

# 2021 LuLaRoe Income Disclosure Statement

LuLaRoe empowers people by providing an opportunity to sell comfortable, affordable, and stylish clothing. We offer Independent Fashion Retailers (“Retailers”) flexibility; some Retailers exclusively devote their time and talents to selling our products to retail customers while others also participate in the LuLaRoe Leadership Compensation Plan.

**This Disclosure Statement contains information regarding the gross profits of Retailers who processed at least one transaction at any point in the year 2021**, whether that was a wholesale purchase, a retail sale, or wholesale sale to another Retailer, regardless of their enrollment date or length of time as a Retailer. Retailers who processed no transactions in 2021 are not included in the information presented in this Disclosure Statement.

For the purposes of this Income Disclosure Statement, gross profits (sometimes referred to simply as profit or profits) include 5 components:

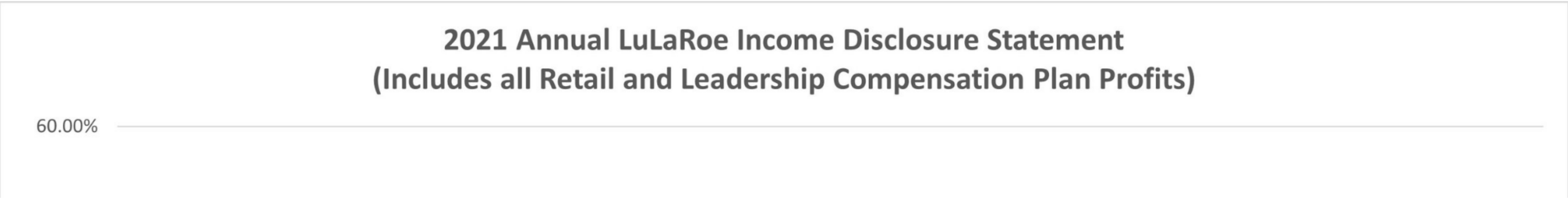
- (1) wholesale purchases directly from LuLaRoe,
- (2) retail sales,
- (3) wholesale purchases from other Retailers,
- (4) wholesale sales to other Retailers, and
- (5) earnings from the Leadership Compensation Plan.

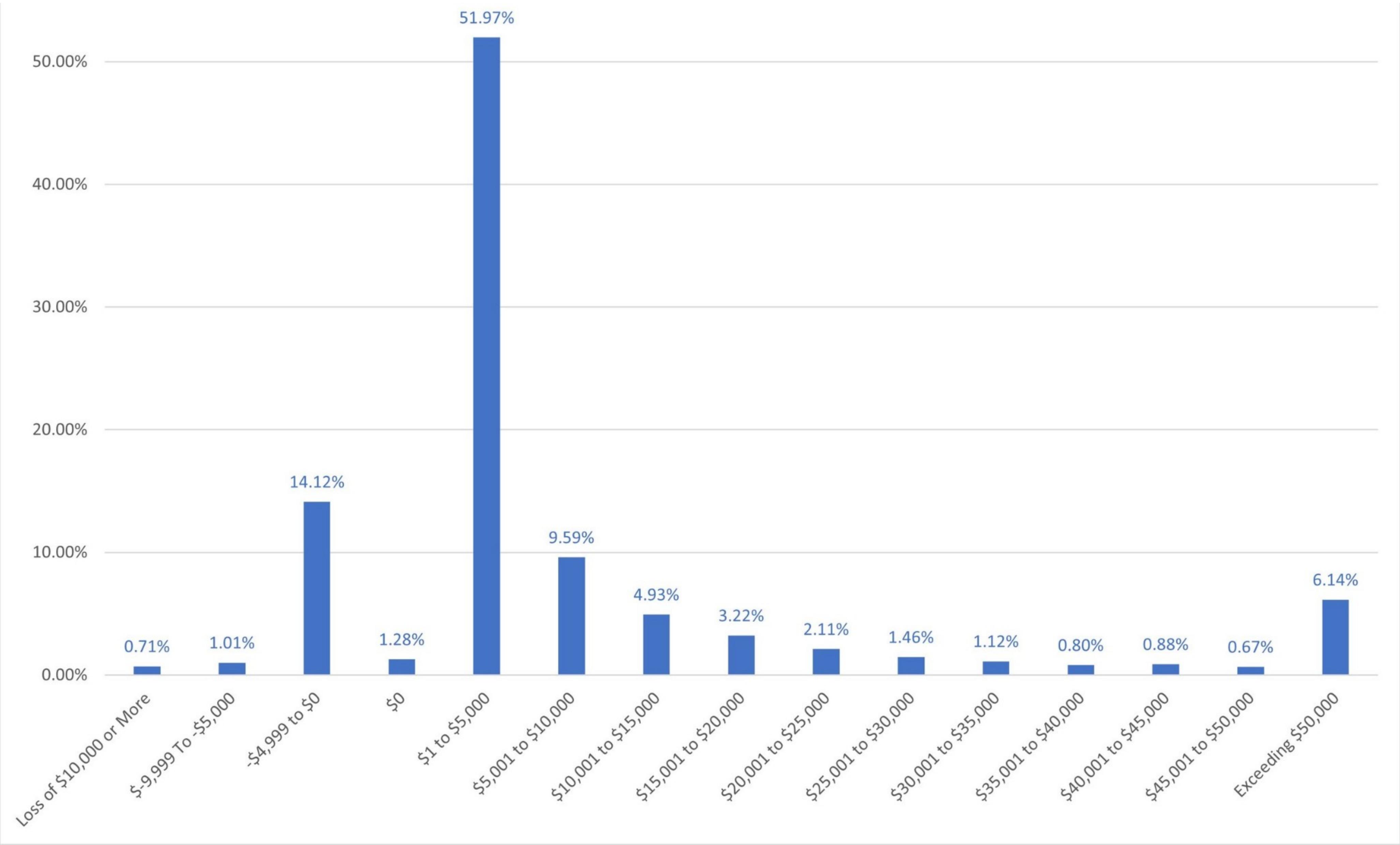
Gross profit is calculated as follows:

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

**NOTE:** Gross profits do not include the expenses that a Retailer may incur in operating their Retailer Business. Examples of these expenses are described at the end of this Disclosure Statement.

For the year 2021, the average gross profit of Retailers who processed at least one transaction was **\$10,933.98** while the median gross profit of all such Retailers was **\$1,326.04**. The distribution of such Retailers is represented by the following chart:

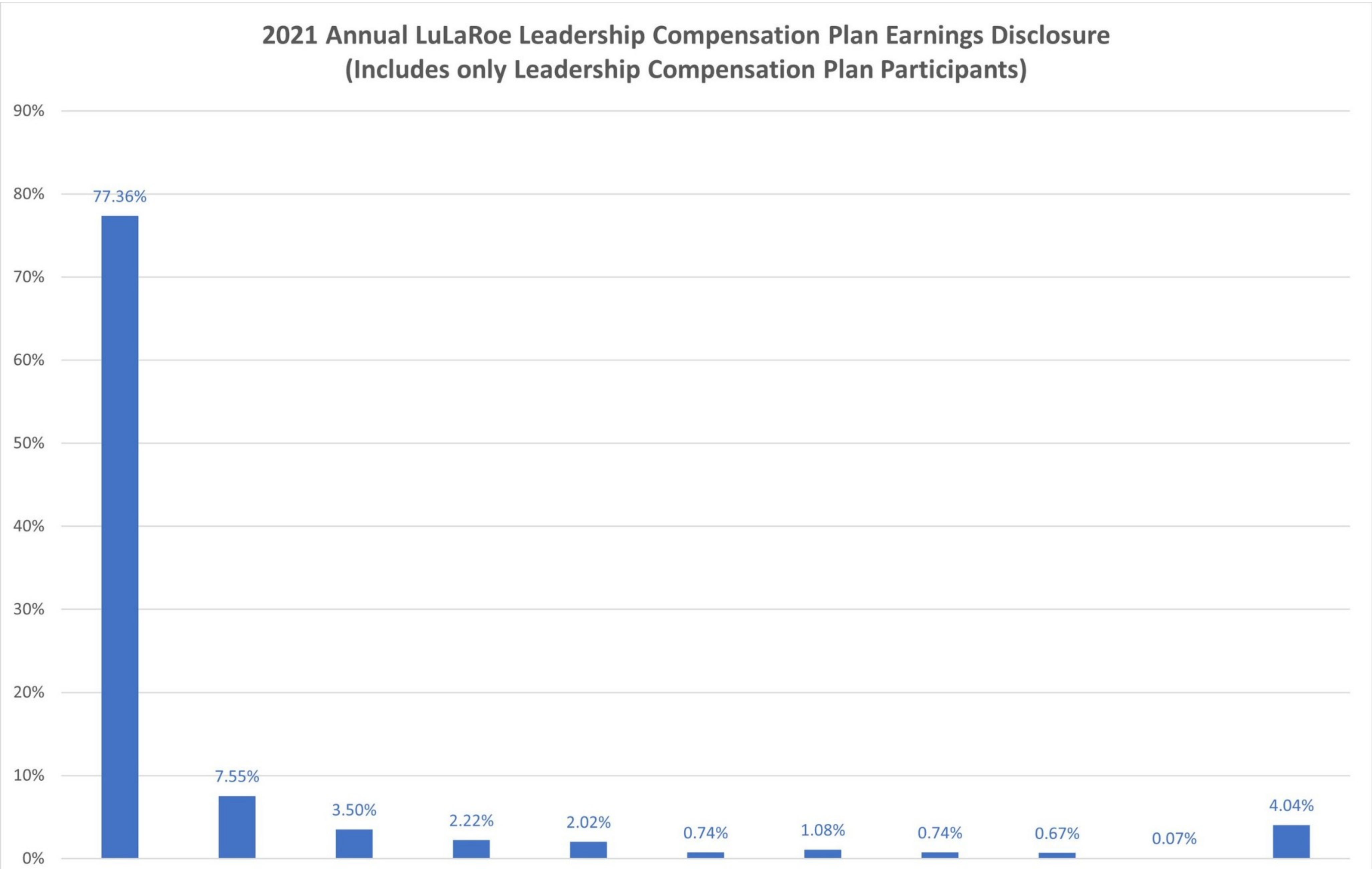




Leadership Compensation Plan Compensation

In 2021, **13.72%** of Retailers who processed at least one transaction participated in the Leadership Compensation Plan and received compensation through the Leadership Compensation Plan. Accordingly, **86.28%** of Retailers who processed at least one transaction did not participate in the Leadership Compensation Plan in 2021. Those Retailers received profit only through the sale of LuLaRoe clothing to retail customers.

In 2021, the average Leadership compensation of the Retailers who participated in the Leadership Compensation Plan was **\$8,690.43** while the median compensation was **\$534.19**. The profit distribution for the **13.72%** of Retailers who participated in the Leadership Compensation Plan is represented in the following chart:



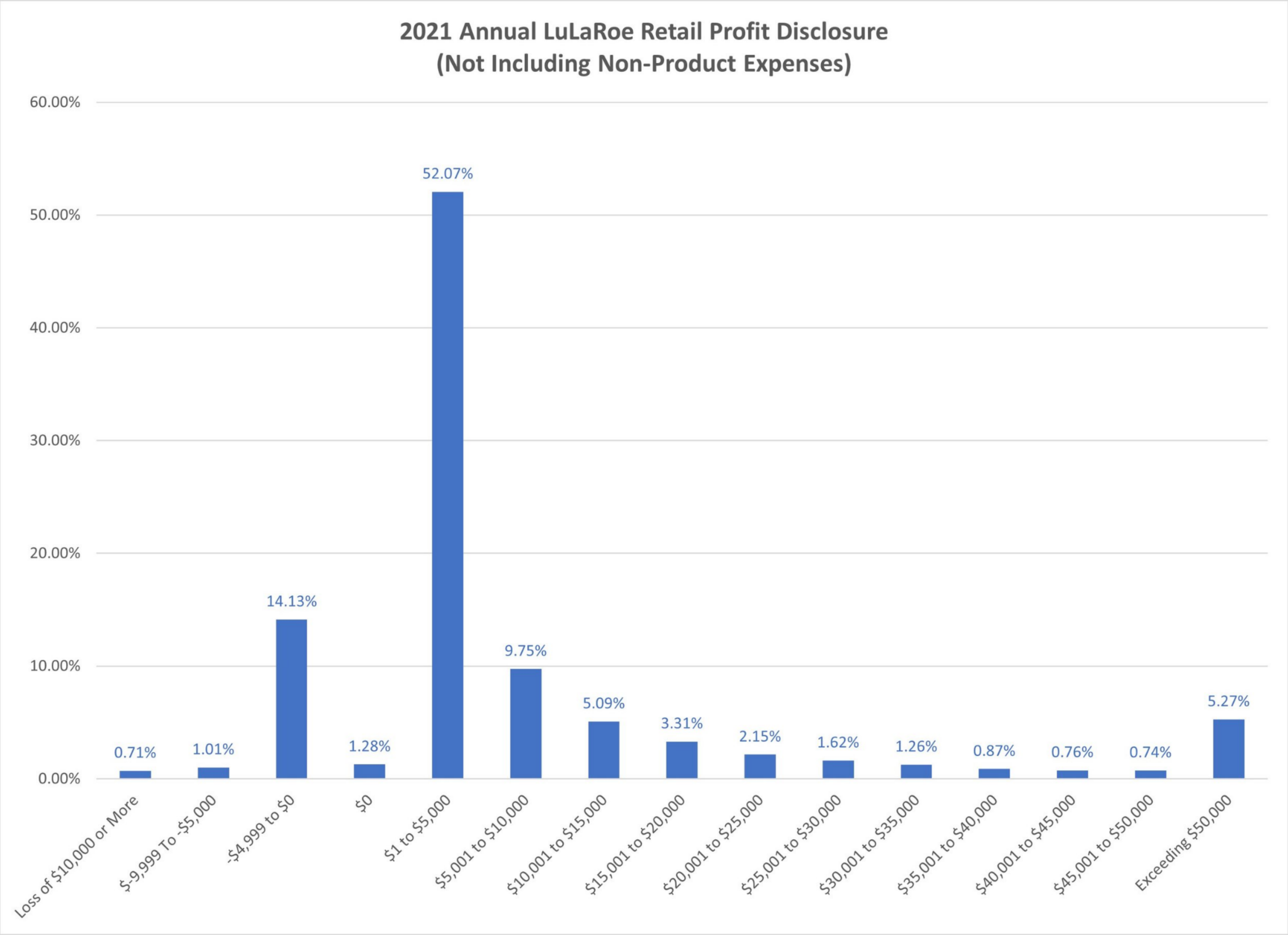




Retail Gross Profits

Retail gross profits are calculated by subtracting a Retailer’s wholesale purchases (from LuLaRoe and other Retailers) from the Retailer’s sales to customers and other Retailers. As noted above, gross profits do not include the expenses that a Retailer may incur in operating their Retailer Business. Examples of these expenses are described at the end of this Disclosure Statement.

When only considering profits made through retail sales (not including profits through the Leadership Compensation Plan), the average gross profit of Retailers who processed at least one transaction in 2021 was **\$9,741.39** while the median gross profit was **\$1,321.67**. The profit distribution of such Retailers when only looking at sales profits is as follows:



Expenses

The expenses a Retailer incurs in operating a Retailer 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 Income Disclosure Statement is not intended to be a promise, guarantee, prediction, or projection of your gross profits or whether you will derive any income as a Retailer. Any representation or guarantee of gross profit would be inaccurate. Successful retail sales of LuLaRoe products and earning income 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.

(2) Qualification for participation is determined pursuant to the Leadership Compensation Plan. Not all Retailers who built a Team in 2021 qualified to participate in the Leadership Compensation Plan.