

Lulu's Fashion Lounge Holdings

NASDAQ: LVLU | Women's Occasion Wear & DTC Fashion

PRICE (MAY 13) ~\$14 Live at friedlandenterprises.com	12-MO TARGET \$28 Base Case (0.3x P/S)	BULL TARGET \$46 0.5x P/S	MARKET CAP ~\$42M 2.97M shares	EV ~\$48M incl. \$5.9M net debt	SHARES OUT 2.97M Float ~600-700K
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THESIS

LVLU is executing a legitimate operational turnaround. Q1'26 delivered the highest first-quarter gross margin in company history (45.1%), wholesale revenue up 112% on a trailing twelve months basis across 10 major accounts (up from 4 a year ago), and net debt reduced to \$5.9 million (ahead of management's \$7.5 to \$8.0 million guidance). The stock trades at 0.15x revenue versus peer REVOLVE Group at 1.5x. The valuation disconnect is driven by governance and investor relations deficiencies, not fundamental business problems. A constructive activist campaign (Friedland Enterprises, approximately 5% ownership) has produced a permanent CFO, a 250M-to-15M authorized share reduction, and the public adoption of an algorithmic merchandising model by President/CIO Mark Vos. Management committed publicly on the Q1'26 call to 2026 as the reset year and 2027 as the inflection year. Our base case models \$275M revenue and \$6M positive EBITDA for FY2026. At just 0.3x P/S (still an 80% discount to REVOLVE), the stock reaches \$28. Any normalization of the multiple represents significant upside from current levels.

Q1'26: ACTUALS VS. ESTIMATES

Metric	Q1'26E Bear	Q1'26E Base	Q1'26 Actual	vs. Base
Revenue	\$58M	\$61M	\$57.5M	Miss -6%
Gross Margin	42.5%	43.5%	45.1%	Beat +160bp
Adj. EBITDA	~(\$1.0M)	~\$0.5M	(\$1.6M)	Miss
Cash	~\$3M	~\$4M	\$7.4M	Beat +\$3.4M
Net Debt	~\$12M	~\$10M	\$5.9M	Beat (vs. mgmt guide \$7.5-8.0M)
Wholesale Accounts (LTM)	9+	12+	10	In-line
Active Customers	~2.20M	~2.25M	2.30M	Beat

BEATS

Gross margin 45.1%: Highest Q1 print in company history. Beat estimate by 160bp. Six consecutive quarters of product margin expansion. SKU rationalization improving mix quality faster than modeled.

Net debt \$5.9M: Down from \$11.7M at FY25 end. Cash \$7.4M (up from \$2.7M). Ahead of management's own \$7.5-8.0M guidance. Working capital discipline materially better than expected.

Units per new launch +56% YoY: Strongest reading on record, up from +21% in Q4'25. Validates the casual and footwear reset is producing higher-quality product introductions.

Reorder eligibility rate nearly doubled YoY: Direct input into the algorithmic merchandising model. Critical signal for H2'26 assortment scaling.

Active customers 2.30M: Held flat vs. Q4'25; better than feared on continued DTC softness.

MISSES

Revenue \$57.5M: Missed \$61M base estimate by \$3.5M (-6%). Miss driven by continued DTC softness and deliberate SKU rationalization (casual down 39% YoY, footwear down 46% YoY). Management is choosing fewer, higher-quality launches over volume. Not a demand signal failure.

Adj. EBITDA (\$1.6M): Missed near-breakeven estimate. Revenue shortfall not fully offset by the gross margin beat. Management expects improving EBITDA trajectory in Q2-Q4'26 as wholesale scales and casual reset launches land.

Wholesale accounts 10 LTM: Below the 12+ estimate in base case. Timing, not structural. FY26E base of \$29M wholesale still intact per management.

FINANCIAL SUMMARY

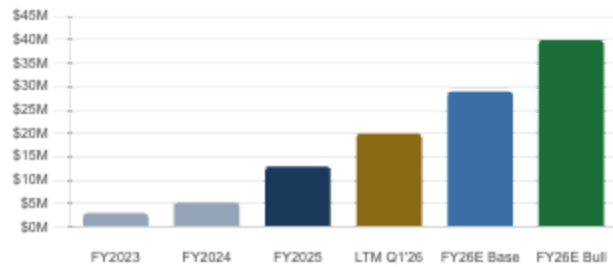
Metric	FY2024	FY2025	Q1'26A	FY26E Bear	FY26E Base	FY26E Bull
Revenue (\$M)	\$315.9	\$282.3	\$57.5	\$268	\$275	\$282
YoY Growth	-11%	-11%	-9% YoY	-5%	-3%	0%
Gross Margin	41.2%	43.2%	45.1% ▲	43.5%	44.5%	45.0%
Adj. EBITDA (\$M)	(\$9.7)	(\$1.2)	(\$1.6)	\$1	\$6	\$9
EBITDA Margin	-3.1%	-0.4%	-2.8%	0.4%	2.2%	3.2%
Wholesale Rev (\$M)	~\$5	~\$13	\$20M LTM	~\$22	~\$29	~\$40
Active Customers (M)	2.62	2.33	2.30	2.20	2.30	2.35
AOV	\$137	\$140	--	\$141	\$142	\$144
Net Debt (\$M)	\$8.6	\$11.7	\$5.9 ▼	\$7	\$4	\$2
EV/Revenue	--	0.16x	--	0.18x	0.17x	0.17x
P/S (at current)	--	0.15x	--	0.16x	0.15x	0.15x

QUARTERLY REVENUE: ACTUALS AND FY2026 ESTIMATES (\$M)



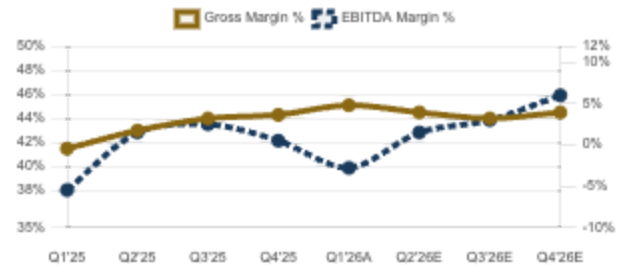
Q1'26 actual shown in gold. Q2-Q4'26 base estimates shown in medium navy. FY2024 = gray; FY2025 = dark navy. Totals: Bear \$267.5M, Base \$274.5M, Bull \$281.5M.

WHOLESALE REVENUE TRAJECTORY (\$M)



Partners: 2 (FY23) to 10 LTM at Q1'26. Same-account revenue up 94% LTM. Overall wholesale up 112% LTM.

GROSS MARGIN & ADJ. EBITDA MARGIN (%)



Q1'26 GM of 45.1% is the highest Q1 print since 2022. Six consecutive quarters of product margin expansion.

LEADING INDICATORS: WHY WE BELIEVE H2 2026 INFLECTS (SOURCE: Q1 2026 EARNINGS CALL, MAY 13, 2026)

<p>UNITS PER NEW LAUNCH Q4'25: +21% Q1'26: +56% Strongest reading on record. Validates the casual and footwear reset is producing more productive new product introductions before H2 revenue impact.</p>	<p>CASUAL / FW NEW LAUNCHES Q4'25: -28% Q1'26: >-50% vs. prior year. Casual SKU base down 39% YoY, footwear down 46% YoY. Deliberate assortment reset substantially complete heading into H2.</p>	<p>REORDER ELIGIBILITY RATE Q4'25: Baseline Q1'26: Nearly 2x YoY Customer signal on which new styles to scale. Direct input into algorithmic merchandising model. Strongest leading indicator for H2 assortment quality.</p>
<p>CASUAL/FW NEW CUSTOMER ACQUISITION SHARE 41% → 31% → 31% Q4'22 to Q4'24 to Q4'25. Held flat after prior decline. Recovery expected as new assortment launches in Q3/Q4'26.</p>	<p>SKU RATIONALIZATION Casual: -39% FW: -46% vs. prior year SKU count as of Q1'26 call. Reset substantially complete. New higher-quality SKUs taking disproportionate share of units.</p>	<p>ALGORITHMIC MERCHANDISING Publicly Adopted President/CIO Mark Vos publicly endorsed the data-driven algorithmic model on the Q1'26 call. First formal commitment to this operating protocol. Activist WIN.</p>

These metrics were disclosed by President/CIO Mark Vos on the Q1 2026 earnings call (May 13, 2026). The units-per-launch and reorder eligibility readings are the key leading indicators: they validate that the casual/footwear reset is producing higher-quality product introductions before H2 revenue impact materializes.

WHOLESALE PARTNER EXPANSION

Partner	FY2025A	LTM Q1'26	FY26E Base
Nordstrom (93 stores)	\$4.5M	~\$5.5M	\$10M
Dillard's (100 doors)	\$2.5M	~\$3.0M	\$4M
Urban Outfitters	\$1.3M	~\$1.5M	\$2M
Amazon (new Mar'26)	--	~\$2.0M	\$4M
Victoria's Secret (new Q1'26)	--	~\$1.0M	\$2M
Other majors + boutiques	\$4.7M	~\$7.0M	\$7M
Total Wholesale	~\$13M	~\$20M	~\$29M

10 major accounts LTM as of Q1'26 (up from 4 in FY2024). Same-account revenue up 94% LTM. Overall wholesale up 112% LTM.

VALUATION MATRIX: PRICE PER SHARE AT VARIOUS P/S MULTIPLES

P/S Multiple	Bear (\$268M)	Base (\$275M)	Bull (\$282M)
0.15x (current)	\$14	\$14	\$14
0.30x	\$27	\$28	\$28
0.50x	\$45	\$46	\$47
0.75x	\$68	\$69	\$71
1.00x	\$90	\$93	\$95
1.50x (RVLV parity)	\$135	\$139	\$142

Green row = base case 12-month target (\$28 at 0.3x P/S). Blue row = bull case target (\$46 at 0.5x P/S). REVOLVE Group currently trades at approximately 1.5x P/S. Shares outstanding: 2.97M.

ACTIVIST PLATFORM SCORECARD (125 DAYS SINCE 13D FILING)

GOVERNANCE PROGRESS

Reduce auth. shares (250M to 15M)	WIN
Permanent CFO hired	WIN
Data-driven merchandising (Mark Vos, Q1'26 call)	WIN
Enhanced KPI disclosure	PROGRESSING
Board reconstitution	OPEN
Performance-based board comp	OPEN
Activate IR function	OPEN
Strategic alternatives committee	OPEN
Wholesale segment reporting	NEW
Tariff exposure disclosure	NEW

UPCOMING CATALYSTS

Q2 2026 results Active customer stabilization test	August 2026
Annual meeting / proxy Auth. shares vote, director elections	Q2-Q3 2026
Casual reset launch New assortment hits, inflection test	Q3-Q4 2026
Revenue inflection Management-committed expectation	H2 2026
Analyst initiation Contingent on IR upgrade	TBD
2027 inflection year Management committed to year-over-year EBITDA expansion	FY2027

KEY RISKS

Tariff exposure: Management addressed on Q1'26 call (managed via vendor collaboration, strategic pricing, assortment optimization). Tariff refunds not in guidance. Risk reduced but not eliminated.

Liquidity: Materially improved. Cash \$7.4M (up from \$2.7M at FY25 end), net debt \$5.9M (down from \$11.7M). ABL availability improved significantly. Risk substantially reduced relative to April 2026 analysis.

Casual/footwear reset execution: Units per new launch +56% in Q1 is the strongest encouraging signal to date. H2 product launches remain the real test. Reset largely complete; execution risk reduced but not eliminated.

Customer attrition: Active customers 2.3M, down 11% YoY. Management expects stabilization in H2 2026 as casual assortment resets. Risk partially mitigated by management commitment and Q1 active customer beat.

Wholesale margin dilution: No channel-level margin disclosure. If wholesale runs at 30-35% gross margin vs. 44%+ DTC, mix shift compresses blended margins. Risk unchanged.

Micro-cap liquidity: Float of approximately 600-700K shares. Position exits require elevated volume. Daily trading can be volatile and illiquid. Risk unchanged.

Friedland Enterprises | Independent Shareholder Analysis | 350 Lincoln Road, Miami Beach, FL 33139 | Updated May 14, 2026. Original analysis published April 6, 2026. Christian B. Friedland is the beneficial owner of approximately 5% of LVLU common stock as disclosed in a Schedule 13D filed January 9, 2026 and Amendment No. 1 filed April 6, 2026. The author is not a registered investment advisor or broker-dealer. This analysis represents the independent views of a shareholder and should not be relied upon as professional investment advice. This report is based entirely on public information including SEC filings, earnings press releases, and public earnings call transcripts. Wholesale revenue estimates are the author's calculations based on publicly disclosed data. Q1 2026 actuals sourced from the press release dated May 13, 2026 and public Q1 2026 earnings call transcript. Past performance does not guarantee future results. All forward-looking estimates involve significant uncertainty.