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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 29, 2025

OR

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

For the transition period from ___________________ to ___________________

Commission File Number: 001-41059

Lulu's Fashion Lounge Holdings, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**20-8442468** **(I.R.S. Employer Identification No.)**
195 Humboldt Avenue **Chico, California** **(Address of principal executive offices)**	**95928** **(Zip Code)**

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value per share	LVLU	Nasdaq Capital Market

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
As of August 8, 2025, there were 2,748,930 shares of the registrant's common stock, par value $0.001, outstanding. The foregoing reflects the reverse stock split of the registrant's common stock that became effective as of the opening of business on July 7, 2025.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, equity-based compensation expense, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the risk factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 29, 2024, Part II, Item 1A, "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 30, 2025, Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q for the quarter ended June 29, 2025, and our other filings with the Securities and Exchange Commission (the "SEC"). The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

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

BASIS OF PRESENTATION

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

Our fiscal year is a "52-53 week" year ending on the Sunday closest in proximity to December 31, such that each quarterly period will be 13 weeks in length, except during a 53-week year when the fourth quarter will be 14 weeks. References herein to "fiscal 2025" and/or "2025" relate to the year ending December 28, 2025 and "fiscal 2024" and/or "2024" relate to the year ended December 29, 2024. The fiscal years ending December 28, 2025 and ended December 29, 2024 consist of 52-weeks.

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

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

	June 29, 2025	December 29, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 1,534	$ 4,460
Accounts receivable	3,325	2,158
Inventory, net	37,349	34,036
Assets for recovery	4,020	2,383
Income tax refund receivable, net	1,149	4,177
Prepaids and other current assets	4,219	4,287
Total current assets	51,596	51,501
Property and equipment, net	3,026	3,642
Goodwill	7,056	7,056
Tradename	18,509	18,509
Intangible assets, net	2,650	2,762
Lease right-of-use assets	17,471	24,030
Other noncurrent assets	652	698
Total assets	$ 100,960	$ 108,198
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 6,403	$ 10,991
Accrued expenses and other current liabilities	27,717	15,985
Returns reserve	16,530	9,765
Stored-value card liability	19,927	17,883
Revolving line of credit	5,750	13,090
Lease liabilities, current	6,402	6,611
Total current liabilities	82,729	74,325
Lease liabilities, noncurrent	13,073	19,653
Other noncurrent liabilities	905	852
Total liabilities	96,707	94,830
Commitments and Contingencies (Note 7)		
Stockholders' equity:		
Preferred stock: $0.001 par value, 10,000,000 shares authorized, and no shares issued or outstanding	—	—
Common stock: $0.001 par value, 250,000,000 shares authorized; 2,878,213 and 2,804,542 shares issued and outstanding as of June 29, 2025 and December 29, 2024, respectively[(1)]	43	42
Additional paid-in capital	264,932	262,313
Accumulated deficit	(259,484)	(248,491)
Treasury stock, at cost, 112,092 shares and 22,621 shares as of June 29, 2025 and December 29, 2024, respectively[(1)]	(1,238)	(496)
Total stockholders' equity	4,253	13,368
Total liabilities and stockholders' equity	$ 100,960	$ 108,198

(1) Shares have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 2, *Significant Accounting Policies* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net revenue	$ 81,520	$ 91,966	$ 145,675	$ 169,225
Cost of revenue	44,588	50,083	82,902	94,696
Gross profit	36,932	41,883	62,773	74,529
Selling and marketing expenses	21,993	24,914	37,908	42,607
General and administrative expenses	17,562	21,436	35,606	42,547
Loss from operations	(2,623)	(4,467)	(10,741)	(10,625)
Interest expense	(856)	(270)	(1,433)	(653)
Other income, net	546	272	1,169	498
Loss before benefit (provision) for income taxes	(2,933)	(4,465)	(11,005)	(10,780)
Income tax benefit (provision)	(62)	(6,331)	12	(5,752)
Net loss and comprehensive loss	(2,995)	(10,796)	(10,993)	(16,532)
Basic loss per share[(1)]	$ (1.08)	$ (3.92)	$ (3.94)	$ (6.02)
Diluted loss per share[(1)]	$ (1.08)	$ (3.92)	$ (3.94)	$ (6.02)
Basic weighted-average shares outstanding[(1)]	2,782,417	2,757,119	2,787,924	2,745,877
Diluted weighted-average shares outstanding[(1)]	2,782,417	2,757,119	2,787,924	2,745,877

(1) Amounts have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 2, *Significant Accounting Policies* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

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

	For the Twenty-Six Weeks Ended June 30, 2024						
	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Total Stockholders' Equity
	Shares(1)	Amount			Shares(1)	Amount	
Balance as of December 31, 2023	2,707,880	$ 41	$ 254,116	$ (193,205)	—	$ —	$ 60,952
Issuance of common stock for vesting of RSUs	65,564	—	—	—	—	—	—
Issuance of common stock for ESPP	3,470	—	167	—	—	—	167
Shares withheld for withholding tax on RSUs	(26,447)	—	(660)	—	—	—	(660)
Forfeited shares of restricted stock	(69)	—	—	—	—	—	—
Equity-based compensation	—	—	3,023	—	—	—	3,023
Net loss and comprehensive loss	—	—	—	(5,736)	—	—	(5,736)
Balance as of March 31, 2024	2,750,398	$ 41	$ 256,646	$ (198,941)	—	$ —	$ 57,746
Issuance of common stock for vesting of RSUs	38,380	1	—	—	—	—	1
Issuance of common stock under 2023 Bonus Plan	6,373	—	10	—	—	—	10
Shares withheld for withholding tax on RSUs	(10,067)	—	(280)	—	—	—	(280)
Shares withheld for withholding tax on 2023 Bonus Plan	(2,425)	—	(54)	—	—	—	(54)
Equity-based compensation	—	—	2,171	—	—	—	2,171
Repurchase of common stock	—	—	—	—	(3,190)	(87)	(87)
Net loss and comprehensive loss	—	—	—	(10,796)	—	—	(10,796)
Balance as of June 30, 2024	2,782,659	$ 42	$ 258,493	$ (209,737)	(3,190)	$ (87)	$ 48,711

(1) Amounts have been adjusted to reflect the 1-for-15 reverse stock split that became effective as of the opening of business on July 7, 2025. Refer to Note 2, *Significant Accounting Policies* in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details.

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

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

	Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024
Cash Flows from Operating Activities		
Net loss	$ (10,993)	$ (16,532)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,628	2,710
Noncash lease expense	2,300	1,956
Gain on lease modification	(92)	—
Gain on lease termination	(229)	—
Amortization of debt discount and debt issuance costs	314	78
Loss on disposal of property and equipment	2	—
Equity-based compensation expense	2,756	4,128
Deferred income taxes	—	3,802
Changes in operating assets and liabilities:		
Accounts receivable	(1,167)	(244)
Inventories	(3,313)	(2,195)
Assets for recovery	(1,637)	(533)
Income taxes (receivable) payable	3,028	(50)
Prepaid and other current assets	(282)	(373)
Accounts payable	(4,588)	2,980
Accrued expenses and other current liabilities	20,455	15,221
Operating lease liabilities	(2,268)	(1,928)
Other noncurrent liabilities	52	1,617
Net cash provided by operating activities	6,966	10,637
Cash Flows from Investing Activities		
Capitalized software development costs	(810)	(738)
Purchases of property and equipment	(276)	(885)
Other	33	—
Net cash used in investing activities	(1,053)	(1,623)
Cash Flows from Financing Activities		
Proceeds from borrowings on revolving line of credit	—	20,000
Repayments on revolving line of credit	(7,340)	(28,000)
Proceeds from issuance of common stock under ESPP	88	167
Principal payments on finance lease obligations	(636)	(1,056)
Withholding tax payments related to vesting of RSUs and 2023 Bonus Plan	(209)	(763)
Repurchase of common stock	(742)	(87)
Net cash used in financing activities	(8,839)	(9,739)
Net decrease in cash and cash equivalents	(2,926)	(725)
Cash and cash equivalents at beginning of period	4,460	2,506
Cash and cash equivalents at end of period	$ 1,534	$ 1,781

(Continued)

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

	Twenty-Six Weeks Ended	
	June 29, 2025	**June 30, 2024**
Supplemental Disclosure		
Cash paid (refunded) during the period for:		
Income taxes, net	$ (3,093)	$ 386
Interest	$ 1,161	$ 593
Operating leases	$ 2,842	$ 2,800
Finance leases	$ 667	$ 1,110
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Assets acquired under finance lease obligations	$ —	$ 31
Purchases of property and equipment included in accounts payable and accrued expenses	$ 3	$ 262
Capitalized software development costs included in accrued expenses	$ 72	$ —
Remeasurement of operating lease right-of-use assets for lease modification	$ 3,527	$ —
Derecognition of operating lease liabilities and right-of-use assets upon lease termination	$ 342	$ —

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

LULU’S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of Business, Organization and Liquidity

Organization and Business

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

Lulus LLC was founded in 1996, starting as a vintage boutique in Chico, California that began selling online in 2005 and transitioned to a purely online business in 2008. The LP was formed in 2014 as a holding company and purchased 100% of Lulus LLC’s outstanding common stock in 2014. The Company, based in Chico, California, through Lulus LLC, is a customer-driven, digitally-native, attainable luxury fashion brand for women, offering modern, unapologetically feminine designs at accessible prices for all of life’s fashionable moments.

Impact of Macroeconomic Trends on Business

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

Liquidity

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. During the thirteen and twenty-six weeks ended June 29, 2025, the Company incurred net losses of $3.0 million and $11.0 million, respectively. As of June 29, 2025, the Company had $1.5 million in cash and cash equivalents and $5.8 million in outstanding amounts under the credit agreement with Bank of America for the Company’s revolving facility (“2021 Credit Agreement”), as amended, classified within total current liabilities. During the twenty-six weeks ended June 29, 2025, the Company did not borrow any amount under the 2021 Credit Agreement, as amended, and repaid $7.3 million of the outstanding balance. See Note 5, *Debt* in the accompanying Notes to the Condensed Consolidated Financial Statements for further information on the 2021 Credit Agreement, as amended.

The Company is actively seeking alternative debt financing and continuing to take certain cash conservation measures, including adjustments to marketing and other fixed and variable costs and capital spend to meet its obligations as needed. While the Company is currently negotiating a new asset-based revolving credit facility, there can be no assurances that the Company will be able to close such credit facility in a timely manner on acceptable terms, if at all. As the ability to raise additional debt financing is outside of management’s control, the Company cannot conclude that management’s plans will be effectively implemented within twelve months from the date the condensed consolidated financial statements are issued. Accordingly, the Company has concluded that these plans do not alleviate substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

2. Significant Accounting Policies

Basis of Presentation and Fiscal Year

The Company's fiscal year consists of a 52-week or 53-week period ending on the Sunday nearest to December 31. The fiscal years ending December 28, 2025 and ended December 29, 2024 consist of 52-weeks.

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

As further discussed in the Reverse Stock Split section below, all per share amounts and common stock amounts have been adjusted on a retroactive basis to reflect the Reverse Stock Split (as defined below). The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 29, 2025 and its results of operations for the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024 and its cash flows for the twenty-six weeks ended June 29, 2025 and June 30, 2024. The results of operations for the twenty-six weeks ended June 29, 2025 are not necessarily indicative of the results to be expected for the fiscal year ending December 28, 2025 or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the Company's Annual Report on Form 10-K as filed with the SEC on March 27, 2025.

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements are consistent with those discussed in Note 2 to the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 29, 2024, except as noted below and within the "Recently Issued Accounting Pronouncements" section.

Use of Estimates

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

LULU’S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (unaudited)

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. Such amounts may exceed federally insured limits. The Company reduces credit risk by depositing its cash with a major credit-worthy financial institution within the United States. To date, the Company has not experienced any losses on its cash deposits. As of June 29, 2025, a single wholesale customer represented 10% of the Company’s accounts receivable balance. As of December 29, 2024, no single customer represented greater than 10% of the Company’s accounts receivable balance. No single customer accounted for greater than 10% of the Company’s net revenue during the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024.

Revenue Recognition

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

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

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

The Company sells stored-value gift cards to customers and offers merchandise credit stored-value cards for certain returns and promotions. Such stored-value cards do not have an expiration date. The Company recognizes revenue from stored-value cards when the card is redeemed by the customer. The Company has determined that sufficient evidence exists to support an estimate for stored-value card breakage. Subject to requirements to remit balances to governmental agencies, breakage is recognized as revenue in proportion to the pattern of rights exercised by the customer, which is substantially within thirty-six months from the date of issuance. The amount of breakage recognized in revenue during the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024 was not material.

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

The following table summarizes the significant changes in the contract liabilities balances included in accrued expenses and other current liabilities during the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024 (in thousands):

	Deferred Revenue	Stored-Value Cards
Balance as of December 29, 2024	$ 50	$ 17,883
Revenue recognized that was included in contract liability balance at the beginning of the period	(50)	(1,953)
Increase due to cash received, excluding amounts recognized as revenue (including breakage) during the period	163	3,082
Balance as of March 30, 2025	163	19,012
Revenue recognized that was included in contract liability balance at the beginning of the period	(163)	(1,022)
Increase due to cash received, excluding amounts recognized as revenue (including breakage) during the period	44	1,937
Balance as of June 29, 2025	44	19,927

	Deferred Revenue	Stored-Value Cards
Balance as of December 31, 2023	$ 50	$ 13,142
Revenue recognized that was included in contract liability balance at the beginning of the period	(50)	(1,549)
Increase due to cash received, excluding amounts recognized as revenue (including breakage) during the period	230	1,616
Balance as of March 31, 2024	230	13,209
Revenue recognized that was included in contract liability balance at the beginning of the period	(230)	(1,042)
Increase due to cash received, excluding amounts recognized as revenue (including breakage) during the period	89	2,976
Balance as of June 30, 2024	89	15,143

Selling and Marketing Expenses

Advertising costs included in selling and marketing expenses were $17.6 million and $20.0 million for the thirteen weeks ended June 29, 2025 and June 30, 2024, respectively and $29.6 million and $33.1 million for the twenty-six weeks ended June 29, 2025 and June 30, 2024, respectively.

Net Loss Per Share Attributable to Common Stockholders

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Stock options	10,760	10,760	10,760	10,760
Unvested restricted stock	—	609	—	609
RSUs	172,513	288,531	172,513	288,531
PSUs	167,438	144,105	167,438	144,105
ESPP shares	16,060	6,918	16,060	6,918
Total	366,771	450,923	366,771	450,923

2024 Stock Repurchase Program

On May 3, 2024, the Company's Board of Directors authorized a stock repurchase program to repurchase up to $2.5 million of our common stock (the "2024 Repurchase Program"). During the thirteen and twenty-six weeks ended June 29, 2025, we repurchased 73,333 shares and 89,471 shares of common stock, respectively, in open market transactions pursuant to a 10b5-1 purchase plan.

As of June 29, 2025, $1.3 million remained available under the 2024 Repurchase Program authorization. The actual timing, number, and value of shares repurchased in the future will be determined by the Company in its discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital. The 2024 Stock Repurchase Program does not require us to purchase a minimum number of shares, and may be suspended, modified or discontinued at any time without prior notice.

The table below summarizes the share repurchase activity during the thirteen and twenty-six weeks ended June 29, 2025 under our 2024 Repurchase Program (as defined below):

Period	Total Number of Shares Purchased (1)	Weighted-Average Price Paid Per Share	Aggregate Purchase Price (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plan
Thirteen weeks ended March 30, 2025	16,138	$ 14.82	$ 239,120	$ 1,765,142
Thirteen weeks ended June 29, 2025	73,333	$ 6.86	$ 503,377	$ 1,261,765
Twenty-six weeks ended June 29, 2025	89,471		$ 742,497	

(1) The shares of common stock were purchased in open market transactions pursuant to a 10b5-1 purchase plan entered into by the Company.

(2) Amount includes broker commissions.

Goodwill, Tradename and Intangible Assets

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

The Company performed a qualitative assessment of its goodwill, tradename and intangible assets as of June 29, 2025 and determined that it is more likely than not that the fair value of its reporting unit exceeds the carrying value of the reporting unit. As a result, there was no impairment related to the goodwill, tradename, and intangible assets recorded during the thirteen and twenty-six weeks ended June 29, 2025.

Reverse Stock Split

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

Recently Issued Accounting Pronouncements

In December 2023, FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which amends existing income tax disclosure guidance, primarily requiring more detailed disclosure for income taxes paid and the effective tax rate reconciliation. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. We are currently evaluating this pronouncement to determine its impact on our income tax disclosures.

In March 2024, FASB issued ASU 2024-01, *Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards,* which is intended to reduce complexity in determining whether a profits interest award is subject to the guidance in Topic 718 and existing diversity in practice. ASU 2024-01 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. We are currently evaluating this pronouncement to determine its impact on our equity-based compensation expense.

In March 2024, FASB issued ASU 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements,* which is intended to simplify the Codification and draw a distinction between authoritative and nonauthoritative literature. ASU 2024-02 is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted and can be applied on either a prospective or retroactive basis. We are currently evaluating this pronouncement to determine its impact on our condensed consolidated financial statements and related disclosures.

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

In November 2024, FASB issued ASU 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which amends ASC 470-20 to clarify the requirements related to accounting for the settlement of a debt instrument as an induced conversion. ASU 2024-04 is effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). Early adoption is permitted as of the beginning of a reporting period if the entity has also adopted ASU 2020-06 for that period. We are currently evaluating this pronouncement to determine its impact on our financial statements and related disclosures.

In July 2025, FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides all entities with practical expedient of developing reasonable and supportable forecasts as part of estimating expected credit losses, that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. We are currently evaluating this pronouncement to determine its impact on our financial statements and related disclosures.

3. Fair Value Measurements

The Company measures its cash and cash equivalents, accounts payable, accounts receivable, accrued expenses, and revolving line of credit at fair value. As of June 29, 2025 and December 29, 2024, the carrying values of cash and cash equivalents, accounts payable, and accrued expenses and other current liabilities approximated their fair value, due to their short-term maturities. As of June 29, 2025, the fair value of the Company's revolving line of credit approximated its carrying value as the stated interest rates reset daily at the daily secured overnight financing rate ("SOFR") plus an applicable margin and, as such, approximated market rates currently available to the Company. See Note 5, *Debt* in the accompanying Notes to the Condensed Consolidated Financial Statements for more details. The Company classifies these investments within Level 1 of the fair value hierarchy because inputs are unadjusted and based on quoted prices in active markets.

Goodwill, tradename, and intangible assets are measured at fair value on a non-recurring basis. The Company performed a qualitative assessment of its goodwill, tradename and intangible assets as of June 29, 2025 and determined that it is more likely than not that the fair value of its reporting unit exceeds the carrying value of the reporting unit and that no impairment related to the goodwill, tradename and intangible assets existed.

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

4. Balance Sheet Components

Property and Equipment, net

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

	Estimated Useful Lives in Years	June 29, 2025	December 29, 2024
Leasehold improvements	1 – 6	$ 3,619	$ 5,011
Equipment	3 – 7	3,512	3,799
Furniture and fixtures	3 – 7	1,738	1,698
Total property and equipment		8,869	10,508
Less: accumulated depreciation and amortization		(5,843)	(6,866)
Property and equipment, net		$ 3,026	$ 3,642

Depreciation and amortization of property and equipment was $0.8 million for each of the thirteen weeks ended June 29, 2025 and June 30, 2024, and $1.6 million for each of the twenty-six weeks ended June 29, 2025 and June 30, 2024.

Accrued Expenses and Other Current Liabilities

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

	June 29, 2025	December 29, 2024
Accrued compensation and benefits	$ 4,316	$ 5,707
Accrued marketing	9,016	2,364
Accrued inventory	9,202	4,353
Accrued freight	2,656	1,897
Other	2,527	1,664
Accrued expenses and other current liabilities	$ 27,717	$ 15,985

5. Debt

Credit Facility

On November 15, 2021, the Company entered into the 2021 Credit Agreement with Bank of America (the “lender”) to provide a revolving facility that provided for borrowings up to $50.0 million with a maturity date of November 15, 2024. All borrowings under the 2021 Credit Agreement accrued interest at a rate equal to, at the Company’s option, either (x) the term daily SOFR plus the applicable SOFR adjustment plus a margin of 1.75% per annum or (y) the base rate plus a margin of 0.75% (with the base rate being the highest of the federal funds rate plus 0.50%, the prime rate and term SOFR for a period of one month plus 1.00%).

On July 22, 2024, the Company entered into an amendment to the 2021 Credit Agreement (the “First Credit Amendment”) which extended the maturity date from November 15, 2024, to August 15, 2025, and reduced the revolving facility from $50.0 million to $15.0 million, with a further reduction to $10.0 million on or about March 31, 2025. Under the First Credit Amendment, the Company could increase the aggregate amount of the facility by $10.0 million, subject to the satisfaction of certain conditions, including an asset coverage ratio of at least 1.50:1.00, recalculated as of the last day of the most recently ended month for which financial statements are internally available. The First Credit Amendment also reduced the previous letters of credit sublimit from $7.5 million to $5.0 million.

The First Credit Amendment revised the applicable interest rates for borrowings for the period commencing on July 22, 2024, through (but excluding) November 15, 2024, as follows: at the Company’s option, the base rate plus 1.25% (increased from 0.75%) or Term SOFR (subject to a credit spread adjustment of 10 basis points) plus 2.25% (increased from 1.75%). Additionally, the First Credit Amendment reduced the SOFR credit spread adjustment to 0.10%, which previously ranged from 0.11448% to 0.71513% depending on the SOFR tenor. The previous Commitment Fee of 37.5 basis points to be assessed on unused commitments, including the sum of outstanding borrowings and letter of credit obligations, remained unchanged under the First Credit Amendment. The First Credit Amendment retained the previous maximum total leverage ratio covenant of 2.00:1.00 and added a financial covenant that requires a fixed charge coverage ratio as of the end of any period of four consecutive quarters, commencing June 30, 2024, to be less than 1.15:1.00.

On November 12, 2024, the Company entered into a second amendment to the 2021 Credit Agreement (the “Second Credit Amendment”) that extended the Company's reporting deadline for its financial statements and covenant compliance certificate for the third quarter 2024 to December 16, 2024, and required us to test the financial covenants no later than December 16, 2024. It also required that the consolidated total leverage ratio and consolidated fixed charge coverage ratio financial covenants for the third quarter 2024 be tested on the earlier of the date the Company delivers the financial statements and compliance certificate for the third quarter of 2024 or December 16, 2024. The Second Credit Amendment provided that the failure to deliver the financial statements and compliance certificate for the third quarter 2024 within the original time period required by the First Credit Amendment would not constitute an event of default.

The Second Credit Amendment prohibited the Company from requesting any additional borrowing or letter of credit extension until the financial statements and the compliance certificate for the third quarter of 2024 had been delivered. The Second Credit Amendment also revised the applicable interest rates for borrowings for the period commencing on November 12, 2024 as follows: at the Company’s option, the base rate plus 2.75% (increased from 1.25%) or Term SOFR (subject to a credit spread adjustment of 10 basis points) plus 3.75% (increased from 2.25%). The Second Credit Amendment also added a requirement to deliver certain cash flow information on a weekly basis commencing November 22, 2024.

On December 13, 2024, the Company entered into a third amendment to the 2021 Credit Agreement (the “Third Credit Amendment”). The Third Credit Amendment provided a limited waiver to the provision under the First Credit Amendment that requires the Company to comply with the financial covenants for the period of four fiscal quarters ended on or about September 30, 2024. Under the Third Credit Amendment, the Company is required to, among other things, not permit unrestricted cash and cash equivalents as determined on a consolidated basis and tested weekly to be less than certain specified minimum amounts. The Third Credit Amendment also requires the payment of certain consent fees and increases the interest rates payable under the First Credit Amendment for periods commencing on or after December 13, 2024 and February 1, 2025, respectively, as follows: (a) in the case of Base Rate Loans, the Base Rate plus (i) 3.25% commencing on December 13, 2024 and (ii) 4.00% commencing on February 1, 2025 (increased from a margin of 2.75%), (b) in the case of Term SOFR Loans, Term SOFR (subject to a credit spread adjustment of 10 basis points) plus (i) 4.25% commencing on December 13, 2024 and (ii) 5.00% commencing on February 1, 2025 (increased from a margin of 3.75%), and (c) the Letter of Credit Fee of (i) 4.25% commencing on December 13, 2024 and (ii) 5.00% commencing on February 1, 2025 (increased from 3.75%).

Pursuant to the Third Credit Amendment, there was no financial covenant test for the quarter ended September 29, 2024. From the execution of the Third Credit Amendment on December 13, 2024 through March 30, 2025, the Company maintained cash and cash equivalents above the specified weekly minimum balances.

On March 27, 2025, the Company entered into a fourth amendment to the 2021 Credit Agreement (the “Fourth Credit Amendment”). The Fourth Credit Amendment provided a limited waiver for the Company to comply with the financial covenants for the period of four fiscal quarters ended on or about December 31, 2024. It also suspended measurement of the Consolidated Total Leverage Ratio and Consolidated Fixed Charge Covenant Ratio for the fiscal quarter ended on or about March 31, 2025. Pursuant to the Fourth Credit Amendment, the Revolving Commitment reduced from $10 million to $7.5 million on April 30, 2025 and to $6 million on May 31, 2025. The Fourth Credit Amendment prohibits the Company from requesting any further borrowings under the 2021 Credit Agreement, as amended. The Fourth Credit Amendment includes a timeline of milestones for a refinancing transaction with a third-party lender and contemplates a refinancing on or before June 15, 2025, and limits the Company’s ability to further enter into certain transactions, including certain liens, dispositions, investments, debt and restricted payments. The Fourth Credit Amendment also requires the payment of the remaining portion of the consent fee payable under the Third Credit Amendment and increases the interest rates payable under the 2021 Credit Agreement, as amended, for periods commencing on or after March 27, 2025, as follows: (a) in the case of Base Rate Loans, the Base Rate plus (i) 5% (increased from a margin of 4%), (b) in the case of Term SOFR Loans, Term SOFR (subject to a credit spread adjustment of 10 basis points) plus (i) 6% (increased from a margin of 5%), and (c) the Letter of Credit Fee of (i) 6% (increased from 5%). Although the Company has secured these limited waivers, the Company cannot guarantee that it will be able to satisfy all of the necessary conditions or that it will not incur another covenant violation in the future.

On June 23, 2025, the Company entered into a Forbearance Agreement (the “Forbearance Agreement”) related to the 2021 Credit Agreement, as amended, with the lenders party thereto and Bank of America, N.A., as administrative agent (the “Administrative Agent”), and Swing Line Lender and an L/C Issuer (the “Lenders”). Pursuant to the terms of the Forbearance Agreement, the Administrative Agent and Lenders agreed that they would forbear, during the Forbearance Period (as defined below), from exercising any and all rights and remedies with respect to or arising out of the events of default that occurred as a result of the Company’s failure to comply with certain Refinancing Transaction Milestones by the specified dates under Sections 6.19(a), (c) and (d) of the 2021 Credit Agreement, as amended (collectively, the

"Acknowledged Defaults"). The forbearance period (the "Forbearance Period") under the Forbearance Agreement will expire on the earliest date that one of the following events occurs: (a) any Event of Default other than an Event of Default constituting the Acknowledged Defaults; (b) the breach by the Borrower of any covenant or provision of the Forbearance Agreement; or (c) 11:59 p.m. (Eastern time) on August 15, 2025 (the "Forbearance Termination Events"). Under the terms of the Forbearance Agreement, the Refinancing Transaction Milestones shall be due on the Maturity Date. Additionally, during the Forbearance Period, the minimum liquidity otherwise required to be maintained pursuant to the 2021 Credit Agreement, as amended, is $1,000,000. Pursuant to the Forbearance Agreement, the Company also agreed to provide additional financial and operational reports to the Administrative Agent during the Forbearance Period, including monthly unaudited financial statements and reports related to accounts receivable, accounts payable and inventory. The Forbearance Agreement also provides for mandatory prepayments in the event that Total Revolving Outstandings exceed the difference of 55% of the net book value of inventory less 50% of the store value credit liability. The Company will pay a one-time forbearance fee of $100,000 (the "Forbearance Fee"), fully earned and non-refundable as of the Effective Date and payable in immediately available funds upon the earlier of (a) the Maturity Date, and (b) the occurrence of a Forbearance Termination Event; provided, that, if all Obligations (other than the Forbearance Fee) have been paid in full on or prior to the Maturity Date, the Forbearance Fee shall be cancelled and waived.

On August 11, 2025, the Company entered into an Amendment to the Forbearance Agreement and Fifth Amendment to the 2021 Credit Agreement, as amended (the "Forbearance Amendment") with the Administrative Agent and Lenders. Pursuant to the terms of the Forbearance Amendment, the Administrative Agent and Lenders agreed to amend the definition of "Forbearance Termination Event" set forth in the Forbearance Agreement to replace "August 15, 2025" with "August 22, 2025". The Forbearance Amendment also amended the definition of "Maturity Date" set forth in the 2021 Credit Agreement, as amended, to replace "August 15, 2025" with "August 22, 2025". The Company is currently negotiating a new asset-based revolving credit facility.

All capitalized terms used above and not otherwise defined herein are defined in the 2021 Credit Agreement, as amended.

During the twenty-six weeks ended June 29, 2025, the Company did not borrow any amount under the 2021 Credit Agreement, as amended, and repaid $7.3 million of the outstanding balance. As of June 29, 2025, the Company had $0.2 million in letters of credit outstanding. The effective interest rate on the $5.8 million outstanding balance as of June 29, 2025, was 41.3% and 21.5% during the thirteen and twenty-six weeks ended June 29, 2025, respectively, which was inclusive of $0.7 million in one-time fees related to the 2021 Credit Agreement, as amended. As of June 29, 2025, the weighted-average interest rate was 10.4%.

Amounts borrowed under the 2021 Credit Agreement, as amended, are collateralized by all assets of the Company. The 2021 Credit Agreement, as amended, contains various financial and non-financial covenants for reporting, protecting and obtaining adequate insurance coverage for assets collateralized and for coverage of business operations, and complying with requirements, including the payment of all necessary taxes and fees for all federal, state, and local government entities.

Debt Discounts and Issuance Costs

Debt discounts and issuance costs are deferred and amortized over the life of the related loan using the effective interest method. The associated expense is included in interest expense in the condensed consolidated statements of operations and comprehensive loss. Debt issuance costs related to the 2021 Credit Agreement, as amended, are included in prepaids and other current assets in the condensed consolidated balance sheets. As of June 29, 2025 and December 29, 2024, unamortized debt issuance costs recorded within prepaids and other current assets were $0.2 million and $0.1 million, respectively.

6. Leases

The Company primarily leases its distribution facilities, corporate offices and retail stores under operating lease agreements expiring on various dates through December 2031, most of which contain options to extend. In addition to payment of base rent, the Company is also required to pay property taxes, insurance, and common area maintenance expenses. The Company records lease expense on a straight-line basis over the term of the lease. In early 2025 the Company consolidated two of its distribution facilities by moving operations from its former distribution facility in Chico, California to its existing distribution facility in Ontario, California. During the thirteen weeks ended March 30, 2025, the Company modified the terms and discount rate of two of its operating leases. As a result of the modification, the Company derecognized the related right-of-use asset and lease liability of $3.1 million and $3.2 million, respectively. The modification resulted in the recognition of a gain of $0.1 million. During the thirteen weeks ended June 29, 2025, the Company terminated the lease agreement for one of its leases located in Chico, California. As a result of the termination, the Company derecognized the remaining lease liability of $0.4 million, resulting in a gain of $0.2 million. Termination penalties of $0.2 million, net of deposits, were included in accrued expenses and other current liabilities and subsequently paid before the period ended June 29, 2025. During the thirteen weeks ended June 29, 2025, the Company also reassessed the lease terms and discount rates of two of its leases. As a result of the modification, the Company derecognized the lease liability of $0.4 million and the corresponding right-of-use asset, with no impact to the condensed consolidated statement of operations.

The Company also leases equipment under finance lease agreements expiring on various dates through April 2029.

As of June 29, 2025, the future minimum lease payments for the Company's operating and finance leases for each of the fiscal years were as follows (in thousands):

Fiscal Year:	Operating Leases	Finance Leases	Total
2025 remaining 6 months	$ 2,954	$ 1,096	$ 4,050
2026	5,755	346	6,101
2027	5,666	84	5,750
2028	5,502	13	5,515
2029	—	2	2
Thereafter	—	—	—
Total undiscounted lease payments	19,877	1,541	21,418
Present value adjustment	(1,907)	(36)	(1,943)
Total lease liabilities	17,970	1,505	19,475
Less: lease liabilities, current	(5,121)	(1,281)	(6,402)
Lease liabilities, noncurrent	$ 12,849	$ 224	$ 13,073

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

7. Commitments and Contingencies

Litigation and Other

From time to time, the Company may be a party to litigation and subject to claims incurred in the ordinary course of business, including personal injury and indemnification claims, labor and employment claims, threatened claims, breach of contract claims, and other matters. The Company accrues a liability when management believes information available prior to the issuance of the condensed consolidated financial statements indicates it is probable a loss has been incurred as of the date of the condensed consolidated financial statements and the amount of loss can be reasonably estimated. The

Company adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Legal costs are expensed as incurred. Although the results of litigation and claims are inherently unpredictable, management concluded that it was not probable that it had incurred a material loss during the periods presented related to such loss contingencies.

During the normal course of business, the Company may be a party to claims that are not covered by insurance. While the ultimate liability, if any, arising from these claims cannot be predicted with certainty, management does not believe that the resolution of any such claims would have a material adverse effect on the Company's condensed consolidated financial statements. As of June 29, 2025, the Company was not aware of any currently pending legal matters or claims, individually or in the aggregate, that are expected to have a material adverse impact on its condensed consolidated financial statements.

Indemnification

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

8. Stockholders' Equity

Common Stock

Pursuant to the Company's amended and restated certificate of incorporation, the Company is authorized to issue 250,000,000 shares of common stock having a par value of $0.001 per share. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company. Subject to the preferences that may be applicable to any outstanding share of preferred stock, the holders of common stock are entitled to receive dividends, if any, as may be declared by the Board of Directors. No dividends have been declared to date. As of June 29, 2025, the Company has reserved 10,760 shares of common stock for issuance upon the exercise of stock options, and 205,900 shares of common stock available for future issuance under the Lulu's Fashion Lounge Holdings, Inc. Omnibus Equity Plan (the "Omnibus Equity Plan"), and 83,422 shares of common stock available for future issuance under the 2021 Employee Stock Purchase Plan (the "ESPP"), as adjusted on a retroactive basis for the Reverse Stock Split. Refer to Note 2, Significant Accounting Policies in the accompanying Notes to the Condensed Consolidated Financial Statements for additional details. Both equity plans are further described below.

Preferred Stock

Pursuant to the Company's amended and restated certificate of incorporation, the Company is authorized to issue 10,000,000 shares of preferred stock having a par value of $0.001 per share. The Company's Board of Directors has the authority to issue preferred stock and to determine the rights, preferences, privileges, and restrictions, including voting rights, of those shares. As of June 29, 2025 and December 29, 2024, no shares of preferred stock were issued or outstanding.

Equity-Based Compensation

Omnibus Equity Plan and Employee Stock Purchase Plan

In connection with the closing of the IPO, the Company adopted the Omnibus Equity Plan and ESPP.

Under the Omnibus Equity Plan, incentive awards may be granted to employees, directors, and consultants of the Company. The Company initially reserved 247,933 shares of common stock, for future issuance under the Omnibus Equity

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Plan, including any shares subject to awards under the 2021 Equity Incentive Plan (the "2021 Equity Plan") that are forfeited or lapse unexercised. The number of shares reserved for issuance under the Omnibus Equity Plan automatically increases on the first day of each fiscal year, starting in 2022 and continuing through 2031, by a number of shares equal to (a) 4% of the total number of shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year or (b) such smaller number of shares as determined by the Company's Board of Directors.

Under the ESPP, the Company initially reserved 49,587 shares of common stock, for future issuance. The number of shares of common stock reserved for issuance automatically increases on the first day of each fiscal year beginning in 2022 and ending in 2031, by a number of shares equal to (a) 1% of the total number of shares of the Company's common stock outstanding on the last day of the immediately preceding fiscal year or (b) such smaller number of shares as determined by the Company's Board of Directors.

On April 1, 2022, the Company filed a Registration Statement on Form S-8 with the SEC for the purpose of registering an additional 394,736 shares of the Company's common stock, inclusive of 102,456 shares and 25,614 shares associated with automatic increases that occurred on January 3, 2022 under the Omnibus Equity Plan and ESPP, respectively. This registration also included 213,333 and 53,333 shares for the Omnibus Equity Plan and the ESPP, respectively, representing two years' worth of estimated future automatic increases in availability for these plans.

On June 29, 2023, the Company filed a Registration Statement on Form S-8 with the SEC for the purpose of registering an additional 133,333 shares of the Company's common stock under the Omnibus Equity Plan corresponding to the increase in shares approved by stockholders at the 2023 annual meeting of stockholders.

As of June 29, 2025, the Company had 205,900 shares and 83,422 shares available for issuance under the Omnibus Equity Plan and ESPP, respectively. The compensation committee of the Company's Board of Directors (the "Compensation Committee") administers the Omnibus Equity Plan and determines to whom awards will be granted, the exercise price of any options, the vesting schedule and the other terms and conditions of the awards granted under the Omnibus Equity Plan. The Compensation Committee may or may not issue the full number of shares that are reserved for issuance.

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

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

The Company recognizes equity-based compensation expense related to shares issued pursuant to the ESPP on a graded vesting approach over each offering period. For the thirteen and twenty-six weeks ended June 29, 2025, and June 30, 2024, equity-based compensation expense related to our ESPP was immaterial. During the thirteen weeks ended March 30, 2025 and March 31, 2024, the Company issued 3,951 shares and 3,470 shares, respectively, pursuant to the ESPP six-month purchase periods ended February 25, 2025 and February 26, 2024, respectively.

The Company used the Black-Scholes model to estimate the fair value of the purchase rights under the ESPP. For the thirteen weeks ended June 29, 2025, the Company utilized the following assumptions:

Expected term (in years)		0.50 to 1.00
Expected volatility		84.72 to 85.54 %
Risk-free interest rate		4.12 to 4.28 %
Dividend yield		-
Weighted-average fair value per share of ESPP awards granted	$	0.17 to 0.33

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

2021 Equity Plan

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

Stock Options

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

	Options Outstanding	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance as of December 29, 2024	10,760	$ 170.25	6.29	
Granted	—	—	—	
Forfeited	—	—	—	
Outstanding as of June 29, 2025	10,760	$ 170.25	5.79	
Exercisable as of June 29, 2025	10,760	$ 170.25	5.79	$ —
Vested and expected to vest as of June 29, 2025	10,760	$ 170.25	5.79	$ —

The Company had no equity-based compensation expense or unrecognized compensation cost related to stock options during the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024.

Restricted Stock and Restricted Stock Units ("RSUs")

Immediately before the completion of the IPO, the LP was liquidated and the unit holders of the LP received shares of the Company's common stock in exchange for their units of the LP. The Class P unit holders received approximately 130,940 shares of common stock, comprised of approximately 102,420 shares of vested common stock and approximately 28,520 shares of unvested restricted stock. Any such shares of restricted stock received in respect of unvested Class P units of the LP were subject to vesting and a risk of forfeiture to the same extent as the corresponding Class P units. The Company recognized the final $0.3 million of equity-based compensation expense related to exchanged restricted stock during 2024. As of December 29, 2024, the exchanged restricted stock was settled in fully-vested shares of the Company.

On March 20, 2025, Mark Vos, the Company’s President and Chief Information Officer, and Laura Deady Holt, the Company’s Chief Merchandising Officer, received grants of 24,000 RSUs and 3,333 RSUs, respectively, pursuant to their respective employment agreements and RSU Award Agreements, which vest in equal, quarterly installments on the last day of each calendar quarter, starting on March 31, 2025, and are subject to continued service requirements. On March 20, 2025, the Company granted a total of 3,649 RSUs, to certain employees, which vest in equal installments over a three-year service period.

On April 28, 2025 the Compensation Committee of the Company approved an amendment to the Company's Non-Employee Director Compensation Program to (i) eliminate the additional annual RSU award for the Non-Employee Board Chair and increase the applicable cash retainer to $75,000 for the Non-Employee Board Chair, (ii) provide that each award of RSUs under the Omnibus Equity Plan may be limited by a share price floor established from time to time by the Compensation Committee, (iii) permit the Compensation Committee to annually determine whether to allow Non-Employee directors to elect to convert all or a portion of their annual retainers into awards of RSUs, (iv) allow for Non-Employee Directors to waive their right to receive compensation under the Non-Employee Director Compensation Program entirely or for a specific period, and (v) permit for cash to be paid in lieu of any RSU grant or portion of any RSU grant under the Non-Employee Director Compensation Program and provide for flexibility relating to the timing of any cash payment or award of RSUs as the Compensation Committee may deem appropriate.

After evaluating the potential dilutive impact of the non-employee director RSU awards pursuant to the Company’s Amended Non-Employee Director Compensation Program, on May 1, 2025, the Board approved a one-time, cash payment of $50,000 to each eligible non-employee director in lieu of his or her $100,000 fiscal year 2025 annual RSU award. This cash payment will be payable on the date of the 2026 annual meeting of stockholders, subject to each non-employee director’s continued service on the Board of Directors through such payment date.

The Company recognized equity-based compensation expense related to RSUs of $1.1 million and $2.3 million during the thirteen and twenty-six weeks ended June 29, 2025, respectively, and $1.7 million and $3.3 million during the thirteen and twenty-six weeks ended June 30, 2024, respectively. As of June 29, 2025, the unrecognized equity-based compensation expense is $4.6 million and will be recognized over a weighted-average period of 1.38 years.

The following table summarizes the roll forward of unvested RSUs during the twenty-six weeks ended June 29, 2025:

	Unvested RSUs	Weighted-Average Fair Value per Share
Balance at December 29, 2024	243,582	$ 39.20
RSUs granted	33,132	7.83
RSUs vested	(98,589)	34.59
RSUs forfeited	(5,612)	28.70
Balance at June 29, 2025	172,513	$ 36.15

Performance Stock Units ("PSUs")

On March 20, 2025, Mark Vos, received a grant of 20,000 PSUs, which vest on the date when both of the following have occurred: (i) Performance Achievement: the Volume-Weighted-Average Price ("VWAP") of the Company's common stock over trailing 10 trading days equals or exceeds $150.00, as adjusted for the Reverse Stock Split, on a date when Mr. Vos remains employed by the Company or within 90 days following termination of Mr. Vos' employment; and (ii) Service Achievement: Mr. Vos remains employed with the Company through December 31, 2025. On March 20, 2025, Laura Deady Holt also received a grant of 3,333 PSUs, which vest on the date when both of the following have occurred, provided that Ms. Deady Holt remains employed with the Company through such date: (i) the Company files a Form 10-Q or Form 10-K with the SEC indicating that the Company has trailing twelve months' net revenue that is at least $150 million more than the Company's net revenue in the fiscal year ended December 31, 2023 and (ii) the second anniversary of Ms. Holt's start date has occurred.

The Company recognized equity-based compensation expense of $0.1 million and $0.4 million during the thirteen and twenty-six weeks ended June 29, 2025, and $0.4 million and $1.0 million during the thirteen and twenty-six weeks ended June 30, 2024, related to the PSUs. As of June 29, 2025, the unrecognized equity-based compensation expense is $0.4 million for the financial milestones that were considered probable of achievement, which will be recognized over a weighted-average period of 1.08 years.

The following table summarizes the roll forward of unvested PSUs during the twenty-six weeks ended June 29, 2025:

	Unvested PSUs	Weighted-Average Fair Value per Share
Balance at December 29, 2024	144,105	$ 37.71
PSUs granted	23,333	4.05
PSUs vested	—	—
PSUs forfeited	—	—
Balance at June 29, 2025	167,438	$ 33.02

9. Income Taxes

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

	Thirteen Weeks Ended	
	June 29, 2025	June 30, 2024
Loss before provision for income taxes	$ (2,933)	$ (4,465)
Provision for income taxes	(62)	(6,331)
Effective tax rate	2.1 %	141.8 %

	Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024
Loss before benefit (provision) for income taxes	$ (11,005)	$ (10,780)
Benefit (provision) for income taxes	12	(5,752)
Effective tax rate	(0.1)%	53.4 %

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

For the thirteen and twenty-six weeks ended June 29, 2025, the Company's effective tax rate differs from the federal income tax rate of 21% primarily due to the valuation allowance against its deferred tax assets as the Company could not provide sufficient positive evidence that the deferred taxes will be more-likely-than-not realized in the future. For the thirteen and twenty-six weeks ended June 30, 2024, the Company's effective tax rate differs from the federal income tax rate of 21% primarily due to the establishment of the valuation allowance against its deferred tax assets.

The Company regularly assesses the realizability of deferred tax assets and records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. In assessing the realizability of our deferred tax assets, the Company weighs all available positive and negative evidence. This evidence includes, but is not limited to, historical earnings, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income.

On July 4, 2025, H.R. 1, commonly referred to as the One Big Beautiful Bill Act (the "OBBBA"), was enacted. The OBBBA legislation includes several changes to federal tax law that generally allow for more favorable deductibility of certain business expenses beginning in 2025, including the restoration of immediate expensing of domestic research and development expenditures, reinstatement of 100% bonus depreciation, and more favorable rules for determining the limitation on business interest expense. These changes were not reflected in the income tax provision for the period ended June 29, 2025, as enactment occurred after the close of the quarter. The Company is currently evaluating the potential impact on future effective tax rate, tax liabilities and cash taxes.

10. Related Party Transactions

Significant Shareholders

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements
(unaudited)

11. Segment Reporting

All long-lived assets are located in the United States and substantially all revenue is attributable to customers based in the United States. International sales are not significant.

The Company has one reportable segment related to the sale of merchandise directly to end customers. When evaluating the Company's financial performance and making strategic decisions, the Chief Operating Decision Maker ("CODM") focuses their review of expenses incurred by the nature of those expenses. The measurement of segment assets is reported on the condensed consolidated balance sheet as total condensed consolidated assets. All assets, liabilities, cash flows, revenue and expenses are reported in the Company's one reportable segment.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net revenue	$ 81,520	$ 91,966	$ 145,675	$ 169,225
Less:				
Cost of revenue	44,588	50,083	82,902	94,696
Employee expenses (excluding equity-based compensation expense)	12,146	13,694	23,939	27,389
Equity-based compensation expense	1,282	2,194	2,756	4,128
Advertising expenses	17,582	20,025	29,590	33,068
Other net costs (1)	7,365	9,474	14,761	18,706
Depreciation and amortization (2)	634	694	1,299	1,367
Interest expense	856	269	1,433	653
Income tax provision (benefit)	62	6,329	(12)	5,750
Segment net loss	$ (2,995)	$ (10,796)	$ (10,993)	$ (16,532)

(1) Other net costs include professional services fees, other selling costs, other general and administrative costs, technology and software costs, facilities costs, interest income, non-operating income and expenses, and other immaterial expenses that do not align with the separately presented expense categories.
(2) Excludes depreciation expense related to distribution facilities recorded in cost of revenue.

12. Subsequent Events

Compliance with Nasdaq Continued Listing Standards

The Company was previously notified on February 27, 2025 that it was not in compliance with Nasdaq Listing Rule 5450(a)(1) because its common stock had failed to maintain a minimum bid price of $1.00 per share for a period of thirty (30) consecutive business days.

On July 21, 2025, the Company received a notice (the "Nasdaq Notice") from The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it had regained compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement") for continued listing on the Nasdaq Capital Market.

Pursuant to the Nasdaq Notice, Nasdaq notified the Company that for 10 consecutive business days from July 7 to July 18, 2025, the closing bid price of the Company's common stock was at $1.00 per share or greater, and as such, the Company has regained compliance with the Minimum Bid Price Requirement.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024, filed with the Securities and Exchange Commission ("SEC") on March 27, 2025 (the "2024 10-K"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Item I, Part 1A, "Risk Factors" in our 2024 10-K, Part II, Item 1A, "Risk Factors" in the Quarterly Report on Form 10-Q for the quarter ended March 30, 2025, and in Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q for the quarter ended June 29, 2025. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

Overview

Lulu's Fashion Lounge Holdings, Inc., a Delaware Corporation ("Lulus", "we", "our", or the "Company") is a customer-driven, digitally-native attainable luxury fashion brand for women, offering modern, unapologetically feminine designs at attainable prices for all of life's fashionable moments. Our goal is to become the most trusted and number one destination for dresses, helping every woman feel confident and celebrated, supporting her for all of life's occasions. Lulus primarily serves a large, diverse community of Millennial and Gen Z women, who typically meet us in their 20s and stay with us through their 30s and beyond. We focus relentlessly on giving our customers what they want by using direct consumer feedback and insights to refine product offerings and elevate the customer experience. Lulus' world class personal stylists, bridal concierge, and customer care team share an unwavering commitment to elevating style and quality and bring exceptional customer service and personalized shopping to customers around the world.

Recent Developments

Transfer to Nasdaq Capital Market

On May 27, 2025, we submitted an application for a transfer from the Nasdaq Global Market to the Nasdaq Capital Market which was approved and became effective as of the opening of business on June 10, 2025. The transfer to the Nasdaq Capital Market addressed a deficiency with the minimum of $10 million of stockholders' equity required for continued listing on the Nasdaq Global Market. The Nasdaq Capital Market requires a minimum of $2.5 million of stockholders' equity for continued listing.

Departure of Chief Financial Officer

On May 30, 2025, Tiffany R. Smith notified us of her decision to resign as Chief Financial Officer, effective June 30, 2025 (the "Transition Date"). Following the Transition Date, Ms. Smith continued to serve in an advisory position with us through the filing of this Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2025, to ensure an orderly transition of her duties. Ms. Smith's resignation was for personal reasons and did not arise from any disagreement on any matter relating to the operations, policies, financial results or accounting practices of the Company. Our Board of Directors is conducting a search process with the assistance of a leading executive search firm to identify our next Chief Financial Officer. In the interim, our Board of Directors appointed Crystal Landsem to serve as the Company's Interim Chief Financial Officer, effective as of the Transition Date, and she will hold the position of Interim Chief Financial Officer until a successor Chief Financial Officer is appointed. For avoidance of doubt, Ms. Landsem will also continue to serve as Chief Executive Officer, a position she has held with the Company since March 6, 2023.

Reverse Stock Split

On June 11, 2025, the Company's Board of Directors approved a 1-for-15 reverse stock split (the "Reverse Stock Split") of the Company's common stock, par value $0.001 per share. On June 26, 2025, the Company filed a Certificate of Amendment to the Company's amended and restated certificate of incorporation with the Secretary of State of the State of Delaware to effect the Reverse Stock Split. As a result, each stockholder of record on June 26, 2025 received one share of common stock for every fifteen shares held on the record date. All share, equity award, and per share amounts presented herein have been retroactively adjusted to reflect this Reverse Stock Split. The Reverse Stock Split was effective for purposes of trading on the Nasdaq Capital Market as of the opening of business on July 7, 2025.

Compliance with Nasdaq Continued Listing Standards

We were previously notified on February 27, 2025 that we were not in compliance with Nasdaq Listing Rule 5450(a)(1) because our common stock had failed to maintain a minimum bid price of $1.00 per share for a period of thirty (30) consecutive business days.

Pursuant to the Nasdaq Notice, Nasdaq notified us that for 10 consecutive business days from July 7 to July 18, 2025, the closing bid price of our common stock was at $1.00 per share or greater, and as such, we had regained compliance with the Minimum Bid Price Requirement.

On July 21, 2025, we received a notice (the "Nasdaq Notice") from The Nasdaq Stock Market LLC ("Nasdaq") notifying us that we had regained compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement") for continued listing on The Nasdaq Capital Market.

Amendment to Forbearance Agreement and Fifth Amendment to 2021 Credit Agreement, As Amended

On August 11, 2025, we entered into the Forbearance Amendment with the Administrative Agent and Lenders. Pursuant to the terms of the Forbearance Amendment, the Administrative Agent and Lenders agreed to amend the definition of "Forbearance Termination Event" set forth in the Forbearance Agreement to replace "August 15, 2025" with "August 22, 2025". The Forbearance Amendment also amended the definition of "Maturity Date" set forth in the 2021 Credit Agreement, as amended, to replace "August 15, 2025" with "August 22, 2025". We are currently negotiating a new asset-based revolving credit facility.

Impact of Macroeconomic Trends on Business

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

Liquidity

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. During the thirteen and twenty-six weeks ended June 29, 2025, the Company incurred net losses of $3.0 million and $11.0 million, respectively. As of June 29, 2025, we had $1.5 million in cash and cash equivalents and $5.8 million in outstanding amounts under the credit agreement with Bank of America for the Company's revolving facility ("2021 Credit Agreement"), as amended, classified within total current liabilities. During the twenty-six weeks ended June 29, 2025, the Company did not borrow any amount under the 2021 Credit Agreement, as amended, and repaid $7.3 million of the outstanding balance. See Note 5, *Debt* within the Notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for further information on the 2021 Credit Agreement, as amended.

We are actively seeking alternative debt financing and continuing to take certain cash conservation measures, including adjustments to marketing and other fixed and variable costs and capital spend to meet our obligations as needed. While we are currently negotiating a new asset-based revolving credit facility, there can be no assurances that we will be able to close such credit facility in a timely manner on acceptable terms, if at all. As the ability to raise additional debt financing is outside of management's control, we cannot conclude that management's plans will be effectively implemented within twelve months from the date the condensed consolidated financial statements are issued. Accordingly, we have concluded that these plans do not alleviate substantial doubt about our ability to continue as a going concern. The condensed consolidated financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

Key Operating and Financial Metrics

We collect and analyze operating and financial data to assess the performance of our business and optimize resource allocation. The following table sets forth our key performance indicators for the periods presented.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
	(in thousands, except percentages and Average Order Value)			
Gross Margin	45.3 %	45.5 %	43.1 %	44.0 %
Net loss	$ (2,995)	$ (10,796)	$ (10,993)	$ (16,532)
Adjusted EBITDA (1)	$ 482	$ (207)	$ (4,188)	$ (2,866)
Adjusted EBITDA margin (1)	0.6 %	(0.2)%	(2.9)%	(1.7)%
Active Customers	2,460	2,670	2,460	2,670
Average Order Value	$ 145	$ 143	$ 141	$ 143

(1) For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure and why we consider them useful, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Measures."

Gross Margin

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

Active Customers

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

Average Order Value

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

Total Orders Placed

We define Total Orders Placed as the number of customer orders placed across our platform during a particular period. An order is counted on the day the customer places the order. We do not adjust the number of Total Orders Placed for any cancellation or return that may have occurred subsequent to a customer placing an order. 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.

Non-GAAP Financial Measures

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

Adjusted EBITDA, Adjusted EBITDA Margin, and Free Cash Flow

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net loss before interest expense, income taxes or benefit, depreciation and amortization adjusted to exclude the effects of equity-based compensation expense and other non-routine expenses. Adjusted EBITDA is a key measure used by management to evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to investors and others in understanding and evaluating our operating results and in comparing operating results across periods. We view Free Cash Flow as an important indicator of our liquidity because it measures the amount of cash we generate.

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

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect our tax expense or the cash requirements to pay our taxes;
- Adjusted EBITDA does not reflect certain non-routine expenses that may represent a reduction in cash available to us;
- Adjusted EBITDA excludes equity-based compensation which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and an important part of our compensation strategy.

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements;

- Free Cash Flow does not represent the total residual cash flow available for discretionary purposes; and

- Other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

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

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

	Thirteen Weeks Ended		**Twenty-Six Weeks Ended**	
	June 29, 2025	**June 30, 2024**	**June 29, 2025**	**June 30, 2024**
	(in thousands)		**(in thousands)**	
Net loss	$ (2,995)	$ (10,796)	$ (10,993)	$ (16,532)
Depreciation and amortization	1,277	1,371	2,628	2,710
Interest expense	856	270	1,433	653
Income tax provision (benefit)	62	6,331	(12)	5,752
Equity-based compensation expense (1)	1,282	2,194	2,756	4,128
Other non-routine expense (2)	—	423	—	423
Adjusted EBITDA	$ 482	$ (207)	$ (4,188)	$ (2,866)
Net loss margin	(3.7)%	(11.7)%	(7.5)%	(9.8)%
Adjusted EBITDA margin	0.6 %	(0.2)%	(2.9)%	(1.7)%

(1) The thirteen and twenty-six weeks ended June 29, 2025 include equity-based compensation expense for performance stock units (“PSUs”) and restricted stock units (“RSUs”) granted during the period and prior periods. The thirteen and twenty-six weeks ended June 30, 2024 include equity-based compensation expense for PSUs and RSUs granted during the period and prior periods, as well as other equity-based awards granted in prior periods.

(2) The thirteen and twenty-six weeks ended June 30, 2024 include non-routine expenses related to a legal reserve accrual net of an anticipated and contingent insurance receivable. See Note 7, *Commitments and Contingencies - Litigation and Other*, in the Notes to the Condensed Consolidated Financial Statements included in the Quarterly Report on Form 10-Q for the period ended June 30, 2024, for more information.

Free Cash Flow

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

A reconciliation to non-GAAP Free Cash Flow from net cash provided by operating activities for the thirteen and twenty-six weeks ended June 29, 2025 and June 30, 2024 is as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net cash provided by operating activities	$ (1,356)	$ 3,690	$ 6,966	$ 10,637
Capitalized software development costs	(383)	(341)	(810)	(738)
Purchases of property and equipment	(136)	(323)	(276)	(885)
Free Cash Flow	$ (1,875)	$ 3,026	$ 5,880	$ 9,014

Factors Affecting Our Performance

Our financial condition and results of operations have been, and will continue to be, affected by a number of factors that present significant opportunities for us but also pose risks and challenges, including what is discussed below. See Part I, Item 1A, "Risk Factors" in our 2024 10-K and Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q for the quarter ended June 29, 2025.

Customer Acquisition

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

Customer Retention

Our continued success depends in part on our ability to retain and drive repeat purchases from our existing customers. We monitor retention across our entire customer base. Our goal is to attract and convert visitors into Active Customers and foster relationships that drive repeat purchases. During the trailing 12 months ended June 29, 2025, we served 2.5 million Active Customers compared to 2.7 million for the trailing 12 months ended June 30, 2024.

Inventory Management

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

Investment in Our Operations and Infrastructure

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

Components of Our Results of Operations

Net Revenue

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

Cost of Revenue and Gross Margin

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

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

Selling and Marketing Expenses

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

General and Administrative Expenses

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

Interest Expense

Interest expense consists of interest expense related to the revolving facility under the 2021 Credit Agreement, as amended.

Income Tax Benefit (Provision)

The benefit (provision) for income taxes represents federal, state, and local income taxes. The effective rate differs from the statutory rate primarily due to the establishment of a deferred tax asset valuation allowance as the Company could not provide sufficient positive evidence that the deferred taxes will be more-likely-than-not realized in the future. Our effective tax rate will change from quarter to quarter based on recurring and nonrecurring factors including, but not limited to, enacted tax legislation, state and local income taxes, and tax audit settlements.

The Company regularly assesses the realizability of deferred tax assets and records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. In assessing the realizability of our deferred tax assets, we weigh all available positive and negative evidence. This evidence includes, but is not limited to, historical earnings, scheduled reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Due to the weight of objectively verifiable negative evidence, the Company established a valuation allowance of $14.9 million as of December 29, 2024 and the same position for the period ended June 29, 2025.

Our Results of Operations

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
	(in thousands)			
Net revenue	$ 81,520	$ 91,966	$ 145,675	$ 169,225
Cost of revenue	44,588	50,083	82,902	94,696
Gross profit	36,932	41,883	62,773	74,529
Selling and marketing expenses	21,993	24,914	37,908	42,607
General and administrative expenses	17,562	21,436	35,606	42,547
Loss from operations	(2,623)	(4,467)	(10,741)	(10,625)
Interest expense	(856)	(270)	(1,433)	(653)
Other income, net	546	272	1,169	498
Loss before income taxes	(2,933)	(4,465)	(11,005)	(10,780)
Income tax benefit (provision)	(62)	(6,331)	12	(5,752)
Net loss	$ (2,995)	$ (10,796)	$ (10,993)	$ (16,532)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024	June 29, 2025	June 30, 2024
Net revenue	100 %	100 %	100 %	100 %
Cost of revenue	55	54	57	56
Gross profit	45	46	43	44
Selling and marketing expenses	26	28	26	25
General and administrative expenses	22	23	24	25
Loss from operations	(3)	(5)	(7)	(6)
Interest expense	(1)	—	(1)	—
Other income, net	1	—	1	—
Loss before income taxes	(3)	(5)	(7)	(6)
Income tax benefit (provision)	—	(7)	—	(3)
Net loss	(3)%	(12)%	(7)%	(9)%

Comparisons for the Thirteen Weeks Ended June 29, 2025 and June 30, 2024

Net Revenue

Net revenue decreased in the thirteen weeks ended June 29, 2025 by $10.4 million, or 11%, compared to the same period of the prior year, primarily due to a 16% decrease in Total Orders Placed, partially offset by the impact of higher AOV and lower return rates.

Cost of Revenue

Cost of revenue decreased in the thirteen weeks ended June 29, 2025 by $5.5 million, or 11% compared to the same period of the prior year, primarily driven by the impact of lower net revenue.

Gross Profit

Gross profit decreased in the thirteen weeks ended June 29, 2025 by $5.0 million, or 12% compared to the same period of the prior year, primarily driven by the impact of the lower volume of sales.

Selling and Marketing Expenses

Selling and marketing expenses decreased in the thirteen weeks ended June 29, 2025 by $2.9 million, or 12%, compared to the same period of the prior year, due to lower online marketing costs of $2.4 million, lower merchant processing fees of $0.3 million, and lower campaign shoots and website spend of $0.2 million.

General and Administrative Expenses

General and administrative expenses decreased in the thirteen weeks ended June 29, 2025 by $3.9 million or 18%, compared to the same period of the prior year. The decrease was primarily due to a $1.0 million decrease in fixed labor driven by reduced fixed headcount, a $0.8 million decrease in equity-based compensation expense, a $0.6 million decrease in variable labor and benefits associated with lower sales volume, a $0.5 million decrease in directors and officers (“D&O”) liability insurance and legal and professional fees and a $0.4 million decrease in software, supplies and travel.

Interest Expense

Interest expense increased in the thirteen weeks ended June 29, 2025 by $0.6 million, or 218%, compared to the same period of the prior year. The increase is attributable to higher interest rates and higher average borrowings.

Income Tax Provision

Income tax provision in the thirteen weeks ended June 29, 2025 decreased by $6.2 million to a provision of $0.1 million, compared to a provision of $6.3 million in the thirteen weeks ended June 30, 2024. The decrease was primarily due to the establishment of valuation allowance in 2024.

Comparisons for the Twenty-Six Weeks Ended June 29, 2025 and June 30, 2024

Net Revenue

Net revenue decreased in the twenty-six weeks ended June 29, 2025 by $23.6 million, or 14%, compared to the twenty-six weeks ended June 30, 2024. The decrease is primarily the result of a 17% decrease in Total Orders Placed and lower AOV, partially offset by lower return rates, compared to the twenty-six weeks ended June 30, 2024.

Cost of Revenue

Cost of revenue decreased in the twenty-six weeks ended June 29, 2025 by $11.8 million, or 13%, compared to the same period of the prior year, which was primarily driven by the impact of lower net revenue.

Gross Profit

Gross profit decreased in the twenty-six weeks ended June 29, 2025 by $11.8 million, or 16% compared to the same period of the prior year, which was primarily driven by the impact of the lower volume of sales.

Selling and Marketing Expenses

Selling and marketing expenses decreased in the twenty-six weeks ended June 29, 2025 by $4.7 million, or 11%, compared to the same period of the prior year, due to lower online marketing costs of $3.5 million, lower performance and awareness marketing spend of $0.6 million, and lower merchant processing fees of $0.6 million, partly due to the lower volume of sales.

General and Administrative Expenses

General and administrative expenses decreased in the twenty-six weeks ended June 29, 2025 by $6.9 million or 16%, compared to the same period of the prior year. The decrease was primarily due to a $2.3 million decrease in fixed labor costs due to reduced headcount, a $1.4 million decrease in equity-based compensation expense, a $1.1 million decrease in variable labor and benefits costs primarily associated with lower sales volume and operational efficiencies, a $0.9 million decrease in D&O insurance costs, and a $0.5 million decrease in software expenses.

Interest Expense

Interest expense increased in the twenty-six weeks ended June 29, 2025 by $0.8 million, compared to the same period of the prior year. The increase is attributable to higher average borrowings and higher interest rates.

Income Tax Benefit (Provision)

Our income tax provision in the twenty-six weeks ended June 29, 2025 decreased by $5.8 million to an immaterial benefit position, compared to a provision of $5.8 million in the twenty-six weeks ended June 30, 2024. The decrease was primarily due to the establishment of valuation allowance in 2024.

Quarterly Trends and Seasonality

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

Our quarterly gross profit fluctuates primarily based on how we manage our inventory and merchandise mix and has typically been in line with fluctuations in net revenue. When quarterly gross profit fluctuations have deviated relative to the fluctuations in sales, these situations have been driven by non-recurring, external factors, such as global pandemics or trade wars.

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

General and administrative expenses consist primarily of payroll and benefit costs and vary quarter to quarter due to changes in the number of seasonal workers to meet demand based on our seasonality.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash generated from operating activities as we have no further access to borrowings under our 2021 Credit Agreement, as amended. Our primary requirements for liquidity and capital are inventory purchases, payroll and general operating expenses, capital expenditures associated with our distribution facilities, capitalized software and debt service requirements.

Credit Facilities

In November 2021, we entered into the 2021 Credit Agreement that provided for borrowings up to $50.0 million with a maturity date of November 15, 2024.

On July 22, 2024, we entered into an amendment to the 2021 Credit Agreement (the “First Credit Amendment”) which extended the maturity date to August 15, 2025 and reduced the Revolving Commitment (as defined in the 2021 Credit Agreement) to $15.0 million, with a further reduction to $10.0 million on or about March 31, 2025. The First Credit Amendment also reduced the previous letters of credit sublimit from $7.5 million to $5.0 million.

On November 12, 2024, we entered into a second amendment to the 2021 Credit Agreement (the “Second Credit Amendment”) which extended our reporting deadline for our financial statements and covenant compliance certificate for the third quarter 2024 to December 16, 2024, and required us to test the financial covenants no later than December 16, 2024. The Second Credit Amendment prohibited us from requesting any additional borrowing or letter of credit extension until the financial statements and the compliance certificate for the third quarter of 2024 were delivered. We successfully delivered the third quarter financial statements and the compliance certificate on December 16, 2024.

On December 13, 2024, we entered into a third amendment to the 2021 Credit Agreement (the “Third Credit Amendment”). The Third Credit Amendment provided a limited waiver for us to comply with the financial covenants for the period of four fiscal quarters ended on or about September 30, 2024. Under the Third Credit Amendment, we are required to, among other things, not permit unrestricted cash and cash equivalents, as determined on a consolidated basis and tested weekly, to be less than certain specified minimum amounts. The Third Credit Amendment also requires the payment of certain consent fees and increases the interest rates payable under the amended 2021 Credit Agreement for periods commencing on or after December 13, 2024 and February 1, 2025, as described in Note 5, *Debt* within the accompanying Notes to the Condensed Consolidated Financial Statements. Pursuant to the Third Credit Amendment, there was no financial covenant test for the quarter ended September 29, 2024.

On March 27, 2025, we entered into a fourth amendment to the 2021 Credit Agreement (the “Fourth Credit Amendment”). The Fourth Credit Amendment provided a limited waiver for us to comply with the financial covenants for the period of four fiscal quarters ended on or about December 31, 2024. It also suspends measurement of the Consolidated

Total Leverage Ratio and Consolidated Fixed Charge Covenant Ratio for the fiscal quarter ended on or about March 31, 2025. The Fourth Credit Amendment prohibits the Company from requesting any further borrowings under the 2021 Credit Agreement, as amended. The Fourth Credit Amendment includes a timeline of milestones for a refinancing transaction with a third-party lender, and limits our ability to further enter into certain transactions, including certain liens, dispositions, investments, debt and restricted payments. The Fourth Credit Amendment also requires the payment of the remaining portion of the consent fee payable under the Third Credit Amendment and increases the interest rates payable under the 2021 Credit Agreement, as amended, for periods commencing on or after March 27, 2025, as described in Note 5, *Debt* within the accompanying Notes to the Condensed Consolidated Financial Statements. Although we have secured these limited waivers, we cannot guarantee that we will be able to satisfy all of the necessary conditions or that we will not incur another covenant violation in the future.

On June 23, 2025, we entered into a Forbearance Agreement (the "Forbearance Agreement") related to the 2021 Credit Agreement, as amended, with the lenders party thereto and Bank of America, N.A., as administrative agent (the "Administrative Agent"), and Swing Line Lender and an L/C Issuer (the "Lenders"). Pursuant to the terms of the Forbearance Agreement, the Administrative Agent and Lenders agreed that they would forbear, during the Forbearance Period (as defined below), from exercising any and all rights and remedies with respect to or arising out of the events of default that occurred as a result of the Company's failure to comply with certain Refinancing Transaction Milestones by the specified dates under Sections 6.19(a), (c) and (d) of the 2021 Credit Agreement, as amended (collectively, the "Acknowledged Defaults"). The forbearance period (the "Forbearance Period") under the Forbearance Agreement will expire on the earliest date that one of the following events occurs: (a) any Event of Default other than an Event of Default constituting the Acknowledged Defaults; (b) the breach by the Borrower of any covenant or provision of the Forbearance Agreement; or (c) 11:59 p.m. (Eastern time) on August 15, 2025 (the "Forbearance Termination Events"). Under the terms of the Forbearance Agreement, the Refinancing Transaction Milestones shall be due on the Maturity Date. Additionally, during the Forbearance Period, the minimum liquidity otherwise required to be maintained pursuant to the 2021 Credit Agreement, as amended, is $1,000,000, and to the extent the minimum liquidity prior to the Effective Date was below the required threshold, any resulting Default or Event of Default was waived. Pursuant to the Forbearance Agreement, the Company also agreed to provide additional financial and operational reports to the Administrative Agent during the Forbearance Period, including monthly unaudited financial statements and reports related to accounts receivable, accounts payable and inventory. The Forbearance Agreement also provides for mandatory prepayments in the event that Total Revolving Outstandings exceed the difference of 55% of the net book value of inventory less 50% of the store value credit liability. The Company will pay a one-time forbearance fee of $100,000.00 (the "Forbearance Fee"), fully earned and non-refundable as of the Effective Date and payable in immediately available funds upon the earlier of (a) the Maturity Date, and (b) the occurrence of a Forbearance Termination Event; provided, that, if all Obligations (other than the Forbearance Fee) have been paid in full on or prior to the Maturity Date, the Forbearance Fee shall be cancelled and waived.

All capitalized terms used above and not otherwise defined herein are defined in the 2021 Credit Agreement, as amended.

During the twenty-six weeks ended June 29, 2025, we did not borrow any amount under the 2021 Credit Agreement, as amended, and repaid $7.3 million of the outstanding balance. As of June 29, 2025, we had $0.2 million in letters of credit outstanding. The effective interest rate on the $5.8 million outstanding balance as of June 29, 2025, was 41.3% and 21.5% during the thirteen and twenty-six weeks ended June 29, 2025, respectively, which was inclusive of $0.7 million in one-time fees related to the 2021 Credit Agreement, as amended. As of June 29, 2025, the weighted-average interest rate was 10.4%. See Note 5, *Debt* within the Notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for further information on the 2021 Credit Agreement, as amended.

On August 11, 2025, the Company entered into the Forbearance Amendment with the Administrative Agent and Lenders. Pursuant to the terms of the Forbearance Amendment, the Administrative Agent and Lenders agreed to amend the definition of "Forbearance Termination Event" set forth in the Forbearance Agreement to replace "August 15, 2025" with "August 22, 2025"**.** The Forbearance Amendment also amended the definition of "Maturity Date" set forth in the 2021 Credit Agreement, as amended, to replace "August 15, 2025" with "August 22, 2025. The Company is currently negotiating a new asset-based revolving credit facility.

Availability and Use of Cash

As of June 29, 2025, we had cash and cash equivalents of $1.5 million. During the thirteen and twenty-six weeks ended June 29, 2025, we took certain cost reduction and cash conservation measures, adjustments to marketing spend, and other fixed, variable, and capital spend. We are actively seeking alternative debt financing and continuing to take certain cash conservation measures, including adjustments to marketing and other fixed and variable costs and capital spend to meet our obligations as needed. While we are currently negotiating a new asset-based revolving credit facility, there can be no assurances that we will be able to close such credit facility in a timely manner on acceptable terms, if at all. As the ability to raise additional debt financing is outside of management's control, we cannot conclude that management's plans will be effectively implemented within twelve months from the date the condensed consolidated financial statements are issued. Accordingly, we have concluded that these plans do not alleviate substantial doubt about our ability to continue as a going concern. The condensed consolidated financial statements do not reflect any adjustments that might result from the outcome of this uncertainty. Actual results of operations will depend on numerous factors, many of which are beyond our control, as further discussed in Part I, Item 1A, "Risk Factors" included in our 2024 10-K, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 30, 2025 and Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q for the quarter ended June 29, 2025.

Repurchases Pursuant to the 2024 Repurchase Program

On May 3, 2024, our Board of Directors authorized a stock repurchase program to repurchase up to $2.5 million of our common stock (the "2024 Repurchase Program"). During the thirteen and twenty-six weeks ended June 29, 2025, we repurchased 73,333 shares and 89,471 shares, respectively, of common stock in open market transactions pursuant to a 10b5-1 purchase plan. As of June 29, 2025, there was $1.3 million available under the 2024 Repurchase Program authorization.

The actual timing, number, and value of shares repurchased in the future will be determined at our discretion and will depend on a number of factors, including market conditions, applicable legal requirements, our capital needs, and whether there is a better alternative use of capital. Repurchases will be funded from our existing cash and cash equivalents, or future cash flow. The 2024 Repurchase Program may be modified, suspended, or terminated at any time. For further information on the 2024 Repurchase Program, see Note 2, *Significant Accounting Policies*, within the Notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flow Analysis

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

	Twenty-Six Weeks Ended	
	June 29, 2025	June 30, 2024
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 6,966	$ 10,637
Investing activities	(1,053)	(1,623)
Financing activities	(8,839)	(9,739)
Net decrease in cash and cash equivalents	$ (2,926)	$ (725)

Operating Activities

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

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

During the twenty-six weeks ended July 2, 2024, net cash provided by operating activities was $10.6 million, which consisted of a net loss of $16.5 million, partially offset by non-cash charges of $12.7 million and a net change of $14.4 million in operating assets and liabilities. The non-cash charges were primarily comprised of $4.1 of equity-based compensation expense, $3.8 million of deferred income taxes, $2.7 million of depreciation and amortization, and $2.0 million of non-cash lease expense. The net change in operating assets and liabilities was primarily driven by a $15.2 million increase in accrued expenses driven by an increase in return reserve and a $3.0 million increase in accounts payable due to the timing of payments. These increases were partially offset by a $2.2 million increase in inventory and a $1.9 million decrease in operating lease liabilities.

Investing Activities

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

During the twenty-six weeks ended June 29, 2025, net cash used in investing activities decreased by $0.6 million as compared to the same period in 2024, primarily due to lower purchases of property and equipment.

Financing Activities

Financing activities consist primarily of borrowings and repayments related to our revolving facility under our 2021 Credit Agreement, as amended.

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

During the twenty-six weeks ended July 2, 2024, cash used in financing activities was $9.7 million, primarily due to $28.0 million of repayments on our revolving facility, $1.1 million of principal payments on finance lease obligations, and $0.8 million of withholding tax payments related to the vesting of equity-based awards, partially offset by $20.0 million of proceeds from borrowings on our revolving line of credit.

Contractual Obligations and Commitments

There have been no other material changes to our contractual obligations and commitments as disclosed in our 2024 10-K.

Critical Accounting Policies and Estimates

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

Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in our 2024 10-K and the notes to the audited consolidated financial statements appearing elsewhere in our 2024 10-K. There have been no significant changes to our critical accounting policies and estimates as disclosed in our 2024 10-K.

Recent Accounting Pronouncements

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

JOBS Act Accounting Election

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in our exposure to market risk from that discussed in our 2024 10-K.

Item 4. Controls and Procedures.

Limitations on effectiveness of controls and procedures

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

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 29, 2025, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 29, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

For detailed information about certain risk factors that could materially affect our business, financial condition or future results see “Risk Factors” in Part I, Item 1A of our 2024 10-K and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 30, 2025. Set forth below are an additional risk factor and material changes to an existing risk factor previously disclosed in the 2024 10-K. Other than the risk factors set forth below, there have been no material changes to the risk factors previously disclosed in the 2024 10-K and the Form 10-Q for the quarter ended March 30, 2025.

We may not be able to refinance the 2021 Credit Agreement, as amended, on favorable terms within our anticipated timeframe, or at all, in order to meet our current and future capital needs.

The 2021 Credit Agreement, as amended, will mature on August 22, 2025 (the "Maturity Date"). The Forbearance Period under the Forbearance Agreement, as amended, also expires on August 22, 2025. Although the Company is currently negotiating a new asset-based revolving credit facility, we may not be able to timely refinance the 2021 Credit Agreement, as amended, on favorable terms, within our anticipated timeframe, or at all, including due to our current financial condition, market volatility and uncertainty resulting from international conflicts or geopolitical tensions, among other factors. Failure to repay the indebtedness outstanding under the 2021 Credit Agreement, as amended, by the Maturity Date, without a timely cure, waiver or further extension of the Forbearance Period, would result in an event of default under the 2021 Credit Agreement, as amended. If an event of default under the 2021 Credit Agreement, as amended, occurs and is not cured or waived, the lenders could elect to declare all amounts outstanding under the 2021 Credit Agreement, as amended, immediately due and payable and exercise other remedies as set forth in the 2021 Credit Agreement, as amended. In addition, the lenders would have the right to enforce their security interests against the collateral pledged to them, which includes substantially all of our assets.

We currently have $5.8 million of indebtedness outstanding under the terms of the 2021 Credit Agreement, as amended. In addition, we expect to require additional capital in the future to respond to business opportunities, challenges, or unforeseen circumstances. If we are unable to refinance the 2021 Credit Agreement, as amended, on favorable terms within our anticipated timeframe, or at all, our ability to repay our indebtedness under the 2021 Credit Agreement, as amended, and continue to grow or support our business, and respond to business challenges could be significantly limited.

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

We are required to meet the continued listing requirements of the Nasdaq Capital Market and other Nasdaq rules, including those regarding director independence and independent committee requirements, minimum share price, minimum stockholders' equity and certain other continued listing standards and corporate governance requirements.

We have previously failed to meet the continued listing requirements of the Nasdaq Global Market under Nasdaq rules. Specifically, we received a deficiency letter from Nasdaq on February 27, 2025 regarding not being in compliance with the minimum close bid price of $1.00 per share required for continued listing, and we received a deficiency letter on May 21, 2025 regarding not being in compliance with the minimum $10 million of stockholders' equity required for continued listing on the Nasdaq Global Market. We regained compliance with these deficiencies through our implementation of the Reverse Stock Split and our transfer to the Nasdaq Capital Market, respectively. While we are currently in compliance with the continued listing requirements of the Nasdaq Capital Market, there can be no guarantee that we will be able to maintain compliance with these requirements in the future. If we are unable to maintain compliance with the continued listing requirements of the Nasdaq Capital Market in the future, our common stock could be delisted.

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

A summary of our common stock repurchases during the thirteen weeks ended June 29, 2025, as discussed in Note 2, *Significant Accounting Policies*, within the Notes to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q, is set forth in the table below.

Period	Total Number of Shares Purchased [(1)]	Weighted-Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plan	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plan
March 31, 2025 through May 4, 2025	42,943	$ 7.00	42,943	$ 1,464,438
May 5, 2025 through June 1, 2025	15,431	$ 6.59	15,431	$ 1,362,793
June 2, 2025 through June 29, 2025	14,959	$ 6.75	14,959	$ 1,261,765

(1) On May 8, 2024, the Company's Board of Directors announced that it authorized a stock repurchase program allowing the Company to repurchase up to an aggregate amount of $2.5 million of its shares of common stock (the "2024 Repurchase Program"). The 2024 Repurchase Program may be modified, suspended or terminated by the Company's Board of Directors at any time. All shares repurchased during the twenty-six weeks ended June 29, 2025 were repurchased in open market transactions pursuant to the Company's 2024 Repurchase Program and a 10b5-1 purchase plan entered into by the Company.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Amendment to Forbearance Agreement and Fifth Amendment to 2021 Credit Agreement, As Amended

On August 11, 2025, the Company entered into the Forbearance Amendment with the Administrative Agent and Lenders. Pursuant to the terms of the Forbearance Amendment, the Administrative Agent and Lenders agreed to amend the definition of "Forbearance Termination Event" set forth in the Forbearance Agreement to replace "August 15, 2025" with "August 22, 2025". The Forbearance Amendment also amended the definition of "Maturity Date" set forth in the 2021 Credit Agreement, as amended, to replace "August 15, 2025" with "August 22, 2025".

Securities Trading Plans of Directors and Executive Officers

During the thirteen weeks ended June 29, 2025, none of the Company's directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as such terms are defined under Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of Lulu's Fashion Lounge Holdings, Inc.	10-Q	001-41059	3.1	12/16/2021	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant, dated as of June 26, 2025.	8-K	001-41059	3.2	06/26/2025	
10.1	Forbearance Agreement, dated as of June 23, 2025, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, Bank of America N.A. and the lenders party thereto.	8-K	001-41059	10.1	06/26/2025	
10.2	Amendment to Forbearance Agreement and Fifth Amendment to 2021 Credit Agreement, dated as of August 11, 2025, among Lulu's Fashion Lounge, LLC, Lulu's Fashion Lounge Parent, LLC, Bank of America N.A. and the lenders party thereto.					*
31.1	Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.
** Furnished herewith.
+ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

SIGNATURES

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

LULU'S FASHION LOUNGE HOLDINGS, INC.

Date: August 13, 2025

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial and Accounting Officer)

AMENDMENT TO FORBEARANCE AGREEMENT AND FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT TO FORBEARANCE AGREEMENT AND FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Agreement"), dated as of August 11, 2025, is entered into among LULU'S FASHION LOUNGE, LLC, a Delaware limited liability company (the "Borrower"), LULU'S FASHION LOUNGE PARENT, LLC, a Delaware limited liability company ("Holdings"), the other Guarantors party hereto, the Lenders party hereto, and Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), Swing Line Lender and an L/C Issuer.

RECITALS

WHEREAS, the Borrower, Holdings, the other Guarantors from time to time party thereto, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, are parties that that certain Credit Agreement dated as of November 15, 2021 (as amended, modified, supplemented, increased, extended, restated, renewed, refinanced and replaced from time to time, the "Credit Agreement");

WHEREAS, the Borrower, Holdings, the other Guarantors, the Lenders and the Administrative Agent entered into that certain Forbearance Agreement dated as of June 23, 2025 (the "Forbearance Agreement"), pursuant to which the Lenders and the Administrative Agent agreed to forbear from exercising their rights and remedies under the Loan Documents and applicable Laws as a result of the Acknowledged Defaults during the Forbearance Period;

WHEREAS, the Credit Parties have requested that the Administrative Agent and the Lenders agree to amend the Forbearance Agreement in certain respects and, pursuant thereto, continue to forbear from exercising their rights and remedies arising under the Loan Documents and applicable Laws as a result of the Acknowledged Defaults during the Forbearance Period and amend the Credit Agreement as set forth herein; and

WHEREAS, the Administrative Agent and the Lenders have agreed to do so, but only pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings given to such terms in the Forbearance Agreement, or as incorporated therein by reference.

2. Estoppel. Each Credit Party hereby acknowledges and agrees that, as of August 8, 2025: (a) the Outstanding Amount of the Revolving Loans was not less than $5,750,000; (b) the Outstanding Amount of all Swing Line Loans was not less than $0.00; and (c) the Outstanding Amount of all L/C Obligations was not less than $250,000.00, each of which constitutes a valid and subsisting obligation of

the Credit Parties owed to the Lenders that is not subject to any credits, offsets, defenses, claims, counterclaims or adjustments of any kind.

3. Consent, Acknowledgement and Reaffirmation. Each Credit Party hereby: (a) acknowledges that (i) the Acknowledged Defaults have occurred and have not been waived or cured, and (ii) no Default or Event of Default is being waived pursuant to this Agreement; (b) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each Loan Document to which it is a party; and (c) to the extent such Person granted Liens on any of its property pursuant to any such Loan Document as security for or otherwise guaranteed the Obligations under or with respect to the Loan Documents, ratifies and reaffirms such guarantee and grant of Liens and confirms and agrees that such Liens hereafter secure all of the Obligations as amended hereby. Each Credit Party consents to this Agreement and acknowledges that each and every Loan Document to which it is party remains in full force and effect and is hereby ratified and reaffirmed. Except as expressly provided herein, the execution of this Agreement shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, constitute a waiver of any provision of any Loan Document or serve to effect a novation of any of the Obligations.

4. Amendment to Forbearance Agreement. The definition of "Forbearance Termination Event" in Section 1 of the Forbearance Agreement is hereby amended by deleting the reference to "August 15, 2025" therein and replacing it with "August 22, 2025".

5. Amendments to Credit Agreement. The definition of "Maturity Date" set forth in Section 1.1 of the Credit Agreement is hereby amended by deleting the reference to "August 15, 2025" therein and replacing it with "August 22, 2025"

6. Conditions Precedent. This Agreement shall be effective on the date first written above (the "Effective Date"), subject to:

(a) receipt by the Administrative Agent of counterparts of this Agreement duly executed by the Loan Parties, the Administrative Agent and each Lender; and

(b) receipt by the Administrative Agent of such certificates of resolutions or other action, incumbency certificates and/or other certificates of a Responsible Officer for each Credit Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the transactions contemplated hereby.

7. Release of Claims. In consideration of the Administrative Agent's and the Lenders' willingness to enter into this Agreement, each Credit Party hereby releases and forever discharges the Administrative Agent, the Swing Line Lender, the L/C Issuer, each Lender, and each of their respective predecessors, successors, assigns, and Related Parties (each and every of the foregoing, a "Released Party") from any and all claims, counterclaims, demands, damages, debts, suits, liabilities, actions, and causes of action of any nature whatsoever, in each case through the date hereof, whether arising at law or in equity, whether known or unknown, whether liability be direct or indirect, whether liquidated or unliquidated, whether absolute or contingent, whether foreseen or unforeseen, and whether or not heretofore asserted, which any Credit Party may have or claim to have against any Released Party.

As to each and every claim released hereunder, each Credit Party hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit of the provisions of Section 1542 of the Civil Code of California, which provides as follows:

> "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."

By executing this Agreement, each Credit Party intends to: (a) waive and relinquish any and all rights and benefits which they may have under Section 1542 of the Civil Code or California; and (b) assume the risk of releasing any existing, but as of yet unknown, claims.

8. No Action, Claims. Each Credit Party represents, warrants, acknowledges and confirms that, as of the Effective Date, it has no knowledge of any action, cause of action, claim, demand, damage or liability of whatever kind or nature, in law or in equity, against any Released Party arising from any action by such Persons, or failure of such Persons to act, under or in connection with any of the Loan Documents.

9. Representations and Warranties of the Credit Parties. Each Credit Party hereby represents and warrants to the Administrative Agent, the L/C Issuer and Lenders that:

(a) After giving effect to this Agreement, no Default or Event of Default, other than any Acknowledged Defaults, exists.

(b) After giving effect to this Agreement, the representations and warranties of the Credit Parties set forth in the Loan Documents are true, correct and complete on and as of the Effective Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date.

(c) It has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(d) This Agreement has been duly executed and delivered by each Credit Party and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, subject to applicable Debtor Relief Laws and to general principles of equity or principles of good faith and fair dealing.

(e) No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by the Credit Parties of this Agreement other than those that have already been obtained and are in full force and effect.

(f) The execution and delivery of this Agreement does not (i) contravene the terms of its Organization Documents or (ii) violate any applicable Law.

(g) No Credit Party has modified its Organization Documents since such documents were most recently delivered to the Administrative Agent (except to the extent the Credit Parties have subsequently delivered true and correct copies of any such modifications to the Administrative Agent) and such Organization Documents remain in full force and effect.

10. No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and their respective successors and assigns, and the obligations hereof shall be binding upon each Credit Party. No other Person shall have or be entitled to assert rights or benefits under this Agreement, other than non-party Persons that are Released Parties with respect to Section 7 and Section 8 hereof.

11. Incorporation of Agreement. Except as specifically modified herein, the terms of the Loan Documents shall remain in full force and effect. The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Administrative Agent, L/C Issuer or any Lender under the Loan Documents, or constitute a waiver or amendment of any provision of the Loan Documents, except as expressly set forth herein. The breach of any provision or representation under this Agreement shall constitute an immediate Event of Default, and this Agreement shall constitute a Loan Document. Except as otherwise provided in this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in any Loan Document, the provision contained in this Agreement shall govern and control.

12. Entirety. This Agreement, the Credit Agreement and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof. This Agreement, the Credit Agreement and the other Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties.

13. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Agreement by facsimile or other secure electronic format (.pdf) shall be effective as an original.

14. Governing Law; Submission to Jurisdiction; Waiver of Venue; Service of Process; Waiver of Jury Trial. The GOVERNING LAW, SUBMISSION TO JURISDICTION, WAIVER OF VENUE, SERVICE OF PROCESS and Waiver of Jury Trial provisions set forth in Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated herein, *mutatis mutandis.*

15. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

16. Headings. The headings of the sections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

17. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

18. Further Assurances. Each of the parties hereto agrees to execute and deliver, or to cause to be executed and delivered, all such instruments as may reasonably be requested to effectuate the intent and purposes, and to carry out the terms, of this Agreement.

[*signature pages follow*]

Each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

BORROWER:

LULU'S FASHION LOUNGE, LLC,
a Delaware limited liability company

By: /s/ Crystal Landsem
Name: Crystal Landsem
Title: CEO and Interim CFO

HOLDINGS:

LULU'S FASHION LOUNGE PARENT, LLC,
a Delaware limited liability company

By: /s/ Crystal Landsem
Name: Crystal Landsem
Title: CEO and Interim CFO

[*Signature pages continue.*]

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A., as Administrative Agent

By: */s/ Susanne M. Perkins*
Name: Susanne M. Perkins
Title: Senior Vice President

LENDERS: BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swing Line Lender

By: */s/ Susanne M. Perkins*
Name: Susanne M. Perkins
Title: Senior Vice President

[*Signature pages end*.]

Exhibit 31.1

CERTIFICATION

I, Crystal Landsem, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 13, 2025

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Lulu’s Fashion Lounge Holdings, Inc. (the “Company”) for the period ended June 29, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 13, 2025

By: /s/ Crystal Landsem
Crystal Landsem
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial and Accounting Officer)