result immediately thereafter in the imposition of a Lien that primes the Liens securing the Obligations on any asset of a Credit Party with respect to any Title IV Plan or Multiemployer Plan or (b) any other ERISA Event that would, in the aggregate for clauses (a) and (b), have a Material Adverse Effect.

4.13 Further Assurances.

(a) Within sixty (60) days of the Closing Date (or such later date as agreed by the Agent in its sole discretion), the Credit Parties shall deliver to the Agent a control agreement over each deposit account of the Credit Parties and their respective Subsidiaries (other than Excluded Deposit Accounts (as defined in the Guaranty and Security Agreement)), each in form and substance reasonably satisfactory to the Agent.

(b) Promptly following the written request by the Agent, the Credit Parties shall take such additional actions and execute such documents as the Agent may reasonably require from time to time in order to perfect and maintain the validity, effectiveness and priority of any of the Liens to the extent required by the Collateral Documents in accordance with all applicable Requirements of Law, including, without limitation, the making of filings and the taking of any other action in Canada and any other applicable non-United States jurisdiction in order to record or to perfect the Agent's security interest in any Intellectual Property registered in such jurisdiction, except to the extent that the Agent and the Borrower reasonably determine that the cost of making any such filing or taking any such action is excessive in relation to the benefit to the Secured Parties of the security to be afforded thereby. Without limiting the generality of the foregoing and except as otherwise approved in writing by Required Lenders, the Credit Parties shall cause each of their Subsidiaries to Guarantee the Obligations and to cause each such Guarantor to grant to the Agent, for the benefit of the Secured Parties, a security interest in, subject to the limitations set forth herein and in the Collateral Documents, such Subsidiary's Property on which a Lien is required to be granted pursuant to the Collateral Documents (other than, for the avoidance of doubt, Excluded Assets) to secure such Guarantee, in each case, within 30 days (or such longer period as may be agreed by the Agent in its sole discretion) following the date that such Person becomes a Subsidiary of a Credit Party. Furthermore

and except as otherwise approved in writing by Required Lenders, each Credit Party shall, upon becoming a Credit Party or, if later, within 30 days (or such longer period as may be agreed by the Agent in its sole discretion) following the date such Credit Party acquires such Stock and Stock Equivalents, pledge all of the Stock and Stock Equivalents of each of its direct Subsidiaries to the Agent, for the benefit of the Secured Parties, to secure the Obligations. The Credit Parties shall deliver, or cause to be delivered, to the Agent, if reasonably requested by the Agent, customary resolutions, secretary certificates and certified Organization Documents and, if reasonably requested by the Agent, customary legal opinions relating to the matters described in this Section 4.13(b) (which opinions shall be in form and substance reasonably acceptable to the Agent and, to the extent applicable, substantially similar to the opinions delivered on the Closing Date), in the case of opinions, with respect to each Credit Party formed or acquired after the Closing Date in connection with or pursuant to a Permitted Acquisition. In connection with each required pledge of Stock and Stock Equivalents, the Credit Parties shall deliver, or cause to be delivered, to the Agent, irrevocable proxies and stock powers and/or assignments, as applicable, duly executed in blank. In the event any Credit Party acquires any fee-owned real property located within the United States with a fair market value in excess of $1,500,000 (as determined in good faith by the Borrower as of the date of the acquisition), within 60 days (or such longer period as may be agreed by the Agent in its sole discretion) following the later of (i) the date of such acquisition and (ii) the date such Person becomes a Credit Party, such Person shall execute and/or deliver, or cause to be executed and/or delivered, to the Agent, in each case, to the extent reasonably requested by the Agent, (v) an appraisal complying with FIRREA to the extent such appraisal is necessary for the Agent or any Lender to comply with FIRREA, (w) within 45 days of receipt of notice from the Agent that Real Estate is located in a Special Flood Hazard Area, Flood Insurance as required by Section 4.6(a), (x) a fully executed Mortgage, in form and substance reasonably satisfactory to the Agent together with an A.L.T.A. lender's title insurance policy insuring that the Mortgage is a valid and enforceable first priority Lien on the respective Property, subject only to Permitted Liens, (y) then current A.L.T.A. surveys, certified to the Agent by a licensed surveyor sufficient to allow the issuer of the lender's title insurance policy to issue such policy without a survey exception and (z) to the extent prepared, an environmental site assessment, not including invasive sampling, prepared by a qualified firm, in form reasonably satisfactory to the Agent. In addition to the obligations set forth in Sections 4.6(a) and 4.13(b), within 45 days after written notice from the Agent to the Credit Parties that any fee owned real property of the Credit Parties subject to a Mortgage is located in a Special Flood Hazard Area, the Credit Parties shall, if such requirements have not already been satisfied, satisfy the Flood Insurance requirements of Section 4.6(a) with respect to such fee-owned real property. Notwithstanding anything to the contrary contained in this Agreement or any other Collateral Document, other than with respect to Intellectual Property, nothing in this Agreement or any other Collateral Document shall require any Credit Party to (A) make any filings or take any actions to record or to perfect the Agent's security interest in any non-United States jurisdiction including, without limitation, any fee owned real property located outside of the United States, or (B) obtain any mortgagee waivers or leasehold mortgages.

(c) [Reserved].

(d) In the event the Agent reasonably determines that obtaining appraisals is necessary in order for the Agent or any Lender to comply with applicable laws or regulations (including any appraisals required to comply with FIRREA), the Agent may, or may require the Borrower to, in either case at the Borrower's expense, use commercially reasonable efforts to obtain appraisals in form and substance and from appraisers reasonably satisfactory to the Agent stating the then current fair market value or such other value as determined by the Agent (for example, replacement cost for purposes of Flood Insurance) of any Real Estate of any Credit Party or any Subsidiary of any Credit Party that is subject to a Mortgage.

4.14 Environmental Matters. Each Credit Party shall, and shall cause each of its Subsidiaries to, comply with, and maintain Real Estate under its control, whether owned, leased, subleased or otherwise operated or occupied by it, in compliance with, all applicable Environmental Laws or that is required by orders and directives of any Governmental Authority applicable to such Credit Party, Subsidiary or Real Estate, except where the failure to comply with such Environmental Law, order or directive would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. If an Event of Default caused by reason of breach of any representation set forth in Section 3.12 or breach of this Section 4.14 is continuing for more than 45 days without the Credit Parties commencing activities reasonably likely to cure such Default in accordance with Environmental Laws, then each Credit Party shall, promptly upon receipt of written request from the Agent, cause the performance of, and allow the Agent and its Related Persons access to such Real Estate for the purpose of conducting, such environmental audits and assessments, including subsurface sampling of soil and groundwater, and cause the preparation of such reports, in each case as the Agent may from time to time reasonably request. Such audits, assessments and reports, to the extent not conducted by the Agent or any of its Related Persons, shall be conducted and prepared by reputable environmental consulting firms reasonably acceptable to the Agent and shall be in form and substance reasonably acceptable to the Agent.

4.15 Hazardous Materials. Each Credit Party shall not allow or cause, and each Credit Party shall not permit any of its Subsidiaries to allow or cause, any Release of any Hazardous Material at, to or from any Real Estate owned or leased by such Credit Party or such Subsidiary of a Credit Party that would violate any Environmental Law, or form the basis for any Environmental Liabilities, other than such violations and Environmental Liabilities that would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.16 Status of Holdings. Holdings shall only engage in business activities and own Property in connection with or consisting of (a) ownership of Stock and Stock Equivalents of, and other Investments in, the Borrower, and Subsidiaries other than the Borrower that will be promptly contributed to the Borrower or its Subsidiaries, and Parent Intercompany Advances, in each case, to the extent permitted hereunder, (b) ownership of cash and Cash Equivalents, (c) creation of Permitted Liens, (d) activities and contractual rights incidental to the maintenance of its legal existence (including, without limitation, the ability to incur fees, costs and expenses necessary to such maintenance), (e) the performance of its obligations under the Loan Documents to which it is a party, and any financing activities, the issuance of Stock, performance of obligations under equityholder agreements, payment of dividends and other Restricted Payments, making contributions to the capital of its Subsidiaries and guaranteeing the obligations of its Subsidiaries and making Investments, in each such case solely to the extent permitted under this Agreement,

(f) participating in Tax, accounting and other administrative matters as a member of a consolidated, unitary, affiliated or other similar group of companies, (g) holding any cash or property received in connection with Restricted Payments permitted under Section 5.7 pending application thereof, (h) providing fees, expenses and indemnification to officers, directors, managers and employees, (i) activities relating to any Initial Public Offering or other issuance of Stock or Stock Equivalents of Holdings (or any direct or indirect parent company thereof) and (j) activities incidental to the businesses or activities described in the foregoing clauses (a) through (i).

ARTICLE V

NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, until Payment in Full:

5.1 Limitation on Liens. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its Property, whether now owned or hereafter acquired, other than the following ("**Permitted Liens**"):

(a) any Lien existing on the Property of a Credit Party or a Subsidiary of a Credit Party on the Closing Date and set forth in Schedule 5.1 and any modification, replacement, renewal or extension thereof; *provided* that (i) such Lien does not extend to any additional property other than after-acquired property that is affixed to or incorporated into the property covered by such Lien and (ii) the amount secured or benefited thereby is not increased;

(b) any Lien created under any Loan Document or otherwise in favor of the Agent or any Lender and securing any of the Obligations (including obligations under Secured Rate Contracts);

(c) Liens for Taxes, fees, assessments or other governmental charges or levies (i) which are not delinquent (after giving effect to any applicable grace period) or remain payable without penalty or (ii) which are being contested in good faith by appropriate proceedings and for which adequate reserves if required in accordance with GAAP are being maintained;

(d) (i) Liens in respect of Property of any Credit Party or any Subsidiary of a Credit Party imposed by Requirements of Law or contract (other than Liens set forth in clause (c) above), which were incurred in the ordinary course of business and do not secure Indebtedness, and (ii) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's, laborer's or supplier's Liens or other similar Liens securing obligations and liabilities with respect to which the failure to make payment would not reasonably be expected to have a Material Adverse Effect;

(e) Liens, other than Liens imposed by ERISA, consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, employment insurance and other social security legislation or to secure the performance of or obligations with respect to tenders, statutory obligations, surety (other than as set forth in clause (f) below), stay, customs and appeals bonds, bids, leases, governmental contract, public or private utilities, trade contracts, performance and return of money bonds, completion guarantees and other similar obligations (exclusive of obligations for the payment of borrowed money) or to secure liability to insurance carriers;

(f) Liens consisting of judgment or judicial attachment liens (other than for payment of Taxes, assessments or other governmental charges) that do not result in an Event of Default under Section 7.1(h) or securing appeal or other surety bonds relating to such a judgment;

(g) survey exceptions and title exceptions (including, without limitation, any title exceptions listed on a title policy), easements, servitudes, covenants, licenses, encroachments, protrusions, rights of way, zoning and other restrictions, minor defects or other irregularities in title, and other similar encumbrances and Liens securing obligations under operating reciprocal easement or similar agreements with respect to Real Estate which do not, in any case, interfere in any material respect with the ordinary conduct of the businesses of the applicable Credit Party or Subsidiary;

(h) Liens on any Property acquired or held by any Credit Party or any Subsidiary of a Credit Party securing Indebtedness (and Permitted Refinancings of such Indebtedness) incurred or assumed for the purpose of financing (or refinancing) all or any part of the cost of acquiring, repairing, improving, installing or designing such Property and permitted under Section 5.5(d) or Section 5.5(v); *provided* that (i) any such Lien attaches to such Property concurrently with or within 90 days after such incurrence or assumption, (ii) such Lien attaches solely to the Property so acquired, repaired, improved, subject to installation or designed and the proceeds thereof, and (iii) the principal amount of the debt secured thereby (excluding any increase in principal as a result of interest paid in kind and capitalized interest) does not exceed 100% of the cost of such Property; *provided* that, in each case, individual financings provided by one such lender or lessor (other than lessors of real property) may be cross-collateralized to other outstanding financings provided by such purchase money lender or lessor (or their respective affiliates);

(i) Liens securing Capital Lease Obligations permitted under Section 5.5(d) or Section 5.5(v);

(j) any interest or title of a lessor, sublessor, licensor or sublicensor under any lease, sublease, license or sublicense permitted by this Agreement (other than Capital Lease Obligations) and all encumbrances and Liens on the title of any lessor or sublessor thereof;

(k) Liens arising from the filing of precautionary UCC financing statements with respect to any lease, license, sublease or sublicense permitted by this Agreement or any consignment of goods;

(l) non-exclusive licenses and sublicenses (or grant of any other right with respect to Intellectual Property) granted by a Credit Party or any Subsidiary of a Credit Party and leases or subleases (by a Credit Party or any Subsidiary of a Credit Party as lessor or sublessor) to third parties that, in the reasonable business judgment of a Credit Party or any Subsidiary of a Credit Party, is not materially interfering with the business of the Credit Parties or any of their Subsidiaries;

(m) Liens in favor of collecting banks arising by operation of law;

(n) Liens (including the right of set-off) in favor of a bank or other depository institution (i) arising as a matter of law or pursuant to customary deposit account agreements and other similar agreements, in each case, encumbering deposits, (ii) on cash deposits to secure ACH/EDI transactions in the ordinary course of business and (iii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business;

(o) Liens arising out of consignment, conditional sale or similar arrangements for the sale of goods entered into in the ordinary course of business;

(p) Liens in favor of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods;

(q) [reserved];

(r) Liens consisting of an agreement to dispose of any property in a disposition permitted by Section 5.2, solely to the extent such permitted disposition would have been permitted on the date of the creation of such Lien;

(s) [reserved];

(t) ground leases in respect of real property on which facilities owned or leased by any Credit Party or any Subsidiary of a Credit Party are located;

(u) Liens on insurance proceeds and the unearned portion of insurance premiums incurred in the ordinary course of business in connection with the financing of insurance premiums;

(v) [reserved];

(w) [reserved];

(x) Liens consisting of earnest money deposits of cash or Cash Equivalents made by any Credit Party or any Subsidiary of a Credit Party in connection with any letter of intent or purchase agreement with respect to an Acquisition or other Investment or other transition permitted hereunder;

(y) Liens consisting of customary security deposits under operating leases entered into by the Borrower or a Subsidiary of the Borrower in the ordinary course of business;

(z) Liens on property of a Person existing at the time such Person is acquired in an Acquisition or other Investment permitted hereunder or merged with or into or consolidated or amalgamated with the Borrower or any of its Subsidiaries (and not created in anticipation or contemplation thereof) in a transaction permitted under this Agreement, and any modification, replacement, renewal or extension thereof; *provided* that such Liens do not extend to property not subject to such Liens at the time of such Acquisition, Investment, merger, consolidated or amalgamation (other than improvements thereon);

(aa) Liens on, or rights of setoff against, credit balances (or other amounts owing by such credit or debit card issuers or credit or debit card processors to any) of the Credit Parties or any of their Subsidiaries in favor of credit or debit card issuers or credit or debit card processors in the ordinary course of business to secure the obligations of the Credit Parties or any of their Subsidiaries to such credit or debit card issuers and credit or debit card processors as a result of fees or chargebacks;

(bb) [reserved];

(cc) Liens that are contractual rights of set-off relating to purchase orders and other agreements entered into with customers in the ordinary course of business;

(dd) [reserved];

(ee) Liens securing Indebtedness or other obligations in an aggregate amount not to exceed $2,000,000 at any time outstanding;

(ff) Liens securing Indebtedness permitted by Section 5.5(t) so long as the relevant primary Indebtedness is also secured by Liens otherwise constituting Permitted Liens; and

(gg) Liens on the Collateral securing Indebtedness incurred pursuant to Section 5.5(ff); *provided* that such Liens are at all times subject to a customary intercreditor agreement reasonably satisfactory to the Agent providing for the subordination of such Liens to the Liens on the Collateral securing the Obligations.

5.2 Disposition of Assets. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any Property (including the Stock of any Subsidiary of any Credit Party, whether in a public or private offering or otherwise, and accounts and notes receivable, with or without recourse), except:

(a) (i) dispositions of Inventory, (ii) dispositions of worn out, obsolete or surplus personal property, or any property no longer useful in the conduct of the business of the Credit Parties and their Subsidiaries and (iii) any abandonment, cancellation or lapse of any Intellectual Property that is both (x) not material and (y) no longer commercially practicable, necessary or desirable to maintain or useful in the conduct of the business of the Credit Parties and their Subsidiaries;

(b) dispositions not otherwise permitted hereunder which are made for fair market value and the mandatory prepayment in the amount of the Net Proceeds of such disposition is made if and to the extent required by Section 1.8(c); *provided* that (i) at the time of any disposition, no Event of Default shall exist or shall result from such disposition, and (ii) to the extent the purchase price therefor is in excess of $1,000,000, 100% of the aggregate sales price from such disposition shall be paid in cash or Cash Equivalents (or marketable securities or other Property that is converted to cash or Cash Equivalents within 45 days of receipt thereof);

(c) (i) dispositions of cash and Cash Equivalents; *provided* that for the avoidance of doubt, this clause (c) shall not independently permit any Investment, any transaction with any Affiliate, or any Restricted Payment which is otherwise prohibited hereunder by Sections 5.4, 5.6 or 5.7 and (ii) conversions of Cash Equivalents into cash or other Cash Equivalents;

(d) transactions permitted under Section 5.1, 5.3, 5.7 or 5.13;

(e) dispositions of Property to the extent that (i) such Property is exchanged for credit against the purchase price of similar replacement Property or (ii) the proceeds of such disposition are promptly applied to the purchase price of such replacement Property;

(f) sales, discounting or forgiveness of Accounts in the ordinary course of business or in connection with the collection or compromise thereof;

(g) [reserved];

(h) leases, subleases, licenses or sublicenses (including the provision of software under an open source license), in each case in the ordinary course of business;

(i) [reserved];

(j) any disposition by any Credit Party to any other Credit Party;

(k) [reserved];

(l) [reserved];

(m) the termination or unwinding of any Rate Contract with a net termination value payable by a Credit Party or any Subsidiary of a Credit Party not in excess of $1,000,000;

(n) dispositions as a direct result of an Event of Loss and the disposition of Property damaged as a result thereof; *provided* that the Net Proceeds of such dispositions are applied pursuant to Section 1.8(c) to the extent required thereby;

(o) [reserved];

(p) dispositions made in order to comply with an order of any Governmental Authority or any applicable Requirement of Law not to exceed $5,000,000 during the term of this Agreement; and

(q) dispositions not otherwise permitted hereunder in an aggregate amount not to exceed $5,000,000 for all such transactions during the term of this Agreement.

5.3 Fundamental Changes. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except (1) any Credit Party (other than Holdings) may merge with or dissolve or liquidate into any other Credit Party; *provided*, that if the Borrower is a party to such transaction, the Borrower shall be the surviving or continuing entity of such transaction, (2) any Subsidiary of any Credit Party may merge with, or dissolve or liquidate into, any Credit Party; *provided* that a Credit Party shall be the continuing or surviving entity of such transaction, and (3) to effectuate a transaction by the Borrower or any Subsidiary permitted by Section 5.2 or 5.4; *provided* that in any such transaction involving the Borrower, the Borrower shall be the continuing or surviving entity. Notwithstanding the foregoing, if any of the foregoing events in clauses (1) through (3) results in the occurrence of (i) a change in the jurisdiction of organization of any Credit Party or (ii) a change in the organizational identification number, if any, or corporation, limited liability company, partnership or other organizational structure of any Credit Party to such an extent that any financing statement filed in connection with this Agreement would become misleading or (iii) any change in any Credit Party's legal name, then the Borrower shall provide notice to the Agent within five Business Days (or such longer period as may be agreed by the Agent) of the occurrence of any of the events described in clauses (i) through (iii).

5.4 Loans and Investments. No Credit Party shall and no Credit Party shall suffer or permit any of its Subsidiaries to (i) purchase or acquire any Stock or Stock Equivalents, or any debt instruments or other debt securities of, or any equity interest in, another Person or (ii) make any Acquisitions, or any other acquisition of all or substantially all of the assets of another Person, or of any business or division of any Person, including without limitation, by way of merger, consolidation or other combination or (iii) make or purchase any advance, loan, extension of credit or capital contribution to another Person including the Borrower, any Affiliate of the Borrower or any Subsidiary of the Borrower (the items described in clauses (i), (ii) and (iii) are referred to as "**Investments**") except for:

(a) Investments in cash and Cash Equivalents;

(b) Investments by (i) Holdings in Credit Parties and (ii) any Credit Party (other than Holdings) to or in any other Credit Party (other than Holdings);

(c) loans and advances to officers, directors, managers, employees, members of management and consultants of Holdings and its Subsidiaries in an aggregate principal amount, together with the aggregate principal amount of any loans and advances then outstanding pursuant to clause (f) of this Section 5.4, not to exceed $1,000,000 at any time outstanding;

(d) Investments received as the non-cash portion of consideration received in connection with transactions permitted pursuant to Section 5.2(b);

(e) Investments accepted (in the reasonable business judgment of the applicable Credit Party) in connection with the settlement or enforcement of delinquent Accounts or disputes with suppliers or customers or in connection with the bankruptcy, insolvency or reorganization of suppliers or customers or upon the foreclosure or enforcement of any Lien in favor of a Credit Party or any Subsidiary of a Credit Party;

(f) (i) Investments consisting of non-cash loans made to officers, directors, managers, employees and consultants of a Credit Party or its Subsidiaries which are used by such Persons to purchase simultaneously Stock or Stock Equivalents of Holdings or a direct or indirect parent thereof and (ii) cash loans and advances to officers, directors, employees, members of management and consultants of Holdings and its Subsidiaries to fund purchases of Stock or Stock Equivalents of Holdings (or its direct or indirect parent entities), *provided* that the loans and advances pursuant to this clause (f), together with the aggregate principal amount of any loans and advances then outstanding pursuant to clause (c) of this Section 5.4, shall not exceed $1,000,000 in aggregate principal amount at any one time outstanding;

(g) Investments existing on the Closing Date and set forth on Schedule 5.4 and any modification, replacement, renewal or extension thereof; *provided* that the amount of the original Investment is not increased except by the terms of such Investment or as otherwise permitted by this Section;

(h) Permitted Acquisitions;

(i) advances to suppliers and service providers in the ordinary course of business; *provided* that, with respect to any such advance to an Affiliate, such advance shall be subject to Section 5.6;

(j) Investments consisting of endorsements for collection or deposit;

(k) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors;

(l) [reserved];

(m) (i) Investments in deposit accounts maintained in the ordinary course of business and (ii) Investments relative to Indebtedness permitted under Section 5.5(1);

(n) deposits of cash made in the ordinary course of business to secure performance of (i) operating leases and (ii) other contractual obligations other than in respect of Indebtedness for borrowed money (including, without limitation, utility services, reimbursement obligations with respect to letters of credit, surety bonds and performance bonds);

(o) Investments held by a Person acquired in a Permitted Acquisition or other Acquisition permitted hereunder, to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition or other Acquisition and were in existence on the date of such Permitted Acquisition or other Acquisition;

(p) earnest money deposits, cash advances and escrows of property made in connection with any letter of intent or agreement to make an Investment not prohibited hereunder;

(q) Investments to the extent payment therefor is made substantially contemporaneously with the receipt of, and funded entirely with the, proceeds of the sale or issuance of Stock of, or an equity contribution to, Holdings; *provided*, to the extent such Investment is made in connection with an Acquisition, such Acquisition shall not be hostile;

(r) Parent Intercompany Advances to the extent any such Parent Intercompany Advance (i) is made in lieu of a Restricted Payment permitted pursuant to an applicable basket in Section 5.7, (ii) if made as a Restricted Payment, would be permitted pursuant to Section 5.7, and (iii) when made, reduces on a dollar for dollar basis the availability to make Restricted Payments under the applicable basket in Section 5.7;

(s) Investments in Rate Contracts entered into for bona fide hedging purposes and not for speculation;

(t) Investments in an aggregate amount at any time outstanding not to exceed $1,000,000;

(u) [reserved];

(v) Investments consisting of (i) guarantees constituting Indebtedness that are incurred in accordance with Section 5.5 and (ii) guarantees not constituting Indebtedness that are provided in the ordinary course of business;

(w) [reserved]; and

(x) Investments using the Available Amount, *provided* that as of the date such Investment is made, the amount of such Investment does not exceed the Available Amount as of such date and no Event of Default has occurred and is continuing or would result immediately thereafter therefrom;

provided, for purposes of this Section 5.4, that the amount of any Investments (other than Permitted Acquisitions) shall be determined net of all actual after-Tax cash returns on such Investments, whether as principal, interest, dividends, distributions, proceeds or otherwise, to the extent not so included in the determination of the Available Amount.

5.5 Limitation on Indebtedness. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, create, incur, assume, permit to exist, or otherwise become or remain liable with respect to, any Indebtedness, except:

(a) Indebtedness constituting the Obligations;

(b) Indebtedness of the Credit Parties and their respective Subsidiaries of the type described in clause (h) of the definition of Indebtedness in respect of Indebtedness of a Credit Party or Subsidiary of a Credit Party otherwise permitted hereunder; *provided* that, if the Indebtedness being Guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Obligations on terms at least as favorable to the Agent and the Lenders as those contained in the subordination of such Indebtedness;

(c) Indebtedness existing on the Closing Date and set forth in Schedule 5.5 and Permitted Refinancings thereof;

(d) Indebtedness in an aggregate principal amount at any time outstanding not to exceed $4,000,000, consisting of (i) Indebtedness incurred for the purpose of financing (or refinancing) all or any part of the cost of acquiring, repairing, improving, installing or designing Property, and Capital Lease Obligations and Indebtedness secured by Liens permitted by Section 5.1(h) and (ii) Permitted Refinancings thereof;

(e) unsecured intercompany Indebtedness to the extent the corresponding Investment is permitted pursuant to Section 5.4;

(f) [reserved];

(g) [reserved];

(h) to the extent constituting Indebtedness, deferred compensation and similar obligations to current and former officers, directors, managers, employees and consultants of the Credit Parties and their Subsidiaries incurred in the ordinary course of business in an aggregate principal amount not to exceed $1,000,000 at any time outstanding;

(i) to the extent constituting Indebtedness, obligations with respect to cash management services and other Indebtedness in respect of netting services, overdraft protections and similar arrangements, in each case in connection with deposit accounts;

(j) [reserved];

(k) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;

(l) (i) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument or payment item drawn against insufficient funds in the ordinary course of business and (ii) Indebtedness consisting of endorsements for collection or deposit in the ordinary course of business;

(m) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or guarantees or letters of credit, surety bonds or performance bonds securing any obligations of any of the Credit Parties and their Subsidiaries pursuant to such agreements, in any case incurred in connection with the disposition of any business, assets or Stock of any of the Credit Parties and their Subsidiaries (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Stock of any of the Credit Parties and their Subsidiaries for the purpose of financing such acquisition) or any Investment or Permitted Acquisition otherwise permitted hereunder;

(n) Indebtedness which may exist or be deemed to exist pursuant to or in connection with statutory, surety, stay, customs, appeal or similar bonds, completion guaranties or other similar obligations in the ordinary course of business;

(o) Indebtedness in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called “procurement cards” or “P-cards”) or other similar arrangements in the ordinary course of business, in an aggregate principal amount not to exceed $2,000,000 (plus the amount of any increase in principal resulting from interest paid in kind or capitalized interest) at any time;

(p) unsecured Indebtedness owing to current and former officers, directors, managers, employees and consultants (or any current or former spouses or domestic partners, family members, trusts or other estate planning vehicles or estates or heirs of any of the foregoing) incurred in connection with the repurchase or redemption of Stock that has been issued to such Persons, so long as the aggregate principal amount of all such Indebtedness outstanding at any one time does not exceed $1,000,000 (plus the amount of any increase in principal resulting from interest paid in kind or capitalized interest);

(q) unsecured Indebtedness and earnouts owing to sellers of assets or Stock to any of the Credit Parties and their Subsidiaries that is incurred in connection with the consummation of one or more Permitted Acquisitions or other Investments permitted hereunder so long as the aggregate principal amount of all such Indebtedness and earnouts at any one time outstanding do not exceed $5,000,000 (plus the amount of any increase in principal resulting from interest paid in kind or capitalized interest, in each case, in accordance with the subordination provisions applicable thereto), in each case subordinated in right of payment to the Obligations under the Loan Documents in a manner and pursuant to documentation reasonably satisfactory to the Agent and Permitted Refinancings thereof;

(r) [reserved];

(s) [reserved];

(t) [reserved];

(u) Indebtedness in an aggregate amount not to exceed $4,000,000 at any time outstanding owed to any landlord in connection with the financing by such landlord of leasehold improvements in the ordinary course of business;

(v) Indebtedness with a principal amount not exceeding $4,000,000 (plus the amount of any increase in principal resulting from interest paid in kind or capitalized interest, in each case, in respect of Indebtedness originally permitted to be incurred pursuant to this subsection (v)) in the aggregate at any time outstanding;

(w) [reserved];

(x) [reserved];

(y) [reserved];

(z) solely to the extent constituting Indebtedness, (i) unfunded pension fund and other employee benefit plan obligations and liabilities incurred in the ordinary course of business to the extent that they are permitted to remain unfunded under applicable Requirements of Law and (ii) Indebtedness incurred or created in the ordinary course of business in respect of workers' compensation claims, health, disability or other employee benefits, salary, wages or other compensation or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation claim, *provided* that such Indebtedness in clauses (i) and (ii) shall not exceed $1,000,000 in the aggregate outstanding at any one time;

(aa) [reserved];

(bb) [reserved];

(cc) Indebtedness consisting of any increase in the principal amount of any Indebtedness described in clauses (a) through (bb) of this Section 5.5 resulting from interest paid-in-kind or continuously capitalized interest;

(dd) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (cc) of this Section 5.5;

(ee) [reserved]; and

(ff) (i) Indebtedness incurred or assumed by any Credit Party or any Subsidiary of a Credit Party in a Permitted Acquisition or any other similar Investment permitted hereunder; *provided* that (w) no Event of Default has occurred and is continuing as of the date the definitive agreement for such Acquisition or Investment is executed, (x) if such Indebtedness is assumed, such Indebtedness shall not have been incurred in contemplation of such Acquisition or Investment, (y) the aggregate principal amount of all Indebtedness incurred or assumed under this clause (ff) at any one time outstanding shall not exceed $1,000,000 and (z) with respect to any such Indebtedness that is incurred, such Indebtedness (A) shall be unsecured or secured solely by Liens on the Collateral on a junior basis to the Obligations, and, to the extent so secured, the beneficiaries thereof (or an agent on their behalf) shall have entered into a customary intercreditor agreement reasonably satisfactory to the Agent providing for the subordination of the Liens securing such Indebtedness to the Liens on the Collateral securing the Obligations, (B) shall not mature

or have scheduled amortization prior to the date that is 91 days after Latest Maturity Date, (C) shall not have mandatory prepayment, redemption or offer to purchase events more onerous than those set forth in this Agreement, (D) shall be on terms no more restrictive (taken as a whole) to the Credit Parties than the Loan Documents (except to the extent (1) a substantially similar change is made to the Loan Documents or (2) such terms are applicable only to periods after the Latest Maturity Date at the time of incurrence of such Indebtedness) and (E) if such Indebtedness is subordinated in right of payment to the Obligations, the subordination provisions thereof shall be reasonably satisfactory to the Agent and (ii) any Permitted Refinancing thereof; *provided* that, with respect to any Indebtedness incurred (but not, for the avoidance of doubt, assumed) under this clause (ff), any such Permitted Refinancing thereof shall in any event satisfy the terms of sub-clauses (z)(A), (z)(B), (z)(C), (z)(D) and (z)(E) above.

5.6 Transactions with Affiliates. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, enter into any transaction with any Affiliate involving aggregate consideration in excess of $500,000 for any transaction or series of related transactions, except:

(a) transactions with Affiliates otherwise permitted by this Agreement (including without limitation the Transactions);

(b) transactions of the type described on Schedule 5.6;

(c) transactions between or among Credit Parties;

(d) employment and severance arrangements between the Credit Parties and their Subsidiaries and their respective directors, managers, officers and employees and transactions pursuant to stock option plans and employee benefit plans and similar arrangements in the ordinary course of business;

(e) the payment of customary fees, compensation, and reimbursement of reasonable out-of-pocket costs to, and indemnities provided on behalf of, directors, managers, officers, employees and consultants of Holdings (or any direct or indirect parent company of Holdings), the Borrower or its Subsidiaries in the ordinary course of business to the extent attributable to the operation of, or actual services rendered to, the Credit Parties and their Subsidiaries (including, without limitation, payment of directors' fees and reimbursement of actual out-of-pocket expenses incurred in connection with attending board of director meetings and related actual out-of-pocket costs and expenses);

(f) upon fair and reasonable terms no less favorable to such Credit Party or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of such Credit Party or such Subsidiary;

(g) [reserved];

(h) [reserved];

(i) any transaction with an Affiliate where the only consideration paid by any Credit Party is Qualified Stock of Holdings;

(j) (x) payment of or reimbursement for indemnification claims and reimbursement for reasonable, documented out-of-pocket costs and expenses to, the Sponsor or its Affiliates pursuant to or in connection with services rendered pursuant to the Management Agreement and (y) so long as no Default or Event of Default has occurred and is continuing, payment of fees to Sponsor or its Affiliates pursuant to the Management Agreement; *provided* that, with respect to this clause (y), any fees the payment of which are blocked pursuant to this clause (y) may be paid upon the cure or waiver of such Default or Event of Default; and

(k) issuance of Stock and Stock Equivalents by Holdings.

5.7 Restricted Payments. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, (i) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any of its Stock or Stock Equivalents, (ii) purchase, redeem or otherwise acquire for value any of its Stock or Stock Equivalents now or hereafter outstanding or (iii) make any payment or prepayment of principal of, premium, if any, interest, fees, redemption, exchange, purchase, retirement, defeasance, sinking fund or similar payment with respect to, Junior Indebtedness (the items described in clauses (i), (ii) and (iii) above are referred to as "**Restricted Payments**") except that any Subsidiary of the Borrower may make Restricted Payments to the Borrower and any Subsidiary of the Borrower, and except that:

(a) the Credit Parties and their Subsidiaries may declare and make dividend payments or other distributions payable solely in their respective Stock or Stock Equivalents;

(b) the Credit Parties and their Subsidiaries may make (and may make distributions to Holdings or any direct or indirect parent of Holdings to permit Holdings or such parent to make), and Holdings may use cash on hand to make, payments and distributions to current and former officers, directors, managers, employees and consultants (or any current or former spouses or domestic partners, family members, trusts or other estate planning vehicles or estates or heirs of any of the foregoing) of any of the Credit Parties (or any direct or indirect parent thereof) and their Subsidiaries (i) on account of redemptions of Stock and Stock Equivalents held by such Persons and (ii) in the form of forgiveness of Indebtedness of such Persons on account of purchases of Stock and Stock Equivalents held by such Persons; *provided* that both of the following conditions are satisfied:

(i) no Event of Default has occurred and is continuing or would arise as a result of such Restricted Payment; and

(ii) the sum of the aggregate amount of any such cash redemptions pursuant to this clause (b) does not exceed $1,000,000 during any Fiscal Year;

(c) (i) the Credit Parties and their Subsidiaries may make payments to or on behalf of Holdings (and any entity that owns directly or indirectly 100% of the equity interests in Holdings) in an amount sufficient to permit Holdings (or such other entity, as applicable) to pay its licensing fees, franchise Taxes and other similar fees, Taxes and expenses, in each case, incurred in the ordinary course of business to maintain its legal existence and, without duplication, (ii) in the event any of the Credit Parties or their Subsidiaries file a consolidated, combined, unitary or similar income Tax return with Holdings (or any other direct or indirect parent of any of the Credit Parties and their Subsidiaries), or in the event any of the Credit Parties or their Subsidiaries is disregarded as an entity separate from Holdings (or any other direct or indirect parent of any of the Credit Parties and their Subsidiaries) for purposes of any income Tax return of Holdings (or such other direct or indirect parent, as applicable), such Credit Parties and/or such Subsidiaries may make payments to or on behalf of Holdings (or such other direct or indirect parent, as applicable) to permit the payment of income Taxes then due and payable in respect of such Tax return; *provided* that the aggregate amount of all such payments permitted by this clause (ii) shall not exceed the amount of such Taxes attributable to the Credit Parties or their Subsidiaries, calculated as if such Credit Parties and Subsidiaries were classified as corporations for U.S. federal income Tax purposes paying taxes as a stand-alone taxpayer or a stand-alone group;

(d) payments to or on behalf of any direct or indirect parent of any of the Credit Parties and their Subsidiaries may be made to permit such direct or indirect parent to make payments that would then be permitted to be made by the Credit Parties in accordance with Section 5.6(j); *provided* that such payments shall be made in lieu of, and not in addition to, such payments pursuant to Section 5.6(j);

(e) payments by the Credit Parties and their Subsidiaries to or on behalf of any direct or indirect parent entities may be made in an amount sufficient to pay out-of-pocket legal, administrative, accounting and filing costs and other expenses in the nature of overhead in the ordinary course of business of such direct or indirect parent entities; *provided*, the aggregate amount of such Restricted Payments does not exceed $1,500,000 in the aggregate in any Fiscal Year;

(f) the declaration and payment of the Special Dividend; *provided* that at the time of and after giving effect thereto, no Event of Default under Section 7.1(a), Section 7.1(f) or Section 7.1(g) shall have occurred and be continuing;

(g) the Borrower may make distributions to Holdings which are immediately used by Holdings (or paid by Holdings to permit any direct or indirect parent entities of Holdings) to make cash payments in lieu of issuing fractional shares of Stock of Holdings (or any direct or indirect parent entities of Holdings), in an aggregate amount for such distributions to Holdings not to exceed $1,000,000;

(h) the Borrower may make distributions to Holdings which are immediately used by Holdings to finance any Investment otherwise specifically permitted to be made by the Borrower or any of its Subsidiaries pursuant to Section 5.4; *provided* that (i) such distribution shall be made substantially concurrently with the closing of such Investment

and (ii) Holdings shall, immediately following the closing thereof, cause (A) all property acquired (whether assets or capital stock) to be contributed to the Borrower or one of its Subsidiaries or (B) the merger (to the extent specifically permitted herein) of the Person formed or acquired into the Borrower or a Credit Party other than Holdings in order to consummate such Permitted Acquisition;

(i) [reserved];

(j) [reserved];

(k) [reserved];

(l) Restricted Payments payable solely in Qualified Stock and Stock Equivalents in respect of Qualified Stock may be made; and

(m) so long as no Event of Default has occurred and is continuing or would result immediately thereafter therefrom, Restricted Payments in respect of Junior Indebtedness constituting (i) regularly scheduled interest payments (including, without limitation, noncash payments of interest in kind or otherwise through additions to principal and payments due at maturity) and payment of fees, expenses and indemnification obligations, (ii) Permitted Refinancings and (iii) payments with, or conversions to, common Stock or Qualified Stock (or Stock of any direct or indirect parent entities of Holdings).

5.8 Change in Business. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, engage in any line of business substantially different from those lines of business carried on by it on the Closing Date, other than lines of business ancillary thereto and reasonable extensions of such lines of business.

5.9 Amendments to Organization Documents. Except as expressly permitted under Section 5.3, no Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, amend any of its Organization Documents in any manner that could reasonably be expected to materially adversely affect the interests of the Agent or any Lender in their capacities as such; *provided* that, for the avoidance of doubt, it is expressly understood and agreed that the conversion of any of the Credit Parties to or from a corporation or to or from a limited liability company upon written notice to the Agent of such conversion within five (5) Business Days (or such longer period as may be determined by the Agent in its sole discretion) following such conversion shall be deemed not to be materially adverse to the interests of the Agent or the Lenders.

5.10 Changes in Fiscal Year. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, change the Fiscal Year or method for determining Fiscal Quarters of any Credit Party (other than to conform to that of Holdings).

5.11 Amendments to Junior Indebtedness. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, change or amend the terms of any (i) Junior Indebtedness except to the extent not prohibited by any subordination agreement or other terms of any subordination applicable thereto, or (ii) any Junior Indebtedness incurred under Section 5.5(ff) (excluding, for the avoidance of doubt, Indebtedness assumed in a Permitted Acquisition or any

other similar Investment permitted thereunder) not subject to a subordination agreement, in each case under this clause (ii), if the effect of such change or amendment to such Junior Indebtedness is that the Junior Indebtedness would not satisfy sub-clauses (A) through (E) of clause (z) of the first proviso to Section 5.5(ff).

5.12 No Negative Pledges. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, (i) create or otherwise cause or suffer to exist or become effective any consensual restriction or encumbrance of any kind on the ability of any Credit Party or Subsidiary of a Credit Party to pay dividends or make any other distribution on any of such Credit Party's or Subsidiary's Stock or Stock Equivalents or to pay fees, including management fees, or make other payments and distributions to the Borrower or any other Credit Party or (ii) enter into, assume or become subject to any Contractual Obligation prohibiting or otherwise restricting the existence of any Lien upon any of its assets in favor of the Agent, whether now owned or hereafter acquired, except, in the case of clauses (i) and (ii), the following: (1) this Agreement and the other Loan Documents, (2) in connection with any document or instrument governing Liens permitted pursuant to Sections 5.1(a), 5.1(h), 5.1(i), 5.1(r), 5.1(s), 5.1(x), 5.1(y), 5.1(z), 5.1(aa), or 5.1(ee), *provided* that any such restriction contained therein relates only to the asset or assets subject to such permitted Liens, (3) any other agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Loan Documents on any Collateral securing the Obligations and does not require the direct or indirect granting of any Lien securing any Indebtedness or other obligation by virtue of the granting of Liens on or pledge of property of any Credit Party to secure the Obligations or (4) any prohibition or limitation that (a) exists pursuant to applicable Requirements of Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the disposition of any property permitted under Section 5.2 pending the consummation of such disposition, (c) restricts subletting or assignment of any lease governing a leasehold interest of a Credit Party or (d) is imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (3); *provided* that such amendments and refinancings are no more materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

Notwithstanding the foregoing, this Section 5.12 shall not prohibit restrictions, encumbrances, and prohibitions existing under or by reason of (i) Requirements of Law, (ii) this Agreement and the other Loan Documents, (iii) [reserved], (iv) [reserved], (v) [reserved], (vi) the documentation for any Indebtedness permitted under Section 5.5(d), 5.5(q) or 5.5(v), (vii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of a Credit Party, (viii) customary provisions restricting assignment of any agreement entered into in the ordinary course of business, (ix) any holder of a Permitted Lien restricting the transfer or assignment of the property subject thereto, (x) customary restrictions and conditions contained in any agreement relating to a disposition permitted by Section 5.2 pending the consummation of such disposition, (xi) any obligations binding on a Credit Party or a Subsidiary of a Credit Party (other than Holdings and the Borrower) at the time such Person becomes a Credit Party or Subsidiary of a Credit Party, so long as such obligations were not entered into in contemplation of such Person becoming a Credit Party or Subsidiary of a Credit Party, (xii) customary provisions in partnership agreements, limited liability company agreements and other Organization Documents, joint venture agreements, asset sale and stock sale agreements and other similar agreements, leases, subleases, licenses and sublicenses entered into in the ordinary course of business that restrict the transfer of

ownership interests in such partnership, limited liability company or similar Person, (xiii) restrictions on cash or other deposits or net worth imposed by suppliers or landlords under contracts entered into in the ordinary course of business, (xiv) any instrument governing Indebtedness assumed in connection with any Permitted Acquisition or other Investment permitted hereunder, which encumbrance or restriction is not applicable to any Person, or the properties of any Person, other than the Person or the properties of the Person so acquired or the properties so acquired, (xv) documentation existing as of the Closing Date and listed on Schedule 5.12 or (xvi) any encumbrances or restrictions imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clauses (iii), (iv), (v), (ix) or (xiv) above; *provided* that such amendments or refinancings are no more materially restrictive with respect to such encumbrances and restrictions than those prior to such amendment or refinancing.

5.13 Subsidiaries. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, create or acquire any Subsidiary except for (a) the creation of a Wholly-Owned Domestic Subsidiary that becomes a Credit Party in accordance with Section 4.13 and (b) the acquisition of the Target in a Permitted Acquisition that becomes a Credit Party in accordance with Section 4.13.

5.14 Capital Expenditures. The Credit Parties shall not, nor shall they permit their respective Subsidiaries to, permit the aggregate amount of Capital Expenditures made by Holdings and its Subsidiaries in any Fiscal Year (commencing with the fiscal year ending on or about December 31, 2017) to exceed $5,000,000; *provided* that the amount of such permitted Capital Expenditures in respect of any fiscal year commencing with the Fiscal Year ending on or about December 31, 2018, shall be increased by the amount of unused permitted Capital Expenditures for the immediately preceding Fiscal Year, with Capital Expenditures made in any Fiscal Year being deemed to utilize such carried-forward amounts prior to utilizing amounts in respect of such Fiscal Year; *provided*, *further*, that the aggregate unused amount carried forward in respect of any prior Fiscal Year shall not exceed $2,500,000.

ARTICLE VI

FINANCIAL COVENANT

Each Credit Party covenants and agrees that until Payment in Full:

6.1 Consolidated Total Net Leverage Ratio. The Credit Parties shall not permit the Consolidated Total Net Leverage Ratio as of the last day of any four Fiscal Quarter period ending on a date set forth below to be greater than the ratio set forth in the table below opposite such date:

Date	Maximum Consolidated Net Leverage Ratio
September 30, 2017	3.50 to 1.00
December 31, 2017	3.50 to 1.00
March 31, 2018	3.50 to 1.00
June 30, 2018	3.50 to 1.00
September 30, 2018	3.25 to 1.00

Date	Maximum Consolidated Net Leverage Ratio
December 31, 2018	3.00 to 1.00
March 31, 2019	3.00 to 1.00
June 30, 2019	2.75 to 1.00
September 30, 2019	2.50 to 1.00
December 31, 2019	2.50 to 1.00
March 31, 2020	2.25 to 1.00
June 30, 2020 and thereafter	2.00 to 1.00

6.2 [Reserved]

6.3 Equity Cure

(a) In the event the Credit Parties fail to comply with the Financial Covenant as of the last day of any Fiscal Quarter, any cash equity contribution to the Borrower (funded with proceeds of common equity issued by Holdings or Qualified Stock (or other equity issued by Holdings having terms reasonably acceptable to the Agent) made after the date on which financial statements are required to be delivered for such Fiscal Quarter and on or prior to the day that is ten (10) Business Days after the day on which financial statements are required to be delivered for such Fiscal Quarter (the "**Anticipated Cure Deadline**") will, at the irrevocable election of the Borrower as of the date such proceeds are received by the Borrower and used to prepay Loans in accordance with Section 1.8(d)(ii), be included in the calculation of Consolidated EBITDA solely for the purposes of determining compliance with the Financial Covenant at the end of such Fiscal Quarter and any subsequent period that includes such Fiscal Quarter (any such equity contribution so included in the calculation of Consolidated EBITDA, a "**Specified Equity Contribution**").

(b) If, after giving effect to the Specified Equity Contribution, the Credit Parties shall then be in compliance with the Financial Covenant, the Credit Parties shall be deemed to have satisfied the Financial Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of such covenants that had occurred shall be deemed cured for this purposes of this Agreement.

(c) Upon receipt by the Agent of written notice from the Borrower on or prior to the Anticipated Cure Deadline of its intent to effectuate a Specified Equity Contribution in respect of such Fiscal Quarter until the day that is fifteen (15) Business Days after the day on which financial statements are required to be delivered for such Fiscal Quarter, notwithstanding any other provision of this Agreement or any other Loan Document, neither the Agent nor any Lender shall have any right to accelerate any Loans held by them or to exercise any other rights or remedies available under the Loan Documents or applicable law against the Collateral (including, without limitation, any right to foreclose on or take possession of Collateral) solely on the basis of an allegation of an Event of Default having occurred and being continuing under Section 7.1 due to failure by the Credit Parties to comply with the Financial Covenant, unless such failure is not cured pursuant to the Specified Equity Contribution on or prior to the Anticipated Cure Deadline; it being understood and agreed that there shall be no Borrowings of Revolving Loans permitted or Letters of Credit issued or received hereunder until the Specified Equity Contribution has actually been received by the Borrower.

(d) Notwithstanding anything herein to the contrary, (i) a Specified Equity Contribution may not be made in any two consecutive Fiscal Quarters, (ii) the amount of any Specified Equity Contribution will be no greater than the amount required to cause the Credit Parties to be in compliance with the Financial Covenant, (iii) all Specified Equity Contributions will be counted solely for purposes of the calculation of Consolidated EBITDA as it relates to the Financial Covenant and shall not be included for all other purposes, including calculating basket levels, pricing and other items governed by reference to Consolidated EBITDA, (iv) there shall be no more than four Specified Equity Contributions made in the aggregate after the Closing Date and (v) any Loans prepaid with the proceeds of Specified Equity Contributions shall be deemed outstanding solely for purposes of determining compliance with the Financial Covenant for such current Fiscal Quarter most recently ended (for the avoidance of doubt, such amount prepaid shall not be deemed outstanding for any subsequent Fiscal Quarter).

ARTICLE VII

EVENTS OF DEFAULT

7.1 Event of Default. Any of the following shall constitute an "**Event of Default**":

(a) Non-Payment. Any Credit Party fails (i) to pay when and as required to be paid herein, any amount of principal of any Loan, including after maturity of the Loans, (ii) to pay within three (3) Business Days after the date due, interest on any Loan, and any regularly scheduled fee or (iii) to pay within thirty (30) days after the date due, any other amount payable hereunder or pursuant to any other Loan Document;

(b) Representation or Warranty. Any representation, warranty or certification by or on behalf of any Credit Party or any of its Subsidiaries made herein, in any other Loan Document or in any certificate required to be delivered under this Agreement or any other Loan Document by such Person, or their respective Responsible Officers, in each case, shall prove to have been incorrect in any material respect (without duplication of other materiality qualifiers contained therein) on or as of the date made;

(c) Specific Defaults. Any Credit Party fails to perform or observe any term, covenant or agreement contained in any of (i) Section 4.3(a), Section 4.4(a) (solely with respect to the Borrower), Section 4.10, Article V or Article VI hereof (*provided* that (x) an Event of Default under Section 4.3(a) shall be cured upon the cure of the underlying Default with respect to which notice was required to have been delivered and (y) an Event of Default under Section 6.1 is subject to cure pursuant to Section 6.3) or (ii) Section 4.1, Section 4.2 (other than Section 4.2(e) or Section 4.2(f)), Section 4.3 (other than Section 4.3(a)), Section 4.4(a) (other than with respect to the Borrower) or Section 4.6 and such failure shall continue unremedied for a period of five (5) Business Days after the earlier of (x) the date upon which written notice thereof is given to the Borrower by the Agent or Required Lender or (y) the date on which any Responsible Officer of a Credit Party has knowledge of such failure;

(d) Other Defaults. Any Credit Party fails to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the date upon which written notice thereof is given to the Borrower by the Agent or Required Lenders;

(e) Cross-Default. Any Credit Party or any Subsidiary of any Credit Party (A) fails to make any payment in respect of any Indebtedness (other than (x) Indebtedness owing by any Credit Party or such Subsidiary to any other Credit Party or any of their Subsidiaries and (y) the Obligations) having an aggregate outstanding principal amount of more than $5,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) (it being understood and agreed that, for the avoidance of doubt, separate tranches of debt documented under a single credit agreement, loan agreement or other similar agreement shall be treated as a single facility) and such failure continues unremedied after the applicable grace or notice period, if any, specified in the document relating thereto on the date of such failure; or (B) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness, if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity (other than as a result of the sale, transfer or other disposition (including, without limitation, as a result of a casualty or condemnation event or other Event of Loss) of an asset securing such Indebtedness) after giving effect to all applicable grace or notice periods (without regard to any subordination terms with respect thereto);

(f) Insolvency; Voluntary Proceedings. Holdings, the Borrower or any Subsidiary: (i) commences any Insolvency Proceeding with respect to itself; or (ii) takes any action to effectuate or authorize any of the foregoing;

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against Holdings, the Borrower or any Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of any such Person's Property, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, dismissed, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) Holdings, the Borrower or any Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) Holdings, the Borrower or any Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its Property or business;

(h) Monetary Judgments. One or more judgments, non-interlocutory orders, decrees or arbitration awards, in each case, for the payment of money, shall be entered against any one or more of the Credit Parties involving an amount of $5,000,000 or more (excluding amounts covered by (i) insurance to the extent the relevant independent third-party insurer has not denied coverage therefor in writing or (ii) other third-party indemnities), and the same shall remain undischarged, unsatisfied, unvacated, unstayed and unbounded pending appeal for a period of 60 consecutive days after the entry thereof;

(i) ERISA. Any ERISA Event occurs that, alone or together with any other ERISA Events that have occurred after the Closing Date, has resulted in, or would reasonably be expected to have, a Material Adverse Effect;

(j) Collateral. (i) Any guaranty or other material provision of any Loan Document shall for any reason (other than pursuant to the terms thereof or hereof) cease to be valid and binding on or enforceable against any Credit Party party thereto or any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or (ii) any Collateral Document shall for any reason (other than pursuant to the terms thereof or hereof) cease to create a valid, perfected, first-priority security interest in any material portion of the Collateral purported to be covered thereby or such security interest shall for any reason (other than (y) the failure of the Agent or any Lender to take any action within its control or (z) any such loss fully covered by a title insurance policy regarding real property owned in fee benefiting the Agent or the Secured Parties) cease to be a perfected (to the extent perfection is required pursuant to the terms thereof) security interest with the priority required thereby subject only to Permitted Liens (and the qualifications with respect to perfection set forth in the Loan Documents); and

(k) Change of Control. A Change of Control occurs.

7.2 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Agent may with the written consent of the Required Lenders and shall at the written request of the Required Lenders:

(a) declare all or any portion of any one or more of the Commitments of each Lender to make Loans or of the L/C Issuer to Issue Letters of Credit to be suspended or terminated, whereupon all or such portion of such Commitments shall forthwith be suspended or terminated;

(b) declare all or any portion of the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable; without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Credit Party; and/or

(c) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided, *however*, that upon the occurrence of any event specified in Section 7.1(f) or 7.1(g) above with respect to Holdings or the Borrower (in the case of clause (i) of Section 7.1(g) upon the expiration of the 60-day period mentioned therein), the obligation of each Lender to make Loans and the obligation of the L/C Issuer to Issue Letters of Credit shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent, any Lender or the L/C Issuer.

7.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

7.4 Cash Collateral for Letters of Credit. If an Event of Default has occurred and is continuing, this Agreement (or the Revolving Loan Commitment) shall be terminated for any reason or if otherwise required by the terms hereof, the Agent shall, upon written request of Required Revolving Lenders, demand (which demand shall be deemed to have been delivered automatically upon any acceleration of the Loans and other obligations hereunder pursuant to Section 7.2), and the Borrower shall thereupon deliver to the Agent, to be held for the benefit of the L/C Issuer, the Agent and the Lenders entitled thereto, an amount of cash equal to 103% of the undrawn face amount of the then outstanding Letters of Credit as additional collateral security for Obligations in respect of any outstanding Letter of Credit. The Agent may at any time apply any or all of such cash and cash collateral to the payment of any or all of the Credit Parties' Obligations in respect of any drawn Letters of Credit. Pending such application, the Agent may (but shall not be obligated to) invest the same in an interest-bearing account in the Agent's name, for the benefit of the L/C Issuer, the Agent and the Lenders entitled thereto, under which deposits are available for immediate withdrawal, at such bank or financial institution as the L/C Issuer and the Agent may, in their discretion, select. The remaining balance of the cash collateral will be returned to the Borrower upon the earlier of (x) such time as no Event of Default is then continuing and upon the request of the Borrower and (y) when all the Obligations have been Paid In Full.

ARTICLE VIII

AGENT

8.1 Appointment and Duties.

(a) Appointment of the Agent. Each Lender and each L/C Issuer hereby appoints Credit Suisse AG, Cayman Islands Branch (together with any successor Agent pursuant to Section 8.9), as the Agent hereunder and authorizes the Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf from any Credit Party, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to the Agent under such Loan Documents and (iii) exercise such powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, each Lender and each L/C Issuer hereby authorizes the Agent to enter into each Collateral Document and any intercreditor or subordination agreement contemplated hereby with respect to Indebtedness junior to the Obligations (x) entered into or effected in connection with the incurrence of Liens and Indebtedness incurred pursuant to Section 5.1 or Section 5.5 or (y) required or contemplated by Section 8.10) on behalf of and for the benefit of the Lenders and the other Secured Parties and agrees to be bound by the terms thereof.

(b) Duties as Collateral and Disbursing Agent. Without limiting the generality of clause (a) above, the Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders and L/C Issuers), and is hereby authorized, to (i) act as the disbursing and collecting agent for the Lenders and the L/C Issuers with respect to all payments and collections arising in connection with the Loan Documents (including in any proceeding described in Section 7.1(g) or any other bankruptcy, insolvency or similar proceeding), and each Person making any payment in connection with any Loan Document to any Secured Party is hereby authorized to make such payment to the Agent, (ii) file and prove claims and file other documents necessary or desirable to allow the claims of the Secured Parties with respect to any Obligation in any proceeding described in Section 7.1(f) or (g) or any other bankruptcy, insolvency or similar proceeding (but not to vote, consent or otherwise act on behalf of such Person), (iii) act as collateral agent for each Secured Party for purposes of the perfection of all Liens created by such agreements and all other purposes stated therein, (iv) manage, supervise and otherwise deal with the Collateral, (v) take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents, (vi) except as may be otherwise specified in any Loan Document, exercise all remedies given to the Agent and the other Secured Parties with respect to the Credit Parties and/or the Collateral, whether under the Loan Documents, applicable Requirements of Law or otherwise and (vii) execute any amendment, consent or waiver under the Loan Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; *provided, however*, that the Agent hereby appoints, authorizes and directs each Lender and L/C Issuer to act as collateral sub-agent for the Agent, the Lenders and the L/C Issuers for purposes of the perfection of all Liens with respect to the Collateral, including any deposit account maintained by a Credit Party with, and cash and Cash Equivalents held by, such Lender or L/C Issuer, and may further authorize and direct the Lenders and the L/C Issuers to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to the Agent, and each Lender and L/C Issuer hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed.

(c) Limited Duties. Under the Loan Documents, the Agent, in its capacity as such, (i) is acting solely on behalf of the Secured Parties (except to the limited extent provided in Section 1.4(b) with respect to the Register), with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Agent", the terms "agent", "Agent" and "collateral agent" and similar terms in any Loan Document to refer to the Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of or for any Lender, L/C Issuer or any other Person and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Secured Party, by accepting the benefits of the Loan Documents, hereby waives and agrees not to assert any claim against the Agent based on the roles, duties and legal relationships expressly disclaimed in clauses (i) through (iii) above.

8.2 Binding Effect. Each Secured Party, by accepting the benefits of the Loan Documents, agrees that (i) any action taken by the Agent or the Required Lenders (or, if expressly required hereby, a greater proportion of the Lenders) in accordance with the provisions of the Loan Documents, (ii) any action taken by the Agent in accordance with the terms of the Loan Documents in reliance upon the instructions of Required Lenders (or, where so required, such greater proportion of the Lenders) and (iii) the exercise by the Agent or the Required Lenders (or, where so required, such greater proportion of the Lenders) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

8.3 Use of Discretion.

(a) No Action without Instructions. The Agent shall not be required to exercise any discretion or take, or to omit to take, any action, including with respect to enforcement or collection, except any action it is required to take or omit to take (i) under any Loan Document or (ii) pursuant to instructions from the Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders).

(b) Right Not to Follow Certain Instructions. Notwithstanding clause (a) above, the Agent shall not be required to take, or to omit to take, any action (other than actions expressly required to be taken by the Agent under the Loan Documents) (i) unless, upon demand, the Agent receives an indemnification satisfactory to it from the Lenders (or, to the extent applicable and acceptable to the Agent, any other Person) against all Liabilities that, by reason of such action or omission, may be imposed on, incurred by or asserted against the Agent or any Related Person thereof or (ii) that is, in the opinion of the Agent or its counsel, contrary to any Loan Document or applicable Requirement of Law.

(c) Exclusive Right to Enforce Rights and Remedies. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Agent in accordance with the Loan Documents for the benefit of all the Lenders and the L/C Issuer; *provided* that the foregoing shall not prohibit (i) the Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as the Agent) hereunder and under the other Loan Documents, (ii) each L/C Issuer from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer) hereunder and under the other Loan Documents, (iii) any Lender from exercising setoff rights in accordance with Section 9.11 or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Credit Party under any bankruptcy or other debtor relief law; and *provided further* that if at any time there is no Person acting as the Agent hereunder and under the other Loan Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Agent pursuant to Section 7.2 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 9.11, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

8.4 Delegation of Rights and Duties. The Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-in-fact and any other Person (including any Secured Party). Any such Person shall benefit from this Article VIII to the extent provided by the Agent.

8.5 Reliance and Liability.

(a) The Agent may, without incurring any liability hereunder, (i) treat the payee of any Note as its holder until such Note has been assigned in accordance with Section 9.9, (ii) rely on the Register to the extent set forth in Section 1.4, (iii) consult with any of its Related Persons and, whether or not selected by it, any other advisors, accountants and other experts (including advisors to, and accountants and experts engaged by, any Credit Party) and (iv) rely and act upon any document and information (including those transmitted by Electronic Transmission) and any telephone message or conversation, in each case believed by it to be genuine and transmitted, signed or otherwise authenticated by the appropriate parties.

(b) None of the Agent and its Related Persons shall be liable for any action taken or omitted to be taken by any of them under or in connection with any Loan Document, and each Secured Party, Holdings, the Borrower and each other Credit Party party hereto from time to time hereby waives and shall not assert any right, claim or cause of action based thereon, except to the extent of liabilities resulting from the gross negligence, willful misconduct, bad faith of, or material breach of any of the Loan Documents by the Agent or, as the case may be, such Related Person (each as determined in a final, non-appealable judgment by a court of competent jurisdiction) in connection with the duties expressly set forth herein. Without limiting the foregoing, the Agent:

(i) shall not be responsible or otherwise incur liability for any action or omission taken in reliance upon the instructions of the Required Lenders or for the actions or omissions of any of its Related Persons selected with reasonable care (other than employees, officers and directors of the Agent, when acting on behalf of the Agent);

(ii) shall not be responsible to any Lender, L/C Issuer or other Person for the due execution, legality, validity, enforceability, effectiveness, genuineness, sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, any Loan Document;

(iii) makes no warranty or representation, and shall not be responsible, to any Lender, L/C Issuer or other Person for any statement, document, information, representation or warranty made or furnished by or on behalf of any Credit Party or any Related Person of any Credit Party in connection with any Loan Document or any transaction contemplated therein or any other document or information with respect to any Credit Party, whether or not transmitted or (except for documents expressly required under any Loan Document to be transmitted to the Lenders) omitted to be transmitted by the Agent, including as to completeness, accuracy, scope or adequacy thereof, or for the scope, nature or results of any due diligence performed by the Agent in connection with the Loan Documents; and

(iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any provision of any Loan Document, whether any condition set forth in any Loan Document is satisfied or waived, as to the financial condition of any Credit Party or as to the existence or continuation or possible occurrence or continuation of any Default or Event of Default and shall not be deemed to have notice or knowledge of such occurrence or continuation unless it has received a written notice from the Borrower, any Lender or L/C Issuer describing such Default or Event of Default clearly labeled "notice of default" (in which case the Agent shall promptly give notice of such receipt to all Lenders);

and, for each of the items set forth in clauses (i) through (iv) above, each Lender, L/C Issuer, Holdings, the Borrower and each other Credit Party party hereto hereby waives and shall not assert any right, claim or cause of action it might have against the Agent based thereon.

8.6 Agent Individually. The Agent and its Affiliates may make loans and other extensions of credit to, acquire Stock and Stock Equivalents of, and engage in any kind of business with, any Credit Party or Affiliate thereof as though it were not acting as the Agent and may receive separate fees and other payments therefor. To the extent the Agent or any of its Affiliates makes any Loan or otherwise becomes a Lender hereunder, it shall have and may exercise the same rights and powers hereunder and shall be subject to the same obligations and liabilities as any other Lender and the terms "Lender", "Revolving Lender", "Required Lender", "Required Revolving Lender" and any similar terms shall, except where otherwise expressly provided in any Loan Document, include, without limitation, the Agent or such Affiliate, as the case may be, in its individual capacity as Lender, Revolving Lender or as one of the Required Lenders or Required Revolving Lenders, respectively.

8.7 Lender Credit Decision.

(a) Each Lender and each L/C Issuer acknowledges that it shall, independently and without reliance upon the Agent, any Lender or L/C Issuer or any of their Related Persons or upon any document (including any offering and disclosure materials in connection with the syndication of the Loans) solely or in part because such document was transmitted by the Agent or any of its Related Persons, conduct its own independent investigation of the financial condition and affairs of each Credit Party and make and continue to make its own credit decisions in connection with entering into, and taking or not taking any action under, any Loan Document or with respect to any transaction contemplated in any Loan Document, in each case based on such documents and information as it shall deem appropriate. Except for documents expressly required by any Loan Document to be transmitted by the Agent to the Lenders or L/C Issuers, the Agent shall not have any duty or responsibility to provide any Lender or L/C Issuer with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Credit Party or any Affiliate of any Credit Party that may come in to the possession of the Agent or any of its Related Persons.

(b) If any Lender or L/C Issuer has elected to abstain from receiving MNPI concerning the Credit Parties or their Affiliates, such Lender or L/C Issuer acknowledges that, notwithstanding such election, the Agent and/or the Credit Parties will, from time to time, make available syndicate-information (which may contain MNPI) as required by the terms of, or in the course of administering, the Loans to the credit contact(s) identified for receipt of such information on the Lender's administrative questionnaire who are able to receive and use all syndicate-level information (which may contain MNPI) in accordance with such Lender's compliance policies and contractual obligations and applicable law, including federal and state securities laws; *provided* that if such contact is not so identified in such questionnaire, the relevant Lender or L/C Issuer hereby agrees to promptly (and in any event within one Business Day) provide such a contact to the Agent and the Credit Parties upon request therefor by the Agent or the Credit Parties. Notwithstanding such Lender's or L/C Issuer's election to abstain from receiving MNPI, such Lender or L/C Issuer acknowledges that if such Lender or L/C Issuer chooses to communicate with the Agent, it assumes the risk of receiving MNPI concerning the Credit Parties or their Affiliates.

8.8 Expenses; Indemnities; Withholding.

(a) Each Lender agrees to reimburse the Agent and each of its Related Persons (to the extent not reimbursed by any Credit Party) promptly upon demand, severally and ratably, for any costs and expenses (including fees, charges and disbursements of financial, legal and other advisors and Other Taxes paid in the name of, or on behalf of, any Credit Party) that may be incurred by the Agent or any of its Related Persons in connection with the preparation, execution, delivery, administration, modification, consent, waiver or enforcement of, or the taking of any other action (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding (including, without limitation, preparation for and/or response to any subpoena or request for document production relating thereto) or otherwise) in respect of, or legal advice with respect to, its rights or responsibilities under, any Loan Document.

(b) Each Lender further agrees to indemnify the Agent and each of its Related Persons (to the extent not reimbursed by any Credit Party), severally and ratably, from and against Liabilities (including, to the extent not indemnified pursuant to Section 10.1(e), Taxes, interests and penalties imposed for not properly withholding or backup withholding on payments made to or for the account of any Lender) that may be imposed on, incurred by or asserted against the Agent or any of its Related Persons in any matter relating to or arising out of, in connection with or as a result of any Loan Document, any related document or any other act, event or transaction related, contemplated in or attendant to any such document or, in each case, any action taken or omitted to be taken by the Agent or any of its Related Persons under or with respect to any of the foregoing; *provided*, *however*, that no Lender shall be liable to the Agent or any of its Related Persons to the extent such liability has resulted from the gross negligence, willful misconduct or bad faith of the Agent or, as the case may be, such Related Person, as determined by a court of competent jurisdiction in a final, non-appealable judgment or order.

(c) To the extent required by any Requirement of Law, the Agent may withhold from any payment to any Secured Party under a Loan Document an amount equal to any applicable withholding Tax (including withholding Taxes imposed under Chapters 3 and 4 of Subtitle A of the Code).

8.9 Resignation of Agent or L/C Issuer.

(a) The Agent may resign at any time by delivering notice of such resignation to the Lenders and the Borrower, effective on the date set forth in such notice or, if no such date is set forth therein, upon the date such notice shall be effective in accordance with the terms of this Section 8.9. If the Agent delivers any such notice, the Required Lenders shall have the right to appoint a successor Agent, which successor agent shall (i) be a Lender or a bank with an office in the United States and with a combined capital and surplus of at least $1,000,000,000 (or as otherwise agreed by the Borrower), or an Affiliate thereof (but in any event shall not be a Disqualified Lender), and (ii) so long as no Event of Default has occurred and is continuing under Section 7.1(a), 7.1(f) or 7.1(g), be subject to prior written approval by the Borrower (which approval shall not be unreasonably withheld or delayed). If, within 30 days after the retiring Agent's having given notice of resignation, no successor Agent has been appointed by the Required Lenders that has accepted such appointment, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which successor agent shall (x) be a Lender or a bank with an office in the United States with a combined capital and surplus of at least $1,000,000,000 (or as otherwise agreed by the Borrower), or an Affiliate thereof (but in any event shall not be a Disqualified Lender), and (y) so long as no Event of Default has occurred and is continuing under Section 7.1(a) or Section 7.1(f) or 7.1(g), be subject to prior written approval by the Borrower (which approval shall not be unreasonably withheld or delayed); *provided*, that if the Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective; *provided further* that nothing herein shall limit or be deemed or construed to limit the Agent's right to resign as the Agent hereunder set forth in Section 9.22 pursuant to and in accordance with the terms and conditions of such section.

(b) Effective immediately upon its resignation in accordance with clause (a) above (which, notwithstanding anything to the contrary contained in such clause, shall not occur until the earlier of (x) the date on which a successor agent is appointed pursuant to the provisions of such clause or (y) the date that is thirty (30) days after the Agent delivers a notice of resignation as set forth in such clause (unless the Agent revokes such notice prior to such time)), (i) the retiring Agent shall be discharged from its duties and obligations under the Loan Documents, (ii) the Lenders shall assume and perform all of the duties of the Agent until a successor Agent shall have accepted a valid appointment hereunder, (iii) the retiring Agent and its Related Persons shall no longer have the benefit of any provision of any Loan Document other than with respect to any actions taken or omitted to be taken while such retiring Agent was, or because such Agent had been, validly acting as the Agent under the Loan Documents and (iv) subject to its rights under Section 8.3, the retiring Agent shall take such action as may be reasonably necessary to assign to the successor Agent its rights as the Agent under the Loan Documents. Effective immediately upon its acceptance of a valid appointment as the Agent, a successor Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Agent under the Loan Documents.

(c) Any L/C Issuer may resign at any time by delivering notice of such resignation to the Agent, effective on the date set forth in such notice or, if no such date is set forth therein, on the date such notice shall be effective. Upon such resignation, the L/C Issuer shall remain an L/C Issuer and shall retain its rights and obligations in its capacity as such (other than any obligation to Issue Letters of Credit but including the right to receive fees or to have Lenders participate in any L/C Reimbursement Obligation thereof) with respect to Letters of Credit Issued by such L/C Issuer prior to the date of such resignation and shall otherwise be discharged from all other duties and obligations under the Loan Documents.

8.10 Release of Collateral or Guarantors.

(a) Any Subsidiary of the Borrower shall be automatically released from its Guarantee of any Obligation (i) if all of the Stock and Stock Equivalents of such Subsidiary owned by any Credit Party are sold or transferred (other than to another Credit Party) or such Subsidiary otherwise ceases to be a direct or indirect Subsidiary of the Borrower, in each case, in a transaction permitted under the Loan Documents (including, without limitation, pursuant to a valid waiver or consent) and (ii) upon Payment in Full (subject to Section 8.1 of the Guaranty and Security Agreement).

(b) Any Lien held by the Agent for the benefit of the Secured Parties or otherwise against (i) any Property that is sold, transferred, conveyed or otherwise disposed of by a Credit Party to a Person that is not a Credit Party in a transaction permitted by the Loan Documents (including, without limitation, pursuant to a valid waiver or consent) shall be automatically released upon consummation of such disposition, (ii) any Property subject to a Lien permitted hereunder in reliance upon Section 5.1(h), 5.1(i), 5.1(x), 5.1(y) or 5.1(z) shall be released or subordinated (in the manner necessary and reasonably requested by the Borrower) upon the written request of the Borrower to the Agent, (iii) all of the Collateral and all Credit Parties shall be automatically released upon Payment in Full (subject to Section 8.1 of the Guaranty and Security Agreement), (iv) any Property if approved, authorized or ratified in writing by Lenders in accordance with the requirements of Section 9.1 shall be automatically released upon the effectiveness of such writing, and (v) any Property owned by a Subsidiary shall be automatically released upon release of such Subsidiary from its Guarantee of Obligations pursuant to clause (a) above.

(c) Each Lender and L/C Issuer hereby directs the Agent to, and the Agent shall, upon the request of the Borrower, execute and deliver or file such documents and perform such other actions reasonably necessary or reasonably requested by the Borrower to evidence or effect the release and/or subordination of Guarantees and Liens in accordance with this Section 8.10.

(d) For the avoidance of doubt, nothing in this Section 8.10 shall be construed to permit the release of any Subsidiary of the Borrower from its Guarantee or the release of any Lien on all or any portion of the Collateral, in each case to the extent such release would require the consent of all Lenders directly and adversely affected thereby in accordance with clause (vi) of Section 9.1(a), unless such consent shall have been obtained.

8.11 Additional Secured Parties. The benefit of the provisions of the Loan Documents directly relating to the Collateral or any Lien granted thereunder shall extend to and be available to any Secured Party that is not a Lender or an L/C Issuer party hereto as long as, by accepting such benefits, such Secured Party agrees, as among the Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by the Agent, shall confirm such agreement in a writing in form and substance acceptable to the Agent) this Article VIII, Section 9.3, Section 9.9, Section 9.10, Section 9.11, Section 9.17, Section 9.24 and Section 10.1 (and, solely with respect to L/C Issuers, Section 1.1(c)) and the decisions and actions of the Agent and the Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders or other parties hereto as required herein) to the same extent a Lender is bound; *provided*, *however*, that, notwithstanding the foregoing, (a) such Secured Party shall be bound by Section 8.8 only to the extent of Liabilities, costs and expenses with respect to or otherwise relating to the Collateral held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall not be limited by any concept of pro rata share or similar concept, (b) each of the Agent, the Lenders and the L/C Issuers party hereto shall be entitled to act at its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (c) except as otherwise set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or under any Loan Document.

8.12 Joint Lead Arrangers and Joint Bookrunners. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Joint Lead Arrangers and Joint Bookrunners in their capacities as such shall not have any duties or responsibilities that are not expressly set forth herein, nor shall the Joint Lead Arrangers and Joint Bookrunners have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Joint Lead Arrangers and Joint Bookrunners in their capacities as such, except those that are expressly set forth herein. At any time that any Lender serving (or whose Affiliate is serving) as Joint Lead Arranger and Joint Bookrunner shall have transferred to any other Person (other than any Affiliates) all of its interests in the Loans and the Revolving Loan Commitment, such Lender (or an Affiliate of such Lender acting as Joint Lead Arranger and Joint Bookrunner) shall be deemed to have concurrently resigned as such Joint Lead Arranger and Joint Bookrunner.

ARTICLE IX

MISCELLANEOUS

9.1 Amendments and Waivers.

(a) Subject to the provisions of Sections 9.1(c) and 9.1(e) hereof, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by any Credit Party therefrom, shall be effective unless, in the case of this Agreement, the same shall be in writing and signed by the Required Lenders (or by the Agent at the direction of the Required Lenders) and the Borrower, or in the case of any other Loan Document, the same shall be in writing and signed by the Agent, the Collateral Agent (in the case of any Collateral Document) (in each case at the direction of the Required Lenders) and the Credit Party or Credit Parties party thereto, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given; *provided*, *however*, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Lenders directly and adversely affected thereby (or by the Agent with the consent of all the Lenders directly and adversely affected thereby), and the Borrower, do any of the following; *provided*, *further*, that in the case of clauses (ii) and (iii) below, the consent of any other Lender or the Required Lenders shall not be required:

(i) increase or extend the Commitment of such Lender (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default shall constitute an increase in the Commitment of any Lender);

(ii) postpone or delay any date fixed for, or reduce or waive, any scheduled installment of principal or any payment of interest (other than interest at the default rate), or fees due to such Lenders or L/C Issuer hereunder or under any other Loan Document (for the avoidance of doubt, mandatory prepayments pursuant to Section 1.8 (other than scheduled installments under Section 1.8(a)) may be postponed, delayed, reduced, waived or modified with the consent of Required Lenders);

(iii) reduce the principal of, or the rate of interest specified herein (it being agreed that waiver of the default interest margin or the imposition of any pricing grids shall only require the consent of Required Lenders) herein on any Loan, or of any fees payable hereunder or under any other Loan Document, including L/C Reimbursement Obligations in each case owing to such Lender; *provided*, *however*, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay any amount at the Default Rate and such waiver shall not constitute a reduction of interest hereunder;

(iv) amend or modify Section 1.10(b) or Section 9.11(b);

(v) amend this Section 9.1(a) or, subject to the terms of this Agreement, reduce the percentage set forth in the definition of "Required Lenders" or "Required Revolving Lenders", or any provision providing for consent or other action by all Lenders;

(vi) release all or substantially all of the Collateral or release Guarantors from their Guarantees if the effect would be to release all or substantially all of the value of the Guarantee, except as otherwise may be provided in this Agreement or the other Loan Documents;

(vii) except as expressly set forth in Section 8.10(b)(ii), subordinate the Lien of the Agent on all or any portion of the Collateral;

(viii) amend or modify Section 9.9 in a manner that adversely affects the rights of such Lender to assign its Commitments and/or Loans;

it being agreed that all Lenders shall be deemed to be directly affected by an amendment or waiver of the type described in the preceding clauses (iv), (v), (vi) and (vii).

(b) In addition to the requirements of Section 9.1(a), no amendment, waiver or consent shall, unless in writing and signed by the Agent or the L/C Issuer, as the case may be, in addition to the Required Lenders or all Lenders directly adversely affected thereby, as the case may be (or by the Agent with the consent of the Required Lenders or all the Lenders directly adversely affected thereby, as the case may be), affect the rights or duties of the Agent or the L/C Issuer, as applicable, under this Agreement or any other Loan Document. No amendment, modification or waiver of this Agreement or any Loan Document altering the ratable treatment of Obligations arising under Secured Rate Contracts resulting in such Obligations being junior in right of payment to principal on the Loans or resulting in Obligations owing to any Secured Swap Provider becoming unsecured (other than releases of Liens permitted in accordance with the terms hereof), in each case in a manner adverse to any Secured Swap Provider, shall be effective without the written consent of such Secured Swap Provider.

(c) In addition to the requirements of Section 9.1(a), no amendment or waiver shall, unless signed by the Required Revolving Lenders (or by the Agent with the consent of Required Revolving Lenders) (and the consent of Lenders other than the Required Revolving Lenders shall not be required to) amend or waive compliance with any condition precedent to the obligations of Lenders to make any Revolving Loan (or of any L/C Issuer to Issue any Letter of Credit) in Section 2.2 (*provided* that waivers or amendments or modifications of any representations, warranties, covenants, Defaults, Events of Default or definitions shall not constitute such an amendment or waiver). No amendment shall: (x) amend or waive this Section 9.1(c) or the definitions of the terms used in this Section 9.1(c) insofar as the definitions affect the substance of this Section 9.1(c); (y) change the definition of the term "Required Revolving Lenders"; or (z) change the percentage of Lenders which shall be required for Revolving Lenders to take any action hereunder, in each case, without the consent of each Revolving Lender (or such L/C Issuer), it being understood that notwithstanding any other provision hereof to the contrary, this Section 9.1(c) may be modified with the consent of Required Revolving Lenders and no other Lender consent shall be required.

(d) The Fee Letter and the Engagement Letter may be amended, modified, supplemented or changed, or the rights or privileges thereunder waived, in a writing executed by the parties thereto. Notwithstanding anything to the contrary herein, no Non-Funding Lender shall have any right to approve or disapprove any amendment,

modification, waiver, supplement or change hereunder (and any amendment, modification, waiver, supplement or change which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Non-Funding Lenders), except that (x) the Commitment of any Non-Funding Lender may not be increased or extended without the consent of such Lender and (y) any amendment, modification, supplement, waiver or change requiring the consent of all Lenders or each affected Lender that by its terms affects any Non-Funding Lender more adversely than other affected Lenders shall require the consent of such Non-Funding Lender. For the avoidance of doubt, this Section 9.1(d) shall supersede any provision of Section 9.1 to the contrary.

(e) Notwithstanding anything to the contrary contained in this Section 9.1, (i) the Borrower may amend Schedule 3.19 upon notice to the Agent, (ii) the Agent may amend Schedules 1.1(a) and 1.1(b) to reflect Sales entered into pursuant to Section 9.9, and (iii) the Agent and the Borrower may amend or modify this Agreement and any other Loan Document to (1) cure any ambiguity, omission, defect or inconsistency therein *(provided* that no such amendment or modification shall become effective until the fifth Business Day after it has been posted to the Lenders, and then only if the Required Lenders have not objected in writing thereto within such five Business Day period) and (2) grant a new Lien for the benefit of the Secured Parties, extend an existing Lien over additional Property for the benefit of the Secured Parties or join additional Persons as Credit Parties. For the avoidance of doubt, this Section 9.1(e) shall supersede any provision of Section 9.1 to the contrary.

9.2 Notices.

(a) Addresses. All notices and other communications required or expressly authorized to be made by this Agreement shall be given in writing, unless otherwise expressly specified herein, and (i) addressed to the address set forth on the applicable signature page hereto or, in the case of any Lender, set forth in such Lender's administrative questionnaire provided to the Agent, (ii) posted to SyndTrak® (to the extent such system is available and set up by or at the direction of the Agent prior to posting) in an appropriate location by uploading such notice, demand, request, direction or other communication to www.syndtrak.com, faxing it to 866-545-6600 with an appropriate bar-code fax coversheet or using such other means of posting to SyndTrak® as may be available and reasonably acceptable to the Agent prior to such posting, (iii) posted to any other E-System approved by or set up by or at the direction of the Agent or (iv) addressed to such other address as shall be notified in writing (A) in the case of the Borrower and the Agent, to the other parties hereto and (B) in the case of all other parties, to the Borrower and the Agent. Transmissions made by electronic mail or E-Fax to the Agent or any Credit Party shall be effective only (x) for notices where such transmission is specifically authorized by this Agreement, (y) if such transmission is delivered in compliance with procedures of the Agent or such Credit Parties, as the case may be, applicable at the time and previously communicated to the Borrower or the Agent, as applicable, and (z) if receipt of such transmission is acknowledged by the Agent or such Credit Party, as the case may be.

(b) Effectiveness. All communications described in clause (a) above and all other notices, demands, requests and other communications made in connection with this Agreement shall be effective and be deemed to have been received (i) if delivered by hand, upon personal delivery, (ii) if delivered by overnight courier service, one Business Day after delivery to such courier service, (iii) if delivered by mail, three Business Days after deposit in the mail, (iv) if delivered by facsimile (other than to post to an E-System pursuant to clause (a)(ii) or (a)(iii) above), upon sender's receipt of confirmation of proper transmission, (v) if delivered by posting to any E-System, on the later of the Business Day of such posting and the Business Day access to such posting is given to the recipient thereof in accordance with the standard procedures applicable to such E-System and (vi) if given by electronic mail or E-Fax, upon the sender's receipt of an acknowledgment from the intended recipient (such as by a "return request" function or other written acknowledgment); *provided*, *however*, that no communications to the Agent pursuant to Article I shall be effective until received by the Agent.

(c) Each Lender shall notify the Agent in writing of any changes in the address to which notices to such Lender should be directed, of addresses of its Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

9.3 Electronic Transmissions.

(a) Authorization. Subject to the provisions of Section 9.2(a), each of the Agent, the Lenders, each Credit Party and each of their Related Persons, is authorized (but not required) to transmit, post or otherwise make or communicate, in its sole discretion, Electronic Transmissions in connection with any Loan Document and the transactions contemplated therein. Each Credit Party and each Secured Party hereto acknowledges and agrees that the use of Electronic Transmissions is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse and each indicates it assumes and accepts such risks by hereby authorizing the transmission of Electronic Transmissions.

(b) Signatures. Subject to the provisions of Section 9.2(a), (i)(A) no posting to any E-System shall be denied legal effect merely because it is made electronically, (B) each E-Signature on any such posting shall be deemed sufficient to satisfy any requirement for a "signature" and (C) each such posting shall be deemed sufficient to satisfy any requirement for a "writing", in each case including pursuant to any Loan Document, any applicable provision of any UCC, the federal Uniform Electronic Transactions Act, the Electronic Signatures in Global and National Commerce Act and any substantive or procedural Requirement of Law governing such subject matter, (ii) each such posting that is not readily capable of bearing either a signature or a reproduction of a signature may be signed, and shall be deemed signed, by attaching to, or logically associating with such posting, an E-Signature, upon which the Agent, each other Secured Party and each Credit Party may rely and assume the authenticity thereof, (iii) each such posting containing a signature, a reproduction of a signature or an E-Signature shall, for all intents and purposes, have the same effect and weight as a signed paper original and (iv) each party hereto or beneficiary hereto agrees not to contest the validity or enforceability of any posting on any

E-System or E-Signature on any such posting under the provisions of any applicable Requirement of Law requiring certain documents to be in writing or signed; *provided*, *however*, that nothing herein shall limit such party's or beneficiary's right to contest whether any posting to any E-System or ESignature has been altered after transmission.

(c) Separate Agreements. All uses of an E-System shall be governed by and subject to, in addition to Section 9.2 and this Section 9.3, the separate terms, conditions and privacy policy posted or referenced in such E-System (or such terms, conditions and privacy policy as may be updated from time to time, including on such E-System) and as otherwise agreed in writing by the Agent and Credit Parties in connection with the use of such E-System.

(d) LIMITATION OF LIABILITY. ALL E-SYSTEMS AND ELECTRONIC TRANSMISSIONS SHALL BE PROVIDED "AS IS" AND "AS AVAILABLE". NONE OF AGENT, ANY LENDER OR ANY CREDIT PARTY OR ANY OF THEIR RELATED PERSONS WARRANTS THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY E-SYSTEMS OR ELECTRONIC TRANSMISSION AND DISCLAIMS ALL LIABILITY FOR ERRORS OR OMISSIONS THEREIN. NO WARRANTY OF ANY KIND IS MADE BY AGENT, ANY LENDER OR ANY CREDIT PARTY OR ANY OF THEIR RELATED PERSONS IN CONNECTION WITH ANY E-SYSTEMS OR ELECTRONIC COMMUNICATION, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD-PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS. NO WARRANTY OF ANY KIND IS MADE BY ANY CREDIT PARTY OR ANY OF THEIR RELATED PERSONS IN RESPECT OF ANY E-SYSTEMS MAINTAINED BY THE AGENT OR ANY OTHER SECURED PARTY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD- PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS. The Borrower, each other Credit Party executing this Agreement and each Secured Party agrees that none of the Agent, any Secured Party nor any Credit Party has any responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Electronic Transmission or otherwise required for any E-System.

9.4 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No course of dealing between any Credit Party, any Affiliate of any Credit Party, the Agent or any Lender shall be effective to amend, modify or discharge any provision of this Agreement or any of the other Loan Documents.

9.5 Costs and Expenses. Any action taken by any Credit Party under or with respect to any Loan Document, even if required under any Loan Document or at the request of the Agent or Required Lenders, shall be at the expense of such Credit Party (unless otherwise specified hereunder), and neither the Agent nor any other Secured Party shall be required under any Loan Document to reimburse any Credit Party or any Subsidiary of any Credit Party therefor, except as

expressly provided in any Loan Document. In addition, the Borrower agrees to pay or reimburse within 30 days following written demand therefor together with a customary invoice supporting such reimbursement (a) each of the Agent, its Related Persons, the L/C Issuers, and the Joint Lead Arrangers and Joint Bookrunners for all reasonable and documented out-of-pocket costs and expenses incurred by such Person, in connection with the syndication, preparation, negotiation, execution, or administration of, any amendment, modification or waiver of any term of or termination of, any Loan Document, any commitment letter therefor, any other document prepared in connection therewith or the consummation and administration of any transaction contemplated therein, in each case including Attorney Costs of the Agent (*provided* that reimbursement for Attorney Costs shall be limited to those of one counsel to the Agent and its Affiliates, taken as a whole) (and, if reasonably necessary, one local counsel to the Agent and its Affiliates, taken as a whole, in any relevant material jurisdiction), (b) [reserved], and (c) each of the Agent, its Related Persons, the L/C Issuers and the Lenders for all reasonable and documented out-of-pocket costs and expenses incurred in connection with (i) any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out", including in any bankruptcy or insolvency proceeding, (ii) the enforcement or preservation of any right or remedy under any Loan Document, any Obligation, with respect to the Collateral or any other related right or remedy, including documentary taxes, or (iii) the commencement, defense, conduct of, intervention in, or the taking of any other action with respect to, any proceeding (including any bankruptcy or insolvency proceeding) related to any Credit Party, Loan Document or Obligation (including without limitation, preparation for and/or response to any subpoena or request for document production relating thereto), including Attorney Costs; *provided* that in the case of clause (c), reimbursements for Attorney Costs shall be limited to those of one counsel to the Agent, its Related Persons, the L/C Issuers and the Lenders, taken as a whole (and, if reasonably necessary, one local counsel to the Agent, its Related Persons, the L/C Issuers and the Lenders, taken as a whole, in any relevant material jurisdiction) and solely in the case of an actual or perceived conflict of interest among any of the foregoing Persons (where the Persons affected by such conflict have informed the Borrower of such conflict), one additional counsel for such conflicted Persons, taken as a whole and one additional local counsel for such conflicted Persons, taken as a whole, in any such relevant material jurisdiction. The Agent agrees to endeavor to provide telephonic or email updates as to the estimated accrued amount of expenses from time to time at the Borrower's reasonable request. Notwithstanding the foregoing, each Indemnitee shall be obligated to refund and return any and all amounts paid by the Borrower to such Indemnitee for fees, expenses or damages to the extent that there is a final judicial determination that such Indemnitee is not entitled to payment of such amounts in accordance with the terms hereof.

9.6 Indemnity.

(a) Each Credit Party agrees to indemnify, hold harmless and defend the Agent, each Lender, each L/C Issuer and each of their respective Related Persons (each such Person being an "**Indemnitee**") from and against all Liabilities (including brokerage commissions, fees and other compensation) that may be imposed on, incurred by or asserted against any such Indemnitee in any matter relating to or arising out of, in connection with or as a result of (but limited, in the case of Attorney Costs, to those of one counsel to all Indemnitees, taken as a whole, and solely in the case of an actual or perceived conflict of interest among the Indemnitees (where the Indemnitees affected by such conflict has informed the Borrower of such conflict), one additional counsel for such conflicted

Indemnitees, taken as a whole, (and, if reasonably necessary, one local counsel to the Indemnitees, taken as a whole, in any relevant material jurisdiction and, solely in the case of an actual or perceived conflict of interest among the Indemnitees (where the Indemnitees affected by such conflict has informed the Borrower of such conflict), one additional local counsel for such conflicted Indemnitees, taken as a whole, in any such relevant material jurisdiction) (i) any Loan Document, any related agreement, any Obligation (or the repayment thereof), any Letter of Credit, the use or intended use of the proceeds of any Loan or the use of any Letter of Credit or any securities filing of, or with respect to, any Credit Party, including, but not limited to any Contractual Obligation entered into in connection with any E-Systems or other Electronic Transmissions, in each case, related to the management or administration of or used in connection with any of the foregoing or (ii) any actual or prospective investigation, litigation or other proceeding, whether or not brought by any such Indemnitee or any of its Related Persons, any holders of securities or creditors (and including Attorney Costs in any case, but subject to the limitations set forth above), whether or not any such Indemnitee, Related Person, holder or creditor is a party thereto, and whether or not based on any securities or commercial law or regulation or any other Requirement of Law or theory thereof, including common law, equity, contract, tort or otherwise in each case related to the Loan Documents (collectively, the "**Indemnified Matters**"); *provided*, *however*, that no Credit Party shall have any liability under this Section 9.6 to any Indemnitee with respect to any Indemnified Matter or any Expenses, and no Indemnitee shall have any liability with respect to any Indemnified Matter or any Expenses other than (to the extent otherwise liable), to the extent such liability (A) has resulted from the gross negligence, willful misconduct or bad faith of, or material breach of any Loan Document by, such Indemnitee or any of its Affiliates or other Related Persons, as determined by a court of competent jurisdiction in a final non-appealable judgment or order or (B) relates to any disputes solely among Indemnitees or any of their Related Persons or Affiliates (other than with respect to any proceeding brought against the Agent, any Joint Lead Arranger and Joint Bookrunner or any holder of any similar title or role or any Related Person of the foregoing, in each case in its capacity or in fulfilling its role as Agent, Joint Lead Arranger and Bookrunner, or such other title or role), or (C) any settlement of an Indemnified Matter entered into without the Borrower's consent. Furthermore, the Borrower and each other Credit Party executing this Agreement waives and agrees not to assert against any Indemnitee, and shall cause each other Credit Party to waive and not assert against any Indemnitee, any right of contribution with respect to any Liabilities that may be imposed on, incurred by or asserted against any Related Person. Notwithstanding the foregoing, each Indemnitee shall be obligated to refund and return any and all amounts paid by the Borrower to such Indemnitee for fees, expenses or damages to the extent that there is a final judicial determination that such Indemnitee is not entitled to payment of such amounts in accordance with the terms hereof.

(b) Without limiting the foregoing, "**Indemnified Matters**" includes all Environmental Liabilities imposed on, incurred by or asserted against any Indemnitee arising from, or otherwise involving, any Credit Party, any Property of any Credit Party or any actual, alleged or prospective damage to Property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such Property or natural resource or any Property on or contiguous to any Real Estate of any Credit Party, whether or not, with respect to any such Environmental Liabilities, any

Indemnitee is a mortgagee pursuant to any leasehold mortgage, a mortgagee in possession, the successor-in-interest to any Credit Party or the owner, lessee or operator of any Property of any Credit Party through any foreclosure action, in each case except to the extent such Environmental Liabilities (i) are incurred solely following foreclosure by the Agent or following the Agent or any Lender having become the successor-in-interest to any Credit Party and are attributable solely to acts of any Indemnitee, (ii) has resulted from the gross negligence, willful misconduct or bad faith of, or material breach of any Loan Document by, such Indemnitee or any of its Affiliates or other Related Persons, as determined by a court of competent jurisdiction in a final non-appealable judgment or order, (iii) relates to any disputes solely among Indemnitees or any of their Related Persons or Affiliates (other than with respect to any proceeding brought against the Agent, any Joint Lead Arranger and Joint Bookrunner or any holder of any similar title or role or any Related Person of the foregoing, in each case in its capacity or in fulfilling its role as Agent, Joint Lead Arranger and Bookrunner, or such other title or role) or (iv) relates to any settlement of an Indemnified Matter entered into without the Borrower's consent.

(c) This Section 9.6 and Section 9.5 shall not apply to Taxes, which shall be governed by Sections 10.1 and 10.3, other than any Taxes that represent Liabilities arising from any non-Tax claim.

9.7 Marshaling; Payments Set Aside. No Secured Party shall be under any obligation to marshal any Property in favor of any Credit Party or any other Person or against or in payment of any Obligation. To the extent that any Secured Party receives a payment from the Borrower, from any other Credit Party, from the proceeds of the Collateral, from the exercise of its rights of setoff, any enforcement action or otherwise, and such payment is subsequently, in whole or in part, invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not occurred.

9.8 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that any assignment by any Lender shall be subject to the provisions of Section 9.9, and provided further that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Lender.

9.9 Assignments and Participations; Binding Effect.

(a) Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Agent and when the Agent shall have been notified by each Lender that such Lender has executed it. Thereafter, it shall be binding upon and inure to the benefit of, but only to the benefit of, Holdings, the Borrower (in each case except for Article VIII (other than Sections 8.9 and 8.10, in each case, to the extent providing or conferring a right or other benefit to Holdings or the Borrower)), the Agent, each Lender and each L/C Issuer receiving the benefits of the Loan Documents and, to the extent provided in Section 8.11, each other Secured Party and, in each case, their respective successors and permitted assigns. Except as expressly provided in any Loan Document (including in Section 8.9 and, with respect to any Lender, L/C Issuer or the Agent, this Section 9.9), none of Holdings, the Borrower, any Lender, any L/C Issuer or the Agent shall have the right to assign any rights or obligations hereunder or any interest herein.

(b) Right to Assign. Each Lender may sell, transfer, negotiate or assign (a "**Sale**") all or a portion of its rights and obligations hereunder (including all or a portion of its Commitments and its rights and obligations with respect to Loans and Letters of Credit) to (i) any existing Lender (other than a Non-Funding Lender or Impacted Lender), (ii) any Affiliate or Approved Fund of any existing Lender (other than a Non-Funding Lender or Impacted Lender) or (iii) any other Person (in each case, other than a natural person); *provided* that any such Sale shall require the consent (not to be unreasonably withheld, conditioned or delayed) of (x) the Agent, (y) in the case of any Sale of Revolving Loan Commitments or Revolving Loans, each L/C Issuer and (z) in the case of any Sale pursuant to clause (iii) above, so long as (x) no Event of Default under Section 7.01(a), (f), or (g) is continuing and (y) no Triggering Financial Covenant Default is continuing, the Borrower (which consent of the Borrower shall be deemed to have been given unless an objection is delivered to the Agent within ten Business Days after notice of a proposed Sale is delivered to the Borrower) (*provided* that (1) other than at any time during which (x) an Event of Default under Section 7.01(a), (f), or (g) is continuing or (y) a Triggering Financial Covenant Default is continuing, the Borrower's consent shall in all cases be required (and may be withheld in the Borrower's discretion notwithstanding the foregoing) with respect to a Sale to a Disqualified Lender and (2) the Borrower's consent shall not be required for any assignment by the initial Lender of the Term Loans to those institutions identified by the Administrative Agent to the Borrower on or prior to the Closing Date in connection with the primary syndication of the Term Loans) (each an "**Eligible Assignee**"); *provided*, *however*, that (A) such Sales shall not be required to be ratable between the Revolving Loans and Term Loans or between any outstanding Classes of Term Loans but shall be ratable among the obligations owing to and owed by such Lender with respect to the Revolving Loan Commitments, Revolving Loans or Term Loans so assigned, (B) for each Loan, the aggregate outstanding principal amount (determined as of the effective date of the applicable Assignment) of the Loans, Commitments and Letter of Credit Obligations subject to any such Sale shall be in a minimum amount of $1,000,000, unless such Sale is made to an existing Lender or an Affiliate or Approved Fund of any existing Lender, is of the assignor's (together with its Affiliates and Approved Funds) entire interest in such facility or is made with the prior consent of the Borrower and the Agent, (C) such Sales shall be effective only upon the acknowledgment in writing of such Sale by the Agent, (D) interest accrued prior to and through the date of any such Sale may not be assigned, (E) such Sales by Lenders who are Non-Funding Lenders due to clause (a) of the definition of Non-Funding Lender shall be subject to the Agent's prior written consent in all instances, unless in connection with such Sale, such Non-Funding Lender cures, or causes the cure of, its Non-Funding Lender status as contemplated in Section 1.11(e)(v) and (F) in no event may Holdings or any of its Subsidiaries or any of their respective Affiliates (including the Sponsor or any Affiliate thereof) be an Eligible Assignee. The Agent's refusal to accept a Sale to, or the imposition of additional conditions or limitations (including limitations on voting) upon Sales to a holder of Junior Indebtedness or an Affiliate of such a holder (in each case other than a Credit Party in accordance with

Section 9.9(g)), or to a Person that would be a Non-Funding Lender or an Impacted Lender, shall not be deemed to be unreasonable. Notwithstanding anything to the contrary contained herein, in no event may Holdings or any of its Subsidiaries or any of their respective Affiliates (including the Sponsor or any Affiliate thereof) be an Eligible Assignee.

(c) Procedure. The parties to each Sale made in reliance on clause (b) above (other than those described in clause (e), (f) or (h) below) shall execute and deliver to the Agent an Assignment via an electronic settlement system designated by the Agent (or, if previously agreed with the Agent, via a manual execution and delivery of the Assignment) evidencing such Sale, together with any existing Note subject to such Sale (or any affidavit of loss therefor acceptable to the Agent), any Tax forms required to be delivered pursuant to Section 10.1 and payment of an assignment fee in the amount of $3,500 to the Agent, unless waived or reduced by the Agent. Upon receipt of all the foregoing, and conditioned upon such receipt and, if required by Section 9.9(c), upon the Agent (and the Borrower and each L/C Issuer, if applicable) consenting to such Assignment, from and after the effective date specified in such Assignment, the Agent shall record or cause to be recorded in the Register the information contained in such Assignment.

(d) Effectiveness. Subject to the recording of an Assignment by the Agent in the Register pursuant to Section 1.4(b) (for purposes of clarification, including but not limited to the prior receipt of acceptances to assignment required pursuant to Section 9.9(b)), (i) the assignee thereunder shall become a party hereto and, to the extent that rights and obligations under the Loan Documents have been assigned to such assignee pursuant to such Assignment, shall have the rights and obligations of a Lender, (ii) any applicable Note shall be transferred to such assignee through such entry and (iii) the assignor thereunder shall, to the extent that rights and obligations under this Agreement have been assigned by it pursuant to such Assignment, relinquish its rights (except for those surviving the termination of the Commitments and the payment in full of the Obligations) and be released from its obligations under the Loan Documents, other than those relating to events or circumstances occurring prior to such assignment (and, in the case of an Assignment covering all or the remaining portion of an assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto).

(e) Grant of Security Interests. In addition to the other rights provided in this Section 9.9, each Lender may grant a security interest in, or otherwise assign as collateral, any of its rights under this Agreement, whether now owned or hereafter acquired (including rights to payments of principal or interest on the Loans), to (A) any federal reserve bank (pursuant to Regulation A of the Federal Reserve Board), without notice to the Agent or (B) any holder of, or trustee for the benefit of the holders of, such Lender's Indebtedness or equity securities; *provided*, *however*, that no such holder or trustee, whether because of such grant or assignment or any foreclosure thereon (unless such foreclosure is made through an assignment in accordance with clause (b) above), shall be entitled to any rights of such Lender hereunder and no such Lender shall be relieved of any of its obligations hereunder.

(f) Participants and SPVs. In addition to the other rights provided in this Section 9.9, each Lender may, (x) with notice to the Agent and at its own cost, grant to an SPV the option to make all or any part of any Loan that such Lender would otherwise be required to make hereunder (and the exercise of such option by such SPV and the making of Loans pursuant thereto shall satisfy the obligation of such Lender to make such Loans hereunder) and such SPV may assign to such Lender the right to receive payment with respect to any Obligation and (y) without notice to or consent from the Agent or the Borrower, sell participations to one or more Persons (other than Disqualified Lenders (unless an Event of Default under Section 7.01(a), (f), or (g) has occurred and is continuing), natural persons or Holdings or any of its Subsidiaries or any Affiliate thereof (including the Sponsor or any Affiliate thereof)) in or to all or a portion of its rights and obligations under the Loan Documents (including all its rights and obligations with respect to the Term Loans, Revolving Loans and Letters of Credit); *provided*, *however*, that, whether as a result of any term of any Loan Document or of such grant or participation, (i) no such SPV or participant shall have a commitment, or be deemed to have made an offer to commit, to make Loans hereunder, and, except as provided in the applicable option agreement, none shall be liable for any obligation of such Lender hereunder, (ii) such Lender's rights and obligations, and the rights and obligations of the Credit Parties and the Secured Parties towards such Lender, under any Loan Document shall remain unchanged and each other party hereto shall continue to deal solely with such Lender, which shall remain the holder of the Obligations in the Register, except that each such participant and SPV shall be entitled to the benefit of Article X (subject to the requirements and limitations therein), but, with respect to Section 10.1, only to the extent such participant or SPV timely delivers the Tax forms such Lender is required to collect pursuant to Section 10.1(h) and then only to the extent of any amount in respect of the interest subject to such grant or participation to which such Lender would be entitled in the absence of any such grant or participation, except to the extent such entitlement to receive a greater payment results from a change in, or change in the interpretation of, any Requirement of Law that occurs after the participant or SPV acquired the applicable participation or interest; *provided*, *however* that in no case shall an SPV or a participant have the right to enforce any of the terms of any Loan Document, and the Borrower shall not, at any time, be obligated to make any payment to a participant in excess of the amount that the Borrower would have been obligated to pay to such Lender had such participation not been sold (except as otherwise provided in this clause (ii)), and (iii) the consent of such SPV or participant shall not be required (either directly, as a restraint on such Lender's ability to consent hereunder or otherwise) for any amendments, waivers or consents with respect to any Loan Document or to exercise or refrain from exercising any powers or rights such Lender may have under or in respect of the Loan Documents (including the right to enforce or direct enforcement of the Obligations), except for those described in clauses (ii), (iii) and (xi) of Section 9.1(a) with respect to amounts, or dates fixed for payment of amounts, to which such participant or SPV would otherwise be entitled and releases of Guarantees or Collateral. No party hereto shall institute (and the Borrower and Holdings shall cause each other Credit Party not to institute) against any SPV grantee of an option pursuant to this clause (f) any bankruptcy, reorganization, insolvency, liquidation or similar proceeding, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper of such SPV; *provided*, *however*, that each Lender having designated an SPV as such

agrees to indemnify each Indemnitee against any Liability that may be incurred by, or asserted against, such Indemnitee as a result of failing to institute such proceeding (including a failure to be reimbursed by such SPV for any such Liability). The agreement in the preceding sentence shall survive the termination of the Commitments and the Payment in Full of the Obligations. Each Lender selling a participation or granting an option to an SPV shall keep, as a non-fiduciary agent of the Borrower, a register of such participation or option (the "**Participant Register**") specifying such participant's or SPV's name and address and entitlement to payments of principal and interest, and terms of its participation in a manner similar to Section 1.4(b); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or SPV or any information relating to a participant's or SPV's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f. 103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. This section shall be construed so that the Loans and L/C Reimbursement Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code. The Agent shall have no responsibility for maintaining any Participant Register. Any participation made or SPV option granted to any Person in violation of this Section 9.9(f) shall be void *ab initio.*

9.10 Non-Public Information; Confidentiality.

(a) Non-Public Information. The Agent, each Lender and each L/C Issuer each acknowledges and agrees that it may receive material non-public information ("**MNPI**") hereunder concerning the Credit Parties and their Affiliates and agrees to use such information in compliance with all relevant policies, procedures and applicable Requirements of Laws (including United States federal and state securities laws and regulations).

(b) Confidential Information. The Agent, each Lender and each L/C Issuer each shall treat confidentially all information obtained by it pursuant to any Loan Document, except that such information may be disclosed (i) with the Borrower's consent, (ii) to Related Persons of such Lender, L/C Issuer or the Agent, as the case may be, or to any Person that any L/C Issuer causes to Issue Letters of Credit hereunder, on a "need to know" basis solely in connection with this Agreement or the other Loan Documents and who are informed of the confidential nature of such information and are or have been advised of their obligation to keep information of this type confidential (and the Agent, such Lender and such L/C Issuer agrees to remain liable for their breach thereof), (iii) to the extent such information presently is or hereafter becomes (A) publicly available other than as a result of a breach of this Section 9.10 or (B) available to such Lender, L/C Issuer or the Agent or to any of their Related Persons, as the case may be, on a non-confidential basis from a source other than any Credit Party and not in violation of any confidentiality agreement or obligation owed to any Credit Party or its respective Affiliates, (iv) to the extent disclosure

is required by applicable Requirements of Law in any legal process or requested or demanded by any Governmental Authority having jurisdiction over the Agent, such Lender or such L/C Issuer, in each such case under this clause (iv), such Person shall promptly notify the Borrower in advance of such disclosure, to the extent permitted by applicable Requirements of Law and use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment, (v) upon the request or demand of any regulatory authority having jurisdiction over the Agent, any Lender or any other Secured Party or their respective Affiliates (in which case (y) other than in connection with a routine audit or examination by bank accountants or the Small Business Administration, such Person shall promptly notify the Borrower, in advance, to the extent permitted by Requirements of Law and (z) in all instances, such Person shall use commercially reasonable efforts to ensure that any such information so disclosed is accorded confidential treatment), (vi) subject to the prior review and written consent of the Borrower, to the extent necessary or customary for inclusion in league table measurements, (vii) to current or prospective Eligible Assignees, SPVs (including the investors or prospective investors therein) or participants, direct or contractual counterparties to any Rate Contracts and their respective Related Persons for the purposes of evaluating the relevant transaction, in each case to the extent such assignees, investors, participants, counterparties or Related Persons agree to be bound by provisions substantially similar to the provisions of this Section 9.10 (and such Person may disclose information to their respective Related Persons in accordance with clause (ii) above), (viii) to any other party hereto, (ix) in connection with the exercise or enforcement of any right or remedy under any Loan Document (in which case such Person shall promptly notify the Borrower in advance of such disclosure, to the extent permitted by applicable Requirements of Law) and (x) on a confidential basis to (1) any rating agency in connection with rating Holdings, the Borrower or any other Subsidiary or the Loans or (2) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facilities or market data collectors, similar services, providers to the lending industry and service providers to the Agent in connection with the administration and management of this Agreement and the Loan Documents; *provided*, *however*, that, notwithstanding the foregoing, in no event shall disclosure of such information referred to above be made to any Disqualified Lender (*provided* that the list of Disqualified Lenders has been made available to such party). In the event of any conflict between the terms of this Section 9.10 and those of any other Contractual Obligation entered into with any Credit Party (whether or not a Loan Document), the terms of this Section 9.10 shall govern. Notwithstanding anything to the contrary herein, the Agent shall not be responsible for compliance with this Section 9.10(b) by any Lender, L/C Issuer or any of their Related Persons.

(c) Tombstones. Neither the Agent nor any Lender shall, and neither the Agent nor any Lender shall permit any of its Affiliates to, publish any press releases, tombstones, advertising or other promotional materials (including, without limitation, via any Electronic Transmission) referring to any Credit Party or of any of their respective Affiliates, the Loan Documents or any transaction contemplated therein to which a Credit Party is party without the prior written consent of Borrower except (x) to the extent required to do so under applicable Requirements of Law and then, only after consulting with Borrower (if legally permitted to do so) and (y) customary press releases in connection with the closing of the transactions consummated on or about the Closing Date, which press releases shall be provided in draft form to Borrower for review, comment and approval (such approval not to be unreasonably withheld or delayed) prior to the publication thereof.

(d) Press Release and Related Matters. No Credit Party shall, and no Credit Party shall permit any of its Affiliates to, issue any press release or other public disclosure (other than any document filed with any Governmental Authority relating to a public offering of securities of any Credit Party) using the name, logo or otherwise referring to the Agent or of any of its Affiliates, without the prior written consent of the Agent except (x) to the extent required to do so under applicable Requirements of Law and then, only after consulting with the Agent (if legally permitted to do so) and (y) customary press releases in connection with the closing of the transactions consummated on or about the Closing Date, which press releases shall be provided in draft form to the Agent for review, comment and approval prior to the publication thereof (such approval not to be unreasonably withheld or delayed).

(e) Distribution of Materials to Lenders and L/C Issuers. The Credit Parties acknowledge and agree that the Loan Documents and all reports, notices, communications and other information or materials provided or delivered by, or on behalf of, the Credit Parties hereunder (collectively, the "**Borrower Materials**") may be, but is not required to be, disseminated by, or on behalf of, the Agent, and made available, to the Lenders and the L/C Issuers by posting such Borrower Materials on an E-System (subject to recipients' agreements to be bound by the foregoing confidentiality undertakings via "click-through" agreements) (the "**Platform**"). The Credit Parties authorize the Agent to download copies of their logos from its website and post copies thereof on an E-System. The Platform is provided "as is" and "as available". The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications (as defined below). No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent or any of its Related Persons (collectively, the "**Agent Parties**") have any liability to Holdings, the Borrower, any other Credit Party, any Lender, any L/C Issuer or any other Person for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Agent's transmission of communications through the Platform. "**Communications**" means, collectively, any notice, demand, communication, information, document or other material that any Credit Party provides to the Agent pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Agent or any Lender or L/C Issuer by means of electronic communications pursuant to this Section 9.10(e), including through the Platform.

(f) Material Non-Public Information. The Credit Parties hereby acknowledge that certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive MNPI with respect to any of the Credit Parties or any of their Affiliates or their securities) (each, a "**Public Lender**"). Each of Credit Parties agrees that (i) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean: that the word "PUBLIC" shall appear

prominently on the first page thereof; (ii) by marking Borrower Materials "PUBLIC", each of Credit Parties shall be deemed to have authorized the Agent and the Lenders to treat such Borrower Materials as not containing any material information with respect to any Credit Party or any of their Affiliates or securities for purposes of United States Federal and state securities laws other than information that is of a type that would be publicly available if Holdings was a public reporting company; (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Investor"; and (iv) the Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not marked as "Public Investor." Notwithstanding the foregoing, the following Borrower Materials shall be marked "PUBLIC", unless the Borrower notifies the Agent promptly that any such document contains material information of a type that would not be publicly available if Holdings was a public reporting company: (A) the Loan Documents and (B) notification of changes in the terms of the Loans, (C) the financial statements referred to in Sections 4.1(a) and 4.1(b) and 4.2(a) and (D) the Compliance Certificate. Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable law, including United States Federal and state securities laws, to make reference to Communications that are not made available through the "Public Side Information" portion of the Platform and that may contain MNPI with respect to the Credit Parties or any of their Affiliates or securities for purposes of United States Federal or state securities laws.

9.11 Setoff; Sharing of Payments.

(a) Right of Setoff. Each of the Agent, each Lender, each L/C Issuer and each Affiliate (including each branch office thereof) of any of them is hereby authorized, without notice or demand (each of which is hereby waived by each Credit Party), at any time and from time to time during the continuance of any Event of Default and to the fullest extent permitted by applicable Requirements of Law (but in the case of each Lender, each L/C Issuer and each Affiliate, after obtaining the prior written consent of the Agent), to set off and apply any and all deposits (whether general or special, time or demand, provisional or final, but not including Excluded Accounts or other accounts exclusively used to hold Trust Funds or accounts holding solely cash collateral for a third party that constitutes a Permitted Lien) at any time held and other Indebtedness, claims or other obligations at any time owing by the Agent, such Lender, such L/C Issuer or any of their respective Affiliates to or for the credit or the account of the Borrower or any other Credit Party against any Obligation of any Credit Party then due and owing. No Lender or L/C Issuer shall exercise any such right of setoff without the prior consent of the Agent or Required Lenders. Each of the Agent, each Lender and each L/C Issuer agrees promptly to notify the Borrower and the Agent after any such setoff and application made by such Lender or its Affiliates; *provided, however*, that the failure to give such notice shall not affect the validity of such setoff and application. The rights under this Section 9.11 are in addition to any other rights and remedies (including other rights of setoff) that the Agent, the Lenders, the L/C Issuer, their Affiliates and the other Secured Parties, may have.

(b) Sharing of Payments, etc. Except as otherwise provided herein, including pursuant to Discounted Purchases of open market purchases or otherwise, if any Lender, directly or through an Affiliate or branch office thereof, obtains any payment of any principal or interest Obligation of any Credit Party (whether voluntary, involuntary or through the exercise of any right of setoff or the receipt of any Collateral or "proceeds" (as defined under the applicable UCC) of Collateral) other than pursuant to Section 9.9 or Article X or otherwise in accordance with the express terms of this Agreement and such payment exceeds the amount such Lender would have been entitled to receive if all payments had gone to, and been distributed by, the Agent in accordance with the provisions of the Loan Documents, such Lender shall purchase for cash from other Lenders such participations in their Obligations as necessary for such Lender to share such excess payment with such Lenders to ensure such payment is applied as though it had been received by the Agent and applied in accordance with this Agreement (or, if such application would then be at the discretion of the Borrower, applied to repay the Obligations in accordance herewith); *provided*, *however*, that (i) if such payment is rescinded or otherwise recovered from such Lender or L/C Issuer in whole or in part, such purchase shall be rescinded and the purchase price therefor shall be returned to such Lender or L/C Issuer without interest and (ii) such Lender shall, to the fullest extent permitted by applicable Requirements of Law, be able to exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of the applicable Credit Party in the amount of such participation. If a Non-Funding Lender receives any such payment as described in the previous sentence, such Lender shall turn over such payments to the Agent in an amount that would satisfy the cash collateral requirements set forth in Section 1.11(e).

9.12 Counterparts; Facsimile Signature. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Agreement by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

9.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

9.14 Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

9.15 Independence of Provisions. The parties hereto acknowledge that this Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

9.16 Interpretation. This Agreement is the result of negotiations among and has been reviewed by counsel to Credit Parties, the Agent, each Lender and other parties hereto, and is the product of all parties hereto. Accordingly, this Agreement and the other Loan Documents shall not be construed against the Lenders or the Agent merely because of the Agent's or Lenders' involvement in the preparation of such documents and agreements. Without limiting the generality of the foregoing, each of the parties hereto has had the advice of counsel with respect to Sections 9.18 and 9.19.

9.17 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrower, the Lenders, the L/C Issuers party hereto, the Agent and, subject to the provisions of Section 8.11, each other Secured Party, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. Neither the Agent nor any Lender shall have any obligation to any Person not a party to this Agreement or the other Loan Documents.

9.18 Governing Law and Jurisdiction.

(a) Governing Law. The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Agreement, including, without limitation, its validity, interpretation, construction, performance and enforcement (including, without limitation, any claims based in contract or tort law arising out of the subject matter hereof and any determinations with respect to post-judgment interest).

(b) Submission to Jurisdiction. Any legal action or proceeding with respect to any Loan Document shall be brought exclusively in the courts of the State of New York located in the City of New York, Borough of Manhattan, or of the United States of America for the Southern District of New York and, by execution and delivery of this Agreement, each Borrower, each other Credit Party and each other party hereto hereby accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of the aforesaid courts; *provided* that nothing in this Agreement shall limit the right of any party to commence any proceeding in any court of any other jurisdiction to the extent such party determines that such action is necessary or appropriate to exercise its rights or remedies under the Loan Documents. The parties hereto (and, to the extent set forth in any other Loan Document, each other Credit Party) hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

(c) Service of Process. Each of the parties hereto hereby irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable Requirements of Law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of such party specified herein (and shall be effective when such mailing shall be effective, as provided therein). Each party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(d) Non-Exclusive Jurisdiction. Nothing contained in this Section 9.18 shall affect the right of any party hereto to serve process in any other manner permitted by applicable Requirements of Law or commence legal proceedings or otherwise proceed against any party hereto in any other jurisdiction.

9.19 Waiver of Jury Trial. EACH OF THE PARTIES HERETO, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, UNDER, IN CONNECTION WITH OR RELATING TO, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND ANY OTHER TRANSACTION CONTEMPLATED HEREBY OR THEREBY. THIS WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.

9.20 Entire Agreement; Release; Survival.

(a) THE LOAN DOCUMENTS EMBODY THE ENTIRE AGREEMENT OF THE PARTIES AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS RELATING TO THE SUBJECT MATTER THEREOF AND ANY PRIOR LETTER OF INTEREST, COMMITMENT LETTER, CONFIDENTIALITY AND SIMILAR AGREEMENTS INVOLVING ANY CREDIT PARTY AND ANY LENDER OR ANY L/C ISSUER OR ANY OF THEIR RESPECTIVE AFFILIATES RELATING TO A FINANCING OF SUBSTANTIALLY SIMILAR FORM, PURPOSE OR EFFECT OTHER THAN THE ENGAGEMENT LETTER AND THE FEE LETTER. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS AGREEMENT AND ANY OTHER LOAN DOCUMENT, THE TERMS OF THIS AGREEMENT SHALL GOVERN (UNLESS OTHERWISE EXPRESSLY STATED IN SUCH OTHER LOAN DOCUMENT OR SUCH TERMS OF SUCH OTHER LOAN DOCUMENTS ARE NECESSARY TO COMPLY WITH APPLICABLE REQUIREMENTS OF LAW, IN WHICH CASE SUCH TERMS SHALL GOVERN TO THE EXTENT NECESSARY TO COMPLY THEREWITH).

(b) In no event shall any Indemnitee or any Credit Party be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). Each party hereto hereby waives, releases and agrees (and shall cause each of its Related Persons to waive, release and agree) not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(c) (i) Any indemnification or other protection provided to any Indemnitee pursuant to this Section 9.20, Sections 9.5 (Costs and Expenses), and 9.6 (Indemnity), and Article VIII (Agent) and Article X (Taxes, Yield Protection and Illegality), and (ii) the provisions of Section 8.1 of the Guaranty and Security Agreement, in each case, shall (x) survive the termination of the Commitments and the payment in full of all other Obligations and (y) with respect to clause (i) above, inure to the benefit of any Person that at any time held a right thereunder (as an Indemnitee or otherwise) and, thereafter, its successors and permitted assigns.

9.21 Patriot Act. Each Lender that is subject to the Patriot Act hereby notifies the Credit Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender to identify each Credit Party in accordance with the Patriot Act.

9.22 Replacement of Lender. After: (i) receipt by the Borrower of written notice and demand from any Lender (an "**Affected Lender**") for any payment provided in Sections 10.1, 10.3 and/or 10.6; or (ii) any failure by any Lender to consent to a requested amendment, waiver or modification to any Loan Document in which the consent of each Lender (or each Lender directly affected thereby, as applicable) is required with respect thereto (*provided*, in the event such non-consenting Lender is the Agent or an Affiliate of the Agent, the Borrower shall have given five (5) Business Days prior written notice to the Agent of the Borrower's intention to remove the Agent or such Affiliate pursuant to this Section 9.22; *provided*, *further*, that the Agent shall have the right, notwithstanding anything to the contrary set forth in Section 8.9, to resign as the Agent hereunder effective upon the consummation of the replacement of such Lender pursuant to this Section 9.22), the Borrower may, at its option, notify the Agent and such Affected Lender (or such non-consenting Lender) of the Borrower's intention to obtain, at the Borrower's expense, a replacement Lender ("**Replacement Lender**") for such Affected Lender (or such non-consenting Lender), which Replacement Lender in the case of any Revolving Lender shall be reasonably satisfactory to the Agent (unless such Affected Lender (or such non-consenting Lender) is the Agent or an Affiliate of the Agent, in which case such consent of the Agent shall not be required). In the event that the Borrower obtains a Replacement Lender, the Affected Lender (or such non-consenting Lender) shall sell and assign its Loans and Commitments to such Replacement Lender, at par; *provided* that the Borrower shall have reimbursed such Affected Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and assignment and, in the case of such a non-consenting Lender that is being replaced as a result of such Lender's failure to consent to a requested amendment, waiver or modification to this Agreement, such non-consenting Lender has been paid any applicable prepayment premium that would be due to it under Section 1.9(d) in connection therewith. In the event that a replaced Lender does not execute an Assignment pursuant to Section 9.9 within five Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 9.22 and presentation to such replaced Lender of an Assignment evidencing an assignment pursuant to this Section 9.22, the Borrower shall be entitled (but not obligated) to execute such an Assignment on behalf of such replaced Lender, and any such Assignment so executed by the Borrower, the Replacement Lender and the Agent, shall be effective for purposes of this Section 9.22 and Section 9.9. Notwithstanding the foregoing, at the Borrower's request with respect to a Lender that is a Non-Funding Lender or an Impacted Lender, the Agent may, but shall not be obligated to, obtain a Replacement Lender satisfactory to the Borrower and execute an Assignment on behalf of such Non-Funding Lender or Impacted Lender at any time with three Business Days' prior notice to such Lender (unless notice is not practicable under the circumstances) and cause such Lender's Loans and Commitments to be sold and assigned, in whole or in part, at par. Upon any such assignment and payment and compliance with the other provisions of Section 9.9, such replaced Lender shall no longer constitute a "Lender" for purposes hereof; *provided* that any rights

of such replaced Lender to indemnification hereunder shall survive. Notwithstanding anything to the contrary in this Section 9.22, the Borrower shall be permitted to purchase and immediately cancel a non-consenting Lender's Loans and/or Commitments, at par, with proceeds of an equity contribution to the Borrower; *provided* that the Borrower shall have reimbursed such non-consenting Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and, in the case of such a non-consenting Lender that is being replaced as a result of such Lender's failure to consent to a requested amendment, waiver or modification to this Agreement, such non-consenting Lender has been paid any applicable prepayment premium that would be due to it under Section 1.9(d) in connection therewith.

9.23 Joint and Several. The obligations of the Credit Parties hereunder and under the other Loan Documents are joint and several.

9.24 Creditor-Debtor Relationship. The relationship between the Agent, each Lender and the L/C Issuer, on the one hand, and the Credit Parties, on the other hand, is solely that of creditor and debtor. No Secured Party has any fiduciary relationship or duty to any Credit Party arising out of or in connection with, and there is no agency, tenancy or joint venture relationship between the Secured Parties and the Credit Parties by virtue of, any Loan Document or any transaction contemplated therein.

9.25 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Credit Party to honor all of its payment obligations under the Guaranty and Security Agreement in respect of Swap Obligations under any Secured Rate Contract (*provided*, *however*, that each Qualified ECP Guarantor shall only be liable under this Section 9.25 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 9.25, or otherwise under the Guaranty and Security Agreement, voidable under applicable Requirements of Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 9.25 shall remain in full force and effect until the Guarantees in respect of Swap Obligations under each Secured Rate Contract have been discharged, or otherwise released or terminated in accordance with the terms of this Agreement. Each Qualified ECP Guarantor intends that this Section 9.25 constitute, and this Section 9.25 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

9.26 Collateral and Guarantee Requirements. Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, the Collateral will exclude (a)(i) any fee-owned real property with a fair market value of less than $1,500,000 (as determined in good faith by the Borrower on the date of acquisition) and all leasehold, subleasehold and other similar interests in real property (with no requirement to obtain leasehold mortgages, landlord waivers, consents, estoppels, or collateral access letters), (ii) (x) motor vehicles and other assets subject to certificates of title and (y) letter of credit rights (other than those that constitute supporting obligations as to included Collateral and/or to the extent that perfection can be accomplished through the filing of a UCC financing statement) and commercial tort claims with a value of less than $1,000,000, (iii) pledges and security interests currently prohibited by applicable law, rule or regulation (to the extent such law, rule or regulation is effective under applicable anti-

assignment provisions of the UCC), other than proceeds and receivables thereof; (iv) any lease, license or other agreement or any property subject to a purchase money security interest or similar arrangement, in each case in existence on the Closing Date or upon the Acquisition of the relevant Subsidiary party thereto, to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or purchase money arrangement or create a right of termination in favor of any other party thereto (other than the Borrower or a Guarantor) after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law, the assignment of which is expressly deemed effective under the UCC notwithstanding such prohibition, and other than proceeds and receivables thereof, (v) any governmental licenses or state or local franchises, charters and authorizations to the extent creation of a security interest thereon is prohibited or restricted thereby (after giving effect to the applicable anti-assignment provision of the UCC) (but not proceeds of the foregoing), for so long as the applicable franchise, charter, or authorization prohibits the creation of a security interest therein, (vi) any intent-to-use trademark application prior to the filing of a "Statement of Use" or "Amendment to Allege Use" with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal law; (vii) those assets as to which the Agent and the Borrower reasonably agree (1) a security interest over which could reasonably be expected to result in material adverse Tax consequences or (2) that the cost of obtaining such a security interest or perfection thereof are excessive in relation to the benefit to the Secured Parties of the security to be afforded thereby; and (viii) any non-U.S. assets or assets that require action under the law of any non-U.S. jurisdiction to create or perfect a security interest in such assets (and no security agreements or pledge agreements governed under the laws of any non-U.S. jurisdiction shall be required), other than in respect of any Intellectual Property owned by a Credit Party and registered in any non-U.S. jurisdiction, to the extent not constituting an Excluded Asset pursuant to clause (vi) or (vii) above (collectively, the "**Excluded Assets**"; *provided*, *however*, that "Excluded Assets" shall not include any proceeds, products, substitutions or replacements of Excluded Assets (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Assets under the definition thereof)).

9.27 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties hereto, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by.

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

The following terms shall for purposes of this Section 9.27 have the meanings set forth below:

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" means with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Write-Down and Conversion Powers**" means with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

ARTICLE X

TAXES, YIELD PROTECTION AND ILLEGALITY

10.1 Taxes.

(a) Except as otherwise required by any Requirement of Law, each payment by or on account of any obligation of any Credit Party under any Loan Document shall be made free and clear of, and without deduction for, any Taxes.

(b) If any Taxes shall be required by any Requirement of Law to be deducted from or in respect of any payment by or on account of any obligation of any Credit Party under any Loan Document (i) if such Taxes are Indemnified Taxes, the amount payable by the applicable Credit Party shall be increased as necessary to ensure that, after all required deductions for Indemnified Taxes are made (including deductions applicable to any amounts payable under this Section 10.1), the applicable Secured Party receives the amount it would have received had no such deductions been made, (ii) the relevant Credit Party or the applicable withholding agent shall make such deductions and (iii) the relevant Credit Party or the applicable withholding agent shall timely pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable Requirements of Law.

(c) In addition, the Credit Parties shall pay, and authorize the Agent to pay in their name, any stamp, court, documentary, excise or property Tax, charges or similar levies imposed by any applicable Requirement of Law or Governmental Authority and all Liabilities with respect thereto (including by reason of any delay in payment thereof), in each case arising from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document or any transaction contemplated therein, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 9.22) (collectively, "**Other Taxes**").

(d) Without duplication of any amounts paid pursuant to Section 10.1(b) or (c), the Credit Parties shall reimburse and jointly and severally indemnify, within 30 days after receipt of written demand therefor (with copy to the Agent), each Secured Party for all Indemnified Taxes (including any Indemnified Taxes imposed on or attributable to amounts payable under this Section 10.1) paid or payable by such Secured Party or required to be withheld or deducted from a payment to such Secured Party and any Liabilities arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally asserted; *provided* that the Credit Parties shall not be required to compensate such Secured Party pursuant to this Section 10.1(d) for any amounts unless such Secured Party makes a written demand therefor to the Borrower no later than 180 days following the date on which such Secured Party receives a written assessment of such amounts from the applicable Governmental Authority. A certificate of the Secured Party (or of the Agent on behalf of such Secured Party) claiming any compensation under this clause (d), setting forth the amounts to be paid thereunder and delivered to the Borrower with copy to the Agent, shall be conclusive, binding and final for all purposes, absent demonstrable error.

(e) Each Secured Party (other than the Agent) shall severally indemnify the Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Secured Party (but only to the extent that the Credit Parties have not already indemnified the Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Secured Party's failure to comply with the provisions of Section 9.9(f) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Secured Party, in each case, that are payable or paid by the Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Secured Party by the Agent shall be conclusive absent manifest error. Each Secured Party hereby authorizes the Agent to set off and apply any and all amounts at any time owing to such Secured Party under any Loan Document or otherwise payable by the Agent to the Secured Party from any other source against any amount due to the Agent under this paragraph (e).

(f) Within 30 days (or such longer period as may be agreed by the Agent in its sole discretion) after the date of any payment of Taxes (including, for the avoidance of doubt, Other Taxes) by any Credit Party pursuant to this Section 10.1, such Credit Party shall furnish to the Agent, at its address referred to in Section 9.2, the original or a certified copy of a receipt evidencing payment thereof or other evidence of payment reasonably satisfactory to the Agent.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 10.1 shall use its reasonable efforts (consistent with its internal policies and Requirements of Law) to change the jurisdiction of its Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if such a change or assignment would reduce any such additional amounts (or any similar amount that may thereafter accrue) and would not, in the sole determination of such Lender, be otherwise disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable and documented out-of-pocket costs and expenses incurred by any Lender in connection with any such designation or assignment.

(h) Each Secured Party that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Agent (or, in the case of a participant or SPV, the relevant Lender), at the time or times prescribed by applicable laws and reasonably requested by the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender), such properly completed and executed documentation prescribed by applicable laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit the Borrower and the Agent or the relevant Lender, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to withholding Taxes, (B) if applicable, the required rate of withholding or

deduction, and (C) such Secured Party's entitlement to any available exemption from, or reduction of, applicable withholding Taxes in respect of all payments to be made to such Secured Party pursuant to the Loan Documents or otherwise to establish such Secured Party's status for withholding Tax purposes in the applicable jurisdiction. In addition, any Secured Party, if reasonably requested by the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender), shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender) as will enable the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender) to determine whether or not such Secured Party is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 10.1(h)(i), (h)(ii) and (h)(iv) below) shall not be required if in the Secured Party's reasonable judgment such completion, execution or submission would subject such Secured Party to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Secured Party. Without limiting the generality of the foregoing:

(i) Each Non-U. S. Lender Party shall (w) on or prior to the date such Non-U.S. Lender Party becomes a "Non-U.S. Lender Party" hereunder, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this clause (i) and (z) from time to time if reasonably requested by the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender), provide the Agent and the Borrower (or, in the case of a participant or SPV, the relevant Lender), to the extent it is legally entitled to do so, with two duly executed originals of each of the following, as applicable (or promptly notify the Agent and the Borrower (or, in the case of a participant or SPV, the relevant Lender) in writing of its legal inability to do so):

(A) Forms W-8ECI (claiming exemption from U.S. withholding Tax because the income is effectively connected with a U.S. trade or business), W-8BEN or W-8BEN-E (claiming exemption from, or a reduction of, U.S. withholding Tax under an income Tax treaty, if any) and/or W-8IMY (together with appropriate forms, certifications and supporting statements) or any successor forms,

(B) in the case of a Non-U.S. Lender Party claiming exemption under Sections 871(h) or 881(c) of the Code, Form W-8BEN or W-8BEN-E (claiming exemption from U.S. withholding Tax under the portfolio interest exemption) or any successor form and a certificate in form and substance acceptable to the Agent and the Borrower to the effect that such Non-U.S. Lender Party is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**"),

(C) to the extent a Non-U.S. Lender Party is not the beneficial owner, executed originals of Form W-8IMY, accompanied by Form W-8ECI, Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender Party is a partnership and one or more direct or indirect partners of such Non-U.S. Lender Party are claiming the portfolio interest exemption, such Non-U.S. Lender Party may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner, or

(D) any other applicable document prescribed by the IRS certifying as to the entitlement of such Non-U.S. Lender Party to such exemption from or reduction in United States withholding Tax with respect to all payments to be made to such Non-U.S. Lender Party under the Loan Documents.

Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that payments under any Loan Document to or for a Non-U.S. Lender Party are not subject to United States withholding Tax or are subject to such Tax at a rate reduced by an applicable Tax treaty, the Credit Parties and the Agent shall withhold amounts required to be withheld by applicable Requirements of Law from such payments at the applicable statutory rate.

(ii) Each U.S. Lender Party shall (A) on or prior to the date such U.S. Lender Party becomes a "U.S. Lender Party" hereunder, (B) on or prior to the date on which any such form or certification expires or becomes obsolete, (C) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this clause (h) and (D) from time to time if reasonably requested by the Borrower or the Agent (or, in the case of a participant or SPV, the relevant Lender), provide the Agent and the Borrower (or, in the case of a participant or SPV, the relevant Lender) with two duly executed originals of Form W-9 (certifying that such U.S. Lender Party is not subject to U.S. backup withholding Tax) or any successor form.

(iii) Each Lender having sold a participation in any of its Obligations or identified an SPV as such to the Agent shall collect from such participant or SPV the documents described in this clause (h) (including, without limitation, any documents described in the first three sentences of this clause (h)).

(iv) If a payment made to a Non-U.S. Lender Party or U.S. Lender Party under any Loan Document would be subject to withholding Tax imposed by FATCA if such Non-U.S. Lender Party or U.S. Lender Party were to fail to comply with the applicable requirements of FATCA (including those contained in

Section 1471(b) or 1472(b) of the Code, as applicable), such Non-U.S. Lender Party or U.S. Lender Party shall deliver to the Agent and the Borrower (or, in the case of a participant or SPV, the relevant Lender) at the time or times prescribed by law and at such time or times reasonably requested by the Agent or Borrower (or, in the case of a participant or SPV, the relevant Lender) such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Agent or the Borrower (or, in the case of a participant or SPV, the relevant Lender) as may be necessary for the Agent and the Borrower (or, in the case of a participant or SPV, the relevant Lender) to comply with their obligations under FATCA and to determine that such Non-U.S. Lender Party or U.S. Lender Party has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Secured Party, Non-U.S. Lender Party and U.S. Lender Party agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Agent (or, in the case of a participant or SPV, the relevant Lender) in writing of its legal inability to do so.

(i) If any Secured Party determines, in its sole discretion, that it has received a refund (whether in cash or indirect credit in lieu of a cash refund) of Taxes as to which it has been indemnified by the Credit Parties or with respect to which any Credit Party has paid additional amounts pursuant to this Section 10.1, it shall without unreasonable delay pay over such refund to the Credit Parties (but only to the extent of indemnity payments made, or additional amounts paid, by the Credit Parties under this Section 10.1 with respect to the Taxes giving rise to such refund), net of all reasonable and documented out-of-pocket expenses (including Taxes) of such Secured Party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). The Credit Parties, upon the request of such Secured Party, shall repay to such Secured Party the amount paid over pursuant to this Section 10.1(i) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such Secured Party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 10.1(i), in no event shall the Secured Party be required to pay any amount to a Credit Party pursuant to this Section 10.1(i) the payment of which would place the Secured Party in a less favorable net after-Tax position than the Secured Party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any Secured Party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Credit Parties or any other Person.

(j) Each party's obligations under this Section 10.1 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

10.2 Illegality. If after the date hereof any Lender shall reasonably determine that the introduction of any Requirement of Law, or any change in any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make LIBOR Rate Loans, then, on notice thereof by such Lender to the Borrower through the Agent, the obligation of that Lender to make LIBOR Rate Loans shall be suspended until such Lender shall have notified the Agent and the Borrower that the circumstances giving rise to such determination no longer exists. Upon receipt of such notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it.

(a) Subject to clause (c) below, if any Lender shall determine that it is unlawful to maintain any LIBOR Rate Loan, the Borrower shall prepay in full, together with all interest thereon, or convert to Base Rate Loans, all LIBOR Rate Loans of such Lender then outstanding, together with interest accrued thereon, either on the last day of the Interest Period thereof if such Lender may lawfully continue to maintain such LIBOR Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Rate Loans.

(b) If the obligation of any Lender to make or maintain LIBOR Rate Loans has been terminated, the Borrower may elect, by giving notice to such Lender through the Agent that all Loans which would otherwise be made by any such Lender as LIBOR Rate Loans shall be instead Base Rate Loans.

(c) Before giving any notice to the Agent pursuant to this Section 10.2, the affected Lender shall designate a different Lending Office with respect to its LIBOR Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Lender, be illegal or otherwise disadvantageous to the Lender.

10.3 Increased Costs and Reduction of Return.

(a) If any Lender or L/C Issuer or the Agent shall determine that, due to either (i) the introduction of, or any change in, or change in the interpretation of, any Requirement of Law or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), in the case of either clause (i) or (ii) subsequent to the date hereof, there shall be any increase in the cost to such Lender or L/C Issuer or the Agent of agreeing to make or making, funding or maintaining any Loans or of Issuing or maintaining any Letter of Credit or any reduction in any amount received or receivable by such Lender or L/C Issuer or the Agent under any Loan Document, then the Borrower shall be liable for, and shall from time to time, within 30 days of demand therefor by such Lender or L/C Issuer or the Agent (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender or L/C Issuer or the Agent, additional amounts as are sufficient to compensate such Lender, L/C Issuer or the Agent for such increased costs; *provided* that the Borrower shall not be required to compensate

any Lender or L/C Issuer or the Agent pursuant to this Section 10.3(a) for any increased costs incurred more than 180 days prior to the date that such Lender or L/C Issuer or the Agent notifies the Borrower, in writing of the increased costs and of such Lender's or L/C Issuer's or the Agent's intention to claim compensation thereof; *provided, further,* that if the circumstance giving rise to such increased costs is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(b) If any Lender or L/C Issuer shall have determined that:

(i) the introduction of any Capital Adequacy Regulation;

(ii) any change in any Capital Adequacy Regulation;

(iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof; or

(iv) compliance by such Lender or L/C Issuer (or its Lending Office) or any entity controlling the Lender or L/C Issuer, with any Capital Adequacy Regulation;

affects the amount of capital required or expected to be maintained by such Lender or L/C Issuer or any entity controlling such Lender or L/C Issuer and (taking into consideration such Lender's or such entity's policies with respect to capital adequacy and such Lender's or L/C Issuer's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment(s), loans, credits or obligations under this Agreement, then, within 30 days of demand of such Lender or L/C Issuer (with a copy to the Agent), the Borrower shall pay to such Lender or L/C Issuer, from time to time as specified by such Lender or L/C Issuer, additional amounts sufficient to compensate such Lender or L/C Issuer (or the entity controlling the Lender or L/C Issuer) for such increase; *provided* that the Borrower shall not be required to compensate any Lender or L/C Issuer pursuant to this Section 10.3(b) for any amounts incurred more than 180 days prior to the date that such Lender or L/C Issuer notifies the Borrower, in writing of the amounts and of such Lender's or L/C Issuer's intention to claim compensation thereof; *provided*, *further*, that if the event giving rise to such increase is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(c) It is understood and agreed that (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173), all rules and regulations in connection therewith, all guidelines and directives in connection therewith and any compliance by a Lender or L/C Issuer with any request or directive relating thereto and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case in respect of this clause (ii) pursuant to Basel III, shall, in each case, for the purposes of this Agreement, be deemed to be adopted subsequent to the date hereof other than any such rules, regulations, guidelines or directives with which the Lenders and L/C Issuers, as applicable, are required to comply as of the Closing Date.

(d) This Section 10.3 shall not apply to Taxes described in (b) through (d) of the definition of Excluded Taxes, Connection Income Taxes or Indemnified Taxes.

10.4 Funding Losses. The Borrower agrees to reimburse each Lender and to hold each Lender harmless from any actual loss or expense (excluding loss of profit) which such Lender may sustain or incur as a consequence of:

(a) the failure of the Borrower to make any payment or mandatory prepayment of principal of any LIBOR Rate Loan (including payments made after any acceleration thereof);

(b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Borrower to make any prepayment after the Borrower has given a notice in accordance with Section 1.7;

(d) the prepayment (including pursuant to Section 1.8) of a LIBOR Rate Loan on a day which is not the last day of the Interest Period with respect thereto; or

(e) the conversion pursuant to Section 1.6 of any LIBOR Rate Loan to a Base Rate Loan on a day that is not the last day of the applicable Interest Period;

(f) including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its LIBOR Rate Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained; *provided* that, with respect to the expenses described in clauses (d) and (e) above, such Lender shall have notified the Agent of any such expense within ten (10) Business Days of the date on which such expense was incurred. Solely for purposes of calculating amounts payable by the Borrower to the Lenders under this Section 10.4 and under Section 10.3(a): each LIBOR Rate Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the interest rate for such LIBOR Rate Loan by a matching deposit or other borrowing in the interbank Eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Rate Loan is in fact so funded.

10.5 Inability to Determine Rates. If the Agent shall have determined in good faith that for any reason adequate and reasonable means do not exist for ascertaining the LIBOR for any requested Interest Period with respect to a proposed LIBOR Rate Loan or that the LIBOR applicable pursuant to Section 1.3(a) for any requested Interest Period with respect to a proposed LIBOR Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding or maintaining such Loan, the Agent will forthwith give notice of such determination to the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBOR Rate Loans hereunder shall be suspended until the Agent revokes such notice in writing. Upon receipt of such

notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such notice, the Lenders shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans.

10.6 Certificates of Lenders. Any Lender or L/C Issuer or the Agent claiming reimbursement or compensation pursuant to this Article X shall deliver to the Borrower (in the case of a Lender or L/C Issuer, with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to such Lender or L/C Issuer or the Agent hereunder and such certificate shall be conclusive and binding on the Borrower in the absence of manifest or demonstrable error.

ARTICLE XI

DEFINITIONS

11.1 Defined Terms. The following terms have the following meanings:

"**Account**" means, as at any date of determination, all "accounts" (as such term is defined in the UCC) of the Credit Parties and their Subsidiaries, including, without limitation, the unpaid portion of the obligation of a customer of any of the Credit Parties or any of their Subsidiaries in respect of Inventory purchased by and shipped to such customer and/or the rendition of services by any of the Credit Parties or any of their Subsidiaries, as stated on the respective invoice of any of the Credit Parties or any of their Subsidiaries, net of any credits, rebates or offsets owed to such customer.

"**Acquired EBITDA**" has the meaning ascribed thereto in the penultimate paragraph of the definition of Consolidated EBITDA.

"**Acquired Entity or Business**" has the meaning ascribed thereto in the penultimate paragraph of the definition of Consolidated EBITDA.

"**Acquisition**" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the Stock and Stock Equivalents of any Person or otherwise causing any Person to become a Subsidiary of a Credit Party, or (c) a merger or consolidation or any other combination with another Person.

"**Adjusted LIBOR**" shall mean, with respect to each Interest Period, an interest rate per annum equal to the product of (i) the LIBOR in effect for such Interest Period and (ii) Statutory Reserves. Notwithstanding the foregoing, (x) with respect to the Initial Term Loan, the Adjusted LIBOR shall not be less than 1.00% per annum and (y) with respect to the Revolving Loans, Adjusted LIBOR shall not be less than 0.00%.

"**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person; *provided*, *however*, that no Secured Party shall be an Affiliate of any Credit Party or of any Subsidiary of any Credit Party solely by reason of the provisions of the Loan Documents. For purposes of this definition, "**control**" means the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affected Lender**" has the meaning ascribed thereto in Section 9.22.

"**Agent**" means, collectively, the Administrative Agent and the Collateral Agent.

"**Aggregate Excess Funding Amount**" has the meaning ascribed thereto in Section 1.11(e)(iv).

"**Aggregate Revolving Loan Commitment**" means, as to any Class, the combined Revolving Loan Commitments of such Class of the Lenders, which shall initially be in the amount of $10,000,000.00, as such amount may be reduced from time to time pursuant to this Agreement.

"**Aggregate Term Loan Commitment**" means, as to any Class, the combined Term Loan Commitments of such Class of the Lenders, which shall initially be in the amount of $135,000,000.00, as such amount may be reduced from time to time pursuant to this Agreement.

"**Applicable Margin**" means, for any date of determination:

(a) with respect to the Term Loans, (x) in the case of LIBOR Rate Loans, 7.00% *per annum*, and (y) in the case of Base Rate Loans, 6.00%*per annum;* and

(b) with respect to the Revolving Loans, (x) on and from the Closing Date to the date on which the financial statements and accompanying Compliance Certificate for the first full fiscal quarter ending after the Closing Date are delivered pursuant to Section 4.1(a) and Section 4.2(b), (i) in the case of LIBOR Rate Loans, 7.00% *per annum*, (ii) in the case of Base Rate Loans, 6.00% *per annum*, and (iii) in the case of the Unused Commitment Fee, 0.50%, and (y) thereafter, the applicable percentage set forth in the table below under the appropriate caption:

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for LIBOR Rate Revolving Loans	Applicable Margin for Base Rate Revolving Loans	Applicable Margin for Unused Commitment Fee
I	Greater than 2.50 to 1.00	7.00%	6.00%	0.50%
II	Less than or equal to 2.50 to 1.00, but greater than 2.00 to 1.00	6.50%	5.50%	0.375%
III	Less than or equal to 2.00 to 1.00	6.00%	5.00%	0.375%

The Applicable Margin for the Revolving Loans (including the Unused Commitment Fee) shall be re-determined quarterly on the first Business Day following the date of delivery to the Agent of the calculation of the Consolidated Total Net Leverage Ratio based on the financial statements and the accompanying Compliance Certificate delivered pursuant to Section 4.1(a), Section 4.1(b) and Section 4.2(b). If the Agent has not received such calculation of the Consolidated Total Net Leverage Ratio for any fiscal quarter within the time period specified by Section 4.1(a) or Section 4.1(b) and Section 4.2(b), the Applicable Margin shall be determined as if Pricing Level I shall have applied until one Business Day after the delivery of such calculation to the Agent. At any time during the continuance of an Event of Default as a result of any of the events set forth in Section 7.1(a), Section 7.1(f) or Section 7.1(g), the Applicable Margin for the Revolving Loans (including the Unused Commitment Fee) shall be set at Pricing Level I. In the event that any financial statement or certificate delivered pursuant to Section 4.1(a) or Section 4.1(b) and Section 4.2(b) is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "**Applicable Period**") than the Applicable Margin applied for such Applicable Period, then (i) the Borrower shall promptly upon becoming aware of any such inaccuracy deliver to the Agent a correct certificate required by Section 4.2(b) for such Applicable Period and (ii) the Borrower shall promptly pay to the Agent the accrued additional interest and fees owing as a result of such increased Applicable Margin for such Applicable Period; *provided*, that notwithstanding the foregoing, no Default or Event of Default shall be deemed to have occurred as a result of such non-payment (and no such shortfall amount shall be deemed overdue or accrue interest at the default rate under Section 1.3(b)) unless such shortfall amount is not paid promptly by the Borrower).

"**Approved Fund**" means, with respect to any Lender, any Person (other than a natural Person) that (a) (i) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of business or (ii) temporarily warehouses loans for any Lender or any Person described in clause (i) above and (b) is administered or managed by (i) such Lender, (ii) any Affiliate of such Lender or (iii) any Person (other than an individual) or any Affiliate of any Person (other than an individual) that administers or manages such Lender.

"**Assignment**" means an assignment agreement entered into by a Lender, as assignor, and any Person, as assignee, pursuant to the terms and provisions of Section 9.9 (with the consent of any party whose consent is required by Section 9.9), accepted by the Agent, substantially in the form of Exhibit 11.1(a) or any other form approved by the Agent and the Borrower.

"**Attorney Costs**" means and includes all reasonable and documented fees and out-of-pocket disbursements of any law firm or other external counsel.

"**Available Amount**" shall mean, at any time of determination (the applicable "**Reference Date**") an amount (in no event less than zero) equal to, without duplication:

(x) the sum of:

(i) the cumulative amount of Net Issuance Proceeds of Excluded Equity Issuances and capital contributions (other than Specified Equity Contributions) received by the Borrower after the Closing Date and prior to the Reference Date;

(ii) the Net Incurrence Proceeds of Indebtedness and Net Issuance Proceeds of Disqualified Stock that have been incurred or issued after the Closing Date and prior to the Reference Date (other than Specified Equity Contributions) and exchanged or converted into Qualified Stock of the Borrower (or any direct or indirect parent company thereof);

(iii) Declined Amounts;

(iv) the Net Proceeds of any sale of any Investment originally made using the Available Amount; and

(v) without duplication to clause (iv), cash returns, profits, distributions and similar amounts received on Investments (other than in respect of intercompany investments) originally made using the Available Amount to the extent not included in Consolidated Net Income;

minus

(y) that portion of the Available Amount that has been applied to make Investments pursuant to Section 5.4(x).

"**Availability**" means, as of any date of determination, the amount by which (a) the Aggregate Revolving Loan Commitment exceeds (b) the sum of (i) the aggregate outstanding principal balance of Revolving Loans and (ii) the aggregate amount of Letter of Credit Obligations.

"**Bail-In Action**" has the meaning ascribed thereto in Section 9.27.

"**Bankruptcy Code**" means the Federal Bankruptcy Reform Act of 1978.

"**Base Rate**" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBOR on such day (or if such day is not a Business Day, the immediately preceding Business Day) for a one-month Interest Period, plus 1.00%; *provided* that for the purpose of clause (c), the Adjusted LIBOR for any day shall be based on the rate determined on such day at approximately 11:00 a.m. (London time) by reference to the ICE Benchmark Administration Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by the Agent that has been nominated by the ICE Benchmark Administration as an authorized vendor for the purpose of displaying such rates). If the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBOR shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBOR, as the case may be.

"**Base Rate Loan**" means a Loan that bears interest based on the Base Rate.

"**Benefit Plan**" means any "employee benefit plan" as defined in Section 3(2) of ERISA (whether governed by the laws of the United States or otherwise) to which any Credit Party incurs or otherwise has any obligation or liability, contingent or otherwise, excluding Multiemployer Plans, Title IV plans and any employee benefit plans sponsored or maintained by any foreign, federal, state or local governments or agencies.

"**Borrower**" has the meaning ascribed thereto in the Preamble.

"**Borrower Materials**" has the meaning ascribed thereto in Section 9.10(e).

"**Borrowing**" means a borrowing hereunder consisting of Base Rate Loans or Adjusted LIBOR Loans of the same Class made, converted or continued on the same day by the Lenders pursuant to Article I and, in the case of LIBOR Rate Loans, as to which a single Interest Period is in effect.

"**Business Day**" means any day that is not a Saturday, Sunday or a day on which banks are required or authorized to close in New York City and, when determined in connection with notices and determinations in respect of any LIBOR Rate Loan or any funding, conversion, continuation, Interest Period or payment of any LIBOR Rate Loan, that is also a day on which dealings in Dollar deposits are carried on in the London interbank market.

"**Capital Adequacy Regulation**" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any Lender or of any corporation controlling a Lender.

"**Capital Expenditures**" shall mean, for any period, all amounts that would be reflected as additions to property, plant or equipment on a consolidated statement of cash flows of Holdings and its Subsidiaries in accordance with GAAP (including amounts expended or capitalized under Capital Leases), but excluding (a) any expenditure constituting a Permitted Acquisition, (b) expenditures (x) made with tenant improvement allowances provided, or reimbursed in cash, by landlords under leases or (y) in respect of equipment that is purchased simultaneously with the trade-in of existing equipment, fixed assets or improvements (but any out-of-pocket payments made in cash in connection therewith shall be Capital Expenditures), or the credit granted by the seller of such equipment for the trade-in of such equipment, fixed assets or improvements, and (c) any such expenditure made to restore, replace or rebuild property subject to any damage, loss, destruction, taking by eminent domain or condemnation, to the extent such expenditure is made with insurance proceeds, compensation or condemnation awards or damage recovery proceeds relating to any such damage, loss, destruction or taking or condemnation.

"**Capital Lease**" means, with respect to any Person, any lease of, or other arrangement conveying the right to use, any Property by such Person as lessee that has been or is required to be accounted for as a capital lease on a balance sheet of such Person prepared in accordance with GAAP.

"**Capital Lease Obligations**" all monetary obligations of any Credit Party or any Subsidiary of any Credit Party under any Capital Lease.

"**Captive Insurance Subsidiary**" means any Subsidiary of the Borrower that is subject to regulation as an insurance company (or any Subsidiary thereof).

"**Cash Equivalents**" means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the United States federal government or (ii) issued by any agency or instrumentality of the United States federal government the obligations of which are fully backed by the full faith and credit of the United States federal government, (b) any readily-marketable direct obligations issued by any other agency of the United States federal government, any territory, commonwealth or state of the United States or the District of Columbia or any political subdivision of any such territory, commonwealth or state or any public instrumentality thereof, in each case having a rating of at least "A-l" from S&P or at least "P-1" from Moody's (or an equivalent rating by any other nationally recognized statistical rating agency selected by the Borrower), (c) any commercial paper or fixed or variable notes which are rated at least "A-l" by S&P or "P-l" by Moody's (or an equivalent rating by any other nationally recognized statistical rating agency selected by the Borrower) and issued by any Person organized under the laws of any territory, commonwealth or state of the United States or the District of Columbia, (d) any Dollar-denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by (i) any Lender or (ii) any commercial bank that (A) is organized under the laws of the United States, any state, territory or commonwealth thereof or the District of Columbia or which is the principal banking subsidiary of a bank holding company organized under the laws of any of the foregoing or any U.S. branch of a foreign bank, (B) is "adequately capitalized" (as defined in the regulations of its primary federal banking regulators) and (C) has Tier 1 capital (as defined in such regulations) in excess of $250,000,000 (each such bank, an "**Approved Bank**"), (e) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Approved Bank, (f) obligations of other Persons with maturities of one year or less from the date of acquisition, rated at least AA by S&P and Aa2 by Moody's and (g) Investments in any United States money market fund that (i) has at least 95% of its assets invested continuously in the types of investments referred to in clause (a), (b), (c), (d), (e) or (f) above with maturities as set forth in the proviso below and (ii) has net assets in excess of $500,000,000; *provided, however,* that the maturities of all obligations specified in any of clauses (a), (b), (c), (d), (e) or (f) above shall not exceed 366 days.

"**Change of Control**" means the occurrence of any of the following: (a) (i) prior to the consummation of an Initial Public Offering, the Permitted Holders shall cease to beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, a majority of the then issued and outstanding Stock having ordinary voting (or equivalent) power for the election or appointment of directors (or comparable managers) of Holdings (measured by voting or appointment power rather than number of shares) ("**Voting Stock**") and (ii) upon and after the consummation of an Initial Public Offering, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than (x) the Permitted Holders, (y) any employee benefit plan of Holdings and its Subsidiaries and any Person acting in its capacity as trustee, agent or other fiduciary or administrator of any employee benefit plan of Holdings or its Subsidiaries or any Permitted Holders and (z) any "group" which includes the Permitted Holders (*provided* that in the case of any such "group," the Permitted Holders hold at least a majority of the then issued and outstanding Voting Stock of such "group"), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of a percentage of the issued and outstanding Voting Stock of Holdings representing more than

(1) thirty-five percent of the issued and outstanding Voting Stock of Holdings (on a fully diluted basis) and (2) the percentage of the issued and outstanding Voting Stock of Holdings (on a fully diluted basis) that is beneficially owned (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, by the Permitted Holders and, if applicable, any "group" which includes the Permitted Holders, (b) the occupation at any time of a majority of the seats (other than vacant seats) on the board of directors (or similar governing body) of Holdings (or, on or after the date of an IPO, by the board of directors of any Person of which Holdings is a direct or indirect Subsidiary) by Persons who were not (i) directors (or similar Persons) of Holdings on the date of this Agreement, (ii) nominated or approved by the board of directors (or similar governing body) of Holdings (or, on or after the date of an IPO, by the board of directors of any Person of which Holdings is a direct or indirect Subsidiary) or (iii) appointed by directors (or similar Persons) so nominated or approved or (c) Holdings shall cease to own and control legally and beneficially all of the economic and voting rights associated with ownership of all outstanding Stock of the Borrower.

"**Class**" when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Term Loans or Revolving Loans, (b) any Commitment, refers to whether such Commitment is an Initial Term Loan Commitment or Revolving Loan Commitment, and (c) any Lender, refers to whether such Lender has a Loan or Commitment with respect to a particular Class of Loans or Commitments. Revolving Loan Commitments and Initial Term Loan Commitments (and in each case, the Loans made pursuant to such Commitments) that have different terms and conditions shall be construed to be in different Classes. Commitments (and in each case, the Loans made pursuant to such Commitments) that have all the same terms and conditions shall be construed to be in the same Class.

"**Closing Date**" means August 28, 2017.

"**Code**" means the Internal Revenue Code of 1986.

"**Collateral**" means all Property and interests in Property and proceeds thereof now owned or hereafter acquired by any Credit Party (other than Excluded Assets), in or upon which a mortgage, deed of trust, pledge, hypothecation, collateral assignment, charge, lien or other security interest is granted in favor of the Agent on behalf of itself, Lenders and the other Secured Parties, pursuant to the Guaranty and Security Agreement or any other Collateral Document, in each case, to secure the Obligations.

"**Collateral Documents**" means, collectively, the Guaranty and Security Agreement, the Mortgages (if any), and all other security agreements, pledge agreements, control agreements, patent and trademark security agreements, Guarantees and other similar agreements, and all amendments, restatements, modifications or supplements thereof or thereto, by or between any one or more of any Credit Party, and any Lender or the Agent for the benefit of the Agent, the Lenders and the other Secured Parties granting a lien on Collateral to secure or Guarantee the payment of the Obligations now or hereafter delivered to the Lenders or the Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter filed in accordance with the UCC or comparable law) against any such Person as debtor in favor of any Lender or the Agent for the benefit of the Agent, the Lenders and the other Secured Parties, as secured party, as any of the foregoing may be amended, restated and/or modified from time to time.

"**Commitment**" means, for each Lender, the sum of its Revolving Loan Commitment and Initial Term Loan Commitment.

"**Commitment Percentage**" means, as to any Lender, the percentage equivalent of such Lender's Revolving Loan Commitment or Term Loan Commitment of the relevant Class divided by the Aggregate Revolving Loan Commitment or Aggregate Term Loan Commitment of the relevant Class, as applicable; *provided* that after the Term Loans of any Class have been funded, Commitment Percentages shall be determined for the Term Loans of such Class by reference to the outstanding principal balances thereof as of any date of determination rather than the Commitments therefor; *provided* that following acceleration of the Loans, such term means, as to any Lender, the percentage equivalent of the principal amount of the Loans held by such Lender, divided by the aggregate principal amount of the Loans held by all Lenders.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"**Compliance Certificate**" has the meaning ascribed thereto in Section 4.2(b).

"**Connection Income Taxes**" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"**Consolidated Current Assets**" means, with respect to any Person at any date, all assets (other than cash and cash equivalents) of such Person and its Subsidiaries at such date that would, in conformity with GAAP, be classified as current assets (or any like caption) on a consolidated balance sheet of such Person at such date.

"**Consolidated Current Liabilities**" means, with respect to any Person at any date, all liabilities of such Person and its Subsidiaries at such date that would, in conformity with GAAP, be classified as current liabilities (or any like caption) on a consolidated balance sheet of such Person at such date; *provided*, *however*, that "Consolidated Current Liabilities" shall exclude, to the extent otherwise included therein, (a) the current portion of any Indebtedness (including the Loans) to the extent otherwise included therein, (b) revolving loans and letter of credit obligations under revolving credit facilities or revolving lines of credit, (c) the current portion of interest payable, (d) the current portion of current and deferred income taxes, (e) the current portion of any Capital Lease Obligations, (f) deferred revenue, (g) the current portion of deferred acquisition costs and (h) to the extent reflected in the calculation of Consolidated EBITDA, current accrued costs associated with any restructuring (including accrued severance and accrued facility closure costs).

"**Consolidated Depreciation and Amortization Expense**" means, with respect to any Person for any period, the total amount of depreciation and amortization expense (including the amortization of deferred financing fees or costs and the amortization of OID resulting from the issuance of Indebtedness at less than par, amortization of intangible assets and amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits, of such Person and its Subsidiaries) of such Person and its Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"**Consolidated EBITDA**" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(a) increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case (other than clause (xii)) to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period:

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c)); plus

(ii) Consolidated Interest Expense of such Person for such period; plus

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period; plus

(iv) any out-of-pocket fees, payments, expenses or charges (including legal, tax, structuring and other costs and expenses, but excluding depreciation and amortization expense) related to: (a) the Transactions, including any payments and expenses, or any amortization thereof, related to the Transactions that are incurred within twelve months after the Closing Date and (b) any proposed or actual equity offering (including, without limitation, any Initial Public Offering), Investment, acquisition (including costs and expenses in connection with the de-listing of public targets and compliance with public company requirements), disposition, dividend, restricted payment or recapitalization or the incurrence and/or repayment of Indebtedness (including any incremental facility, any refinancing of any such Indebtedness, any letter of credit fees and/or breakage costs) (in each of the foregoing whether or not consummated or successful), including (1) such fees, expenses or charges related to the Loans, the Loan Documents and any credit facilities, (2) any amendment, restatement, extension, increase or other modification of the Loans, the Loan Documents and any credit facilities, (3) any charges, non-recurring acquisition costs or contingent transaction costs incurred during such period as a result of any such transaction and (4) one-time expenses related to enhanced accounting function or other transaction costs, including those associated with becoming standalone entity or public company; plus

(v) the amount (together with any fees, expenses or other charges in connection therewith) of any out-of-pocket deferred compensation, severance, signing bonuses, stay bonus, retention, recruiting and relocation costs, integration costs, transition costs, costs incurred in connection with any non-recurring strategic initiatives and intellectual property development, project startup costs and other restructuring charges, costs associated with establishing new facilities or reserves, any other one-time costs incurred in connection with acquisitions, excess fulfillment costs incurred prior to warehouse consolidation through December 31,

2017 and costs related to the closure and/or consolidation of facilities in the good faith determination of the Borrower and as certified by the Borrower's chief financial officer, chief executive officer, controller or other comparable executive; *provided* that, the aggregate amount pursuant to this clause (v), together with the aggregate amount pursuant to clause (xii) below and clause (B) of the definition of Pro Forma Basis (but excluding (A) any adjustments under such clause (xii) and the definition of Pro Forma Basis determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition), in any period of four consecutive Fiscal Quarters shall not exceed 10% of Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period; plus

(vi) [reserved]; plus

(vii) fees paid in an amount not to exceed $500,000 in any Fiscal Year to the Sponsor and its Affiliates pursuant to or in connection with services rendered pursuant to the Management Agreement, any amounts payable with respect to indemnities thereunder, and reasonable, out-of-pocket expenses paid, or reimbursed, to the Sponsor and its Affiliates; plus

(viii) non-cash stock option and other equity-based compensation; plus

(ix) (A) compensation and fees paid to directors of Holdings or any of its Subsidiaries permitted hereunder in an aggregate cash amount not to exceed $1,000,000 in any Fiscal Year, (B) expense reimbursements for travel and other expenses paid to directors of Holdings or any of its Subsidiaries permitted hereunder and (C) indemnifications of directors, officers and comparable managers of Holdings or any of its Subsidiaries permitted hereunder, plus

(x) to the extent covered by insurance or reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer, losses or expenses with respect to liability or casualty event; *provided* that Consolidated EBITDA shall be decreased in any future period in which such reimbursement is actually received by the amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause (x); plus

(xi) the amount of any earn out obligation which was reserved or paid during such period and deducted in the calculation of Consolidated Net Income for such period, to the extent such earn-out obligations are permitted hereunder; plus

(xii) the amount of cost savings, operating expense reductions, other operating improvements, initiatives and synergies which are projected by the Borrower in good faith to be reasonably anticipated to be realizable within eighteen (18) months of the date thereof (which will be added to Consolidated EBITDA as

so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements, initiatives and synergies had been realized on the first day of such period) net of the amount of actual benefits realized during such period from such actions; *provided* that all steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower and certified by a Responsible Officer of the Borrower); *provided further* that, the aggregate amount pursuant to this clause (xii) and clause (B) of the definition of Pro Forma Basis, together with the aggregate amount pursuant to clause (v) above, in any period of four consecutive Fiscal Quarters shall not exceed 10% of Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period; *provided* that such 10% limitation (A) will not apply to the extent such adjustments are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) shall exclude any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition; plus

(xiii) non-cash costs or losses related to hedging obligations; plus

(xiv) non-cash foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities; plus

(xv) [reserved]; plus

(xvi) any purchase accounting adjustments, restructuring and other non-recurring items or expenses incurred in connection with any Permitted Acquisition (including any debt or equity issuance in connection therewith) or any non-recurring items or expenses incurred in connection with a Disposition; plus

(xvii) (A) non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, in each case, of Holdings, the Borrower or any Subsidiary for such period and (B) any costs or expense incurred by Holdings, the Borrower or any Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Holdings or the Borrower or Net Issuance Proceeds of an issuance of equity interests (other than Disqualified Stock) of Holdings or the Borrower; plus

(xviii) all costs or losses (whether cash or non-cash) (without duplication) resulting from the early termination or extinguishment of Indebtedness; plus

(xix) cash expenses of Holdings, the Borrower and their Subsidiaries incurred during such period to the extent (x) deducted in determining Consolidated Net Income and (y) reimbursed in cash by any person (other than any of Holdings, the Borrower or any of their Subsidiaries or any owners, directly or indirectly, of equity interests, respectively, therein) during such period (or reasonably expected to be so reimbursed within 365 days of the end of such period to the extent not accrued) pursuant to an indemnity or guaranty or any other reimbursement agreement in favor of Holdings, the Borrower or any of their Subsidiaries to the extent such reimbursement has not been accrued (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365-day period, such expenses or losses shall be subtracted from Consolidated EBITDA in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause); plus

(xx) to the extent deducted (and any reimbursement therefor not already added back) in determining Consolidated Net Income, the aggregate amount of expenses or losses incurred by Holdings, the Borrower or any Subsidiary relating to business interruption to the extent covered by insurance and (x) actually reimbursed or otherwise paid to Holdings, the Borrower or such Subsidiary or (y) so long as such amount for any calculation period is reasonably expected to be received by Holdings, the Borrower or such Subsidiary in a subsequent calculation period and within one year of the date of the underlying loss (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365-day period, such expenses or losses shall be subtracted from Consolidated EBITDA in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause); plus

(xxi) losses, charges and expenses attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses; plus

(xxii) payments to employees, directors or officers of Holdings, the Borrower and its Subsidiaries paid in connection with dividends that are otherwise permitted hereunder (including, without limitation, the Special Dividend) to the extent such payments are not made in lieu of, or as a substitution for, ordinary salary or ordinary payroll payments; plus

(xxiii) the aggregate amount of all other non-cash items otherwise reducing Consolidated Net Income; plus

(xxiv) unamortized fees, costs and expenses paid in cash in connection with the repayment of Indebtedness of Holdings or its Subsidiaries to persons that are not Affiliates of Holdings or any of its Subsidiaries;

(b) [reserved];

(c) increased (without duplication) by the amount of any Specified Equity Contribution solely for purposes of determining compliance with the Financial Covenant;

(d) [reserved];

(e) decreased (without duplication) to the extent included in determining Consolidated Net Income for such period, by non-cash gains increasing Consolidated Net Income of such Person for such period, but excluding (x) any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and (y) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; *provided* that, to the extent non-cash gains are deducted pursuant to this clause (e) for any previous period and not otherwise added back to Consolidated EBITDA, Consolidated EBITDA shall be increased by the amount of any cash receipts (or any netting arrangements resulting in reduced cash expenses) in respect of such non-cash gains received in subsequent periods to the extent not already included therein;

(f) decreased (without duplication) by non-cash gains related to hedging obligations;

(g) decreased (without duplication) by non-cash gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities;

(h) decreased (without duplication) by gains attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses; and

(i) decreased (without duplication) by any gains (whether cash or non-cash) resulting from the early termination or extinguishment of Indebtedness.

For the avoidance of doubt, Consolidated EBITDA shall be determined on a Pro Forma Basis, and there shall be included in determining Consolidated EBITDA for any period, without duplication, on a Pro Forma Basis, the Acquired EBITDA of any Person, all or substantially all of the assets of a Person, or any business unit, line of business or division of any Person acquired by any Credit Party or any Subsidiary of a Credit Party during such period (but not the acquired EBITDA of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed of by any Credit Party or any Subsidiary of a Credit Party during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an "**Acquired Entity or Business**") based on the actual and audited (if available) acquired EBITDA of such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition) ("**Acquired EBITDA**").

Unless the context shall otherwise require, references herein to Consolidated EBITDA shall be to Consolidated EBITDA of Holdings.

Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated EBITDA under this Agreement for any period that includes the Fiscal Quarters ended September 25, 2016, January 1, 2017, April 2, 2017 or July 2, 2017, Consolidated EBITDA for such Fiscal Quarter shall be $6,858,306, $7,295,681, $11,450,012 and $15,002,144, respectively, subject to adjustments pursuant to clause (a)(xii) above for events and transactions not otherwise reflected in the foregoing amounts.

"**Consolidated Interest Expense**" means, with respect to any Person for any period, the consolidated interest expense of such Person and its Subsidiaries for such period, determined in accordance with GAAP. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries pursuant to interest rate swap obligations with respect to Indebtedness.

"**Consolidated Net Income**" means, with respect to any Person for any period, the aggregate of the net income of such Person and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided*, *however*, that, without duplication (including for purposes of determining Consolidated EBITDA),

(a) non-cash extraordinary, non-recurring or unusual gains, losses, charges or expenses shall be excluded,

(b) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded to the extent not otherwise reflected in a change to the Financial Covenant,

(c) [reserved],

(d) the net income for such period of any Person that is not a Subsidiary, shall be excluded to the extent such Person is prohibited by contract (including its Organization Documents) or governmental approval (which has not been obtained), from making dividends or distributions to the Borrower or a Subsidiary; *provided* that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are actually paid to the Borrower or a Subsidiary thereof from a Person that is not such a Subsidiary in respect of such period,

(e) [reserved],

(f) [reserved], and

(g) any impairment charge or asset write off or write-down, including impairment charges or asset write-offs or write-downs related to intangible assets, long- lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded.

For the avoidance of doubt, Consolidated Net Income shall be calculated on a Pro Forma Basis. Unless the context shall otherwise require, references to Consolidated Net Income herein shall mean Consolidated Net Income of Holdings.

"**Consolidated Total Debt**" means, with respect to any Person as of any date, the aggregate outstanding principal amount of all Indebtedness of such Person of a type described in clause (a), (b), (c) (solely to the extent of amounts that are drawn but not reimbursed), (f) and (g) of the definition of Indebtedness and all Guarantees with respect to any such Indebtedness, in each case of such Person and its Subsidiaries on a consolidated basis.

"**Consolidated Total Net Debt**" of any Person as of any date means an amount equal to (x) Consolidated Total Debt of such Person as of such date minus (y) the aggregate amount of Unrestricted Cash and Cash Equivalents of such Person and its Subsidiaries as of such date that are held in a deposit account or securities account in which the Agent has a perfected security interest, in an aggregate amount not to exceed $5,000,000.

"**Consolidated Total Net Leverage Ratio**" means, with respect to any Person as of any date, the ratio of (a) Consolidated Total Net Debt of such Person as of such date to (b) Consolidated EBITDA for such Person for the last period of four consecutive fiscal quarters ending on or before such date for which financial statements have been delivered. Unless the context shall otherwise require, references herein to the Consolidated Total Net Leverage Ratio shall be to the Consolidated Total Net Leverage Ratio of Holdings.

"**Contractual Obligations**" means, as to any Person, any provision of any security (whether in the nature of Stock, Stock Equivalents or otherwise) issued by such Person or of any written agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement (other than a Loan Document) to which such Person is a party or by which it or any of its Property is bound.

"**Conversion Date**" means any date on which the Borrower converts a Base Rate Loan to a LIBOR Rate Loan or a LIBOR Rate Loan to a Base Rate Loan.

"**Copyrights**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"**Credit Parties**" means the Borrower, Holdings and each other Guarantor.

"**Declined Amount**" has the meaning ascribed thereto in Section 1.8(f).

"**Declining Lender**" has the meaning ascribed thereto in Section 1.8(f).

"**Default**" means any event or circumstance that, with the passing of time or the giving of notice or both pursuant to Article VII hereof, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"**Disposition**" means the sale, lease, conveyance or other disposition of Property, other than sales or other dispositions permitted under Sections 5.2(a), 5.2(c), 5.2(d), 5.2(e), 5.2(f), 5.2(h), 5.2(j), 5.2(m) and 5.2(n).

"**Disqualified Lender**" means (a) those persons that are direct or indirect competitors of the Borrower and its Subsidiaries to the extent identified by the Sponsor or the Borrower to the Agent by name in writing from time to time, (b) those banks, financial institutions and other Persons separately identified by the Sponsor or the Borrower to the Agent in writing on or before the Closing Date or (c) in the case of clauses (a) or (b), any of their Affiliates, other than bona fide debt funds, that are clearly identifiable as Affiliates solely on the basis of such Affiliate's name; *provided* that the foregoing shall not apply retroactively to disqualify any parties that have previously acquired an assignment or participation interest (or SPV option) in the Loans to the extent such party was not a Disqualified Lender at the time of the applicable assignment or participation (or granting of such option), as the case may be; *provided further* that (x) the Agent shall have no obligation to carry out due diligence in order to identify such Affiliates and (y) the Agent may make available to any Lender, upon the request of such Lender, the list of Disqualified Lenders. Notwithstanding the foregoing, each Credit Party and the Lenders acknowledge and agree that the Agent shall not have any responsibility or obligation to determine whether any Lender or potential Lender is a Disqualified Lender and the Agent shall have no liability with respect to any assignment made, or any information made available, to a Disqualified Lender by any Lender in violation hereof.

"**Disqualified Stock**" means any Stock that is not Qualified Stock.

"**Dollars**", "**dollars**" and "**$**" each mean lawful money of the United States of America.

"**Domestic Subsidiary**" means any Subsidiary incorporated, organized or otherwise formed under the laws of the United States, any state thereof or the District of Columbia.

"**ECF Percentage**" means 75%; *provided* that, with respect to each Fiscal Year of Holdings ending on or after December 31, 2018, the ECF Percentage shall be reduced to 50%, if the Consolidated Total Net Leverage Ratio as of the last day of such Fiscal Year is less than 2.00 to 1.00.

"**Electronic Transmission**" means each document, instruction, authorization, file, information and any other communication transmitted, posted or otherwise made or communicated by e-mail or E-Fax, or otherwise to or from an E-System or any other equivalent service.

"**Eligible Assignee**" has the meaning ascribed thereto in Section 9.9(b).

"**Engagement Letter**" means the Engagement Letter dated June 28, 2017, among the Borrower, Credit Suisse Securities (USA) LLC, Credit Suisse AG and Lazard Middle Market LLC.

"**Environmental Laws**" means all applicable Requirements of Law and Permits imposing liability or standards of conduct for or relating to the regulation and protection of the environment and natural resources, and including public notification requirements and environmental transfer of ownership, notification or approval statutes.

"**Environmental Liabilities**" means all Liabilities (including costs of Remedial Actions, natural resource damages and costs and expenses of investigation and feasibility studies) that may be imposed on, incurred by or asserted against any Credit Party as a result of, or related to, any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law or otherwise, arising under any Environmental Law or in connection with any environmental condition or with any Release and resulting from the ownership, lease, sublease or other operation or occupation of property by any Credit Party, whether on, prior or after the date hereof.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" means, collectively, any Credit Party and any Person under common control or treated as a single employer with, any Credit Party, within the meaning of Section 414(b) or (c) of the Code, or, solely with respect to Section 412 of the Code, Section 414(m) or (o) of the Code.

"**ERISA Event**" means any of the following: (a) a reportable event described in Section 4043(c) of ERISA (unless the 30-day notice requirement has been duly waived under the applicable regulations) with respect to a Title IV Plan; (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan; (d) with respect to any Multiemployer Plan, the receipt by any Credit Party of notice from the Multiemployer Plan of the Multiemployer Plan's filing of a notice of insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA; (e) the filing of a notice of intent to terminate a Title IV Plan under Section 4041(c) of ERISA; (f) the institution of proceedings to terminate a Title IV Plan by the PBGC or the receipt by any Credit Party of notice of the institution of proceedings to terminate a Multiemployer Plan by the PBGC; (g) the failure of a Credit Party or ERISA Affiliate to make any required contribution to any Title IV Plan or Multiemployer Plan when due and (h) the occurrence of any other event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or the receipt by any Credit Party of a notice of the occurrence of any such event with respect to a Multiemployer Plan or for the imposition of any material liability upon any Credit Party with respect to a Title IV Plan under Title IV of ERISA other than for PBGC premiums due but not delinquent.

"**Event of Default**" has the meaning ascribed thereto in Section 7.1.

"**Event of Loss**" means, with respect to any Property, any of the following: (a) any loss, destruction or damage of such Property; or (b) any condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such Property, or confiscation of such Property or the requisition of the use of such Property by a Governmental Authority or pursuant to Requirements of Law.

"**Excess Cash Flow**" means, for any period, (a) Consolidated EBITDA of Holdings for such period, minus (b) without duplication, (i) any scheduled principal installments of term loans paid by Holdings or any of its Subsidiaries during such period and any other scheduled, mandatory or optional principal payment made by Holdings or any of its Subsidiaries during such period on any Indebtedness other than the Loans (including, without limitation, the principal component of payments in respect of Capital Lease Obligations) and payment of revolving Indebtedness, to the extent such payment results in a permanent reduction in the commitments thereof, (ii) any capital expenditure made by Holdings or any of its Subsidiaries during such period and permitted by Section 5.14, excluding any such capital expenditure to the extent funded with the Net Proceeds from a disposition of assets or proceeds of an insurance award in respect of an Event of Loss or financed with the incurrence of Indebtedness (other than Revolving Loans and intercompany indebtedness) or the proceeds of an equity issuance by or capital contributions to Holdings), (iii) Consolidated Interest Expense of Holdings paid or payable in cash in respect of such period, (iv) all cash expenses, charges, losses and other cash items added back to Consolidated Net Income or to Consolidated EBITDA pursuant to clause (a) of the definition of "Consolidated EBITDA", excluding Consolidated Interest Expense to the extent deducted in clause (iii) above, (v) any cash payment made during such period with respect to Restricted Payments permitted by Section 5.7 (other than pursuant to Section 5.7(m)), excluding amounts to the extent funded with long-term indebtedness, (vi) any taxes measured by income, profits or capital (including federal, foreign and state, local, franchise, excise and similar taxes) paid or payable in cash for such period, including Restricted Payments permitted pursuant to Section 5.7(c), (vii) any increase in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the end of such period over such Working Capital at the beginning of such period), (viii) all non-cash gains included in and other non-cash items that increase the calculation of Consolidated Net Income or Consolidated EBITDA, (ix) the aggregate amount of all mandatory prepayments made pursuant to the Loan Documents with the proceeds of an asset sale or other disposition or loss or casualty event during such period to the extent such proceeds are included in the calculation of Consolidated EBITDA for such period, (x) all amounts increasing Consolidated EBITDA pursuant to clauses (a)(xii), and (c) thereof and any increase in Consolidated Net Income or Consolidated EBITDA as a result of Pro Forma adjustments, (xi) [reserved], (xii) cash payments in respect of any earn-outs and hedging obligations to the extent not deducted in arriving at Consolidated EBITDA, and (xiii) the aggregate amount of consideration paid in cash during such period with respect to a Permitted Acquisition or other permitted Investment, plus (c) without duplication, any decrease in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the beginning of such period over such Working Capital at the end thereof). For purposes of calculating Excess Cash Flow, without duplication of anything above, any Acquired EBITDA of any Acquired Entity or Business accrued prior to the date it becomes a Subsidiary of Holdings or is merged or consolidated with Holdings or any of its Subsidiaries or the date that such Acquired Entity or Business's assets are acquired by Holdings or any of its Subsidiaries shall be excluded.

"**Excess Cash Flow Prepayment Date**" has the meaning ascribed thereto in Section 1.8(e).

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

"**Excluded Accounts**" means (a) any zero balance disbursement account, (b) payroll accounts and accounts used for wage and benefit payments, (c) accounts, amounts on deposit in which do not exceed $1,000,000 in the aggregate for a period of at least five (5) consecutive Business Days, (d) accounts holding Trust Funds, (e) accounts holding solely cash collateral for a third party that constitutes a Permitted Lien and (f) accounts holding solely escrow funds with respect to any Permitted Acquisition.

"**Excluded Assets**" has the meaning in Section 9.26.

"**Excluded Equity Issuance**" means an issuance of Stock or Stock Equivalents (other than Disqualified Stock) by a Credit Party (excluding (x) Specified Equity Contributions and (y) issuances of Stock or Stock Equivalents by a Credit Party to another Credit Party).

"**Excluded Rate Contract Obligation**" means, with respect to any Guarantor, any Guarantee of any Swap Obligations under a Secured Rate Contract if, and only to the extent that and for so long as, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation under a Secured Rate Contract (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation under a Secured Rate Contract. If a Swap Obligation under a Secured Rate Contract arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation under a Secured Rate Contract that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"**Excluded Tax**" means with respect to any Secured Party (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Secured Party being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in the jurisdiction imposing such Tax (or political subdivision thereof) or (ii) that are Other Connection Taxes; (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 9.22) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 10.1, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in such Loan or Commitment or to such Lender immediately before it changed its lending office; (c) Taxes that result from the failure by any Secured Party to deliver the documentation required to be delivered pursuant to Section 10.1(h); and (d) any withholding Taxes imposed under FATCA.

"**E-Fax**" means any system used to receive or transmit faxes electronically.

"**E-Signature**" means the process of attaching to or logically associating with an Electronic Transmission an electronic symbol, encryption, digital signature or process (including the name or an abbreviation of the name of the party transmitting the Electronic Transmission) with the intent to sign, authenticate or accept such Electronic Transmission.

"**E-System**" means any electronic system approved by the Agent, including SyndTrak® and ClearPar® and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Agent, any of its Related Persons or any other Person, providing for access to data protected by passcodes or other security system.

"**FATCA**" means sections 1471, 1472, 1473 and 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any intergovernmental agreement entered into in connection with the implementation of such sections of the Code and any applicable official implementing guidance under any such intergovernmental agreement.

"**Federal Flood Insurance**" means federally backed Flood Insurance available under the National Flood Insurance Program to owners of real property improvements located in Special Flood Hazard Areas in a community participating in the National Flood Insurance Program.

"**Federal Funds Effective Rate**" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York.

"**Federal Reserve Board**" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"**Fee Letter**" means the Administrative Agent Fee Letter dated June 28, 2017, by and among the Borrower, Credit Suisse AG, and Credit Suisse Securities (USA) LLC.

"**FEMA**" means the Federal Emergency Management Agency, a component of the U.S. Department of Homeland Security that administers the National Flood Insurance Program.

"**Financial Covenant**" means the financial covenant set forth in Section 6.1.

"**FIRREA**" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

"**First Call Date**" means the first day after the first anniversary of the Closing Date.

"**Fiscal Quarter**" means any of the quarterly accounting periods of the Credit Parties ending on or about March 31, June 30, September 30 and December 31 of each year.

"**Fiscal Year**" means any of the annual accounting periods of the Credit Parties ending on or about December 31 of each year.

"**Flood Insurance**" means, for any Real Estate located in a Special Flood Hazard Area, Federal Flood Insurance or private insurance that (a) meets the requirements set forth by FEMA in its *Mandatory Purchase of Flood Insurance Guidelines* and (b) shall have a coverage amount equal to the lesser of (i) the "replacement cost value" of the buildings and any personal property Collateral located on the Real Estate as determined under the National Flood Insurance Program or (ii) the maximum policy limits set under the National Flood Insurance Program.

"**GAAP**" means generally accepted accounting principles in the United States of America, as in effect from time to time, set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, in the statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions and comparable stature and authority within the accounting profession) that are applicable to the circumstances as of the date of determination; *provided*, *however*, that if the Borrower notifies the Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP, the methodologies thereunder or in the application thereof on the operation of such provision (or if the Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith and it is agreed that such amendment to effectuate such changes shall not require the payment of any amendment or similar fee to the Agent or the Lenders. Without limiting the generality of the foregoing, the Borrower shall neither be deemed to be in compliance with any covenant hereunder nor out of compliance with any covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof. Subject to Section 11.3, all references to "GAAP" shall be to GAAP consistently applied.

"**Governmental Authority**" means any nation, sovereign or government, any state or other political subdivision thereof, any agency, authority or instrumentality thereof and any entity or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government, including any central bank, stock exchange, regulatory body, arbitrator, public sector entity, supra-national entity (including the European Union and the European Central Bank) and any self-regulatory organization (including the National Association of Insurance Commissioners).

"**Guarantee**" of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation

or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment of such Indebtedness or other obligation or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation; *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"**Guarantors**" means Holdings and each Subsidiary of Holdings that executes the Guaranty and Security Agreement and/or delivers a guaranty or guaranty supplement pursuant to Section 4.13(b) and each other Person that from time to time delivers a guaranty of the Obligations in favor of the Agent for the benefit of the Secured Parties.

"**Guaranty and Security Agreement**" means that certain Guaranty and Security Agreement, dated as of even date herewith, made by the Credit Parties in favor of the Agent, for the benefit of the Secured Parties, as the same may be amended, restated and/or modified from time to time.

"**Hazardous Material**" means any substance, material or waste that is classified or regulated under any Environmental Law as hazardous, toxic, a contaminant or a pollutant or by other words of similar meaning, including without limitation, petroleum or any fraction thereof, asbestos, polychlorinated biphenyls and radioactive substances.

"**Holdings**" has the meaning ascribed thereto in the Recitals.

"**Impacted Lender**" means any Lender that fails to provide the Agent, within three Business Days following the Agent's written request, satisfactory assurance that such Lender will not become a Non-Funding Lender, or any Lender that has a Person that directly or indirectly controls such Lender and such Person (a) becomes subject to a voluntary or involuntary case under the Bankruptcy Code or any similar bankruptcy laws, (b) has appointed a custodian, conservator, receiver or similar official for such Person or any substantial part of such Person's assets, or (c) makes a general assignment for the benefit of creditors, is liquidated, or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent or bankrupt, and for each of clauses (a) through (c), the Agent has determined in good faith that such Lender is reasonably likely to become a Non-Funding Lender. For purposes of this definition, control of a Person shall have the same meaning as in the second sentence of the definition of Affiliate.

"**Indebtedness**" of any Person means, without duplication, any of the following, whether or not matured: (a) all indebtedness for borrowed money, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all reimbursement obligations with respect to amounts funded under (i) letters of credit, bank guarantees or bankers' acceptances or (ii) surety, customs, reclamation or performance bonds (in the case of each of (i) and (ii), not related to judgments or litigation or the purchase or sale of Inventory in the ordinary course of business), (d) all obligations to pay the deferred purchase price of property or services (excluding any earn-out obligations), other than trade payables and accrued liabilities incurred in the ordinary course of business, (e) all obligations created or arising under any conditional sale or other title

retention agreement with respect to property purchased by such Person, regardless of whether the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property; *provided* that the amount of such Indebtedness shall be the lesser of the unpaid principal amount of such Indebtedness and the fair market value of the relevant property, as determined in good faith by such Person, (f) all obligations under Capital Leases, (g) all obligations, whether or not contingent, to repay, mandatorily purchase, redeem, retire, or otherwise acquire for value (other than (x) in exchange for Stock and except as a result of a change of control, asset sale or other disposition or Event of Loss, (y) customary acceleration rights after an event of default so long as such acquisition is subject to prior Payment in Full or (z) in respect of Stock or Stock Equivalents issued to any plan for the benefit of any employee, director, manager, consultant, or independent contractor of such Person or by any such plan to such employee, director, manager or consultant, required to be repurchased in order to satisfy applicable statutory or regulatory obligations or as a result of the termination, death or disability of such employee, director, manager, consultant or independent contractor) any of its own Stock or Stock Equivalents prior to the date that is 91 days following the Latest Maturity Date as of the date of issuance of such Stock or Stock Equivalents, valued at, in the case of redeemable preferred Stock, the greater of the voluntary liquidation preference and the involuntary liquidation preference of such Stock plus accrued and unpaid dividends, and (h) all Guarantees for obligations of any other Person constituting Indebtedness of such other Person of the type referred to in clauses (a) through (g) above (the amount of which shall be equal to the stated or determinable amount of the related primary obligation, or, if less, the portion thereof, in respect of which such Guarantee obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith); *provided*, *however*, that the items above shall constitute "Indebtedness" of such Person solely to the extent (including, without limitation, Rate Contracts) (x) such Person is liable for any part of any such item, or (y) any such item is secured by a Lien on such Person's property. Notwithstanding the foregoing, in no event shall the following constitute Indebtedness: (w) obligations under any derivative transaction or hedging agreement, (x) operating leases, (y) customary obligations under employment agreements and deferred compensation or severance and (z) deferred revenue and deferred tax liabilities. Notwithstanding the foregoing, the term "Indebtedness" shall not include contingent post-closing purchase price adjustments, deferred compensation, non-compete or consulting obligations or earn-outs to which the seller in an acquisition or investment may become entitled.

"**Indemnified Matters**" has the meaning ascribed thereto in Section 9.6(a).

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Indemnitee**" has the meaning ascribed thereto in Section 9.6(a).

"**Initial Public Offering**" means an underwritten initial public offering by Holdings (or any direct or indirect parent thereof) of its Stock in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act (whether alone or in connection with a secondary public offering) or in a firm commitment underwritten offering (or series of related offerings of securities to the public pursuant to a final prospectus) made pursuant to the Securities Act.

"**Initial Term Loan**" has the meaning ascribed thereto in Section 1.1(a).

"**Initial Term Loan Commitment**" has the meaning ascribed thereto in Section 1.1(a).

"**Insolvency Proceeding**" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case in (a) and (b) above, undertaken under any applicable U.S. federal, state or foreign law, including the Bankruptcy Code.

"**Inspections**" has the meaning ascribed thereto in Section 4.9.

"**Intellectual Property**" means all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Software, Trademarks, Internet Domain Names, Trade Secrets and IP Licenses.

"**Interest Payment Date**" means, (a) with respect to any LIBOR Rate Loan (other than a LIBOR Rate Loan having an Interest Period of six months or more) the last day of each Interest Period applicable to such Loan, (b) with respect to any LIBOR Rate Loan having an Interest Period of six months or more, the last day of each three-month interval and, without duplication, the last day of such Interest Period, and (c) with respect to Base Rate Loans, in arrears on the last Business Day of each calendar quarter.

"**Interest Period**" means, with respect to any LIBOR Rate Loan, the period commencing on the Business Day such Loan is disbursed or continued or on the Conversion Date on which a Base Rate Loan is converted to the LIBOR Rate Loan and ending on the date one week (solely to the extent available pursuant to and in accordance with Section 1.6(a)), or one, two, three, six, or, if agreed to by all applicable Lenders, 12 months thereafter, as selected by the Borrower in its Notice of Borrowing or Notice of Conversion/Continuation; *provided* that:

(a) if any Interest Period pertaining to a LIBOR Rate Loan would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(b) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) no Interest Period for a Term Loan or any portion thereof shall extend beyond the last scheduled payment date therefor and no Interest Period for any Revolving Loan shall extend beyond the Revolving Termination Date; and

(d) no Interest Period applicable to a Term Loan or portion thereof shall extend beyond any date upon which is due any scheduled principal payment in respect of the Term Loans, unless the aggregate principal amount of Term Loans represented by Base Rate Loans or by LIBOR Rate Loans having Interest Periods that will expire on or before such date is equal to or in excess of the amount of such principal payment.

"**Internet Domain Name**" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to internet domain names.

"**Interpolated Rate**" shall mean, with respect to the LIBOR for any Loan, the rate which results from interpolating on a linear basis between: (a) the ICE Benchmark Administration's Interest Settlement Rates for deposits in Dollars for the longest period (for which that rate is available) which is less than the Interest Period and (b) the ICE Benchmark Administration's Interest Settlement Rates for deposits in Dollars for the shortest period (for which that rate is available) which exceeds the Interest Period, in each case as of approximately 11:00 A.M. (London time) on the date that is two Business Days prior to the commencement of such Interest Period.

"**Inventory**" means all of the "inventory" (as such term is defined in the UCC) of the Credit Parties and their Subsidiaries, including, but not limited to, all merchandise, raw materials, parts, supplies, work-in-process and finished goods intended for sale, together with all the containers, packing, packaging, shipping and similar materials related thereto, and including such inventory as is temporarily out of a Credit Party's or such Subsidiary's custody or possession, including inventory on the premises of others and items in transit.

"**Investments**" has the meaning ascribed thereto in Section 5.4.

"**IP Ancillary Rights**" means, with respect to any Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property, and, in each case, all rights to obtain any other IP Ancillary Right.

"**IP License**" means all Contractual Obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in or relating to any Intellectual Property.

"**IRS**" means the Internal Revenue Service of the United States and any successor thereto.

"**Issue**" means, with respect to any Letter of Credit, to issue, extend the expiration date of, renew (including by failure to object to any automatic renewal on the last day such objection is permitted), increase the face amount of, or reduce or eliminate any scheduled decrease in the face amount of, such Letter of Credit, or to cause any Person to do any of the foregoing. The terms "**Issued**" and "**Issuance**" have correlative meanings.

"**Joint Lead Arrangers and Joint Bookrunners**" means each of Credit Suisse Securities (USA) LLC and Lazard Middle Market LLC, in their capacities as Joint Lead Arrangers and Joint Bookrunners hereunder.

"**Junior Indebtedness**" means any Indebtedness of a Person that (x) by its terms (or by the terms of any applicable intercreditor or subordination agreement) is subordinated in right of payment to the Obligations under the Loan Documents or (y) is secured by a security interest in the Collateral that is junior in priority to the Obligations under the Loan Documents or (z) is unsecured.

"**Latest Maturity Date**" means, at any date of determination, the latest maturity or expiration date applicable to any Term Loan, Revolving Loan or Commitment hereunder at such time.

"**L/C Issuer**" means any Lender or an Affiliate thereof or a bank or other legally authorized Person, in each case, reasonably acceptable to the Agent and the Borrower, in such Person's capacity as an issuer of Letters of Credit hereunder.

"**L/C Reimbursement Obligation**" means, for any Letter of Credit, the obligation of the Borrower to the L/C Issuer thereof or to the Agent, as and when matured, to pay all amounts drawn under such Letter of Credit.

"**L/C Reimbursement Agreement**" has the meaning ascribed thereto in Section 1.1(c).

"**L/C Reimbursement Date**" has the meaning ascribed thereto in Section 1.1(c).

"**L/C Request**" has the meaning ascribed thereto in Section 1.1(c).

"**L/C Sublimit**" has the meaning ascribed thereto in Section 1.1(c).

"**Lender**" has the meaning ascribed thereto in the Preamble.

"**Lending Office**" means, with respect to any Lender, the office or offices of such Lender specified as its "Lending Office" beneath its name on the applicable signature page hereto, or such other office or offices of such Lender as it may from time to time notify the Borrower and the Agent.

"**Letter of Credit**" means a standby letter of credit Issued for the account of the Borrower by an L/C Issuer.

"**Letter of Credit Fee**" has the meaning ascribed thereto in Section 1.9(c).

"**Letter of Credit Obligations**" means, for any Letter of Credit at any time, the sum of (a) the L/C Reimbursement Obligations at such time for such Letter of Credit and (b) the aggregate maximum undrawn face amount of such Letter of Credit at such time.

"**Liabilities**" means all claims, actions, suits, judgments, damages, losses (other than lost profits), liability, obligations, fines, penalties, sanctions, charges, disbursements and reasonable out-of-pocket expenses (including without limitation, those incurred upon any appeal or in connection with the preparation for and/or response to any subpoena or request for document production relating thereto), in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants in connection therewith), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise.

"**LIBOR**" means, for each Interest Period, the rate per annum determined by the Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the commencement of such Interest Period by reference to the ICE Benchmark Administration Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by the Agent that has been nominated by the ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rates) (or, if the ICE Benchmark Administration Interest Settlement Rates for deposits in Dollars do not exist at such time, (x) such other interbank rate with respect to such Interest Period set forth by any authorized service selected by the Agent that reflects an alternative index rate widely recognized as the successor to the ICE Benchmark Interest Settlement Rates for deposits in Dollars or (y) if there is no such authorized service with respect to an alternative index rate widely recognized as the successor to the ICE Benchmark Administration Interest Settlement Rates for deposits in Dollars, such other interbank rate reflecting a widely used alternative index rate designated by the Agent in consultation with the Borrower with respect to such Interest Period) for a period equal to such Interest Period; *provided* that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, "LIBOR" shall be the Interpolated Rate, for a period equal in length to the Interest Period of the Loan.

"**LIBOR Rate Loan**" means a Loan that bears interest at a rate determined by reference to Adjusted LIBOR.

"**Lien**" means any mortgage, deed of trust, pledge, hypothecation, collateral assignment, charge, deposit arrangement, encumbrance, lien (statutory or otherwise), or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale contract or other title retention agreement, and the interest of a lessor under a Capital Lease and any synthetic or other financing lease, in each case, having substantially the same economic effect as any of the foregoing), but, in each case, not including, with respect to the assets leased thereunder, the interest of a lessor under an operating lease.

"**Loan**" means any loan made or deemed made by any Lender hereunder to the Borrower pursuant to Article I.

"**Loan Documents**" means this Agreement, the Notes, the Fee Letter, the Collateral Documents, and all other agreements between or among the Agent and/or any Lender, on the one hand, and any Credit Party, on the other hand (or by any Credit Party in favor of the Agent and/or any Lender), in connection with any of the foregoing.

"**Make-Whole Amount**" means, with respect to any voluntary prepayment of the Term Loans prior to the First Call Date (including, without limitation, any payment upon acceleration in accordance with Section 7.2), an amount calculated by the Administrative Agent in accordance with generally accepted financial practice equal to the present value at the date of prepayment of (i) the applicable Prepayment Premium on the First Call Date (expressed as a percentage of the principal amount thereof as set forth across from "Prepayment on or after the First Call Date, but prior to the Second Call Date" in the table set forth in the definition of "Prepayment Premium", i.e., 2.00%), plus (ii) the present value of all interest that would accrue with respect to such Term Loans from such date of prepayment through the First Call Date (assuming that the interest rate in effect for the Term Loans on the date of prepayment would apply throughout such period), computed using a discount rate equal to the Treasury Rate as of such date of prepayment plus 50 basis points.

"**Management Agreement**" means that certain Transaction Services Agreement, effective as of July 25, 2014, by and between Lulu's Holdings, LLC and H.I.G. Capital, LLC, together with all exhibits thereto, as may be amended from time to time in a manner that could not reasonably be expected to be materially adverse to the interests of the Agent or the Lenders in their capacities as such and that certain Professional Services Agreement, effective as of July 25, 2014, by and between Lulu's Holdings, LLC and H.I.G. Capital, LLC, together with all exhibits thereto, as may be amended from time to time in a manner that could not reasonably be expected to be materially adverse to the interests of the Agent or the Lenders in their capacities as such.

"**Margin Stock**" means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

"**Material Adverse Effect**" means any event, change or condition that, individually or in the aggregate, has had, or would reasonably be expected to have, (i) a material adverse effect on the business, assets, financial condition or results of operations of Holdings, the Borrower and its Subsidiaries, taken as a whole, or (ii) a material and adverse effect on the rights and remedies, taken as a whole, of the Lenders or the Agent under the Loan Documents.

"**Maximum Lawful Rate**" has the meaning ascribed thereto in Section 1.3(d).

"**Maximum Revolving Loan Balance**" has the meaning ascribed thereto in Section 1.1(b).

"**MNPI**" has the meaning ascribed thereto in Section 9.10(a).

"**Moody's**" means Moody's Investors Service, Inc.

"**Mortgage**" means any deed of trust, mortgage, deed to secure debt, assignments of leases and rents, modifications and other related security documents, in each case in form and substance reasonably satisfactory to the Agent, creating a Lien on Real Estate or to secure the Obligations that is made by any of the Credit Parties in favor of the Agent for the benefit of the Agent, the Lenders and the other Secured Parties.

"**Multiemployer Plan**" means any multiemployer plan, as defined in Section 4001(a)(3) of ERISA, as to which any Credit Party incurs or otherwise has any obligation or liability, contingent or otherwise, including on account of an ERISA Affiliate.

"**National Flood Insurance Program**" means the program created by the U.S. Congress pursuant to the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as revised by the National Flood Insurance Reform Act of 1994, that mandates the purchase of flood insurance to cover real property improvements located in Special Flood Hazard Areas in participating communities and provides protection to property owners through a federal insurance program.

"**Net Incurrence Proceeds**" means, in respect of any incurrence of Indebtedness, the cash proceeds (including cash proceeds as and when received in respect of non-cash proceeds received or receivable in connection with such incurrence), received from such incurrence, net of attorneys' fees, investment banking and advisory fees, accountants' fees, underwriting discounts and commissions and other fees, costs and expenses paid or incurred in connection therewith (including any swap breakage costs and other termination costs related to swap and hedging agreements and any other fees and expenses actually incurred in connection therewith) in favor of any Person that is not a Credit Party or a Subsidiary of a Credit Party, in each case, as determined in good faith by the Borrower.

"**Net Issuance Proceeds**" means, in respect of any issuance of equity or incurrence of Indebtedness, cash proceeds (including cash proceeds as and when received in respect of noncash proceeds received or receivable in connection with such issuance), net of underwriting discounts or arrangement or other similar fees and out-of-pocket costs and expenses paid or incurred in connection therewith in favor of any Person not an Affiliate of the Borrower.

"**Net Proceeds**" means proceeds in cash, checks or other cash equivalent financial instruments (including Cash Equivalents) as and when received by the Credit Party or Subsidiary of a Credit Party making a Disposition, as well as casualty insurance proceeds and condemnation and similar awards received by such Person on account of an Event of Loss, in each case, net of the sum of, without duplication: (i) the direct costs relating to such Disposition or Event of Loss (including, without limitation, attorneys' fees, accountants' fees and investment banking and advisory fees and other fees and expenses incurred in connection with such Disposition or Event of Loss and, in the case of an Event of Loss, costs and expenses incurred in connection with the collection of such proceeds and awards), in each case excluding amounts payable to a Credit Party or any Subsidiary of a Credit Party, (ii) Taxes (including, without limitation, sale, transfer, use or other transaction Taxes and deed or mortgage recording Taxes) paid or reasonably estimated to be payable as a direct result thereof, and the amount of any distributions made to permit any direct or indirect parent entity of such Credit Party or Subsidiary to pay Taxes attributable to such Disposition or Event of Loss, (iii) principal, interest and premiums and penalties and other amounts required to be paid on Indebtedness secured by a Lien on the asset which is the subject of such Disposition or Event of Loss, (iv) [reserved], (v) the amount of any reserve established in accordance with GAAP (*provided* that such reserved amounts shall be Net Proceeds to the extent and at the time of any reversal (without the satisfaction of any applicable liabilities in a corresponding amount) of any such reserve), (vi) in the case of an Event of Loss, all money actually applied to repair, reconstruct or replace the lost, destroyed or damaged Property or Property affected by the condemnation, seizure or taking, and (vii) in the case of an Event of Loss, any amounts retained by or paid to parties having superior rights to such proceeds or awards, in each case, as determined in good faith by the Borrower.

"**Non-Funding Lender**" means any Lender that has (a) failed to fund any payments required to be made by it under the Loan Documents within two Business Days after any such payment is due (excluding expense and similar reimbursements that are subject to good faith disputes), (b) given written notice (and the Agent has not received a revocation in writing), to the Borrower, the Agent, any Lender, or the L/C Issuer or has otherwise publicly announced (and the Agent has not received notice of a public retraction) that such Lender believes it will fail to fund payments or purchases of participations required to be funded by it under the Loan Documents or one or more other syndicated credit facilities, (c) failed to fund, (and not cured such failure), loans, participations, advances, or reimbursement obligations under one or more other syndicated credit facilities, unless subject to a good faith dispute, (d) (i) become subject to a voluntary or involuntary case under the Bankruptcy Code or any similar bankruptcy or insolvency laws, (ii) a custodian, conservator, receiver or similar official appointed for it or any substantial part of such Person's assets, or (iii) made a general assignment for the benefit of creditors, been liquidated, or otherwise been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent or bankrupt, and for this clause (d), the Agent has determined that such Lender is reasonably likely to fail to fund any payments required to be made by it under the Loan Documents or (e) become, or has a parent that directly or indirectly controls such Lender and which has become, the subject of a Bail-In Action.

"**Non-Issuance Notice**" has the meaning ascribed thereto in Section 1.1(c)(1).

"**Non-U.S. Lender Party**" means each of the Agent, each Lender, each L/C Issuer, each SPV and each participant, in each case that is not a United States person as defined in Section 7701(a)(30) of the Code.

"**Note**" means any Revolving Note or Term Note and "**Notes**" means all such Notes.

"**Notice of Borrowing**" means a notice given by the Borrower to the Agent pursuant to Section 1.5, in substantially the form of Exhibit 11.1(c) hereto.

"**Notice of Conversion/Continuation**" has the meaning ascribed thereto in Section 1.6(a).

"**Obligations**" means all Loans, and other Indebtedness, advances, debts, liabilities, obligations, covenants and duties owing by any Credit Party to any Lender, the Agent, any L/C Issuer, any Secured Swap Provider or any other Person required to be indemnified that arises under any Loan Document or any Secured Rate Contract, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired (including any monetary obligations and interest accruing during the pendency of any Insolvency Proceeding or other similar proceeding, regardless of whether allowed or allowable in such proceeding); *provided* that Obligations of any Guarantor shall not include any Excluded Rate Contract Obligations solely of such Guarantor.

"**OFAC**" has the meaning ascribed thereto in Section 3.24.

"**OID**" means original issue discount.

"**Organization Documents**" means, (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, and any shareholder rights agreement, (b) for any partnership, the partnership agreement and, if applicable, certificate of limited partnership, (c) for any limited liability company, the operating agreement and articles or certificate of formation or organization or (d) any other document setting forth the manner of election or duties of the officers, directors, managers or other similar persons, or the designation, amount or relative rights, limitations and preference of the Stock of a Person.

"**Other Connection Taxes**" means, with respect to any Secured Party, Taxes imposed as a result of a present or former connection between such Secured Party and the jurisdiction imposing such Tax (other than connections arising from such Secured Party having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Other Taxes**" has the meaning ascribed thereto in Section 10.1(c).

"**Parent Intercompany Advances**" means loans and advances made to any direct or indirect parent of the Borrower.

"**Patents**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to letters patent and applications therefor.

"**Patriot Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56.

"**Payment in Full**" and "**Paid in Full**" have the meaning ascribed thereto in Section 11.4.

"**PBGC**" means the United States Pension Benefit Guaranty Corporation or any successor thereto.

"**Permits**" means, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other Contractual Obligations with, any Governmental Authority, in each case to the extent having the force of law and applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Permitted Acquisition**" means (i) any Acquisition by a Credit Party (other than Holdings) or a Subsidiary of a Credit Party of (A) substantially all of the assets of a Target or (B) 100% of the Stock and Stock Equivalents of a Target (including Acquisitions by merger), or (ii) any merger or consolidation or any other combination with any Person in a transaction in which the surviving Person is the Borrower or is or becomes a Wholly-Owned Domestic Subsidiary of the Borrower, in each case, to the extent that each of the following conditions shall have been satisfied:

(a) after giving effect to such Permitted Acquisition, the Borrower and its Subsidiaries shall be engaged in a business of the type that they are permitted to be engaged in pursuant to Section 5.8 of this Agreement;

(b) absent the consent of Required Lenders, no Event of Default shall then exist or would exist before and after giving effect to such Acquisition and any Indebtedness assumed or incurred in connection therewith;

(c) the Total Consideration for all Permitted Acquisitions consummated during the term of this Agreement shall not exceed $10,000,000 in the aggregate for all such Permitted Acquisitions;

(d) the Borrower and its Subsidiaries (including any new Subsidiary) shall execute and deliver any agreements, instruments and other documents required by Section 4.13 or by any of the Collateral Documents, to the extent and when required by the terms thereof, subject to Section 9.26;

(e) (i) the Target of such Permitted Acquisition shall be organized under the laws of the United States or any state thereof, (ii) any Person acquired pursuant to such Permitted Acquisition shall become a Credit Party and (iii) any assets acquired pursuant to such Permitted Acquisition shall be owned by a Credit Party (including by any Person who becomes a Credit Party in connection with such transaction);

(f) such Permitted Acquisition shall not be "hostile" (i.e., the management and board of directors of the Target shall not have publicly opposed such Permitted Acquisition);

(g) after giving effect to the consummation of such Permitted Acquisition, the aggregate amount of Unrestricted Cash and Cash Equivalents of the Borrower and its Subsidiaries, together with the aggregate amount available to be drawn under the Revolving Loan Commitments, shall be no less than $5,000,000;

(h) the Target of such Permitted Acquisition shall not have had negative earnings before interest, tax, depreciation and amortization for the most recently ended period of four fiscal quarters for which financial statements of the Target are available prior to such transaction;

(i) the Borrower shall deliver to the Administrative Agent and the Lenders a reasonably detailed summary of the results of its and its advisors' due diligence with respect to the Target or assets acquired pursuant to such Permitted Acquisition; and

(j) the Borrower shall be in compliance, on a Pro Forma Basis, with the Financial Covenant as of the last day of the most recently ended period of four Fiscal Quarters for which financial statements have been delivered or were required to have been delivered hereunder.

"**Permitted Holders**" means (i) the Sponsor, (ii) the management of Holdings and the Borrower that are co-investors in Holdings (or any direct or indirect parent thereof), (iii) RLJ Credit Opportunity Fund I, L.P., LFL Acquisition Corp. and Emigrant Capital Corp. and (iv) funds or partnerships managed by the Sponsor or any of its Affiliates.

"**Permitted Liens**" has the meaning ascribed thereto in Section 5.1.

"**Permitted Refinancing**" means Indebtedness constituting a refinancing, refunding, extension, modification, renewal, replacement or extension of Indebtedness permitted under Section 5.5 (other than Section 5.5(a)) (for the avoidance of doubt, including any refinancing, refunding, extension, modification, renewal, replacement or extension of any Permitted Refinancing), that (a) has an aggregate outstanding principal amount (or accreted value, if applicable) not greater than the aggregate principal amount (or accreted value, if applicable) of the Indebtedness being refinanced, extended, renewed, replaced, except any amount equal to accrued and unpaid interest, premium, penalty thereon, plus OID and upfront fees plus other fees and expenses, (b) has a weighted average maturity (measured as of the date of such refinancing, refunding, extension, modification, renewal, replacement or extension) and maturity no shorter than that of the Indebtedness being refinanced, refunded, extended, modified, renewed or replaced (excluding the effects of minimal amortization and any voluntary prepayments of Indebtedness), (c) is not secured by a Lien on any assets other than the collateral securing (or assets that would secure pursuant to an after-acquired property clause) the Indebtedness being refinanced, refunded, modified, extended, renewed or extended, and (d) the obligors of which are the same as the obligors of the Indebtedness being refinanced, refunded, replaced, modified, renewed or extended.

"**Person**" means any individual, partnership, corporation (including a business trust and a public benefit corporation), joint stock company, estate, association, firm, enterprise, trust, limited liability company, unincorporated association, joint venture and any other entity or Governmental Authority.

"**Prepayment Premium**" means in the event of a voluntary prepayment of the Term Loans hereunder (or, for the avoidance of doubt, in connection with a payment upon acceleration in accordance with Section 7.2), an amount equal to the applicable percentage of the principal amount so prepaid during the applicable one-year period set forth in, and in accordance with, the table set forth below:

Loan Year	Prepayment Premium
Prepayment on or after the First Call Date, but prior to the Second Call Date	2.00%
Prepayment on or after the Second Call Date, but prior to the Third Call Date	1.00%
Prepayment on or after the Third Call Date	None

"**Prime Rate**" shall mean the rate of interest per annum determined from time to time by Credit Suisse AG, as its prime rate in effect at its principal office in New York City and notified to the Borrower. The prime rate is a rate set by Credit Suisse AG based upon various factors including Credit Suisse AG's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such rate.

"**Prior Indebtedness**" means the Indebtedness and obligations specified on Schedule 11.1 hereto.

"**Pro Forma**" or "**Pro Forma Basis**" means, with respect to compliance with the Financial Covenant or any financial covenant or test hereunder (excluding Section 1.8(e)) that is by the terms hereof required to be calculated on a "Pro Forma Basis", that all Pro Forma Events (excluding any dispositions in the ordinary course of business) shall be deemed to have occurred as of the first day of the applicable period of measurement of such test or covenant and shall be determined subject to *pro forma* adjustments which are attributable to such event or events, which may include the amount of run rate cost savings, operating expense reductions and cost synergies projected by the Borrower in good faith to result from or relating to any Pro Forma Event which is being given pro forma effect that have been realized or are expected to be realized and for which the actions necessary to realize such cost savings, operating expense reductions and cost synergies are taken, committed to be taken or with respect to which substantial steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower and certified by a Responsible Officer of the Borrower) (calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements and initiatives and synergies had been realized on the first day of such period and "run rate" means the full recurring benefit for a period that is associated with any action taken, committed to be taken or with respect to which substantial steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (including any savings expected to result from the elimination of a public target's compliance costs with public company requirements) net of the amount of actual benefits realized during such period from such actions, and any such adjustments shall be included (without duplication of any amounts that are otherwise added back in computing Consolidated EBITDA or any other components thereof) in the initial pro forma calculations of such financial ratios or tests and during any subsequent period in which the effects thereof are expected to be realized) relating to such Pro Forma Events; *provided* that such amounts (A) [reserved], (B) are certified by the Borrower as having been determined in good faith to be reasonably anticipated to be realizable within 18 months following such Pro Forma Events or (C) are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency); *provided further,* that such amounts pursuant to the preceding clause (B), together with any addbacks made pursuant to clauses (v) and (xii) of the definition of Consolidated EBITDA (except (1) to the extent such addbacks and adjustments pursuant to clause (xii) of the definition of Consolidated EBITDA are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) or (2) any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of the definition of Consolidated EBITDA), shall not exceed 10% of Consolidated EBITDA for any four consecutive quarter period, prior to giving effect to the pro forma adjustments for such period. The Borrower may estimate GAAP results in good faith if the financial statements with respect to a Permitted Acquisition are not maintained in accordance with GAAP, and the Borrower may make such further adjustments as reasonably necessary in connection with consolidation of such financial statements with those of the Credit Parties.

"**Pro Forma Event**" means (a) [reserved], (b) any Permitted Acquisition or similar Investment that is otherwise permitted by this Agreement, (c) [reserved], (d) any Disposition, (e) any disposition of all or substantially all of the assets or all the equity interests of any Subsidiary of Holdings (or any business unit, line of business or division of Holdings or any of the Subsidiaries

of Holdings for which financial statements are available) not prohibited by this Agreement, (f) discontinued divisions or lines of business or operations, (g) any other similar events occurring or transactions consummated during the period (including any Indebtedness incurred, repaid or assumed in connection with such Permitted Acquisition, Investment or Disposition), (h) any restructuring or (i) the Transactions.

"**Projections**" means the financial performance projections delivered by the Borrower to the Agent on or prior to the Closing Date.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"**Qualified ECP Guarantor**" means, in respect of any Swap Obligation under a Secured Rate Contract, each Credit Party that has total assets exceeding $10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation under a Secured Rate Contract or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"**Qualified Stock**" means Stock that does not provide for required cash distributions or dividends or mandatory redemptions (other than (x) in exchange for other Qualified Stock or (y) as a result of a change of control event or asset sale or other disposition, Event of Loss and customary acceleration rights after an event of default, so long as any rights of the holders thereof to require the redemption thereof upon the occurrence of such a change of control event or asset sale or other disposition or Event of Loss are subject to the prior payment in full of the Loans or Payment in Full) prior to the 91st day following the Latest Maturity Date as of the date of issuance of such Qualified Stock; *provided* that if such Stock is issued to any plan for the benefit of any employee, director, manager, consultant, or independent contractor of such Person or by any such plan to such employee, director, manager or consultant, such Stock shall not fail to constitute Qualified Stock solely because it may be required to be repurchased in order to satisfy applicable statutory or regulatory obligations or as a result of the termination, death or disability of such employee, director, manager, consultant or independent contractors.

"**Rate Contracts**" means swap agreements (as such term is defined in Section 101 of the Bankruptcy Code) and any other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"**Real Estate**" means any real property owned, leased or subleased by any Credit Party or any Subsidiary of any Credit Party.

"**Reference Date**" has the meaning ascribed thereto in the definition of Available Amount.

"**Register**" has the meaning ascribed thereto in Section 1.4(b).

"**Related Persons**" means, with respect to any Person, each Affiliate of such Person and each director, officer, partner, shareholder, controlling person, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor (including those retained in connection with the satisfaction or attempted satisfaction of any condition set forth in Article II) and other consultants and agents of or to such Person or any of its Affiliates.

"**Releases**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material into or through the environment.

"**Remedial Action**" means all actions required under applicable Requirements of Law to (a) clean up, remove, treat or in any other way address any Hazardous Material in the indoor or outdoor environment, (b) prevent or minimize any Release so that a Hazardous Material does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment or (c) perform pre remedial studies and investigations and post-remedial monitoring and care with respect to any Hazardous Material.

"**Replacement Lender**" has the meaning ascribed thereto in Section 9.22.

"**Required Lenders**" means at any time (a) Lenders then holding more than 50% of the sum of the Aggregate Revolving Loan Commitment then in effect plus the aggregate unpaid principal balance of the Term Loans then outstanding, or (b) if the Aggregate Revolving Loan Commitments have terminated, Lenders then holding more than 50% of the sum of the aggregate unpaid principal amount of Loans then outstanding and outstanding Letter of Credit Obligations; *provided* that at any time at which there are two or more Lenders that are not Affiliates, the Required Lenders shall include at least two Lenders that are not Affiliates.

"**Required Revolving Lenders**" means at any time (a) Lenders then holding more than 50% of the sum of the Aggregate Revolving Loan Commitments then in effect, or (b) if the Aggregate Revolving Loan Commitments have terminated, Lenders then holding more than 50% of the sum of the aggregate unpaid principal amount of Revolving Loans then outstanding and outstanding Letter of Credit Obligations; *provided* that at any time when there are only two Lenders with a Revolving Loan Commitment (or if the Revolving Loan Commitments have terminated, who hold Revolving Loans or Letter of Credit Obligations), both such Lenders shall constitute the "Required Revolving Lenders".

"**Requirement of Law**" means, with respect to any Person, the common law and any federal, state, local, foreign, multinational or international laws, statutes, codes, treaties, rules and regulations, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other binding determinations, directives, requirements of, or requests of, any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case to the extent having the force of law and that are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"**Responsible Officer**" means (x) the chief executive officer, executive chairman or the president of Holdings or the Borrower, as applicable, or any other officer having substantially the same authority and responsibility; or (y) the chief financial officer, the treasurer or any other senior financial officer having substantially the same authority of Holdings or the Borrower, as applicable.

"**Restricted Payments**" has the meaning ascribed thereto in Section 5.7.

"**Revolving Lender**" means each Lender with a Revolving Loan Commitment (or if the Revolving Loan Commitments have terminated, who hold Revolving Loans or Letter of Credit Obligations).

"**Revolving Loan**" has the meaning ascribed thereto in Section 1.1(b).

"**Revolving Loan Commitment**" has the meaning ascribed thereto in Section 1.1(b).

"**Revolving Note**" means a promissory note of the Borrower payable to a Lender in substantially the form of Exhibit 11.1(d) hereto, evidencing Indebtedness of the Borrower under the Revolving Loan Commitment of such Lender.

"**Revolving Termination Date**" means the earlier to occur of: (a) May 29, 2022, or, if applicable, the latest final commitment termination date as may be applicable to any Extended Revolving Loan Commitments; and (b) the date on which the Aggregate Revolving Loan Commitment shall terminate in accordance with the provisions of this Agreement.

"**S&P**" means S&P Global Ratings.

"**Sale**" has the meaning ascribed thereto in Section 9.9(b).

"**SDN List**" has the meaning ascribed thereto in Section 3.24.

"**SEC**" shall mean the United States Securities and Exchange Commission or any successor thereto.

"**Second Call Date**" means the first day after the second anniversary of the Closing Date.

"**Secured Party**" means the Agent, each Lender, each L/C Issuer, each other Indemnitee and each other holder of any Obligation of a Credit Party, including each Secured Swap Provider.

"**Secured Rate Contract**" means any Rate Contract between a Credit Party and a Secured Swap Provider.

"**Secured Swap Provider**" means the Agent, any Joint Lead Arranger, any Lender or any Affiliate of the foregoing (or a Person who was the Agent, a Joint Lead Arranger, a Lender or any Affiliate of the foregoing at the time of execution and delivery of a Rate Contract) who has entered into a Rate Contract with a Credit Party.

"**Securities Act**" means Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Software**" means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise, and (c) all documentation, training materials and configurations related to any of the foregoing.

"**Solvent**" means, with respect to any Person as of any date of determination, that, as of such date, (i) the sum of the liabilities (including contingent liabilities) of such Person and its Subsidiaries, taken as a whole, does not exceed the present fair saleable value (on a going concern basis) of the assets of such Person and its Subsidiaries, taken as a whole; (ii) the capital of such Person and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of such Person and its Subsidiaries, taken as a whole, contemplated as of such date; (iii) the present fair salable value of the assets (on a going concern basis) of such Person and its Subsidiaries is greater than the amount that will be required to pay the probable liabilities (including contingent liabilities) of such Person and its Subsidiaries as they become absolute and matured and (iv) such Person and its Subsidiaries, taken as a whole, have not incurred, do not intend to incur, or believe that they will incur, liabilities including current obligations beyond their ability to pay such liabilities as they mature in the ordinary course of business. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"**Special Flood Hazard Area**" means an area that FEMA's current flood maps indicate has at least a 1% chance of a flood equal to or exceeding the base flood elevation (a 100-year flood) in any given year.

"**Special Dividend**" means the dividend or other distribution in an aggregate amount not to exceed $65,000,000 by the Borrower to Holdings and by Holdings to holders of Stock of Holdings (or any direct or indirect parent thereof) within 30 days following the Closing Date.

"**Specified Equity Contributions**" has the meaning ascribed thereto in Section 6.3.

"**Sponsor**" means H.I.G. Capital, LLC.

"**SPV**" means any special purpose funding vehicle identified as such in a writing by any Lender to the Agent.

"**Statutory Reserves**" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). LIBOR Rate Loans shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"**Stock**" means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"**Stock Equivalents**" means all securities convertible into or exchangeable for Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, joint venture, limited liability company, association or other entity, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 50% of the voting Stock is, at the time, owned or controlled directly or indirectly by, such Person or one or more Subsidiaries of such Person. Unless otherwise specified, any reference in this Agreement to a Subsidiary or Subsidiaries shall be a reference to a Subsidiary or Subsidiaries of the Borrower.

"**Swap Obligation**" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"**Target**" means any Person or business unit or asset group of any Person acquired or proposed to be acquired in an Acquisition after the Closing Date.

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges in the nature of a tax imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Term Lender**" means each Lender with a Term Loan Commitment or an outstanding Term Loan.

"**Term Loan**" means any Term Loan made pursuant to this Agreement.

"**Term Loan Commitment**" means an Initial Term Loan Commitment.

"**Term Loan Maturity Date**" means August 28, 2022.

"**Term Note**" means a promissory note of the Borrower payable to a Lender, in substantially the form of Exhibit 11.1(f) hereto, evidencing the Indebtedness of the Borrower to such Lender resulting from the Term Loan made to the Borrower by such Lender or its predecessor(s) in interest.

"**Third Call Date**" means the first day after the third anniversary of the Closing Date.

"**Title IV Plan**" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA, other than a Multiemployer Plan, to which any Credit Party incurs or otherwise has any obligation or liability, contingent or otherwise, including on account of an ERISA Affiliate.

"**Total Consideration**" means (without duplication), with respect to a Permitted Acquisition, the sum of (a) cash paid as consideration to the seller in connection with such Permitted Acquisition, (b) indebtedness payable to the seller in connection with such Permitted Acquisition (excluding earn-out payments), (c) the present value of future payments which are required to be made over a period of time and are not contingent upon Holdings or any of its Subsidiaries meeting financial performance objectives (exclusive of salaries paid in the ordinary course of business) (discounted at the Base Rate), and (d) the amount of indebtedness assumed in connection with such Permitted Acquisition minus (e) the aggregate principal amount of equity contributions made to Holdings the proceeds of which are used substantially contemporaneously with such contribution to fund all or a portion of the cash purchase price (including deferred payments) of such Permitted Acquisition and (f) any cash and Cash Equivalents on the balance sheet of the Acquired Entity (immediately prior to its acquisition) acquired as part of the applicable Permitted Acquisition (to the extent such Acquired Entity becomes a Credit Party and complies with the requirements of Section 5.8); *provided* that Total Consideration shall not include any consideration or payment paid by Holdings or its Subsidiaries directly in the form of equity interests of Holdings or the entity consummating an initial public offering (other than Disqualified Stock).

"**Trade Secrets**" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to trade secrets.

"**Trademark**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith.

"**Transactions**" means, collectively, (a) the entering into the Loan Documents by the Credit Parties, the Borrowings hereunder on the Closing Date and the application of the proceeds thereof as contemplated hereby, (c) the declaration and payment of the Special Dividend, (d) the repayment in full and termination of all Prior Indebtedness, and (e) the payment of the fees, premiums (if any), and expenses incurred in connection with the consummation of the foregoing.

"**Treasury Rate**" shall mean, with respect to any date of determination, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such date to the First Call Date; *provided*, *however*, that if the period from such date to the First Call Date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"**Triggering Financial Covenant Default**" means a failure to comply with the Financial Covenant as of the last day of any Fiscal Quarter; *provided* that (a) the Consolidated Total Net Leverage Ratio on such date exceeds the Consolidated Total Net Leverage Ratio opposite such date in the table set forth in Section 6.1 by more than 25% and (b) such failure continues beyond the Anticipated Cure Deadline.

"**Trust Funds**" means funds (a) for payroll and payroll taxes and other employee wage and benefit payments to or for the benefit of a Credit Party's or any of their respective Subsidiaries' officers, directors, managers and employees, (b) for taxes required to be collected, remitted or withheld (including, without limitation, federal and state withholding taxes (including the employer's share thereof)) or (c) which any Credit Party or their respective Subsidiaries (i) holds on behalf of another Person and (ii) holds as an escrow or fiduciary for such Person.

"**UCC**" means the Uniform Commercial Code of any applicable jurisdiction in effect from time to time and, if the applicable jurisdiction shall not have any Uniform Commercial Code, the Uniform Commercial Code as in effect from time to time in the State of New York.

"**United States**" and "**U.S.**" each means the United States of America.

"**Unrestricted Cash and Cash Equivalents**" means (a) any unrestricted cash and Cash Equivalents and (b) cash and Cash Equivalents that are restricted solely as a result of the Loan Documents.

"**Unused Commitment Fee**" has the meaning ascribed thereto in Section 1.9(b).

"**U.S. Lender Party**" means each of the Agent, each Lender, each L/C Issuer, each SPV and each participant, in each case that is a United States person as defined in Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" has the meaning ascribed thereto in Section 10.1(h)(i)(B).

"**Voting Stock**" has the meaning ascribed thereto in the definition of Change of Control.

"**Weighted Average Life to Maturity**" means, when applied to any tranche of Term Loans at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (b) the then outstanding principal amount of such tranche of Term Loans.

"**Wholly-Owned Domestic Subsidiary**" of a Person means any Domestic Subsidiary of such Person, all of the Stock and Stock Equivalents of which (other than directors' qualifying shares required by law) are owned by such Person, either directly or through one or more Wholly-Owned Domestic Subsidiaries of such Person.

"**Working Capital**" means, for any Person at any date, the excess (which may be a negative number) of its Consolidated Current Assets at such date over its Consolidated Current Liabilities at such date; *provided* that Working Capital shall be calculated without giving effect to (w) purchase accounting adjustments, (x) any assets or liabilities acquired, assumed, sold or transferred in any acquisition or disposition, (y) as a result of the reclassification of items from short-term to long-term and vice versa or (z) changes to Working Capital resulting from noncash charges and credits to consolidated current assets and consolidated current liabilities (including, without limitation, derivatives and deferred income tax).

11.2 Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement or in any other Loan Document shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meanings of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC shall have the meanings therein described.

(b) The Agreement. The words "**hereof"**, "**herein**", "**hereunder**" and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision of this Agreement or such other Loan Document; and Section, section, schedule and exhibit references are to this Agreement or such other Loan Documents unless otherwise specified.

(c) Certain Common Terms. The term "**documents**" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term "**including**" is not limiting and means "including without limitation."

(d) Performance; Time. Whenever any performance obligation hereunder or under any other Loan Document (other than a payment obligation) shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "**from**" means "from and including"; the words "**to**" and "**until**" each mean "to but excluding", and the word "**through**" means "to and including". If any provision of this Agreement or any other Loan Document refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein or in any other Loan Document, references to agreements and other contractual instruments, including this Agreement and the other Loan Documents, shall be deemed to include all subsequent amendments thereto, restatements and substitutions thereof and other modifications and supplements thereto which are in effect from time to time, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation may be made by using either the common or public name thereof or a specific cite reference and, except as otherwise provided with respect to FATCA, are to be construed as including all statutory and regulatory provisions related thereto or consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

11.3 Accounting Terms and Principles. All accounting determinations required to be made pursuant hereto and all terms of an accounting or financial nature (including, without limitation, the Financial Covenant and the term "cash") shall, unless expressly otherwise provided herein, be made in accordance with GAAP. Notwithstanding any other provision contained herein, (i) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to in Article V and Article VI shall be made, without giving effect to any election under Accounting Standards Codification 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value" and (ii) for purposes of this Agreement, any obligations of a Person under a lease that is not (or would not be) required to be classified and accounted for as a capitalized lease on a balance sheet of such Person under GAAP as in effect as of the Closing Date shall not be treated as a capitalized lease as a result of the adoption of changes in GAAP or changes in the application of GAAP.

11.4 Payments. The Agent may set up standards and procedures to determine or redetermine the equivalent in Dollars of any amount expressed in any currency other than Dollars and otherwise may, but shall not be obligated to, rely on any determination made by any Credit Party or any L/C Issuer. Any such determination or redetermination by the Agent shall be conclusive and binding for all purposes, absent manifest or demonstrable error. No determination or redetermination by any Secured Party or any Credit Party and no other currency conversion shall change or release any obligation of any Credit Party or of any Secured Party under any Loan Document, each of which agrees to pay separately for any shortfall remaining after any conversion and payment of the amount as converted. The Agent may round up or down, and may set up appropriate mechanisms to round up or down, any amount owing hereunder to nearest higher or lower amounts and may determine reasonable *de minimis* payment thresholds. For all purposes hereunder, "**Payment in Full**" and "**Paid in Full**" shall mean the termination of the Aggregate Revolving Loan Commitment and all other commitments of the Lenders to lend funds or extend financial accommodations to the Borrower under the Loan Documents and the payment in full, in immediately available funds, of all of the Obligations (other than (a) contingent indemnification and expense reimbursement Obligations, in each case, to the extent no claim giving rise thereto has been asserted, (b) Obligations in respect of Secured Rate Contracts and (c) contingent Obligations with respect to which the deposit of cash collateral (in the case of Letter of Credit Obligations, which shall not exceed 103% of the undrawn face amount of the relevant Letters of Credit and in the case of other Obligations, which shall not exceed 100% of the amount thereof) (or, as an alternative to cash collateral in the case of any Letter of Credit Obligation, receipt by the Agent of a back-up letter of credit reasonably satisfactory to the Agent and the applicable L/C Issuer), in amounts equal to 103% of the undrawn face amount of the relevant Letter of Credit and on terms and conditions and with parties reasonably satisfactory to the Agent.

- Remainder of page intentionally blank; signature pages follow -

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

LULU'S FASHION LOUNGE, LLC

By: /s/ Colleen Winter
Name: Colleen Winter
Title: Chief Executive Officer, President and Secretary

Address for Notices:

Lulu's Fashion Lounge, LLC
195 Humboldt Ave.
Chico, CA 95928
Attention: Crystal Landsem or Chief Financial Officer

With a copy (which shall not constitute notice) to:

H.I.G. Growth Partners
500 Boylston Street
20th Floor
Boston, MA 02116
Attention: Evan Karp
Email: [***]

With a copy (which shall not constitute notice) to:

Ropes & Gray LLP
Attention: Stefanie Birkmann
1211 Avenue of the Americas
New York, NY 10036
Email: [***]

LULU'S FASHION LOUNGE, LLC

By: /s/ Colleen Winter
Name: Colleen Winter
Title: Chief Executive Officer, President and Secretary

Address for Notices:

Lulu's Fashion Lounge, LLC
195 Humboldt Ave.
Chico, CA 95928
Attention: Crystal Landsem or Chief Financial Officer

With a copy (which shall not constitute notice) to:

H.I.G. Growth Partners
500 Boylston Street
20th Floor
Boston, MA 02116
Attention: Evan Karp
Email: [***]

With a copy (which shall not constitute notice) to:

Ropes & Gray LLP
Attention: Stefanie Birkmann
1211 Avenue of the Americas
New York, NY 10036
Email: [***]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent, Collateral

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Authorized Signatory

By: /s/ Joan Park
Name: Joan Park
Title: Authorized Signatory

Notices to the Administrative Agent:

Credit Suisse AG
Attn: Loan Operations - Agency Manager
Eleven Madison Avenue, 6th Floor
New York, New York 10010
Telephone: 919-994-6369
Facsimile: 212-322-2291
Email: agency.loanops@credit-suisse.com

Notices to the Collateral Agent:

Credit Suisse AG
Attn: Loan Operations - Boutique Management
Eleven Madison Avenue, 6th Floor
New York, New York 10010
Telephone: 212-325-5397
Facsimile: 212-325-8315
Email: list.ops-collateral@credit-suisse.com

Notices to Credit Suisse AG, Cayman Islands Branch, as an L/C Issuer:

Credit Suisse AG
Attn: Trade Finance Services Department
Eleven Madison Avenue, 9th Floor
New York, New York 10010
Telephone: 212-325-5397
Facsimile: 212-325-8315
Email: list.ib-lettersofcredit-ny@credit-suisse.com

Schedule 1.1(a)

Initial Term Loan Commitments

Term Lender	Term Loan Commitment
Credit Suisse AG, Cayman Islands Branch	$ 135,000,000
TOTAL:	$ 135,000,000

Schedule 1.1(b)

Revolving Loan Commitments

Revolving Lender	Revolving Loan Commitment
Credit Suisse AG, Cayman Islands Branch	$ 10,000,000
TOTAL:	$ 10,000,00

Schedule 3.19

Ventures, Subsidiaries and Affiliates; Outstanding Stock

Joint Ventures:

None.

Subsidiaries:

Loan Party	Subsidiaries
Lulu's Fashion Lounge Parent, LLC	Lulu's Fashion Lounge, LLC

Outstanding Stock:

Issuer	Record Owner	Certificate No.	Equity Interests
Lulu's Fashion Lounge Parent, LLC	Lulu's Fashion Lounge Holdings, Inc.	N/A	100% of Common Units
Lulu's Fashion Lounge, LLC	Lulu's Fashion Lounge Parent, LLC	1	1,000 Common Units

Schedule 5.1

Liens

None.

Schedule 5.4

Investments

None.

Schedule 5.5

Indebtedness

None.

Schedule 5.6

Affiliate Transactions

None.

Schedule 5.12

Negative Pledges

None.

Schedule 11.1

Prior Indebtedness

1. Credit Agreement, originally dated as of July 25, 2014, among Lulu's Fashion Lounge, Inc. (as successor by merger to Lulu's Acquisition, Inc.), the Lenders (as defined therein) party thereto from time to time, and Abacus Finance Group, LLC, as administrative agent and sole lead arranger, as amended, restated, supplemented or modified from time to time.

2. Senior Subordinated Credit Agreement, originally dated as of July 25, 2014, among Lulu's Fashion Lounge, Inc. (as successor by merger to Lulu's Acquisition, Inc.), RLJ Credit Opportunity Fund I, L.P., as lender and as agent for the other lenders, and the other lenders party thereto from time to time, as amended, restated, supplemented or modified from time to time.

EXECUTION VERSION

EXHIBIT 1.1(c)

[FORM OF]

LETTER OF CREDIT REQUEST

[NAME OF L/C ISSUER], as L/C Issuer
under the Credit Agreement referred to below

_____ __, 20__

Re: Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower")

Reference is made to the Credit Agreement, dated August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company, as Borrower, Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company, as Holdings, and Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

The Borrower hereby gives you notice pursuant to Section 1.1(c) of the Credit Agreement, of its request for your Issuance of a Letter of Credit, in the form attached hereto, for the benefit of [Name of Beneficiary], in the amount of $____, to be issued on _____, _____(the "Issue Date") with an expiration date of _____, _____.

The undersigned hereby certifies, solely in his or her capacity as a Responsible Officer of the Borrower and not in any individual capacity, that, as of the date hereof, the following statements are true in all material respects:

(i) the representations and warranties of each Credit Party contained in the Credit Agreement and each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein), except to the extent such representations and warranties expressly relate to an earlier date or period, in which case such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period;

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) after giving effect to the Issuance of the Letter of Credit, the aggregate outstanding amount of the Revolving Loans would not exceed the Maximum Revolving Loan Balance.

LULU'S FASHION LOUNGE, LLC, as the Borrower

By: _____

Name:

Title:

EXHIBIT 1.6

[FORM OF]

NOTICE OF CONVERSION OR CONTINUATION

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Agent under the Credit Agreement referred to below

_____ __ , 20__

Re: Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower")

Reference is made to the Credit Agreement, dated August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company, as Borrower, Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company, as Holdings, and Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

The Borrower hereby gives you notice, pursuant to Section 1.6 of the Credit Agreement of its request for the following (the "Proposed Conversion/Continuation"):

(i) a continuation, on _____, _____, as LIBOR Rate Loans having an Interest Period of [___ months] of [Term Loans] [Revolving Loans] in an aggregate outstanding principal amount of $having an Interest Period ending on the proposed date for such continuation;

(ii) a conversion, on _____, _____, to LIBOR Rate Loans having an Interest Period of [___months] of [Term Loans] [Revolving Loans] in an aggregate outstanding principal amount of $____; and

(iii) a conversion, on _____, _____, to Base Rate Loans, of [Term Loans] [Revolving Loans] in an aggregate outstanding principal amount of $_____.

In connection herewith, the undersigned hereby certifies, solely in his or her capacity as a Responsible Officer of the Borrower and not in any individual capacity, that, as of the date of the Proposed Conversion/Continuation, no Event of Default has occurred and is continuing.

LULU'S FASHION LOUNGE, LLC, as the Borrower

By: _____
Name:
Title:

EXHIBIT 4.2(b)

[FORM OF]

COMPLIANCE CERTIFICATE[1]

Lulu's Fashion Lounge Parent, LLC
Lulu's Fashion Lounge, LLC

Financial Statement Date: _____, 20___

This Compliance Certificate (this "Certificate") is given by Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower"), pursuant to Section 4.2(b) of that certain Credit Agreement, dated as of August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company ("Holdings"), the Borrower, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. The officer executing this Certificate hereby certifies that [he/she] is a Responsible Officer of Holdings and as such is duly authorized to execute and deliver this Certificate on behalf of the Credit Parties. By executing this Certificate, such officer hereby certifies, in his capacity as a Responsible Officer of the Borrower and not in his individual capacity, to Agent, the Lenders and the L/C Issuers, on behalf of Holdings, the Borrower and their Subsidiaries, that as of the date hereof:

(a) Such officer has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under [his/her] supervision, a review of the activities of Holdings and its Subsidiaries during the fiscal period covered by the attached financial statements.

[(b) Attached hereto as Annex A are the financial statements required by Section 4.1(a) of the Credit Agreement for the Fiscal Year ended as of the above date.][2]

[(b) Attached hereto as Annex A are the consolidated financial statements required by Section 4.1(b) of the Credit Agreement for the Fiscal Quarter ended as of the above date.][3]

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1 The obligations of the Credit Parties under the Credit Agreement, including Section 6.1 thereof, are as set forth in the Credit Agreement, and nothing in this Certificate shall modify such obligations or constitute a waiver of compliance therewith in accordance with the terms of the Credit Agreement. In the event of any conflict between the terms of this Certificate and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and control, and the terms of this Certificate are to be modified accordingly.

2 Include only if Certificate is delivered for end of Fiscal Year.

3 Include only if Certificate is delivered for end of Fiscal Quarter.

[(c) The financial statements delivered with this Certificate fairly present, in all material respects, in accordance with GAAP, the financial condition and results of operations of Holdings and its Subsidiaries for the periods covered by such statements[, subject, in the case of financial statements delivered pursuant to Section 4.1(b) of the Credit Agreement, to normal year-end adjustments and absence of footnote disclosures][4].

(d) Attached hereto as Annex B-1 is a complete and correct calculation of Consolidated EBITDA, [Excess Cash Flow,][5] and Consolidated Interest Expense for the four Fiscal Quarter period ended as of the above date. Annex B-1 also includes a complete and correct calculation of the Consolidated Total Net Leverage Ratio for the four Fiscal Quarter period ended as of the above date.

[(e) Attached hereto as Annex B-2 is a complete and correct calculation of Consolidated EBITDA and Excess Cash Flow for the Fiscal Quarter commencing on or about October 1, 2017 and ending on or about December 31, 2017.][6]

(e) Attached hereto as Annex C is a complete and correct calculation in reasonable detail of the Available Amount as of the date hereof.

(f) To the knowledge of such officer, as of the date hereof, no Default or Event of Default has occurred and is continuing.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

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4 Include only if Certificate is delivered for end of Fiscal Quarter.

5 Include only if Certificate is delivered for end of Fiscal Year commencing December 31, 2018.

6 Include only if Certificate is delivered for the Fiscal Quarter commencing on or about October 1, 2017 and ending on or about December 31, 2017.

IN WITNESS WHEREOF, Holdings has caused this Certificate to be executed by one of its Responsible Officers as of the date first above written.

Lulu's Fashion Lounge, LLC,
A Delaware limited liability company

By: _____
Name:
Title:

[*Signature Page to Compliance Certificate*]

ANNEX A
TO COMPLIANCE CERTIFICATE
Financial Statements

[ATTACHED]

ANNEX B-1
TO COMPLIANCE CERTIFICATE
Selected Financial Definitions and Calculations

I. Calculation of Consolidated EBITDA

Consolidated EBITDA means, with respect to Holdings for any period:

A. Net income of Holdings[7] and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP

provided,*however*, that, without duplication (including for purposes of determining Consolidated EBITDA),

(i) non-cash extraordinary, non-recurring or unusual gains, losses, charges or expenses shall be excluded _____

(ii) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded to the extent not otherwise reflected in a change to the Financial Covenant _____

(iii) [reserved]

(iv) the net income for such period of any Person that is not a Subsidiary, shall be excluded to the extent such Person is prohibited by contract (including its Organization Documents) or governmental approval (which has not been obtained), from making dividends or distributions to the Borrower or a Subsidiary; *provided* that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are actually paid to the Borrower or a Subsidiary thereof from a Person that is not such a Subsidiary in respect of such period _____

(v) [reserved]

(vi) [reserved]

(vii) any impairment charge or asset write off or write down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded _____

7 Unless the context shall otherwise require, references to Consolidated Net Income herein shall mean Consolidated Net Income of Holdings.

For the avoidance of doubt, Consolidated Net Income shall be calculated on a Pro Forma Basis.

B. Total exclusions to consolidated net income (sum of (i)-(vii) above) _____

C. Consolidated Net Income (result of A minus B) _____

D. Increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case (other than clause (xii)) to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period:

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement) _____

(ii) Consolidated Interest Expense of such Person for such period _____

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period _____

(iv) any out-of-pocket fees, payments, expenses or charges (including legal, tax, structuring and other costs and expenses, but excluding depreciation and amortization expense) related to: (a) the Transactions, including any payments and expenses, or any amortization thereof, related to the Transactions that are incurred within twelve months after the Closing Date and (b) any proposed or actual equity offering (including, without limitation, any Initial Public Offering), Investment, acquisition (including costs and expenses in connection with the de-listing of public targets and compliance with public company requirements), disposition, dividend, restricted payment or recapitalization or the incurrence and/or repayment of Indebtedness (including any incremental facility, any refinancing of any such Indebtedness, any letter of credit fees and/or breakage costs) (in each of the forgoing whether or not consummated or successful), including (1) such fees, expenses or charges related to the Loans, the Loan Documents and any credit facilities, (2) any amendment, restatement, extension, increase or other modification of the Loans, the Loan Documents and _____

any credit facilities, (3) any charges, non-recurring acquisition costs or contingent transaction costs incurred during such period as a result of any such transaction and (4) one-time expenses related to enhanced accounting function or other transaction costs, including those associated with becoming standalone entity or public company

(v) the amount (together with any fees, expenses or other charges in connection therewith) of any out-of-pocket deferred compensation, severance, signing bonuses, stay bonus, retention, recruiting and relocation costs, integration costs, transition costs, costs incurred in connection with any non-recurring strategic initiatives and intellectual property development, project startup costs and other restructuring charges, costs associated with establishing new facilities or reserves, any other one-time costs incurred in connection with acquisitions, excess fulfillment costs incurred prior to warehouse consolidation through December 31, 2017 and costs related to the closure and/or consolidation of facilities in the good faith determination of the Borrower and as certified by the Borrower's chief financial officer, chief executive officer, controller or other comparable executive; *provided* that, the aggregate amount pursuant to this clause (v), together with the aggregate amount pursuant to clause (xii) below and clause (B) of the definition of Pro Forma Basis (but excluding (A) any adjustments under such clause (xii) and the definition of Pro Forma Basis determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition), in any period of four consecutive Fiscal Quarters shall not exceed 10% of Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period

(vi) [Reserved]

(vii) fees paid in an amount not to exceed $500,000 in any Fiscal Year to the Sponsor and its Affiliates pursuant to or in connection with services rendered pursuant to the Management Agreement, any amounts payable with respect to indemnities thereunder, and reasonable, out-of-pocket expenses paid, or reimbursed, to the Sponsor and its Affiliates

(viii) non-cash stock option and other equity-based compensation

(ix) (A) compensation and fees paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement in an aggregate cash amount not to exceed $1,000,000 in any Fiscal Year, (B) expense reimbursements for travel and other expenses paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement and (C) indemnifications of directors, officers and comparable managers of Holdings or any of its Subsidiaries permitted under the Credit Agreement

(x) to the extent covered by insurance or reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer, losses or expenses with respect to liability or casualty event; *provided* that Consolidated EBITDA shall be decreased in any future period in which such reimbursement is actually received by the amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause (x)

(xi) the amount of any earn out obligation which was reserved or paid during such period and deducted in the calculation of Consolidated Net Income for such period, to the extent such earn out obligations are permitted under the Credit Agreement

(xii) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies which are projected by the Borrower in good faith to be reasonably anticipated to be realizable within eighteen (18) months of the date thereof (which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements, initiatives and synergies had been realized on the first day of such period) net of the amount of actual benefits realized during such period from such actions; *provided* that all steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower and certified by a Responsible Officer of the Borrower); *provided further* that, the aggregate amount pursuant to this clause (xii) and clause (B) of the definition of Pro Forma Basis, together with the aggregate amount pursuant to clause (v) above, in any period of four consecutive Fiscal Quarters shall not exceed 10% of

Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period; *provided* that such 10% limitation (A) will not apply to the extent such adjustments are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) shall exclude any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition

(xiii) non-cash costs or losses related to hedging obligations

(xiv) non-cash foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities

(xv) [Reserved]

(xvi) any purchase accounting adjustments, restructuring and other non-recurring items or expenses incurred in connection with any Permitted Acquisition (including any debt or equity issuance in connection therewith) or any non-recurring items or expenses incurred in connection with a Disposition

(xvii) (A) non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, in each case, of Holdings, the Borrower or any Subsidiary for such period and (B) any costs or expense incurred by Holdings, the Borrower or any Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Holdings or the Borrower or Net Issuance Proceeds of an issuance of equity interests (other than Disqualified Stock) of Holdings or the Borrower

(xviii) all costs or losses (whether cash or non-cash) (without duplication) resulting from the early termination or extinguishment of Indebtedness

(xix) cash expenses of Holdings, the Borrower and their Subsidiaries incurred during such period to the extent (x) deducted in determining Consolidated Net Income and (y) reimbursed in cash by any person (other than any of Holdings, the Borrower or any of their Subsidiaries or any owners, directly or indirectly, of equity interests, respectively, therein) during such period (or reasonably expected to be so reimbursed within 365 days of the end of such period to the extent not accrued) pursuant to an indemnity or guaranty or any other reimbursement agreement in favor of Holdings, the Borrower or any of their Subsidiaries to the extent such reimbursement has not been accrued (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365 day period, such expenses or losses shall be subtracted in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xx) to the extent deducted (and any reimbursement therefor not already added back) in determining Consolidated Net Income, the aggregate amount of expenses or losses incurred by Holdings, the Borrower or any Subsidiary relating to business interruption to the extent covered by insurance and (x) actually reimbursed or otherwise paid to Holdings, the Borrower or such Subsidiary or (y) so long as such amount for any calculation period is reasonably expected to be received by Holdings, the Borrower or such Subsidiary in a subsequent calculation period and within one year of the date of the underlying loss (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365-day period, such expenses or losses shall be subtracted from Consolidated EBITDA in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xxi) losses, charges and expenses attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses _____

(xxii) payments to employees, directors or officers of Holdings, the Borrower and its Subsidiaries paid in connection with dividends that are otherwise permitted under the Credit Agreement (including, without limitation, the Special Dividend) to the extent such payments are not made in lieu of, or as a substitution for, ordinary salary or ordinary payroll payments _____

(xxiii) the aggregate amount of all other non-cash items otherwise reducing Consolidated Net Income _____

(xxiv) unamortized fees, costs and expenses paid in cash in connection with the repayment of Indebtedness of Holdings or its Subsidiaries to persons that are not Affiliates of Holdings or any of its Subsidiaries _____

Total addbacks to consolidated net income (sum of (i)-(xxiv) above)

E. [Reserved]

F. Increased (without duplication) by the amount of any Specified Equity Contribution solely for purposes of determining compliance with the Financial Covenant _____

G. [Reserved]

H. Decreased (without duplication) to the extent included in determining Consolidated Net Income for such period, by non-cash gains increasing Consolidated Net Income of such Person for such period, but excluding (x) any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and (y) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; provided that, to the extent non-cash gains are deducted pursuant to this clause (e) for any previous period and not otherwise added back to Consolidated EBITDA, Consolidated EBITDA shall be increased by the amount of any cash receipts (or any netting arrangements resulting in reduced cash expenses) in respect of such non-cash gains received in subsequent periods to the extent not already included therein _____

I. Decreased (without duplication) by non-cash gains related to hedging obligations _____

J. Decreased (without duplication) by non-cash gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities _____

K. Decreased (without duplication) by gains attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses _____

L. Decreased (without duplication) by any gains (whether cash or non-cash) resulting from the early termination or extinguishment of Indebtedness _____

M. Consolidated EBITDA (sum of C plus D plus E plus F plus G minus H minus I minus J minus K minus L above)[8] _____

II. Calculation of Excess Cash Flow

Excess Cash Flow is defined as:

A. Consolidated EBITDA of Holdings (per Section I of Annex B-1) _____

B. Minus, without duplication: _____

(i) any scheduled principal installments of term loans paid by Holdings or any of its Subsidiaries during such period and any other scheduled, mandatory or optional principal payment made by Holdings or any of its Subsidiaries during such period on any Indebtedness other than the Loans (including, without limitation, the principal component of payments in respect of Capital Lease Obligations) and payment of revolving Indebtedness, to the extent such payment results in a permanent reduction in the commitments thereof _____

[8] For purposes of determining Consolidated EBITDA under the Credit Agreement for any period that includes the Fiscal Quarters ended September 25, 2016, January 1, 2017, April 2, 2017 or July 2, 2017, Consolidated EBITDA for such Fiscal Quarter shall be $6,858,306, $7,295,681, $11,450,012 and $15,002,144, respectively, subject to adjustments pursuant to clause (a)(xii) above for events and transactions not otherwise reflected in the foregoing amounts. For the avoidance of doubt, Consolidated EBITDA shall be determined on a Pro Forma Basis, and there shall be included in determining Consolidated EBITDA for any period, without duplication, on a Pro Forma Basis, the Acquired EBITDA of any Person, all or substantially all of the assets of a Person, or any business unit, line of business or division of any Person acquired by any Credit Party or any Subsidiary of a Credit Party during such period (but not the acquired EBITDA of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed of by any Credit Party or any Subsidiary of a Credit Party during such period based on the actual and audited (if available) acquired EBITDA of such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition).

(ii) any capital expenditure made by Holdings or any of its Subsidiaries during such period and permitted by Section 5.14 excluding any such capital expenditure to the extent funded with the Net Proceeds from a disposition of assets or proceeds of an insurance award in respect of an Event of Loss or financed with the incurrence of Indebtedness (other than Revolving Loans and intercompany indebtedness) or the proceeds of an equity issuance by or capital contributions to Holdings) _____

(iii) Consolidated Interest Expense of Holdings paid or payable in cash in respect of such period _____

(iv) all cash expenses, charges, losses and other cash items added back to Consolidated Net Income or to Consolidated EBITDA pursuant to clause (a) (i.e., clause D of Section I of this Annex B-1) of the definition of "Consolidated EBITDA", excluding Consolidated Interest Expense to the extent deducted in clause (iii) above _____

(v) any cash payment made during such period with respect to Restricted Payments permitted by Section 5.7 (other than pursuant to Section 5.7 of the Credit Agreement), excluding amounts to the extent funded with long-term indebtedness _____

(vi) any taxes measured by income, profits or capital (including federal, foreign and state, local, franchise, excise and similar taxes) paid or payable in cash for such period, including Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement _____

(vii) any increase in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the end of such period over such Working Capital at the beginning of such period) _____

(viii) all non-cash gains included in and other non-cash items that increase the calculation of Consolidated Net Income or Consolidated EBITDA _____

(ix) the aggregate amount of all mandatory prepayments made pursuant to the Loan Documents with the proceeds of an asset sale or other disposition or loss or casualty event during such period to the extent such proceeds are included in the calculation of Consolidated EBITDA for such period _____

(x) all amounts increasing Consolidated EBITDA pursuant to sections D(xii), (E) and (F) of the definition of "Consolidated EBITDA" in part I of Annex B-1 and any increase in Consolidated Net Income or Consolidated EBITDA as a result of Pro Forma adjustments _____

(xi) [Reserved] _____

(xii) cash payments in respect of any earn-outs and hedging obligations to the extent not deducted in arriving at Consolidated EBITDA _____

(xiii) the aggregate amount of consideration paid in cash during such period with respect to a Permitted Acquisition or other permitted Investment _____

Total deductions from Consolidated EBITDA (sum of (i) through (xiii) above) _____

C. Plus, without duplication, any decrease in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the beginning of such period over such Working Capital at the end thereof) _____

D. Excess Cash Flow (result of A minus B plus C above)[9] _____

E. Prepayment percentage pursuant to Section 1.8(e) of the Credit Agreement and definition of "ECF Percentage"[10] **[75%][50%]**

F. Excess Cash Flow Prepayment Amount $ _____

G. At the option of the Borrower, the amount of such mandatory prepayment hereunder shall be reduced dollar-for-dollar by the amount of voluntary prepayments under Section 1.7(a) of the Term Loans, and, to the extent accompanied by a permanent reduction of the Aggregate Revolving Loan Commitment, any Revolving Loans, in each case, without duplication of any such prepayments from prior periods, prior to any Excess Cash Flow Prepayment Date except to the extent financed with long-term Indebtedness (other than Revolving Loans) _____

9 For purposes of calculating Excess Cash Flow, without duplication of anything above, any Acquired EBITDA of any Acquired Entity or Business accrued prior to the date it becomes a Subsidiary of Holdings or is merged or consolidated with Holdings or any of its Subsidiaries or the date that such Acquired Entity or Business's assets are acquired by Holdings or any of its Subsidiaries shall be excluded.

10 50%, if the Consolidated Total Net Leverage Ratio as of the last day of the applicable Fiscal Year ending on or after December 31, 2018 per Annex B-1 is less than 2.00 to 1.00.

H. Net amount of Excess Cash Flow prepayment $ _____

III. Consolidated Interest Expense

The consolidated interest expense of Holdings and its Subsidiaries for such period, determined in accordance with GAAP.[11] _____

IV. Consolidated Total Net Leverage Ratio

A. Consolidated Total Net Debt (the sum of (i) minus (ii) below):

(i) Consolidated Total Debt (which means, the aggregate outstanding principal amount of all Indebtedness of Holdings and its Subsidiaries of a type described in clause (a), (b), (c) (solely to the extent of amounts that are drawn but not reimbursed), (f) and (g) of the definition of Indebtedness and all Guarantees with respect to any such Indebtedness, in each case of on a consolidated basis) _____

(ii) the aggregate amount of Unrestricted Cash and Cash Equivalents of Holdings and its Subsidiaries that are held in a deposit account or securities account in which the Agent has a perfected security interest, in an aggregate amount not to exceed $5,000,000 _____

B. Consolidated EBITDA (Item M of Section I above) _____

C. Consolidated Total Net Leverage Ratio (ratio of A to B above) _____

D. Maximum permitted Consolidated Total Net Leverage Ratio for such Period In Compliance **[Yes]/[No]**

[11] For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries pursuant to interest rate swap obligations with respect to Indebtedness.

ANNEX B-2
TO COMPLIANCE CERTIFICATE
Selected Financial Definitions and Calculations

I. Calculation of Consolidated EBITDA

Consolidated EBITDA means, with respect to Holdings for any period:

E. Net income of Holdings[12] and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP

provided, *however*, that, without duplication (including for purposes of determining Consolidated EBITDA),

(i) non-cash extraordinary, non-recurring or unusual gains, losses, charges or expenses shall be excluded

(ii) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded to the extent not otherwise reflected in a change to the Financial Covenant

(iii) [reserved]

(iv) the net income for such period of any Person that is not a Subsidiary, shall be excluded to the extent such Person is prohibited by contract (including its Organization Documents) or governmental approval (which has not been obtained), from making dividends or distributions to the Borrower or a Subsidiary; *provided* that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are actually paid to the Borrower or a Subsidiary thereof from a Person that is not such a Subsidiary in respect of such period

(v) [reserved]

(vi) [reserved]

(vii) any impairment charge or asset write off or write down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded

12 Unless the context shall otherwise require, references to Consolidated Net Income herein shall mean Consolidated Net Income of Holdings.

For the avoidance of doubt, Consolidated Net Income shall be calculated on a Pro Forma Basis.

F. Total exclusions to consolidated net income (sum of (i)-(vii) above) _____

G. Consolidated Net Income (result of A minus B) _____

H. Increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case (other than clause (xii)) to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period:

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement) _____

(ii) Consolidated Interest Expense of such Person for such period _____

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period _____

(iv) any out-of-pocket fees, payments, expenses or charges (including legal, tax, structuring and other costs and expenses, but excluding depreciation and amortization expense) related to: (a) the Transactions, including any payments and expenses, or any amortization thereof, related to the Transactions that are incurred within twelve months after the Closing Date and (b) any proposed or actual equity offering (including, without limitation, any Initial Public Offering), Investment, acquisition (including costs and expenses in connection with the de-listing of public targets and compliance with public company requirements), disposition, dividend, restricted payment or recapitalization or the incurrence and/or repayment of Indebtedness (including any incremental facility, any refinancing of any such Indebtedness, any letter of credit fees and/or breakage costs) (in each of the forgoing whether or not consummated or successful), including (1) such fees, expenses or charges related to the Loans, the Loan Documents and any credit facilities, (2) any amendment, restatement, extension, increase or other modification of the Loans, the Loan Documents and any credit facilities, (3) any charges, non-recurring acquisition costs or contingent transaction costs incurred during such period as a result of any such transaction and (4) one-time expenses related to enhanced accounting function or other transaction costs, including those associated with becoming standalone entity or public company _____

(v) the amount (together with any fees, expenses or other charges in connection therewith) of any out-of-pocket deferred compensation, severance, signing bonuses, stay bonus, retention, recruiting and relocation costs, integration costs, transition costs, costs incurred in connection with any non-recurring strategic initiatives and intellectual property development, project startup costs and other restructuring charges, costs associated with establishing new facilities or reserves, any other one-time costs incurred in connection with acquisitions, excess fulfillment costs incurred prior to warehouse consolidation through December 31, 2017 and costs related to the closure and/or consolidation of facilities in the good faith determination of the Borrower and as certified by the Borrower's chief financial officer, chief executive officer, controller or other comparable executive; *provided* that, the aggregate amount pursuant to this clause (v), together with the aggregate amount pursuant to clause (xii) below and clause (B) of the definition of Pro Forma Basis (but excluding (A) any adjustments under such clause (xii) and the definition of Pro Forma Basis determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition), in any period of four consecutive Fiscal Quarters shall not exceed 10% of Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period

(vi) [Reserved]

(vii) fees paid in an amount not to exceed $500,000 in any Fiscal Year to the Sponsor and its Affiliates pursuant to or in connection with services rendered pursuant to the Management Agreement, any amounts payable with respect to indemnities thereunder, and reasonable, out-of-pocket expenses paid, or reimbursed, to the Sponsor and its Affiliates

(viii) non-cash stock option and other equity-based compensation

(ix) (A) compensation and fees paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement in an aggregate cash amount not to exceed $1,000,000 in any Fiscal Year, (B) expense reimbursements for travel and other expenses paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement and (C) indemnifications of directors, officers and comparable managers of Holdings or any of its Subsidiaries permitted under the Credit Agreement

(x) to the extent covered by insurance or reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer, losses or expenses with respect to liability or casualty event; *provided* that Consolidated EBITDA shall be decreased in any future period in which such reimbursement is actually received by the amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause (x)

(xi) the amount of any earn out obligation which was reserved or paid during such period and deducted in the calculation of Consolidated Net Income for such period, to the extent such earn out obligations are permitted under the Credit Agreement

(xii) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies which are projected by the Borrower in good faith to be reasonably anticipated to be realizable within eighteen (18) months of the date thereof (which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements, initiatives and synergies had been realized on the first day of such period) net of the amount of actual benefits realized during such period from such actions; *provided* that all steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower and certified by a Responsible Officer of the Borrower); *provided further* that, the aggregate amount pursuant to this clause (xii) and clause (B) of the definition of Pro Forma Basis, together with the aggregate amount pursuant to clause (v) above, in any period of four consecutive Fiscal Quarters shall not exceed 10% of Consolidated EBITDA, prior to giving effect to such pro forma adjustments for such period; *provided* that such 10% limitation (A) will not apply to the extent such adjustments are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency) and (B) shall exclude any such amounts reflected in the stipulated historical Consolidated EBITDA amounts set forth in the last paragraph of this definition

(xiii) non-cash costs or losses related to hedging obligations _____

(xiv) non-cash foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities _____

(xv) [Reserved] _____

(xvi) any purchase accounting adjustments, restructuring and other non-recurring items or expenses incurred in connection with any Permitted Acquisition (including any debt or equity issuance in connection therewith) or any non-recurring items or expenses incurred in connection with a Disposition _____

(xvii) (A) non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, in each case, of Holdings, the Borrower or any Subsidiary for such period and (B) any costs or expense incurred by Holdings, the Borrower or any Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Holdings or the Borrower or Net Issuance Proceeds of an issuance of equity interests (other than Disqualified Stock) of Holdings or the Borrower _____

(xviii) all costs or losses (whether cash or non-cash) (without duplication) resulting from the early termination or extinguishment of Indebtedness _____

(xix) cash expenses of Holdings, the Borrower and their Subsidiaries incurred during such period to the extent (x) deducted in determining Consolidated Net Income and (y) reimbursed in cash by any person (other than any of Holdings, the Borrower or any of their Subsidiaries or any owners, directly or indirectly, of equity interests, respectively, therein) during such period (or reasonably expected to be so reimbursed within 365 days of the end of such period to the extent not accrued) pursuant to an indemnity or guaranty or any other reimbursement agreement in favor of Holdings, the Borrower or any of their Subsidiaries to the extent such reimbursement has not been accrued (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365 day period, such expenses or losses shall be subtracted in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xx) to the extent deducted (and any reimbursement therefor not already added back) in determining Consolidated Net Income, the aggregate amount of expenses or losses incurred by Holdings, the Borrower or any Subsidiary relating to business interruption to the extent covered by insurance and (x) actually reimbursed or otherwise paid to Holdings, the Borrower or such Subsidiary or (y) so long as such amount for any calculation period is reasonably expected to be received by Holdings, the Borrower or such Subsidiary in a subsequent calculation period and within one year of the date of the underlying loss (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365-day period, such expenses or losses shall be subtracted from Consolidated EBITDA in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xxi) losses, charges and expenses attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses _____

(xxii) payments to employees, directors or officers of Holdings, the Borrower and its Subsidiaries paid in connection with dividends that are otherwise permitted under the Credit Agreement (including, without limitation, the Special Dividend) to the extent such payments are not made in lieu of, or as a substitution for, ordinary salary or ordinary payroll payments _____

(xxiii) the aggregate amount of all other non-cash items otherwise reducing Consolidated Net Income _____

(xxiv) unamortized fees, costs and expenses paid in cash in connection with the repayment of Indebtedness of Holdings or its Subsidiaries to persons that are not Affiliates of Holdings or any of its Subsidiaries _____

Total addbacks to consolidated net income (sum of (i)-(xxiv) above)

E. [Reserved]

F. Increased (without duplication) by the amount of any Specified Equity Contribution solely for purposes of determining compliance with the Financial Covenant _____

G. [Reserved]

H. Decreased (without duplication) to the extent included in determining Consolidated Net Income for such period, by non-cash gains increasing Consolidated Net Income of such Person for such period, but excluding (x) any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and (y) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; provided that, to the extent non-cash gains are deducted pursuant to this clause (e) for any previous period and not otherwise added back to Consolidated EBITDA, Consolidated EBITDA shall be increased by the amount of any cash receipts (or any netting arrangements resulting in reduced cash expenses) in respect of such non-cash gains received in subsequent periods to the extent not already included therein _____

I. Decreased (without duplication) by non-cash gains related to hedging obligations _____

J. Decreased (without duplication) by non-cash gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities _____

K. Decreased (without duplication) by gains attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses _____

L. Decreased (without duplication) by any gains (whether cash or non-cash) resulting from the early termination or extinguishment of Indebtedness _____

M. Consolidated EBITDA (sum of C plus D plus E plus F plus G minus H minus I minus J minus K minus L above)[13] _____

II. Calculation of Excess Cash Flow

Excess Cash Flow is defined as: _____

A. Consolidated EBITDA of Holdings (per Section I of Annex B-2) _____

13 For purposes of determining Consolidated EBITDA under the Credit Agreement for any period that includes the Fiscal Quarters ended September 25, 2016, January 1, 2017, April 2, 2017 or July 2, 2017, Consolidated EBITDA for such Fiscal Quarter shall be $6,858,306, $7,295,681, $11,450,012 and $15,002,144, respectively, subject to adjustments pursuant to clause (a)(xii) above for events and transactions not otherwise reflected in the foregoing amounts. For the avoidance of doubt, Consolidated EBITDA shall be determined on a Pro Forma Basis, and there shall be included in determining Consolidated EBITDA for any period, without duplication, on a Pro Forma Basis, the Acquired EBITDA of any Person, all or substantially all of the assets of a Person, or any business unit, line of business or division of any Person acquired by any Credit Party or any Subsidiary of a Credit Party during such period (but not the acquired EBITDA of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed of by any Credit Party or any Subsidiary of a Credit Party during such period based on the actual and audited (if available) acquired EBITDA of such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition).

B. Minus, without duplication: _____

(i) any scheduled principal installments of term loans paid by Holdings or any of its Subsidiaries during such period and any other scheduled, mandatory or optional principal payment made by Holdings or any of its Subsidiaries during such period on any Indebtedness other than the Loans (including, without limitation, the principal component of payments in respect of Capital Lease Obligations) and payment of revolving Indebtedness, to the extent such payment results in a permanent reduction in the commitments thereof _____

(ii) any capital expenditure made by Holdings or any of its Subsidiaries during such period and permitted by Section 5.14 excluding any such capital expenditure to the extent funded with the Net Proceeds from a disposition of assets or proceeds of an insurance award in respect of an Event of Loss or financed with the incurrence of Indebtedness (other than Revolving Loans and intercompany indebtedness) or the proceeds of an equity issuance by or capital contributions to Holdings) _____

(iii) Consolidated Interest Expense of Holdings paid or payable in cash in respect of such period _____

(iv) all cash expenses, charges, losses and other cash items added back to Consolidated Net Income or to Consolidated EBITDA pursuant to clause (a) (i.e., clause D of Section I of this Annex B-2) of the definition of "Consolidated EBITDA", excluding Consolidated Interest Expense to the extent deducted in clause (iii) above _____

(v) any cash payment made during such period with respect to Restricted Payments permitted by Section 5.7 (other than pursuant to Section 5.7(m) of the Credit Agreement), excluding amounts to the extent funded with long-term indebtedness _____

(vi) any taxes measured by income, profits or capital (including federal, foreign and state, local, franchise, excise and similar taxes) paid or payable in cash for such period, including Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement _____

(vii) any increase in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the end of such period over such Working Capital at the beginning of such period) _____

(viii)	all non-cash gains included in and other non-cash items that increase the calculation of Consolidated Net Income or Consolidated EBITDA	
(ix)	the aggregate amount of all mandatory prepayments made pursuant to the Loan Documents with the proceeds of an asset sale or other disposition or loss or casualty event during such period to the extent such proceeds are included in the calculation of Consolidated EBITDA for such period	
(x)	all amounts increasing Consolidated EBITDA pursuant to sections D(xii), (E) and (F) of the definition of "Consolidated EBITDA" in part I of Annex B-2 and any increase in Consolidated Net Income or Consolidated EBITDA as a result of Pro Forma adjustments	
(xi)	[Reserved]	
(xii)	cash payments in respect of any earn-outs and hedging obligations to the extent not deducted in arriving at Consolidated EBITDA	
(xiii)	the aggregate amount of consideration paid in cash during such period with respect to a Permitted Acquisition or other permitted Investment	
	Total deductions from Consolidated EBITDA (sum of (i) through (xiii) above)	
C.	Plus, without duplication, any decrease in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the beginning of such period over such Working Capital at the end thereof)	
D.	Excess Cash Flow (result of A minus B plus C above)[14]	
E.	Prepayment percentage pursuant to Section 1.8(e) of the Credit Agreement and definition of "ECF Percentage"	**75%**
F.	Excess Cash Flow Prepayment Amount	

14 For purposes of calculating Excess Cash Flow, without duplication of anything above, any Acquired EBITDA of any Acquired Entity or Business accrued prior to the date it becomes a Subsidiary of Holdings or is merged or consolidated with Holdings or any of its Subsidiaries or the date that such Acquired Entity or Business's assets are acquired by Holdings or any of its Subsidiaries shall be excluded.

G. At the option of the Borrower, the amount of such mandatory prepayment hereunder shall be reduced dollar-for-dollar by the amount of voluntary prepayments under Section 1.7(a) of the Term Loans, and, to the extent accompanied by a permanent reduction of the Aggregate Revolving Loan Commitment, any Revolving Loans, in each case, without duplication of any such prepayments from prior periods, prior to any Excess Cash Flow Prepayment Date except to the extent financed with long-term Indebtedness (other than Revolving Loans) _____

H. Net amount of Excess Cash Flow prepayment _____

III. Consolidated Interest Expense

The consolidated interest expense of Holdings and its Subsidiaries for such period, determined in accordance with GAAP.[15] _____

15 For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries pursuant to interest rate swap obligations with respect to Indebtedness.

ANNEX C
TO COMPLIANCE CERTIFICATE
Available Amount

Calculation of Available Amount

A. The Sum of (i) through (viii) below: _____

(i) Cumulative amount of Net Issuance Proceeds of Excluded Equity Issuances and capital contributions (other than Specified Equity Contributions) received by the Borrower after the Closing Date and prior to the date hereof _____

(ii) Net Incurrence Proceeds of Indebtedness and Net Issuance Proceeds of Disqualified Stock that have been incurred or issued after the Closing Date and prior to the date hereof (other than Specified Equity Contributions) and exchanged or converted into Qualified Stock of the Borrower (or any direct or indirect parent company thereof) _____

(iii) Declined Amounts _____

(iv) Net Proceeds of any sale of any Investment originally made using the Available Amount _____

(v) Without duplication to (iv), cash returns, profits, distributions and similar amounts received on Investments (other than in respect of intercompany investments) originally made using the Available Amount to the extent not included in Consolidated Net Income _____

B. Available Amount that has been applied to make Investments pursuant to Section 5.4(x) of the Credit Agreement _____

C. Available Amount (A minus B): _____

EXHIBIT 11.1(a)

[FORM OF]
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement (defined below), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including participations in any Letters of Credit included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

3. Borrower: _____

4. Administrative Agent: Credit Suisse AG, Cayman Islands Branch, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement, dated as of August 28, 2017 (as amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Lulu's Fashion Lounge, LLC, as Borrower, Lulu's Fashion Lounge Parent, LLC, as Holdings, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/ Loans[16]	CUSIP Number
[Term Loan] [Revolving Loan]	$	$	%	

16 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

Consented to and Accepted:

[LULU'S FASHION LOUNGE, LLC,
as Borrower][17]

By: _____
Name:
Title:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Administrative Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Insert each L/C Issuer,
as a L/C Issuer][18]

By: _____
Name:
Title:

17 Insert only if (i) assignment is to any Person other than (x) any existing Lender (other than a Non-Funding Lender or Impacted Lender) or (y) any Affiliate or Approved Fund of any existing Lender (other than a Non-Funding Lender or Impacted Lender) and (ii) no Event of Default under Section 7.01(a), (f) or (g) of the Credit Agreement is continuing and consent of the Borrower is required pursuant to 9.9(b) of the Credit Agreement. Consent of the Borrower shall not be unreasonably withheld, conditioned or delayed and shall be deemed to have been given if the Borrower has not responded within ten Business Days after delivery of the notice of assignment.

18 Insert only if assignment is of a Revolving Loan Commitment or Revolving Loan being made to an Eligible Assignee and each L/C Issuer's consent is required pursuant to Section 9.9(b) of the Credit Agreement.

CREDIT AGREEMENT

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

(A) The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, any of its Subsidiaries or any of their Affiliates or any other person obligated in respect of any Loan Document or (iv) the performance or observance by Holdings, the Borrower, any other Subsidiaries or any of their Affiliates or any other person of any of their respective obligations under any Loan Document.

(B) The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) confirms that it is (A) an existing Lender (and not a Non-Funding Lender, nor an Impacted Lender), (B) an Affiliate or an Approved Fund of an existing Lender or (C) an Eligible Assignee under Section 9.9(b) of the Credit Agreement, (iii) confirms that it is not a Disqualified Lender (the Administrative Agent may conclusively rely on such representation, without the duty to investigate) or, if it is, that it has received the requisite consent of the Borrower hereto, (iv) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (v) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (vi) it has received a copy of the Credit Agreement, and has received, or has been accorded the opportunity to receive, copies of the most recent financial statements delivered pursuant to Section 4.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vii) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (viii) it has duly completed an Administrative Questionnaire substantially in the form of Exhibit A to this Assignment and Assumption, unless it is already a Lender under the Credit Agreement, (ix) the Administrative Agent has received a processing and recordation fee of $3,500 as of the Effective Date (unless such fee has been waived by the Administrative Agent), (ix) it is not an Affiliated Lender and (vi) it has attached to this

Assignment any tax documentation (including the IRS Forms, any FATCA documentation, and, if applicable, the forms required to be delivered pursuant Section 10.1(h)(i) of the Credit Agreement) required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by it; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments.

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

3. General Provisions.

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be construed in accordance with and governed by, the law of the State of New York without regard to conflicts of principles of law that would require the application of the laws of another jurisdiction.

FORM OF ADMINISTRATIVE QUESTIONNAIRE

[ATTACHED]

ADMINISTRATIVE QUESTIONNAIRE

LULU'S FASHION LOUNGE, INC.

Agent Information
Credit Suisse AG
Eleven Madison Avenue
New York, NY 10010

Agent Closing Contact
Fay Rollins

Agent Wire Instructions

It is very important that **all** of the requested information be completed accurately and that this questionnaire be returned promptly. If your institution is sub-allocating its allocation, please fill out an administrative questionnaire for each legal entity.

Legal Name of Lender to appear in Documentation:

_____

Signature Block Information: _____

- Signing Credit Agreement ☐ Yes ☐ No
- Coming in via Assignment ☐ Yes ☐ No

Type of Lender: _____

(Bank, Asset Manager, Broker/Dealer, CLO/CDO; Finance Company, Hedge Fund, Insurance, Mutual Fund, Pension Fund, Other Regulated Investment Fund, Special Purpose Vehicle, Other-please specify)

Lender Parent: _____

Lender Domestic Address	Lender Eurodollar Address

Contacts/Notification Methods: Borrowings, Paydowns, Interest, Fees, etc.

Primary Credit Contact		Secondary Credit Contact	
Name:		Name:	
Company:		Company:	
Title:		Title:	
Address:		Address:	
Telephone:		Telephone:	
Facsimile:		Facsimile:	
E-Mail Address:		E-Mail Address:	

Primary Credit Contact		Secondary Credit Contact	
Name:		Name:	
Company:		Company:	
Title:		Title:	
Address:		Address:	
Telephone:		Telephone:	
Facsimile:		Facsimile:	
E-Mail Address:		E-Mail Address:	

Lender's Domestic Wire Instructions

Bank Name:	
ABA/Routing No.:	
Account Name:	
Account No.:	
FFC Account Name:	
FFC Account No.:	
Attention:	
Reference:	

Tax Documents

NON-U.S. LENDER INSTITUTIONS:

I. Corporations:

If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: ***a.) Form W-8BEN*** (*Certificate of Foreign Status of Beneficial Owner*), ***b.) Form W-8ECI*** (*Income Effectively Connected to a U.S. Trade or Business*), or ***c.) Form W-8EXP*** (*Certificate of Foreign Government or Governmental Agency*).

A U.S. taxpayer identification number is required for any institution submitting Form W-8ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **An original tax form must be submitted.**

II. Flow-Through Entities:

If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original ***Form W-8IMY*** (*Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding*) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. **Original tax form(s) must be submitted.**

U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return ***Form W-9*** (*Request for Taxpayer Identification Number and Certification*). **Please be advised that we request that you submit an original Form W-9.**

Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned prior to the first payment of income. Failure to provide the proper tax form when requested may subject your institution to U.S. tax withholding.

EXHIBIT 11.1(c)

[FORM OF]

NOTICE OF BORROWING

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Agent under the Credit Agreement referred to below

_____ __ , 20__

Re: Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower")

Reference is made to the Credit Agreement, dated August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company, as Borrower, Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company, as Holdings, and Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

The Borrower hereby gives you irrevocable notice, pursuant to Section 1.5 of the Credit Agreement of its request of a Borrowing (the "Proposed Borrowing") under the Credit Agreement, the proceeds of such Proposed Borrowing to be distributed as directed by the Borrower, and, in that connection, sets forth the following information:

A. The date of the Proposed Borrowing is _____, ____[19] (the "Funding Date").

B. The aggregate principal amount of requested Revolving Loans is $_____, of which $_____ consists of Base Rate Loans and $_____ consists of LIBOR Rate Loans having an initial Interest Period of [_____ months].

C. The aggregate principal amount of the Term Loan is $_____, of which $_____ consists of Base Rate Loans and $_____ consists of LIBOR Rate Loans having an initial Interest Period of [_____ months].

The undersigned hereby certifies, solely in his or her capacity as a Responsible Officer of the Borrower and not in any individual capacity, that the following statements will be true on the Funding Date:

(i) the representations and warranties of each Credit Party contained in the Credit Agreement and each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein), except to the extent such representations and warranties expressly relate to an earlier date or period (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period);

---

19 For Term Loans, must be the Closing Date. For all Loans, Date must be a Business Day.

(ii) no Default or Event of Default has occurred and is continuing; and

(iii) the aggregate outstanding amount of Revolving Loans does not exceed the Maximum Revolving Loan Balance.

LULU'S FASHION LOUNGE, LLC,
as the Borrower

By: _____
Name:
Title:

EXHIBIT 11.1(d)

[FORM OF]

REVOLVING NOTE

Lender: [NAME OF LENDER] New York, New York
Principal Amount: $_____ _____ __ , 20__

FOR VALUE RECEIVED, the undersigned, Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower"), hereby promises to pay to the Lender set forth above (the "Lender") the Principal Amount set forth above, or, if less, the aggregate unpaid principal amount of all outstanding Revolving Loans (as defined in the Credit Agreement referred to below) of the Lender to the Borrower, payable at such times and in such amounts as are specified in the Credit Agreement (as defined below).

The Borrower promises to pay interest on the unpaid principal amount of the Revolving Loans from the date made until such principal amount is paid in full, payable at such times and at such interest rates as are specified in the Credit Agreement. Both principal and interest are payable in Dollars to Credit Suisse AG, Cayman Islands Branch, as Agent, at the address for payment specified in the signature page of the Credit Agreement in relation to Agent (or such other address as Agent may from time to time specify in accordance with Section 9.2 thereof), in immediately available funds.

This Revolving Note (this "Note") is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement, dated August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company, as Borrower, Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company, as Holdings, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

The Credit Agreement, among other things, (a) provides for the making of Revolving Loans by the Lender to the Borrower in an aggregate amount not to exceed at any time outstanding the Principal Amount set forth above, the indebtedness of the Borrower resulting from such Revolving Loans being evidenced by this Note and (b) contains provisions for acceleration of the maturity of the unpaid principal amount of this Note upon the happening of certain stated events and also for prepayments on account of the principal hereof prior to the maturity hereof upon the terms and conditions specified therein. This Note is a Loan Document, is entitled to the benefits of the Loan Documents and is subject to certain provisions of the Credit Agreement, including Sections 9.18(b) (Submission to Jurisdiction), 9.19 (Waiver of Jury Trial), 9.23 (Joint and Several) and 11.2 (Other Interpretive Provisions) thereof.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever in connection with this Note. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or the Lender, any right, remedy, power or privilege hereunder or under the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. A waiver by the Administrative Agent or the Lender of any right, remedy, power or privilege hereunder or under any Loan Document on any one occasion shall not be construed as a bar to any right or remedy that the Administrative Agent or the Lender would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers and privileges provided by law.

This Note is a registered obligation, transferable only upon notation in the Register, and no assignment hereof shall be effective until recorded therein. This Note shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer as of the day and year and at the place set forth above.

LULU'S FASHION LOUNGE, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT 11.1(e)

[FORM OF]

THE TERM LOAN EVIDENCED BY THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTION 1271 ET SEQ. OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED. THE LENDER MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE TERM LOAN BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE BORROWER AT 195 HUMBOLDT AVENUE, CHICO, CALIFORNIA 95928 (ATTN: CHIEF FINANCIAL OFFICER).

TERM NOTE

Lender: [NAME OF LENDER] New York, New York
Principal Amount: $_____ _____ __ , 20__

FOR VALUE RECEIVED, the undersigned, Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower"), hereby promises to pay to the Lender set forth above (the "Lender") the Principal Amount set forth above, or, if less, the aggregate unpaid principal amount of the outstanding Term Loan (as defined in the Credit Agreement referred to below) of the Lender to the Borrower, payable at such times and in such amounts as are specified in the Credit Agreement (as defined below)

The Borrower promises to pay interest on the unpaid principal amount of the Term Loan from the date made until such principal amount is paid in full, payable at such times and at such interest rates as are specified in the Credit Agreement. Both principal and interest are payable in Dollars to Credit Suisse AG, Cayman Islands Branch, as Agent, at the address for payment specified in the signature page of the Credit Agreement in relation to Agent (or such other address as Agent may from time to time specify in accordance with Section 9.2 thereof), in immediately available funds.

This Term Note (this "Note") is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement, dated August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Lulu's Fashion Lounge, LLC, a Delaware limited liability company, as Borrower, Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company, as Holdings, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

The Credit Agreement, among other things, (a) provides for the making of the Term Loan by the Lender to the Borrower in an aggregate amount not to exceed at any time outstanding the Principal Amount set forth above, the indebtedness of the Borrower resulting from such Term Loan being evidenced by this Note and (b) contains provisions for acceleration of the maturity of the unpaid principal amount of this Note upon the happening of certain stated events and also for prepayments on account of the principal hereof prior to the maturity hereof upon the terms and conditions specified therein. This Note is a Loan Document, is entitled to the benefits of the Loan Documents and is subject to certain provisions of the Credit Agreement, including Sections 9.18(b) (Submission to Jurisdiction), 9.19 (Waiver of Jury Trial), 9.23 (Joint and Several) and 11.2 (Other Interpretive Provisions) thereof.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive diligence, presentment, demand, protest and notice of any kind whatsoever in connection with this Note. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or the Lender, any right, remedy, power or privilege hereunder or under the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. A waiver by the Administrative Agent or the Lender of any right, remedy, power or privilege hereunder or under any Loan Document on any one occasion shall not be construed as a bar to any right or remedy that the Administrative Agent or the Lender would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers and privileges provided by law.

This Note is a registered obligation, transferable only upon notation in the Register, and no assignment hereof shall be effective until recorded therein. This Note shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered by its duly authorized officer as of the day and year and at the place set forth above.

LULU'S FASHION LOUNGE, LLC,
a Delaware limited liability company

By: _____
Name:
Title:

Exhibit 10.10

EXECUTION VERSION

AMENDMENT NO. 1 dated as of February 12, 2018 (this "**Amendment**"), to the Credit Agreement dated as of August 28, 2017 (as amended, supplemented or modified prior to the date hereof, the "**Credit Agreement**"), by and among LULU'S FASHION LOUNGE, LLC, a Delaware limited liability company (the "**Borrower**"), LULU'S FASHION LOUNGE PARENT, LLC, a Delaware limited liability company ("**Holdings**"), the Lenders party thereto and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") and as collateral agent (in such capacity, including any successor thereto, the "**Collateral Agent**" and, together with the Administrative Agent, the "**Agent**") for the Lenders.

A. The Borrower has requested that the Credit Agreement be amended in order to extend the date by which the Borrower is required to furnish to the Agent its annual budget and projections for the 2018 Fiscal Year.

B. The Required Lenders are willing so to amend the Credit Agreement, on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement. The rules of construction set forth in Section 11.2 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

SECTION 2. Amendment to the Credit Agreement. Effective as of the Effective Date (as defined below), Section 4.2(d) of the Credit Agreement is hereby amended by inserting the following proviso at the end thereof:

> "*provided* that, with respect to the Fiscal Year ended on or about December 31, 2017, the Borrower shall furnish such information on or prior to March 31, 2018;"

SECTION 3. Conditions Precedent to Effectiveness. This Amendment shall become effective on the date (the "**Effective Date**") on which the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of (a) the Borrower and (b) the Required Lenders.

SECTION 4. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Agent and each Lender that, as of the Effective Date, (a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Effective Date, except to the extent that any representation or warranty expressly relates to an earlier date or period (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period) and (b) no Default or Event of Default has occurred and is continuing.

SECTION 5. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which shall continue in full force and effect. Nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. After the date hereof, any reference in any Loan Document to the Credit Agreement shall be deemed to refer without further amendment to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 7. Governing Law. The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Amendment, including, without limitation, its validity, interpretation, construction, performance and enforcement (including, without limitation, any claims based in contract or tort law arising out of the subject matter hereof and any determinations with respect to post-judgment interest).

SECTION 8. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

LULU'S FASHION LOUNGE, LLC,

by /s/ Crystal Landsem
Name: Crystal Landsem
Title: CFO

[Signature Page to Amendment No. 1]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
individually and as Administrative Agent

by /s/ Vipul Dhadda
Name Vipul Dhadda
Title: Authorized Signatory

by /s/ Joan Park
Name: Joan Park
Title: Authorized Signatory

[Signature Page to Amendment No. 1]

Exhibit 10.11

EXECUTION VERSION

AMENDMENT NO. 2 dated as of April 25, 2018 (this "**Amendment**"), to the Credit Agreement dated as of August 28, 2017 (as amended, supplemented or modified prior to the date hereof, the "**Credit Agreement**"), by and among LULU'S FASHION LOUNGE, LLC, a Delaware limited liability company (the "**Borrower**"), LULU'S FASHION LOUNGE PARENT, LLC, a Delaware limited liability company ("**Holdings**"), the Lenders party thereto and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") and as collateral agent (in such capacity, including any successor thereto, the "**Collateral Agent**" and, together with the Administrative Agent, the "**Agent**") for the Lenders.

A. The Borrower has requested that the Credit Agreement be amended in order to extend the date by which the Borrower is required to furnish to the Agent its audited consolidated financial statements and related documentation with respect to the Fiscal Year ended on or about December 31, 2017.

B. The Required Lenders are willing so to amend the Credit Agreement, on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement. The rules of construction set forth in Section 11.2 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

SECTION 2. Amendment to the Credit Agreement. Effective as of the Effective Date (as defined below), Section 4.1(a) of the Credit Agreement is hereby amended by inserting the following proviso at the end thereof:

> "*provided* that, with respect to the Fiscal Year ended on or about December 31, 2017, the Borrower shall furnish such consolidated financial statements and reports on or prior to May 30, 2018;"

SECTION 3. Conditions Precedent to Effectiveness. This Amendment shall become effective on the date (the "**Effective Date**") on which the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of (a) the Borrower and (b) the Required Lenders.

SECTION 4. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Agent and each Lender that, as of the Effective Date, (a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Effective Date, except to the extent that any representation or warranty expressly relates to an earlier date or period (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period) and (b) no Default or Event of Default has occurred and is continuing.

SECTION 5. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which shall continue in full force and effect. Nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. After the date hereof, any reference in any Loan Document to the Credit Agreement shall be deemed to refer without further amendment to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 7. Governing Law. The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Amendment, including, without limitation, its validity, interpretation, construction, performance and enforcement (including, without limitation, any claims based in contract or tort law arising out of the subject matter hereof and any determinations with respect to post-judgment interest).

SECTION 8. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

LULU'S FASHION LOUNGE, LLC,

by /s/ Crystal Landsem
Name: Crystal Landsem
Title: CFO

[Signature Page to Amendment No. 2]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
individually and as Administrative Agent

by /s/ Vipul Dhadda
Name Vipul Dhadda
Title: Authorized Signatory

by /s/ Joan Park
Name: Joan Park
Title: Authorized Signatory

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: I-45 SPV LLC

by: /s/ Josh Weinstein
Name: Josh Weinstein, CFA
Title: Managing Director

For any Lender requiring a second signature block:

by: _____
Name:
Title:

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: HMS FUNDING I LLC

By: HMS Income Fund, Inc.
Its Designated Manager

by: /s/ Alejandro Palomo
Name: Alejandro Palomo
Title: Authorized Agent

[Signature Page to Amendment No. 2]

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: MAIN STREET CAPITAL CORPORATION

by: /s/ Nick Meserve
Name: Nick Meserve
Title: Managing Director

[Signature Page to Amendment No. 2]

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

Monroe Capital MML CLO 2016-1, Ltd.

By: Monroe Capital Management LLC, as Collateral Manager and Attorney-in-fact

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

[Signature Page to Amendment No. 2]

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

Monroe Capital MML CLO 2017-1, Ltd.

By: Monroe Capital Management LLC, as Collateral Manager and Attorney-in-fact

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

[Signature Page to Amendment No. 2]

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

Monroe Capital MML CLO VI, Ltd.

By: Monroe Capital Management LLC, as Asset Manager and Attorney-in-fact

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE CAPITAL CORPORATION, in its capacity as a Lender

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

[Signature Page to Amendment No. 2]

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE PRIVATE CREDIT
FUND A FINANCING SPV LLC,
in its capacity as a Lender

By: MONROE PRIVATE CREDIT FUND A LP,
as its Designated Manager

By: MONROE PRIVATE CREDIT FUND A LLC,
its general partner

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE CAPITAL PRIVATE CREDIT FUND I FINANCING SPV LLC, in its capacity as a Lender

By: MONROE CAPITAL PRIVATE CREDIT FUND I LP, as its Designated Manager

By: MONROE CAPITAL PRIVATE CREDIT FUND I LLC, its general partner

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE CAPITAL PRIVATE CREDIT FUND II FINANCING SPV LLC, in its capacity as a Lender

By: MONROE CAPITAL PRIVATE CREDIT FUND II LP, as Designated Manager

By: MONROE CAPITAL PRIVATE CREDIT FUND II LLC, its general partner

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE CAPITAL PRIVATE CREDIT FUND II (UNLEVERAGED) LP,
in its capacity as a Lender

By: MONROE CAPITAL PRIVATE CREDIT FUND II LLC, its general partner

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO AMENDMENT NO. 2 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

MONROE CAPITAL PRIVATE CREDIT FUND II-O (UNLEVERAGED OFFSHORE) LP,
in its capacity as a Lender

By: MONROE CAPITAL PRIVATE CREDIT FUND II LLC, its general partner

by: /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

TCW Direct Lending, LLC

By: TCW Asset Management Company LLC, its Investment Advisor

by: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW Direct Lending Strategic Ventures LLC

by: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

West Virginia Direct Lending, LLC

By: TCW Asset Management Company LLC, its Investment Advisor

by: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW Skyline Lending, L.P.

By: TCW Asset Management Company LLC, its Investment Advisor

by: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW Brazos Fund, LLC

By: TCW Asset Management Company LLC, its Investment Advisor

by: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

[Signature Page to Amendment No. 2]

Exhibit 10.12

EXECUTION VERSION

WAIVER AND AMENDMENT NO. 3 dated as of February 15, 2019 (this "**Amendment**") to the Credit Agreement dated as of August 28, 2017 (as amended, supplemented or modified prior to the date hereof, the "**Credit Agreement**"), by and among LULU'S FASHION LOUNGE, LLC, a Delaware limited liability company (the "**Borrower**"), LULU'S FASHION LOUNGE PARENT, LLC, a Delaware limited liability company ("**Holdings**"), the Lenders party thereto and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") and as collateral agent (in such capacity, including any successor thereto, the "**Collateral Agent**" and, together with the Administrative Agent, the "**Agent**") for the Lenders.

A. The Borrower has requested that the Credit Agreement be amended in order to extend the date by which the Borrower is required to furnish to the Agent (i) its internally prepared unaudited consolidated financial statements and related documentation with respect to the Fiscal Quarter ended on or about December 31, 2018 and (ii) its annual budget and projections with respect to the Fiscal Year ended on or about December 31, 2019.

B. The Required Lenders are willing to amend the Credit Agreement, on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement. The rules of construction set forth in Section 11.2 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

SECTION 2. Waiver. Certain Defaults have occurred and are continuing as a result of the Borrower's failure to comply with (i) Section 4.1(b) of the Credit Agreement with respect to the internally prepared unaudited financial statements and related documentation with respect to the Fiscal Quarter ending on or about December 31, 2018 and (ii) Section 4.2(d) of the Credit Agreement with respect to the annual budget and projections with respect to the Fiscal Year ending on or about December 31, 2019 (such Defaults, the "**Designated Defaults**"). The Lenders party hereto, constituting the Required Lenders, hereby waive the Designated Defaults.

SECTION 3. Amendment to the Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

a.. Section 4.1(b) of the Credit Agreement is hereby amended by inserting the following proviso at the end thereof:

"*provided* that, with respect to the Fiscal Quarter ended on or about December 31, 2018, the Borrower shall furnish such internally prepared unaudited financial statements and reports on or prior to February 22, 2019;"

b.. Section 4.2(d) of the Credit Agreement is hereby amended by inserting the following proviso at the end thereof:

"*provided* that, with respect to the annual budget and projections to be delivered with respect to the Fiscal Year ending on or about December 31, 2019, the Borrower shall furnish such annual budget and projections on or prior to February 22, 2019;"

SECTION 4. Conditions Precedent to Effectiveness. This Amendment shall become effective on the date (the "**Effective Date**") on which the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of (a) the Borrower and (b) the Required Lenders.

SECTION 5. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Agent and each Lender that, as of the Effective Date, (a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Effective Date, except to the extent that any representation or warranty expressly relates to an earlier date or period (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period) and (b) no Default (other than the Designated Defaults) or Event of Default has occurred and is continuing.

SECTION 6. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which shall continue in full force and effect. Nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. After the date hereof, any reference in any Loan Document to the Credit Agreement shall be deemed to refer without further amendment to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 8. Governing Law. The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Amendment, including, without limitation, its validity, interpretation, construction, performance and enforcement (including, without limitation, any claims based in contract or tort law arising out of the subject matter hereof and any determinations with respect to post-judgment interest).

SECTION 9. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

LULU'S FASHION LOUNGE, LLC,

by /s/ Crystal Landsem
Name: Crystal Landsem
Title: CFO

[Signature Page to Waiver and Amendment No. 3]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, individually and as Administrative Agent

by /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Authorized Signatory

by /s/ Joan Park
Name: Joan Park
Title: Authorized Signatory

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: BGC Credit Opportunities Fund Ltd

By /s/ Todd A. Berry

Name: Todd A. Berry
Title: COO of its general partner,
Birch Grove Advisors LLC

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: BGC Income Fund-01 LP

by /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner, Birch Grove Advisors LLC

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Swiss Capital Alternative Strategies Fund SPC RE: SC Alternative Strategy 14SP

by /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner, Birch Grove Advisors LLC

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: I-45 SPV LLC

by /s/ Josh Weinstein
Name: Josh Weinstein
Title: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Snow Hill Designated Activity Company

By /s/ Ruth Dominguez
Name: Ruth Dominguez
Title: Associate Director

For any Lender requiring a second signature block:

By _____
Name:
Title:

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: GOLDMAN SACHS FUNDING INTERNATIONAL LIMITED

By /s/ Daniel Lueders
Name: Daniel Lueders
Title: Authorized Signatory

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

MONROE CAPITAL CORPORATION,
in its capacity as a Lender

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

MONROE CAPITAL PRIVATE CREDIT FUND II FINANCING SPV LLC, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LP,**
as Designated Manager

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LLC,**
its general partner

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

MONROE CAPITAL PRIVATE CREDIT FUND II (UNLEVERAGED) LP, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LLC,** its general partner

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

MONROE PRIVATE CREDIT FUND A FINANCING SPV LLC, in its capacity as a Lender

By: MONROE PRIVATE CREDIT FUND A LP, as its Designated Manager

By: MONROE PRIVATE CREDIT FUND A LLC, its general partner

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

MONROE CAPITAL PRIVATE CREDIT FUND I FINANCING SPV LLC, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND I LP,** as its Designated Manager

By: **MONROE CAPITAL PRIVATE CREDIT FUND I LLC,** its general partner

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

MONROE CAPITAL PRIVATE CREDIT FUND II-O (UNLEVERAGED OFFSHORE) LP, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LLC,** its general partner

By /s/ Jeffrey Cupples
Name: Jeffrey Cupples
Title: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:
Monroe Capital MML CLO 2014-1, Ltd.

By: Monroe Capital Management LLC, as Asset Manager and Attorney-in-fact

By /s/ Seth Friedman
Name: Seth Friedman
Title: Director

Name of Lender:

Monroe Capital MML CLO 2016-1, Ltd.

By: Monroe Capital Management LLC, as Collateral Manager and Attorney-in-fact

By /s/ Seth Friedman
Name: Seth Friedman
Title: Director

Name of Lender:

Monroe Capital MML CLO 2017-1, Ltd.

By: Monroe Capital Management LLC, as Collateral Manager and Attorney-in-fact

By /s/ Seth Friedman
Name: Seth Friedman
Title: Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 3 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender:

Monroe Capital MML CLO VI, Ltd.

By: Monroe Capital Management LLC, as Asset Manager and Attorney-in-fact

By /s/ Seth Friedman
Name: Seth Friedman
Title: Director

TCW DIRECT LENDING, LLC
By: TCW Asset Management Company LLC its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

TCW BRAZOS FUND LLC
By: TCW Asset Management Company LLC its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

TCW DIRECT LENDING STRATEGIC VENTURES LLC

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

TCW SKYLINE LENDING, L.P.
By: TCW Asset Management Company LLC its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

WEST VIRGINIA DIRECT LENDING LLC
By: TCW Asset Management Company LLC its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

Exhibit 10.13

WAIVER AND AMENDMENT NO. 4 TO CREDIT AGREEMENT AND AMENDMENT TO GUARANTY AND SECURITY AGREEMENT dated as of May 30, 2019 (this "**Amendment**") to the Credit Agreement dated as of August 28, 2017 (as amended, supplemented or modified prior to the date hereof, the "**Credit Agreement**"), by and among LULU'S FASHION LOUNGE, LLC, a Delaware limited liability company (the "**Borrower**"), LULU'S FASHION LOUNGE PARENT, LLC, a Delaware limited liability company ("**Holdings**"), the Lenders party thereto and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") and as collateral agent (in such capacity, including any successor thereto, the "**Collateral Agent**" and, together with the Administrative Agent, the "**Agent**") for the Lenders.

(A) The Borrower has requested that (i) the Required Lenders waive certain Defaults or Events of Default as specified herein, (ii) the Credit Agreement be amended in order to reset the maximum Consolidated Total Net Leverage Ratio levels required under the Financial Covenant and make certain other modifications as set forth herein and (iii) the Guaranty and Security Agreement be amended in order to modify the definition of "Excluded Deposit Account" as set forth herein.

(B) The Required Lenders are willing to waive certain Defaults or Events of Default specified herein and amend the Credit Agreement and the Guaranty and Security Agreement, in each case, on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement. The rules of construction set forth in Section 11.2 of the Credit Agreement shall apply *mutatis mutandis* to this Amendment.

SECTION 2. Waiver. Certain Defaults or Events of Default have occurred and are continuing as a result of the Borrower's failure to comply with (i) Section 6.1 of the Credit Agreement for the Fiscal Quarter ending on or about March 31, 2019 and (ii) Section 4.3(a) as a result of any failure to deliver prompt notice of the Default or Event of Default described in clause (i) (such Defaults and Events of Defaults, the "**Designated Defaults**"). The Lenders party hereto, constituting the Required Lenders, hereby (i) waive the Designated Defaults and (ii) agree not to request interest at the Default Rate with respect to the Designated Defaults.

SECTION 3. Amendment to the Credit Agreement. Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended as follows:

a. Section 1.8(d) of the Credit Agreement is hereby amended by (i) re-naming the header of such Section as "Incurrence of Indebtedness; Certain Equity Contributions; Initial Public Offering", (ii) inserting the words "and any Unadjusted EBITDA Equity Contribution" immediately following the words "Specified Equity Contribution" appearing in clause (ii) of such Section and (iii) inserting a new clause (iii) immediately at the end of such Section as follows:

(iii) Immediately upon the receipt by any Credit Party or any Subsidiary of any Credit Party of Net Issuance Proceeds from an Initial Public Offering, solely to the extent that the Consolidated Total Net Leverage Ratio is in excess of 2.00 to 1.00, determined on a Pro Forma Basis as of the last day of the most recently ended period of four Fiscal Quarters for which financial statements have been delivered or were required to have been delivered hereunder prior to receipt of such Net

Issuance Proceeds, the Borrower shall deliver, or cause to be delivered, to the Agent such Net Issuance Proceeds, for application to the Loans in accordance with Section 1.8(f), solely to the extent necessary to cause the Consolidated Total Net Leverage Ratio to be no greater than 2.00 to 1.00, determined on a Pro Forma Basis giving effect to such repayment.

b. Section 1.8(f) of the Credit Agreement is hereby amended to replace the reference to Section 1.10(c) with a reference to Section 1.10(b).

c. Section 4.2(b) of the Credit Agreement is hereby amended by inserting "(i)" at the beginning of such Section and inserting the following new clause (ii) at the end of such Section:

and (ii) commencing with the month ending June 30, 2019 and through the Fiscal Quarter ending on or about December 31, 2019, concurrently with the delivery of the financial statements referred to in Sections 4.1(b) and 4.1(c) above, a duly completed Compliance Certificate solely with respect to the calculation of Consolidated Cumulative Unadjusted EBITDA as of the Consolidated Cumulative Unadjusted EBITDA Test Period ending as of such date, certified on behalf of Holdings, the Borrower and their Subsidiaries by a Responsible Officer of the Borrower;

d. Section 5.1(aa) of the Credit Agreement is hereby amended by inserting the words "cash deposits in an amount not to exceed $1,000,000 in the aggregate at any time outstanding or" immediately preceding the words "credit balances" appearing therein.

e. Section 6.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6.1 Consolidated Total Net Leverage Ratio. The Credit Parties shall not permit the Consolidated Total Net Leverage Ratio as of the last day of any four Fiscal Quarter period ending on a date set forth below to be greater than the ratio set forth in the table below opposite such date:

Date	**Maximum Consolidated Total Net Leverage Ratio**
September 30, 2017	3.50 to 1.00
December 31, 2017	3.50 to 1.00
March 31, 2018	3.50 to 1.00
June 30, 2018	3.50 to 1.00
September 30, 2018	3.25 to 1.00
December 31, 2018	3.00 to 1.00
March 31, 2019	N/A
June 30, 2019	4.25 to 1.00
September 30, 2019	3.75 to 1.00
December 31, 2019	3.00 to 1.00

Date	Maximum Consolidated Total Net Leverage Ratio
March 31, 2020	2.75 to 1.00
June 30, 2020	2.50 to 1.00
September 30, 2020	2.25 to 1.00
December 31, 2020 and thereafter	2.00 to 1.00

f. Section 6.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6.2 Consolidated Cumulative Unadjusted EBITDA. The Credit Parties shall not permit the Consolidated Cumulative Unadjusted EBITDA as of the last day of any Consolidated Cumulative Unadjusted EBITDA Test Period ending on a date set forth below to be less than the amount set forth in the table below opposite such date:

Date	Minimum Consolidated Cumulative Unadjusted EBITDA
June 30, 2019	$5,000,000
July 31, 2019	$6,554,000
August 31, 2019	$6,911,000
September 30, 2019	$10,740,000
October 31, 2019	$13,787,000
November 30, 2019	$14,092,000
December 31, 2019	$16,192,000

g. Section 6.3 of the Credit Agreement is hereby amended by inserting the following sentence immediately at the end of Section 6.3(d):

The Borrower may elect, in its sole discretion but subject to the requirements of clauses (i) and (iv) of this Section 6.3(d), to treat an Unadjusted EBITDA Equity Contribution as a Specified Equity Contribution.

h. Article VI of the Credit Agreement is hereby amended inserting a new Section 6.4 immediately at the end of such Article as follows:

6.4 Unadjusted Cumulative EBITDA Equity Cure.

(a) In the event the Credit Parties fail to comply with the requirements of Section 6.2 as of the last day of any Consolidated Cumulative Unadjusted EBITDA Test Period, any cash equity contribution to the Borrower (funded with proceeds of common equity issued by Holdings or Qualified Stock (or other equity issued by Holdings having terms reasonably acceptable to the Agent) made after the date on which financial statements are required to be delivered for such calendar month or Fiscal Quarter, as the case may be, and on or prior to the day that is ten (10) Business Days after the day on which financial statements are required to be delivered for such calendar month or Fiscal Quarter, as the case may be (the "**Anticipated EBITDA Cure Deadline**") will, at the irrevocable election of the Borrower as of the date such proceeds are received by the Borrower, be included in the calculation of Consolidated Cumulative Unadjusted EBITDA for the purposes of determining compliance with Section 6.2 at the end of such Consolidated Cumulative Unadjusted EBITDA Test Period and any subsequent Consolidated Cumulative Unadjusted EBITDA Test Period that includes such Consolidated Cumulative Unadjusted EBITDA Test Period (any such equity contribution so included in the calculation of Consolidated EBITDA, a "**Unadjusted EBITDA Equity Contribution**").

(b) If, after giving effect to the Unadjusted EBITDA Equity Contribution, the Credit Parties shall then be in compliance with Section 6.2, the Credit Parties shall be deemed to have satisfied Section 6.2 as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of such covenants that had occurred shall be deemed cured for all purposes of this Agreement.

(c) Upon receipt by the Agent of written notice from the Borrower on or prior to the Anticipated EBITDA Cure Deadline of its intent to effectuate an Unadjusted EBITDA Equity Contribution in respect of such Consolidated Cumulative Unadjusted EBITDA Test Period until the day that is fifteen (15) Business Days after the day on which financial statements are required to be delivered for such calendar month or Fiscal Quarter, as the case may be, notwithstanding any other provision of this Agreement or any other Loan Document, neither the Agent nor any Lender shall have any right to accelerate any Loans held by them or to exercise any other rights or remedies available under the Loan Documents or applicable law against the Collateral (including, without limitation, any right to foreclose on or take possession of Collateral) solely on the basis of an allegation of an Event of Default having occurred and being continuing under Section 7.1 due to failure by the Credit Parties to comply with Section 6.2, unless such failure is not cured pursuant to the Unadjusted EBITDA Equity Contribution on or prior to the Anticipated EBITDA Cure Deadline; it being understood and agreed that there shall be no Borrowings of Revolving Loans permitted or Letters of Credit issued or received hereunder until the Unadjusted EBITDA Equity Contribution has actually been received by the Borrower.

(d) Notwithstanding anything herein to the contrary, (i) no more than one Unadjusted EBITDA Equity Contribution may be made, (ii) the amount of such Unadjusted EBITDA Equity Contribution will not exceed $1,000,000, and (iii) such Unadjusted EBITDA Equity Contribution will be counted solely for

purposes of the calculation of Consolidated Cumulative Unadjusted EBITDA as it relates to Section 6.2 and, if the Borrower elects to treat such Unadjusted EBITDA Equity Contribution as a Specified Equity Contribution (solely to the extent a Specified Equity Contribution would be permitted for such period under the limitations set forth in clauses (i) and (iv) of Section 6.3(d)), for purposes of the calculation of Consolidated EBITDA as it relates to the Financial Covenant (in each case, for the applicable test period and each subsequent test period) and shall not be included for all other purposes, including calculating basket levels, pricing and other items governed by reference to Consolidated EBITDA.

i. Section 9.5 of the Credit Agreement is hereby amended by inserting the following at the end thereof:

Notwithstanding anything to the contrary in this Section 9.5 and without limiting the rights of the Agent and Lenders above, from and after the Fourth Amendment Effective Date, the Borrower agrees to pay or reimburse, within 30 days following written demand therefor together with a customary invoice supporting such reimbursement, the reasonable and documented costs and expenses of consulting firm(s) to be retained by the Agent (at the direction of the Required Lenders) for purposes of conducting a one-time review of Holdings' and its Subsidiaries' operations and consolidated financial forecasts (the "**Fourth Amendment Consultant**"); *provided* that (i) the aggregate amount of such reimbursement obligations shall not exceed $200,000 and (ii) each of the Borrower, Holdings and their respective boards of directors shall be entitled to receive copies of all Fourth Amendment Consultant deliverables and work product on a customary non-reliance basis promptly following delivery to the Agent and the Lenders (provided that such copies may be reasonably redacted at the direction of the Required Lenders). Holdings and its Subsidiaries further agree to cooperate with the Fourth Amendment Consultant in furnishing information promptly upon the reasonable request by the Fourth Amendment Consultant.

j. Section 10.5 of the Credit Agreement is hereby amended by inserting "(a)" at the beginning of such Section and inserting the following new clause (b) at the end of such Section:

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error and shall be evidenced by written notice to the Borrower and each Lender), or the Borrower notifies the Administrative Agent and each Lender that it has determined, that (i) the circumstances set forth in clause (a) of this Section have arisen and such circumstances are unlikely to be temporary or the circumstances set forth in clause (a) of this Section have not arisen but either (w) the supervisor for the administrator of the LIBOR has made a public statement that the administrator of the LIBOR is insolvent (and there is no successor administrator that will continue publication of the LIBOR), (x) the administrator of the LIBOR has made a public statement identifying a specific date after which the LIBOR will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the LIBOR), (y) the supervisor for the administrator of the LIBOR has made a public statement identifying a specific date after which the LIBOR will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the LIBOR or a Governmental Authority having jurisdiction over the Administrative

Agent has made a public statement identifying a specific date after which the LIBOR may no longer be used for determining interest rates for loans, then reasonably promptly following receipt of such notice by the Borrower or the Administrative Agent, as applicable, the Administrative Agent and the Borrower shall endeavor to negotiate in good faith to establish an alternate rate of interest to the LIBOR that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States in Dollars at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin); provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 9.1, any such amendment establishing an alternate rate of interest shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within ten Business Days of the date of notice of such amendment of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object in good faith to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b), (x) any Notice of Conversion/Continuation that requests the conversion of any Loan to, or continuation of any Loan as, a LIBOR Rate Loan shall be ineffective and any such LIBOR Rate Loan shall be converted into or continued as a Base Rate Loan on the last day of the then current Interest Period and (y) if any Notice of Borrowing or Notice of Conversion/Continuation requests a LIBOR Rate Loan, such Loan shall be made as a Base Rate Loan.

k. Section 11.1 of the Credit Agreement is hereby amended by inserting the following new defined terms in proper alphabetical sequence:

"**Anticipated EBITDA Cure Deadline**" has the meaning ascribed thereto in Section 6.4.

"**Consolidated Cumulative Unadjusted EBITDA**" means, with respect to Holdings and its Subsidiaries, on a consolidated basis, for any Consolidated Cumulative Unadjusted EBITDA Test Period, the Consolidated Net Income of Holdings for such period:

(e) increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period:

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c)); plus

(ii) Consolidated Interest Expense of such Person for such period; plus

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period; plus

(iv) fees, costs and expenses incurred in connection with the Fourth Amendment consisting of (x) consent fees payable to Lenders in connection therewith, (y) legal fees of Latham & Watkins LLP, Cravath, Swaine & Moore LLP and Goldberg Kohn in connection therewith and (z) any payment of, or reimbursement of the Agent and/or the Lenders for, costs and expenses of the Fourth Amendment Consultant;

(f) increased (without duplication) by the amount of any Unadjusted EBITDA Equity Contribution solely for purposes of determining compliance with Section 6.2.

"**Consolidated Cumulative Unadjusted EBITDA Test Period**" means, as of the last day of each fiscal month ending after the Fourth Amendment Effective Date through and including December 31, 2019, the period commencing on the first day of Holdings' fiscal month of May 2019 (which date is May 6, 2019) and ending on such date.

"**Fourth Amendment**" means that certain Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement, dated as of May 30, 2019, by and among the Borrower, the Administrative Agent and the Lenders party thereto constituting the Required Lenders.

"**Fourth Amendment Effective Date**" means the "Effective Date" as defined in the Fourth Amendment, which date is May 30, 2019.

"**Subject Adjustment Cap**" has the meaning ascribed thereto in the definition of "Consolidated EBITDA".

"**Unadjusted EBITDA Equity Contribution**" has the meaning ascribed thereto in Section 6.4.

l. The definition of "Applicable Margin" in Section 11.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"**Applicable Margin**" means, for any date of determination:

(a) with respect to the Term Loans, (x) prior to the Fourth Amendment Effective Date, (1) in the case of LIBOR Rate Loans, 7.00% *per annum*, and (2) in the case of Base Rate Loans, 6.00% *per annum*, (y) on and from the Fourth Amendment Effective Date to the date on which financial statements and accompanying Compliance Certificate for the first full fiscal quarter ending after the Fourth Amendment Effective Date are delivered pursuant to Section 4.1(b) and Section 4.2(b), (1) in the case of LIBOR Rate Loans, 9.00% *per annum* and (2) in the case of Base Rate Loans, 8.00% *per annum* and (z) thereafter, the applicable percentage set forth in the table below under the appropriate caption:

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for LIBOR Rate Term Loans	Applicable Margin for Base Rate Term Loans
I	Greater than 3.50 to 1.00	9.00%	8.00%
II	Less than or equal to 3.50 to 1.00, but greater than 2.25 to 1.00	8.00%	7.00%
III	Less than or equal to 2.25 to 1.00	7.00%	6.00%

(b) with respect to the Revolving Loans, (x) on and from the Closing Date to the date on which the financial statements and accompanying Compliance Certificate for the first full fiscal quarter ending after the Closing Date are delivered pursuant to Section 4.1(a) and Section 4.2(b), (i) in the case of LIBOR Rate Loans, 7.00% per annum, (ii) in the case of Base Rate Loans, 6.00% per annum, and (iii) in the case of the Unused Commitment Fee, 0.50%, and (y) thereafter, the applicable percentage set forth in the table below under the appropriate caption:

Pricing Level	Consolidated Total Net Leverage Ratio	Applicable Margin for LIBOR Rate Revolving Loans	Applicable Margin for Base Rate Revolving Loans	Applicable Margin for Unused Commitment Fee
I	Greater than 2.50 to 1.00	7.00%	6.00%	0.50%
II	Less than or equal to 2.50 to 1.00, but greater than 2.00 to 1.00	6.50%	5.50%	0.375%
III	Less than or equal to 2.00 to 1.00	6.00%	5.00%	0.375%

The Applicable Margin for the Term Loans and the Revolving Loans (including the Unused Commitment Fee) shall be re-determined quarterly on the first Business Day following the date of delivery to the Agent of the calculation of the Consolidated Total Net Leverage Ratio based on the financial statements and the accompanying Compliance Certificate delivered pursuant to Section 4.1(a), Section 4.1(b) and Section 4.2(b). If the Agent has not received such calculation of the Consolidated Total Net Leverage Ratio for any fiscal quarter within the time period specified by Section 4.1(a) or Section 4.1(b) and Section 4.2(b), the Applicable Margin shall be determined as if Pricing Level I shall have applied until one Business Day after the delivery of such calculation to the Agent. At any time during the continuance of an Event of Default as a result of any of the events set forth in Section 7.1(a), Section 7.1(f) or Section 7.1(g), the Applicable Margin for the Term Loans and the Revolving Loans (including the Unused Commitment Fee) shall be set at Pricing Level I. In the event that any financial statement or certificate delivered pursuant to Section

4.1(a) or Section 4.1(b) and Section 4.2(b) is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "**Applicable Period**") than the Applicable Margin applied for such Applicable Period, then (i) the Borrower shall promptly upon becoming aware of any such inaccuracy deliver to the Agent a correct certificate required by Section 4.2(b) for such Applicable Period and (ii) the Borrower shall promptly pay to the Agent the accrued additional interest and fees owing as a result of such increased Applicable Margin for such Applicable Period; *provided*, that notwithstanding the foregoing, no Default or Event of Default shall be deemed to have occurred as a result of such non-payment (and no such shortfall amount shall be deemed overdue or accrue interest at the default rate under Section 1.3(b)) unless such shortfall amount is not paid promptly by the Borrower).

m. The definition of "Available Amount" in Section 11.1 of the Credit Agreement is hereby amended by inserting the words "or an Unadjusted EBITDA Equity Contribution" immediately after each reference to "Specified Equity Contribution" appearing therein.

n. Clause (a)(iv) of the definition of "Consolidated EBITDA" in Section 11.1 of the Credit Agreement is hereby amended by inserting the following proviso immediately prior to "; plus" appearing therein:

; *provided* that the aggregate amount of fees, payments, expenses or charges related to preparation for an Initial Public Offering (including costs associated with becoming a standalone entity or public company, but excluding any underwriter or other transaction fees payable in connection with an Initial Public Offering) pursuant to this clause (iv) shall not exceed (A) for any period of four consecutive Fiscal Quarters ending after the Fourth Amendment Effective Date and on or prior to December 31, 2020, $4,900,000, (B) for Fiscal Years 2019 and 2020 in the aggregate, $4,900,000 and (C) for all periods thereafter, the Subject Adjustment Cap (when taken together with all other adjustments expressly subject to the Subject Adjustment Cap).

o. Clause (a)(v) of the definition of "Consolidated EBITDA" in Section 11.1 of the Credit Agreement is hereby amended by amending and restating the proviso appearing in such clause as follows:

; *provided* that, the aggregate amount pursuant to this clause (v), together with the aggregate amount pursuant to clause (xii) below, the aggregate amount of inventory disposition expense for Fiscal Year 2020 pursuant to clause (xxi) below, the aggregate amount pursuant to clause (B) of the definition of Pro Forma Basis and all other adjustments expressly subject to the Subject Adjustment Cap (but excluding any adjustments under such clause (xii) and the definition of Pro Forma Basis determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency)), shall not exceed (1) in any period of four consecutive Fiscal Quarters ending on or before December 31, 2019, 20% of Consolidated EBITDA for such period, (2) in any period of four consecutive Fiscal Quarters ending after December 31, 2019 but on or prior to September 30, 2020, the sum of (x) 20% of Consolidated EBITDA attributable to the Fiscal Quarter or Fiscal Quarters in such period ending on or prior to December 31, 2019 and (y) 10% of Consolidated EBITDA attributable to each other Fiscal

Quarter in such period and (3) thereafter, 10% of Consolidated EBITDA for such period, in each case, prior to giving effect to such adjustments for the applicable period or periods (the foregoing clauses (1) through (3), in each case, determined prior to giving effect to such adjustments for the applicable period or periods, the "**Subject Adjustment Cap**");

p. Clause (a)(vi) of the definition of "Consolidated EBITDA" in Section 11.1 of the Credit Agreement is hereby amended and restated as follows:

(vi) fees, costs and expenses incurred in connection with the Fourth Amendment consisting of (x) consent fees payable to Lenders in connection therewith, (y) legal fees of Latham & Watkins LLP, Cravath, Swaine & Moore LLP and Goldberg Kohn in connection therewith and (z) any payment of, or reimbursement of the Agent and/or the Lenders for, costs and expenses of the Fourth Amendment Consultant; plus

q. Clause (a)(xii) of the definition of "Consolidated EBITDA" in Section 11.1 of the Credit Agreement is hereby amended by amending and restating the second and third provisos appearing therein as follows:

provided further that, the aggregate amount pursuant to this clause (xii) and clause (B) of the definition of Pro Forma Basis, together with the aggregate amount pursuant to clause (v) above, the aggregate amount of inventory disposition expense for Fiscal Year 2020 pursuant to clause (xxi) below and all other adjustments expressly subject to the Subject Adjustment Cap, shall not exceed the Subject Adjustment Cap; *provided* that the limitations in the immediately preceding proviso will not apply to the extent such adjustments are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency);

r. Clause (a)(xxi) of the definition of "Consolidated EBITDA" in Section 11.1 of the Credit Agreement is hereby amended by inserting the following proviso immediately prior to "; plus" appearing therein:

; *provided* that the aggregate amount of all expenses attributable to dispositions of inventory pursuant to this clause (xxi) shall not exceed (A) for any period of four consecutive Fiscal Quarters ending after the Fourth Amendment Effective Date and on or prior to December 31, 2019, $1,000,000, (B) for any period of four consecutive Fiscal Quarters ending after December 31, 2019 and on or prior to December 31, 2020, (1) with respect to such expenses attributable to dispositions of inventory for all Fiscal Quarters in such period ending on or prior to December 31, 2019, $1,000,000 plus (2) with respect to such expenses attributable to dispositions of inventory in Fiscal Year 2020, additional amounts subject to the Subject Adjustment Cap and (C) with respect to such expenses attributable to dispositions of inventory in any subsequent period, such expenses shall not exceed the Subject Adjustment Cap (when taken together with all other adjustments expressly subject to the Subject Adjustment Cap);

s. The definition of "Pro Forma Basis" in Section 11.1 of the Credit Agreement is hereby amended by amending and restating the second proviso appearing therein as follows:

; *provided further*, that such amounts pursuant to the preceding clause (B), together with any addbacks made pursuant to clauses (v) and (xii) of the definition of Consolidated EBITDA, the aggregate amount of inventory disposition expense for Fiscal Year 2020 pursuant to clause (xxi) of the definition of Consolidated EBITDA and all other adjustments expressly subject to the Subject Adjustment Cap (except to the extent such addbacks and adjustments pursuant to clause (xii) of the definition of Consolidated EBITDA are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency)), shall not exceed the Subject Adjustment Cap.

t. Exhibit 4.2(b) to the Credit Agreement (Form of Compliance Certificate) is hereby amended and restated in its entirety in the form attached as Exhibit A hereto.

SECTION 4. Amendment to the Guaranty and Security Agreement. Effective as of the Effective Date, the definition of "Excluded Deposit Account" in Section 1.1(c) of the Guaranty and Security Agreement is hereby amended by (a) replacing the word "and" immediately preceding clause (e) of such definition with "," and (b) inserting the following at the end of such definition: "and (f) any deposit account the funds of which consist solely of deposits in favor of credit or debit card issuers or credit or debit card processors in the ordinary course of business to secure the obligations of the Credit Parties or any of their Subsidiaries to such credit or debit card issuers and credit or debit card processors as a result of fees or chargebacks (provided that the aggregate outstanding balance of all deposit accounts described in this clause (f) shall not exceed $1,000,000 at any one time outstanding)."

SECTION 5. Conditions Precedent to Effectiveness. This Amendment shall become effective on the date (the "**Effective Date**") on which the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of (a) the Borrower and (b) the Required Lenders.

SECTION 6. Consent Fees. Each Lender party to this Amendment shall receive, not later than one Business Day after the Effective Date, a fee equal to 0.50% of the aggregate principal amount of the Loans and/or Commitments (as the case may be) held by it as of the Effective Date.

SECTION 7. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Agent and each Lender that, as of the Effective Date, (a) the representations and warranties set forth in Article III of the Credit Agreement and in each other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of the Effective Date, except to the extent that any representation or warranty expressly relates to an earlier date or period (in which event such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such earlier date or period) and (b) no Default or Event of Default (in each case, other than the Designated Defaults) has occurred and is continuing.

SECTION 8. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which shall continue in full force and effect. Nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. After the date hereof, any reference in any Loan Document to the Credit Agreement shall be deemed to refer without further amendment to the Credit Agreement as amended hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 9. Counterparts. This Amendment may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Amendment by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 10. Governing Law. The laws of the State of New York shall govern all matters arising out of, in connection with or relating to this Amendment, including, without limitation, its validity, interpretation, construction, performance and enforcement (including, without limitation, any claims based in contract or tort law arising out of the subject matter hereof and any determinations with respect to post-judgment interest).

SECTION 11. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

LULU'S FASHION LOUNGE, LLC

By: /s/ Crystal Landsem
Name: Crystal Landsem
Title: CFO

[*Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement*]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, individually and as Administrative Agent

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Authorized Signatory

By: /s/ Joan Park
Name: Joan Park
Title: Authorized Signatory

[*Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement*]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: GOLDMAN SACHS FUNDING INTERNATIONAL LIMITED

By: /s/ Daniel Lueders
Name: Daniel Lueders
Title: Authorized Signatory

[*Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement*]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

TCW DIRECT LENDING LLC

By: TCW Asset Management Company LLC
Its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW BRAZOS FUND LLC

By: TCW Asset Management Company LLC
Its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW DIRECT LENDING STRATEGIC VENTURES LLC

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

TCW SKYLINE LENDING, L.P.
By: TCW Asset Management Company LLC
Its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Authorized Signatory

WEST VIRGINIA DIRECT LENDING LLC
By: TCW Asset Management Company LLC
Its Investment Advisor

By: /s/ Suzanne Grosso
Name: Suzanne Grosso
Title: Managing Director

[*Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement*]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

MONROE CAPITAL CORPORATION,
in its capacity as a Lender

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE CAPITAL PRIVATE CREDIT FUND II (UNLEVERAGED OFFSHORE) LP, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LLC,** its general partner

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE CAPITAL PRIVATE CREDIT FUND II LP,
in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LP,** as Designated Manager

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LP,** its general partner

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE CAPITAL PRIVATE CREDIT FUND II-O (UNLEVERAGED OFFSHORE) LP, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND II LLC,** its general partner

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE PRIVATE CREDIT FUND A FINANCING SPV LLC, in its capacity as a Lender

By: **MONROE PRIVATE CREDIT FUND A LP,** as its Designated Manager

By: **MONROE PRIVATE CREDIT FUND A LLC,** its general partner

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE CAPITAL PRIVATE CREDIT FUND I FINANCING SPV LLC, in its capacity as a Lender

By: **MONROE CAPITAL PRIVATE CREDIT FUND I LP,** as its Designated Manager

By: **MONROE CAPITAL PRIVATE CREDIT FUND I LLC,** its general partner

By: /s/ Jonathan D. Weinberg
Name: Jonathan D. Weinberg
Title: Director

MONROE CAPITAL CLO 2014-1, LTD., in its capacity as a Lender

By: **MONROE CAPITAL MANAGEMENT, LLC,** as Asset Manager and attorney-in-fact

By: /s/ Jeffrey Williams
Name: Jeffrey Williams
Title: Managing Director

MONROE CAPITAL MML CLO 2016-1, LTD., in its capacity as a Lender

By: **MONROE CAPITAL MANAGEMENT LLC**, as Collateral Manager Attorney-in-Fact

By: /s/ Jeffrey Williams
Name: Jeffrey Williams
Title: Managing Director

MONROE CAPITAL MML CLO 2017-1, LTD., in its capacity as a Lender

By: **MONROE CAPITAL MANAGEMENT LLC,** as Collateral Manager Attorney-in-Fact

By: /s/ Jeffrey Williams
Name: Jeffrey Williams
Title: Managing Director

MONROE CAPITAL MML CLO VI, LTD., in its capacity as a Lender

By: **MONROE CAPITAL ASSET MANAGEMENT LLC,** as Asset Manager and Attorney-in-Fact

By: /s/ Jeffrey Williams
Name: Jeffrey Williams
Title: Managing Director

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Main Street Capital Corporation

By: /s/ Watt Matthews
Name: Watt Matthews
Title: Managing Director

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

HMS FUNDING I LLC
By: HMS Income Fund, Inc.
Its Designated Manager

By: /s/ Alejandro Palomo
Name: Alejandro Palomo
Title: Authorized Agent

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Premia L V 1 Ltd. -1

By: /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner,
Birch Grove Advisors LLC

For any Lender requiring a second signature block:

By: /s/
Name:
Title:

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Premia LV 1 Ltd. —Guideone

By: /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner,
Birch Grove Advisors LLC

For any Lender requiring a second signature block:

By: _____
Name:
Title:

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: BGC Income Fund-01 LP

By: /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner,
Birch Grove Advisors

For any Lender requiring a second signature block:

By: _____
Name:
Title:

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: BGC Credit Opportunities Fund Ltd

By: /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner,
Birch Grove Advisors

For any Lender requiring a second signature block:

By: _____
Name:
Title:

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Swiss Capital Alternative Strategies Funds SPC RE: SC Alternative Strategy 14SP

By: /s/ Todd A. Berry
Name: Todd A. Berry
Title: COO of its general partner, Birch Grove Advisors

For any Lender requiring a second signature block:

By: _____
Name:
Title:

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: I-45 SPV LLC

By: /s/ Josh Weinstein
Name: Josh Weinstein
Title: Managing Director

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 4 DATED AS OF THE DATE FIRST WRITTEN ABOVE TO THE CREDIT AGREEMENT OF LULU'S FASHION LOUNGE, LLC

Name of Lender: Snow Hill Designated Activity Company

By: /s/ Ruth Dominguez
Name: Ruth Dominguez
Title: Associate Director

For any Lender requiring a second signature block:

By: _____
Name:
Title:

[Signature Page to Waiver and Amendment No. 4 to Credit Agreement and Amendment to Guaranty and Security Agreement]

EXHIBIT 4.2(b)

[FORM OF]

COMPLIANCE CERTIFICATE[1]

Lulu's Fashion Lounge Parent, LLC
Lulu's Fashion Lounge, LLC

Financial Statement Date: _____, 20___

This Compliance Certificate (this "Certificate") is given by Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower"), pursuant to Section 4.2(b)(i) of that certain Credit Agreement, dated as of August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company ("Holdings"), the Borrower, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. The officer executing this Certificate hereby certifies that [he/she] is a Responsible Officer of Borrower and as such is duly authorized to execute and deliver this Certificate on behalf of the Credit Parties. By executing this Certificate, such officer hereby certifies, in [his/her] capacity as a Responsible Officer of the Borrower and not in [his/her] individual capacity, to Agent, the Lenders and the L/C Issuers, on behalf of Holdings, the Borrower and their Subsidiaries, that as of the date hereof:

(a) Such officer has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under [his/her] supervision, a review of the activities of Holdings and its Subsidiaries during the fiscal period covered by the attached financial statements.

[(b) Attached hereto as Annex A are the financial statements required by Section 4.1(a) of the Credit Agreement for the Fiscal Year ended as of the above date.][2]

[(c) Attached hereto as Annex A are the consolidated financial statements required by Section 4.1(b) of the Credit Agreement for the Fiscal Quarter ended as of the above date.][3]

[(d) The financial statements delivered with this Certificate fairly present, in all material respects, in accordance with GAAP, the financial condition and results of operations of Holdings and its Subsidiaries for the periods covered by such statements[, subject, in the case of financial statements delivered pursuant to Section 4.1(b) of the Credit Agreement, to normal year-end adjustments and absence of footnote disclosures][4].

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1 For use solely for purposes of Section 4.2(b)(i). For purposes of Section 4.2(b)(ii), use the separate form of Consolidated Cumulative Unadjusted EBITDA Compliance Certificate appearing at the end of this Exhibit 4.2(b). The obligations of the Credit Parties under the Credit Agreement, including Section 6.1 thereof, are as set forth in the Credit Agreement, and nothing in this Certificate shall modify such obligations or constitute a waiver of compliance therewith in accordance with the terms of the Credit Agreement. In the event of any conflict between the terms of this Certificate and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and control, and the terms of this Certificate are to be modified accordingly.

2 Include only if Certificate is delivered for end of Fiscal Year.

3 Include only if Certificate is delivered for end of Fiscal Quarter.

4 Include only if Certificate is delivered for end of Fiscal Quarter.

(e) Attached hereto as Annex B is a complete and correct calculation of Consolidated EBITDA, [Excess Cash Flow,][5] and Consolidated Interest Expense for the four Fiscal Quarter period ended as of the above date. Annex B also includes a complete and correct calculation of the Consolidated Total Net Leverage Ratio for the four Fiscal Quarter period ended as of the above date.

(f) Attached hereto as Annex C is a complete and correct calculation in reasonable detail of the Available Amount as of the date hereof.

(g) To the knowledge of such officer, as of the date hereof, no Default or Event of Default has occurred and is continuing.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

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5 Include only if Certificate is delivered for end of Fiscal Year commencing December 31, 2018.

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be executed by one of its Responsible Officers as of the date first above written.

Lulu's Fashion Lounge, LLC, a
Delaware limited liability company

By: _____
Name:
Title:

[*Signature Page to Compliance Certificate*]

ANNEX A
TO COMPLIANCE CERTIFICATE
Financial Statements

[ATTACHED]

ANNEX B
TO COMPLIANCE CERTIFICATE
Selected Financial Definitions and Calculations

I. Calculation of Consolidated EBITDA

Consolidated EBITDA means, with respect to Holdings for any period:

A. Net income of Holdings[6] and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP

provided, however, that, without duplication (including for purposes of determining Consolidated EBITDA),

(i) non-cash extraordinary, non-recurring or unusual gains, losses, charges or expenses shall be excluded _____

(ii) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded to the extent not otherwise reflected in a change to the Financial Covenant _____

(iii) [reserved] _____

(iv) the net income for such period of any Person that is not a Subsidiary, shall be excluded to the extent such Person is prohibited by contract (including its Organization Documents) or governmental approval (which has not been obtained), from making dividends or distributions to the Borrower or a Subsidiary; provided that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are actually paid to the Borrower or a Subsidiary thereof from a Person that is not such a Subsidiary in respect of such period _____

(v) [reserved] _____

(vi) [reserved] _____

(vii) any impairment charge or asset write off or write down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded

For the avoidance of doubt, Consolidated Net Income shall be calculated on a Pro Forma Basis. _____

B. Total exclusions to consolidated net income (sum of (i)-(vii) above) _____

C. Consolidated Net Income (result of A minus B) _____

6 Unless the context shall otherwise require, references to Consolidated Net Income herein shall mean Consolidated Net Income of Holdings.

D. Increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case (other than clause (xii)) to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period:

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement)

(ii) Consolidated Interest Expense of such Person for such period

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period

(iv) any out-of-pocket fees, payments, expenses or charges (including legal, tax, structuring and other costs and expenses, but excluding depreciation and amortization expense) related to: (a) the Transactions, including any payments and expenses, or any amortization thereof, related to the Transactions that are incurred within twelve months after the Closing Date and (b) any proposed or actual equity offering (including, without limitation, any Initial Public Offering), Investment, acquisition (including costs and expenses in connection with the de-listing of public targets and compliance with public company requirements), disposition, dividend, restricted payment or recapitalization or the incurrence and/or repayment of Indebtedness (including any incremental facility, any refinancing of any such Indebtedness, any letter of credit fees and/or breakage costs) (in each of the forgoing whether or not consummated or successful), including (1) such fees, expenses or charges related to the Loans, the Loan Documents and any credit facilities, (2) any amendment, restatement, extension, increase or other modification of the Loans, the Loan Documents and any credit facilities, (3) any charges, non-recurring acquisition costs or contingent transaction costs incurred during such period as a result of any such transaction and (4) one-time expenses related to enhanced accounting function or other transaction costs, including those associated with becoming standalone entity or public company; *provided* that the aggregate amount of fees, payments, expenses or charges related to preparation for an Initial Public Offering (including costs associated with becoming a standalone entity or public company, but excluding any underwriter or other transaction fees payable in connection with an Initial Public Offering) pursuant to this clause (iv) shall not exceed (A) for any period of four consecutive Fiscal Quarters ending after the Fourth Amendment Effective Date and on or prior to December 31, 2020, $4,900,000, (B) for Fiscal Years 2019 and 2020 in the aggregate, $4,900,000 and (C) for all periods thereafter, the Subject Adjustment Cap (when taken together with all other adjustments expressly subject to the Subject Adjustment Cap).

(v) the amount (together with any fees, expenses or other charges in connection therewith) of any out-of-pocket deferred compensation, severance, signing bonuses, stay bonus, retention, recruiting and relocation costs, integration costs, transition costs, costs incurred in connection with any non-recurring strategic initiatives and intellectual property development, project startup costs and other restructuring

charges, costs associated with establishing new facilities or reserves, any other one-time costs incurred in connection with acquisitions, excess fulfillment costs incurred prior to warehouse consolidation through December 31, 2017 and costs related to the closure and/or consolidation of facilities in the good faith determination of the Borrower and as certified by the Borrower's chief financial officer, chief executive officer, controller or other comparable executive; *provided* that, the aggregate amount pursuant to this clause (v), together with the aggregate amount pursuant to clause (xii) below, the aggregate amount of inventory disposition expense for Fiscal Year 2020 pursuant to clause (xxi) below, the aggregate amount pursuant to clause (B) of the definition of Pro Forma Basis and all other adjustments expressly subject to the Subject Adjustment Cap (but excluding any adjustments under such clause (xii) and the definition of Pro Forma Basis determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency)), shall not exceed (1) in any period of four consecutive Fiscal Quarters ending on or before December 31, 2019, 20% of Consolidated EBITDA for such period, (2) in any period of four consecutive Fiscal Quarters ending after December 31, 2019 but on or prior to September 30, 2020, the sum of (x) 20% of Consolidated EBITDA attributable to the Fiscal Quarter or Fiscal Quarters in such period ending on or prior to December 31, 2019 and (y) 10% of Consolidated EBITDA attributable to each other Fiscal Quarter in such period and (3) thereafter, 10% of Consolidated EBITDA for such period, in each case, prior to giving effect to such adjustments for the applicable period or periods (the foregoing clauses (1) through (3), in each case, determined prior to giving effect to such adjustments for the applicable period or periods, the "**Subject Adjustment Cap**");

(vi) fees, costs and expenses incurred in connection with the Fourth Amendment consisting of (x) consent fees payable to Lenders in connection therewith, (y) legal fees of Latham & Watkins LLP, Cravath, Swaine & Moore LLP and Goldberg Kohn in connection therewith and (z) any payment of, or reimbursement of the Agent and/or the Lenders for, costs and expenses of the Fourth Amendment Consultant;

(vii) fees paid in an amount not to exceed $500,000 in any Fiscal Year to the Sponsor and its Affiliates pursuant to or in connection with services rendered pursuant to the Management Agreement, any amounts payable with respect to indemnities thereunder, and reasonable, out-of-pocket expenses paid, or reimbursed, to the Sponsor and its Affiliates

(viii) non-cash stock option and other equity-based compensation

(ix) (A) compensation and fees paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement in an aggregate cash amount not to exceed $1,000,000 in any Fiscal Year, (B) expense reimbursements for travel and other expenses paid to directors of Holdings or any of its Subsidiaries permitted under the Credit Agreement and (C) indemnifications of directors, officers and comparable managers of Holdings or any of its Subsidiaries permitted under the Credit Agreement

(x) to the extent covered by insurance or reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer, losses or expenses with respect to liability or casualty event; provided that Consolidated EBITDA shall be decreased in any future period in which such reimbursement is actually received by the amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause (x)

(xi) the amount of any earn out obligation which was reserved or paid during such period and deducted in the calculation of Consolidated Net Income for such period, to the extent such earn out obligations are permitted under the Credit Agreement

(xii) the amount of cost savings, operating expense reductions, other operating improvements and initiatives and synergies which are projected by the Borrower in good faith to be reasonably anticipated to be realizable within eighteen (18) months of the date thereof (which will be added to Consolidated EBITDA as so projected until fully realized and calculated on a pro forma basis as though such cost savings, operating expense reductions, other operating improvements, initiatives and synergies had been realized on the first day of such period) net of the amount of actual benefits realized during such period from such actions; provided that all steps have been taken or are reasonably expected to be taken for realizing such cost savings and such cost savings are reasonably identifiable and factually supportable (in the good faith determination of the Borrower and certified by a Responsible Officer of the Borrower); provided further that, the aggregate amount pursuant to this clause (xii) and clause (B) of the definition of Pro Forma Basis, together with the aggregate amount pursuant to clause (v) above, the aggregate amount of inventory disposition expense for Fiscal Year 2020 pursuant to clause (xxi) below and all other adjustments expressly subject to the Subject Adjustment Cap, shall not exceed the Subject Adjustment Cap; provided that the limitations in the immediately preceding proviso will not apply to the extent such adjustments are determined on a basis consistent with Article 11 of Regulation S-X promulgated under the Exchange Act and as interpreted by the staff of the Securities and Exchange Commission (or any successor agency);

(xiii) non-cash costs or losses related to hedging obligations

(xiv) non-cash foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities

(xv) [Reserved]

(xvi) any purchase accounting adjustments, restructuring and other non- recurring items or expenses incurred in connection with any Permitted Acquisition (including any debt or equity issuance in connection therewith) or any non-recurring items or expenses incurred in connection with a Disposition

(xvii) (A) non-cash costs and expenses relating to any equity-based compensation or equity-based incentive plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, in each case, of Holdings, the Borrower or any Subsidiary for such period and (B) any costs or expense incurred by Holdings, the Borrower or any Subsidiary pursuant to any management

equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Holdings or the Borrower or Net Issuance Proceeds of an issuance of equity interests (other than Disqualified Stock) of Holdings or the Borrower

(xviii) all costs or losses (whether cash or non-cash) (without duplication) resulting from the early termination or extinguishment of Indebtedness

(xix) cash expenses of Holdings, the Borrower and their Subsidiaries incurred during such period to the extent (x) deducted in determining Consolidated Net Income and (y) reimbursed in cash by any person (other than any of Holdings, the Borrower or any of their Subsidiaries or any owners, directly or indirectly, of equity interests, respectively, therein) during such period (or reasonably expected to be so reimbursed within 365 days of the end of such period to the extent not accrued) pursuant to an indemnity or guaranty or any other reimbursement agreement in favor of Holdings, the Borrower or any of their Subsidiaries to the extent such reimbursement has not been accrued (provided that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365 day period, such expenses or losses shall be subtracted in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xx) to the extent deducted (and any reimbursement therefor not already added back) in determining Consolidated Net Income, the aggregate amount of expenses or losses incurred by Holdings, the Borrower or any Subsidiary relating to business interruption to the extent covered by insurance and (x) actually reimbursed or otherwise paid to Holdings, the Borrower or such Subsidiary or (y) so long as such amount for any calculation period is reasonably expected to be received by Holdings, the Borrower or such Subsidiary in a subsequent calculation period and within one year of the date of the underlying loss (*provided* that (A) if not so reimbursed or received by Holdings, the Borrower or such Subsidiary within such 365 day period, such expenses or losses shall be subtracted from Consolidated EBITDA in the subsequent calculation period or (B) if reimbursed or received by Holdings, the Borrower or such Subsidiary in a subsequent period, (1) such amount shall not be permitted to be added back in determining Consolidated EBITDA for such subsequent period and (2) Consolidated EBITDA shall be decreased for such subsequent period by an amount, if any, by which such reimbursement is less than the accrued amounts added back pursuant to this clause)

(xxi) losses, charges and expenses attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries

under their estates, transferees, spouses or former spouses; *provided* that the aggregate amount of all expenses attributable to dispositions of inventory pursuant to this clause (xxi) shall not exceed (A) for any period of four consecutive Fiscal Quarters ending after the Fourth Amendment Effective Date and on or prior to December 31, 2019, $1,000,000, (B) for any period of four consecutive Fiscal Quarters ending after December 31, 2019 and on or prior to December 31, 2020, (1) with respect to such expenses attributable to dispositions of inventory for all Fiscal Quarters in such period ending on or prior to December 31, 2019, $1,000,000 plus (2) with respect to such expenses attributable to dispositions of inventory in Fiscal Year 2020, additional amounts subject to the Subject Adjustment Cap and (C) with respect to such expenses attributable to dispositions of inventory in any subsequent period, such expenses shall not exceed the Subject Adjustment Cap (when taken together with all adjustments expressly subject to the Subject Adjustment Cap);

(xxii) payments to employees, directors or officers of Holdings, the Borrower and its Subsidiaries paid in connection with dividends that are otherwise permitted under the Credit Agreement (including, without limitation, the Special Dividend) to the extent such payments are not made in lieu of, or as a substitution for, ordinary salary or ordinary payroll payments _____

(xxiii) the aggregate amount of all other non-cash items otherwise reducing Consolidated Net Income _____

(xxiv) unamortized fees, costs and expenses paid in cash in connection with the repayment of Indebtedness of Holdings or its Subsidiaries to persons that are not Affiliates of Holdings or any of its Subsidiaries _____

Total addbacks to consolidated net income (sum of (i)-(xxiv) above) _____

E. [Reserved] _____

F. Increased (without duplication) by the amount of any Specified Equity Contribution solely for purposes of determining compliance with the Financial Covenant _____

G. [Reserved] _____

H. Decreased (without duplication) to the extent included in determining Consolidated Net Income for such period, by non-cash gains increasing Consolidated Net Income of such Person for such period, but excluding (x) any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and (y) any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; provided that, to the extent non-cash gains are deducted pursuant to this clause (e) for any previous period and not otherwise added back to Consolidated EBITDA, Consolidated EBITDA shall be increased by the amount of any cash receipts (or any netting arrangements resulting in reduced cash expenses) in respect of such non-cash gains received in subsequent periods to the extent not already included therein _____

I. Decreased (without duplication) by non-cash gains related to hedging obligations _____

J. Decreased (without duplication) by non-cash gains resulting from the impact of foreign currency changes on the valuation of assets or liabilities _____

K. Decreased (without duplication) by gains attributable to (x) asset sales or other dispositions or the repurchase, redemption, sale or disposition of any equity interests of any Person other than in the ordinary course of business and (y) repurchases or redemptions of any equity interests of Holdings from existing or former directors, officers or employees of Holdings, the Borrower or their Subsidiaries, their estates, beneficiaries under their estates, transferees, spouses or former spouses _____

L. Decreased (without duplication) by any gains (whether cash or non-cash) resulting from the early termination or extinguishment of Indebtedness _____

M. Consolidated EBITDA (sum of C plus D plus E plus F plus G minus H minus I minus J minus K minus L above)[7] _____

II. Calculation of Excess Cash Flow

Excess Cash Flow is defined as:

A. Consolidated EBITDA of Holdings (per Section I of Annex B) _____

B. Minus, without duplication: _____

(i) any scheduled principal installments of term loans paid by Holdings or any of its Subsidiaries during such period and any other scheduled, mandatory or optional principal payment made by Holdings or any of its Subsidiaries during such period on any Indebtedness other than the Loans (including, without limitation, the principal component of payments in respect of Capital Lease Obligations) and payment of revolving Indebtedness, to the extent such payment results in a permanent reduction in the commitments thereof _____

(ii) any capital expenditure made by Holdings or any of its Subsidiaries during such period and permitted by Section 5.14 excluding any such capital expenditure to the extent funded with the Net Proceeds from a disposition of assets or proceeds of an insurance award in respect of an Event of Loss or financed with the incurrence of Indebtedness (other than Revolving Loans and intercompany indebtedness) or the proceeds of an equity issuance by or capital contributions to Holdings) _____

7 For purposes of determining Consolidated EBITDA under the Credit Agreement for any period that includes the Fiscal Quarters ended September 25, 2016, January 1, 2017, April 2, 2017 or July 2, 2017, Consolidated EBITDA for such Fiscal Quarter shall be $6,858,306, $7,295,681, $11,450,012 and $15,002,144, respectively, subject to adjustments pursuant to clause (a)(xii) above for events and transactions not otherwise reflected in the foregoing amounts. For the avoidance of doubt, Consolidated EBITDA shall be determined on a Pro Forma Basis, and there shall be included in determining Consolidated EBITDA for any period, without duplication, on a Pro Forma Basis, the Acquired EBITDA of any Person, all or substantially all of the assets of a Person, or any business unit, line of business or division of any Person acquired by any Credit Party or any Subsidiary of a Credit Party during such period (but not the acquired EBITDA of any related Person, property, business or assets to the extent not so acquired), to the extent not subsequently sold, transferred or otherwise disposed of by any Credit Party or any Subsidiary of a Credit Party during such period based on the actual and audited (if available) acquired EBITDA of such Acquired Entity or Business for such period (including the portion thereof occurring prior to such acquisition).

(iii) Consolidated Interest Expense of Holdings paid or payable in cash in respect of such period _____

(iv) all cash expenses, charges, losses and other cash items added back to Consolidated Net Income or to Consolidated EBITDA pursuant to clause (a) (i.e., clause D of Section I of this Annex B) of the definition of "Consolidated EBITDA", excluding Consolidated Interest Expense to the extent deducted in clause (iii) above _____

(v) any cash payment made during such period with respect to Restricted Payments permitted by Section 5.7 (other than pursuant to Section 5.7,(m) of the Credit Agreement), excluding amounts to the extent funded with long-term indebtedness _____

(vi) any taxes measured by income, profits or capital (including federal, foreign and state, local, franchise, excise and similar taxes) paid or payable in cash for such period, including Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement _____

(vii) any increase in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the end of such period over such Working Capital at the beginning of such period) _____

(viii) all non-cash gains included in and other non-cash items that increase the calculation of Consolidated Net Income or Consolidated EBITDA _____

(ix) the aggregate amount of all mandatory prepayments made pursuant to the Loan Documents with the proceeds of an asset sale or other disposition or loss or casualty event during such period to the extent such proceeds are included in the calculation of Consolidated EBITDA for such period _____

(x) all amounts increasing Consolidated EBITDA pursuant to sections D(xii), (E) and (F) of the definition of "Consolidated EBITDA" in part I of Annex B and any increase in Consolidated Net Income or Consolidated EBITDA as a result of Pro Forma adjustments _____

(xi) [Reserved] _____

(xii) cash payments in respect of any earn-outs and hedging obligations to the extent not deducted in arriving at Consolidated EBITDA _____

(xiii) the aggregate amount of consideration paid in cash during such period with respect to a Permitted Acquisition or other permitted Investment _____

Total deductions from Consolidated EBITDA (sum of (i) through (xiii) above) _____

C. Plus, without duplication, any decrease in the Working Capital of Holdings during such period (measured as the excess of such Working Capital at the beginning of such period over such Working Capital at the end thereof) _____

D	Excess Cash Flow (result of A minus B plus C above)[8]	
E	Prepayment percentage pursuant to Section 1.8(e) of the Credit Agreement and definition of "ECF Percentage"[9]	**[75%][50%]**
F	Excess Cash Flow Prepayment Amount	
G	At the option of the Borrower, the amount of such mandatory prepayment hereunder shall be reduced dollar-for-dollar by the amount of voluntary prepayments under Section 1.7(a) of the Term Loans, and, to the extent accompanied by a permanent reduction of the Aggregate Revolving Loan Commitment, any Revolving Loans, in each case, without duplication of any such prepayments from prior periods, prior to any Excess Cash Flow Prepayment Date except to the extent financed with long-term Indebtedness (other than Revolving Loans)	
H	Net amount of Excess Cash Flow prepayment	
III.	**Consolidated Interest Expense**	
	The consolidated interest expense of Holdings and its Subsidiaries for such period, determined in accordance with GAAP.[10]	
IV.	**Consolidated Total Net Leverage Ratio**	
A.	Consolidated Total Net Debt (the sum of (i) minus (ii) below):	
	(i) Consolidated Total Debt (which means, the aggregate outstanding principal amount of all Indebtedness of Holdings and its Subsidiaries of a type described in clause (a), (b), (c) (solely to the extent of amounts that are drawn but not reimbursed), (f) and (g) of the definition of Indebtedness and all Guarantees with respect to any such Indebtedness, in each case of on a consolidated basis)	
	(ii) the aggregate amount of Unrestricted Cash and Cash Equivalents of Holdings and its Subsidiaries that are held in a deposit account or securities account in which the Agent has a perfected security interest, in an aggregate amount not to exceed $5,000,000	
B.	Consolidated EBITDA (Item M of Section I above)	
C.	Consolidated Total Net Leverage Ratio (ratio of A to B above)	
D.	Maximum permitted Consolidated Total Net Leverage Ratio for such Period	
	In Compliance	**[Yes]/[No]**

8 For purposes of calculating Excess Cash Flow, without duplication of anything above, any Acquired EBITDA of any Acquired Entity or Business accrued prior to the date it becomes a Subsidiary of Holdings or is merged or consolidated with Holdings or any of its Subsidiaries or the date that such Acquired Entity or Business's assets are acquired by Holdings or any of its Subsidiaries shall be excluded.

9 50%, if the Consolidated Total Net Leverage Ratio as of the last day of the applicable Fiscal Year ending on or after December 31, 2018 per Annex B is less than 2.00 to 1.00.

10 For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries pursuant to interest rate swap obligations with respect to Indebtedness.

ANNEX C
TO COMPLIANCE CERTIFICATE
Available Amount

I. Calculation of Available Amount _____

A. The Sum of (i) through (v) below: _____

(i) Cumulative amount of Net Issuance Proceeds of Excluded Equity Issuances and capital contributions (other than Specified Equity Contributions or an Unadjusted EBITDA Equity Contribution) received by the Borrower after the Closing Date and prior to the date hereof _____

(ii) Net Incurrence Proceeds of Indebtedness and Net Issuance Proceeds of Disqualified Stock that have been incurred or issued after the Closing Date and prior to the date hereof (other than Specified Equity Contributions or an Unadjusted EBITDA Equity Contribution) and exchanged or converted into Qualified Stock of the Borrower (or any direct or indirect parent company thereof) _____

(iii) Declined Amounts _____

(iv) Net Proceeds of any sale of any Investment originally made using the Available Amount _____

(v) Without duplication to (iv), cash returns, profits, distributions and similar amounts received on Investments (other than in respect of intercompany investments) originally made using the Available Amount to the extent not included in Consolidated Net Income _____

B. Available Amount that has been applied to make Investments pursuant to Section 5.4(x) of the Credit Agreement _____

C. Available Amount (A minus B): _____

ANNEX C
TO COMPLIANCE CERTIFICATE

Available Amount
[FORM OF] CONSOLIDATED CUMULATIVE UNADJUSTED
EBITDA COMPLIANCE CERTIFICATE[1]

Lulu's Fashion Lounge Parent, LLC
Lulu's Fashion Lounge, LLC

Financial Statement Date: _____, 20___

This Compliance Certificate (this "Certificate") is given by Lulu's Fashion Lounge, LLC, a Delaware limited liability company (the "Borrower"), pursuant to Section 4.2(b)(ii) of that certain Credit Agreement, dated as of August 28, 2017 (as the same may be amended, restated, amended and restated, extended, refinanced, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Lulu's Fashion Lounge Parent, LLC, a Delaware limited liability company ("Holdings"), the Borrower, Credit Suisse AG, Cayman Islands Branch, as Administrative Agent and as Collateral Agent for all Lenders, and the Lenders from time to time party thereto. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. The officer executing this Certificate hereby certifies that [he/she] is a Responsible Officer of Borrower and as such is duly authorized to execute and deliver this Certificate on behalf of the Credit Parties. By executing this Certificate, such officer hereby certifies, in [his/her] capacity as a Responsible Officer of the Borrower and not in [his/her] individual capacity, to Agent, the Lenders and the L/C Issuers, on behalf of Holdings, the Borrower and their Subsidiaries, that as of the date hereof:

(a) Such officer has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under [his/her] supervision, a review of the activities of Holdings and its Subsidiaries during the fiscal period covered by the attached financial statements.

[(b) Attached hereto as Annex A are the consolidated financial statements required by Section 4.1(b) of the Credit Agreement for the Fiscal Quarter ended as of the above date.][2]

[(c) Attached hereto as Annex A are the consolidated financial statements required by Section 4.1(c) of the Credit Agreement for the fiscal month ended as of the above date.][3]

(d) The financial statements delivered with this Certificate fairly present, in all material respects, in accordance with GAAP, the financial condition and results of operations of Holdings and its Subsidiaries for the periods covered by such statements, subject to normal year-end adjustments and absence of footnote disclosures.

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1 For use solely for purposes of Section 4.2(b)(ii). The obligations of the Credit Parties under the Credit Agreement, including Section 6.2 thereof, are as set forth in the Credit Agreement, and nothing in this Certificate shall modify such obligations or constitute a waiver of compliance therewith in accordance with the terms of the Credit Agreement. In the event of any conflict between the terms of this Certificate and the terms of the Credit Agreement, the terms of the Credit Agreement shall govern and control, and the terms of this Certificate are to be modified accordingly.

2 Include only if Certificate is delivered for end of Fiscal Quarter ended on or around June 30, 2019, September 30, 2019 or December 31, 2019.

3 Include only if Certificate is delivered for end of July 31, 2019, August 31, 2019, October 31, 2019 or November 30, 2019.

(e) Attached hereto as Annex B is a complete and correct calculation of Consolidated Cumulative Unadjusted EBITDA for the Consolidated Cumulative Unadjusted EBITDA Test Period ending as of the above date.

(f) To the knowledge of such officer, as of the date hereof, no Default or Event of Default has occurred and is continuing.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be executed by one of its Responsible Officers as of the date first above written.

Lulu's Fashion Lounge, LLC, a
Delaware limited liability company

By: _____
Name:
Title:

[*Signature Page to Compliance Certificate*]

ANNEX C
TO COMPLIANCE CERTIFICATE

ANNEX A
TO CONSOLIDATED
CUMULATIVE UNADJUSTED
EBITDA COMPLIANCE CERTIFICATE
Financial Statements

[ATTACHED]

ANNEX B
TO CONSOLIDATED
CUMULATIVE UNADJUSTED
EBITDA COMPLIANCE
CERTIFICATE
Financial Statements

I. Calculation of Consolidated Cumulative Unadjusted EBITDA

Consolidated Cumulative Unadjusted EBITDA means, with respect to Holdings for any period:

A. Net income of Holdings[1] and its Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP

provided, however, that, without duplication, (including for purposes of determining Consolidated EBITDA),

(i) non-cash extraordinary, non-recurring or unusual gains, losses, charges or expenses shall be excluded _____

(ii) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded to the extent not otherwise reflected in a change to the Financial Covenant _____

(iii) [reserved] _____

(iv) the net income for such period of any Person that is not a Subsidiary, shall be excluded to the extent such Person is prohibited by contract (including its Organization Documents) or governmental approval (which has not been obtained), from making dividends or distributions to the Borrower or a Subsidiary; provided that Consolidated Net Income of the Borrower shall be increased by the amount of dividends or distributions or other payments that are actually paid to the Borrower or a Subsidiary thereof from a Person that is not such a Subsidiary in respect of such period _____

(v) [reserved] _____

(vi) [reserved] _____

(vii) any impairment charge or asset write off or write down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded

For the avoidance of doubt, Consolidated Net Income shall be calculated on a Pro Forma Basis. _____

1 Unless the context shall otherwise require, references to Consolidated Net Income herein shall mean Consolidated Net Income of Holdings.

B. Total exclusions to consolidated net income (sum of (i)-(vii) above) _____

C. Consolidated Net Income (result of A minus B) _____

D. Increased (without duplication, including for purposes of determining Consolidated Net Income) by the following, in each case to the extent deducted (and not added back or excluded) in determining Consolidated Net Income for such period: _____

(i) provision for taxes based on income or profits or capital, including, without limitation, federal, provincial, state, franchise and similar taxes and foreign withholding taxes of such Person paid or accrued during such period (including penalties, interest, costs and expenses related to such taxes or arising from any tax examinations or Restricted Payments permitted pursuant to Section 5.7(c) of the Credit Agreement)

(ii) Consolidated Interest Expense of such Person for such period _____

(iii) Consolidated Depreciation and Amortization Expense of such Person for such period _____

(iv) fees, costs and expenses incurred in connection with the Fourth Amendment consisting of (x) consent fees payable to Lenders in connection therewith, (y) legal fees of Latham & Watkins LLP, Cravath, Swaine & Moore LLP and Goldberg Kohn in connection therewith and (z) any payment of, or reimbursement of the Agent and/or the Lenders for, costs and expenses of the Fourth Amendment Consultant;

E. Increased (without duplication) by the amount of any Unadjusted EBITDA Equity Contribution solely for purposes of determining compliance with Section 6.2. _____

F. Consolidated Cumulative Unadjusted EBITDA (sum of C plus D plus E)8 _____

G. Minimum permitted Consolidated Cumulative Unadjusted EBITDA for such Period _____

In Compliance **[Yes]/[No]**

Exhibit 10.14

COMMERCIAL LEASE AGREEMENT
(C.A.R. Form CL, Revised 12/15)

Date (For reference only): October 26, 2016

Hegan Lane Partnership ("Landlord") and Lulu's Fashion Lounge, Inc., ("Tenant") agree as follows:

1. **PROPERTY**: Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: 2812 Hegan Lane C & F Warehouse. 9,000 Sq. Ft. plus 80,546 Sq. Ft. ("Premises"), which comprise approximately % of the total square footage of rentable space in the entire property. See exhibit A for a further description of the Premises.

2. **TERM**: The term begins on January 1, 2017 ("Commencement Date"),

(Check A or B):

A. ☒ **Lease**: and shall terminate on December 31, 2019 at 5:00 ☐ AM ☒ PM. Any holding over after the term of this agreement expires, with Landlord's consent, shall create a month-to-month tenancy that either party may terminate as specified in paragraph 2B. Rent shall be at a rate equal to the rent for the immediately preceding month, payable in advance. All other terms and conditions of this agreement shall remain in full force and effect.

B. ☐ **Month-to-month**: and continues as a month-to-month tenancy. Either party may terminate the tenancy by giving written notice to the other at least 30 days prior to the intended termination date, subject to any applicable laws. Such notice may be given on any date.

C. ☒ **RENEWAL OR EXTENSION TERMS**: See attached addendum. See paragraph 40.

3. **BASE RENT**:

A. Tenant agrees to pay Base Rent at the rate of (CHECK ONE ONLY):

(1) ☐ $ per month, for the term of the agreement.

(2) ☐ $ per month, for the first 12 months of the agreement. Commencing with the 13th month, and upon expiration of each 12 months thereafter, rent shall be adjusted according to any increase in the U.S. Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers ("CPI") for (the city nearest the location of the Premises), based on the following formula: Base Rent will be multiplied by the most current CPI preceding the first calendar month during which the adjustment

is to take effect, and divided by the most recent CPI preceding the Commencement Date. In no event shall any adjusted Base Rent be less than the Base Rent for the month immediately preceding the adjustment. If the CPI is no longer published, then the adjustment to Base Rent shall be based on an alternate index that most closely reflects the CPI.

(3) ☐ $ per month for the period commencing and ending and

$ per month for the period commencing and ending and

$ per month for the period commencing and ending .

(4) ☐ In accordance with the attached rent schedule.

(5) ☒ Other: See paragraph 40.

B. Base Rent is payable in advance on the 1st (or) **day** of each calendar month, and is delinquent on the next day.

C. If the Commencement Date falls on any day other than the first day of the month, Base Rent for the first calendar month shall be prorated based on a 30-day period. If Tenant has paid one full month's Base Rent in advance of Commencement Date, Base Rent for the second calendar month shall be prorated based on a 30-day period.

4. RENT:

A. Definition: ("Rent") shall mean all monetary obligations of Tenant to Landlord under the terms of this agreement, except security deposit.

B. Payment: Rent shall be paid to Hegan Lane Partnership at 4801 Feather River Bld. #29, Oroville, CA 95965, or at any other location specified by Landlord in writing to Tenant.

C. Timing: Base Rent shall be paid as specified in paragraph 3. All other Rent shall be paid within 30 days after Tenant is billed by Landlord.

5. EARLY POSSESSION: Tenant is entitled to possession of the Premises on 11/01/2016 9,000 SF Unit F. If Tenant is in possession prior to the Commencement Date, during this time (i) Tenant is not obligated to pay Base Rent, and (ii) Tenant [☐is/☒is not] obligated to pay Rent other than Base Rent. Whether or not Tenant is obligated to pay Rent prior to Commencement Date, Tenant is obligated to comply with all other terms of this agreement.

6. SECURITY DEPOSIT:

A. Tenant agrees to pay Landlord $31,341.00 as a security deposit. Tenant agrees not to hold Broker responsible for its return. (IF CHECKED): ☐ If Base Rent increases during the term of this agreement, Tenant agrees to increase security deposit by the same proportion as the increase in Base Rent.

B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent, late charges, non-sufficient funds ("NSF") fees, or other sums due; (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) broom clean the Premises, if necessary, upon termination of tenancy; and (iv) cover any other unfulfilled obligation of Tenant. **SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT**. If all or any portion of the security deposit is used during tenancy, Tenant agrees to reinstate the total security deposit within 5 days after written notice is delivered to Tenant. Within 30 days after Landlord receives possession of the Premises, Landlord shall: (i) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition, and (ii) return any remaining portion of security deposit to Tenant. However, if the Landlord's only claim upon the security deposit is for unpaid Rent, then the remaining portion of the security deposit, after deduction of unpaid Rent, shall be returned within 14 days after the Landlord receives possession.

C. No interest will be paid on security deposit, unless required by local ordinance.

7. PAYMENTS:

		TOTAL DUE	PAYMENT RECEIVED	BALANCE DUE	DUE DATE
A.	Rent: From 01/01/2017 to 01/31/2017	$ 11,900.00	$	$ 11,900.00	11/01/2016
B.	Security Deposit	$ 31,341.00	$	$ 31,341.00	11/01/2016
C.	Other:	$	$	$	
	category				
D.	Other:	$	$	$	
	category				
E.	**Total**:	$ 43,241.00	$	$ 43,241.00	

8. PARKING: Tenant is entitled to any unreserved and N/A reserved vehicle parking spaces. The right to parking is/is not included in the Base Rent charged pursuant to paragraph 3. If not included in the Base Rent, the parking rental fee shall be an additional $N/A per month. Parking space(s) are to be used for parking operable motor vehicles, except for trailers, boats, campers, or buses. Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked in parking spaces or on the Premises. Mechanical work or storage of inoperable vehicles is not allowed in parking space(s) or elsewhere on the Premises. No overnight parking is permitted.

9. **ADDITIONAL STORAGE**: Storage is permitted as follows: within leased space. The right to additional storage space ☐is/☒is not included in the Base Rent charged pursuant to paragraph 3. If not included in Base Rent, storage space shall be an additional $N/A per month. Tenant shall store only personal property that Tenant owns, and shall not store property that is claimed by another, or in which another has any right, title, or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, or other dangerous or hazardous material. Tenant shall pay for, and be responsible for, the clean-up of any contamination caused by Tenant's use of the storage area.

10. **LATE CHARGE; INTEREST; NSF CHECKS**: Tenant acknowledges that either late payment of Rent or issuance of a NSF check may cause Landlord to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within **5 calendar days** after date due, or if a check is returned NSF, Tenant shall pay to Landlord, respectively, $10% as late charge, plus 10% interest per annum on the delinquent amount and $25.00 as a NSF fee, any of which shall be deemed additional Rent. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 4, or prevent Landlord from exercising any other rights and remedies under this agreement, and as provided by law.

11. **CONDITION OF PREMISES**: Tenant has examined the Premises and acknowledges that Premise is clean and in operative condition, with the following exceptions: . Items listed as exceptions shall be dealt with in the following manner: (See attached Addendum #2).

12. **ZONING AND LAND USE**: Tenant accepts the Premises subject to all local, state and federal laws, regulations and ordinances ("Laws"). Landlord makes no representation or warranty that Premises are now or in the future will be suitable for Tenant's use. Tenant has made its own investigation regarding all applicable Laws.

13. **TENANT OPERATING EXPENSES**: Tenant agrees to pay for all utilities and services directly billed to Tenant. After the initial 3 year term, Tenant will pay $0.01 per sq. ft. per month at a CAM charge. ($895.00).

14. **PROPERTY OPERATING EXPENSES**:

    A. Tenant agrees to pay its proportionate share of Landlord's estimated monthly property operating expenses, including but not limited to, common area maintenance, consolidated utility and service bills, insurance, and real property taxes, based on the ratio of the square footage of the Premises to the total square footage of the rentable space in the entire property.

OR

B. ☒ (**If checked**) Paragraph 14 does not apply.

15. **USE**: The Premises are for the sole use as Warehouse and distribution, general office space and other permissible uses. No other use is permitted without Landlord's prior written consent. If any use by Tenant causes an increase in the premium on Landlord's existing property insurance, Tenant shall pay for the increased cost. Tenant will comply with all Laws affecting its use of the Premises.

16. **RULES/REGULATIONS**: Tenant agrees to comply with all nondiscriminatory rules and regulations of Landlord (and, if applicable, Owner's Association) that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant do not, disturb, annoy, endanger, or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or committing a waste or nuisance on or about the Premises.

17. **MAINTENANCE**: See Addendum 1.

18. **ALTERATIONS**: Tenant shall not make any alterations in or about the Premises, including installation of trade fixtures and signs, without Landlord's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to Law and with required permits. Tenant shall give Landlord advance notice of the commencement date of any planned alteration, so that Landlord, at its option, may post a Notice of Non-Responsibility to prevent potential liens against Landlord's interest in the Premises. Landlord may also require Tenant to provide Landlord with lien releases from any contractor performing work on the Premises.

19. **GOVERNMENT IMPOSED ALTERATIONS**: Any alterations required by Law as a result of Tenant's use shall be Tenant's responsibility. Landlord shall be responsible for any other alterations required by Law.

20. **ENTRY**: Tenant shall make Premises available to Landlord or Landlord's agent for the purpose of entering to make inspections, necessary or agreed repairs, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors. Landlord and Tenant agree that 24 hours notice (oral or written) shall be reasonable and sufficient notice. In an emergency, Landlord or Landlord's representative may enter Premises at any time without prior notice.

21. **SIGNS**: Tenant authorizes Landlord to place a FOR SALE sign on the Premises at any time, and a FOR LEASE sign on the Premises within the 90 (or) day period preceding the termination of the agreement.

22. **SUBLETTING/ASSIGNMENT**: Tenant shall not sublet or encumber all or any part of Premises, or assign or transfer this agreement or any interest in it, without the prior written consent of Landlord, which shall not be unreasonably withheld. Unless such consent is obtained, any subletting, assignment, transfer, or encumbrance of the Premises, agreement, or tenancy, by voluntary act of Tenant, operation of law, or otherwise, shall be null and void, and, at the option of Landlord, terminate this agreement. Any proposed sublessee, assignee, or transferee shall submit to Landlord an application and credit information for Landlord's approval, and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one sublease, assignment, or transfer, shall not be construed as consent to any subsequent sublease, assignment, or transfer, and does not release Tenant of Tenant's obligation under this agreement.

23. **POSSESSION**: If Landlord is unable to deliver possession of Premises on Commencement Date, such date shall be extended to the date on which possession is made available to Tenant. However, the expiration date shall remain the same as specified in paragraph 2. If Landlord is unable to deliver possession within **60 (or) calendar days** after the agreed Commencement Date, Tenant may terminate this agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid.

24. **TENANT'S OBLIGATIONS UPON VACATING PREMISES**: Upon termination of agreement, Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate Premises and surrender it to Landlord empty of all persons and personal property; (iii) vacate all parking and storage spaces; (iv) deliver Premises to Landlord in the same condition as referenced in paragraph 11; (v) clean Premises; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) . All improvements installed by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may nevertheless require Tenant to remove any such improvement that did not exist at the time possession was made available to Tenant.

25. **BREACH OF CONTRACT/EARLY TERMINATION**: In event Tenant, prior to expiration of this agreement, breaches any obligation in this agreement, abandons the premises, or gives notice of tenant's intent to terminate this tenancy prior to its expiration, in addition to any obligations established by paragraph 24, Tenant shall also be responsible for lost rent, rental commissions, advertising expenses, and painting costs necessary to ready Premises for re-rental. Landlord may also recover from Tenant: (i) the worth, at the time of award, of the unpaid Rent that had been earned at the time of termination; (ii) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned after expiration until the time of award exceeds the amount of such rental loss the Tenant proves could have been reasonably avoided; and (iii) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided. Landlord may elect to continue the tenancy in effect for so long as Landlord does not terminate Tenant's right to possession, by either written notice of termination of possession or by reletting the Premises to another who takes possession, and Landlord may enforce all Landlord's rights and remedies under this agreement, including the right to recover the Rent as it becomes due.

26. **DAMAGE TO PREMISES**: If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Landlord shall have the right to restore the Premises by repair or rebuilding. If Landlord elects to repair or rebuild, and is able to complete such restoration within 90 days from the date of damage, subject to the terms of this paragraph, this agreement shall remain in full force and effect. If Landlord is unable to restore the Premises within this time, or if Landlord elects not to restore, then either Landlord or Tenant may terminate this agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the current monthly Base Rent prorated on a 30-day basis. If this agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of the Premises. If total or partial destruction or damage occurs as a result of an act of Tenant or Tenant's guests, (i) only Landlord shall have the right, at Landlord's sole discretion, within 30 days after such total or partial destruction or damage to treat the lease as terminated by Tenant, and (ii) Landlord shall have the right to recover damages from Tenant.

27. **HAZARDOUS MATERIALS**: Tenant shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. However, Tenant is permitted to make use of such materials that are required to be used in the normal course of Tenant's business provided that Tenant complies with all applicable Laws related to the hazardous materials. Tenant is responsible for the cost of removal and remediation, or any clean-up of any contamination caused by Tenant.

28. **CONDEMNATION**: If all or part of the Premises is condemned for public use, either party may terminate this agreement as of the date possession is given to the condemner. All condemnation proceeds, exclusive of those allocated by the condemner to Tenant's relocation costs and trade fixtures, belong to Landlord.

29. **INSURANCE**: Tenant's personal property, fixtures, equipment, inventory and vehicles are not insured by Landlord against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is to carry Tenant's own property insurance to protect Tenant from any such loss. In addition, Tenant shall carry (i) liability insurance in an amount of not less than $2,000,000.00 and (ii) property insurance in an amount sufficient to cover the replacement cost of the property if Tenant is responsible for maintenance under paragraph 17B. Tenant's insurance shall name Landlord and Landlord's agent as additional insured. Tenant, upon Landlord's request, shall provide Landlord with a certificate of insurance establishing Tenant's compliance. Landlord shall maintain liability insurance insuring Landlord, but not Tenant, in an amount of at least $2,000,000.00, plus property insurance in an amount sufficient to cover the replacement cost of the property unless Tenant is responsible for maintenance pursuant to paragraph 17B. Tenant is advised to carry business interruption insurance in an amount at least sufficient to cover Tenant's complete rental obligation to Landlord. Landlord is advised to obtain a policy of rental loss insurance. Both Landlord and Tenant release each other, and waive their respective rights to subrogation against each other, for loss or damage covered by insurance.

30. **TENANCY STATEMENT (ESTOPPEL CERTIFICATE)**: Tenant shall execute and return a tenancy statement (estoppel certificate), delivered to Tenant by Landlord or Landlord's agent, within 3 days after its receipt. The tenancy statement shall acknowledge that this agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement: (i) shall be deemed Tenant's acknowledgment that the tenancy statement is true and correct, and may be relied upon by a prospective lender or purchaser; and (ii) may be treated by Landlord as a material breach of this agreement. Tenant shall also prepare, execute, and deliver to Landlord any financial statement (which will be held in confidence) reasonably requested by a prospective lender or buyer.

31. **LANDLORD'S TRANSFER**: Tenant agrees that the transferee of Landlord's interest shall be substituted as Landlord under this agreement. Landlord will be released of any further obligation to Tenant regarding the security deposit, only if the security deposit is returned to Tenant upon such transfer, or if the security deposit is actually transferred to the transferee. For all other obligations under this agreement, Landlord is released of any further liability to Tenant, upon Landlord's transfer.

32. **SUBORDINATION**: This agreement shall be subordinate to all existing liens and, at Landlord's option, the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any advances made on the security of the Premises, and to all renewals, modifications, consolidations, replacements, and extensions. However, as to the lien of any deed of trust or mortgage entered into after execution of this agreement, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant pays the Rent and observes and performs all of the provisions of this agreement, unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor elects to have this agreement placed in a security position prior to the lien of a mortgage, deed of trust, or ground lease, and gives written notice to Tenant, this agreement shall be deemed prior to that mortgage, deed of trust, or ground lease, or the date of recording.

33. **TENANT REPRESENTATIONS; CREDIT**: Tenant warrants that all statements in Tenant's financial documents and rental application are accurate. Tenant authorizes Landlord and Broker(s) to obtain Tenant's credit report at time of application and periodically during tenancy in connection with approval, modification, or enforcement of this agreement. Landlord may cancel this agreement: (i) before occupancy begins, upon disapproval of the credit report(s); or (ii) at any time, upon discovering that information in Tenant's application is false. A negative credit report reflecting on Tenant's record may be submitted to a credit reporting agency, if Tenant fails to pay Rent or comply with any other obligation under this agreement.

34. **CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS**: Landlord states that the Premises ☐ has, or ☒ has not been inspected by a Certified Access Specialist. If so, Landlord states that the Premises ☐ has, or ☐ has not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53.

35. DISPUTE RESOLUTION:

A. **MEDIATION**: Tenant and Landlord agree to mediate any dispute or claim arising between them out of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to paragraph 35B(2) below. Paragraphs 35B(2) and (3) apply whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. **ARBITRATION OF DISPUTES**: **(1) Tenant and Landlord agree that any dispute or claim in Law or equity arising between them out of this agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 35B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.**

(2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION**: The following matters are excluded from Mediation and Arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.

(3) **BROKERS**: Tenant and Landlord agree to mediate and arbitrate disputes or claims involving either or both Brokers, provided either or both Brokers shall have agreed to such mediation or arbitration, prior to, or within a reasonable time after the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

36. **JOINT AND INDIVIDUAL OBLIGATIONS**: If there is more than one Tenant, each one shall be individually and completely responsible for the performance of all obligations of Tenant under this agreement, jointly with every other Tenant, and individually, whether or not in possession.

37. **NOTICE**: Notices may be served by mail, facsimile, or courier at the following address or location, or at any other location subsequently designated:

Landlord: Hegan Lane Partnership, 4801 Feather River Bld. #29, Oroville, CA 95965

Tenant: Lulu's Fashion Lounge, Inc., 195 Humboldt Ave., Chico, CA 95928

Notice is deemed effective upon the earliest of the following: (i) personal receipt by either party or their agent; (ii) written acknowledgement of notice; or (iii) 5 days after mailing notice to such location by first class mail, postage pre-paid.

38. **WAIVER**: The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

39. **INDEMNIFICATION**: Tenant shall indemnify, defend and hold Landlord harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Tenant's use of the Premises.

40. **OTHER TERMS AND CONDITIONS/SUPPLEMENTS**: Option to Extend Lease Term: Providing Tenant is in compliance with the Lease and subject to Six (6) months prior written notice. Tenant shall have Two (2) Options to extend the lease, each for a period of Three (3) years. Base Rent during the extended term(s) shall be increased by 2.0% above the prior year base rent. Base Rent to be as follows: Base rent to be $0.35 psf for the initial term on lease. Base rent to be calculated on actual square feet delivered to Tenant. Per Exhibit A1 and Exhibit A.

November 1, 2016 thru December 31, 2016	Base Rent to be $0.00 per month. For Bldg. F
January 1, 2017 thru June 20, 2017:	Base rent to be $11,900.00 per month. For Bldg. F + 25,000 sq. ft. of Bldg. C per Exhibit A1
July 1, 2017 thru October 31, 2017:	Base rent to be $31,341.00 per month.
November 1, 2017 thru October 31, 2018	Base rent to be $31,968.00 per month. For Bldg. F & Bldc. Per Exhibit A
November 1, 2018 thru October 31, 2019	Base rent to be $32,607.00 per month.

The following ATTACHED supplements/exhibits are incorporated in this agreement:

☐ Option Agreement (C.A.R. Form OA)

Exhibit A, Exhibit A1, Addendum 1, Addendum 2, Addendum 3, Addendum 4.

41. **ATTORNEY FEES**: In any action or proceeding arising out of this agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs from the non-prevailing Landlord or Tenant, except as provided in paragraph 35A.

42. **ENTIRE CONTRACT**: Time is of the essence. All prior agreements between Landlord and Tenant are incorporated in this agreement, which constitutes the entire contract. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. Any provision of this agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this agreement. This agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the parties.

43. **BROKERAGE**: Landlord shall pay to Broker(s) the fees agreed to, if any, in a separate written agreement. Neither Tenant nor Landlord has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as named in this agreement, in connection with any act relating to the Premises, including, but not limited to, inquiries, introductions, consultations, and negotiations leading to this agreement. Tenant and Landlord each agree to indemnify, defend and hold harmless the other, and the Brokers specified herein, and their agents, from and against any costs, expenses, or liability for compensation claimed inconsistent with the warranty and representation in this paragraph 43.

44. AGENCY CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent: The Group Real Estate Brokers (Print Firm Name) is the agent of (check one):

☒ the Landlord exclusively; or ☐ both the Tenant and Landlord.

Selling Agent: Keller Williams Commercial (Print Firm Name) (if not same as Listing Agent) is the agent of (check one):

☒ the Tenant exclusively; or ☐ the Landlord exclusively; or ☐ both the Tenant and Landlord.

Landlord and Tenant acknowledge and agree that Brokers: (i) do not guarantee the condition of the Premises; (ii) cannot verify representations made by others; (iii) will not verify zoning and land use restrictions; (iv) cannot provide legal or tax advice; (v) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, if Brokers are not also acting as Landlord in this agreement, Brokers: (vi) do not decide what rental rate a Tenant should pay or Landlord should accept; and (vii) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree that they will seek legal, tax, insurance, and other desired assistance from appropriate professionals.

Tenant: /s/ Crystal Estes
(Print name) _____
Lulu's Fashion Lounge, Inc.
Date: 11/1/2016
Address: 195 Humboldt Ave
City: Chico
State: CA
Zip: 95928-5786

Tenant: _____
(Print name) _____

Date:
Address:
City:
State:
Zip.:

☐ **GUARANTEE**: In consideration of the execution of this Agreement by and between Landlord and Tenant and for valuable consideration, receipt of which is hereby acknowledged, the undersigned ("Guarantor") does hereby: (i) guarantee unconditionally to Landlord and Landlord's agents, successors and assigns, the prompt payment of Rent or other sums that become due pursuant to this Agreement, including any and all court costs and attorney fees included in enforcing the Agreement; (ii) consent to any changes, modifications or alterations of any term in this Agreement agreed to by Landlord and Tenant; and (iii) waive any right to require Landlord and/or Landlord's agents to proceed against Tenant for any default occurring under this Agreement before seeking to enforce this Guarantee.

Guarantor: _____
(Print name) _____
Date:
Address:
City:
State:
Zip:
Telephone:
Fax:
E-mail:

Landlord agrees to rent the Premises on the above terms and conditions.

Landlord: _____
(owner or agent with authority to enter into this agreement) Hegan Lane Partnership
Date:
Address: 4801 Feather River Blvd., Suite 29
City: Oroville
State: CA
Zip: 95965

Landlord: /s/_____
(owner or agent with authority to enter into this agreement)
Date: 10-31-16
Address:
City:
State:
Zip:

Agency relationships are confirmed as above. Real estate brokers who are not also Landlord in this agreement are not a party to the agreement between Landlord and Tenant.

Real Estate Broker (Leasing Firm): Keller Williams Commercial
CalBRE Lic. #
By (Agent) /s/ John Barroso_____
CalBRE Lic. # 01434090
Date: 11/01/2016
Address: 261 East 3rd Street
City: Chico
State: CA
Zip.: 95928
Telephone: [***]
Fax: [***]
E-mail: [***]

Real Estate Broker (Listing Firm): The Group Real Estate Brokers
CalBRE Lic. # 01494515
By (Agent) _____ (Frank Ross)
CalBRE Lic. # 01014400
Date:
Address: 2580 Sierra Sunrise Ter. Suite 110
City: Chico
State: CA
Zip: 95928
Telephone: [***]
Fax: [***]
E-mail: [***]

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Reviewed by: /s/
Date: 10/31/16

ADDENDUM No. 1
(C.A.R. Form ADM, Revised 12/15)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Commercial Lease Agreement, dated October 26, 2016, on property known as 2812 Hegan Lane C & F, Chico, CA 95928 in which Lulu's Fashion Lounge, Inc. is referred to as ("Buyer/Tenant") and Hegan Lane Partnership is referred to as ("Seller/Landlord").

Landlord Operation and Maintenance Obligations:

Landlord, in consideration the capital reserve, shall keep and maintain in good order and condition at its sole cost and expense (i.e. without reimbursement), capital repair(s) and or replacement the foundation, exterior walls, roof structure and membrane, exterior paint, fire suppression systems, parking lot and utility systems to the point of connection into the premises. Landlord at their sole cost shall be responsible for exterior common areas maintenance and repair including but not limited to routine roof repairs (as opposed to replacement being Landlord expense), gutter/scupper cleaning and maintenance, storm water conveyance facilities, exterior pest control, landscape irrigation and maintenance, fire monitoring and inspection of fire suppression systems, and backflow device, common area utilities, property management, fire insurance and property taxes. Landlord, at their sole cost and expense and without reimbursement by Tenant shall be obligated for major HVAC repair and or replacement. Notwithstanding Tenant's obligations below, Landlord shall be obligated for any repairs to the premises caused by Landlord negligence, including acts by its employees or agents.

Tenant Maintenance Obligations: Tenant shall maintain the interior of the Premises in sanitary condition and appearance, normal and reasonable wear and tear accepted. Excluding Landlord maintenance and service obligations described above, Tenant shall be responsible for glass breakage, Tenant's signage and services that Tenant has delivered to the Premises, including but not limited to janitorial, trash, interior pest control, all water, gas and electric utilities, phone, data and building security.

Tenant shall be obligated to maintain interior walls and flooring (normal wear and tear excepted), roll up doors and dock equipment, plumbing, lighting, electrical fixtures and equipment as well as routine HVAC maintenance and filter changes (as opposed to repair and replacement described as a Landlord obligation above) such routine service administered through Landlord on a direct cost reimbursable basis. Tenant shall be responsible for liability insurance (naming Landlord as an additional insured) and personal property coverage, a copy of which shall be provided to Landlord prior to Tenants early access. Notwithstanding Landlord's maintenance obligations described above, Tenant shall be obligated for any repairs to the premises caused by Tenant negligence, including acts by its employees, agents and or clients.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date: 11/1/2016
Buyer/Tenant /s/ Crystal Estes Lulu's Fashion Lounge, Inc.
Buyer/Tenant

Date:
Seller/Landlord /s/ Hegan Lane Partnership
Seller/Landlord

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Reviewed by: /s/
Date: 10/31/16

ADDENDUM No. 2
(C.A.R. Form ADM, Revised 12/15)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Commercial Lease Agreement, dated October 26, 2016, on property known as 2812 Hegan Land C & F, Chico, CA 95928 in which Lulu's Fashion Lounge, Inc. is referred to as ("Buyer/Tenant") and Hegan Lane Partnership is referred to as ("Seller/Landlord").

Condition of Premises upon Commencement and Landlord Base Improvements:

The premises are offered and are being accepted by Tenant in an AS IS condition except that prior to and as a condition to term commencement, Landlord shall at Landlords sole expense and without reimbursement, complete the following Base Improvements:

Site & Exterior Improvements:

1. The Asphalt Parking area designated for the building shall be sealed and re-striped, including handicapped stalls and signage as required by law. Any and all ADA requirements to be addressed.

2. The Asphalt loading area abutting the north and east side of the building servicing tenant's allocated bays shall be patched and sealed if deemed necessary. If present, any raised concrete presenting trip hazards shall be removed.

3. Roof shall have been inspected and free of known leaks. Damaged and or missing downspouts shall be repaired and or replaced.

Office Improvements:

4. Landlord shall be obligated to fund any ADA improvements as may be required by the City of Chico to existing facilities.

5. In addition to any ADA requirements, all bathrooms to be updated and painted.

Warehouse Improvements:

6. Roll up doors shall be serviced and in good operating order.

7. All exit man doors shall be in good operating order.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date: 11/1/2016
Buyer/Tenant /s/ Crystal Estes Lulu's Fashion Lounge, Inc.
Buyer/Tenant

Date:
Seller/Landlord /s/ Hegan Lane Partnership
Seller/Landlord

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Reviewed by: /s/
Date: 10/31/16

ADDENDUM No. 3
(C.A.R. Form ADM, Revised 12/15)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Commercial Lease Agreement, dated October 26, 2016, on property known as 2812 Hegan Land C & F, Chico, CA 95928 in which Lulu's Fashion Lounge, Inc. is referred to as ("Buyer/Tenant") and Hegan Lane Partnership is referred to as ("Seller/Landlord").

Tenant Funded and Constructed Improvements:

Tenant Funded Improvements (TI's) shall be understood to mean the design, permitting, fees and any other expenses associated with improvements to the premises being done by Tenant at their sole cost and expense and on their own timeline as necessary for Tenant business operations. The Parties acknowledge that scope of TI's, subject to further refinement, may include but is not limited to:

1. Conversion of a portion of the rented space to a conditioned server room.

2. Other renovations as may be needed for Tenants particular business operation. As soon as practicable following execution of the Lease, Tenant shall provide to Landlord a conceptual sketch plan for Landlord's review and approval, not to be unreasonably withheld or delayed. Upon Landlord's approval of the conceptual plan, Tenant shall have final working drawings prepared, which shall be subject to Landlord's review and approval but not unreasonably withheld. The Parties acknowledge that Landlords approval of Tenant's plan for renovation is a material condition of the Lease, and Landlord's failure to reasonably approve (aside from objections related to structural integrity of the building and or permanent alterations which would cause undue hardship on re tenanting) shall be cause for Tenant(s) one time right to terminate the lease. Any and all improvement work done by Tenant shall be done in good workmanlike manner and according to plans and spec's provided to Landlord. Material Change Orders (if any) involving structural components shall be subject to Landlord approval not unreasonably withheld.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date: 11/1/2016
Buyer/Tenant /s/ Crystal Estes Lulu's Fashion Lounge, Inc.
Buyer/Tenant

Date: 10-31-16
Seller/Landlord /s/ Hegan Lane Partnership
Seller/Landlord

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Date: 10/31/16

Addendum No. 4

The following terms and conditions are hereby incorporated in and made a part of the Commercial Lease Agreement dated October 26, 2016 on property known as 2812 Hegan Lane C & F in which Lulu's Fashion Lounge, Inc. is referred to as Tenant and Hegan Lane Partnership is referred to as Landlord, and shall control in the event of any inconsistency with the provisions of such Lease Agreement.

Assignment: Notwithstanding anything to the contrary contained elsewhere in this Lease, Tenant, without Landlord's approval written or otherwise, but with written notice to Landlord by Tenant, shall have the absolute right to assign, sublease or otherwise transfer all or a portion of its interest in this Lease to (i) a parent or operating subsidiary of Tenant, (ii) a subsidiary of Tenant's parent, (iii) a corporation or other entity with which Tenant may merge, (iv) any lender of Tenant or leasehold mortgagee for the purpose of securing indebtedness, or (vi) to any entity to whom Tenant sells all or substantially all of its assets.

Indemnification: Tenant's indemnification, defense and holding Landlord harmless set forth in Paragraph 39 shall not apply to any liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising from landlord's gross negligence or willful misconduct.

Landlord agrees to indemnify, defend and hold Tenant, and Tenant's employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from:

(i) any cause occurring in or about or resulting from an occurrence in or about the Building or Premises during the Lease Term arising as a result of any act of Landlord's or Landlord's employees or guests in or around the Building or Premises.

(ii) the gross negligence or willful misconduct of Landlord or Landlord's agents, employees, and contractors, wherever it occurs, or

(iii) any default by Landlord under the terms of this Lease.

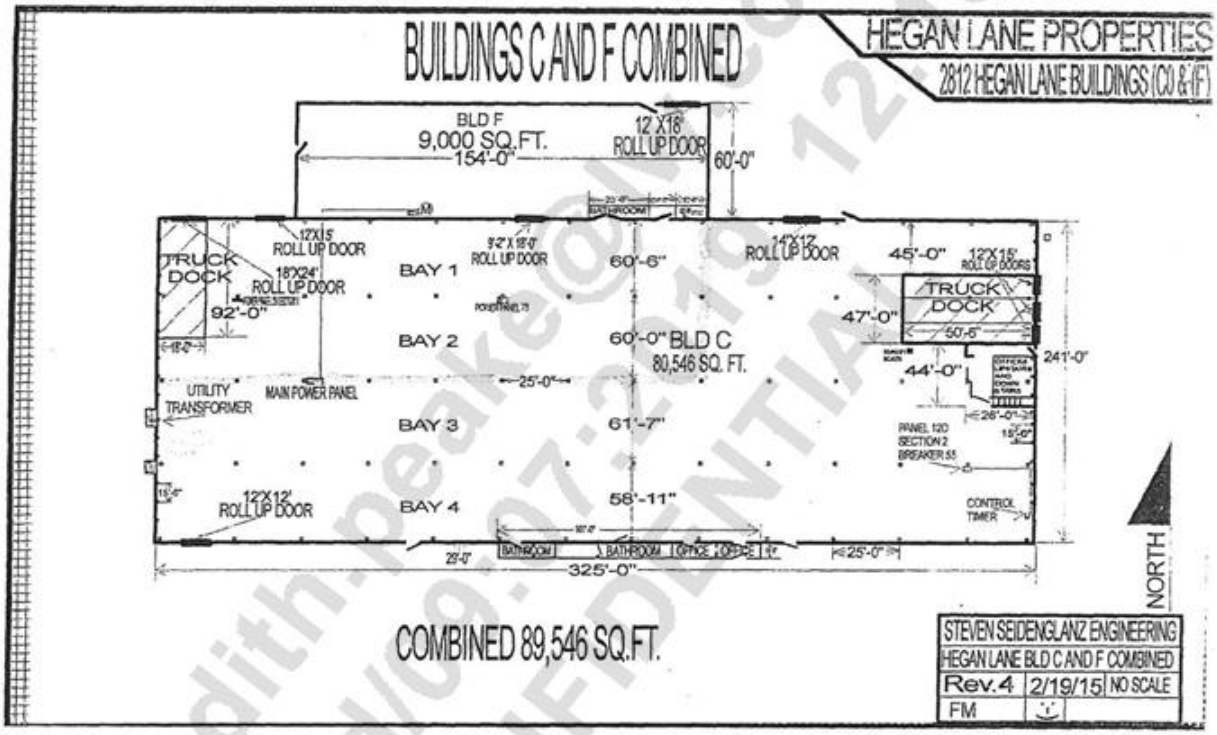

EXHIBIT A1 9000 □' + 25,000 □'

meredith.peake@... Leopard/09:07:2019 12:15 CONFIDENTIAL

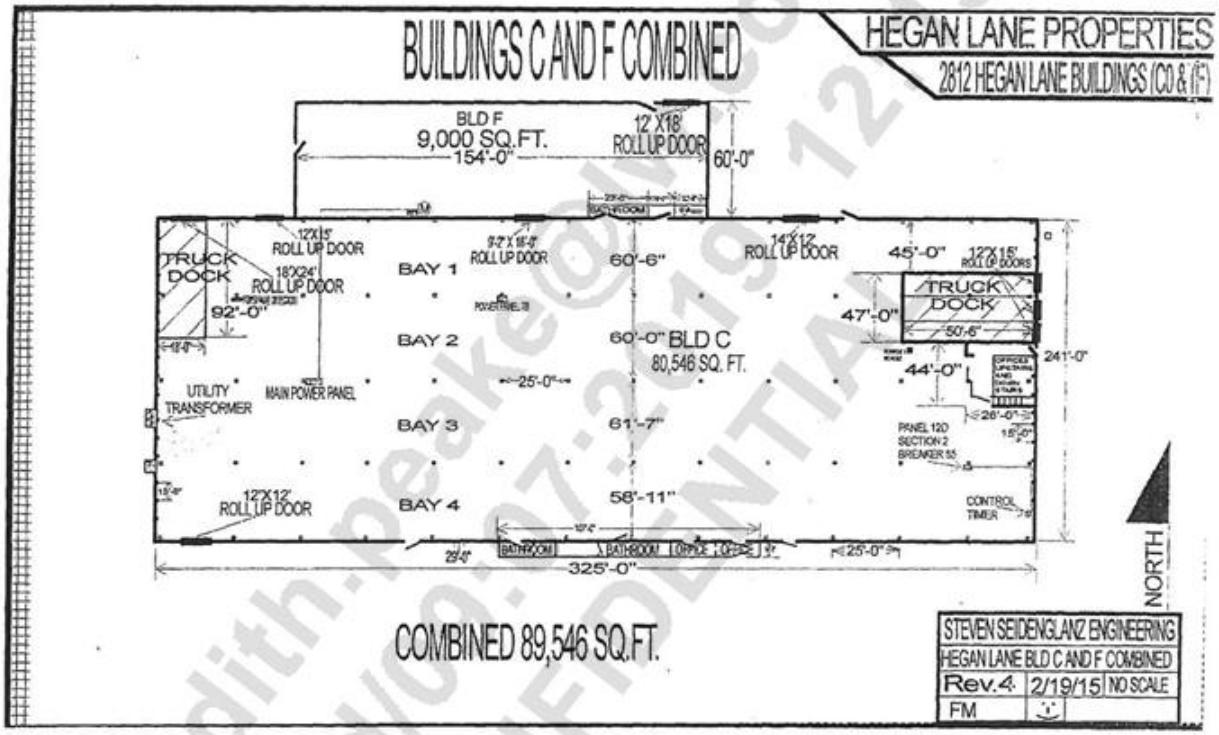

EXHIBIT A 89,546 Sq Ft.

meredith.peake@... Leopard/03:07:2019 12:15 CONFIDENTIAL

MEGAN'S LAW DATA BASE DISCLOSURE
Regarding Registered Sex Offenders
(C.A.R. Form DBD, Revised 11/08)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☒ other Commercial Lease Agreement, , on property known as 2812 Hegan Land C & F, Chico, CA 95928 in which Lulu's Fashion Lounge, Inc. is referred to as ("Buyer/Tenant") and Hegan Lane Partnership is referred to as ("Seller/Landlord").

Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

(Neither Seller nor Brokers are required to check this website. If Buyer wants further information, Broker recommends that Buyer obtain information from this website during Buyer's inspection contingency period. Brokers do not have expertise in this area.)

Date: 11/1/2016
Buyer/Tenant /s/ Crystal Estes Lulu's Fashion Lounge, Inc.
Buyer/Tenant

Date:
Seller/Landlord Hegan Lane Partnership
Seller/Landlord

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Reviewed by:
Date:

DISCLOSURE REGARDING
REAL ESTATE AGENCY RELATIONSHIP
(Selling Firm to Buyer)
(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/14)

☐ (If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(k) and (m).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:
To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information of the property obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

(b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☐ Buyer ☐ Seller ☐ Landlord ☒ Tenant: /s/ Crystal Estes Date 11/1/2016
Lulu's Fashion Lounge, Inc.
☐ Buyer ☐ Seller ☐ Landlord ☐ Tenant Date

Real Estate Broker (Firm): Keller Williams Realty Chico Area
CalBRE Lic. # 01842969
By (Salesperson or Broker-Associate):
(Agent) /s/ John Barroso
CalBRE Lic. # 01434090
Date: 11/1/2016

Agency Disclosure Compliance (Civil Code §2079.14):

- When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant.
- When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer. If the same form is used, Seller may sign here:

Date:
Seller/Landlord Hegan Lane Partnership
Date:
Seller/Landlord

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CIVIL CODE SECTIONS 2079.24 (2079.16 APPEARS ON THE FRONT)

2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) “Agent” means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) “Associate licensee” means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker’s agent in connection with acts requiring a real estate license and to function under the broker’s supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) “Buyer” means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. “Buyer” includes vendee or lessee. (d) “Commercial real property” means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) “Dual agent” means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) “Listing agreement” means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) “Listing agent” means a person who has obtained a listing of real property to act as an agent for compensation. (h) “Listing price” is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) “Offering price” is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) “Offer to purchase” means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) “Real property” means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year’s duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) “Real property transaction” means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) “Sell,” “sale,” or “sold” refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year’s duration. (n) “Seller” means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. “Seller” includes both a vendor and a lessor. (o) “Selling agent” means a listing agent who acts alone, or an agent who acts in cooperation

with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) “Subagent” means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, “subagent” does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer’s offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer’s agent, exclusively as the seller’s agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively, (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller’s agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

(DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): ☐ the seller exclusively; or ☐ both the buyer and seller.
(Name of Listing Agent)

(DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): ☐ the buyer exclusively; or ☐ the seller exclusively; or ☐ both the buyer and seller.
(Name of Selling Agent if not the same as the Listing Agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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Exhibit 10.15

July 1, 2019

ADDENDUM TO LEASE DATED
May 6, 2017

BY AND BETWEEN:
Hegan Lane Partnership, Lessor and
Lulu's Fashion Lounge, Inc., Lessee

Property Address: 2812 Hegan Lane, Unit B Chico, CA 95928

The purpose of this addendum is to record the name change of Lulu's Fashion Lounge, Inc. to Lulu's Fashion Lounge, LLC.

All other terms and conditions of the above-mentioned lease are in full force and effect.

9/4/19	9/6/2019
DATE	DATE
/s/ Crystal Landsem	/s/ Hegan Lane Partnership
Lulu's Fashion Lounge, LLC.	Hegan Lane Partnership

July 1, 2019

ADDENDUM TO LEASE DATED
October 26, 2017

BY AND BETWEEN:
Hegan Lane Partnership, Lessor and
Lulu's Fashion Lounge, Inc., Lessee

Property Address: 2812 Hegan Lane, Unit C+F Chico, CA 95928

The purpose of this addendum is to record the name change of Lulu's Fashion Lounge, Inc. to Lulu's Fashion Lounge, LLC.

All other terms and conditions of the above-mentioned lease are in full force and effect.

9/4/19	9/6/2019
DATE	DATE
/s/ Crystal Landsem	/s/ Hegan Lane Partnership
Lulu's Fashion Lounge, LLC.	Hegan Lane Partnership

July 1, 2019

ADDENDUM TO LEASE DATED
May 6, 2017

BY AND BETWEEN:
Hegan Lane Partnership, Lessor and
Lulu's Fashion Lounge, LLC., Lessee

Property Address: 2812 Hegan Lane, Unit B Chico, CA 95928

This extension of the above-mentioned lease is for one additional 3 year period from January 1st, 2020 to December 31th, 2022.

Base rent during the extended term shall be increased to $0.70 per square foot for the term of this option as laid out below.

Unit B
01.01.2020-12.31.2022: $6777.00

All other terms and conditions of the above-mentioned lease are in full force and effect.

9/4/19	9/6/2019
DATE	DATE
/s/ Crystal Landsem	/s/ Hegan Lane Partnership
Lulu's Fashion Lounge, LLC.	Hegan Lane Partnership

July 1, 2019

ADDENDUM TO LEASE DATED
October 26, 2017

BY AND BETWEEN:
Hegan Lane Partnership, Lessor and
Lulu's Fashion Lounge, LLC., Lessee

Property Address: 2812 Hegan Lane, Unit C+F Chico, CA 95928

This extension of the above-mentioned lease is for one additional 3 year period from January 1st, 2020 to December 31th, 2022.

Base rent during the extended term shall be increased by 2% above the prior year base rent as laid out below.

Unit C
01.01.2020: $29917.00
01.01.2021: $30515.00
01.01.2022: $31125.00

Unit F
01.01.2020: $3343.00
01.01.2021: $3410.00
01.01.2022: $3478.00

All other terms and conditions of the above-mentioned lease are in full force and effect.

9/4/19	9/6/2019
DATE	DATE
/s/ Crystal Landsem	/s/ Hegan Lane Partnership
Lulu's Fashion Lounge, LLC.	Hegan Lane Partnership

July 1, 2019

ADDENDUM TO LEASE DATED
July 1, 2019

BY AND BETWEEN:
Hegan Lane Partnership, Lessor and
Lulu's Fashion Lounge, LLC., Lessee

Property Address: 2812 Hegan Lane, B Chico, CA 95928

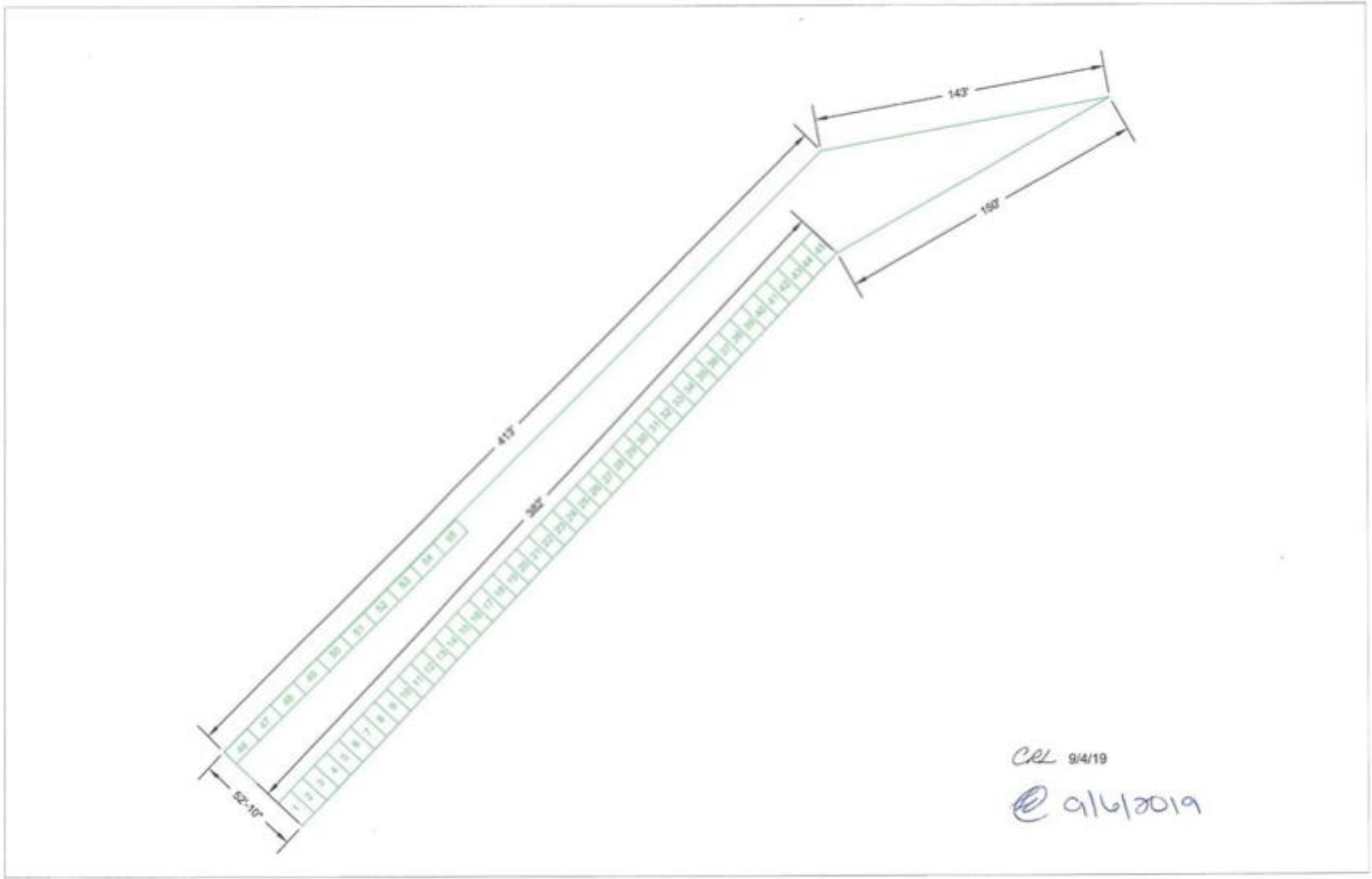
This extension of the above-mentioned lease is regarding the additional space of 22,698 square feet of base rocked property at the rear of 2812 Hegan Lane to be used for temporary parking.

This is currently being rented on a month to month basis and will continue until the end of 2019.

Starting on January 1st, 2020 the additional parking will be on a three year term from January 1st, 2020 to December 31, 2022, rent will remain at $800

All other terms and conditions of the above-mentioned lease are in full force and effect.

9/4/19	9/6/2019
DATE	DATE
/s/ Crystal Landsem	/s/ Hegan Lane Partnership
Lulu's Fashion Lounge, LLC.	Hegan Lane Partnership



CRL 9/4/19

9/6/2019


CRL 9/4/

Exhibit 10.16

COMMERCIAL LEASE AGREEMENT
(C.A.R. Form CL, Revised 12/15)

Date (For reference only): October 26, 2017

The Winter Family Trust ("Landlord") and Lulu's Fashion Lounge Holdings, Inc., ("Tenant") agree as follows:

1. PROPERTY: Landlord rents to Tenant and Tenant rents from Landlord, the real property and improvements described as: 232 Broadway St, Chico, CA 95928-5320 ("Premises"), which comprise approximately 72.000% of the total square footage of rentable space in the entire property. See exhibit Addendum #2 for a further description of the Premises.

2. TERM: The term begins on November 1, 2017 ("Commencement Date"),

(Check A or B):

A. ☒ **Lease**: and shall terminate on November 1, 2018 at 5:00 ☐ AM ☒ PM. Any holding over after the term of this agreement expires, with Landlord's consent, shall create a month-to-month tenancy that either party may terminate as specified in paragraph 2B. Rent shall be at a rate equal to the rent for the immediately preceding month, payable in advance. All other terms and conditions of this agreement shall remain in full force and effect.

B. ☐ **Month-to-month**: and continues as a month-to-month tenancy. Either party may terminate the tenancy by giving written notice to the other at least 30 days prior to the intended termination date, subject to any applicable laws. Such notice may be given on any date.

C. ☒ **RENEWAL OR EXTENSION TERMS**: See attached addendum. See paragraph 40.

3. BASE RENT:

A. Tenant agrees to pay Base Rent at the rate of (CHECK ONE ONLY):

(1) ☐ $ per month, for the term of the agreement.

(2) ☐ $ per month, for the first 12 months of the agreement. Commencing with the 13th month, and upon expiration of each 12 months thereafter, rent shall be adjusted according to any increase in the U.S. Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers ("CPI") for (the city nearest the location of the Premises), based on the following formula: Base Rent will be multiplied by the most current CPI preceding the first calendar month during which the adjustment is to take effect, and divided by the most recent CPI preceding the

Commencement Date. In no event shall any adjusted Base Rent be less than the Base Rent for the month immediately preceding the adjustment. If the CPI is no longer published, then the adjustment to Base Rent shall be based on an alternate index that most closely reflects the CPI.

(3) ☐ $ per month for the period commencing and ending and

$ per month for the period commencing and ending and

$ per month for the period commencing and ending .

(4) ☐ In accordance with the attached rent schedule.

(5) ☐ Other: See paragraph 40.

B. Base Rent is payable in advance on the **1st (or) day** of each calendar month, and is delinquent on the next day.

C. If the Commencement Date falls on any day other than the first day of the month, Base Rent for the first calendar month shall be prorated based on a 30-day period. If Tenant has paid one full month's Base Rent in advance of Commencement Date, Base Rent for the second calendar month shall be prorated based on a 30-day period.

4. RENT:

A. Definition: ("Rent") shall mean all monetary obligations of Tenant to Landlord under the terms of this agreement, except security deposit.

B. Payment: Rent shall be paid to Luke Winter at , or at any other location specified by Landlord in writing to Tenant.

C. Timing: Base Rent shall be paid as specified in paragraph 3. All other Rent shall be paid within 30 days after Tenant is billed by Landlord.

5. EARLY POSSESSION: Tenant is entitled to possession of the Premises on . If Tenant is in possession prior to the Commencement Date, during this time (i) Tenant is not obligated to pay Base Rent, and (ii) Tenant [is/is not] obligated to pay Rent other than Base Rent. Whether or not Tenant is obligated to pay Rent prior to Commencement Date, Tenant is obligated to comply with all other terms of this agreement.

6. SECURITY DEPOSIT:

A. Tenant agrees to pay Landlord $ as a security deposit. Tenant agrees not to hold Broker responsible for its return. (IF CHECKED): ☐ If Base Rent increases during the term of this agreement, Tenant agrees to increase security deposit by the same proportion as the increase in Base Rent.

B. All or any portion of the security deposit may be used, as reasonably necessary, to: (i) cure Tenant's default in payment of Rent, late charges, non-sufficient funds ("NSF") fees, or other sums due; (ii) repair damage, excluding ordinary wear and tear, caused by Tenant or by a guest or licensee of Tenant; (iii) broom clean the Premises, if necessary, upon termination of tenancy; and (iv) cover any other unfulfilled obligation of Tenant. **SECURITY DEPOSIT SHALL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF LAST MONTH'S RENT**. If all or any portion of the security deposit is used during tenancy, Tenant agrees to reinstate the total security deposit within 5 days after written notice is delivered to Tenant. Within 30 days after Landlord receives possession of the Premises, Landlord shall: (i) furnish Tenant an itemized statement indicating the amount of any security deposit received and the basis for its disposition, and (ii) return any remaining portion of security deposit to Tenant. However, if the Landlord's only claim upon the security deposit is for unpaid Rent, then the remaining portion of the security deposit, after deduction of unpaid Rent, shall be returned within 14 days after the Landlord receives possession.

C. No interest will be paid on security deposit, unless required by local ordinance.

7. **PAYMENTS**:

		TOTAL DUE	PAYMENT RECEIVED	BALANCE DUE	DUE DATE
A.	Rent: From To	$	$	$	
B.	Security Deposit	$	$	$	
C.	Other: _____ category	$	$	$	
D.	Other: _____ category	$	$	$	
E.	**Total**:	$	$	$	

8. **PARKING**: Tenant is entitled to unreserved and N/A reserved vehicle parking spaces. The right to parking is/is not included in the Base Rent charged pursuant to paragraph 3. If not included in the Base Rent, the parking rental fee shall be an additional $ per month. Parking space(s) are to be used for parking operable motor vehicles, except for trailers, boats, campers, buses or trucks (other than pick-up trucks). Tenant shall park in assigned space(s) only. Parking space(s) are to be kept clean. Vehicles leaking oil, gas or other motor vehicle fluids shall not be parked in parking spaces or on the Premises. Mechanical work or storage of inoperable vehicles is not allowed in parking space(s) or elsewhere on the Premises. No overnight parking is permitted.

9. **ADDITIONAL STORAGE**: Storage is permitted as follows: within leased space. The right to additional storage space is/is not included in the Base Rent charged pursuant to paragraph 3. If not included in Base Rent, storage space shall be an additional $N/A per month. Tenant shall store only personal property that Tenant owns, and shall not store property that is claimed by another, or in which another has any right, title, or interest. Tenant shall not store any improperly packaged food or perishable goods, flammable materials, explosives, or other dangerous or hazardous material. Tenant shall pay for, and be responsible for, the clean-up of any contamination caused by Tenant's use of the storage area.

10. **LATE CHARGE; INTEREST; NSF CHECKS**: Tenant acknowledges that either late payment of Rent or issuance of a NSF check may cause Landlord to incur costs and expenses, the exact amount of which are extremely difficult and impractical to determine. These costs may include, but are not limited to, processing, enforcement and accounting expenses, and late charges imposed on Landlord. If any installment of Rent due from Tenant is not received by Landlord within **5 calendar days** after date due, or if a check is returned NSF, Tenant shall pay to Landlord, respectively, $10% as late charge, plus 10% interest per annum on the delinquent amount and $25.00 as a NSF fee, any of which shall be deemed additional Rent. Landlord and Tenant agree that these charges represent a fair and reasonable estimate of the costs Landlord may incur by reason of Tenant's late or NSF payment. Any late charge, delinquent interest, or NSF fee due shall be paid with the current installment of Rent. Landlord's acceptance of any late charge or NSF fee shall not constitute a waiver as to any default of Tenant. Landlord's right to collect a Late Charge or NSF fee shall not be deemed an extension of the date Rent is due under paragraph 4, or prevent Landlord from exercising any other rights and remedies under this agreement, and as provided by law.

11. **CONDITION OF PREMISES**: Tenant has examined the Premises and acknowledges that Premise is clean and in operative condition, with the following exceptions: . Items listed as exceptions shall be dealt with in the following manner: .

12. **ZONING AND LAND USE**: Tenant accepts the Premises subject to all local, state and federal laws, regulations and ordinances ("Laws"). Landlord makes no representation or warranty that Premises are now or in the future will be suitable for Tenant's use. Tenant has made its own investigation regarding all applicable Laws.

13. **TENANT OPERATING EXPENSES**: Tenant agrees to pay for all utilities and services directly billed to Tenant. PG&E (see addendum #2).

14. **PROPERTY OPERATING EXPENSES:**

A. Tenant agrees to pay its proportionate share of Landlord's estimated monthly property operating expenses, including but not limited to, common area maintenance, consolidated utility and service bills, insurance, and real property taxes, based on the ratio of the square footage of the Premises to the total square footage of the rentable space in the entire property.

OR

B. ☒ (**If checked**) Paragraph 14 does not apply.

15. **USE**: The Premises are for the sole use as Retail sales and other permissible uses. No other use is permitted without Landlord's prior written consent. If any use by Tenant causes an increase in the premium on Landlord's existing property insurance, Tenant shall pay for the increased cost. Tenant will comply with all Laws affecting its use of the Premises.

16. **RULES/REGULATIONS**: Tenant agrees to comply with all rules and regulations of Landlord (and, if applicable, Owner's Association) that are at any time posted on the Premises or delivered to Tenant. Tenant shall not, and shall ensure that guests and licensees of Tenant do not, disturb, annoy, endanger, or interfere with other tenants of the building or neighbors, or use the Premises for any unlawful purposes, including, but not limited to, using, manufacturing, selling, storing, or transporting illicit drugs or other contraband, or violate any law or ordinance, or committing a waste or nuisance on or about the Premises.

17. **MAINTENANCE**:

A. Tenant **OR** ☒ (**If checked, Landlord**) shall professionally maintain the Premises including heating, air conditioning, electrical, plumbing and water systems, if any, and keep glass, windows and doors in operable and safe condition. Unless Landlord is checked, if Tenant fails to maintain the Premises, Landlord may contract for or perform such maintenance, and charge Tenant for Landlord's cost.

B. Landlord **OR** ☐ (**If checked, Tenant**) shall maintain the roof, foundation, exterior walls, common areas and .

18. **ALTERATIONS**: Tenant shall not make any alterations in or about the Premises, including installation of trade fixtures and signs, without Landlord's prior written consent, which shall not be unreasonably withheld. Any alterations to the Premises shall be done according to Law and with required permits. Tenant shall give Landlord advance notice of the commencement date of any planned alteration, so that Landlord, at its option, may post a Notice of Non-Responsibility to prevent potential liens against Landlord's interest in the Premises. Landlord may also require Tenant to provide Landlord with lien releases from any contractor performing work on the Premises.

19. **GOVERNMENT IMPOSED ALTERATIONS**: Any alterations required by Law as a result of Tenant's use shall be Tenant's responsibility. Landlord shall be responsible for any other alterations required by Law.

20. **ENTRY**: Tenant shall make Premises available to Landlord or Landlord's agent for the purpose of entering to make inspections, necessary or agreed repairs, alterations, or improvements, or to supply necessary or agreed services, or to show Premises to prospective or actual purchasers, tenants, mortgagees, lenders, appraisers, or contractors. Landlord and Tenant agree that 24 hours notice (oral or written) shall be reasonable and sufficient notice. In an emergency, Landlord or Landlord's representative may enter Premises at any time without prior notice.

21. **SIGNS**: Tenant authorizes Landlord to place a FOR SALE sign on the Premises at any time, and a FOR LEASE sign on the Premises within the 90 (or) day period preceding the termination of the agreement.

22. **SUBLETTING/ASSIGNMENT**: Tenant shall not sublet or encumber all or any part of Premises, or assign or transfer this agreement or any interest in it, without the prior written consent of Landlord, which shall not be unreasonably withheld. Unless such consent is obtained, any subletting, assignment, transfer, or encumbrance of the Premises, agreement, or tenancy, by voluntary act of Tenant, operation of law, or otherwise, shall be null and void, and, at the option of Landlord, terminate this agreement. Any proposed sublessee, assignee, or transferee shall submit to Landlord an application and credit information for Landlord's approval, and, if approved, sign a separate written agreement with Landlord and Tenant. Landlord's consent to any one sublease, assignment, or transfer, shall not be construed as consent to any subsequent sublease, assignment, or transfer, and does not release Tenant of Tenant's obligation under this agreement.

23. **POSSESSION**: If Landlord is unable to deliver possession of Premises on Commencement Date, such date shall be extended to the date on which possession is made available to Tenant. However, the expiration date shall remain the same as specified in paragraph 2. If Landlord is unable to deliver possession within **60 (or) calendar days** after the agreed Commencement Date, Tenant may terminate this agreement by giving written notice to Landlord, and shall be refunded all Rent and security deposit paid.

24. **TENANT'S OBLIGATIONS UPON VACATING PREMISES**: Upon termination of agreement, Tenant shall: (i) give Landlord all copies of all keys or opening devices to Premises, including any common areas; (ii) vacate Premises and surrender it to Landlord empty of all persons and personal property; (iii) vacate all parking and storage spaces; (iv) deliver Premises to Landlord in the same condition as referenced in paragraph 11; (v) clean Premises; (vi) give written notice to Landlord of Tenant's forwarding address; and (vii) . All improvements installed by Tenant, with or without Landlord's consent, become the property of Landlord upon termination. Landlord may nevertheless require Tenant to remove any such improvement that did not exist at the time possession was made available to Tenant.

25. **BREACH OF CONTRACT/EARLY TERMINATION**: In event Tenant, prior to expiration of this agreement, breaches any obligation in this agreement, abandons the premises, or gives notice of tenant's intent to terminate this tenancy prior to its expiration, in addition to any obligations established by paragraph 24, Tenant shall also be responsible for lost rent, rental commissions, advertising expenses, and painting costs necessary to ready Premises for re-rental. Landlord may also recover from Tenant: (i) the worth, at the time of award, of the unpaid Rent that had been earned at the time of termination; (ii) the worth, at the time of award, of the amount by which the unpaid Rent that would have been earned after expiration until the time of award exceeds the amount of such rental loss the Tenant proves could have been reasonably avoided; and (iii) the worth, at the time of award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided. Landlord may elect to continue the tenancy in effect for so long as Landlord does not terminate Tenant's right to possession, by either written notice of termination of possession or by reletting the Premises to another who takes possession, and Landlord may enforce all Landlord's rights and remedies under this agreement, including the right to recover the Rent as it becomes due.

26. DAMAGE TO PREMISES: If, by no fault of Tenant, Premises are totally or partially damaged or destroyed by fire, earthquake, accident or other casualty, Landlord shall have the right to restore the Premises by repair or rebuilding. If Landlord elects to repair or rebuild, and is able to complete such restoration within 90 days from the date of damage, subject to the terms of this paragraph, this agreement shall remain in full force and effect. If Landlord is unable to restore the Premises within this time, or if Landlord elects not to restore, then either Landlord or Tenant may terminate this agreement by giving the other written notice. Rent shall be abated as of the date of damage. The abated amount shall be the current monthly Base Rent prorated on a 30-day basis. If this agreement is not terminated, and the damage is not repaired, then Rent shall be reduced based on the extent to which the damage interferes with Tenant's reasonable use of the Premises. If total or partial destruction or damage occurs as a result of an act of Tenant or Tenant's guests, (i) only Landlord shall have the right, at Landlord's sole discretion, within 30 days after such total or partial destruction or damage to treat the lease as terminated by Tenant, and (ii) Landlord shall have the right to recover damages from Tenant.

27. **HAZARDOUS MATERIALS**: Tenant shall not use, store, generate, release or dispose of any hazardous material on the Premises or the property of which the Premises are part. However, Tenant is permitted to make use of such materials that are required to be used in the normal course of Tenant's business provided that Tenant complies with all applicable Laws related to the hazardous materials. Tenant is responsible for the cost of removal and remediation, or any clean-up of any contamination caused by Tenant.

28. CONDEMNATION: If all or part of the Premises is condemned for public use, either party may terminate this agreement as of the date possession is given to the condemner. All condemnation proceeds, exclusive of those allocated by the condemner to Tenant's relocation costs and trade fixtures, belong to Landlord.

29. INSURANCE: Tenant's personal property, fixtures, equipment, inventory and vehicles are not insured by Landlord against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause. Tenant is to carry Tenant's own property insurance to protect Tenant from any such loss. In addition, Tenant shall carry (i) liability insurance in an amount of not less than $1,000,000.00 and (ii) property insurance in an amount sufficient to cover the replacement cost of the property if Tenant is responsible for maintenance under paragraph 17B. Tenant's insurance shall name Landlord and Landlord's agent as additional insured. Tenant, upon Landlord's request, shall provide Landlord with a certificate of insurance establishing Tenant's compliance. Landlord shall maintain liability insurance insuring Landlord, but not Tenant, in an amount of at least $1,000,000.00, plus property insurance in an amount sufficient to cover the replacement cost of the property unless Tenant is responsible for maintenance pursuant to paragraph 17B. Tenant is advised to carry business interruption insurance in an amount at least sufficient to cover Tenant's complete rental obligation to Landlord. Landlord is advised to obtain a policy of rental loss insurance. Both Landlord and Tenant release each other, and waive their respective rights to subrogation against each other, for loss or damage covered by insurance.

30. **TENANCY STATEMENT (ESTOPPEL CERTIFICATE)**: Tenant shall execute and return a tenancy statement (estoppel certificate), delivered to Tenant by Landlord or Landlord's agent, within 3 days after its receipt. The tenancy statement shall acknowledge that this agreement is unmodified and in full force, or in full force as modified, and state the modifications. Failure to comply with this requirement: (i) shall be deemed Tenant's acknowledgment that the tenancy statement is true and correct, and may be relied upon by a prospective lender or purchaser; and (ii) may be treated by Landlord as a material breach of this agreement. Tenant shall also prepare, execute, and deliver to Landlord any financial statement (which will be held in confidence) reasonably requested by a prospective lender or buyer.

31. **LANDLORD'S TRANSFER**: Tenant agrees that the transferee of Landlord's interest shall be substituted as Landlord under this agreement. Landlord will be released of any further obligation to Tenant regarding the security deposit, only if the security deposit is returned to Tenant upon such transfer, or if the security deposit is actually transferred to the transferee. For all other obligations under this agreement, Landlord is released of any further liability to Tenant, upon Landlord's transfer.

32. **SUBORDINATION**: This agreement shall be subordinate to all existing liens and, at Landlord's option, the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any advances made on the security of the Premises, and to all renewals, modifications, consolidations, replacements, and extensions. However, as to the lien of any deed of trust or mortgage entered into after execution of this agreement, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant pays the Rent and observes and performs all of the provisions of this agreement, unless this agreement is otherwise terminated pursuant to its terms. If any mortgagee, trustee, or ground lessor elects to have this agreement placed in a security position prior to the lien of a mortgage, deed of trust, or ground lease, and gives written notice to Tenant, this agreement shall be deemed prior to that mortgage, deed of trust, or ground lease, or the date of recording.

33. **TENANT REPRESENTATIONS; CREDIT**: Tenant warrants that all statements in Tenant's financial documents and rental application are accurate. Tenant authorizes Landlord and Broker(s) to obtain Tenant's credit report at time of application and periodically during tenancy in connection with approval, modification, or enforcement of this agreement. Landlord may cancel this agreement: (i) before occupancy begins, upon disapproval of the credit report(s); or (ii) at any time, upon discovering that information in Tenant's application is false. A negative credit report reflecting on Tenant's record may be submitted to a credit reporting agency, if Tenant fails to pay Rent or comply with any other obligation under this agreement.

34. **CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS**: Landlord states that the Premises ☐ has, or ☒ has not been inspected by a Certified Access Specialist. If so, Landlord states that the Premises ☐ has, or ☐ has not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53.

35. DISPUTE RESOLUTION:

A. **MEDIATION**: Tenant and Landlord agree to mediate any dispute or claim arising between them out of this agreement, or any resulting transaction, before resorting to arbitration or court action, subject to paragraph 35B(2) below. Paragraphs 35B(2) and (3) apply whether or not the arbitration provision is initialed. Mediation fees, if any, shall be divided equally among the parties involved. If for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after a request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED.

B. **ARBITRATION OF DISPUTES: (1) Tenant and Landlord agree that any dispute or claim in Law or equity arising between them out of this agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration, including and subject to paragraphs 35B(2) and (3) below. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of real estate transactional law experience, unless the parties mutually agree to a different arbitrator, who shall render an award in accordance with substantive California Law. In all other respects, the arbitration shall be conducted in accordance with Part III, Title 9 of the California Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction. The parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05.**

(2) **EXCLUSIONS FROM MEDIATION AND ARBITRATION**: The following matters are excluded from Mediation and Arbitration hereunder: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; (iii) the filing or enforcement of a mechanic's lien; (iv) any matter that is within the jurisdiction of a probate, small claims, or bankruptcy court; and (v) an action for bodily injury or wrongful death, or for latent or patent defects to which Code of Civil Procedure §337.1 or §337.15 applies. The filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a violation of the mediation and arbitration provisions.

(3) **BROKERS**: Tenant and Landlord agree to mediate and arbitrate disputes or claims involving either or both Brokers, provided either or both Brokers shall have agreed to such mediation or arbitration, prior to, or within a reasonable time after the dispute or claim is presented to Brokers. Any election by either or both Brokers to participate in mediation or arbitration shall not result in Brokers being deemed parties to the agreement.

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

36. **JOINT AND INDIVIDUAL OBLIGATIONS**: If there is more than one Tenant, each one shall be individually and completely responsible for the performance of all obligations of Tenant under this agreement, jointly with every other Tenant, and individually, whether or not in possession.

37. **NOTICE**: Notices may be served by mail, facsimile, or courier at the following address or location, or at any other location subsequently designated:

Landlord: The Winter Family Trust, 112 West 2nd Street, Chico, CA 95928

Tenant: Lulu's Fashion Lounge Holdings, Inc., 195 Humboldt Avenue, Chico, CA 95928

Notice is deemed effective upon the earliest of the following: (i) personal receipt by either party or their agent; (ii) written acknowledgement of notice; or (iii) 5 days after mailing notice to such location by first class mail, postage pre-paid.

38. **WAIVER**: The waiver of any breach shall not be construed as a continuing waiver of the same breach or a waiver of any subsequent breach.

39. **INDEMNIFICATION**: Tenant shall indemnify, defend and hold Landlord harmless from all claims, disputes, litigation, judgments and attorney fees arising out of Tenant's use of the Premises.

40. OTHER TERMS AND CONDITIONS/SUPPLEMENTS: Option to Extend Lease Term: Providing Tenant is in compliance with the Lease and subject to three (3) months prior written notice, Tenant shall have Two (2) Options to extend the lease, each for a period of One (1) year. Base Rent during the extended term(s) shall be increased by 2.5% above the prior year base rent. Base Rent to be as follows: November 1, 2017 thru November 1, 2018 Base Rent to be $3,750.00 per month.

The following ATTACHED supplements/exhibits are incorporated in this agreement:

☐ Option Agreement (C.A.R. Form OA)

Addendum #1

Addendum #2

41. ATTORNEY FEES: In any action or proceeding arising out of this agreement, the prevailing party between Landlord and Tenant shall be entitled to reasonable attorney fees and costs from the non-prevailing Landlord or Tenant, except as provided in paragraph 35A.

42. ENTIRE CONTRACT: Time is of the essence. All prior agreements between Landlord and Tenant are incorporated in this agreement, which constitutes the entire contract. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this agreement. Any provision of this agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this agreement. This agreement shall be binding upon, and inure to the benefit of, the heirs, assignees and successors to the parties.

43. BROKERAGE: Landlord and Tenant shall each pay to Broker(s) the fee agreed to, if any, in a separate written agreement. Neither Tenant nor Landlord has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as named in this agreement, in connection with any act relating to the Premises, including, but not limited to, inquiries, introductions, consultations, and negotiations leading to this agreement. Tenant and Landlord each agree to indemnify, defend and hold harmless the other, and the Brokers specified herein, and their agents, from and against any costs, expenses, or liability for compensation claimed inconsistent with the warranty and representation in this paragraph 43.

44. AGENCY CONFIRMATION: The following agency relationships are hereby confirmed for this transaction:

Listing Agent: Keller Williams Commercial (Print Firm Name) is the agent of (check one):

☐ the Landlord exclusively; or ☒ both the Tenant and Landlord.

Selling Agent: Keller Williams Commercial (Print Firm Name) (if not same as Listing Agent) is the agent of (check one):

☐ the Tenant exclusively; or ☐ the Landlord exclusively; or ☒ both the Tenant and Landlord.

Landlord and Tenant acknowledge and agree that Brokers: (i) do not guarantee the condition of the Premises; (ii) cannot verify representations made by others; (iii) will not verify zoning and land use restrictions; (iv) cannot provide legal or tax advice; (v) will not provide other advice or information that exceeds the knowledge, education or experience required to obtain a real estate license. Furthermore, if Brokers are not also acting as Landlord in this agreement, Brokers: (vi) do not decide what rental rate a Tenant should pay or Landlord should accept; and (vii) do not decide upon the length or other terms of tenancy. Landlord and Tenant agree that they will seek legal, tax, insurance, and other desired assistance from appropriate professionals.

Tenant: /s/ Crystal Landsem
(Print name) **Lulu's Fashion Lounge Holdings, Inc.**
Date: 11/2/2017
Address: 195 Humboldt Ave
City: Chico
State: CA
Zip: 95928-5786

Tenant: _____
(Print name) _____

Date:
Address:
City:
State:
Zip.:

☐ **GUARANTEE**: In consideration of the execution of this Agreement by and between Landlord and Tenant and for valuable consideration, receipt of which is hereby acknowledged, the undersigned ("Guarantor") does hereby: (i) guarantee unconditionally to Landlord and Landlord's agents, successors and assigns, the prompt payment of Rent or other sums that become due pursuant to this Agreement, including any and all court costs and attorney fees included in enforcing the Agreement; (ii) consent to any changes, modifications or alterations of any term in this Agreement agreed to by Landlord and Tenant; and (iii) waive any right to require Landlord and/or Landlord's agents to proceed against Tenant for any default occurring under this Agreement before seeking to enforce this Guarantee.

Guarantor: _____
(Print name) _____
Date:
Address:
City:
State:

Zip:
Telephone:
Fax:
E-mail:

Landlord agrees to rent the Premises on the above terms and conditions.

Landlord: /s/ Luke Winter
(owner or agent with authority to enter into this agreement) The Winter Family Trust
Date: 11/2/2017
Address:
City:
State:
Zip:

Landlord: _____
(owner or agent with authority to enter into this agreement)
Date:
Address:
City:
State:
Zip:

Agency relationships are confirmed as above. Real estate brokers who are not also Landlord in this agreement are not a party to the agreement between Landlord and Tenant.

Real Estate Broker (Leasing Firm): Keller Williams Commercial
CalBRE Lic. # 01842969
By (Agent) /s/ John Barroso
CalBRE Lic. # 01434090
Date: 11/02/2017
Address: 2080 E. 20th St.
City: Chico
State: CA
Zip.: 95928-7702
Telephone: [***]
E-mail: [***]

Real Estate Broker (Listing Firm): Keller Williams Commercial
CalBRE Lic. # 01842969
By (Agent) /s/ John Barroso
CalBRE Lic. # 01434090
Date: 11/02/2017
Address: 2080 E. 20th St.
City: Chico
State: CA
Zip: 95928-7702
Telephone: [***]
E-mail: [***]

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Reviewed by:
Date:

COMMERCIAL LEASE CONSTRUCTION
ACCESSIBILITY ADDENDUM
(C.A.R. Form CLCA 11/16)

This is an addendum to the Commercial Lease Agreement (lease) dated October 26, 2017 in which The Winter Family Trust is referred to as "Landlord" and Lulu's Fashion Lounge Holdings, Inc. is referred to as "Tenant". Paragraph 34 of the lease is deleted in its entirety and replaced by the following;

Paragraph 34. CONSTRUCTION-RELATED ACCESSIBILITY STANDARDS:

A. Landlord states that the Premises ☐ have, or ☒ have not been inspected by a Certified Access Specialist (CASp).

B. **If** the Premises have been inspected by a CASp,

(1) Landlord states that the Premises ☐ have, or ☐ have not been determined to meet all applicable construction-related accessibility standards pursuant to Civil Code Section 55.53. Landlord shall provide Tenant a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) as specified below.

(2) ☐ (i) Tenant has received a copy of the report at least 48 hours before executing this lease. Tenant has no right to rescind the lease based upon information contained in the report.

OR

☐ (ii) Tenant has received a copy of the report prior to, but no more than, 48 hours before, executing this lease. Based upon information contained in the report, Tenant has 72 hours after execution of this lease to rescind it.

OR

☐ (iii) Tenant has not received a copy of the report prepared by the CASp prior to execution of this lease. Landlord shall provide a copy of the report prepared by the CASp (and, if applicable a copy of the disability access inspection certificate) within 7 days after execution of this lease. Tenant shall have up to 3 days thereafter to rescind the lease based upon information in the report.

C. If the Premises have not been inspected by a CASp or a certificate was not issued by the CASp who conducted the inspection,

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial

property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

D. Notwithstanding anything to the contrary in paragraph 17, 18, 19 or elsewhere in the lease, any repairs or modifications necessary to correct violations of construction related accessibility standards are the responsibility of Tenant ☐ Landlord ☐ Other to be negotiated.

Tenant (Signature)	/s/ Crystal Landsem	Date: 11/2/2017
Tenant (Print name)	Lulu's Fashion Lounge Holdings, Inc.	
Tenant (Signature)		Date:
Tenant (Print name)		
Landlord (Signature)	/s/ Luke Winter	Date: 11/2/2017
Landlord (Print name)	The Winter Family Trust	
Landlord (Signature)		Date:
Landlord (Print name)		

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Reviewed by:
Date:

ADDENDUM No. 1
(C.A.R. Form ADM, Revised 12/15)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Commercial Lease Agreement, dated October 26, 2017, on property known as 232 Broadway St, Chico, CA 95928-5320 in which Lulu's Fashion Lounge Holdings, Inc. is referred to as ("Buyer/Tenant") and The Winter Family Trust is referred to as ("Seller/Landlord").

The following terms and conditions are hereby incorporated in and made a part of the Commercial Lease Agreement dated October 26, 2017 on property known as 232 Broadway Street in which Lulu's Fashion Lounge, Inc is referred to as Tenant and The Winter Family Trust is referred to as Landlord, and shall control in the event of any inconsistency with the provisions of such Lease Agreement.

Assignment: Notwithstanding anything to the contrary contained elsewhere in this Lease, Tenant, without Landlord's approval written or otherwise, but with written notice to Landlord by Tenant, shall have the absolute right to assign, sublease or otherwise transfer all or a portion of its interest in this Lease to (i) a parent or operating subsidiary of Tenant, (ii) a subsidiary of Tenant's parent, (iii) a corporation or other entity with which Tenant may merge, (iv) any lender of Tenant or leasehold mortgagee for the purpose of securing indebtedness, or (vi) to any entity to whom Tenant sells all or substantially all of its assets.

Indemnification: Tenant's indemnification, defense and holding Landlord harmless set forth in Paragraph 39 shall not apply to any liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising from landlord's gross negligence or willful misconduct.

Landlord agrees to indemnify, defend and hold Tenant, and Tenant's employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from:

(i) any cause occurring in or about or resulting from an occurrence in or about the Building or Premises during the Lease Term arising as a result of any act of Landlord's or Landlord's employees or guests in or around the Building or Premises.

(ii) the gross negligence or willful misconduct of Landlord or Landlord's agents, employees, and contractors, wherever it occurs, or

(iii) any default by Landlord under the terms of this Lease.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date:	11/2/2017	
Buyer/Tenant	/s/ Crystal Landsem	Lulu's Fashion Lounge Holdings, Inc.
Buyer/Tenant		
Date:	11/2/2017	
Seller/Landlord	/s/ Luke Winter	The Winter Family Trust
Seller/Landlord		

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Reviewed by:
Date:

ADDENDUM No. 2
(C.A.R. Form ADM, Revised 12/15)

The following terms and conditions are hereby incorporated in and made a part of the: ☐ Purchase Agreement, ☐ Residential Lease or Month-to-Month Rental Agreement, ☐ Transfer Disclosure Statement (Note: An amendment to the TDS may give the Buyer a right to rescind), ☒ Other Commercial Lease Agreement, dated October 26, 2017, on property known as 232 Broadway St, Chico, CA 95928-5320 in which Lulu's Fashion Lounge Holdings, Inc. is referred to as ("Buyer/Tenant") and The Winter Family Trust is referred to as ("Seller/Landlord").

All parties agree and understand the following:

This lease is for 2800 square feet downstairs in the building located at 232 Broadway Street.

The additional 1072 square feet upstairs is currently being used by another tenant (Woodzee).

All tenants in the building have shared front door access and a shared bathroom.

PG&E Costs: Landlord will receive and reconcile the PG&E costs monthly and will invoice the tenant a proportionate, pro rated bill every month.

All other terms and conditions remain the same.

The foregoing terms and conditions are hereby agreed to, and the undersigned acknowledge receipt of a copy of this document.

Date:	11/2/2017	
Buyer/Tenant	/s/ Crystal Landsem	Lulu's Fashion Lounge Holdings, Inc.
Buyer/Tenant		
Date:	11/2/2017	
Seller/Landlord	/s/ Luke Winter	The Winter Family Trust
Seller/Landlord		

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Reviewed by:
Date:

DISCLOSURE REGARDING
REAL ESTATE AGENCY RELATIONSHIP
(Selling Firm to Buyer)
(As required by the Civil Code)
(C.A.R. Form AD, Revised 12/14)

☐ (If checked) This form is being provided in connection with a transaction for a leasehold interest exceeding one year as per Civil Code section 2079.13(k) and (m).

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction.

SELLER'S AGENT

A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or a subagent of that agent has the following affirmative obligations:

To the Seller: A Fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Seller.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties. An agent is not obligated to reveal to either party any confidential information obtained from the other party that does not involve the affirmative duties set forth above.

BUYER'S AGENT

A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations:

To the Buyer: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Buyer.

To the Buyer and the Seller:

(a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information of the property obtained from the other party that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer.

In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

(a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

(b) Other duties to the Seller and the Buyer as stated above in their respective sections. In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered.

The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. **This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive, of the Civil Code set forth on page 2. Read it carefully. I/WE ACKNOWLEDGE RECEIPT OF A COPY OF THIS DISCLOSURE AND THE PORTIONS OF THE CIVIL CODE PRINTED ON THE BACK (OR A SEPARATE PAGE).**

☐ Buyer ☐ Seller ☐ Landlord ☒ Tenant: /s/ Crystal Landsem Date 11/2/2017
Lulu's Fashion Lounge Holdings, Inc.
☐ Buyer ☐ Seller ☐ Landlord ☐ Tenant Date

Real Estate Broker (Firm): Keller Williams Commercial
CalBRE Lic. # 01842969
By (Salesperson or Broker-Associate):
(Agent) /s/ John Barroso
CalBRE Lic. # 01434090
Date: 11/02/2017

Agency Disclosure Compliance (Civil Code §2079.14):

- When the listing brokerage company also represents Buyer/Tenant: The Listing Agent shall have one AD form signed by Seller/Landlord and a different AD form signed by Buyer/Tenant.
- When Seller/Landlord and Buyer/Tenant are represented by different brokerage companies: (i) the Listing Agent shall have one AD form signed by Seller/Landlord and (ii) the Buyer's/Tenant's Agent shall have one AD form signed by Buyer/Tenant and either that same or a different AD form presented to Seller/Landlord for signature prior to presentation of the offer. If the same form is used, Seller may sign here:

Date: 11/2/2017
Seller/Landlord /s/ Luke Winter The Winter Family Trust
Date:
Seller/Landlord

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2079.13 As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings: (a) “Agent” means a person acting under provisions of Title 9 (commencing with Section 2295) in a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code, and under whose license a listing is executed or an offer to purchase is obtained. (b) “Associate licensee” means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into a written contract with a broker to act as the broker’s agent in connection with acts requiring a real estate license and to function under the broker’s supervision in the capacity of an associate licensee. The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions. (c) “Buyer” means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. “Buyer” includes vendee or lessee. (d) “Commercial real property” means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29. (e) “Dual agent” means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction. (f) “Listing agreement” means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer. (g) “Listing agent” means a person who has obtained a listing of real property to act as an agent for compensation. (h) “Listing price” is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent. (i) “Offering price” is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property. (j) “Offer to purchase” means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller. (k) “Real property” means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year’s duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code. (l) “Real property transaction” means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase. (m) “Sell,” “sale,” or “sold” refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of a leasehold exceeding one year’s duration. (n) “Seller” means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property of which he or she is the owner from an agent on behalf of another. “Seller” includes both a vendor and a lessor. (o) “Selling agent” means a listing agent who acts alone, or an agent who acts in cooperation

with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller. (p) “Subagent” means a person to whom an agent delegates agency powers as provided in Article 5 (commencing with Section 2349) of Chapter 1 of Title 9. However, “subagent” does not include an associate licensee who is acting under the supervision of an agent in a real property transaction.

2079.14 Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows: (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement. (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a). (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained for the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller at his or her last known address, in which case no signed acknowledgement of receipt is required. (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer’s offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16 Reproduced on Page 1 of this AD form.

2079.17 (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer’s agent, exclusively as the seller’s agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively, (b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller’s agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a) and (b) shall be in the following form.

(DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): ☐ the seller exclusively; or ☐ both the buyer and seller.
(Name of Listing Agent)

(DO NOT COMPLETE. SAMPLE ONLY) is the agent of (check one): ☐ the buyer exclusively; or ☐ the seller exclusively; or ☐ both the buyer and seller.
(Name of Selling Agent if not the same as the Listing Agent)

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18 No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19 The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20 Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21 A dual agent shall not disclose to the buyer that the seller is willing to sell the property at a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty or responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23 A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

2079.24 Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees or to relieve agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

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SINGLE TENANT INDUSTRIAL TRIPLE NET LEASE

Effective Date: January 7, 2019
BASIC LEASE INFORMATION

Landlord:	CHRIN-CARSON DEVELOPMENT, LLC, a Delaware limited liability company
Landlord's Address For Notice:	c/o Carson Companies 100 Bayview Circle, Suite 3500 Newport Beach, CA 92660 Attn: Lease Administration
With a Copy To:	c/o Carson Companies 201 King of Prussia Road, Suite 650 Radnor, PA 19087 Attn: Managing Director
Landlord's Address For Payment of Rent:	ACH/Wire Payments: Bank Name: BB&T City/State: Beavertown, PA ABA#: [***] Account#: [***] Account Name: Chrin-Carson Development, LLC Check via US Mail: Chrin-Carson Development, LLC 100 Bayview Circle, Suite 3500 Newport Beach, CA 92660
Tenant:	Lulu's Fashion Lounge Holdings. Inc., a Delaware corporation
Tenant's Address For Notice and Tenant's Representative:	195 Humboldt Ave Chico, California 95928 Attn: General Counsel Telephone: [***] Email: legal@lulus.com
Project:	Chrin Lot 29
Land:	The parcel(s) of land upon which the Building and improvements are located and which comprise the property.
Building:	An industrial building located on the Land and containing approximately 258,232 rentable square feet, as specified and depicted in attached Exhibit A.
Premises	The Building, together with all loading and parking areas located on the Land, as generally shown in Exhibit A.
Premises Address: Street: City and State:	Chrin Lot 29 2505 Hollo Rd Palmer Township, PA 18045
Commencement Date:	February 1, 2019. Landlord to use commercially reasonable efforts to obtain an occupancy permit from Palmer Township no later than January 25, 2019. Tenant may have access to building as of January 15, 2019 to begin tenant improvements.

Expiration Date:	January 31, 2026
Term:	A period of approximately eighty-four (84) months beginning on the Commencement Date and ending on the last day of the eighty-fourth (84*) full calendar month after the Commencement Date.

Base Rent:

From:	To:	Base Rent (per month)
February 1, 2019	January 31, 2020	$128,040.00
February 1, 2020	January 31, 2021	$131,881.00
February 1, 2021	January 31, 2022	$135,838.00
February 1, 2022	January 31, 2023	$139,913.00
February 1, 2023	January 31, 2024	$144,110.00
February 1, 2024	January 31, 2025	$148,433.00
February 1, 2025	January 31, 2026	$152,887.00

Tenant's Share:	Building: 100% Project: 100%
Monies Due Upon Execution:	First Month's Base Rent: $128,040 Monthly Operating Expense Estimate: $13,094.00 Monthly Real Property Taxes Estimate: $25,178 Security Deposit. $500,000 Total Due Upon Execution: $666,312.00
Guarantor:	Lulu's Holdings L P.
Tenant's Broker:	Lee & Associates of Eastern Pennsylvania (Brian Knowles, John Hickey)
Permitted Uses:	General office, receiving, storage and distribution of consumer goods and apparel, and such other uses as may be allowed by applicable law. Landlord does not have the intimate knowledge of Tenant's operation to warrant the zoning for Tenant's use. Tenant's use shall he in accordance with applicable laws and regulations and subject to Section 1.2 and Section 12 below. Tenant shall be responsible for contacting the appropriate governmental agency(s) to confirm that the Premises is zoned for Tenant's use.

ADDENDA

1 Renewal Option

2. Tenant Improvement Allowance

3. Guaranty

EXHIBITS

A. Site Plan/Premises Depiction

B. Prohibited Uses

C. Rules and Regulations

D. Minimum HVAC System Service Contract Requirements

E. Requirements for Improvements or Alterations by Tenant

F. Form Estoppel Certificate

G. Move-Out Conditions

H. Storage and Use of Permitted Hazardous Materials

The Basic Lease Information set forth above and the Addenda, Exhibits and Schedules attached hereto are incorporated into and made a part of the following lease (the "Lease"). Each reference in this Lease to any of the Basic Lease Information shall mean the respective information above. In the event of any conflict between the Basic Lease Information and the provisions of the Lease, the provisions of the Lease shall control.

LANDLORD (/s/ _____) AND TENANT (/s/ _____) AGREE.
initial initial

1. PREMISES/USE

1.1 Premises. Subject to the terms and conditions of this Lease, Landlord hereby leases to Tenant the Premises Tenant has determined that the Premises are acceptable for Tenant's use and Tenant acknowledges that, except as may be expressly set forth in this Lease, neither Landlord nor any broker or agent has made any representations or warranties in connection with the physical condition of the Premises or their fitness for Tenant's use upon which Tenant has relied directly or indirectly for any purpose. By taking possession of the Premises, Tenant accepts the Premises "AS-IS" and waives all claims of defect in the Premises, except as may be expressly set forth in this Lease, including, but not limited to, in Section 12 below. Notwithstanding the foregoing, Tenant shall have sixty (60) days from Commencement Date to identify defects in the Premises not caused by Tenant or Tenant's agents, vendors, invitees or contractors, and notify Landlord thereof (email notification to be sufficient), which defects shall be corrected within a commercially reasonable time from notice. Tenant hereby acknowledges that the area of the Premises and the Building set forth in the Basic Lease Information is approximate only, and Tenant accepts and agrees to be bound by such figure for all purposes in this Lease. Landlord has made no representation or warranty as to the suitability of the Premises for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises are suitable for Tenant's intended purposes.

1.2 Use. The Premises shall be used only for the Permitted Uses and for no other uses without Landlord's prior written consent. Landlord acknowledges that Tenant may use the Premises 24 hours a day, 7 days a week, 365 days a year subject to the terms of this Lease. Tenant shall use the Premises in compliance with and subject to all applicable laws, statutes, codes, ordinances, orders, rules, regulations, conditions of approval and requirements of all federal, state, county, municipal and governmental authorities and all administrative or judicial orders or decrees and all permits, licenses, approvals and other entitlements issued by governmental entities, and rules of common law, relating to or affecting the Project, the Premises or the Building or the use or operation thereof, whether now existing or hereafter enacted, including, without limitation, the Americans with Disabilities Act of 1990, 42 USC 12111 et seq. (the '"ADA"), as any of the foregoing may be amended from time to time, all Environmental Laws (as defined in Section 12.1), and any covenants, conditions and restrictions, deed restrictions or notices, or other similar items encumbering the Land and/or the Project ("CC&Rs") or any supplement thereto recorded in any official or public records with respect to the Project or any portion thereof ("Applicable Laws"). Tenant shall be responsible for obtaining any zoning variance, permit, business license, or other variances, permits or licenses required by any governmental agency permitting Tenant's use or occupancy of the Premises. Because compliance with the ADA is dependent upon Tenant's specific use of the Premises, Landlord makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation and, notwithstanding anything to the contrary contained herein, Landlord shall have no obligation to bring the Premises into compliance with ADA; provided, however, that notwithstanding the foregoing, Landlord represents that, as of the Delivery Date, the Premises shall be in compliance with ADA for general warehouse and office use. Landlord shall make any alterations, improvements or additions to the Premises required by Applicable Laws pursuant to any written order or directive of any applicable governmental authority and under the express condition that such alterations, improvements, or additions are not related to Tenant's specific operations within the Premises, provided that the cost of any such compliance shall be (i) borne by Landlord with respect to any requirements which relate to

compliance obligations which exist as of the date upon which Tenant is first provided with access to the Premises in accordance with the terms of this Lease, and (ii) borne by Tenant as an Operating Expense with respect to any requirements which relate to compliance obligations for any period from and after the date set forth in subclause (i) above. In the event that Tenant's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Tenant agrees to make any such necessary modifications and/or additions at its sole cost and expense and in accordance with the terms of Section 10 herein. In no event shall the Premises be used for any of the prohibited uses set forth on Exhibit B attached hereto. Tenant shall comply with the rules and regulations attached hereto as Exhibit C, together with such additional rules and regulations as Landlord may from time to time reasonably prescribe for the Project ("Rules and Regulations"). Tenant shall not, and shall not permit any Tenant Party (as defined in Section 12.1) to unreasonably commit waste, overload the floors or structure of the Building (provided that Landlord has provided Tenant with written notice of such overloading requirements), subject the Premises or the Project to any use which would damage the same or which Tenant should reasonably expect to increase the risk of loss, violate, or invalidate any insurance coverage, permit any unreasonable odors, smoke, dust, gas, substances, noise or vibrations to emanate from the Premises, take any action which would unreasonably constitute a nuisance, take any action which would abrogate any warranties, or use or allow the Premises to be used for any unlawful purpose.

Notwithstanding anything in this Lease to the contrary, Tenant acknowledges and agrees that under no circumstances shall Tenant (i) perform any repair or maintenance to any trucks or other vehicles (collectively, "Vehicles") in or on the Premises or on the Project, provided that Tenant may perform cosmetic repairs and minor repairs within the Building and, from time to time, perform oil changes, fuel flushes, and radiator flushes on such identified vehicles under the express condition that such repairs, oil changes, and flushes are performed (a) in the ordinary course of Tenant's business, (b) in accordance with the Permitted Uses, the terms and conditions of this Lease (including, but not limited to, Section 12), the standards established by the National Fire Protection Association, and best practices for the prevention, minimization, detection, and mitigation of the release of any Hazardous Materials (as defined in Section 12.1) which may occur as a result of any such repairs, and (c) in full compliance with Applicable Laws, (ii) except as set forth in clause (i) above, allow any fluids to escape from any Vehicles while stored in or on the Premises, or (iii) idle or otherwise operate any Vehicles within the Building with the dock doors closed or for any period of time longer than necessary to move a Vehicle into and out of the Building or to verify that a Vehicle is operational. Tenant acknowledges and agrees that any adverse effect whatsoever that the Vehicles (or Tenant's repair or operation of the same) may cause to the Premises, the Building, or the Project shall in no way be deemed "ordinary wear and tear" and Tenant shall be responsible, at its sole cost and expense, to repair and restore any such damage to the Premises, the Building, or the Project at the expiration or earlier termination of the Term in accordance with Section 18.9.2.

2. TERM. The Term of this Lease shall commence on the Commencement Date and this Lease shall continue in full force and effect for the period of time specified as the Term provided that if the last day of the Term would not otherwise be the last day of a calendar month, then the Term shall be extended to the last day of the calendar month.

2.1 Commencement. In the event the Term commences on a date other than the Commencement Date, Landlord and Tenant shall promptly execute a memorandum setting forth the actual date of commencement of the Term. Landlord shall use commercially reasonable efforts to perform the work described on Exhibits A.1, A.2, and A.3 (collectively, the "Plans and Specifications"), each attached hereto and made a part hereof in order to deliver the Premises on or before the Commencement Date (such date of delivery, the "Delivery Date"). If delivery of the Premises, including a valid occupancy permit (either a Temporary Certificate of Occupancy, a Certificate of Occupancy, or such other valid occupancy permit from Palmer Township that authorizes occupancy of the Premises) (hereinafter "Possession") is not delivered to Tenant by Landlord substantially in accordance with the Plans and Specifications (absent any punchlist items) on or prior to the Commencement Date, the Expiration Date shall not be extended by the delay and the validity of this Lease shall not be impaired; provided, however, if Landlord fails to deliver Possession of the Premises to Tenant substantially in accordance with the Plans and Specifications (absent any punchlist items) on or prior to the date which is sixty (60) days following the Commencement Date for any reason other than delays caused by Tenant or Force Majeure (as may be extended on account of any delays caused by Tenant or Force Majeure, the "Damages Date"), Landlord shall pay to Tenant, in the form of a credit against Base Rent due and payable following the Delivery Date, a penalty equal to Base Rent payable for each day from and after the Damages Date until the Delivery Date; provided, however, any penalty incurred shall be deemed forfeited in the event this Lease is terminated pursuant to the following provisions of this Section 2. Notwithstanding the foregoing, if Landlord has not delivered Possession to Tenant within one hundred twenty (120) days after the Commencement Date, then at any time thereafter and before delivery of Possession, Tenant may give written notice to Landlord of Tenant's intention to cancel this Lease. Said notice shall set forth an effective date for such cancellation which shall be at least ten (10) business days after delivery of said notice to Landlord. If Landlord delivers Possession to Tenant on or before such effective date, this Lease shall remain in full force and effect. If Landlord foils to deliver Possession to Tenant on or before such effective date, this Lease shall be canceled, in which case all consideration previously paid by Tenant to Landlord pursuant to this Lease shall be returned to Tenant, on account of such delay or cancellation. If Landlord permits Tenant to take Possession prior to the commencement of the Term, such early Possession shall not advance the Expiration Date and shall be subject to the provisions of this Lease, except for any rent abatement offered by Landlord.

3. RENT

3.1 Terms of Payment. Tenant shall pay to Landlord, at Landlord's Address for Payment of Rent designated in the Basic Lease Information (or such other address provided by Landlord from time to time), or as otherwise directed by Landlord, the Base Rent, Operating Expenses (as defined in Section 6.2) and Real Property Taxes (as defined in Section 5.1), without notice, demand, offset or deduction, in advance, no later than the first Business Day of each calendar month. All payments required to be paid by Tenant to Landlord shall be made by Tenant by check or by electronic fund transfer of immediately available federal funds before 11:00 a.m. Eastern Time. **Upon the execution of this Lease, Tenant shall pay to Landlord the first (1st) full calendar month of Base Rent, the Security Deposit, and the first (1st) monthly installment of Estimated Expenses (as defined in Section 7.1).** If the Term commences (or ends) on a date other than the first (or last) day of a month, Base Rent shall be prorated on the basis of a thirty (30) day month. All sums other than Base Rent which Tenant is obligated to pay under this Lease shall be deemed to be additional rent due hereunder ("Additional Rent"), whether or not such sums are designated Additional Rent and, together with the Base Rent, shall be due and payable to Landlord

commencing on the Commencement Date. The term “Rent” means the Base Rent and all Additional Rent payable hereunder. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any rent due hereunder except as may be expressly provided in this Lease. If any monthly installment of Base Rent, Estimated Expenses or other sum due and payable under this Lease remains unpaid for more than five (5) business days beyond the date when due, Tenant shall pay to Landlord on demand a late charge equal to five percent (5%) of such delinquent sum, and such delinquent sum shall also bear interest from the date such amount was due until paid in full at the lesser of (i) ten percent (10%) per annum; or (ii) the maximum rate permitted by law (“Applicable Interest Rate”). The provision for such late charge shall be in addition to all of Landlord’s other rights and remedies hereunder or at law and shall not be construed as a penalty.

3.2 Security Deposit. Upon the execution of this Lease, Tenant shall pay to Landlord the Security Deposit. The Security Deposit shall be held by Landlord as security for the full and faithful performance of each provision of this Lease to be performed by Tenant. The Security Deposit is not an advance rental deposit or a measure of Landlord’s damages in case of Tenant’s default. Upon each occurrence of an Event of Default (as defined in Section 15.1), Landlord may use all or part of the Security Deposit to pay delinquent payments due under this Lease, and the cost of any damage, injury, expense or liability caused by such Event of Default, without prejudice to any other remedy provided herein or provided by law. If any portion is so used, Tenant shall pay Landlord on demand and proof of expenses the amount that will restore the Security Deposit to its original amount. Except as required by Applicable Law, Tenant shall not be entitled to any interest on the Security Deposit and Landlord is not required to keep the Security Deposit separate from Landlord’s own funds. The Security Deposit shall be the property of Landlord, but any remaining balance thereof shall be paid to Tenant within thirty (30) days after Tenant’s obligations under this Lease have been completely fulfilled. Landlord shall provide an itemized accounting of any portion of Security Deposit used by Landlord and not returned to Tenant. Landlord shall be released from any obligation with respect to the Security Deposit upon transfer of this Lease and the Premises to a person or entity assuming Landlord’s obligations under this Section 3.2; provided, however, that Landlord shall remain liable for the Security Deposit to the extent that Landlord does not actually transfer the Security Deposit to the transferee. Tenant hereby agrees not to look to any mortgagee for accountability for the Security Deposit, unless said sums have actually been received by such mortgagee as security for Tenant’s performance of this Lease. If at thirty-six (36) months into the Term, no Event of Default (as defined in Section 15.1) a) is continuing or b) occurred during the first 36 months of the Term and continued for more than ten (10) business days, and further assuming that Tenant is in full possession of the Premises and has neither sublet or assigned any portion of the Premises or Lease, as the case may be, then Tenant shall be entitled to a reduction of the Security Deposit by the amount of Two Hundred Fifty Thousand dollars ($250,000).

As security for its obligations under this Lease, in lieu of cash. Lessee may deliver to Lessor an unconditional irrevocable letter of credit in a form and from a banking institution acceptable to Lessor in a face amount equal to Five Hundred Thousand dollars ($500,000.00) (the “Letter of Credit”). The Letter of Credit shall have a term not less than one year, and may be drawn upon by Lessor for any matter for which Lessor could otherwise apply the Security Deposit under this Lease, or for Lessee’s failure to replace the Letter of Credit with a new Letter of Credit not less

than sixty days before expiration of the then-current Letter of Credit, Amounts drawn under the Letter of Credit shall be applied in accordance with the terms of this Lease governing the Security Deposit. If at any time Lessor draws upon the Letter of Credit Lessee shall immediately deposit with Lessor in cash an additional Security Deposit equal to the amount so drawn by Lessor

4. UTILITIES. Tenant shall be responsible for and pay when due all charges for heat, water, gas, electricity, telephone, internet, telecommunications, and any other utilities used on or provided to the Premises, along with any taxes, penalties, and surcharges related thereto and any maintenance and facility charges in connection with the provisions of such utilities. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute constructive eviction or grounds for rental abatement; provided, however, if any such interruption or curtailment was caused by the gross negligence or willful misconduct of Landlord and such interruption materially interferes with Tenant's use and occupancy of the Premises for more than five (5) continuous calendar days after Tenant has provided Landlord with written notice of such interruption or curtailment, then Tenant shall have the right to abate Base Rent payable with respect to the period of such interruption or curtailment following such five (5) continuous calendar day period until such time as the interruption or curtailment is remedied. Such abatement shall be in the proportion that such interference or curtailment bears to Tenant's normal operations in the Premises, as reasonably determined by Landlord, and in no event shall Landlord be liable for damages or any other amounts or expenses attributable to such interruption or curtailment.

5. TAXES.

5.1 Real Property Taxes. Tenant shall pay to Landlord Tenant's Share of all taxes, assessments, supplementary taxes, possessory interest taxes, levies, fees, exactions or charges and other governmental charges, together with any interest, charges, fees, and penalties in connection therewith, which are assessed, levied, charged, conferred or imposed by any public authority upon the Land, the Building, or any other improvements, fixtures, equipment, or other property located at or on the Land (collectively, "Real Property Taxes") for each full or partial calendar year during the Term in accordance with the terms and provisions of Sections 6 and 7 below. Landlord may, but is not obligated to, contest by appropriate legal proceedings the amount, validity, or application of any Real Property Taxes or liens thereof. All capital levies or other taxes assessed or imposed on Landlord upon the rents payable to Landlord under this Lease and any franchise tax, any excise, use, margin, transaction, sales or privilege tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents from the Premises and/or the Project or any portion thereof shall be paid by Tenant to Landlord in advance on a monthly basis in estimated installments or upon demand, at the option of Landlord, as additional rent; provided, however, in no event shall Tenant be liable for any net income taxes imposed on Landlord unless such net income taxes are in substitution for any Real Property Taxes payable hereunder.

5.2 Tenant's Property Taxes. Prior to delinquency, Tenant shall pay all taxes and assessments, together with any interest, charges, tees, and penalties in connection therewith, levied upon trade fixtures, alterations, additions, improvements, inventories, equipment, and other personal property located at, or installed at or on, the Premises by Tenant (the "Tenant's Property Taxes"). Tenant shall, promptly upon the request of Landlord, provide Landlord with copies of receipts for payment of all Tenant's Property Taxes. To the extent any such taxes are not separately assessed or billed to Tenant, Tenant shall pay to Landlord, on demand, the amount thereof when invoiced by Landlord.

6. OPERATING EXPENSES

6.1 Operating Expenses. Tenant shall pay to Landlord Tenant's Share of Operating Expenses for each full or partial calendar year during the Term, as provided in Section 7 below. It is intended that this Lease be a "triple net lease" and that the Rent to be paid hereunder by Tenant will be received by Landlord without any deduction or offset whatsoever by Tenant, foreseeable or unforeseeable. Except as expressly provided to the contrary in this Lease, Landlord shall not be required to make any expenditure, incur any obligation, or incur any liability of any kind whatsoever in connection with this Lease or the ownership, construction, maintenance, operation or repair of the Premises or the Project. To the extent the Building shares certain items or services with other buildings, including neighboring buildings or other buildings which comprise a complex, Landlord shall reasonably allocate items or services between such buildings and/or users.

6.2 Definition of Operating Expenses. "Operating Expenses" means the total costs and expenses incurred by Landlord in the ownership, operation, maintenance, repair and management of the Building and/or the Land including, but not limited to: (1) repair, replacement, maintenance, utility costs, and landscaping of the exterior portions of the Premises, including, but not limited to, any and all costs of maintenance, repair and replacement of all parking areas (including bumpers, sweeping, striping and slurry coating), common driveways, loading and unloading areas, trash areas, outdoor lighting, sidewalks, walkways, landscaping (including tree trimming), irrigation systems, fences and gates and other costs which are allocable to the Building and/or the Land; (2) non-structural maintenance and repair (but not replacement) of the roof (and roof membrane), skylights and exterior walls of the Premises (including exterior painting); (3) the costs relating to the insurance maintained by Landlord as described in Section 8.1 below, including, without limitation, Landlord's cost of any deductible or self-insurance retention (which is currently 525,000; landlord to provide notice before changing this amount); (4) maintenance contracts for, and the repair and replacement of all heating, ventilation and air-conditioning (HVAC) systems, but only to the extent maintained by Landlord; (5) maintenance, repair, replacement, monitoring and operation of all mechanical, electrical and plumbing systems, but only to the extent maintained by Landlord; (6) maintenance, repair, replacement, monitoring and operation of the fire/life safety and sprinkler system (to the extent Landlord is obligated to do so pursuant to Section 9.2); (7) landscaping, trash removal, and snow removal; (8) capital improvements made to, or capital assets acquired for, the Building, the Project, or the Land after the Commencement Date that are (a) intended to reduce Operating Expenses, (h) are reasonably necessary for the health and safety of the occupants of the Building, or (c) are required under any governmental law or regulation, in each case which capital costs, or an allocable portion thereof, shall be amortized over the useful life of the improvement in accordance with GAAP, together with interest on the unamortized balance at eight percent (8%); (9) commercially reasonable reserves set aside for maintenance and repair; and (10) any other costs incurred by Landlord related to the Building and/or the Land including, but not limited to, paving, parking areas, roads, driveways, alleys, railroad facilities, heating and ventilation, systems, and other similar items. If Landlord determines that any item hereunder comprises a capital expense in accordance with generally accepted accounting principles ("GAAP"), then Landlord agrees to amortize such item over its useful life as reasonably determined by Landlord in accordance with GAAP. Operating Expenses shall also include

assessments, association fees and all other costs assessed or charged under the CC&Rs, if any, that are attributable to the Land and/or the Building in connection with any property owners or maintenance association or operator. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall pay to Landlord a fee for the management of this Lease, the Premises, the Building and/or the Land including the cost of those services which are customarily performed by a property management services company, whether performed by Landlord or by an affiliate of Landlord or through an outside management company or any combination of the foregoing: provided, however, that such management fee shall not exceed three percent (3%) of the sum of Base Rent payable by Tenant pursuant to the terms of this Lease. Operating Expenses shall not include (i) replacement of or structural repairs to the roof, foundation, or the exterior walls, (ii) repairs to the extent covered by insurance proceeds, or paid by Tenant or other third parties, and actually received by Landlord, (iii) alterations solely attributable to tenants of the Project other than Tenant, (iv) marketing expenses for leasing at the Project, (v) any cost or expense associated with compliance with any laws, ordinances, rules or regulations regarding any condition existing in the Building or on the Land solely to the extent such condition existed prior to the Commencement Date, (vi) all costs associated with the maintenance of the business of the entity which constitutes "Landlord", (vii) any costs of any services sold or provided exclusively to other tenants or occupants for which Landlord is entitled to be reimbursed by such other tenants or occupants as an additional charge or rental over and above the basic rent (and escalations thereof), (viii) legal costs for negotiating or enforcing any leases by other tenants or parties, and (ix) leasing commissions. Any Operating Expenses that are pursuant to contracts or are otherwise applicable to property other than the Project shall be allocated to Tenant based on Tenant's reasonable pro rata share thereof.

7. ESTIMATED EXPENSES

7.1 Payment. "Estimated Expenses" for any particular year shall mean Landlord's estimate of Operating Expenses and Real Property Taxes for a calendar year. Tenant shall pay Tenant's Share of the Estimated Expenses with installments of Base Rent in monthly installments of one-twelfth (l/12th) thereof on the first day of each calendar month during such year. If at any time Landlord determines that Operating Expenses and/or Real Property Taxes are projected to vary from the then Estimated Expenses, Landlord may, by notice to Tenant, revise such Estimated Expenses, and Tenant's monthly installments for the remainder of such year shall be adjusted so that by the end of such calendar year Tenant has paid to Landlord Tenant's Share of the revised Estimated Expenses for such year.

7.2 Controllable Operating Expenses. Commencing with calendar year 2020, and each calendar year during the initial Term thereafter, Tenant's share of Controllable Operating Expenses (hereinafter defined) shall not exceed Tenant's share of the Controllable Operating Expense Cap (hereinafter defined) for such calendar year. As used herein, the term "Controllable Operating Expense Cap" for (A) the calendar year 2020 shall be the amount equal to one hundred five percent (105%) of the Controllable Operating Expenses for calendar year 2019 (subject to the Operating Expense Adjustment) and (B) each subsequent calendar thereafter shall be equal to one hundred five (105%) of the Controllable Operating Expenses incurred by Landlord in the immediately preceding calendar year. As used herein, the term "Controllable Operating Expenses" means all expenses defined as Operating Expenses in Section 6 above, except for those expenses beyond Landlord's reasonable control, such as (but not limited to): (i) the cost of utilities, insurance,

security costs, snow and ice removal and fuel oil; (ii) costs and expenses resulting from the imposition of Applicable Laws enacted or implemented after the Effective Date; (iii) costs and expenses resulting from a casualty or Act of God; (iv) assessments, association fees and all other costs assessed or charged under the CC&Rs; and (v) costs incurred for routine painting of the exterior of the Project (not to occur more than one (1) time every five (5) calendar years unless expressly agreed to by Tenant) and routine asphalt or parking lot repair, replacement and maintenance (collectively, "Non-Controllable Operating Expenses"). For the avoidance of doubt, there is no cap on Tenant's obligation to pay Operating Expenses which are Non-Controllable Operating Expenses. In calculating the Controllable Operating Expenses Cap for calendar year 2020, the Controllable Operating Expenses for calendar year 2019 such year shall be adjusted to an amount equal to the expenses which would normally be expected to be incurred by Landlord had the Project been complete and 100% occupied by Tenant as of January 1, 2019, as reasonably determined by Landlord (the "Operating Expense Adjustment").

7.3 Adjustment. "Operating Expenses and Real Property Taxes Adjustment" (or "Adjustment") shall mean the difference between Tenant's Share of Estimated Expenses, on the one hand, and Tenant's Share of Operating Expenses and Real Property Taxes, collectively, on the other hand, for any calendar year. After the end of each calendar year, Landlord shall deliver to Tenant a statement of Tenant's Share of Operating Expenses and Real Property Taxes for such calendar year, accompanied by a computation of the Adjustment ("Actual Statement"). If Tenant's payments are less than Tenant's Share, then Tenant shall pay the difference within thirty (30) days after receipt of such statement. Tenant's obligation to pay such amount shall survive the expiration or termination of this Lease. If Tenant's payments exceed Tenant's Share, then Landlord shall credit such excess amount to the next due installment(s) of Rent; provided, however, that if Tenant is in default, Landlord may, in addition to the rights set forth in Section 15 herein and at its election, credit such amount to any past due Rent or sums owed to Landlord; and provided further, that if such credit is determined after the expiration date of the Term, then Landlord (provided Tenant owes no past due Rent or sums to Landlord) shall pay such amount to Tenant, and Landlord's obligation to pay such amount shall survive the expiration or termination of this Lease.

7.4 Audit Right. In the event of any dispute as to the amount of Tenant's Share of Operating Expenses and Real Property Taxes, Tenant may, by prior written notice ("Audit Notice") given twenty (20) days following receipt of the Actual Statement ("Audit Period"), audit Landlord's accounting records with respect to Operating Expenses and Real Property Taxes relative to the year to which such Actual Statement relates. The audit shall be conducted by, or an accounting firm engaged by, Tenant (billing hourly and not on a contingency fee basis) and shall be conducted at the office of Landlord at which its records are kept or, at Landlord's election, the office of Landlord's property manager (if any). The audit shall be conducted at reasonable times during normal business hours. In no event will Landlord or its property manager be required to (i) photocopy any accounting records or other items or contracts, (ii) create any ledgers or schedules not already in existence, (iii) incur any costs or expenses relative to such inspection, or (iv) perform any other tasks other than making available such accounting records as aforesaid. Neither Tenant nor its auditor may leave the office of Landlord with originals of any materials supplied by Landlord. Tenant must pay Tenant's Share of Operating Expenses and Real Property Taxes when due pursuant to the terms of this Lease and may not withhold payment of Operating Expenses, Real Property Taxes or any other rent pending results of the audit or during a dispute regarding Operating Expenses and Real Property Taxes. The audit must be completed within thirty

(30) days of the date of Tenant's Audit Notice and the results of such audit shall be delivered to Landlord within forty-five (45) days of the date of Tenant's Audit Notice. If Tenant does not comply with any of the aforementioned time frames, then such Actual Statement will be conclusively binding on Tenant. If such audit or review correctly reveals that Landlord has overcharged Tenant, then within thirty (30) days after the results of such audit are made available to Landlord, the amount of such overcharge shall be deducted from the installments of Tenant's Share of Operating Expenses and Real Property Taxes next becoming due. If the audit reveals that Tenant was undercharged, then within thirty (30) days after the results of the audit are made available to Tenant, Tenant agrees to reimburse Landlord the amount of such undercharge, Tenant agrees to keep the results of the audit confidential and will cause its agents, employees and contractors to keep such results confidential. To that end, Landlord may require Tenant and its auditor to execute a commercially reasonable confidentiality agreement provided by Landlord.

8. INSURANCE

8.1 Landlord. Landlord shall maintain insurance through individual or blanket policies insuring the Building against fire and extended coverage (including, if Landlord elects, "all risk" or "special cause of loss form" coverage, earthquake/volcanic action, flood and/or surface water insurance) for the full replacement cost of the Building, with deductibles and endorsements of such coverage as selected by Landlord, together with, at Landlord's option, business interruption insurance against loss of Rent in an amount equal to the amount of Rent for a period of at least twelve (12) months commencing on the date of loss. Landlord may also carry such other insurance as Landlord may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Landlord shall determine. Tenant shall pay to Landlord, as a portion of the Operating Expenses, the costs of the insurance coverages described herein, including, without limitation, Landlord's cost of any self-insurance deductible or retention.

8.2 Tenant. Tenant shall, at Tenant's expense, obtain and keep in force at all times the following insurance (and any other commercially reasonable form(s) of insurance Landlord may reasonably require from time to time) in the following coverage amounts, which coverage amounts Landlord may reasonably increase from time to time upon reasonable advance written notice to Tenant:

8.2.1 Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance ("CGL Policy") (occurrence form) having a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate per location (if Tenant has multiple locations) (and not more than Twenty-Five Thousand Dollars ($25,000) self-insured retention/deductible) and an umbrella liability policy or excess liability policy having a limit of not less than Five Million Dollars ($5,000,000) (which policy shall be in "following form" and shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance), providing blanket contractual liability for contracts, premises and operations, products/completed operations, and with an "Additional Insured Endorsement". The CGL Policy shall delete the exclusion for operations within fifty (50) feet of a railroad track (railroad protective liability), if applicable. The CGL shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease to the extent insurable;

8.2.2 Automobile Liability Insurance. Business automobile liability insurance having a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence and insuring Tenant against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles;

8.2.3 Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance having limits not less than those required by applicable statutes, and covering all persons employed by Tenant, including volunteers, in the conduct of its operations on the Premises, together with employer's liability insurance coverage in the amount of at least One Million Dollars ($1,000,000) each accident for bodily injury by accident; One Million Dollars ($1,000,000) each employee for bodily injury by disease; and One Million Dollars ($1,000,000) policy limit for bodily injury by disease;

8.2.4 Property Insurance. "All risk" or "special cause of loss form" property insurance including coverage for vandalism, malicious mischief, sprinkler leakage and, if applicable, boiler and machinery comprehensive form, insuring (1) Tenant's fixtures, furniture, equipment (including electronic data processing equipment, if applicable), merchandise, inventory, and all other personal property and other contents contained within the Premises, including Tenant's Trade Fixtures and Alterations (collectively "Tenant's Property"), and (2) the Alterations (as defined in Section 10.1) (including Leasehold Improvements installed by or for the benefit of Tenant, whether pursuant to this Lease or pursuant to any prior lease or other agreement to which Tenant was a party). Such insurance shall be written on all risk or special cause of loss form for physical loss or damage, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance, and shall include coverage for damage or other loss caused by fire or other peril, including vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year. Landlord shall be designated as a loss payee with respect to Tenant's property insurance on any Tenant-insured improvements.

8.3 General

8.3.1 Insurance Companies. Insurance required to be maintained by Tenant shall be written by companies licensed to do business in the state in which the Premises are located and having a "Financial Strength Rating" of at least "A-; VIII" (or such higher rating as may be required by a lender having a lien on the Premises) as determined by A.M. Best Company.

8.3.2 Certificates of Insurance. Tenant shall deliver to Landlord certificates of insurance for all insurance required to be maintained by Tenant in the form of ACORD 28 (Evidence of Property Insurance) and ACORD 25 (Certificate of Liability Insurance) (or in a form acceptable to Landlord in its sole discretion), no later than seven (7) days after the Effective Date of this Lease (but in any event prior to any entry onto the Premises by Tenant or any employee, agent or contractor of Tenant, if such entry is any earlier than such seven (7)-day period). Tenant shall, prior to expiration of any required coverage, furnish Landlord with certificates of renewal or "binders" thereof. Each policy shall expressly provide that such policies shall not be cancelable except after thirty (30) days prior written notice to the parties named as additional insureds in this

Lease (except in the ease of cancellation for nonpayment of premium in which case cancellation shall not take effect until at least ten (10) days' notice has been given to Landlord). Acceptance by Landlord of delivery of any certificates of insurance does not constitute approval or agreement by Landlord that the insurance requirements in Section 8.2 have been met, and failure of Landlord to demand such evidence of full compliance with these insurance requirements or failure of Landlord to identify a deficiency from evidence provided will not be construed as a waiver of Tenant's obligation to maintain such insurance. If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses and costs suffered or incurred by Landlord (including litigation costs and attorneys' fees and expenses) resulting from said failure.

8.3.3 Additional Insureds; Primary Coverage. Landlord, Landlord's lender, if any, and any property management company of Landlord for the Premises shall be named as additional insureds ("Additional Insureds") under Insurance Services Office ("ISO") endorsement CG 2010 or equivalent under all of the policies required by Sections 8.2.1 and such endorsement shall be included with the certificates to be provided to Landlord pursuant to Section 8.3.2 above. The policies carried or required to be carried by Tenant pursuant to Sections 8.2.1 shall provide for severability of interest and shall be primary as respects the Additional Insureds, and any insurance maintained by the Additional Insureds shall be excess and non-contributing. Landlord is to be insured as its interests may appear and is to be designated as a loss payee on the insurance required to be maintained by Tenant pursuant to Section 8.2.4.

8.3.4 Limits of Insurance. The limits and types of insurance maintained by Tenant shall not limit Tenant's liability under this Lease, except as expressly provided in Section 8.3.5 below.

8.3.5 Mutual Waiver of Subrogation. Whenever (1) any loss, cost, damage or expense is incurred by either Landlord or Tenant or by anyone claiming by, through or under Landlord or Tenant in connection with the Premises, and (2) such party is covered in whole or in part by property or business interruption insurance (or would have been covered but for such party's failure to maintain the property or business interruption coverage required in this Section 8; or would have been covered but for such party's election to self-insure as expressly permitted hereunder, if applicable) with respect to such loss, cost, damage or expense, then the party so insured (or so required) hereby waives (on its own behalf and on behalf of its insured) any claims against and releases the party from any liability said other party may have on account of such loss, cost, damage or expense. All insurance which is carried by either party to insure against damage or loss to property shall include provisions denying to each respective insurer rights of subrogation and recovery against the other party.

8.3.6 Notification of Incidents. Tenant shall notify Landlord within twenty-four (24) hours after the occurrence of any accidents or incidents in the Premises or the Project which could give rise to a claim under any of the insurance policies required under this Section 8.

8.4 Indemnity. Tenant shall indemnify, protect, defend (by counsel acceptable to Landlord) and hold harmless Landlord and all of Landlord's affiliated entities, and each of their respective members, managers, partners, directors, officers, employees, shareholders, investors, investment manager, trustees, lenders, agents, contractors, and representatives, and each of their respective successors and assigns (individually and collectively, "Landlord Indemnitees") from

and against any and all third-party claims, demands, judgments, settlements, causes of action, damages, penalties, fines, encumbrances, liens, liabilities, taxes, costs, losses, and expenses, including all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, arising at any time after the execution hereof, during the Term, or after the Term as a result (directly or indirectly) of or in connection with (1) any default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or (2) Tenant's use of the Premises, the conduct of Tenant's business or any activity, work or things done, permitted or suffered by Tenant or any Tenant Party in or about the Premises or other portions of the Project, except to the extent caused by Landlord's or Landlord's employees or agents' gross negligence or willful misconduct. Landlord shall indemnity, protect, defend and hold harmless Tenant from and against any and all third-party claims, demands, judgments, settlements, causes of action, damages, penalties, fines, encumbrances, liens, liabilities, taxes, costs, losses, and expenses, including all costs, reasonable attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, arising at any time after the execution hereof, during the Term, or after the Term as a result (directly or indirectly) of or in connection with (1) any injury or damage caused by the gross negligence or willful misconduct of Landlord or any Landlord Party in or about the Premises or other portions of the Project, except to the extent caused by Tenant's or Tenant's employees or agents' negligence or misconduct. The obligations under this Section 8.4 shall survive the termination of this Lease with respect to any claims or liability arising prior to such termination.

8.5 Exemption of Landlord from Liability. Except as otherwise provided in this Lease, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to Tenant's property including, but not limited to, Tenant's Property and all Alterations in, upon or about the Premises, the Land or other portions of the Project arising from any cause, whether such damage is caused by fire, steam, electricity, gas, water or rain; or from the breakage, leakage or other defects of sprinklers, wires, appliances, ventilation, plumbing, air conditioning or lighting fixtures, or from any other cause, and whether said damage, results from conditions arising upon the Premises, upon other portions of the Building or from other sources or places, and regardless of whether the cause of such damage or the means of repairing the same is inaccessible to Tenant; and Tenant hereby expressly releases Landlord and waives all claims in respect thereof against Landlord; provided, however, subject to the indemnities provided above in this Article 8, the foregoing release and waiver shall not apply to the extent such claims are caused by Landlord's gross negligence or willful misconduct. Further, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of illness or injury to persons in, upon or about the Premises, the Land or other portions of the Project arising from any cause; and Tenant hereby expressly releases Landlord and waives all claims in respect thereof against Landlord; provided, however, the foregoing release and waiver shall not apply to the extent such claims are caused by Landlord's gross negligence or willful misconduct. Notwithstanding any provision to the contrary in this Lease, Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom under any circumstances. Without limiting the generality of the foregoing, Landlord shall not be liable for any damages arising from any act, omission, or neglect of any contractor hired by Tenant.

9. REPAIRS AND MAINTENANCE

9.1 Tenant.

9.1.1 Except for those portions of the Premises that Landlord is required to maintain pursuant to Section 9 2 below, Tenant, at Tenant's sole cost and expense, shall keep and maintain all parts of the Premises, including the interior and exterior of the Premises, in good, clean and safe order, condition and repair, including replacement (as necessary), including, without limitation, the following: loading docks, roll up doors and ramps; floors, subfloors and floor coverings; walls and wall coverings (excluding painting of exterior walls); doors, door frames, locks and other locking devices, windows, glass and plate glass; ceilings, skylights, and lighting systems; all plumbing, electrical and mechanical equipment and systems inside or exclusively serving the Premises; all heating, ventilating and air conditioning equipment and systems inside, outside, or exclusively serving the Premises (subject to Landlord's rights described below); all fixtures installed by or for Tenant at the Premises; and wiring, appliances and devices using or containing refrigerants, or otherwise attached to or part of Tenant's trade-fixtures and/or equipment. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, (i) immediately replace all broken glass in the Premises with glass aesthetically satisfactory to Landlord, which glass shall be equal to or in excess of the specification and quality of the original glass, and (ii) repair any area damaged by Tenant or any Tenant Party, including any damage caused by any roof or roof membrane penetration, whether or not such penetration was approved by Landlord. All repairs and replacements by Tenant shall be made and performed: (1) at Tenant's cost and expense and at such time and in such manner as Landlord may reasonably designate, (2) by contractors or mechanics approved by Landlord, (3) so that, with respect to any repair, such repair shall bring the repaired item into the same or better condition than that which existed as of the date upon which Tenant is first provided with access to the Premises in accordance with the terms of this Lease and, with respect to any replacement (whether in part or in whole), new parts, equipment, items, or materials that are at least equal in quality, value, and utility to the original parts, equipment, items, or materials are installed, (4) in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or any of the mechanical, electrical, plumbing or other systems in the Building or the Project, and (5) in accordance with the Rules and Regulations and all Applicable Laws.

9.1.2 Tenant shall enter into a regularly scheduled preventive maintenance/service contract ("Service Contract") with a maintenance contractor reasonably acceptable to Landlord for servicing all heating, ventilation, and air conditioning systems and equipment inside, outside, or exclusively serving the Premises (collectively, the "HVAC System"). The Service Contract shall require the maintenance contractor to complete the minimum service requirements set forth on Exhibit E attached hereto. Tenant shall deliver full and complete copies of the Service Contract to Landlord within one hundred twenty (120) days after the Commencement Date. Notwithstanding the foregoing, Landlord may elect to maintain the Service Contract respecting the HVAC System, in which case Tenant shall reimburse Landlord within thirty (30) days after Landlord's demand for the cost of the Service Contract and for any payments due in connection therewith. Tenant, in all cases, shall promptly undertake and complete the repairs and/or replacements recommended by such maintenance contractor during the Term of this Lease.

9.1.3 In the event Tenant fails, in the reasonable judgment of Landlord, to maintain the Premises in accordance with the obligations under this Lease, which failure is not cured within thirty (30) days following delivery of written notice to Tenant stating the nature of the failure, or in the case of an emergency immediately without prior notice, Landlord shall have the right to enter the Premises and perform such maintenance, repairs or refurbishing at Tenant's sole cost and expense (including a sum for overhead to Landlord equal to five percent (5%) of the costs of maintenance, repairs or refurbishing); provided, however, that such thirty (30) day period shall automatically be extended if Tenant has made diligent efforts to cure such failure within the thirty (30) day period and thereafter proceeds continuously and diligently to cure such failure within a commercially reasonable time not to exceed sixty (60) days in total from the date Landlord delivers written notice to Tenant stating the nature of the failure (or such longer period as Landlord may permit in its sole discretion). Tenant shall maintain written records of maintenance and repairs, as required by any Applicable Law, and shall use certified technicians to perform such maintenance and repairs, as so required.

9.2 Landlord. Landlord shall, subject to the following limitations, repair damage to structural portions of the roof, foundation and load-bearing portions of walls (excluding wall coverings, painting, glass and doors) of the Building; provided, if such damage is caused by an act or omission of Tenant, or any Tenant Party, then such repairs shall be at Tenant's sole expense. Except as otherwise set forth herein, Landlord may, at Tenant's expense as an Operating Expense as provided in Section 6.2, maintain, repair and replace those portions of the Building and/or the Land described in Section 6.2(1) through (10); provided, Landlord shall maintain, repair and replace (as needed) the exterior facade of the Premises (including painting, but expressly excluding any door, door frames, locks, windows, glass and plate glass), the roof and roof membrane, the parking lot (including snow and ice removal in accordance with commercially reasonable standards), the landscaping and any related storm water management pond, and fire suppression systems (and any maintenance contracts thereto, including, without limitation, any maintenance contracts maintained by Landlord in connection with the roof), all of which shall be subject to reimbursement as Operating Expenses pursuant to Section 6.2. Landlord shall not be required to make any repair resulting from (1) any alteration or modification to the Building or to mechanical equipment within the Building performed by, for or because of Tenant or to special equipment or systems installed by, for or because of Tenant, (2) the installation, use or operation of Tenant's property, fixtures and equipment, (3) the moving of Tenant's property in or out of the Building or in and about the Premises, (4) Tenant's use or occupancy of the Premises in violation of this Lease, (5) the acts or omissions of Tenant or any Tenant Party, (6) fire and other casualty, except as provided by Section 13 of this Lease, or (7) condemnation, except as provided in Section 14 of this Lease. Landlord shall have no obligation to make repairs under this Section 9.2 until a reasonable time after receipt of written notice from Tenant of the need for such repairs. Except as expressly set forth in Section 13, there shall be no abatement of Rent during the performance of such work. Landlord shall not be liable to Tenant for any speculative, consequential, special, indirect, incidental or other similar types of damages or any loss of income that may result from interruption of Tenant's use of the Premises during any repairs by Landlord. In the event urgent or emergency repairs are necessary to be made in order to avoid further and continuing damage to the Premises, and if after proper written notice (email is acceptable) has been made by Tenant to Landlord describing the nature of the repair and the emergency, and Landlord notifies Tenant that it is unable to perform such emergency repair within a commercially reasonable time, or fails to respond to Tenant's notice, then Tenant may proceed to commence and make such emergency repair with a licensed professional contractor, and Tenant shall receive reimbursement from Landlord for the actual cost thereof (provided the cost is commercially reasonable) within thirty (30) days of providing proof of payment and applicable lien releases.

10. ALTERATIONS

10.1 Trade Fixtures; Alterations. Subject to limitations set forth in this Lease, Tenant may install reasonably necessary trade fixtures, equipment, cabling/wiring, and furniture ("Tenant's Trade Fixtures") in the Premises, provided that all such installations and/or work is done in compliance with Exhibit F and such items are installed and are removable without structural or material damage to the Premises. Tenant shall not construct, or allow to be constructed, any alterations, physical additions, improvements, or partitions in, about, or to the Premises ("Alterations") without obtaining the prior written consent of Landlord, which consent shall be conditioned upon Tenant's compliance with the provisions of Exhibit F and any other reasonable applicable requirements of Landlord regarding construction of improvements and alterations, but which consent shall not unreasonably be withheld or delayed, with the exception that Landlord may withhold consent in its sole discretion for any proposed alteration or improvement that impacts the roof, roof membrane, electrical, mechanical, plumbing or other structural elements of the Building. Notwithstanding the foregoing, provided that Tenant complies with Sections 2 and 3 (to the extent such project requires a building permit), 4(a), 6, 10, 11, and 12 of Exhibit F, Tenant shall have the right, at its sole cost and expense, without Landlord's consent, to make any non-structural Alteration to the Premises that costs (in the aggregate for all materials, equipment, and contractors performing work in connection therewith) less than $25,000.00 (the "Permitted Non-Structural Alterations"); provided, that (a) Tenant shall provide Landlord with ten (10) Business Days prior written notice of the commencement of any such alteration which requires a building permit, (b) such alteration shall not diminish the quality, the useful life or the operating capacity of the Building's electrical, mechanical, HVAC systems or any other structural part of the Building or the Premises, (c) such alteration shall not decrease the value of the Premises or the Building, (d) such alteration shall not require any floor, roof, or exterior wall penetrations or interior wall penetrations that are structural, (e) such alteration shall be performed in a workmanlike manner and in accordance with all Applicable Laws, and (f) upon completion of any such alteration, if prepared by Tenant, Tenant shall provide Landlord with a copy of Tenant's "as-built" plans for such alteration. If Landlord does not respond to a written request from Tenant made in accordance with Exhibit F within ten (10) Business Days, then Landlord shall be deemed to approve such request. In the event Tenant makes any alterations to the Premises that trigger or give rise to a requirement that the Building or the Premises come into compliance with any governmental laws, ordinances, statutes, orders and/or regulations (such as ADA requirements), Tenant shall be fully responsible for complying, at its sole cost and expense, with same. Tenant shall file a notice of completion after completion of such work and provide Landlord with a copy thereof.

10.2 Damage; Removal. Tenant shall repair and be responsible for all damage to the Premises, the Building or the Project caused by the installation or removal of Tenant's Property. Upon the expiration or earlier termination of this Lease, Tenant shall remove any or all Tenant's Property made or installed by, or on behalf of, Tenant and restore the Premises to the condition required pursuant to Section 18.9.2 herein; provided, however, Landlord has the absolute right to require Tenant to retain, preserve, and/or leave in place all or any portion of such Alterations

designated by Landlord, in which event such items shall be and become the property of Landlord upon the expiration or earlier termination of this Lease. Should Tenant make any Alterations without the prior written approval of Landlord, Landlord may require that Tenant remove any or all of such Alterations and repair any damage to the Premises or the Project resulting from the installation and/or removal of such Alterations at any time and from time to time. All such removals and restoration shall be accomplished in a good and workmanlike manner and so as not to cause any damage to the Premises or the Project whatsoever.

10.3 Liens. Tenant shall not do any act which shall in any way encumber the title of Landlord in and to the Premises, the Building, the Land, and or the Project. Tenant shall promptly pay and discharge all invoices and claims for labor performed, supplies furnished and services rendered for or at the request of Tenant and shall keep the Premises free of all mechanics', materialmen's, or other similar liens in connection therewith. Tenant shall provide at least ten (10) days prior written notice to Landlord before any labor is performed, supplies furnished or services rendered on or at the Premises and Landlord shall have the right to post on the Premises notices of non-responsibility. If any lien is filed, Tenant shall bond off or cause such lien to be released and removed within twenty (20) days after the date of filing, and if Tenant fails to do so, Landlord may take such action as may be necessary to remove such lien and Tenant shall promptly pay Landlord such amounts expended by Landlord in connection therewith, including, without limitation, reasonable attorneys' fees and expenses, together with interest thereon at the Applicable Interest Rate from the date of expenditure.

10.4 Standard of Work. All work to be performed by or for Tenant pursuant hereto shall be performed diligently and in a first class, workmanlike manner, and in compliance with the provisions of Exhibit F, all Applicable Laws, and Tenant and Landlord's insurance carriers. Landlord shall have the right, but not the obligation, to inspect periodically the work on the Premises and Landlord may require changes in the method or quality of the work.

11. LANDLORD'S RIGHTS. Landlord reserves the right to enter the Premises for any reason upon reasonable notice to Tenant (or without notice in case of an emergency) and/or to undertake the following all without abatement of rent or liability to Tenant: inspect the Premises and/or the performance by Tenant of the terms and conditions hereof; make such alterations, repairs, improvements or additions to the Premises as required or permitted hereunder; change boundary lines of the Land so long as such change does not materially and adversely impact Tenant's use of the Premises, the parking area, curb cuts and/or access to the Premises without reasonable substitution, replacement, or accommodation; install, use, maintain, repair, alter, relocate or replace any pipes, ducts, conduits, wires, equipment and other facilities in the Building (including within the Premises); install, maintain and operate conduit cabling within the utility and/or conduit ducts and risers within the Building, as wells as grant any lease, license or use rights to third parties and to utilize the foregoing easements or licenses on the Land and/or the Project; dedicate for public use portions of the Land and/or the Project to the extent such dedication does not materially and adversely affect Tenant's occupancy or use of the Premises for the Permitted Use or access thereto; and enter into and/or record covenants, conditions and restrictions affecting the Land and/or the Project and/or amendments to existing CC&Rs which do not unreasonably interfere with Tenant's use of the Premises or impose additional material monetary obligations on Tenant; change the name of the Building and/or the Project; affix reasonable signs and displays on the Building and/or the Land; show the Premises, the Building, and/or the Project to prospective

purchasers and investors, ground lessees, and existing and prospective lenders; and, during the last nine (9) months of the Term, place signs for the rental of, and show the Premises to prospective tenants. Landlord agrees to use commercially reasonable efforts not to unreasonably interfere with Tenant's operations at the Premises in connection with the exercise of its rights to enter the Premises pursuant to the terms of this Section 11. Notwithstanding anything to the contrary set forth in this Section 11, except (i) in the event of an emergency, (ii) to the extent requested by Tenant, or (iii) in conjunction with any scheduled maintenance programs, Landlord shall use commercially reasonable efforts to provide Tenant with at least twenty-four (24) hours' prior verbal or written notice of Landlord's entry into the Premises. Notwithstanding the foregoing, Landlord shall be permitted to lease the roof to a third-party in order to install solar panels thereon provided that such use does not interfere with Tenant's operations within the Premises or at the Project in any manner.

12. ENVIRONMENTAL MATTERS

12.1 Hazardous Materials. Tenant shall not cause, permit, or allow any of Tenant's or Tenant's affiliates' employees, agents, customers, visitors, invitees, licensees, contractors, assignees, or subtenants (individually, a "Tenant Party" and collectively, "Tenant's Parties") to cause or permit, any Hazardous Materials (as defined herein) to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under, or about the Premises or the Project, except for amounts of office and janitorial supplies in usual and customary quantities for the reasonable use of the Premises for general office and reasonable building operation purposes or in connection with the Permitted Hazardous Materials as set forth on Exhibit I attached hereto, in each case as subject to the requirement to store, use, and dispose of all of the foregoing in a safe and reasonable manner and in accordance with all applicable Environmental Laws. As used herein, the term "Environmental Laws" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any governmental authority or agency regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. The term "Hazardous Materials" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, under any Environmental Laws, asbestos, petroleum, including crude oil or any fraction or derivative thereof, natural gas liquids, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), and explosives, flammables, or radioactive substances of any kind. As defined in Environmental Laws, Tenant is and shall be deemed to be the "operator" of Tenant's "facility" and the "owner" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom. Tenant shall cause Tenant and the Tenant Parties to comply with all Environmental Laws and shall not allow or permit the Land or the Building to become contaminated with any Hazardous Materials. Tenant shall immediately give Landlord a copy of any statement, report, notice, registration, application, permit, license, claim, action, or proceeding given to, or received from, any governmental authority or private party, or persons occupying the Premises concerning the presence, spill, release, discharge of, or exposure to, any Hazardous Materials or contamination in, on, or about the Premises or the improvements or the soil or groundwater thereunder. At all times with reasonable notice (except in the event of an

emergency), Landlord shall have the right to enter upon and inspect the Premises and to conduct tests, monitoring and investigations. If such tests indicate the presence of any Environmental Condition caused or exacerbated by Tenant or any Tenant Party or arising during Tenant's or any Tenant Party's occupancy, Tenant shall reimburse Landlord for the cost of conducting such tests. The phrase "Environmental Condition" shall mean any adverse condition relating to any Hazardous Materials or the environment, including surface water, groundwater, drinking water supply, land, surface or subsurface strata or the ambient air and includes air, land and water pollutants, noise, vibration, light and odors that is in violation of any Environmental Law. In the event of the existence of any such Environmental Condition, Tenant shall promptly notify both the property manager and the Landlord and shall promptly take any and all steps necessary to rectify the same to the satisfaction of the applicable agencies and Landlord, or shall, at Landlord's election, reimburse Landlord, upon demand, for the cost to Landlord of performing work. The reimbursement shall be paid to Landlord in advance of Landlord's performing such work, based upon Landlord's reasonable estimate of the cost thereof; and upon completion of such work by Landlord, Tenant shall pay to Landlord any shortfall promptly after receipt of Landlord's bills therefor or Landlord shall promptly refund to Tenant any excess deposit, as the case may be.

12.2 Indemnification. Tenant shall indemnify, protect, defend (by counsel acceptable to Landlord) and hold harmless Landlord and each Indemnitee from and against any and all claims, demands, judgments, settlements, causes of action, damages, penalties, fines, encumbrances, liens taxes, costs, liabilities, losses and expenses (including, all costs, attorneys' fees, expenses, and court costs) arising at any time from and after the date of execution hereof as a result (directly or indirectly) of or in connection with (1) Tenant's and/or any Tenant Party's breach of this Section 12 or any Environmental Law, or (2) an Environmental Condition and/or the presence of Hazardous Materials on, under or about the Premises or other property as a result (directly or indirectly) of Tenant's and/or any Tenant Party's activities, or failure to act, in connection with the Premises. This indemnity shall include, without limitation, the cost of any required, desirable, or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, whether such action is required, desirable, or necessary prior to or following the termination of this Lease. Neither the written consent by Landlord to the presence of Hazardous Materials on, under or about the Premises, nor the strict compliance by Tenant with all Environmental Laws, shall excuse Tenant from Tenant's obligation of indemnification pursuant hereto. Landlord does and hereby agrees to indemnify Tenant harmless of, from and against all claims, actions, liens, demands, costs, damages, punitive damages, expenses, fines and judgments (including reasonable legal costs and attorney's fees) resulting from or arising by reason of (1) any Hazardous Materials existing on the Premises or the Land prior to the Delivery Date, except to the extent, if any, that the same were introduced (or worsened) by Tenant (or by Tenant's agents, employees or contractors); provided, however, the mere discovery by Tenant of existing Hazardous Materials at or near the Premises shall not be deemed to be an introduction (or worsening) by Tenant (or by Tenant's agents, employees or contractors), and Tenant shall have no liability or obligation therefor, and/or (2) Landlord's violation of any Environmental Laws in, on or about the Project. Tenant's and Landlord's obligations pursuant to the foregoing indemnities shall survive the expiration or termination of this Lease.

12.3 Mold Prevention. Tenant acknowledges the necessity of housekeeping, ventilation, and moisture control (especially in kitchens, janitor's closets, bathrooms, break rooms, and around outside walls) for mold prevention. Tenant agrees to notify Landlord promptly if it observes mold/mildew and/or moisture conditions (from any source, including leaks), and allow Landlord to evaluate and make recommendations and/or take appropriate corrective action. Execution of this Lease constitutes acknowledgement by Tenant that control of moisture and mold prevention in the Premises are integral to its Lease obligations.

13. DAMAGE AND DESTRUCTION. If at any time during the Term the Premises are damaged by a fire or other casualty such that Tenant may not continue operations in the Building, Landlord shall notify Tenant within sixty (60) days after Landlord becomes aware of such damage as to the amount of time Landlord reasonably estimates it will take to materially restore the Premises. If the restoration time is estimated to exceed nine (9) months from the issuance of all permits, subject to extensions for Force Majeure (as defined in Section 18.11), Landlord may elect to terminate this Lease within ninety (90) days after Landlord becomes aware of such damage and if such restoration period is greater than twelve (12) months from the issuance of all permits, then Tenant may, as its sole remedy, terminate this Lease on or before thirty (30) days after receipt of Landlord's notice describing the estimated restoration time that is greater than twelve (12) months. If neither party elects to terminate this Lease as provided above or if Landlord estimates that restoration will take nine (9) months or less, then, subject to receipt of sufficient insurance proceeds, Landlord shall promptly commence to materially restore the Premises, excluding the improvements installed by, of on behalf of, Tenant, subject to delays arising from the collection of insurance proceeds, Force Majeure events, and any Tenant caused delay. If this Lease is not terminated by Landlord or Tenant in accordance with this section, Tenant shall be responsible for and shall pay to Landlord Tenant's Share of any deductible or retention amount payable under the property insurance for the Building following any such casualty. Tenant at Tenant's expense shall promptly perform, subject to delays arising from the collection of insurance proceeds, or from Force Majeure events, all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either party may terminate this Lease if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than three (3) months to repair such damage, Base Rent and Operating Expenses shall be abated for the period of repair and restoration commencing on the dale of such casualty event until the date Landlord tenders possession of the Premises (or the affected portion thereof) back to Tenant as repaired or restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises. Such abatement shall be the sole remedy of Tenant, and except as provided herein, Tenant waives any right to terminate this Lease by reason of damage or casualty loss.

14. CONDEMNATION. If any part of the Premises, the Building, or the Project should be taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking" or "Taken"), and the Taking could be reasonably expected to materially interfere with or impair Landlord's ownership or operation of the Project (as determined by Landlord), then upon written notice by Landlord this Lease shall terminate and Base Rent shall be apportioned as of said date. If part of the Premises or the Building shall be Taken and such condemnation does not materially impair Tenant's ability to use the Premises for Tenant's business, and this Lease is not terminated as provided above, the Base Rent payable hereunder during the unexpired Term shall be reasonably reduced to account for such Taking under the circumstances. In the event of any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant,

and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses, damage to Tenant's Trade Fixtures, or the value of Tenant's leasehold interest, if any.

15. DEFAULT

15.1 Events of Defaults. The occurrence of any of the following events shall, at Landlord's option, constitute an "Event of Default":

15.1.1 Tenant shall fail to pay any installment of Base Rent or any other payment required herein when due, and such failure shall continue for a period of five (5) business days from the date such payment was due.

15.1.2 Tenant or any guarantor or surety of Tenant's obligations hereunder shall (1) make a general assignment for the benefit of creditors; (2) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it as bankrupt or insolvent or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively, a "Proceeding for Relief"); (3) become the subject of any Proceeding for Relief which is not dismissed within ninety (90) days of its filing or entry; or (4) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

15.1.3 Any insurance required to be maintained by Tenant pursuant to this Lease shall be cancelled or terminated or shall expire or shall be reduced or materially changed, except, in each case, as permitted in this Lease.

15.1.4 Tenant shall not occupy or shall vacate the Premises whether or not Tenant is in monetary or other default under this Lease. Tenant's vacating of the Premises shall not constitute an Event of Default if, prior to vacating the Premises, Tenant has made arrangements reasonably acceptable to Landlord to (1) ensure that Tenant's insurance for the Premises will not be voided or cancelled with respect to the Premises as a result of such vacancy, (2) ensure that the Premises are secured and not subject to vandalism, (3) ensure that the Premises will be properly maintained after such vacation, including, but not limited to, keeping the heating, ventilation and cooling systems maintenance contracts required by this Lease in full force and effect, and (4) satisfy such other requirements as Landlord may require. During any such period of vacation, Tenant shall inspect the Premises at least once each month and report monthly in writing to Landlord on the condition of the Premises.

15.1.5 Tenant shall attempt or there shall occur any Transfer (as hereinafter defined) except as otherwise permitted in this Lease.

15.1.6 Tenant shall fail to discharge any lien placed upon the Premises in violation of this Lease within fifteen (15) days after any such lien or encumbrance is filed against the Premises.

15.1.7 Tenant shall fail to comply with any provision of this Lease, including those specifically referred to in this Section 15.1, and except as otherwise expressly provided herein, such default shall continue for more than thirty (30) days after Landlord shall have given Tenant written notice of such default; provided that, so long as Tenant has commenced pursuit of a cure within such initial thirty (30) day period, Tenant shall have an additional period of up to ninety (90) days to pursue a cure to such default if such default is of a nature that it cannot be cured within a 30-day period and Tenant is diligently pursuing such a cure.

15.2 Landlord's Remedies.

15.2.1 Upon notice of an Event of Default and a failure by Tenant to cure beyond any applicable notice and cure periods as set forth in Section 15.1 and so long as such Event of Default shall be continuing, Landlord may at any time thereafter at its election: (1) terminate this Lease or Tenant's right of possession (but Tenant shall remain liable as hereinafter provided), (2) cure such default at Tenant's sole expense, and/or (3) pursue any other remedies at law or in equity. No right or remedy conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, Applicable Law, or in equity.

15.2.2 If Landlord terminates this Lease, Landlord may recover from Tenant the sum of all Base Rent and all other amounts accrued hereunder to the date of such termination; the cost of reletting the whole or any part of the Premises, including without limitation brokerage fees and/or leasing commissions incurred by Landlord, and costs of removing and storing Tenant's or any other occupant's property, repairing, altering, remodeling, or otherwise putting the Premises into condition acceptable to a new tenant or tenants, and all reasonable expenses incurred by Landlord in pursuing its remedies, including reasonable attorneys' fees and court costs; and the excess of the then present value of the Base Rent and other amounts payable by Tenant under this Lease as would otherwise have been required to be paid by Tenant to Landlord during the period following the termination of this Lease measured from the date of such termination to the expiration date stated in this Lease, over the present value of any net amounts which Tenant establishes Landlord can reasonably expect to recover by reletting the Premises for such period, taking into consideration the availability of acceptable tenants and other market conditions affecting leasing. Such present values shall be calculated at a discount rate equal to the ninety (90)-day U.S. Treasury bill rate at the date of such termination. Landlord shall have a duty to mitigate damages by making commercially reasonable efforts to relet the Premises.

15.2.3 If Landlord terminates Tenant's right of possession (but not this Lease), Landlord shall have a duty to mitigate damages by making commercially reasonable efforts to relet the Premises for the account of Tenant for such rent and upon such terms as shall be satisfactory to Landlord without thereby releasing Tenant from any liability hereunder and without demand or notice of any kind to Tenant. For the purpose of such reletting Landlord is authorized, at Tenant's sole cost and expense, to make any repairs, changes, alterations, or additions in or to the Premises as Landlord deems reasonably necessary or desirable. If the Premises are not relet, then Tenant shall pay to Landlord as damages a sum equal to the amount of the rental reserved in this Lease for such period or periods, plus the cost of recovering possession of the Premises (including attorneys' fees and costs of suit), the unpaid Base Rent and other amounts accrued hereunder at

the time of repossession, and the costs incurred in any attempt by Landlord to relet the Premises. If the Premises are relet and a sufficient sum shall not be realized from such reletting (after first deducting therefrom, for retention by Landlord, the unpaid Base Rent and other amounts accrued hereunder at the time of reletting, the cost of recovering possession (including attorneys' fees and costs of suit), all of the costs and expense of repairs, changes, alterations, and additions, the expense of such reletting (including without limitation brokerage fees and leasing commissions) and the cost of collection of the rent accruing therefrom) to satisfy the rent provided for in this Lease to be paid, then Tenant shall immediately satisfy and pay any such deficiency. Any such payments due Landlord shall be made upon demand therefor from time to time and Tenant agrees that Landlord may file suit to recover any sums falling due from time to time. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect in writing to terminate this Lease for such previous breach

15.2.4 If Landlord elects to cure such default by Tenant, Landlord may, at Landlord's option, enter into and upon the Premises and correct the same without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Tenant's business resulting therefrom and Tenant agrees to pay Landlord an amount equal to one hundred five (105%) of any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease.

15.2.5 Exercise by Landlord of any one (1) or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, whether by agreement or by operation of law, it being understood that such surrender and/or termination can be effected only by the written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same. Tenant and Landlord further agree that forbearance or waiver by Landlord to enforce its rights pursuant to this Lease or at law or in equity, shall not be a waiver of Landlord's right to enforce one (1) or more of its rights in connection with any subsequent default. A receipt by Landlord of rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter as provided for in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. The terms "enter," "re-enter," "entry" or "re-entry," as used in this Lease, are not restricted to their technical legal meanings. Any reletting of the Premises shall be on such terms and conditions as Landlord in its sole discretion may determine (including without limitation a term different than the remaining Term, rental concessions, alterations and repair of the Premises, lease of less than the entire Premises to any tenant and leasing any or all other portions of the Project before reletting the Premises).

15.2.6 When this Lease and the Term or any extension thereof shall have been terminated on account of any Event of Default by Tenant, upon an additional five (5) Business Day notice and cure period provided by Landlord to Tenant, or when the Term or any extension thereof shall have expired, Tenant hereby authorizes any attorney of any court of record of the Commonwealth of Pennsylvania to appear for Tenant and for anyone claiming by, through or under Tenant and to confess judgment against all such parties, and in favor of Landlord, in ejectment and for the recovery of possession of the Premises, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant. AFTER THE ENTRY OF ANY SUCH JUDGMENT A WRIT OF POSSESSION MAY BE ISSUED THEREON WITHOUT FURTHER NOTICE TO TENANT AND WITHOUT A HEARING. If for any reason after such action shall have been commenced it shall be determined and possession of the Premises remain in or be restored to Tenant, Landlord shall have the right for the same Event of Default and upon any subsequent Event(s) of Default or upon the termination of this Lease or Tenant's right of possession as herein set forth, to again confess judgment as herein provided, for which this Lease or a true and correct copy hereof shall be good and sufficient warrant.

Initials on behalf of Tenant: /s/

15.2.7 The warrants to confess judgment set forth above shall continue in full force and effect and be unaffected by amendments to this Lease or other agreements between Landlord and Tenant even if any such amendments or other agreements increase Tenant's obligations or expand the size of the Premises.

15.2.8 TENANT EXPRESSLY AND ABSOLUTELY KNOWINGLY AND EXPRESSLY WAIVES AND RELEASES (i) ANY RIGHT, INCLUDING, WITHOUT LIMITATION, UNDER ANY APPLICABLE STATUTE, WHICH TENANT MAY HAVE TO RECEIVE A NOTICE TO QUIT PRIOR TO LANDLORD COMMENCING AN ACTION FOR REPOSSESSION OF THE PREMISES AND (ii) ANY PROCEDURAL ERRORS IN CONNECTION WITH THE ENTRY OF ANY SUCH JUDGMENT OR IN THE ISSUANCE OF ANY ONE OR MORE WRITS OF POSSESSION.

Initials on behalf of Tenant: /s/

15.2.9 Defaults by Landlord. If Landlord fails to perform or observe any of the terms, covenants or conditions contained in this Lease on its part to be performed or observed within thirty (30) days after written notice of default from Tenant or, when more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to commence to cure such default after written notice thereof from Tenant and thereafter diligently pursue such cure to completion, said failure shall constitute a default by Landlord under this Lease. Tenant shall have all available rights at law or at equity in the event of a default by Landlord hereunder.

16. ASSIGNMENT AND SUBLETTING

16.1 Assignment and Subletting. Tenant shall not assign, sublet, license, or otherwise transfer ("Transfer"), whether voluntarily or involuntarily or by operation of law, the Premises or any part thereof without Landlord's prior written approval, which shall not be unreasonably withheld or conditioned; provided, however, Tenant agrees it shall be reasonable for Landlord to

disapprove of a requested Transfer if (a) the financial condition of the proposed subtenant, assignee, or transferee is not satisfactory to Landlord, provided, however, that if the financial condition of the proposed subtenant, assigning, or transferee is materially the same as or better than Tenant's financial condition as of the Effective Date, such financial condition shall be deemed satisfactory, (b) the subtenant, assignee, or transferee desires to change the use within the Premises to a use materially different from the Permitted Uses, or (c) the subtenant, assignee, or transferee is a governmental or quasi-governmental party or any party by whom any suit or action could be defended on the ground of sovereign immunity or diplomatic immunity. Notwithstanding anything to the contrary contained elsewhere in this Lease, Tenant, without Landlord's approval written or otherwise, but with written notice to Landlord by Tenant, shall have the absolute right to assign, sublease or otherwise transfer all or a portion of its interest in this Lease to (i) a parent or operating subsidiary of Tenant, (ii) a subsidiary of Tenant's parent, (iii) a corporation or other entity with which Tenant may merge, or (iv) to any entity to whom Tenant sells all or substantially all of its assets, so long as such assignee or sublessee entity, after the transaction is effected, has a tangible net worth (excluding goodwill) equal to or greater than the greater of the net worth of Tenant or Guarantor as of the Effective Date of this Lease, and provided such assignee or sublessee's use of the Premises is consistent with the Permitted Use. If Tenant desires to undertake a Transfer, Tenant shall give Landlord prior written notice thereof with copies of all related documents and agreements associated with the Transfer, including without limitation, the financial statements of any proposed assignee, subtenant, or transferee, at least forty-five (45) days prior to the anticipated effective date of the Transfer. Tenant shall pay Landlord's reasonable attorneys' and financial consultant's fees incurred in the review of such documentation whether or not a Transfer is consummated or approval is granted. Landlord shall have a period of thirty (30) days following receipt of such notice and all related documents and agreements to notify Tenant in writing of Landlord's approval or disapproval of the proposed Transfer, if Landlord fails to notify Tenant in writing of such election. Landlord shall be deemed to have approved such Transfer. This Lease may not be assigned by operation of law. Any purported assignment or subletting contrary to the provisions hereof shall be void and shall constitute an Event of Default hereunder. In the event of any Transfer hereunder (including any Transfer permitted without Landlord's consent, Tenant and Guarantor shall remain fully-liable under the terms of this Lease.

16.2 If consent to a Transfer is required by Tenant and such Transfer is for substantially the remainder of the Term, Landlord may, at its option, terminate this Lease (or in the case of a partial sublease, terminate this Lease with respect to the portion of the Premises proposed to be subject to the sublease) by giving written notice to Tenant within such thirty (30) day review period set forth in the preceding subsection; provided, however, if Landlord elects to terminate this Lease as provided in this paragraph, Tenant shall have the right to rescind the request to Transfer by providing Landlord written notice of such rescission within ten (10) days after Tenant's receipt of Landlord's notice of termination, in which event the notice of termination shall be null and void for such proposed Transfer. If Tenant receives rent or other consideration for any such transfer in excess of the Rent, or in the case of a sublease of a portion of the Premises, in excess of such Rent that is fairly allocable to such portion, after appropriate adjustments to assure that all other payments required hereunder are appropriately taken into account, Tenant shall pay Landlord sixty percent (60%) of the difference between each such payment of rent or other consideration and the Rent required hereunder, after Tenant's recovery of its actual and reasonable attorney's fees, brokerage commissions and improvement allowances or improvement costs incurred directly in connection with such assignment or subletting. Tenant shall continue to be liable as a principal

and not as a guarantor or surety to the same extent as though no assignment had been made. No permitted assignment shall be effective until there has been delivered to Landlord a counterpart of the assignment instrument in which the assignee agrees to be and remain jointly and severally liable with Tenant for the payment of Rent pertaining to the Premises and for the performance of all of the terms and provisions of this Lease relating thereto arising on or after the date of the Transfer. Notwithstanding anything to the contrary herein or otherwise, Tenant shall not collaterally assign, mortgage, pledge, hypothecate or otherwise encumber this Lease or any of Tenant's rights hereunder without the prior written consent of Landlord, which consent Landlord may withhold in its sole discretion.

17. ESTOPPEL, ATTORNMENT AND SUBORDINATION

17.1 Estoppel. Within ten (10) days after written request by Landlord, Tenant shall deliver an estoppel certificate duly executed (and acknowledged, if required by any lender or by Landlord), in the form attached hereto as Exhibit G, or in such other form as may be acceptable to any such lender, which form may include some or all of the provisions contained in Exhibit G, to any proposed lender, ground lessee, purchaser or Landlord, it being understood that Tenant shall be, and is entitled to be, truthful in connection with each statement set forth in such estoppel certificate. Tenant's failure to deliver said statement in such time period shall be conclusive upon Tenant that (1) this Lease is in full force and effect, without modification except as may be represented by Landlord; (2) there are no uncured defaults in Landlord's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and no more than one month's Base Rent has been paid in advance. If any financier should require that this Lease be amended (other than in the description of the Premises, the Term, the Permitted Use, the Rent or as will substantially, materially or adversely affect the rights of Tenant), Landlord shall give written notice thereof to Tenant, which notice shall be accompanied by a Lease supplement embodying such amendments. Tenant shall, within ten (10) days after the receipt of Landlord's notice, execute and deliver to Landlord the tendered Lease supplement. Within ten (10) days after written request by Tenant, Landlord shall deliver an estoppel certificate duly executed (and acknowledged, if required by Tenant), in such form as may be acceptable to any proposed lender, purchaser or Tenant, it being understood that Landlord shall be, and is entitled to be, truthful in connection with each statement set forth in such estoppel certificate.

17.2 Subordination. This Lease shall unconditionally be and at all times remain subject and subordinate to all ground leases, master leases and all mortgages and deeds of trust which now or hereafter affect the Premises or the Project or Landlord's interest therein (including any modifications, renewals or extensions thereof and all amendments thereto), all without the necessity of Tenant's executing further instruments to effect such subordination. If requested, Tenant shall execute and deliver to Landlord within ten (10) days after Landlord's request whatever documentation that may reasonably be required to further effect the provisions of this paragraph including a Subordination, Non-disturbance and Attornment Agreement ("SNDA") in the form required by the applicable lender. Notwithstanding anything contained in this Lease to the contrary, (1) the obligation for commissions under Section 18.7 shall not be binding on, and will not be enforceable against, any of Landlord's lenders or any party that holds a mortgage or other security interest in the Property, and (2) such commission obligation shall be unconditionally subordinate to the lien of any mortgage or other security interest in the Property, and any commissions otherwise payable under this Lease shall not be due or payable after an event of

default under any such mortgage or other security interest. Notwithstanding anything to the contrary contained in this Section 17.2, the holder of any such mortgage may at any time subordinate its mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such mortgage without regard to their respective dates of executing, delivery or recording and in the event such holder shall have the same rights with respect to this Lease as though this Lease has been executed prior to the executing, delivery and recording of such mortgage and had been assigned to such holder. Notwithstanding anything to the contrary contained herein, Landlord shall use commercially reasonable efforts to obtain from the existing and any future mortgagee and/or any existing ground lessor a commercially reasonable nondisturbance agreement on such ground lessors or mortgagee's standard form to the effect that so long as Tenant is not in default beyond any applicable notice and cure period, Tenant's occupancy hereunder shall not be disturbed. In no event shall Tenant's obligation to subordinate its rights hereunder be conditioned on the receipt of such agreement.

17.3 Attornment. Tenant hereby agrees that Tenant will recognize as its landlord under this Lease and shall attorn to any person succeeding to the interest of Landlord in respect of the land and the buildings governed by this Lease upon any foreclosure of any mortgage or deed of trust upon such land or buildings or upon the execution of any deed in lieu of foreclosure in respect to such deed of trust. Tenant shall pay all rental payments required to be made pursuant to the terms of this Lease for the duration of the term of this Lease. Tenant's attornment shall be effective and self-operative without the execution of any further instrument immediately upon Landlord's lender succeeding Landlord's interest in this Lease and giving written notice thereof to Tenant. If requested, Tenant shall execute and deliver an instrument or instruments confirming its attornment as provided for herein; provided, however, that no such beneficiary or successor-in-interest shall be bound by any payment of Base Rent for more than one (1) month in advance, or any amendment or modification of this Lease made without the express written consent of such beneficiary where such consent is required under applicable loan documents. Landlord's lender shall not be liable for, nor subject to, any offsets or defenses which Tenant may have by reason of any act or omission of Landlord under this Lease, nor for the return of any sums which Tenant may have paid to Landlord under this Lease as and for security deposits, advance rentals or otherwise, except to the extent that such sums are actually delivered by Landlord to Landlord's lender. If Landlord's lender, by succeeding to the interest of Landlord under this Lease, should become obligated to perform the covenants of Landlord hereunder, then, upon, any further transfer of Landlord's interest by Landlord's lender, all such obligations shall terminate as to Landlord's lender.

18. MISCELLANEOUS

18.1 General

18.1.1 Entire Agreement. This Lease, Addenda, Exhibits and Schedules set forth all the agreements between Landlord and Tenant concerning the Premises; and there are no agreements either oral or written other than as set forth herein.

18.1.2 Time of Essence. Time is of the essence of this Lease. For all purposes herein, a "Business Day" shall be defined to mean any day other than a Saturday or Sunday or other day on which commercial banks are authorized by Applicable Law to be closed in Philadelphia, Pennsylvania.

18.1.3 Attorneys' Fees Jury Trial Waiver. In any dispute regarding this Lease or in any action or proceeding which either party brings against the other to enforce its rights hereunder, the non-prevailing party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees and costs. Any judgment or order entered in any final judgment shall contain a specific provision providing for the recovery of all costs and expenses of suit, including reasonable attorneys' fees (collectively "Costs") incurred in enforcing, perfecting and executing such judgment. For the purposes of this paragraph, Costs shall include, without limitation, attorneys' fees, costs and expenses incurred in (1) post-judgment motions, (2) contempt proceeding, (3) garnishment, levy, and debtor and third party examination, (4) discovery. THE PARTIES ALSO HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE.

18.1.4 Severability. If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

18.1.5 Law. This Lease shall be construed and enforced in accordance with the laws of the state in which the Premises are located.

18.1.6 No Option. Submission of this Lease to Tenant for examination or negotiation does not constitute an option to lease, offer to lease or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by Landlord and Tenant.

18.1.7 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord and, subject to compliance with the terms of Section 16, Tenant.

18.1.8 Third Party Beneficiaries. Nothing herein is intended to create any third party beneficiary.

18.1.9 Memorandum of Lease. Tenant shall not record this Lease or a short form memorandum hereof.

18.1.10 Agency, Partnership or Joint Venture. Nothing contained herein nor any acts of the parties hereto shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto or any relationship other than the relationship of landlord and tenant

18.1.11 Merger. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof or a termination by Landlord shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

18.1.12 Headings. Section headings have been inserted solely as a matter of convenience and are not intended to define or limit the scope of any of the provisions contained therein.

18.1.13 Security Measures. Tenant hereby acknowledges that Landlord shall have no obligation to provide a guard service or other security measures whatsoever. Tenant assumes all responsibility for the protection of the Premises, Tenant, and any Tenant Party, and their respective property from third parties or otherwise.

18.1.14 Confidentiality. The economic terms of this Lease shall be considered Confidential Information and shall be treated as such by both parties. Neither party shall make a press release or other similar public statement regarding the fact of this Lease without prior written approval of the other Party (email approval to suffice).

18.1.15 Landlord's Lien/Security Interest. Intentionally Omitted.

18.1.16 Survival. All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term.

18.1.17 Signs. All signs and graphics of every kind which Tenant desires to install at the Building or the exterior of the Premises and which are visible in or from public view or corridors, the exterior of the Premises (whether located inside or outside of the Premises) shall be subject to Landlord's prior written approval (not to be unreasonably withheld or conditioned) and shall be subject to the CC&Rs, the Rules and Regulations, and any applicable governmental laws, ordinances, and regulations and in compliance with Landlord's signage program (if any). Tenant, at its sole cost and expense, shall remove all signs installed by, or on behalf of, Tenant prior to the termination of this Lease and such installations and removals shall be made in such manner as to avoid injury or defacement of the Premises. In furtherance of Section 18.9.2, Tenant shall repair any damage, injury, or defacement, including without limitation, discoloration caused by such installation or removal.

18.1.18 Waiver. No waiver of any default or breach hereunder shall be implied from any omission to take action on account thereof, notwithstanding any custom and practice or course of dealing. No waiver by either party of any provision under this Lease shall be effective unless in writing and signed by such party. No waiver shall affect any default other than the default specified in the waiver and then such waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant shall not be construed as a waiver of any subsequent breach of the same.

18.2 Financial Statements. Tenant shall provide, and cause each Guarantor, if applicable, to provide to any lender, any purchaser of the Building, the Land, and/or the Project, or Landlord or its affiliates or property manager, within ten (10) business days after request, a current, accurate, audited financial statement for Tenant and Guarantor and Tenant's and Guarantor's business and financial statements for Tenant and Guarantor and Tenant's and Guarantor's respective business for each of the three (3) years prior to the current financial statement year prepared under generally accepted accounting principles consistently applied and certified by an officer of the Tenant and

Guarantor as being true and correct. Tenant shall also provide, or cause Guarantor to provide, within said ten (10) business-day period such other financial information or tax returns as may be reasonably required by Landlord, any purchaser of the Building, the Land, and/or the Project or any lender of any of the foregoing. Tenant hereby authorizes Landlord to obtain one (1) or more credit reports on Tenant and/or Guarantor at any time, and shall execute such further authorizations as Landlord may reasonably require in order to obtain a credit report.

18.3 Limitation of Liability. The obligations of Landlord under this Lease are not personal obligations of the individual partners, members, managers, directors, officers, trustees, investment managers, shareholders, agents, or employees of Landlord. The obligations of Tenant under this Lease are not personal obligations of the individual partners, members, managers, directors, officers, trustees, investment managers, shareholders, agents, or employees of Tenant. Tenant shall look solely to Landlord's interest in the Land and the Premises for satisfaction of any liability of Landlord and shall not look to other assets of Landlord nor seek recourse against the assets of the individual partners, members, managers, directors, officers, trustees, investment managers, shareholders, agents, or employees of Landlord. Whenever Landlord transfers its interest, Landlord shall be automatically released from further performance under this Lease after the date of such transfer and from all further liabilities and expenses hereunder and the transferee of Landlord's interest shall assume all liabilities and obligations of Landlord hereunder from the date of such transfer. Neither Landlord nor Tenant shall be liable to the other under any circumstances for consequential or punitive damages; provided, however, that the foregoing limitation shall not apply with respect to liabilities of Tenant arising out of any failure by Tenant to comply with its obligations under Sections 1.2, 8, 12, 13, 18.5, 18.7 or any breach by Tenant of its representations and warranties made hereunder.

18.4 Notices. All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal or courier delivery (such as FedEx, UPS, or similar courier service), to Landlord's Address and Tenant's Address, or to such other place as Landlord or Tenant may designate in a written notice given to the other party. Notices shall be deemed served upon the first attempted delivery by the U.S. Postal Service, the courier, or a recognized delivery service prior to 5 p.m. central time on any Business Day, or, if after 5 p.m. central time, on the next Business Day.

18.5 Brokerage Commission. Tenant warrants to Landlord that Tenant's sole contact with Landlord or with the Premises in connection with this transaction has been directly with Landlord, Landlord's broker and Tenant's Broker specified in the Basic Lease Information, and that no other broker or finder can properly claim a right to a commission or a finder's fee based upon contacts between the claimant and Tenant. Landlord's lenders are not liable for or responsible for any commissions payable under this Lease. Subject to the foregoing, Tenant agrees to indemnify and hold Landlord harmless from any claims or liability, including reasonable attorneys' fees, in connection with a claim by any person for a real estate broker's commission, finder's fee, or other compensation based upon any statement, representation or agreement of, or claim by or through, Tenant.

18.6 Authorization. Tenant represents and warrants that as of the Commencement Date Tenant will be qualified to do business in the state in which the Premises is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions. If requested by Landlord, Tenant agrees to deliver to Landlord, simultaneously with the delivery of this Lease, a corporate resolution, proof of due authorization by partners, opinion of counsel or other appropriate documentation reasonably acceptable to Landlord evidencing the due authorization of Tenant to enter into this Lease.

18.7 Holding Over; Surrender.

18.7.1 Holding Over. If Tenant holds over the Premises or any part thereof after the expiration or earlier termination of this Lease, such holding over shall, at Landlord's option, constitute a month-to-month tenancy, at a rent equal to one hundred twenty-five percent (125%) of the Rent in effect immediately prior to such holding over and shall otherwise be on all the other terms and conditions of this Lease. This section shall not be construed as Landlord's permission for Tenant to hold over and Landlord shall have the right to immediately terminate any continued possession of the Premises by Tenant at any time upon such holding over. Acceptance of Rent by Landlord following expiration or termination shall not constitute a renewal of this Lease or extension of the Term except as specifically set forth above. If Tenant fails to surrender the Premises upon expiration or earlier termination of this Lease, Tenant shall be liable for any and all damages and hereby indemnifies and holds Landlord harmless from and against all loss or liability resulting from or arising out of Tenant's failure to surrender the Premises, including, but not limited to, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after the expiration or earlier termination of this Lease and any related attorneys' fees and brokerage commissions.

18.7.2 Surrender. On or before the expiration or earlier termination of this Lease, Tenant shall surrender the Premises, together with all keys and security codes, to Landlord in accordance with the move-out procedures set forth in Exhibit H attached hereto and in broom clean condition and in as good a condition as when received, ordinary wear and tear and damage by fire or casualty excepted, such obligation to expressly include repairing any damage to and restoring the condition of the Premises in accordance with Section 10.2. Conditions existing because of Tenant's failure to perform maintenance, repairs or replacements required to be performed by Tenant under this Lease shall not be deemed "reasonable wear and tear." Tenant shall also remove all of Tenant's Property and shall repair all damage to the Premises and the Project caused by the installation or removal of Tenant's Property or in any way in connection with the surrender of the Premises. Such repairs or restoration shall include, without limitation, the repair, patching, and filling of all holes in the floors, walls, roof, and other improvements within or without the Premises and all penetrations of the roof shall be resealed to a water tight condition. In no event shall Tenant remove from the Building any mechanical or electrical systems or any wiring or any other aspect of any systems within the Premises, unless Landlord specifically permits such removal in writing.

18.8 Joint and Several. If Tenant consists of more than one person, the obligation of all such persons shall be joint and several.

18.9 Covenants and Conditions. Each provision to be performed by Tenant hereunder shall be deemed to be both a covenant and a condition.

18.10 Consents. Except as otherwise provided elsewhere in this Lease, Landlord's actual reasonable costs and expenses (including, but not limited to, architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Tenant for any Landlord consent, including but not limited to, consents to a Transfer or the presence or use of a Hazardous Material, shall be paid by Tenant upon receipt of an invoice and supporting documentation therefor.

18.11 Force Majeure. "Force Majeure" as used in this Lease means delays resulting from causes beyond the reasonable control of Landlord or Tenant, including, without limitation, any delay caused by any action, inaction, order, ruling, moratorium, regulation, statute, condition or other decision of any private party or governmental agency having jurisdiction over any portion of the Project, over the construction anticipated to occur thereon or over any uses thereof, or by delays in inspections or in issuing approvals by private parties or permits by governmental agencies, or by fire, flood, inclement weather, strikes, lockouts or other labor or industrial disturbance, failure or inability to secure materials, supplies or labor through ordinary sources, earthquake, or other natural disaster, or any cause whatsoever beyond the reasonable control (excluding financial inability) of the Landlord or Tenant, or any of its contractors or other representatives, whether or not similar to any of the causes hereinabove stated.

18.12 Mortgagee Protection. Tenant agrees to give any holder of any mortgage or deed of trust secured by the Premises or the Project, by registered or certified mail or nationally recognized overnight delivery service, a copy of any notice of default served upon the Landlord by Tenant concurrently with delivery to Landlord, provided that, prior to such notice, Tenant has been notified in writing (by way of service on Tenant of a copy of assignment of rents and leases or otherwise) of the address of such holder of a mortgage or deed of trust. Tenant further agrees that if Landlord shall have failed to cure such default within thirty (30) days after such notice to Landlord (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if Landlord has commenced within such thirty (30) day period and is diligently pursuing the remedies or steps necessary to cure or correct such default), then the holder of any mortgage or deed of trust shall have an additional thirty (30) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such holder of any mortgage or deed of trust has commenced within such thirty (30) day period and is diligently pursuing the remedies or steps necessary to cure or correct such default). Notwithstanding the foregoing, in no event shall any holder of any mortgage or deed of trust have any obligation to cure any default of the Landlord.

18.13 OFAC. Tenant hereby represents and warrants that, to the best of its knowledge, Tenant is not, nor any persons or entities holding any legal or beneficial interest whatsoever in such party, are (1) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (2) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (3) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the Term, an Event of Default will be deemed to have occurred, without the necessity of notice to Tenant.

18.14 Roof Use by Landlord. Landlord reserves the right to use the surface of the roof in any manner which does not materially interfere with Tenant's use of the Premises including, but not limited to, installation of telecommunication equipment, solar equipment or any other uses; provided, however, that any such installation shall not materially adversely affect Tenant's operation in the ordinary course at the Premises.

18.15 Intentionally Deleted.

18.16 Parking. Tenant shall have exclusive use of the parking areas at the Premises as they exist from time to time during the Term. Tenant agrees not to overburden the parking facilities and agrees to cooperate with Landlord in the use of parking facilities. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties.

18.17 Counterparts; Electronic Signatures. This Lease may be executed in counterparts each of which shall, when executed, be deemed to be an original and all of which shall be deemed to be one and the same instrument. Landlord and Tenant each (1) have agreed to permit the use from time to time, where appropriate, of telecopy, electronic mail, or other electronic signatures in order to expedite the transaction contemplated by this Lease, (2) intends to be bound by its respective telecopy electronic mail, or other electronic signature, (3) is aware that the other will rely on the telecopied, electronic mail, or other electronically transmitted signature, and (4) acknowledges such reliance and waives any defenses to the enforcement of this Lease and the documents affecting the transaction contemplated by this Lease based on the fact that a signature was sent by telecopy, electronic mail, or electronic transmission only.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have executed this Lease intending to be legally bound as of the date set forth above.

"Landlord"

CHRIN-CARSON DEVELOPMENT, LLC,
a Delaware limited liability company

By: /s/ Todd L. Burnight
Name: Todd L. Burnight
Its: Sr. Vice President

By: /s/ John W. Hawkinson
Name: John W. Hawkinson
Its: Sr. Vice President

"Tenant"

LULU'S FASHION LOUNGE HOLDINGS, INC.,
a Delaware corporation

By: /s/ Crystal Landsem
Name: Crystal Landsem
Its: CFO

[SIGNATURE PAGE TO LEASE]

ADDENDUM 1

RENEWAL OPTION

Notwithstanding anything to the contrary in the Lease, Tenant shall have one (1) option to renew the Term (the "Renewal Option") on the following terms and conditions:

(a) Provided that as of the date of the receipt of the Renewal Notice (as hereinafter defined) by Landlord and the Renewal Commencement Date (as hereinafter defined), (i) Tenant is the tenant originally named herein, (ii) Tenant actually occupies at least 75% of the Premises initially demised under the Lease and any space added to the Premises (provided, Tenant acknowledges that the exercise of any Renewal Option under this Lease shall be binding upon Tenant's lease of 100% of the Building), and (iii) no default exists, then Tenant shall have the right to extend the Term for an additional term of sixty (60) months (the "Renewal Term") commencing on the day following the expiration of the Term (the "Renewal Commencement Date"). Tenant shall give Landlord written notice (the "Renewal Notice") of its election to renew the Term in accordance with the terms hereof at least nine (9) months, but not more than twelve (12) months, prior to the scheduled expiration date of the Term.

(b) The Base Rent payable by Tenant to Landlord during the Renewal Term shall be the then-prevailing market rate for comparable space in comparable buildings in the vicinity of the Project taking into account the size of the Lease, the length of the renewal term, market escalations, and the credit of Tenant. The Base Rent shall not be reduced by reason of any costs or expenses saved by Landlord by reason of Landlord's not having to find a new tenant for such premises (including, without limitation, brokerage commissions, costs of improvements, rent concessions or lost rental income during any vacancy period). Notwithstanding any other provision to the contrary herein, in no event shall the Base Rent during the Renewal Term be less than the Base Rent applicable to the last year of the Term.

(c) Upon receipt of the Renewal Notice, Landlord shall promptly, but no later than fifteen (15) days' receipt of the Renewal Notice, notify Tenant of its determination of the Base Rent for the Renewal Term, and Tenant shall advise Landlord in writing of any objection within ten (10) days of receipt of Landlord's notice. Failure to respond within the ten (10) day period shall constitute Tenant's acceptance of such Base Rent. If Tenant affirmatively objects in writing. Landlord and Tenant shall commence negotiations to attempt to agree upon the Base Rent for a period of up to fifteen (15) days after Landlord's receipt of Tenant's objection notice. If (i) Tenant has rejected such Base Rent in writing or (ii) the parties cannot agree after Tenant objects, each acting in good faith but without any obligation to agree, on the Base Rent on or before the end of such fifteen (15) day period, then Tenant's exercise of the Renewal Option shall be deemed withdrawn and the Lease shall expire or terminate in accordance with its terms unless Tenant or Landlord invokes the appraisal procedure provided below to determine the Base Rent for the Renewal Term. If request for an appraisal is invoked by either party after undergoing the process described above, then Landlord and Tenant shall immediately appoint a mutually acceptable commercial real estate broker licensed in the Commonwealth of Pennsylvania and with a minimum of 8 years' experience in the Lehigh Valley industrial real estate market to establish the new prevailing market Base Rent within the next 30 days, and in a manner consistent with subparagraph (b)(ii) above. Any associated costs will be split equally between the parties.

ADDENDUM 1

(d) The determination of the Base Rent does not reduce the Tenant's obligation to pay or reimburse Landlord for operating expenses, real estate taxes and assessments, and any other reimbursable or chargeable items as set forth in the Lease, and Tenant shall reimburse and pay Landlord as set forth in the Lease with respect to such items with respect to the Premises during the Renewal Term.

(e) Except for the Base Rent for the Renewal Term as determined above, Tenant's occupancy of the Premises during the Renewal Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the Term; provided, however, Tenant shall have no further right to any allowances, credits or abatements or any options to expand, contract, renew, terminate or extend the Lease unless otherwise agreed to in writing by Landlord and Tenant.

(f) If Tenant does not give the Renewal Notice within the period set forth above, the Renewal Option shall automatically terminate. Time is of the essence as to the giving of the Renewal Notice.

(g) Landlord shall have no obligation to refurbish or otherwise improve the Premises for the Renewal Term. The Premises shall be tendered on the Renewal Commencement Date in "as-is" condition.

(h) If the Lease is extended for the Renewal Term, then, promptly after the determination of Base Rent in accordance with the terms of this addendum, Landlord shall prepare and Tenant shall execute an amendment to the Lease confining the extension of the Term and the other provisions applicable thereto.

(i) If Tenant exercises its right to extend the term of the Lease for the Renewal Term pursuant to this addendum and the parties execute the amendment, the term "Term" as used in this Lease, shall be construed to include, when practicable, the Renewal Term except as provided in subparagraph (e) above.

ADDENDUM 2

TENANT IMPROVEMENT ALLOWANCE

1. Landlord shall provide Tenant with a Tenant Improvement Allowance (the "T.I. Allowance") in an amount not to exceed four hundred fifty thousand dollars ($450,000). All Tenant Improvements to the Premises (including associated design, engineering, plan check and permit fees) shall be mutually approved by Landlord and Tenant prior to their construction. Tenant will contract directly with a qualified, licensed contractor of its choice to construct the modifications in accordance with the building standard materials and specifications. Tenant will provide Landlord with invoices, lien releases and acknowledgements from Tenant that Tenant has paid the subject invoice(s) and that the subject improvements are completed. Upon receipt of the above information by Landlord, Landlord will reimburse Tenant for the invoices related to these modifications up to $450,000. All work associated with the T.I. Allowance must be completed by Tenant by October 31, 2019 in order to be eligible to be covered by the T.I. Allowance.

2. Lighting—if Tenant requests more warehouse lighting than currently planned, Tenant may request an increase the number of "high bay" warehouse lighting fixtures and Landlord's builder will complete work, to be deducted from Tenant Improvement Allowance.

ADDENDUM 2

ADDENDUM 3

GUARANTY

This Guaranty of Lease (the "Guaranty") is attached to and made part of that certain Standard Commercial Lease (the "Lease") dated December , 2018, between CHRIN-CARSON DEVELOPMENT, LLC, as Landlord, and LULU'S FASHION LOUNGE HOLDINGS, INC., as Tenant, covering the Leased Premises commonly known as 2505 Hollo Road, Palmer Township, PA 18045. The terms used in this Guaranty shall have the same definitions as set forth in the Lease, except as defined herein. In order to induce Landlord to enter into the Lease with Tenant, LULU'S HOLDINGS, L.P., a Delaware limited partnership ("Guarantor"), has agreed to execute and deliver this Guaranty to Landlord. Guarantor acknowledges that Landlord would not enter into the Lease if Guarantor did not execute and deliver this Guaranty to Landlord.

1. **Guaranty**. In consideration of the execution of the Lease by Landlord and as a material inducement to Landlord to execute the Lease, Guarantor hereby irrevocably, unconditionally, jointly and severally guarantees the full, timely and complete (a) payment of all Rent and other sums payable by Tenant to Landlord under the Lease, and any amendments or modifications thereto by agreement or course of conduct, (b) performance of all covenants, representations and warranties made by Tenant and all obligations to be performed by Tenant pursuant to the Lease, and any amendments or modifications thereto by agreement or course of conduct, and (c) payment of all insured amounts required to be covered by Section 7.05 of the Lease to the extent not covered by insurance companies meeting the requirements of Section 7.05(c) of the Lease (collectively, the "Lease Obligations"). The payment and performance of the Lease Obligations shall be conducted in accordance with all terms, covenants and conditions set forth in the Lease, without deduction, offset, counterclaim or excuse of any nature (except as otherwise expressly provided therein) and without regard to the enforceability or validity of the Lease, or any part thereof, or any disability of Tenant. It is understood that Landlord, without impairing this Guaranty, may apply payments from Tenant to the Lease Obligations or to such other obligations owed by Tenant to Landlord in such amounts and in such order as Landlord in its complete discretion determines. No payment made hereunder by Guarantor to Landlord shall cause Guarantor to be characterized as a creditor of Landlord.

2. **Landlord's Rights**. Landlord may perform any of the following acts at any time during the Term of the Lease, without notice to or assent of Guarantor and without in any way releasing, affecting or impairing any of Guarantor's obligations or liabilities under this Guaranty: (a) alter, modify or amend the Lease by agreement or course of conduct, (b) grant extensions or renewals of the Lease, (c) assign or otherwise transfer its interest in the Lease, the Land, or this Guaranty, (d) consent to any transfer or assignment of Tenant's or any future tenant's interest under the Lease, (e) release one or more guarantors, or amend or modify any guaranty with respect to any guarantor, without releasing or discharging Guarantor from Guarantor's obligations or liabilities under this Guaranty, (f) take and hold security for the payment of this Guaranty and exchange, enforce, waive and release any such security, (g) apply such security and direct the order or manner of sale thereof as Landlord, in its sole discretion, deems appropriate, and (h) foreclose upon any such security by judicial or nonjudicial sale, without affecting or impairing in any way the liability of Guarantor under this Guaranty, except to the extent the indebtedness has been paid.

ADDENDUM 3

3. **Tenant's Default**. This Guaranty is a guaranty of payment and performance, and not of collection. Upon any breach or default by Tenant under the Lease, Landlord may proceed immediately against Tenant and/or Guarantor to enforce any of Landlord's rights or remedies against Tenant or Guarantor pursuant to this Guaranty, the Lease, or at law or in equity without notice to or demand upon either Tenant or Guarantor. This Guaranty shall not be released, modified or affected by any failure or delay by Landlord to enforce any of its rights or remedies under the Lease or this Guaranty, or at law or in equity.

4. **Guarantor's Waivers**. Guarantor hereby WAIVES (a) presentment, demand for payment and protest of non-performance under the Lease, (b) notice of any kind including, without limitation, notice of acceptance of this Guaranty, protest, presentment, demand for payment, default, nonpayment, or the creation or incurring of new or additional obligations of Tenant to Landlord, (c) any right to require Landlord to enforce its rights or remedies against Tenant under the Lease, or otherwise, or against any other guarantor, (d) any right to require Landlord to proceed against any security held from Tenant or any other person or entity, (e) any right of subrogation and (f) any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of Guarantor against Landlord or any such security, whether resulting from an election by Landlord, or otherwise. Any part payment by Tenant or other circumstance which operates to toll any statute of limitations as to Tenant, shall operate to toll the statute of limitations as to Guarantor.

5. **Separate and Distinct Obligations**. Guarantor acknowledges and agrees that Guarantor's obligations to Landlord under this Guaranty are separate and distinct from Tenant's obligations to Landlord under the Lease. The occurrence of any of the following events shall not have any effect whatsoever on Guarantor's obligations to Landlord hereunder, each of which obligations shall continue in full force or effect as though such event had not occurred: (a) the commencement by Tenant of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended or replaced, or any other applicable federal or state bankruptcy, insolvency or other similar law (collectively, the "Bankruptcy Laws"), (b) the consent by Tenant to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of Tenant or for any substantial part of its property, (c) any assignment by Tenant for the benefit of creditors, (d) the failure of Tenant generally to pay its debts as such debts become due, (e) the taking of corporate action by Tenant in the furtherance of any of the foregoing; or, (f) the entry of a decree or order for relief by a court having jurisdiction in respect of Tenant in any involuntary case under the Bankruptcy Laws, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Tenant or for any substantial part of its property, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days. The liability of Guarantor under this Guaranty is not and shall not be affected or impaired by any payment made to Landlord under or related to the Lease for which Landlord is required to reimburse Tenant pursuant to any court order or in settlement of any dispute, controversy or litigation in any bankruptcy, reorganization, arrangement, moratorium or other federal or state debtor relief proceeding. If, during any such proceeding, the Lease is assumed by Tenant or any trustee, or thereafter assigned by Tenant or any trustee to a third party, this Guaranty shall remain in full force and effect with respect to the full performance of Tenant, any such trustee or any such third party's obligations under the Lease. If the Lease is terminated or rejected during any such proceeding, or if any of the events described in Subparagraphs (a) through (f) of this

Paragraph 5 occur, as between Landlord and Guarantor, Landlord shall have the right to accelerate all of Tenant's obligations under the Lease and Guarantor's obligations under this Guaranty. In such event, all such obligations shall become immediately due and payable by Guarantor to Landlord. Guarantor WAIVES any defense arising by reason of any disability or other defense of Tenant or by reason of the cessation from any cause whatsoever of the liability of Tenant.

6. **Subordination**. All existing and future advances by Guarantor to Tenant, and all existing and future debts of Tenant to Guarantor, shall be subordinated to all obligations owed to Landlord under the Lease and this Guaranty.

7. **Successors and Assigns**. This Guaranty binds Guarantor's personal representatives, successors and assigns, and notwithstanding anything to the contrary contained elsewhere in this Guaranty or the Lease, Guarantor, without Landlord's approval written or otherwise, but with written notice to Landlord by Guarantor, shall have the absolute right to assign its obligations and interest in this Guaranty to (i) a corporation or other entity with which Guarantor may merge, or (ii) any entity to whom Guarantor sells all or substantially all of its assets, so long as such assignee entity, after the transaction is effected, has a tangible net worth (excluding goodwill) equal to or greater than the greater of the net worth of Guarantor as of the Effective Date of this Lease.

8. **Encumbrances**. If Landlord's interest in the Leased Premises or the Lease, or the rents, issues or profits therefrom, are subject to any deed of trust, mortgage or assignment for security, Guarantor's acquisition of Landlord's interest in the Leased Premises or Lease shall not affect any of Guarantor's obligations under this Guaranty. In such event, this Guaranty shall nevertheless continue in full force and effect for the benefit of any mortgagee, beneficiary, trustee or assignee or any purchaser at any sale by judicial foreclosure or under any private power of sale, and their successors and assigns.

9. **Guarantor's Duty**. Guarantor assumes the responsibility to remain informed of the financial condition of Tenant and of all other circumstances bearing upon the risk of Tenant's default, which reasonable inquiry would reveal, and agrees that Landlord shall have no duty to advise Guarantor of information known to it regarding such condition or any such circumstance.

10. **Landlord's Reliance**. Landlord shall not be required to inquire into the powers of Tenant or the officers, employees, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

11. **Incorporation of Certain Lease Provisions; Governing Law**. Guarantor hereby represents and warrants to Landlord that Guarantor has received a copy of the Lease, has read or had the opportunity to read the Lease, and understands the terms of the Lease. The provisions in the Lease relating to the execution of additional documents, legal proceedings by Landlord against Tenant, severability of the provisions of the Lease, interpretation of the Lease, notices, waivers, the applicable laws which govern the interpretation of the Lease and the authority of the Tenant to execute the Lease are incorporated herein in their entirety by this reference and made a part hereof. Any reference in those provisions to "Tenant" shall mean Guarantor and any reference in those provisions to the "Lease" shall mean this Guaranty, except that (a) any notice which Guarantor

desires or is required to provide to Landlord shall be effective only if signed by Guarantor and (b) any notice which Landlord desires or is required to provide to Guarantor shall be sent to Guarantor at Guarantor's address indicated below, or if no address is indicated below, at the address for notices to be sent to Tenant under the Lease. THIS GUARANTY SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA AND THE LAWS OF THE UNITED STATES OF AMERICA AS APPLICABLE TO TRANSACTIONS WITHIN THE COMMONWEALTH OF PENNSYLVANIA.

Guarantor:
LULU'S HOLDINGS, L.P.,
a Delaware limited partnership

By: _____
Name: _____
Title: _____

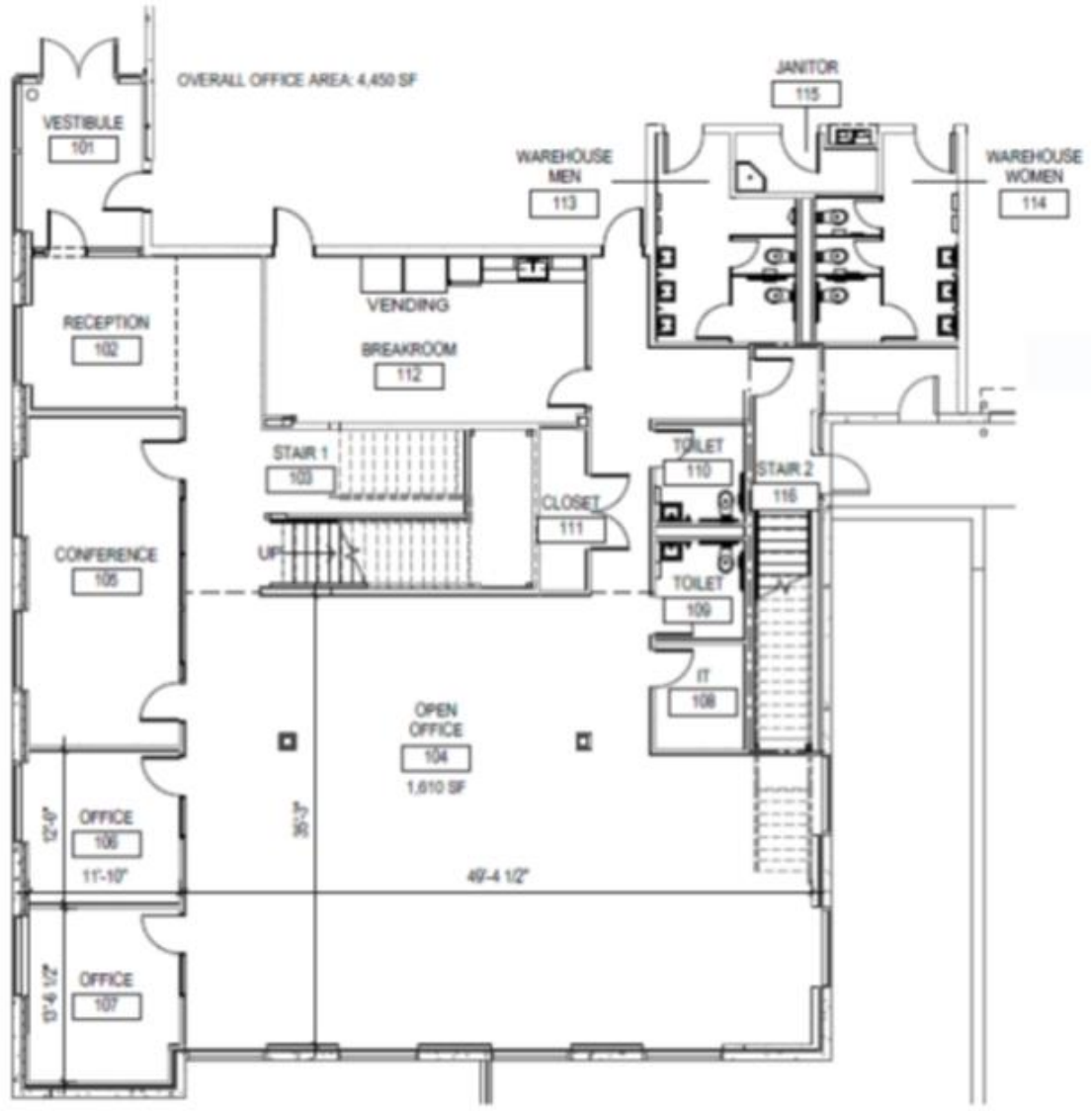
Guarantor's Address:
500 Boylston Street, 13th Floor, Boston, Massachusetts 02116

EXHIBIT A

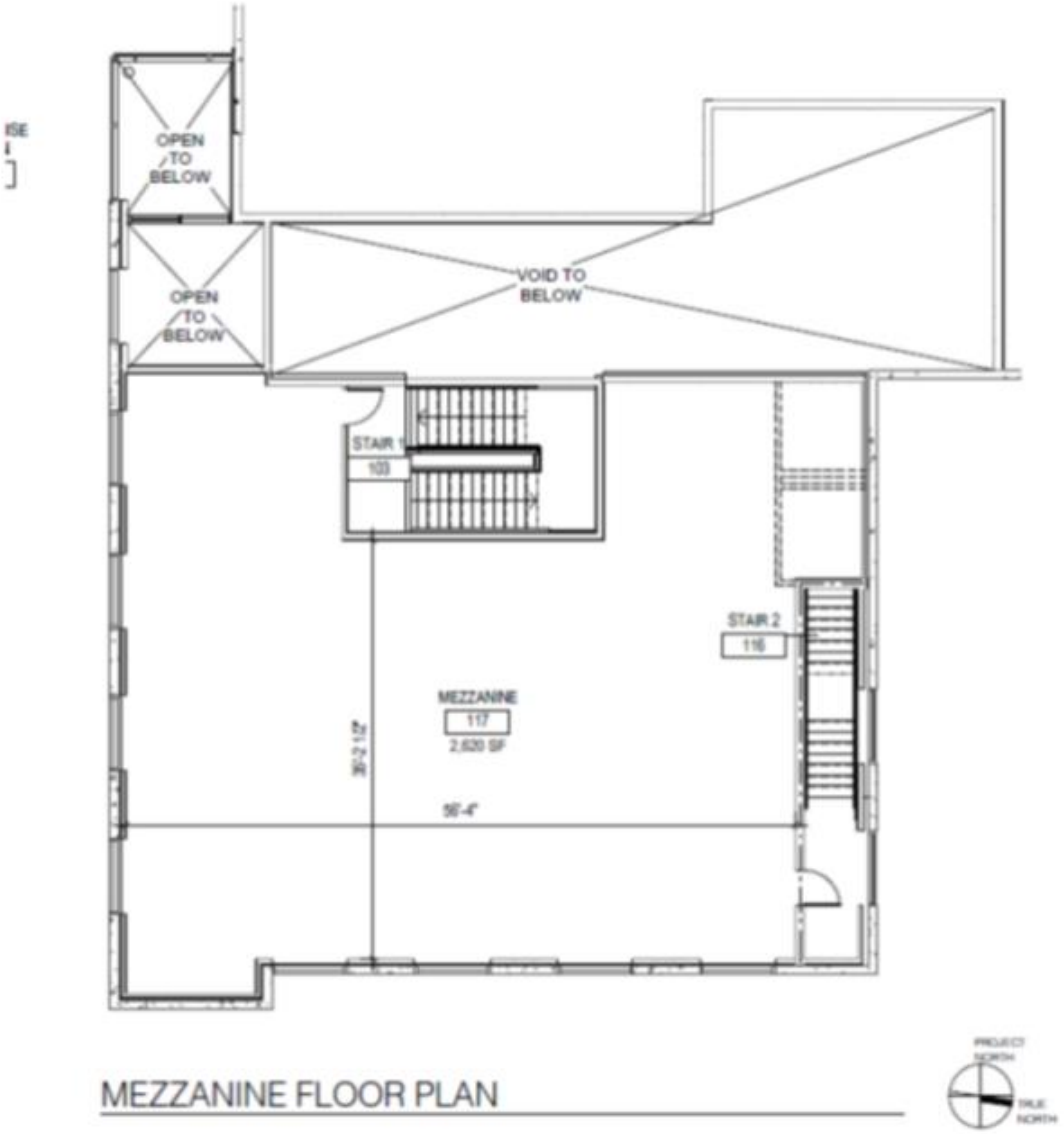
SITE PLAN/PREMISES DEPICTION/SPECIFICATIONS

EXHIBIT A

Landlord shall, at Landlord's expense and not as a portion of the Tenant Improvement Allowance, deliver 4550 sq. ft. of finished office space within the Premises in accordance with Exhibits A.1, A.2, and A.3. Such office space shall be finished with paint, carpet, lighting, HVAC, bathrooms, electrical, internet. The office space shall be in materially the same format as the below floorplan.



FIRST FLOOR PLAN



MEZZANINE FLOOR PLAN

EXHIBIT A.2

[ATTACHED]

EXHIBIT A

EXHIBIT A.3

[ATTACHED]

EXHIBIT A

EXHIBIT B

PROHIBITED USES

The following types of operations and activities are expressly prohibited on the Premises:

1. automobile/truck/forklift maintenance, repair or fueling (except as expressly permitted under the terms and conditions of Section 1.2 of the Lease);
2. battery manufacturing or reclamation;
3. ceramics and jewelry manufacturing or finishing;
4. chemical (organic or inorganic) storage, use or manufacturing (except as expressly permitted pursuant to the terms and conditions of Exhibit I to the Lease);
5. drum recycling;
6. dry cleaning;
7. electronic components manufacturing;
8. electroplating and metal finishing;
9. explosives manufacturing, use or storage;
10. hazardous waste treatment, storage, or disposal;
11. leather production, tanning or finishing;
12. machinery and tool manufacturing;
13. medical equipment manufacturing and hospitals;
14. metal shredding, recycling or reclamation;
15. metal smelting and refining;
16. mining;
17. paint, pigment and coating operations;
18. petroleum refining;
19. plastic and synthetic materials manufacturing;
20. solvent reclamation;
21. tire and rubber manufacturing;

EXHIBIT B

22. above- and/or underground storage tanks;

23. fertilizer storage;

24. residential use or occupancy;

25. auctions of any type (except the foregoing shall not prohibit online auctions conducted exclusively via the internet in the ordinary course of Tenant's business, in accordance with the Permitted Uses, and subject to Tenant's full compliance with Applicable Laws);

26. retail sales of any type (except the foregoing shall not prohibit online retail sales conducted exclusively via the internet in the ordinary course of Tenant's business (provided, Tenant may host a warehouse sale on Property no more than two (2) times in any calendar year, in accordance with the Permitted Uses, and subject to Tenant's full compliance with Applicable Laws, subject to prior written notice to Landlord and Tenant's indemnity of Landlord for any claims, costs liabilities, damages and expenses (including reasonable attorneys' fees), and any fines or penalties incurred in connection with or arising from such warehouse sale); and

27. tire storage (except that, subject to Tenant's full compliance with all Applicable Laws, the incidental and temporary storage of a de minimis quantity of tires shall be permitted in the ordinary course of Tenant's business and in connection with the Permitted Uses, provided that no tires shall be stored in the area(s) in front of any electrical panel(s)).

EXHIBIT C

RULES AND REGULATIONS

1. No automobile, recreational vehicle or any other type of vehicle or equipment shall remain outside the Building longer than sixty (60) days and, except as expressly permitted under the terms and conditions of Section 1.2 of the Lease, no vehicle or equipment of any kind shall be dismantled, repaired or serviced in the Building or on the Project. No inoperable vehicle or equipment shall remain outside the Building. All vehicle parking shall be restricted to areas designated and marked for vehicle parking. The foregoing restrictions shall not be deemed to prevent temporary parking for loading or unloading of vehicles in designated areas.

2. Signs will conform to sign standards and criteria established from time to time by Landlord. No other signs, placards, pictures, advertisements, names or notices shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the building without the written consent of Landlord and Landlord shall have the right to remove any such non-conforming signs, placards, pictures, advertisements, names or notices without notice to and at the expense of Tenant.

3. No antenna, aerial, discs, dishes or other such device shall be erected on the roof or exterior walls of the Premises, or on the grounds, without the written consent of the Landlord in each instance. Any device so installed without such written consent shall be subject to removal without notice at any time.

4. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of the Landlord.

5. The outside areas immediately adjoining the Premises shall be kept clean and free from dirt and rubbish by the Tenant to the satisfaction of Landlord and Tenant shall not place or permit any obstruction or materials in such areas or permit any work to be performed outside the Premises.

6. No open air storage shall be permitted in the Project.

7. All garbage and refuse shall be placed in containers placed at the location designated for refuse collection, the manner specified by Landlord.

8. No vending machine or machines of any description shall be installed, maintained or operated upon the Land outside of the Building.

9. Tenant shall not disturb, solicit, or canvass any occupant of the building and shall cooperate to prevent same.

10. No noxious or offensive trade or activity shall be carried on upon any units or any part of the Premises nor shall anything be done thereon which would in any way interfere with the quiet enjoyment of each of the other tenants of the Project or which would increase the rate of insurance or overburden utility facilities from time to time existing in the Project.

11. Landlord reserves the right to make such amendments to these rules and regulations from time to time as are nondiscriminatory and not inconsistent with the Lease.

EXHIBIT D

MINIMUM HVAC SYSTEM SERVICE CONTRACT REQUIREMENTS

The Service Contract must become effective within 30 days of occupancy, and service visits shall be performed on a quarterly basis. The Service Contract must cover all hot water, heating, and air conditioning systems and equipment within or exclusively serving the Premises. Landlord requires that the qualified HVAC contractor include the following items as part of such maintenance contract:

1. Adjust belt tension;
2. Lubricate all moving parts, as necessary;
3. Inspect and adjust all temperature and safety controls;
4. Check refrigeration system for leaks and operation;
5. Check refrigeration system for moisture;
6. Inspect compressor oil level and crank case heaters;
7. Check head pressure, suction pressure and oil pressure;
8. Inspect air filters and replace when necessary;
9. Check space conditions;
10. Check condensate drains and drain pans and clean, if necessary;
11. Inspect and adjust all valves;
12. Check and adjust dampers;
13. Run machine through complete cycle.

EXHIBIT D

EXHIBIT E

REQUIREMENTS FOR IMPROVEMENTS OR ALTERATIONS BY TENANT

If Landlord shall permit Tenant to construct any initial tenant improvements in the Premises or to have any work performed in the Premises at any time prior to or during the Term by a contractor retained by Tenant, including, without limitation, the installation of Tenant's Trade Fixtures or the construction of any Alterations in accordance with Section 10 of the Lease (the "Tenant's Improvements"), then Tenant shall comply with the requirements set forth herein. The Tenant's Improvements shall not be properly authorized unless and until Tenant receives express written approval and consent from Landlord for such work, which approval and consent shall not be unreasonably withheld or conditioned. Tenant shall comply with the provisions set forth herein and any other applicable requirements of Landlord regarding construction of the Tenant's Improvements.

1. SUBMITTAL OF PLANS.

(a) Prior to the commencement of the Tenant's Improvements, Tenant shall submit to Landlord for approval its proposed plans for such work. Without limiting the foregoing. Tenant shall, at its sole cost and expense, provide to Landlord the following:

(i) A schedule of all work to be performed.

(ii) A separate scale drawing denoting all proposed construction and/or demolition, including specific dimensions for and complete references to such work.

(iii) A separate drawing for each trade proposing structural, electrical, mechanical, civil or landscaping modifications.

(iv) If adding extra electrical or mechanical equipment, complete operating and maintenance specifications for each item.

(b) Landlord's failure to respond to a written request from Tenant shall be deemed to be Landlord's approval of the applicable request for approval hereunder.

2. BUILDING PERMITS. Prior to commencing any of the Tenant's Improvements requiring any permit under Applicable Law, Tenant shall provide Landlord with copies of all permits secured in connection with any of the Tenant's Improvements, along with the plans submitted in connection with such permits. Upon completion of the Tenant's Improvements, Tenant shall provide copies of the final inspection, a certification of occupancy to the extent required under Applicable Law, and a notice of completion.

3. CONTRACTORS PROVIDING TENANT IMPROVEMENT SERVICES.

(a) All contractors and subcontractors employed by Tenant shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld or conditioned.

(b) Tenant shall provide Landlord with a list of each contractor and sub-contractor, along with such contractor's or sub-contractor's address, contact information, and contact person. Each contractor and subcontractor employed by Tenant shall be duly licensed in the state in which the Premises are located and shall provide proof of licensing as a general or specialty contractor in accordance with such state's laws. Additionally, each contractor or sub-contractor shall furnish proof of licensing in the city or municipality in which the construction related activity is to take place (to the extent licensing is required by Applicable Law).

(c) Tenant and Tenant's contractors and subcontractors shall comply with all Applicable Laws pertaining to the performance of the Tenant's Improvements and all applicable safety regulations established by Landlord or Landlord's contractor. If state law requires Tenant to employ the services of a general contractor in addition to contractors for specialty work being performed. Tenant shall comply with such state law in all respects.

(d) Prior to the commencement of the Tenant's Improvements, Tenant and Tenant's contractors and subcontractors shall have a signed contract in place, which contract shall contain an indemnification section indemnifying Landlord and shall list the insurance requirements to be followed. Each of Tenant's contractors and subcontractors shall obtain and keep in force at all times the following insurance in the following coverage amounts and Tenant shall obtain and provide to Landlord a certificate of insurance evidencing the same:

(i) Commercial General Liability with a $1,000,000 Combined Single Limit covering the liability of Landlord and contractor for bodily injury and property damage arising as a result of the construction of the improvements and the services performed thereunder. The insurance certificate shall be submitted to Landlord for approval and all General Liability insurance policies shall name Landlord, Landlord's lender, if any, and any property management company of Landlord for the Premises as additional insureds.

(ii) Business Automobile Liability with a $1,000,000 Combined Single Limit covering Landlord and vehicles used by contractor (and any subcontractor) in connection with the construction of the improvements.

(iii) Workers' Compensation and Employer's Liability as required by law, for employees of the contractor (and any subcontractors) performing work on the Premises.

(e) The following requirements shall be incorporated as "Special Conditions" into the contract between Tenant and Tenant's contractors and a copy of the contract shall be furnished to Landlord prior to the commencement of the Tenant's Improvements:

(i) Prior to the commencement of the Tenant's Improvements, Tenant's contractor shall provide Landlord with a construction schedule in "bar graph" form indicating the completion dates of all phases of the Tenant's Improvements.

(ii) Tenant's contractor shall be responsible for the repair, replacement and clean-up of any damage done to the Premises and other contractors' work, which specifically includes access ways to the Premises which may be concurrently used by others.

(iii) Tenant's contractor shall accept the Premises prior to starting any trenching operations. Any rework of sub-base or compaction required after the contractor's initial acceptance of the Premises shall be done by Tenant's contractor, which shall include the removal from the Project of any excess dirt or debris.

(iv) Tenant's contractor shall contain its storage of materials and its operations within the Premises and such other space as it may be assigned by Landlord or Landlord's contractor. Should Tenant's contractor be assigned space outside the Premises, it shall move to such other space as Landlord or Landlord's contractor shall direct from time to time to avoid interference or delays with other work.

(v) Tenant's contractor shall clean up the construction area and surrounding exterior areas daily. All trash, demolition materials and surplus construction materials shall be stored within the Premises and promptly removed from the Premises and the Project and disposed of at an approved sanitation site.

(vi) Tenant's contractor shall provide temporary utilities, portable toilet facilities, and potable drinking water as required for its work within the Premises and shall pay to Landlord or Landlord's contractor the cost of any temporary utilities and facilities provided by Landlord or Landlord's contractor at Tenant's contractor's request.

(vii) Tenant's contractor shall notify Landlord or Landlord's project manager of any planned work to be done on weekends or other than normal job hours.

(viii) Tenant's contractor or subcontractors shall not post signs on any part of the Project or on the Premises.

(f) Upon completion of the project, Tenant shall provide Landlord with a set of "As-Built" drawings for any work performed to the Premises.

4. COSTS.

(a) Tenant shall promptly pay any and all actual, reasonable costs and expenses in connection with or arising out of the performance of the Tenant's Improvements (including the costs of permits therefore) and shall furnish to Landlord evidence of such payment upon request.

(b) Tenant shall reimburse Landlord for all costs which Landlord may incur in connection with granting approval to Tenant for any alteration and/or addition, including any costs or expenses which Landlord may incur in electing to have outside architects and engineers review said matters. In the event Tenant is performing certain structural alterations (including the expansion of the office portion of the Premises or any construction of demising walls) or Tenant's Improvements or Alterations affect the structural integrity of the Building or any building systems

such as mechanical, plumbing, HVAC or electrical. Landlord shall have the right to charge a construction management fee in an amount not to exceed 3% of the costs of Tenant's Improvements, which shall be calculated based upon the scope of Tenant's work, taking into account costs generally payable for similar services within the market area in which the Building is located, with such fee percentage to be identified as part of any approval letter from Landlord.

5. CONTRACTOR'S BONDS. Prior to the commencement of construction for any project (or series of related projects) for which the estimated cost exceeds $50,000, Tenant shall, if required by Landlord, obtain or cause its contractors to obtain payment and performance bonds covering the faithful performance of the contract for the construction of the Tenant's Improvements and the payment of all obligations arising thereunder and shall furnish to Landlord evidence of such bonds upon request. In the alternative, and at Landlord's option, Tenant may appoint Landlord as its contractor, and in so doing, Tenant shall deposit with the Landlord a sum of money equal to the entire amount of the estimated construction costs of the Tenant's Improvements. If Tenant deposits with Landlord monies for such construction costs, it is agreed that Landlord will not be placed in a fiduciary capacity as a trustee, or any other fiduciary title, for the sums of monies in Landlord's possession. Any bonds obtained pursuant hereto shall be for the mutual benefit of both Landlord and Tenant as obligees and beneficiaries.

6. BUILDING STANDARDS. All work shall (a) be performed during Landlord's designated hours for construction work, (b) conform to Landlord's established rules (including clean up rules), regulations, building standards and specifications, (c) not interfere with any other tenant of Landlord, nor block any access points, and (d) comply with any CC&Rs and all laws, rules and regulations. Tenant is required to make these standards part of the construction contract.

7. ROOF PENETRATIONS. If improvements penetrate the roof membrane, the penetrations will be sealed per Landlord or Landlord's consultant's roofing specifications and inspected by Landlord or Landlord's consultant to maintain the roof warranty. The cost of inspection and all corrective work shall be borne by Tenant. Tenant shall use Landlord's original roofing contractor (or such other contractor designated by Landlord in its sole discretion) for any inspection or work to be done on the roof of the Building.

8. BUILDING MODIFICATIONS. All approved work shall only be constructed within the confines of the Premises or such other space as Landlord may designate in its sole discretion. Tenant shall not be allowed to modify the Building exterior or any mechanical or electrical services provided to the Building in common with other tenants unless Tenant obtains Landlord's prior written approval of such modification.

9. ELECTRICAL WORK. All electrical work shall only be approved for the electrical panels located within the Premises. Additional service requirements shall be secured only by direction of Landlord.

10. CLEAN UP AND DISPOSAL OF CONSTRUCTION DEBRIS. Tenant shall comply with Landlord's rules regarding clean up. Building trash containers are provided for office generated trash only and are not to be used for the disposal of construction-related materials and debris. Unapproved usage will result in a penalty assessment to the Tenant equal to the cost of an extra pick-up service as determined under the current rate schedule of the regular trash removal service.

11. LANDLORD'S RIGHTS. Landlord reserves the following rights: (i) the right of inspection prior to, during and at completion of all construction and/or demolition; (ii) the right to post and record a notice of nonresponsibility in conformity with the laws of the state in which the Premises are located and (iii) the right to order a total stop to all work underway for non-compliance with any of the requirements hereof.

12. GENERAL PROVISIONS.

(a) All materials, work, installations and decorations of any nature whatsoever brought on or installed in the Premises before the commencement of the Term or throughout the Term shall be at Tenant's risk, and neither Landlord nor any party acting on Landlord's behalf shall be responsible for any damage thereto or loss or destruction thereof due to any reason or cause whatsoever.

(b) Nothing contained herein shall make or constitute Tenant as the agent of Landlord.

EXHIBIT F

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document] ("Relying Party")
_____
_____
_____
Attn: _____

Re: Lease Dated: _____
Current Landlord: _____
Current Tenant: _____
Square Feet: Approximately _____
Floor(s): _____
Located at: _____

("Tenant") hereby certifies that as of _____, 201__.

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease") with _____ as Landlord (who is called "Landlord" for the purposes of this Certificate). (USE THE NEXT SENTENCE IF THE LANDLORD OR TENANT NAMED IN THE LEASE IS A PREDECESSOR TO THE CURRENT LANDLORD OR TENANT.) [The original landlord under the Lease was _____, and the original tenant under the Lease was _____.] The Lease covers the premises commonly known as _____ (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) The attached Exhibit A accurately identifies the Lease and all modifications, amendments, supplements, side letters, addenda and riders of and to it.

(b) The term of the Lease commenced on _____ 201_ and will expire on _____ , including any presently exercised option or renewal term.

(c) Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking except as set forth in _____ .

(d) Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part) except _____ . Tenant has no right or interest with respect to the Premises or the Building other than as Tenant under the Lease.

(e) The annual minimum rent currently payable under the Lease is $_____and such rent has been paid through _____ , 201_.

(f) Additional rent [is/is not] payable under the Lease for (i) operating, maintenance or repair expenses, and (ii) property taxes. Such additional rent has been paid in accordance with Landlord's rendered bills through _____ , 201_.

(g) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession (IF APPLICABLE) [except as expressly set forth in Sections(s)_____ of the Lease (copy attached)].

(h) Landlord currently holds a security deposit in the amount of $_____ which is to be applied by Landlord or returned to Tenant in accordance with Section(s)___of the Lease. Tenant acknowledges and agrees that Relying Party shall have no responsibility or liability for any security deposit, except to the extent that any security deposit shall have been actually received by Relying Party.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect in the form (CHOOSE ONE) [attached as/described in] Exhibit A. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

(b) All insurance required of Tenant under the Lease has been provided by Tenant and all premiums have been paid.

(c) To the best knowledge of Tenant, no party is in default under the Lease. To the best knowledge of Tenant, no event has occurred which, with the giving of notice or passage of time, or both, would constitute such a default.

(d) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed. Tenant has accepted the Premises, subject to no conditions other than those set forth in the Lease.

5. Neither Tenant nor any guarantor of Tenant's obligations under the Lease is the subject of any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships.

6. (a) As used here, "Hazardous Substance" means any substance, material or waste (including petroleum and petroleum products) which is designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant" or which is similarly designated, classified or regulated, under any federal, state or local law, regulation or ordinance.

(b) Tenant represents and warrants that it has not used, generated, released, discharged, stored or disposed of any Hazardous Substances on, under, in or about the Building or the land on which the Building is located (IF APPLICABLE) [, other than Hazardous Substances used in the ordinary and commercially reasonable course of Tenant's business in compliance with all applicable laws]. (IF APPLICABLE) [Except for such commercially reasonable use by Tenant,] Tenant has no actual knowledge that any Hazardous Substance is present, or has been used, generated, released, discharged, stored or disposed of by any party, on, under, in or about such Building or land.

7. Tenant hereby acknowledges that Landlord intends to [discuss action to be taken vis-a-vis Relying Party]. Tenant acknowledges the right of Landlord, Relying Party and any and all of Landlord's present and future lenders and their successors and assigns to rely upon the statements and representations of Tenant contained in this Certificate and further acknowledges that any action taken by such parties will be made and entered into in material reliance on this Certificate.

8. Tenant hereby agrees to furnish Relying Party with such other and further estoppel as Relying Party may reasonably request.

_____

_____

By: _____

Name: _____

Title: _____

EXHIBIT G

MOVE-OUT CONDITIONS

With respect to Section 18.9.2 of the Lease, Tenant shall surrender the Premises in the same condition as received, ordinary wear and tear and damage by fire or casualty excepted. The following list is subject to Tenant's obligation to surrender the Premises in the same condition as received (as determined during a joint inspection of the Premises conducted by Landlord and Tenant prior to any entry onto the Premises by Tenant or any Tenant Party) and is designed to assist Tenant in the move-out procedures but is not intended to be all inclusive. Notwithstanding the foregoing, in the event Tenant fails to arrange such joint inspection and/or fails to participate in such inspection, then Landlord's sole inspection of the Premises conducted prior to any entry onto the Premises by Tenant or any employee, agent or contractor of Tenant shall be conclusively deemed correct for purposes of determining Tenant's surrender obligations and responsibility for repairs and restoration.

1. All lighting is to be placed into good working order. This includes replacement of bulbs, ballasts, and lenses as needed.

2. All truck doors and dock levelers shall be serviced and placed in good operating order. This would include the necessary replacement of any dented truck door panels and adjustment of door tension to insure proper operation. All door panels which are replaced need to be painted to match the building standard.

3. All structural steel columns in the warehouse and office shall be inspected for damage. Repairs of this nature should be pre-approved by the Landlord prior to implementation.

4. Heating/air-conditioning systems should be placed in good working order, including the necessary replacement of any parts to return the unit to a well maintained condition. This includes warehouse heaters and exhaust fans. Upon move-out. Landlord will have an exit inspection performed by a certified mechanical contractor to determine the condition.

5. All holes in the sheetrock walls should be repaired prior to move-out.

6. The carpets and vinyl tiles should be in a clean condition and should any holes or chips in them. Landlord will accept normal wear on these items provided they appear to be in a maintained condition.

7. Facilities should be returned in a clean condition which would include cleaning of the coffee bar, restroom areas, windows, and other portions of the Premises.

8. The warehouse should be in a clean condition with all inventory and racking removed and the warehouse floor mechanically cleaned if necessary. There should be no protrusion of anchors from the warehouse floor and all holes should be appropriately patched. If machinery /equipment is removed, the electrical lines should be properly terminated at the nearest junction box.

9. All exterior windows with cracks or breakage should be replaced.

10. The Tenant shall provide to Landlord the keys for all locks on the Premises, including front doors, rear doors, and interior doors.

11. Items that have been added by the Tenant and affixed to the Building will remain the property of Landlord, unless agreed otherwise. This would include but is not limited to mini-blinds, air conditioners, electrical, water heaters, cabinets, flooring, etc. Please note that if modifications have been made to the Premises, such as the addition of office areas. Landlord retains the right to have the Tenant remove any Alterations at Tenant's expense.

12. All electrical systems should be in good working order, including the water heater. Faucets and toilets should not leak.

13. All plumbing fixtures should be in a safe condition that conforms to code. Bare wires and dangerous installations should be corrected prior to move-out.

14. All dock bumpers must be left in place and well secured.

EXHIBIT H

STORAGE AND USE OF PERMITTED HAZARDOUS MATERIALS

1. Permitted Hazardous Materials. The terms and provisions of this Exhibit shall be in addition to, and not in limitation of, the terms and provisions of the Lease. Tenant has requested Landlord's consent to store and use the Hazardous Materials listed below in its business at, or in connection with, the Premises (the "Permitted Hazardous Materials"), in the maximum quantities and for the specific purpose otherwise set forth across from each such listed item:

Hazardous Material	Maximum Quantities	Specified Use

All Hazardous Materials shall be in their original sealed and unopened containers, not subject to repackaging, and without imminent risk of a release. The rights set forth herein are limited to storage and use only, not generation at the Premises, and all Hazardous Materials shall be stored inside the Building on concrete or other impervious surface (and shall not be racked) with secondary containment where required or prudent. Tenant shall not allow or permit any Hazardous Materials to be disposed of in such a way as to result in the discharge of such Hazardous Materials into the sewage or storm water systems serving the Building or the Project. Further, Tenant shall implement all appropriate risk control measures, including, without limitation, proper ventilation, adequate fire prevention and protection equipment and protocols, and other safety measures as may be required under Applicable Laws or recommended in accordance with best industry practices, in connection with the Permitted Hazardous Materials. Notwithstanding anything to the contrary herein or at law. Tenant shall ensure that any Hazardous Materials on the Premises will

be received, maintained, treated, stored, used, and disposed of in a manner consistent with good engineering practice and in compliance with all Environmental Laws and the standards established by the National Fire Protection Association. Notwithstanding anything herein to the contrary, no battery acid shall be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed of, or used on, under, or about the Premises. Furthermore, Tenant expressly acknowledges and agrees that it shall (i) maintain a plan regarding Hazardous Material waste management, including the planned response steps Tenant shall take to inspect for, detect, minimize, and mitigate any release of Hazardous Materials (the "Management Plan") and will supply Landlord with a copy of the Management Plan no later than the Commencement Date, and (ii) follow the best management practices established by the environmental regulatory agency(ies) having jurisdiction over the Project.

2. No Current Investigation. Tenant represents and warrants that it is not currently subject to an inquiry, regulatory investigation, enforcement order, or any other proceeding regarding the generation, use, treatment, storage, or disposal of a Hazardous Material.

3. Notice and Reporting. Tenant shall immediately notify Landlord in writing of any spill, release, discharge, or disposal of any Hazardous Material in, on or under the Premises. All reporting obligations imposed by Environmental Laws are strictly the responsibility of Tenant. Tenant shall supply to Landlord within five (5) Business Days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to Tenant's use of the Premises.

4. Indemnification. Tenant's indemnity obligation under the Lease with respect to Hazardous Materials shall include indemnification for the liabilities, expenses and other losses described therein as a result of the use of the Hazardous Materials or the breach of Tenant's obligations or representations set forth above. It is the intent of this provision that Tenant be strictly liable to Landlord as a result of the use of Hazardous Materials without regard to the fault or negligence of Tenant.

5. Disposal Upon Lease Termination. At the expiration or earlier termination of the Lease, Tenant, at its sole cost and expense, shall: (i) remove and dispose off-site any drums, containers, receptacles, structures, or tanks storing or containing Hazardous Materials (or which have stored or contained Hazardous Materials) and the contents thereof which are located at the Premises as a result (directly or indirectly) of Tenant's and/or any Tenant Party's use of the Premises; (ii) remove, empty, and purge all underground and above ground storage tank systems, including connected piping, of all vapors, liquids, sludges and residues, which are located at the Premises as a result (directly or indirectly) of Tenant's and/or any Tenant Party's use of the Premises; and (iii) restore the Premises to its original condition. Such activities shall be performed in compliance with all Environmental Laws and to the satisfaction of Landlord. Landlord's satisfaction with such activities or the condition of the Premises does not waive, or release Tenant from, any obligations hereunder.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

Exhibit 10.18

FIRST AMENDMENT TO LEASE

THIS FIRST Amendment to Lease ("First Amendment") is made and entered into this 24th day of February, 2019 by and between Chrin-Carson Development, LLC ("Landlord") and Lulu's Fashion Lounge Holdings, Inc. ("Tenant").

RECITALS

A. Landlord and Tenant entered into a Lease, agreement dated January 7, 2019, (the "Lease"), under the terms of which Landlord leased to Tenant and Tenant leased from Landlord that certain real property consisting of an approximately 258,232 square foot industrial building and commonly known as 2505 Hollo Road, Palmer Township, Pennsylvania ("Premises"), and as more particularly described in the Lease.

B. Unless otherwise specifically set forth herein, all capitalized terms herein shall have the same meaning as set forth in the Lease.

C. Landlord and Tenant desire to confirm the Commencement Date and make other modifications to the Lease as described herein.

NOW THEREFORE, the parties mutually agree as follows:

1. Incorporation of Recitals. The above recitals are incorporated herein and made part of this First Amendment to the Lease.

2. Commencement Date. Landlord has delivered Possession of the Premises to Tenant. The Commencement Date of the Lease is hereby confirmed as February 1, 2019.

3. Tenant Improvement Allowance. Landlord has agreed to perform and will perform certain work in the Premises at the request of Tenant ("Landlord TI Work) in accordance with Section 2 of Addendum 2 of the Lease. The Landlord TI Work will consist of the installation of additional warehouse lighting and installation of electrical conduit, as more particularly described on the attached Exhibit 1 to the First Amendment. The cost for performing the Landlord TI Work is ninety four thousand seven hundred ten dollars ($94,710), which shall be deducted from the T.I. Allowance amount described in Addendum 2 of the Lease. Therefore, the amount of T.I. Allowance hereafter available to Tenant shall be three hundred fifty five thousand two hundred ninety dollars ($355,290). Other than the reduction in the amount of the T.I. Allowance from $450,000 to $355,290, all other provisions of Section 1 of Addendum 2 of the Lease shall remain valid and unmodified.

4. Miscellaneous. Except as expressly provided hereinabove, all terms and conditions of the Lease shall apply herein and remain in full force and effect. In the event of any conflict between the terms of this First Amendment to Lease and those of the Lease, the terms of this First Amendment to Lease will be deemed to have superseded those of the Lease and exclusively will govern the matter in question.

IN WITNESS WHEREOF, the parties have caused this First Amendment to Lease to be executed as of the day first hereinabove written.

LESSOR:

CHRIN-CARSON DEVELOPMENT LLC

By: /s/ Todd L. Burnight
Todd L. Burnight

Its Senior Vice President

By: /s/ John W. Hawkinson
John W. Hawkinson

Its Senior Vice President

LESSEE:

LULU'S FASHION LOUNGE HOLDINGS, INC.

By: /s/ Crystal Landsem
Name: Crystal Landsem

Its: CFO

[logo – QUANDEL QEI Construction]

QEI CONSTRUCTION GROUP, LLC
3003 North Front Street, Suite 201
Harrisburg, PA 17110
P 570.628.5865 | F 570.628.5869
nottaway@qeiconstruction.com
quandel.com

sent via email 1-17-19

Via Electronic Mail
January 16, 2019

Mr. Todd Burnight
Carson Companies
100 Bayview Circle, Suite 3500
Newport Beach, CA 92660

Re: Carson Chrin Lot 29
PCO – 017 Additional Warehouse Lighting and IT Conduit

Dear Todd:

Additional LED warehouse Lighting, 88 additional light fixtures to account for 2 lights per bay in the warehouse.	
BEI Electrical	$78,400.00
Overhead and Profit 5%	$ 3,920.00
Total	$82,320.00
Installation of two 4” conduit chases from Electrical Room IT area to office IT Room	
BEI Electrical	$18,900.00
Overhead and Profit 5%	$ 945.00
Total	$19,845.00
Installation of two 2” conduit chases from Electrical Room IT area to office IT Room	
BEI Electrical	$11,800.00
Overhead and Profit 5%	$ 590.00
Total	$12,390.00

Please acknowledge your acceptance of the Warehouse Lighting add of **Eighty Two Thousand Three Hundred Twenty Dollars and 00/100 (82,320.00)** proposal by signing in the space provided below.

Please choose the appropriate conduit size by circling your choice above.

Upon receipt of your written acceptance, we will proceed with the work. In the interim, we are proceeding per our current Contract. Your prompt response will be appreciated. Please do not hesitate to call our office, if you have any questions.

Sincerely,

QEI CONSTRUCTION GROUP, LLC

/s/ Nick Ottaway

Nick Ottaway
Project Manager

AUTHORIZATION:

Todd Burnight Date

rss

Enclosures

pc Paul R. McMahon Jr and Chris Hermance, The Carson Companies Kevin Snoke, Quandel Construction Group, Inc.

[BEI logo]

Change Order Request

January 9, 2019

Quandel Enterprises Inc.
One West Broad Street, 11th Floor
Bethlehem, PA 18018
Attn: Nick Ottaway
nottaway@quandel.com

Re: Additional Lighting

Job Name: Chrin Carson Lot 29
Job#: 17167

Nick,

We are pleased to present our Change Order for the above referenced job.

Change Order Inclusions:

- Furnish and install Eighty Eight (88) additional light fixtures to account for 2 lights per bay in warehouse
- Includes lifts and necessary equipment

Total Change Order Price	**$78,400.00**

Thank you for affording our firm this opportunity.

Standard Warranty: A 1 year Warranty is provided on all labor and parts sold by BEI Electrical unless otherwise noted above.

Acceptance of this Change Order The prices, specifications and conditions are satisfactory and are hereby accepted. BEI Electrical Inc. is authorized to do the work as specified. Payment will be made within 30 calendar days of completed work.

Proposed By: **/S/ STEVE STATLER**
Steve Statler

Accepted By:

Title: _____

Date: _____

[BEI logo]

Change Order Request

January 9, 2019

Quandel Enterprises Inc.
One West Broad Street, 11th Floor
Bethlehem, PA 18018
Attn: Nick Ottaway
nottaway@quandel.com

Job Name: Chrin Carson Lot 29
Job#: 17167

Nick,

We are pleased to present our Change Order for the above referenced job.

Change Order Inclusions:

- Install two 4” conduit chases from electrical room IT area to office IT room
- Includes pull strings
- Lifts and necessary equipment

Total Change Order Price	**$18,900.00**

Alternate #1:

- Install two 2” conduit chases from electrical room IT area to office IT room
- Includes pull strings
- Lifts and necessary equipment

Alternate #1 Cost	**$11,800.00**

Thank you for affording our firm this opportunity.

Standard Warranty: A 1 year Warranty is provided on all labor and parts sold by BEI Electrical unless otherwise noted above.

Acceptance of this Change Order The prices, specifications and conditions are satisfactory and are hereby accepted. BEI Electrical Inc. is authorized to do the work as specified. Payment will be made within 30 calendar days of completed work.

Proposed By: **/S/ STEVE STATLER**
Steve Statler

Accepted By:

Title: _____

Date: _____

Exhibit 10.19

TRANSACTION SERVICES AGREEMENT

THIS TRANSACTION SERVICES AGREEMENT ("Agreement"), effective as of July 25, 2014 (the "Effective Date"), by and between LuLu's Holdings, LLC, a Delaware limited liability company (the "Company"), and H.I.G. Capital, LLC, a Delaware limited liability company ("Consultant").

PRELIMINARY STATEMENTS

The Consultant has rendered certain services to the Company, its subsidiaries and affiliates in connection with the creation of the Company, the acquisition of all of the issued and outstanding equity of LuLu's Fashion Lounge, Inc. and the related transactions in connection therewith (the "Original Transaction") and certain other services. On the terms and subject to the conditions contained in this Agreement, the Company desires to engage certain services of the Consultant as described herein and the Consultant desires to perform such services for the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the respective mutual agreements, covenants, representations and warranties contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Appointment of Consultant. The Company appoints the Consultant and the Consultant accepts appointment on the terms and conditions provided in this Agreement as a consultant to the Company's and its subsidiaries' businesses, including any other corporations hereafter formed or acquired by the Company or any of its subsidiaries to engage in any business.

2. Board of Managers Supervision. The activities of the Consultant to be performed under this Agreement shall be subject to the supervision of the Board of Managers of the Company (the "Board") and subject to reasonable policies not inconsistent with the terms of this Agreement adopted by the Board and in effect from time to time. Where not required by applicable law or regulation, the Consultant shall not require the prior approval of the Board to perform its duties under this Agreement.

3. Authority of the Consultant: Scope of Services. In connection with the Original Transaction and any transaction (as described in Section 6(b) and Section 6(c) below, such transaction a "Specific Transaction"), subject to any limitations imposed by applicable law or regulation, the Consultant shall render or cause to be rendered those services to the Company and its subsidiaries which are set forth on the attached "Transaction Scope of Services" exhibit (or in the case of the Original Transaction, the Consultant has performed such services), including conducting relations on behalf of the Company or its subsidiaries with accountants, attorneys, financial advisors and other professionals with respect to such services, and otherwise the Consultant shall render or cause to be rendered those services to the Company and its subsidiaries which are mutually agreed by the Company and the Consultant, which services may include, without limitation:

(i) advice and support relating to the identification, negotiation and analysis of the transactions contemplated by a Specific Transaction;

(ii) advice and support relating to the negotiation of Specific Transaction financing (and consideration of financing alternatives), including, without limitation, in connection with the target and its subsidiaries' capital expenditures;

(iii) other advice relating to Specific Transaction finance matters, including assistance in the preparation of financial projections;

(iv) advice relating to Specific Transaction marketing issues, including assessment of marketing plans and strategies relating to specific transactions;

(v) advice relating to Specific Transaction human resource issues, including searching and hiring of executives with respect to a Specific Transaction (to the extent required); and

(vi) other services for the Company and its subsidiaries upon which the Company and the Consultant mutually agree.

The Consultant will use its commercially reasonable efforts to cause its employees and agents to give the Company and its subsidiaries the benefit of its special knowledge, skill and business expertise to the extent relevant to the Company's and its subsidiaries' business and affairs.

4. Reimbursement of Expenses; Independent Contractor. All out-of-pocket expenses reasonably incurred by the Consultant in the performance of its duties under this Agreement which are approved in advance by the Board ("Approved Expenses") shall be for the account of, on behalf of, and at the expense of the Company. Consultant shall not be obligated to make any advance to or for the account of the Company or any of its subsidiaries or to pay any sums, except out of funds held in accounts maintained by the Company nor shall the Consultant be obligated to incur any liability or obligation for the account of the Company or any subsidiary without assurance that the necessary funds for the discharge of such liability or obligation will be provided. Upon submission of reasonable evidence of incurrence and purpose, the Company shall reimburse the Consultant by wire transfer of immediately available funds for any amount paid by the Consultant for Approved Expenses, which shall be in addition to any other amount payable to the Consultant under this Agreement. The Consultant shall be an independent contractor, and nothing in this Agreement shall be deemed or construed (i) to create a partnership or joint venture between the Company or any subsidiary and the Consultant, (ii) to cause the Consultant to be responsible in any way for the debts, liabilities or obligations of the Company or any other party, or (iii) to constitute the Consultant or any of its employees as employees, officers or agents of the Company or any subsidiary.

5. Other Activities of the Consultant; Investment Opportunities. The Company acknowledges and agrees that neither Consultant nor any of the Consultant's employees, officers, directors, stockholders, members, partners, managers, affiliates or associates shall be required to devote full time and business efforts to the duties of the Consultant specified in this Agreement, but instead shall devote only so much of such time and efforts as the Consultant reasonably deems necessary. The Company further acknowledges and agrees that the Consultant and its affiliates are engaged in the business of investing in, acquiring and/or managing business for the Consultant's own account, for the account of the Consultant's affiliates and associates and for the

account of other unaffiliated parties, and understands that the Consultant plans to continue to be engaged in such business (and other business or investment activities) during the term of this Agreement. No aspect or element of such activities shall be deemed to be engaged in for the benefit of the Company or any of its subsidiaries or affiliates nor to constitute a conflict of interest. Furthermore, notwithstanding anything herein to the contrary, the Consultant shall be required to bring only such investments and/or business opportunities to the attention of Company or any of its subsidiaries as the Consultant, in its sole discretion, deems appropriate.

6. Compensation of the Consultant.

(a) In connection with the consummation of the Original Transaction, the Company hereby agrees to pay (or procure the payment of) to the Consultant or its designees a cash fee of an amount equal to $452,000 as an investment banking fee, plus all reasonable out-of-pocket expenses incurred by the Consultant and its subsidiaries, affiliates and advisors in rendering services as described herein. Such fees and expenses shall be paid by wire transfer in cash or other immediately available funds to the account(s) designated by the Consultant.

(b) In consideration of the Consultant's agreement to provide the services described herein, the Company will pay to the Consultant or its designees in cash an investment banking fee of 1.0% of the Enterprise Value of the Company (or any holding company or parent), upon the closing of the earlier of (i) the Company's (or any holding company or parent or subsidiary used for such purpose) initial public offering and (ii) the sale of the Company or the sale of all or substantially all of the assets of the Company (in each case, whether such transaction or series of transactions is by way of merger, purchase or sale of stock, purchase or sale or other disposition of assets, recapitalization, reorganization, consolidation, tender offer, public or private offering or otherwise, and whether consummated directly by the Company or its subsidiaries or indirectly by their respective stockholders). At no time will such fees be reduced from the amounts stated herein. The Company shall also pay to the Consultant or its designees in cash an investment banking fee of 1.0% of the Enterprise Value of any subsidiary of the Company, upon the closing of the earlier of (i) the subsidiary's (or any holding company or parent used for such purpose) initial public offering and (ii) the sale of the subsidiary or the sale of all or substantially all of the assets of the subsidiary (in each case, whether such transaction or series of transactions is by way of merger, purchase or sale of stock, purchase or sale or other disposition of assets, recapitalization, reorganization, consolidation, tender offer, public or private offering or otherwise, and whether consummated directly by the subsidiary or its subsidiaries or indirectly by their respective stockholders). At no time will such fees be reduced from the amounts stated herein. As used herein, "Enterprise Value" shall mean an amount equal to (A) the initial public offering price per share received by the Company (or such subsidiary) multiplied by the number of shares of the Company (or such subsidiary) outstanding on a fully diluted basis in the case of the Company's or subsidiary's initial public offering, plus (B) the sum of (i) the cash paid to the stockholders of the Company (or such subsidiary), (ii) the aggregate fair market value of any securities and any other non-cash consideration delivered to the stockholders of the Company or such subsidiary) and (iii) the amount of all indebtedness for borrowed money of the Company or any of its subsidiaries, which is assumed or acquired by the purchasers or retired or defeased in connection with such sale of the Company (or such subsidiary) or all or substantially all of the assets of the Company (or such subsidiary). The fair market value of any securities issued and any other non-cash consideration delivered in connection with the sale of the Company (or such subsidiary) or all or substantially all of the assets of the Company (or such subsidiary) will be the value determined by the Company (or such subsidiary) and the Consultant on the date that the Board approves the sale.

(c) In consideration of the Consultant's agreement to provide the services described herein, upon the occurrence of any Transaction, the Company will pay to the Consultant in cash an investment banking fee of 1.0% of the Total Value upon the closing of such Transaction. As used in this Section 6(c):

(i) "Transaction" shall mean (A) a merger or consolidation of the Company or any of its subsidiaries with or into another corporation of which the Company or such subsidiary is the surviving corporation and the equityholders of the Company immediately prior to such merger or consolidation continue to own at least fifty percent (50%) of the outstanding equity of the Company following such merger or consolidation, (B) the purchase by the Company or any of its subsidiaries of a majority of another entity's capital stock or equity or all or substantially all of another entity's assets, or (C) the acquisition of any debt or equity financing by the Company or any subsidiary; provided, however, that any fee payable to the Consultant upon the acquisition of equity financing pursuant to an initial public offering shall be calculated solely pursuant to Section 6(b) above; and

(ii) "Total Value" shall mean an amount equal to, in the case of Section 6(c)(i)(A) or Section 6(c)(i)(B) above, the sum of (1) the cash consideration paid by the Company or any of its subsidiaries to any party, (2) the aggregate fair market value of any equity or debt securities and any other non-cash consideration delivered by the Company or any of its subsidiaries to any party, and (3) the amount of all indebtedness for borrowed money of any party which is assumed, acquired, retired or defeased by the Company or any of its subsidiaries, in each case in connection with a Transaction or, in the case of Section 6(c)(i)(C) above, the gross funds raised by the Company pursuant to such debt or equity financing.

(d) If, at any time, (i) the Company pays the Consultant or its designees any fee pursuant to Section 6(b) or Section 6(c) above (an "Additional Fee") and (ii) Seller owns any Class A Units (as defined in that certain Amended and Restated Limited Liability Company Agreement of the Company dated as of the date hereof (as amended from time to time, the "LLC Agreement")) at the time of such payment, then the Company shall simultaneously pay to Seller a fee equal to (A) the quotient of (1) the amount of such Additional Fee paid to the Consultant or its designees, divided by (2) 1 minus the Pro-Rata Percentage as of the date of the payment of such Additional Fee, minus (B) the amount of such Additional Fee paid to the Consultant or its designees. For purposes of this Section 6(d), "Pro-Rata Percentage" means an amount equal to (x) the total number of Class A Units owned by Seller as of the date of the payment of such Additional Fee, divided by (y) the total number of vested Units then held by all of the Members (as defined in the LLC Agreement) as of the date of the payment of such Additional Fee. By way of example and for illustration purposes only, if the Pro-Rata Percentage is 30% and the Company pays the Consultant or its designees an Additional Fee of $700,000, then a fee of $300,000 will be paid by the Company to Seller in cash.

As used in this Section 6, "Company" shall include any holding company or parent company of the Company. Nothing in this Agreement shall have the effect of prohibiting the Consultant or any of its affiliates from receiving any other fees from the Company, including under that certain Professional Services Agreement, dated as of the date hereof, by and among the Company and the Consultant.

7. Term. This Agreement shall commence as of the Effective Date and shall remain in effect through the tenth anniversary of the Effective Date (the "Original Term") and shall be automatically extended thereafter on a year to year basis unless the Company or the Consultant provides written notice of its desire to terminate this Agreement to the other party at least 90 days prior to (i) the expiration of the Original Term or (ii) the date upon which any such extension would otherwise have become effective.

8. Standard of Care. The Consultant (including any person or entity acting for or on behalf of the Consultant) shall not be liable for any mistakes of fact, errors of judgment, for losses sustained by the Company or any of its subsidiaries or for any acts or omissions of any kind (including acts or omissions of the Consultant), unless caused by fraud or intentional misconduct of the Consultant as finally judicially determined by a court of competent jurisdiction.

9. Indemnification of Consultant. The Company and its subsidiaries hereby agree to jointly and severally indemnify and hold harmless the Consultant and its present and future officers, directors, stockholders, members (both managing and otherwise), partners (both general and limited), managers, affiliates, employees, representatives and agents ("Indemnified Parties") from and against all losses, claims, liabilities, suits, costs, damages and expenses (including attorneys' fees) arising from their performance of services hereunder, except to the extent caused by fraud or intentional misconduct of the Consultant as finally judicially determined by a court of competent jurisdiction. The Company further agrees to reimburse the Indemnified Parties on a monthly basis for any cost of defending any action or investigation (including attorneys' fees and expenses), subject to an undertaking from such Indemnified Party to repay the Company if it is finally judicially determined that the Indemnified Party is not entitled to such indemnity. The Consultant does not make any representations or warranties, express or implied, in respect of the services provided hereunder.

10. Assignment. Without the consent of the Consultant, the Company shall not assign, transfer or convey any of its rights, duties or interest under this Agreement, nor shall it delegate any of the obligations or duties required to be kept or performed by it hereunder. The Consultant shall not assign, transfer or convey any of its rights, duties or interest under this Agreement, nor shall it delegate any of the obligations or duties required to be kept or performed by it under this Agreement, except that the Consultant may transfer its rights and delegate its obligations hereunder to one or more of its affiliates.

11. Notices. All notices, demands, consents, approvals and requests given by either party to the other hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable overnight courier services (charges prepaid) to the parties at the following addresses:

If to the Company:

c/o H.I.G. Growth Partners, LLC
500 Boylston Street, 13th Floor
Boston, Massachusetts 02116
Attention: John Kim and Evan Karp
Facsimile: [***]

If to the Consultant:

H.I.G. Capital, L.L.C.
1450 Brickell Avenue, 31st Floor
Miami, Florida 33131
Attention: General Counsel
Fax: [***]

Any party may at any time change its respective address by sending written notice to the other party of the change in the manner hereinabove prescribed.

12. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable, shall not be affected thereby, and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

13. No Waiver. The failure by any party to exercise any right, remedy or elections herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future exercise of such right, remedy or election, but the same shall continue and remain in full force and effect. All rights and remedies that any party may have at law, in equity or otherwise upon breach of any term or condition of this Agreement, shall be distinct, separate and cumulative rights and remedies and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy.

14. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the matters herein contained and any agreement hereafter made shall be ineffective to effect any change or modification, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change or modification is sought.

15. Governing Laws. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida.

16. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and assigns of the parties.

17. WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

18. EXCLUSIVE VENUE. THE PARTIES AGREE THAT ALL DISPUTES, LEGAL ACTIONS, SUITS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT MUST BE BROUGHT EXCLUSIVELY IN A FEDERAL DISTRICT COURT LOCATED IN THE DISTRICT OF FLORIDA OR THE STATE COURT IN MIAMI DADE COUNTY, FLORIDA (COLLECTIVELY THE "DESIGNATED COURTS"). EACH PARTY HEREBY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE DESIGNATED COURTS. NO LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY OTHER FORUM. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL CLAIMS OF IMMUNITY FROM JURISDICTION AND ANY OBJECTION WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING IN ANY DESIGNATED COURT, INCLUDING ANY RIGHT TO OBJECT ON THE BASIS THAT ANY DISPUTE, ACTION, SUIT OR PROCEEDING BROUGHT IN THE DESIGNATED COURTS HAS BEEN BROUGHT IN AN IMPROPER OR INCONVENIENT FORUM OR VENUE.

19. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same agreement. Delivery of executed signature pages hereof by facsimile transmission, telecopy or portable document format (.pdf) shall constitute effective and binding execution and delivery of this Agreement.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Transaction Services Agreement to be duly entered by the authorized representatives as of the date first above written.

LULU'S HOLDINGS, LLC

/s/ Evan Karp
By: Evan Karp
Title: Secretary

H.I.G. CAPITAL, LLC

By: Richard Siegel
Title: Vice President and General Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Transaction Services Agreement to be duly entered by the authorized representatives as of the date first above written.

LULU'S HOLDINGS, LLC

By: Evan Karp
Title: Secretary

H.I.G. CAPITAL, LLC

/s/ Richard Siegel
By: Richard Siegel
Title: Vice President and General Counsel

[SIGNATURE PAGE TO TRANSACTION SERVICES AGREEMENT]

Transaction Scope of Services Exhibit

- Prepare company overview materials for investment banking presentations, including overall positioning/marketing of the business
- Review investment banking presentations and attend presentations
- Interview and select investment banking sellside advisors
- Negotiate fee agreement with sellside advisors
- Potentially select investment banking buyside advisors
- Select and engage counsel for work
- Organize, understand and if necessary reformat historical financials
- If necessary, engage and manage financial advisory firms to help prepare any of the foregoing information
- Assist in generating weekly or monthly budget for first year, and then quarterly or annual budget up to 5 years out for investment banking presentations
- Prepare quality of earnings analysis, including management addbacks, for purposes of financial presentation
- If necessary, engage accounting firms to validate quality of earnings reports
- If necessary, engage environmental studies to prepare company for sale for buyer’s benefit or to benefit an acquisition by the company
- If necessary, engage asset appraisal firms to prepare company for sale for buyer’s benefit or to benefit an acquisition by the company
- If necessary, help arrange financing for potential bidders
- Arrange financing for acquisitions by the company
- If necessary, engage consultants to provide a report on competitive landscape in the company’s or acquisition target’s sector
- Help create, review and/or organize diligence materials for electronic data room
- Help create, review and/or organize purchase agreement schedules
- Help draft teaser in conjunction with sellside bankers
- Help draft confidential information memorandum in conjunction with sellside bankers

- Help draft management presentation in conjunction with sellside bankers
- Respond to numerous buyer diligence requests, in conjunction with the company and sellside bankers
- Provide input on confidentiality agreement form to send to buyers, as well as any modifications that potential buyers may request
- Provide guidance and make ultimate decision regarding investment banker's interactions with buyers including (1) who to send materials to (some may need to be excluded for competitive or confidentiality purposes), (2) type of messaging to respective buyers, (3) which parties to invite into management meetings, (4) which party to ultimately select as the buyer and what kind of exclusivity to grant the bidder
- Negotiate purchase agreement, including key economic terms, net working capital adjustment, escrows, indemnification, etc.
- Help obtain payoff letters from various creditors and transaction services providers
- Create funds flow document including wiring instructions, and often initiate wires internally
- Help draft press release and negotiate with buyer if necessary
- Engage and negotiate tail insurance policy for managers, directors and officers
- Following closing, monitor, negotiate and potentially litigate net working capital settlement
- Following closing, monitor, negotiate and potentially litigate any potential indemnification claims
- Manage distribution of funds at closing and any subsequent settlements or escrow releases

Exhibit 10.20

FINAL

PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement"), effective as of July 25, 2014 (the "Effective Date"), by and between LuLu's Holdings, LLC, a Delaware limited liability company (the "Company"), and H.I.G. Capital, LLC, a Delaware limited liability company (the "Consultant").

PRELIMINARY STATEMENTS

The Consultant has rendered certain services to the Company, its subsidiaries and affiliates in connection with the creation of the Company, the acquisition of all of the issued and outstanding equity of LuLu's Fashion Lounge, Inc. and the related transactions in connection therewith (the "Original Transaction"). On the terms and subject to the conditions contained in this Agreement, the Company desires to engage certain services of the Consultant described herein and the Consultant desires to perform such services for the Company.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the respective mutual agreements, covenants, representations and warranties contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Appointment of the Consultant. The Company appoints the Consultant and the Consultant accepts appointment on the terms and conditions provided in this Agreement as a consultant to the Company's and its subsidiaries' businesses, including any other corporations hereafter formed or acquired by the Company or any of its subsidiaries to engage in any business.

2. Board of Managers Supervision. The activities of the Consultant to be performed under this Agreement shall be subject to the supervision of the Board of Managers of the Company (the "Board") and subject to reasonable policies not inconsistent with the terms of this Agreement adopted by the Board and in effect from time to time. Where not required by applicable law or regulation, the Consultant shall not require the prior approval of the Board to perform its duties under this Agreement.

3. Authority of the Consultant; Scope of Services. Subject to any limitations imposed by applicable law or regulation, the Consultant shall render or cause to be rendered those services to the Company and its subsidiaries which are set forth on the attached "Company Management Scope of Services" exhibit, including conducting relations on behalf of the Company or its subsidiaries with accountants, attorneys, financial advisors and other professionals with respect to such services, and otherwise the Consultant shall render or cause to be rendered those services to the Company and its subsidiaries which are mutually agreed by the Company and the Consultant, which services may include, without limitation:

(i) general operations planning, executive, management and consulting services;

(ii) identification, support, negotiation and analysis (including strategic advice and due diligence) of acquisitions and dispositions by the Company and/or its subsidiaries;

(iii) finance functions, including assistance in the preparation of financial projections and monitoring of compliance with financing agreements;

(iv) real estate functions, including management and monitoring of real estate properties and development and implementation of real estate strategies;

(v) marketing functions, including monitoring of marketing plans and strategies;

(vi) human resources functions, including searching and hiring of executives; and

(vii) other services for the Company and its subsidiaries upon which the Company and the Consultant mutually agree.

The Consultant will also make periodic reports to the Company with respect to the services provided hereunder. The Consultant will use its commercially reasonable efforts to cause its employees and agents to give the Company and its subsidiaries the benefit of its special knowledge, skill and business expertise to the extent relevant to the Company's and its subsidiaries' business and affairs.

4. Reimbursement of Expenses; Independent Contractor. All out-of-pocket expenses reasonably incurred by the Consultant in the performance of its duties under this Agreement shall be for the account of, on behalf of, and at the expense of the Company. The Consultant shall not be obligated to make any advance to or for the account of the Company or any of its subsidiaries or to pay any sums, except out of funds held in accounts maintained by the Company and the Consultant shall not be obligated to incur any liability or obligation for the account of the Company or any subsidiary without assurance that the necessary funds for the discharge of such liability or obligation will be provided. Upon submission of reasonable evidence of incurrence and purpose, the Company shall reimburse the Consultant by wire transfer of immediately available funds for any amount paid by the Consultant, which shall be in addition to any other amount payable to the Consultant under this Agreement. The Consultant shall be an independent contractor, and nothing in this Agreement shall be deemed or construed (i) to create a partnership or joint venture between the Company or any subsidiary and the Consultant, or (ii) to cause the Consultant to be responsible in any way for the debts, liabilities or obligations of the Company or any other party, or (iii) to constitute the Consultant or any of its employees as employees, officers or agents of the Company or any subsidiary.

5. Other Activities of the Consultant; Investment Opportunities. The Company acknowledges and agrees that neither the Consultant nor any of the Consultant's employees, officers, directors, stockholders, members, partners, managers, affiliates or associates shall be required to devote full time and business efforts to the duties of the Consultant specified in this Agreement, but instead shall devote only so much of such time and efforts as the Consultant reasonably deems necessary. The Company further acknowledges and agrees that the Consultant and its affiliates are engaged in the business of investing in, acquiring and/or managing business for the Consultant's own account, for the account of the Consultant's affiliates and associates and for the account of other unaffiliated parties, and understands that the Consultant plans to continue

to be engaged in such business (and other business or investment activities) during the term of this Agreement. No aspect or element of such activities shall be deemed to be engaged in for the benefit of the Company or any of its subsidiaries or affiliates nor to constitute a conflict of interest. Furthermore, notwithstanding anything herein to the contrary, the Consultant shall be required to bring only such investments and/or business opportunities to the attention of Company or any of its subsidiaries as the Consultant, in its sole discretion, deems appropriate.

6. Compensation of the Consultant.

(a) In consideration of the services to be rendered as described herein, the Company will pay in cash to the Consultant an annual base management and consulting fee equal to (the difference of (i) $500,000, minus (ii) the amount of the annual consulting fee paid to Shelley Nandkeolyar for such year pursuant to that certain Consulting Agreement dated as of the date hereof between the Company and Shelley Nandkeolyar, as amended from time to time (such net amount, the "Consulting Fee"), payable in advance in equal quarterly installments on the first day of each calendar quarter (with the first payment pro-rated for the quarter ending September 30, 2014 and payable on the Effective Date). The payment by the Company of the Consulting Fee hereunder is subject to the applicable restrictions contained in the Company's and its subsidiaries' debt and equity financing agreements. If any such restrictions prohibit the payment of any installment of the Consulting Fee, such unpaid Consulting Fee installment shall accrue simple interest at a rate of 8% per annum and the Company shall make such installment payment plus accrued interest as soon as it is permitted to do so under such restrictions. If the Company or its subsidiaries acquire or enter into any additional business operations after the date of this Agreement (each, an "Additional Business"), the Board and the Consultant will, prior to the acquisition or prior to entering into the business operations, in good faith, determine whether and to what extent the Consulting Fee should be increased as a result thereof. Any increase will be evidenced by a written supplement to this Agreement signed by the Company and the Consultant.

(b) In further consideration of the services to be rendered as described herein, and in recognition, in part, that the Consulting Fee charged for such services is below the fees that third parties would charge for similar services, in connection with the consummation of the Original Transaction, the Company hereby agrees to pay (or procure the payment of) to the Consultant or its designees a cash fee of an amount equal to $498,000 as a supplemental management fee, plus all reasonable out-of-pocket expenses incurred by the Consultant and its subsidiaries, affiliates and advisors in rendering services as described herein. Such fees and expenses shall be paid by wire transfer in cash or other immediately available funds to the account(s) designated by the Consultant.

(c) In further consideration of the services to be rendered as described herein, and in recognition, in part, that the Consulting Fee charged for such services is below the fees that third parties would charge for similar services, the Company will pay to the Consultant or its designees in cash a supplemental management fee of 1.1% of the Enterprise Value of the Company (or any holding company or parent), upon the closing of the earlier of (i) the Company's (or any holding company or parent or subsidiary used for such purpose) initial public offering and (ii) the sale of the Company or the sale of all or substantially all of the assets of the Company (in each case, whether such transaction or series of transactions is by way of merger, purchase or sale of stock, purchase or sale or other disposition of assets, recapitalization, reorganization, consolidation,

tender offer, public or private offering or otherwise, and whether consummated directly by the Company or its subsidiaries or indirectly by their respective stockholders). The Company shall also pay to the Consultant or its designees in cash a supplemental management fee of 1.1% of the Enterprise Value of any subsidiary of the Company, in each case upon the closing of the earlier of (i) the subsidiary's (or any holding company or parent used for such purpose) initial public offering and (ii) the sale of the subsidiary or the sale of all or substantially all of the assets of the subsidiary (in each case, whether such transaction or series of transactions is by way of merger, purchase or sale of stock, purchase or sale or other disposition of assets, recapitalization, reorganization, consolidation, tender offer, public or private offering or otherwise, and whether consummated directly by the subsidiary or its subsidiaries or indirectly by their respective stockholders). As used herein, "Enterprise Value" shall mean an amount equal to (A) the initial public offering price per share received by the Company (or such subsidiary) multiplied by the number of shares of the Company (or such subsidiary) outstanding on a fully diluted basis in the case of the Company's or subsidiary's initial public offering, plus (B) the sum of (i) the cash paid to the stockholders of the Company (or such subsidiary), (ii) the aggregate fair market value of any securities and any other non-cash consideration delivered to the stockholders of the Company (or such subsidiary) and (iii) the amount of all indebtedness for borrowed money of the Company or any of its subsidiaries, which is assumed or acquired by the purchasers or retired or defeased in connection with such sale of the Company (or such subsidiary) or all or substantially all of the assets of the Company (or such subsidiary). The fair market value of any securities issued and any other non-cash consideration delivered in connection with the sale of the Company (or such subsidiary) or all or substantially all of the assets of the Company (or such subsidiary) will be the value determined by the Company (or such subsidiary) and the Consultant on the date that the Board approves the sale.

(d) In further consideration of the services to be rendered as described herein, and in recognition, in part, that the Consulting Fee charged for such services is below the fees that third parties would charge for similar services, upon the occurrence of any Transaction, the Company will pay to the Consultant in cash a supplemental management fee of 1.1% of the Total Value upon the closing of such Transaction. As used in this Section 6(d):

(i) "Transaction" shall mean (A) a merger or consolidation of the Company or any of its subsidiaries with or into another corporation of which the Company or such subsidiary is the surviving corporation and the equityholders of the Company immediately prior to such merger or consolidation continue to own at least fifty percent (50%) of the outstanding equity of the Company following such merger or consolidation, (B) the purchase by the Company or any of its subsidiaries of a majority of another entity's capital stock or equity or all or substantially all of another entity's assets, or (C) the acquisition of any debt or equity financing by the Company or any subsidiary; provided, however, that any fee payable to the Consultant upon the acquisition of equity financing pursuant to an initial public offering shall be calculated solely pursuant to Section 6(c) above; and

(ii) "Total Value" shall mean an amount equal to, in the case of Section 6(d)(i)(A) or Section 6(d)(i)(B) above, the sum of (1) the cash consideration paid by the Company or any of its subsidiaries to any party, (2) the aggregate fair market value of any equity or debt securities and any other non-cash consideration delivered by the Company or any of its subsidiaries to any party, and (3) the amount of all indebtedness for borrowed money of any party which is assumed, acquired, retired or defeased by the Company or any of its subsidiaries, in each case in connection with a Transaction or, in the case of Section 6(d)(i)(C) above, the gross funds raised by the Company pursuant to such debt or equity financing.

(e) If, at any time, (i) the Company pays the Consultant or its designees any fee pursuant to Section 6(c) or Section 6(d) above (an "Additional Fee") and (ii) Seller owns any Class A Units (as defined in that certain Amended and Restated Limited Liability Company Agreement of the Company dated as of the date hereof (as amended from time to time, the "LLC Agreement")) at the time of such payment, then the Company shall simultaneously pay to Seller a fee equal to (A) the quotient of (1) the amount of such Additional Fee paid to the Consultant or its designees, divided by (2) 1 minus the Pro-Rata Percentage as of the date of the payment of such Additional Fee, minus (B) the amount of such Additional Fee paid to the Consultant or its designees. For purposes of this Section 6(e), "Pro-Rata Percentage" means an amount equal to (x) the total number of Class A Units owned by Seller as of the date of the payment of such Additional Fee, divided by (y) the total number of vested Units then held by all of the Members (as defined in the LLC Agreement) as of the date of the payment of such Additional Fee. By way of example and for illustration purposes only, if the Pro-Rata Percentage is 30% and the Company pays the Consultant or its designees an Additional Fee of $700,000, then a fee of $300,000 will be paid by the Company to Seller.

(f) At no time will such fees be reduced from the amounts stated herein. As used in this Section 6, "Company" shall include any holding company or parent company of the Company. Nothing in this Agreement shall have the effect of prohibiting the Consultant or any of its affiliates from receiving any other fees from the Company, including under that certain Transaction Services Agreement, dated as of the date hereof, by and among the Company and the Consultant.

7. Term. This Agreement shall commence as of the Effective Date and shall remain in effect through the tenth anniversary of the Effective Date (the "Original Term") and shall be automatically extended thereafter on a year to year basis unless the Company or the Consultant provides written notice of its desire to terminate this Agreement to the other party at least 90 days prior to (i) the expiration of the Original Term or (ii) the date upon which any such extension would otherwise have become effective; provided, however, that this Agreement shall terminate on a Sale of the Company (as defined in the LLC Agreement).

8. Standard of Care. The Consultant (including any person or entity acting for or on behalf of the Consultant) shall not be liable for any mistakes of fact, errors of judgment, for losses sustained by the Company or any of its subsidiaries or for any acts or omissions of any kind (including acts or omissions of the Consultant), unless caused by fraud or intentional misconduct of the Consultant as finally judicially determined by a court of competent jurisdiction.

9. Indemnification of the Consultant. The Company and its subsidiaries hereby agree to jointly and severally indemnify and hold harmless the Consultant and its present and future officers, directors, stockholders, members (both managing and otherwise), partners (both general and limited), managers, affiliates, employees, representatives and agents ("Indemnified Parties") from and against all losses, claims, liabilities, suits, costs, damages and expenses (including attorneys' fees) arising from their performance of services hereunder, except to the extent caused by fraud or intentional misconduct of the Consultant as finally judicially determined by a court of

competent jurisdiction. The Company further agrees to reimburse the Indemnified Parties on a monthly basis for any cost of defending any action or investigation (including attorneys' fees and expenses), subject to an undertaking from such Indemnified Party to repay the Company if it is finally judicially determined that the Indemnified Party is not entitled to such indemnity. The Consultant does not make any representations or warranties, express or implied, in respect of the services provided hereunder.

10. Assignment. Without the consent of the Consultant, the Company shall not assign, transfer or convey any of its rights, duties or interest under this Agreement, nor shall it delegate any of the obligations or duties required to be kept or performed by it hereunder. The Consultant shall not assign, transfer or convey any of its rights, duties or interest under this Agreement, nor shall it delegate any of the obligations or duties required to be kept or performed by it under this Agreement, except that the Consultant may transfer its rights and delegate its obligations hereunder to one or more of its affiliates.

11. Notices. All notices, demands, consents, approvals and requests given by either party to the other hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable overnight courier services (charges prepaid) to the parties at the following addresses:

If to the Company:	c/o H.I.G. Growth Partners, LLC 500 Boylston Street, 13th Floor Boston, Massachusetts 02116 Attention: John Kim and Evan Karp Facsimile: [***]
If to Consultant:	H.I.G. Capital, L.L.C. 1450 Brickell Avenue, 31st Floor Miami, Florida 33131 Attention: General Counsel Fax: [***]

Any party may at any time change its respective address by sending written notice to the other party of the change in the manner hereinabove prescribed.

12. Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable, shall not be affected thereby, and each term or provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

13. No Waiver. The failure by any party to exercise any right, remedy or elections herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future exercise of such right, remedy or election, but the same shall continue and remain in full force and effect. All rights and remedies that any party may have at law, in equity or otherwise upon breach of any term or condition of this Agreement, shall be distinct, separate and cumulative rights and remedies and no one of them, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy.

14. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the matters herein contained and any agreement hereafter made shall be ineffective to effect any change or modification, in whole or in part, unless such agreement is in writing and signed by the party against whom enforcement of the change or modification is sought.

15. Governing Laws. All issues and questions concerning the construction, validity, interpretation and enforceability of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Florida, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida.

16. Successors. This Agreement and all the obligations and benefits hereunder shall inure to the successors and assigns of the parties.

17. WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

18. EXCLUSIVE VENUE. THE PARTIES AGREE THAT ALL DISPUTES, LEGAL ACTIONS, SUITS AND PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT MUST BE BROUGHT EXCLUSIVELY IN A FEDERAL DISTRICT COURT LOCATED IN THE DISTRICT OF FLORIDA OR THE STATE COURT IN MIAMI DADE COUNTY, FLORIDA (COLLECTIVELY THE "DESIGNATED COURTS"). EACH PARTY HEREBY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE DESIGNATED COURTS. NO LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY OTHER FORUM. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL CLAIMS OF IMMUNITY FROM JURISDICTION AND ANY OBJECTION WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING IN ANY DESIGNATED COURT, INCLUDING ANY RIGHT TO OBJECT ON THE BASIS THAT ANY DISPUTE, ACTION, SUIT OR PROCEEDING BROUGHT IN THE DESIGNATED COURTS HAS BEEN BROUGHT IN AN IMPROPER OR INCONVENIENT FORUM OR VENUE.

19. Counterparts. This Agreement may be executed and delivered by each party hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same agreement. Delivery of executed signature pages hereof by facsimile transmission, telecopy or portable document format (.pdf) shall constitute effective and binding execution and delivery of this Agreement.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Professional Services Agreement to be duly entered by the authorized representatives as of the date first above written.

LULU'S HOLDINGS, LLC

/s/ Evan Karp
By: Evan Karp
Title: Secretary

H.I.G. CAPITAL, LLC

By: Richard Siegel
Title: Vice President and General Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Professional Services Agreement to be duly entered by the authorized representatives as of the date first above written.

LULU'S HOLDINGS, LLC

By: Evan Karp
Title: Secretary

H.I.G. CAPITAL, LLC

/s/ Richard Siegel
By: Richard Siegel
Title: Vice President and General Counsel

Company Management Scope of Services Exhibit

- Review operational performance on a regular basis (usually weekly)
- Detailed review of monthly financials, including assistance in preparation of monthly financials to send to bank partners
- Attend, and travel to board meetings, usually held quarterly, and provide strategic direction at such meetings. At times, assist in the preparation of such board materials.
- Provide corporate governance oversight, including creation of employee handbook and general senior management governance policies, including setting board approval thresholds such as significant capex and customer pricing
- Interact with auditors to monitor fraud (e.g., answer board questions to auditors upon annual audit preparation)
- Assist in creation of strategic plan and key business priorities upon consummation of the transaction and going forward
- Help in the selection of corporate advisors, including outside counsel and auditors
- Assistance in preparation of annual budget, as well as any reforecasts throughout the year
- Periodic evaluation of senior executives and determining bonus compensation for CEO and/or CFO
- Key role in staffing strategy of CEO and CFO positions, and sometimes COO, which would include selection, retention, and management of recruiting firms. Conduct interviews and background checks for key hires.
- Active role in recruiting senior executives outside of top positions to market company and PE sponsor
- Active role in occasionally meeting with top suppliers to provide comfort on company vision and financial backing
- Help structure company bonus plan, including setting EBITDA targets and compensation amounts
- Help structure and award incentive programs for senior level employees
- Often lead role in negotiating with banks upon event of default, including structuring and providing additional capital if needed
- Assist in litigation matters that are outside of the ordinary course of the company’s business, including working with outside counsel and involving Consultant’s internal general counsel when appropriate

- Provide access to Consultant's proprietary supplier network discounts – provide access to discounts including telecommunications providers, computer equipment, insurance, office supplies, etc.
- Provide access to Consultant's network of ancillary services and consultants, including manufacturing consultants, sale-leaseback providers, equipment loan providers, background check consultants, IT consultants, environmental consultants, and energy management consultants
- Maintain adequate records for corporate documents
- Take leadership role in coordinating any significant asset dispositions or divestitures, including preparing materials and financial analysis, and negotiating with sellers
- Assist in coordination with any other Consultant portfolio company where a mutually beneficial customer-supplier relationship or other synergy opportunity may exist
- Add-on opportunities
    - Sourcing—target companies with sectors, products, channels, geographies, customer bases, etc. that would be complementary to the platform. Negotiate confidentiality agreements as part of this exercise. This also includes external marketing efforts such as deal announcements and press releases sent to the financial community, and may also include the retention of buyside brokers to assist in targeted searches.
    - Diligence—visit add-on opportunities, present indications of interest and letters of intent, negotiate with sell-side bankers or company directly. Help coordinate business, legal, accounting, and other diligence for add-on opportunities.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-1 of our report dated August 6, 2021, relating to the financial statements of Lulu's Fashion Lounge Holdings, Inc. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Deloitte & Touche LLP

San Francisco, California

October 12, 2021