

2020 LuLaRoe Income Disclosure Statement

Rev.111120.03

LuLaRoe’s mission is to provide an opportunity for people to create freedom by selling comfortable, affordable, and stylish clothing. We offer Independent Fashion Retailers (“Independent Retailers” or “Retailers”) flexibility; some Independent Retailers exclusively devote their time and talents to selling our products to retail customers while others also work to build a team of Independent Retailers.

This disclosure statement contains information regarding the gross profits of any Independent Retailer who processed a transaction at any point in the year 2020, whether that was a wholesale purchase or a retail sale, regardless of their enrollment date or length of time as a Retailer.

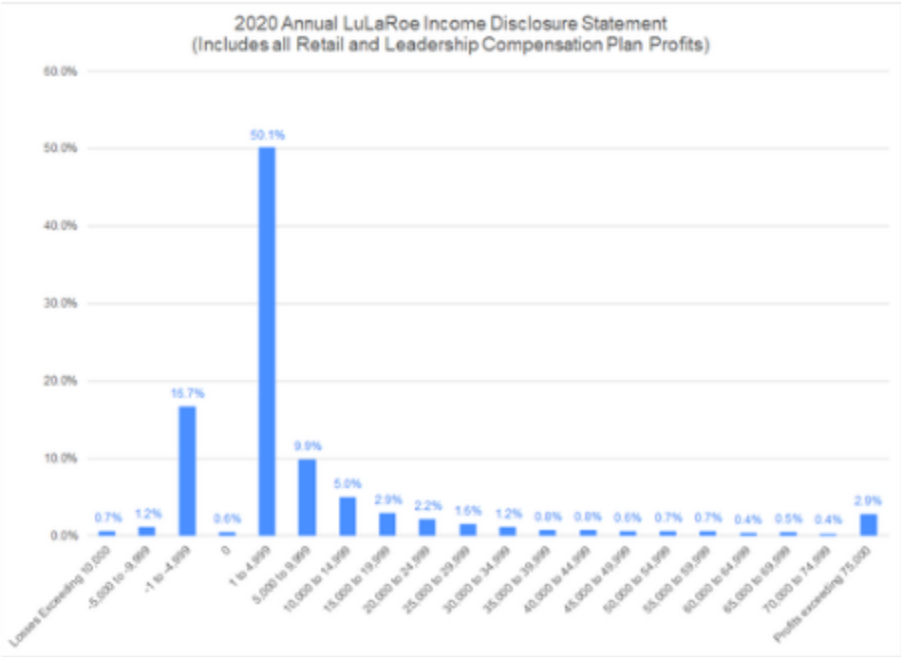
For the purposes of this document, gross profits include 5 components:

- (1) wholesale purchases directly from LuLaRoe,
- (2) retail sales,
- (3) wholesale purchases from other Retailers,
- (4) wholesale sales to other Retailers, and
- (5) earnings from the Leadership Compensation Plan.

Gross profit is calculated as follows:

The combined total of retail sales, wholesale sales to other Retailers, and earnings from the Leadership Compensation Plan minus the combined total of wholesale purchases from LuLaRoe and from other Retailers.

For the year 2020, the average Retailer gross profit was **\$10,073.41** while the median gross profit was **\$1,444.65**. The distribution of all Retailers is represented by the following chart:



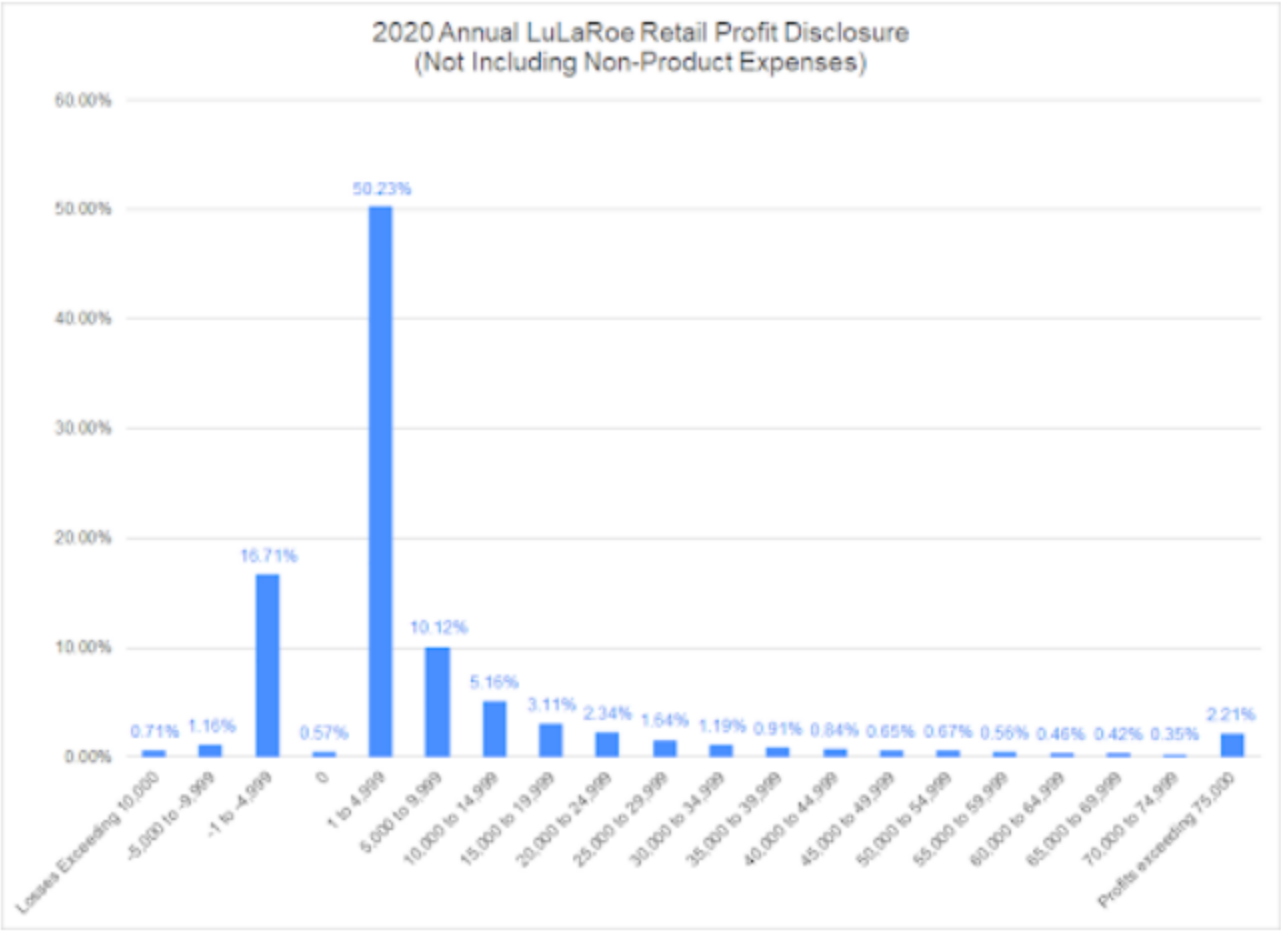
In 2020, **14.62%** of LuLaRoe Retailers received earnings through the Leadership Compensation Plan. **85.38%** did not receive any earnings through the Leadership Compensation Plan.

In 2020, the average Leadership Compensation Earnings of all Retailers was **\$1,235.97** while the median earnings were **\$0.00**.

For those individuals who had earnings under the Leadership Compensation Plan, the average earnings were **\$8,567.75** and the median earnings was **\$520.99**. The earnings distribution for the **14.62%** Retailers who participated in the Leadership Compensation Plan is represented in the following chart:



When only considering profits made through retail sales (not including any earnings through the Leadership Compensation Plan), the average gross profit of a Retailer in 2020 was **\$8,837.44** while the median gross profit was **\$1,438.66**. The earnings distribution of all Retailers when only looking at sales profits is as follows:



The expenses an Independent Retailer incurs in operating a retail business selling LuLaRoe products can vary widely and can be several hundred dollars or thousands of dollars annually. Examples of additional non-product expenses that may be required to make retail sales include:

- Startup costs
 - Racks
 - Hangers
 - Storage bins
 - Mannequins

- Online sales equipment (camera, internet, computer/mobile phone)
- Printer for shipping labels
- Home office/warehouse
- Vehicle/trailer to transport merchandise
- Business cards

- Ongoing costs

- Shipping
- Packaging
- Advertising (both traditional and online)
- Promotional giveaways
- Travel expenses (vehicle, mileage, gas)
 - To attend corporate events
 - To attend training
 - To host pop-ups
 - To deliver orders
- Employees or assistants
- Insurance

- Professional services

- Accountant
- Attorney
- Bookkeeper

The gross profit data contained in this document is not intended to be a promise, guarantee, prediction, or projection of your gross profits or whether you will derive any income as an IFR. Any representation or guarantee of gross profit would be inaccurate. Successful retail sales of LLR Products and gross profits result from factors within your control (i.e., hard work, dedication, diligence, creativity, business experience, perseverance, etc.) and factors outside of your control (i.e., market conditions, demand, etc.). As with any independently owned business, individual results will vary.

(1) Median is defined as the middle point in a dataset that is organized in either ascending or descending value

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