

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

November 11, 2022

Date of Report (date of earliest event reported)

Lulus

Lulu's Fashion Lounge Holdings, Inc.

(Exact name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-41059

(Commission File Number)

20-8442468

(IRS Employer Identification Number)

195 Humboldt Avenue

Chico, California 95928

(Address of Principal Executive Offices) (Zip Code)

(530) 343-3545

(Registrant's Telephone Number, Including Area Code)

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per Share	LVLU	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On November 15, 2022, Lulus' Fashion Lounge Holdings, Inc. ("Lulus" or the "Company") issued a press release containing Lulus' financial results for its third fiscal quarter ended October 2, 2022. A copy of Lulus' press release is attached hereto as Exhibit 99.1.

The information contained in this Current Report shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Leadership Changes

On November 11, 2022, the board of directors (the "Board") of Lulus approved a leadership succession plan that will take effect on March 6, 2023 (the "Effective Date"). Specifically, the Board approved the appointment of Crystal Landsem, currently Co-President and Chief Financial Officer, as Chief Executive Officer as of the Effective Date. The Board approved the appointment of David McCreight, Lulus' current Chief Executive Officer, as Executive Chairman, as of the Effective Date. Mr. McCreight will succeed Evan Karp as Chairman of the Board, and Mr. Karp will continue his service as a director on the Board. The Board also approved a change in the title of Mark Vos, currently Co-President and Chief Information Officer, to President and Chief Information Officer, as well as a change to his reporting structure so that he will report to the Executive Chairman as of the Effective Date. These changes will be reflected in an amendment to the employment agreement between Lulus and Mr. Vos prior to the Effective Date.

Biographies for each of Ms. Landsem and Mr. McCreight are set forth below. There are no arrangements or understandings between Ms. Landsem and any other person pursuant to which Ms. Landsem was appointed to serve as Chief Executive Officer of the Company and no arrangements or understandings between Mr. McCreight and any other person pursuant to which Mr. McCreight was appointed to serve as Executive Chairman of the Company. Please see the disclosure in the Company's Proxy Statement for its 2022 Annual Meeting of Stockholders filed on April 29, 2022 for the other disclosure required by Items 401(d) and 404(a) of Regulation S-K under the headings "Corporate Governance" and "Certain Relationships and Related Person Transactions" which are incorporated herein by reference.

Crystal Landsem, age 39, has served as Lulus' Co-President since July 2020 and Chief Financial Officer since September 2015. Previously, she was the Co-Founder and Chief Financial Officer of sqwrl LLC, a consulting and project management services firm, where she oversaw 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 a Bachelor of Arts degree in Business Administration with an option in Accounting from California State University-Chico.

David W. McCreight, age 59, has served as Lulus' Chief Executive Officer since April 2021 and on its Board of Directors since April 2021. Previously, he was the CEO of Anthropologie Group, Inc. from 2011 to April 2018. He also served as the President of URBN, Inc. from 2016 to April 2018, and as President at Under Armour, Inc. from 2008 to 2010. He is currently a board member of CarMax, Inc., where he also serves on the audit committee, and Wolverine Worldwide, Inc., where he also serves on the governance and compensation committees. Mr. McCreight received his Bachelor of Arts degree from the University of Virginia. Mr. McCreight's broad knowledge of the e-commerce, consumer/retail and apparel/accessory industry sectors and extensive leadership experience, including overseeing general management and business operations, digital marketing/brand development, global supply chains and human capital management as Lulus' Chief Executive Officer, provides him with the qualifications and skills to serve as Executive Chairman.

Compensation Terms for Ms. Landsem

The Company and Ms. Landsem plan on entering into a new employment agreement prior to the Effective Date. The Compensation Committee and the Board have approved the following compensation terms for Ms. Landsem to be documented in the new employment agreement and in effect as of the Effective Date:

Base Salary:	Base salary of \$500,000, payable with regular payroll cycles.
Annual Bonus:	Annual cash bonus target of \$400,000 (actual bonus attained may be greater or lesser than target based on performance against key performance indicators to be reviewed annually and recommended by the Compensation Committee and approved by the Board).
Equity Awards:	Equity awards with a target value of \$3.25 million per full year of service; 50% of which will be in restricted stock units ("RSUs") and 50% of which will be in performance stock units ("PSUs"). The value of the first year grant will take into account and subtract from the \$3.25 million target value the current value of the existing equity grant Ms. Landsem received in her position as Co-President and Chief Financial Officer.
Change in Control:	Upon a change in control and involuntary termination event, Ms. Landsem's unvested RSUs and earned PSUs will be deemed vested and linearly interpolated between attainment levels.
Severance:	For involuntary termination, other than for cause, severance equivalent to twelve (12) months' base salary and benefits.

New Executive Chairman Employment Agreement with Mr. McCreight

On November 11, 2022, Lulus entered into a new employment agreement with Mr. McCreight (the "Employment Agreement"), which will become effective on the Effective Date. Below is a summary of the principal terms of the Employment Agreement.

Term:	The Employment Agreement provides for a one-year term (the "Initial Term"), commencing on the Effective Date, and shall be automatically extended for one additional six-month period (the "Extension Term") unless the Board or Mr. McCreight provides at least 60 days prior written notice that the term shall not be extended.
Position; Reporting:	Under the terms of the Employment Agreement, Mr. McCreight will serve as the Company's Executive Chairman, reporting to the Board.
Salary:	The Employment Agreement provides that the base salary for Mr. McCreight will be \$500,000 for the Initial Term and \$250,000 for the Extension Term.
Annual Bonus:	The Employment Agreement does not provide for an annual bonus.
Equity Award:	The Employment Agreement provides that Mr. McCreight will be granted RSUs pursuant to the terms and requirements of the Lulu's Fashion Lounge Holdings, Inc. Omnibus Equity Plan, as may be amended from time to time (the "Plan") and Restricted Stock Unit Award Agreement with the number of RSUs to be determined by the Company (calculated based on the volume-weighted average price for the Effective Date plus the nine days following the Effective Date), and approved by the Compensation Committee, with a grant date value equaling \$2.0 million (the "RSU Award"). The RSU Award will vest 25% on the date immediately following the last day of each calendar quarter following the Effective Date. Effective on the Extension Term (if any), Executive will be granted an additional award of RSUs, with a grant date value equaling \$1.0 million, with the number of RSUs determined by the Company (calculated based on the volume-weighted average price for the ten days preceding the commencement of the Extension Term) (the "Additional RSU Award"). The Additional RSU Award will vest 50% on the date immediately following each calendar quarter that occurs following the beginning of the Extension Term.
Change in Control:	In the event of a Change in Control (as defined in the Plan), Mr. McCreight will receive a cash payment equal to the remaining unpaid base salary for the Initial Term or Extension Term (as applicable) to be paid within 30 days of such Change in Control, less all applicable taxes and withholdings. In the event of a Change in Control (as defined under the Plan), the RSU Award and any Additional RSU Award, including any unvested portion of such RSU Award or any Additional RSU Award, will be 100% vested upon such Change in Control.

Termination:	Any termination of Mr. McCreight's employment by the Company for any reason, or by Mr. McCreight for any reason, shall be communicated by a written notice of termination that indicates the specific termination provision in the Employment Agreement being relied upon and specifies a termination date, which may be the date of the notice, except that in the event of a termination by Mr. McCreight without Good Reason (as defined in the Employment Agreement), the termination date shall not be less than sixty (60) days after such notice, unless otherwise agreed to by the parties.
Severance:	If Mr. McCreight's employment is terminated by the Company without Cause (as defined in the Employment Agreement) or by Mr. McCreight with Good Reason (as defined in the Employment Agreement), then subject to Mr. McCreight's continued compliance with the terms of the Employment Agreement and his execution and delivery of a release of claims (a form of which is attached to the Employment Agreement), Mr. McCreight will be entitled to the following severance: (i) an aggregate amount equal to his then-current annual base salary, payable in a lump sum; (ii) reimbursement for monthly COBRA premiums for a period of twelve (12) months after the termination date, subject to Mr. McCreight timely electing COBRA; and (iii) 100% vesting of any unvested RSU Award or Additional RSU Award.
Restrictive Covenants:	Under the Employment Agreement, Mr. McCreight is subject to restrictive covenants relating to non-solicitation, non-compete and non-disparagement. Mr. McCreight has also agreed to certain covenants regarding the confidential information of the Company and the Company's intellectual property.
Clawbacks:	Under the Employment Agreement, Mr. McCreight acknowledges that the Company may be entitled or required by law, the Company's Clawback Policy or the requirements of a stock exchange to recoup compensation paid to Mr. McCreight pursuant to the Employment Agreement and Mr. McCreight agrees to comply with any such request or demand for recoupment by the Company.

The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Employment Agreement, a copy of which is included as Exhibit 10.1 to this report, and incorporated herein by reference.

Mr. McCreight will be eligible to receive his bonus for the 2022 fiscal year and the special equity compensation award due to him based on continued employment through March 31, 2023 under the terms of his existing employment agreement.

Item 7.01. Regulation FD Disclosure.

On November 15, 2022, the Company issued a press release announcing its leadership succession plan that will take effect in March of 2023, which is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information contained or incorporated in this Item 7.01 of this Current Report is being furnished, and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are furnished herewith:

Exhibit Number	Description
10.1	Employment Agreement, dated as of November 11, 2022, among Lulu's Fashion Lounge Holdings, Inc., Lulu's Fashion Lounge, LLC and David McCreight.
99.1	Press release issued by Lulu's Fashion Lounge Holdings, Inc. on November 15, 2022 relating to its financial results for its third fiscal quarter ended October 2, 2022.
99.2	Press release issued by Lulu's Fashion Lounge Holdings, Inc. on November 15, 2022 relating to its Leadership Succession Plan.
104	Cover Page Interactive Data File - the cover page iXBRL tags are embedded within the Inline XBRL document

SIGNATURES

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

Date: November 15, 2022

Lulu's Fashion Lounge Holdings, Inc.

By: /s/ David McCreight
David McCreight
Chief Executive Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (this "**Agreement**"), is made and entered into on November 11, 2022, 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 Executive Chairman of the Board of Directors, on the terms and conditions set forth herein, commencing on March 6, 2023 (such actual date employment commences, the "**Effective Date**");

WHEREAS, effective on the day immediately prior to the Effective Date, except as provided in this Agreement, the Executive and the Company desire to terminate Executive's existing Employment Agreement, dated April 15, 2021 (the "**2021 Agreement**"); and

WHEREAS, Executive desires to be employed by the Company as its Executive Chairman of the Board of Directors 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 first anniversary of the Effective Date ("**Initial Term**"), subject to earlier termination as provided in Section 3; provided, that, on the date immediately following the last day of the Initial Term (an "**Extension Date**"), the Term shall be automatically extended for one additional six-month period (the "**Extension Term**") unless the majority of the Company's Board of Directors (excluding the "Executive Chairman") or Executive has provided the other party hereto at least 60 days prior written notice before the Extension Date that the Term shall not be so extended.

1.2 Position and Duties; Work Location.

(a) During the Term, Executive shall serve as the Executive Chairman of the Board of Directors 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. 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, he shall conduct quarterly visits to the Company's HQ for regular working sessions with the team. However, 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. Moreover, additional duties include but not limited to:

- a. Manage and provide guidance during the new CEO transition as needed and/or requested;
- b. Conduct separate weekly calls with the CEO and up to two (2) direct reports to the CEO to maintain business continuity;
- c. Lead recruitment of additional independent directors and assist in searches for CEO direct reports;
- d. Lead development of the Board agenda in consultation with the CEO;
- e. Participate in all quarterly earning calls, investor meetings, and non-deal road shows, and/or road shows for offerings; and
- f. Drive meaningful progress on the Company's Environmental, Social, and Governance (ESG) initiatives.

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 faithfully execute Executive's duties, as outlined in Section 1.2 of this Agreement. During the Term, Executive agrees to promptly bring to the attention of the Board of Directors and review with the Board of Directors any new employment, consulting or director engagements, except for those engagements or director positions previously disclosed and outlined in Appendix A hereto.

2. COMPENSATION AND BENEFITS; EXPENSES

2.1 Salary. During the Initial Term, "**Base Salary**" means the Company shall compensate and pay Executive for his services at a rate equivalent to \$500,000 per year, 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. During the Extension Term (if any), "**Base Salary**" means the Company shall compensate and pay Executive for his services at a rate equivalent to \$250,000 for the Extension Term, 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.

2.2 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 the senior leadership team 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.

2.3 Restricted Stock Unit Grant. Effective as of the Effective Date, Executive will be granted Restricted Stock Units ("**RSUs**") as described and pursuant to the terms and requirements of Lulu's Fashion Lounge Holdings, Inc. Omnibus Equity Plan (as may be amended from time to time) (the "**Plan**") and Restricted Stock Unit Award Agreement ("**RSU Agreement**"), with the number of RSUs determined by the Company (calculated based on the volume-weighted average price for the Effective Date plus the nine days following the Effective Date), and approved by the Compensation Committee, with a grant date value equaling \$2.0 million ("**RSU Award**"). Subject to the terms of the RSU Agreement and the Plan, and provided that Executive has not incurred a Termination of Service (as defined under the Plan), the RSU Award will vest 25% on the date immediately following the last day of each calendar quarter following the Effective Date. Effective on the Extension Term (if any), Executive will be granted an additional award of RSUs, with a grant date value equaling \$1.0 million, with the number of RSUs determined by the Company (calculated based on the volume-weighted average price for the ten days preceding the commencement of the Extension Term), and approved by the Compensation Committee and subject to the terms of the Plan and the RSU Agreement ("**Additional RSU Award**"). Subject to the terms of the RSU Agreement and the Plan, and provided that Executive has not incurred a Termination of Service (as defined under the Plan), the Additional RSU Award will vest 50% on the date immediately following each calendar quarter that occurs following the beginning of the Extension Term. In the event of a Change in Control (as defined under the Plan), the RSU Award and any Additional RSU Award, including any unvested portion of such RSU Award or any Additional RSU Award, will be 100% vested on such Change in Control.

2.4 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.

2.5 Survival of 2021 Agreement Terms. For the avoidance of doubt, any bonus under Section 2.2 of the 2021 Agreement or equity granted to and in effect for Executive under Section 2.4 of the 2021 Agreement prior to the Effective Date, pursuant to the terms of the 2021 Agreement, the Plan and any equity award agreement, as applicable, shall remain in effect and shall be payable in accordance with their respective terms. Further, for the avoidance of doubt, the parties hereto agree that the termination of the 2021 Agreement shall not be treated as a non-renewal of the "Term" (as defined under the 2021 Agreement") by the Executive and shall not be treated as a forfeiture event for the Annual Bonus (as defined under the 2021 Agreement) under Section 2.2 of the 2021 Agreement. Any other equity, bonus awards or other benefits or payments referenced in the 2021 Agreement that have not been granted or are not yet effective as of the Effective Date shall be treated as forfeited and no longer in effect.

3. TERMINATION AND CHANGE IN CONTROL.

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 2.4 and in accordance with Company policy; and (iii) 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 (iii) 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 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 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) or by Executive for Good Reason, then, subject to Executive's continued compliance with this Agreement 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; and

(c) 100% vesting of any unvested RSU Award or Additional RSU Award that has been granted pursuant to Section 2.3 of this Agreement.

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) any reduction of or failure to pay Executive's Base Salary in accordance with Sections 2.1 above, (ii) 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), (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 in Control Payment. Provided that Executive has not previously incurred a Termination of Service (as defined under the Plan), at the time of a Change in Control (as defined under the Plan), Executive will receive a cash payment equal to the remaining unpaid Base Salary for the Initial Term or Extension Term (as applicable) in which such Change in Control occurs (the "**Change in Control Payment**"). Any Change in Control Payment will be paid in a single lump sum within 30 days of such Change in Control, less all applicable taxes and withholdings.

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.

(c) 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.

(d) 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.

(e) 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.

5.5 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. For the avoidance of doubt, except as provided for above, this Agreement shall supersede and replace the 2021 Agreement.

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 is 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

[Signature Page to Employment Agreement]

EXECUTIVE

/s/ David W. McCreight

David W. McCreight

[Signature Page to 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 _____, 2022 (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 or Section 4 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. California General Release. Executive acknowledges that he may discover facts different from or in addition to those which Executive now knows or believes to be true and that this Agreement shall be and remain a California General Release. Executive acknowledges that he may discover facts different from or in addition to those which Executive now knows or believes to be true and that this Agreement shall be and remains effective in all respects notwithstanding such different or additional facts or the discovery thereof. Executive hereby expressly waives any and all rights and benefits conferred upon him by the provisions of Section 1542 of the Civil Code of the State of California, and/or any analogous law of any other state. Section 1542 states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Executive expressly agrees and understands that the release given by him pursuant to this Agreement applies to all unknown, unsuspected and unanticipated claims, liabilities and causes of action which Executive may have against the Company.

4. 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.

5. 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.

6. 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. Furthermore, nothing in this Agreement prevents Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful.

9. 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:

Lulus Reports Continued Profitability for the Third Quarter 2022 and Updates 2022 Guidance

CHICO, Calif., November 15, 2022 -- Lulu's Fashion Lounge Holdings, Inc. ("Lulus" or the "Company") (Nasdaq: LVLU) today reported financial results for the third quarter ended October 2, 2022, and updated guidance for full year 2022.

David McCreight, CEO of Lulus, said:

"In the third quarter of 2022, we saw gains in several operational and customer metrics, including a record number of repeat customers transacting with us, as well as healthy year-over-year growth in Active Customers and Average Order Value – signaling that our brand is resonating with our customers. Like many in the industry, we saw lower net revenue growth from macroeconomic factors, including inflation, which we believe impacted customer spending and product returns behavior. Due to the macroenvironment, we increased our promotional cadence, which resonated with our customers but resulted in product margin compression. Our balance sheet remains strong, enabling us to continue to focus on delivering on our brand promise, delighting our customers, and growth strategies. However, in the near-term we believe it's prudent to reduce our 2022 guidance range for the year given the macro uncertainties."

Third Quarter 2022 Highlights:

- Net revenue of \$105.3 million, a 1.0% decrease compared to the same period last year, driven by a 1% decrease in Total Orders Placed with higher return rates offset by higher Average Order Value ("AOV"), net of promotions and discounts.
- Active Customers of 3.2 million, a 29.2% increase compared to the same period last year.
- AOV of \$133, an increase of 6.4% compared to the same period last year.
- Gross Margin decreased 560 basis points to 42.1% and gross profit decreased 12.7%, in each case compared to the same period last year.
- Interest expense decreased by \$3.3 million, a 91% decrease compared to the same period last year. The significant decrease is attributable to the repayment of our Term Loan with the proceeds from our IPO in November 2021.
- Net income of \$0.9 million, a \$2.9 million decrease compared to the same period last year.
- Adjusted EBITDA of \$5.4 million, a 54.9% decrease compared to the same period last year.

	Thirteen Weeks Ended		
	October 2, 2022	October 3, 2021	YoY Change
	(In thousands, except percentages)		
Net revenue	\$ 105,275	\$ 106,320	(1.0)%
Gross profit	\$ 44,333	\$ 50,767	(12.7)%
Gross Margin*	42.1%	47.7%	(560)bps
Net income	\$ 929	\$ 3,850	(75.9)%
Adjusted EBITDA (non-GAAP financial measure)*	\$ 5,364	\$ 11,885	(54.9)%
Active Customers*	3,230	2,500	29.2%

* Note: Refer to "Use of Non-GAAP Financial Measures and Other Operating Metrics" section below for definitions of these metrics.

Updated Financial Outlook for Full Year 2022:

- We expect net revenue to be between \$425.0 million and \$440.0 million, which represents between 13.1% and 17.1% growth over 2021 net revenue, compared to our previous guidance range of between \$440.0 million and \$480.0 million.
- We expect Adjusted EBITDA to be between \$25.0 million and \$31.0 million, compared to our previous guidance range of between \$35.0 million and \$45.0 million.
- We expect reported interest expense to be \$1.0 million, compared to our previous guidance of \$0.7 million, down from \$12.8 million in 2021.
- We expect capital expenditures to be between \$5.0 million and \$5.5 million, compared to our previous guidance range of between \$4.5 million and \$6.0 million.

Forecasting future results or trends is inherently difficult for any business, and actual results or trends may differ materially from those forecasted. Lulus' outlook is based on current indications for its business. The net revenue and Adjusted EBITDA outlooks factor in our current best estimates for anticipated headwinds, including those related to COVID-19, inflation, supply chain pressures, shipping costs and the level of spending and returns by our customers. Given the volatile nature of current consumer demand and potential for further impacts to consumer behavior from inflation, fuel charges, and change in sentiment, Lulus' guidance is subject to change.

LULU'S FASHION LOUNGE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME
(Unaudited)
(In thousands, except per share data)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
Net revenue	\$ 105,275	\$ 106,320	\$ 348,689	\$ 278,861
Cost of revenue	60,942	55,553	191,211	145,561
Gross profit	44,333	50,767	157,478	133,300
Selling and marketing expenses	19,356	20,509	67,093	49,008
General and administrative expenses	24,418	21,196	75,644	57,436
Income from operations	559	9,062	14,741	26,856
Other income (expense), net:				
Interest expense	(329)	(3,612)	(694)	(11,036)
Other income, net	21	16	102	74
Total other expense, net	(308)	(3,596)	(592)	(10,962)
Income before benefit (provision) for income taxes	251	5,466	14,149	15,894
Income tax benefit (provision)	678	(1,616)	(5,178)	(5,075)
Net income and comprehensive income	929	3,850	8,971	10,819
Allocation of undistributed earnings to participating securities	—	(1,574)	—	(4,322)
Net income attributable to common stockholders	\$ 929	\$ 2,276	\$ 8,971	\$ 6,497
Net income per share attributable to common stockholders:				
Basic	\$ 0.02	\$ 0.13	\$ 0.23	\$ 0.37
Diluted	\$ 0.02	\$ 0.13	\$ 0.23	\$ 0.37
Weighted average shares used to compute net income per share attributable to common stockholders:				
Basic	38,711,915	17,462,283	38,448,656	17,462,283
Diluted	38,898,416	17,462,283	38,699,110	17,462,283

LULU'S FASHION LOUNGE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share data)

	October 2, 2022	January 2, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,465	\$ 11,402
Accounts receivable	5,545	5,649
Inventory, net	49,416	22,176
Assets for recovery	6,685	3,754
Income tax refund receivable	—	748
Prepays and other current assets	4,596	5,364
Total current assets	<u>78,707</u>	<u>49,093</u>
Restricted cash	507	506
Property and equipment, net	3,995	3,231
Goodwill	35,430	35,430
Tradename	18,509	18,509
Intangible assets, net	2,892	2,244
Lease right-of-use assets (1)	31,627	—
Other noncurrent assets	8,492	4,763
Total assets	<u>\$ 180,159</u>	<u>\$ 113,776</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 6,349	\$ 4,227
Income taxes payable	3,183	—
Accrued expenses and other current liabilities	28,477	21,948
Returns reserve	18,827	9,731
Stored-value card liability	8,812	7,240
Lease liabilities, current (1)	3,932	—
Total current liabilities	<u>69,580</u>	<u>43,146</u>
Revolving line of credit	15,000	25,000
Lease liabilities, noncurrent (1)	28,554	—
Other noncurrent liabilities	120	1,108
Total liabilities	<u>113,254</u>	<u>69,254</u>
Stockholders' equity:		
Preferred stock: \$0.001 par value, 10,000,000 shares authorized, and no shares issued or outstanding as of July 3, 2022 and January 2, 2022	—	—
Common stock: \$0.001 par value, 250,000,000 shares authorized, and 39,095,778 and 38,421,124 shares issued and outstanding as of October 2, 2022 and January 2, 2022, respectively	39	38
Additional paid-in capital	235,491	222,080
Accumulated deficit	(168,625)	(177,596)
Total stockholders' equity	<u>66,905</u>	<u>44,522</u>
Total liabilities and stockholders' equity	<u>\$ 180,159</u>	<u>\$ 113,776</u>

(1) We adopted ASC 842 on January 3, 2022, which requires recognition of operating lease liabilities and corresponding lease right-of-use assets on the balance sheet.

LULU'S FASHION LOUNGE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Thirty-nine Weeks Ended	
	October 2, 2022	October 3, 2021
Cash Flows from Operating Activities		
Net income	\$ 8,971	\$ 10,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,980	2,116
Noncash lease expense	2,390	—
Amortization of debt discount and debt issuance costs	118	2,041
Interest expense capitalized to principal of long-term debt and revolving line of credit	—	2,074
Equity-based compensation expense	12,245	5,522
Deferred income taxes	(3,757)	(2,144)
Loss on disposal of property and equipment	11	—
Changes in operating assets and liabilities:		
Accounts receivable	103	(2,557)
Inventories	(27,240)	(6,505)
Assets for recovery	(2,931)	(5,126)
Income taxes payable	3,931	3,852
Prepaid and other current assets	5	(315)
Accounts payable	2,174	(1,989)
Accrued expenses and other current liabilities	19,544	34,836
Operating lease liabilities	(1,806)	—
Other noncurrent liabilities	(405)	(836)
Net cash provided by operating activities	16,333	41,788
Cash Flows from Investing Activities		
Capitalized software development costs	(1,869)	(919)
Purchases of property and equipment	(1,902)	(668)
Other	(97)	—
Net cash used in investing activities	(3,868)	(1,587)
Cash Flows from Financing Activities		
Proceeds from borrowings on revolving line of credit	20,000	—
Repayments on revolving line of credit	(30,000)	(8,580)
Repayment of long-term debt	—	(7,595)
Payment of debt issuance costs	—	(61)
Proceeds from the issuance of redeemable preferred stock, net of issuance costs	—	1,427
Principal payments on finance lease obligations	(541)	—
Payment of offering costs related to Initial Public Offering	(832)	—
Other	(28)	(19)
Net cash used in financing activities	(11,401)	(14,828)
Net increase in cash, cash equivalents and restricted cash	1,064	25,373
Cash, cash equivalents and restricted cash at beginning of period	11,908	16,059
Cash, cash equivalents and restricted cash at end of period	<u>\$ 12,972</u>	<u>\$ 41,432</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	12,465	40,927
Restricted cash	507	505
Total cash, cash equivalents and restricted cash, end of period	<u>\$ 12,972</u>	<u>\$ 41,432</u>

Webcast & Conference Call Information

The Company will host a conference call and live webcast with the investment community at 5:00 p.m. Eastern Time today, Tuesday, November 15, 2022, to discuss its third quarter 2022 results. The live webcast will be accessible through the Investor Relations section of the Company's website at <https://investors.lulus.com/>. To access the call through a conference line, dial 1-877-407-0792 (in the U.S.) or 1-201-689-8263 (international callers). A replay of the conference call will be posted shortly after the call and will be available for seven days following the call. To access the replay, dial 1-844-512-2921 (in the U.S.) or 1-412-317-6671 (international callers). The access code for the replay is 13733721.

About Lulus

Lulus is a customer driven, digitally native fashion brand for women. Based in California and serving millions of customers worldwide, Lulus develops styles with the customer in mind, using direct consumer feedback and insights to refine its products. With fresh inventory hitting the site almost daily, Lulus features on-trend, high-quality, must-have pieces, at affordable prices. As a brand built on customer feedback, Lulus puts an extreme focus on providing exceptional customer service and a personalized shopping experience. The brand's world class personal stylists, bridal concierge, and customer care team take pride in offering a personalized shopping experience to every customer. Lulus was founded in 1996. Lulus is a registered trademark of Lulu's Fashion Lounge, LLC. All rights reserved.

Forward-Looking Statements

This press release contains "forward-looking statements" within the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this press release are forward-looking statements, including but not limited to statements regarding our expectations around the continued impact of the COVID-19 pandemic on our business, our operations, our growth, our investments, and our financial outlook for the fiscal year ending January 1, 2023. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause Lulus' actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to the following: risks related to the continued impact of the COVID-19 pandemic on our business, operations and financial results; our ability to successfully maintain our desired merchandise assortment or manage our inventory effectively; demand for our products, including our ability to anticipate, identify, measure, and respond quickly to fashion trends, customer preferences and demands; general economic conditions, including inflation; our fluctuating operating results; seasonality in our business; our ability to acquire products on reasonable terms; our e-commerce business model; our ability to attract and retain customers in a cost effective manner; the strength of our brand; competition; fraud; system interruptions; system security risks including security breaches; and our ability to fulfill orders. These and other important factors discussed under the caption "Risk Factors" in Lulus' Annual Report on Form 10-K for the fiscal year ended January 2, 2022, and its other filings with the Securities and Exchange Commission could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While Lulus may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, even if subsequent events cause its views to change.

Use of Non-GAAP Financial Measures and Other Operating Metrics

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"), we reference in this press release and the accompanying tables the following non-GAAP financial measures: Adjusted EBITDA, Adjusted EBITDA Margin, and Net Debt. The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and our non-GAAP measures may be different from non-GAAP measures used by other companies. We use these non-GAAP financial measures to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses that may not be indicative of our ongoing core operating performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when analyzing historical performance and liquidity and when planning, forecasting, and analyzing future periods. For a reconciliation of these non-GAAP financial measures to GAAP measures, please see the tables captioned "Reconciliation of Non-GAAP Financial Measures" included at the end of this release. Definitions of our non-GAAP financial measures and other operating metrics are presented below. A reconciliation of Adjusted EBITDA guidance to net income in a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to equity-based compensation expense and income tax, all of which are adjustments to Adjusted EBITDA. We also use certain key operating metrics, including Gross Margin, Active Customers, Average Order Value, and Total Orders Placed.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income before interest expense, income taxes, depreciation and amortization, adjusted to exclude the effects of equity-based compensation expense and management 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, our 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.

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.

Active Customers

We define Active Customers as the number of customers who have made at least one purchase across our platform in the prior 12-month period. 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. Active Customers counts are based on de-duplication logic using customer account and guest checkout name, address, and email information.

Average Order Value

We define Average Order Value (“AOV”) as the sum of the total gross sales before returns across our platform in a given period, plus shipping revenue, less discounts and markdowns, divided by the Total Orders Placed (as defined below) in that period. AOV reflects 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. 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.

Net Debt

Net Debt is a non-GAAP financial measure that we calculate as total debt, which includes the current and non-current portions of long-term debt and revolving line of credit, less cash and cash equivalents. We consider Net Debt to be an important supplemental measure of our financial position, which is used by management to analyze our leverage, and which we believe is helpful to investors in order to monitor leverage and evaluate the balance sheet. A limitation associated with using Net Debt is that it subtracts cash and cash equivalents and therefore may imply that there is less Company debt than the most comparable GAAP measure indicates. Our non-GAAP financial measures, including Net Debt, should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP.

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 AOV, is an indicator of the net revenue we expect to generate in a particular period.

LULU'S FASHION LOUNGE HOLDINGS, INC.

KEY OPERATING AND FINANCIAL METRICS (Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
	(In thousands, except Average Order Value and percentages)			
Gross Margin	42.1%	47.7%	45.2%	47.8%
Adjusted EBITDA	\$ 5,364	\$ 11,885	\$ 30,068	\$ 35,050
Adjusted EBITDA Margin	5.1%	11.2%	8.6%	12.6%
Average Order Value	\$ 133	\$ 125	\$ 131	\$ 120
Active Customers	3,230	2,500	3,230	2,500

Note: Refer to "Use of Non-GAAP Financial Measures and Other Operating Metrics" section above for definitions of these metrics.

LULU'S FASHION LOUNGE HOLDINGS, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (Unaudited)

A reconciliation to non-GAAP Net Debt from Total Debt as of October 2, 2022 and January 2, 2022, respectively, is as follows:

	As of	
	October 2, 2022	January 2, 2022
	(In thousands)	
Revolving line of credit, long term	\$ (15,000)	\$ (25,000)
Total debt	(15,000)	(25,000)
Cash and cash equivalents	12,465	11,402
Net Debt	\$ (2,535)	\$ (13,598)

A reconciliation to non-GAAP Adjusted EBITDA from net income for the thirteen and thirty-nine weeks ended October 2, 2022 and October 3, 2021 is as follows:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 2, 2022	October 3, 2021	October 2, 2022	October 3, 2021
	(In thousands, except percentages)			
Net income	\$ 929	\$ 3,850	\$ 8,971	\$ 10,819
Excluding:				
Depreciation and amortization	1,130	695	2,980	2,116
Interest expense	329	3,612	694	11,036
Income tax (benefit) provision	(678)	1,616	5,178	5,075
Management fees (1)	—	165	—	482
Equity-based compensation expense (2)	3,654	1,947	12,245	5,522
Adjusted EBITDA	<u>\$ 5,364</u>	<u>\$ 11,885</u>	<u>\$ 30,068</u>	<u>\$ 35,050</u>
Adjusted EBITDA Margin	<u>5.1%</u>	<u>11.2%</u>	<u>8.6%</u>	<u>12.6%</u>

- (1) Represents management fees and expenses paid pursuant to the professional services agreement with H.I.G. Capital, LLC and Institutional Venture Partners for consulting and other services. All outstanding management fees were settled and the management agreement was terminated at the time of the Company's initial public offering in 2021.
- (2) The thirteen and thirty-nine weeks ended October 2, 2022 include equity-based compensation expense for restricted stock units granted during the thirteen- and thirty-nine-week periods, as well as equity-based awards granted in prior periods. The thirteen and thirty-nine weeks ended October 3, 2021 represents equity-based compensation expense for equity-based awards granted during the thirteen- and thirty-nine-week periods and in prior periods, as well as the excess of fair value over the consideration paid for Series B-1 Preferred Stock that was issued to certain employees in March 2021.

Contact

Crystal Landsem
Co-President and Chief Financial Officer
investors@lulus.com

Lulus Announces Leadership Succession Plan to Take Effect in March 2023

CHICO, Calif., November 15, 2022 -- Lulu's Fashion Lounge Holdings, Inc. ("Lulus" or the "Company") (Nasdaq: LVLU) today proudly announced that Crystal Landsem, currently Co-President and Chief Financial Officer, has been appointed Chief Executive Officer, effective March 6, 2023. David McCreight, currently Chief Executive Officer, will become Executive Chairman of the Board, also effective March 6, 2023. These executive team changes represent a planned transition to the next generation of leadership. Mark Vos, currently Co-President and Chief Information Officer, will become President and Chief Information Officer. Lulus plans to announce its new Chief Financial Officer in early 2023.

"Crystal has been a tremendous partner who has demonstrated that she is uniquely qualified to lead Lulus through its next phase of growth," said David McCreight. "In addition to her significant contributions and leadership experience over the past seven years, she has an intimate understanding of the Lulus business model and has been instrumental in creating our long-term growth strategy. Her appointment is another step in our plan to position Lulus as a leading apparel provider for Gen Z and Millennial women."

"I'm honored to have the opportunity to succeed David as CEO and delighted to continue working and collaborating closely with him in his Executive Chairman role. I'm looking forward to leading the incredible LuCrew team as we grow the business with the goal of delivering value to our customers and all our stakeholders. I'm also thrilled about the opportunities ahead for us as we continue to optimize and scale this dynamic and profitable business model," said Crystal Landsem.

Ms. Landsem has served as Lulus' Co-President since July 2020 and Chief Financial Officer since September 2015. Ms. Landsem has a broad leadership background across many industries, including start-ups and organizations such as 11 Main, an Alibaba Group Company, and Walmart. Ms. Landsem holds a CPA in California and received a B.A. degree in Business Administration with an option in Accounting from California State University-Chico.

About Lulus

Lulus is a customer driven, digitally native fashion brand for women. Based in California and serving millions of customers worldwide, Lulus develops styles with the customer in mind, using direct consumer feedback and insights to refine its products. With fresh inventory hitting the site almost daily, Lulus features on-trend, high-quality, must-have pieces, at affordable prices. As a brand built on customer feedback, Lulus puts an extreme focus on providing exceptional customer service and a personalized shopping experience. The brand's world class personal stylists, bridal concierge, and customer care team take pride in offering a personalized shopping experience to every customer. Lulus was founded in 1996. Lulus is a registered trademark of Lulu's Fashion Lounge, LLC. All rights reserved.

Forward-Looking Statements

This press release contains “forward-looking statements” within the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical or current fact included in this press release are forward-looking statements, including but not limited to statements regarding our leadership, operations and growth. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause Lulus’ actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to the following: risks related to the continued impact of the COVID-19 pandemic on our business, operations and financial results; our ability to successfully maintain our desired merchandise assortment or manage our inventory effectively; demand for our products, including our ability to anticipate, identify, measure, and respond quickly to fashion trends, customer preferences and demands; general economic conditions; our fluctuating operating results; seasonality in our business; our ability to acquire products on reasonable terms; our e-commerce business model; our ability to attract and retain customers in a cost effective manner; the strength of our brand; competition; fraud; system interruptions; system security risks including security breaches; and our ability to fulfill orders. These and other important factors discussed under the caption “Risk Factors” in Lulus’ Annual Report on Form 10-K for the fiscal year ended January 2, 2022, and its other filings with the Securities and Exchange Commission could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management’s estimates as of the date of this press release. While Lulus may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, even if subsequent events cause its views to change.

Contact

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