UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2020.

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 001-38134

Blue Apron Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-4777373**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
28 Liberty Street, New York, New York	**10005**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code **(347) 719-4312**

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

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Class A Common Stock, $0.0001 par value per share	APRN	New York Stock Exchange LLC

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

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 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, 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 ☒ Smaller reporting company ☒ Emerging growth company ☒

Non-accelerated filer ☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Based on the closing price of the Registrant's Class A Common Stock on the last business day of the Registrant's most recently completed second fiscal quarter, which was June 30, 2020, the aggregate market value of its Class A Common Stock and Class B Common Stock (based on a closing price of $11.09 per share on June 30, 2020 as reported on the New York Stock Exchange) held by non-affiliates was approximately $113.3 million.

As of January 31, 2021 there were 14,375,373 shares of Class A Common Stock, 3,493,791 shares of Class B Common Stock and 0 shares of Class C Capital Stock outstanding.

Documents Incorporated by Reference:

Portions of the proxy statement to be filed pursuant to Regulation 14A of the Exchange Act no later than 120 days after the end of this fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

BLUE APRON HOLDINGS, INC.

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Unless the context otherwise requires, we use the terms “Blue Apron”, the “Company”, “we”, “us”, and “our” in this Annual Report, to refer to Blue Apron Holdings, Inc. and, where appropriate, our consolidated subsidiaries.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Financial and Operating Metrics” for the definitions of the following terms used in this Annual Report: “Orders”, “Customers”, “Average Order Value”, “Orders per Customer”, and “Average Revenue per Customer”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. All statements other than statements of historical fact contained in this Annual Report on Form 10-K, including statements regarding our future results of operations and financial position, business strategy and plans, and objectives of management for future operations, are forward-looking statements. These 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.

In some cases, you can identify forward-looking statements by terms such as "may," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these terms or other similar expressions. The forward-looking statements in this Annual Report on Form 10-K 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. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are subject to a number of risks, uncertainties and assumptions described in the "Risk Factors" section and elsewhere in this Annual Report on Form 10-K. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include:

- our expectations regarding our expenses and net revenue, our ability to grow adjusted EBITDA and to achieve or maintain profitability, the continued sufficiency of our cash resources, our needs for additional financing, our ability to effectively manage expenses and cash flows, and our ability to remain in compliance with financial and other covenants under our indebtedness;

- our ability, including the timing and extent, to successfully execute our growth strategy, cost-effectively attract new customers and retain existing customers, to continue to expand our direct-to-consumer product offerings, and to continue to benefit from the implementation of operational efficiency practices;

- our ability to sustain the increased demand resulting from both the COVID-19 (coronavirus) pandemic and our growth strategy, and to retain new customers;

- our ability, including the timing and extent, to sufficiently manage costs and to fund investments in our operations from cash from operations or additional financings in amounts necessary to continue to support the execution of our growth strategy;

- changes in consumer behaviors that could lead to declines in demand, both as the COVID-19 pandemic's impact on consumer behavior tapers, particularly as a result of fewer restrictions on dining options, and as a COVID-19 vaccine becomes widely available in the United States, and/or if consumer spending habits are negatively impacted by worsening economic conditions;

- any material and adverse impact of the COVID-19 pandemic on our operations and results, including as a result of our inability to meet demand due to loss of adequate labor, whether as a result of heightened absenteeism or challenges in recruiting and retention or otherwise, prolonged closures, or series of temporary closures, of one or more fulfillment centers, and supply chain or carrier interruptions or delays;

- our ability to attract and retain qualified employees and key personnel in sufficient numbers;

- our ability to effectively compete;

- our ability to maintain and grow the value of our brand and reputation;

- our expectations regarding, and the stability of, our supply chain, including potential shortages or interruptions in the supply or delivery of ingredients, as a result of COVID-19 or otherwise;
- our ability to maintain food safety and prevent food-borne illness incidents and our susceptibility to supplier-initiated recalls;
- general changes in consumer tastes and preferences or in consumer spending;
- our ability to comply with modified or new laws and regulations applying to our business;
- our vulnerability to adverse weather conditions, natural disasters, and public health crises, including pandemics; and
- our ability to obtain and maintain intellectual property protection.

While we may elect to update these forward-looking statements at some point in the future, whether as a result of any new information, future events, or otherwise, we have no current intention of doing so except to the extent required by applicable law.

SUMMARY OF RISK FACTORS

You should consider carefully the risks described under the "Risk Factors" section and elsewhere in this Annual Report on Form 10-K. These risks, which include the following, could materially and adversely affect our business, financial condition, operating results, cash flow, and prospects, which could cause the trading price of our Class A common stock to decline and could result in a partial or total loss of your investment:

- We have a history of losses, and we may be unable to achieve or sustain profitability.
- We may be unable to continue to successfully execute our growth strategy and/or successfully improve our customer experience. If we fail to retain our existing customers, cost effectively acquire new customers, or increase the number of customers we serve, our business would be materially adversely affected.
- If we fail to grow net revenue or to effectively manage our net revenue or any future revenue growth, or if we fail to effectively manage costs, our business could be materially adversely affected.
- Our results could be materially and adversely affected by the impact of the COVID-19 pandemic.
- Our indebtedness could materially adversely affect our business and financial condition. In particular, any failure to comply with the financial covenants, including a minimum liquidity covenant and minimum subscription count covenant in our new senior secured term loan would materially adversely affect our business. Furthermore, negative covenants in our senior secured term loan may limit our ability to pursue our business strategies, which would materially adversely affect our operating results, and the failure to comply with such restrictions could materially adversely affect our business.
- We may require additional capital to fund our existing operations and may not continue to have sufficient capital to fund any future expansion of our business, and our inability to obtain such capital, or to adequately manage our existing capital resources could materially adversely affect our business, financial condition and operating results.
- If we do not successfully maintain, operate and optimize our fulfillment centers and logistics channels, including by expanding our use of automation, and manage our ongoing real property and operational needs, our business, financial condition and operating results could be materially adversely affected.
- Increased competition in both the meal kit space and in dining options more generally presents an ongoing threat to the success of our business.
- Changes in consumer tastes and preferences or in consumer spending and other economic or financial market conditions, whether as a result of COVID-19 or otherwise, could materially adversely affect our business.
- Our business depends on a strong and trusted brand, and any failure to maintain, protect or enhance our brand, including as a result of events outside our control, could materially adversely affect our business.
- Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.
- If we lose key management or fail to meet our need for qualified employees with specialized skills, our business, financial condition and operating results could be materially adversely affected.
- The ability to cost-effectively source quality ingredients and other products, and the reliable and cost-effective storage, transport and delivery of ingredients and other products and our product offerings, is critical to our business, and any interruptions, delays or failures could materially adversely affect our reputation, business, financial condition and operating results.

- We rely on our proprietary technology and data to forecast customer demand and to manage our supply chain, and any failure of this technology, or the quality of our data, could materially adversely affect our business, financial condition and operating results.
- We are subject to extensive governmental regulations which require significant expenditures and ongoing compliance efforts. Even inadvertent, non-negligent or unknowing violations of regulatory requirements could expose us to adverse governmental action and materially adversely affect our business, financial condition and operating results. Further, changes to law, regulation or policy could leave us vulnerable to adverse governmental action and materially adversely affect our business, financial condition and operating results.
- Our tri-class capital structure has the effect of concentrating voting control with our chairman, Matthew B. Salzberg, who beneficially owns shares representing a majority of the combined voting power of our outstanding common stock.

PART I

ITEM 1. BUSINESS.

Blue Apron's vision is "better living through better food." Founded in 2012, we are on a mission to spark discovery, connection and joy through cooking. We offer fresh, chef-designed recipes that empower our customers to embrace their culinary curiosity and challenge their abilities to see what a difference cooking quality food can make in their lives.

Our core product is the meal experience we help our customers create. These experiences extend from discovering new recipes, ingredients, and cooking techniques to preparing meals with families and loved ones to sharing photos and stories of culinary triumphs. Central to these experiences are the original recipes we design with fresh, seasonally inspired produce and high quality ingredients sent directly to our customers. We also sell wine, which can be paired with our meals, and we sell a curated selection of cooking tools, utensils, pantry items, and add-on products for different culinary occasions, which are tested and recommended by our culinary team. Our customers span ages, geographies, income brackets, and levels of culinary expertise. They include young couples, families, singles, and empty nesters. Our passionate community of home cooks tell us, through emails, phone calls, and social media, how much Blue Apron has changed their lives.

Central to our operations, we have developed an integrated network that employs technology and expertise across many disciplines. Our supply-demand coordination activities—demand planning, recipe creation, procurement, recipe merchandising, fulfillment operations, distribution, customer service, and marketing—drive our end-to-end value chain.

Our Business Strategy

In August 2019, Blue Apron introduced a new return-to-growth strategy, focused on our operations in the United States in the direct-to-consumer channel. Our growth strategy is centered on three main objectives:

- engage more consumers that have our best customer characteristics, consisting of households with couples and families as well as single-person homes and empty nesters;
- offer greater menu choice and flexibility in our products and services; and
- scale our marketing efficiently.

In 2020, while the COVID-19 pandemic significantly affected economies, marketplaces, communities, and businesses, including ours, we prioritized our employees and customers and largely continued to execute against our strategic priorities. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Impact of COVID-19 on our Business” under Part II, Item 7 for further discussion.

Our Products

Meals

On our direct-to-consumer platform, we strive to offer our customers a balanced mix of ingredients, cuisines, familiarity, discovery, and preparation times. We are focused on offering a variety of choices every week, including a range of recipes designed for a healthy lifestyle, so that customers can make selections based on their individual or household needs and preferences. We currently offer three weekly meal plans: a Two-Serving Plan, a Four-Serving Plan, and Meal Prep Plan. Customers have the flexibility to choose any combination of the recipes offered in their selected plan each week. This includes any two, three or four two-serving recipes from eleven choices on the Two-Serving Plan; any two, three, or four four-serving recipes from seven choices on the Four-Serving Plan; and one of two choices on the Meal Prep Plan. The Meal Prep Plan provides eight servings consisting of two portions of four distinct recipes. Since the second half of 2020, customers are able to purchase a second box each week, allowing them to select up to eight

different recipes per week at staggered times, double recipes to serve up to eight people per meal on the Four-Serving Plan, or balance out their cooking by getting a Meal Prep Plan for lunches and quick dinners alongside a box for more elevated and premium meals.

Based on the number of Orders in 2020 per plan type, approximately 79% of our meal orders were for the Two-Serving Plan, and approximately 21% were for the Four-Serving Plan. Our customers can tailor their orders to complement their individual tastes and lifestyles. Some customers prefer to let our recipe recommendation algorithm choose their recipes based on the food preferences they have provided to us, while other customers actively choose several weeks in advance of delivery which recipes to receive. Customers can choose to receive orders each week, or less frequently if that better suits their schedules. Customers can make their order selections on our website or through our mobile application.

Since the fourth quarter of 2020, customers have had the option to customize some of their recipe selections, such as the ability to upgrade a protein for a more premium protein, replace a meat with a plant protein, swap a vegetable for a starch, or increase the portion size by adding more protein or vegetables. We also began offering Premium recipes in 2020 that introduce our customers to specialty protein combinations, advanced culinary techniques, and unique flavor twists. Both our customized options and Premium recipes are priced at a premium to our standard rates. We also sell occasion-based offerings from time to time, which we have sold both on our subscription meal plan and the Blue Apron Market platform.

Our culinary team, including chefs who are alumni of some of the best restaurants in the world, such as Michelin-starred Per Se and Blue Hill at Stone Barns, begins the recipe creation process with various seasonally-inspired ingredients. Our chefs apply to these raw ingredients their expertise and insights from our customer feedback and recipe ratings to create our recipe offerings, with an eye towards what is delicious and accessible for individuals and families to eat week in and week out.

We merchandise our recipes through various campaigns geared toward seasonality, dietary preferences, ingredients, and healthy lifestyles. Our approach to menu design seeks to balance ingredient supply and cost while appealing to a variety of customer lifestyles and cooking attitudes across a broad range of demographics and taste profiles.

We are committed to sourcing fresh produce and other high quality ingredients year-round from our supplier network that includes farmers, ranchers, fisheries, and artisans. Our recipes change every week based on the season and often feature specialty ingredients not readily available elsewhere. By merchandising these ingredients into carefully crafted recipes, we are able to introduce our customers to ingredients they may have never experienced before. We also collaborate with suppliers to create ingredients specifically for our recipes, such as custom sauces, unique spice blends, or, for example, bespoke ramen noodles from a third-generation noodle maker.

Our ingredient standards are critically important to us and our customers. We source only ingredients certified by our suppliers as non-GMO (genetically modified organism) and buy some ingredients from certified organic producers. All of our beef, poultry, and pork comes from animals given exclusively vegetarian feed and not treated with added hormones or sub-therapeutic antibiotics, and our eggs are Certified Humane Raised and Handled® pasture raised. Similarly, we source high-quality seafood consistent with the standards established by Monterey Bay Aquarium Seafood Watch, one of the world's most respected sustainable seafood organizations, and we prioritize sourcing seafood with additional third-party verified sustainability certifications.

Wine

Blue Apron Wine, our direct-to-consumer wine delivery service, uses an integrated supply chain and direct sourcing relationships to deliver high-quality wines at compelling values. We work directly with vineyards and a number of acclaimed winemakers to create custom Blue Apron wines that are specially crafted for our customers and uniquely curated to pair with our meals. Our wines are sized for a dinner for two (in 500ml bottles, rather than traditional 750ml bottles). Customers have the flexibility to customize their box, choosing six bottles from a monthly selection of wines, that best meet their taste preferences. A pairing key system provides insight into the wine profiles, and enables

customers to pair their Blue Apron meals and wines. Our wine offerings include curated red and white wines (and seasonally available rosé), tasting notes, pairing tips, and the story behind each wine. We are a licensed winery, and currently ship directly to customers in 31 states and Washington, D.C.

As with our meals, customers may choose to actively manage their monthly wine orders by adjusting deliveries to fit their schedules, or they may simply sign up and receive one or two deliveries each month. Since the fourth quarter of 2020, wine customers have also been able to order a second box per monthly cycle. In addition to our monthly wine service, customers have the ability to order curated assortments and wine by the bottle, half-case, case, or other bundles on the Blue Apron Market, outside of the monthly subscription model.

Market

Blue Apron Market, our e-commerce market, features a curated selection of cooking tools, utensils, pantry items, and add-on products for different culinary occasions, which are tested in our test kitchen and recommended by our culinary team. A number of these items are not available elsewhere, and we regularly evaluate expanding our exclusive items and partnerships. All of our recipe cards feature cooking tools and utensils from Blue Apron Market, creating an integrated brand experience for our community of home cooks and repeated merchandising opportunities for our company. Our wines are also sold on the Blue Apron Market website.

Digital Experience

Customers can find recipes, register their dietary preferences, manage their accounts, and make purchases on our website or on our iOS and Android mobile applications. Our digital customer experience is immersive: we offer how-to cooking videos, stories about our suppliers, a step-by-step interactive cook along, and our collection of thousands of recipes that customers can access on their own.

How We Do It

We have created an integrated network that enables us to source high quality, differentiated ingredients, design original recipes around those ingredients, and combine them into meaningful cooking experiences that we deliver to customers across the contiguous United States. Our interconnected end-to-end value chain allows us to execute cost-effectively and at scale. Coordination between our culinary team, procurement and operations teams, our marketing practices, and technology tools help us pair customer demand with supply, as well as to work with our suppliers to deliver high quality food at compelling values. Our fulfillment and logistics operations are built to support our ongoing product innovation.

Supply-Demand Coordination

Our supply-demand coordination activities include demand planning, recipe development, recipe merchandising, and marketing. We use near-term and long-term demand forecasting based on proprietary data and software to inform decisions along our value chain, including fulfillment center capacity and ingredient purchasing. This process continues through recipe development, and merchandising, as we craft recipes around available ingredients, and have the ability to make adjustments up to just a few weeks prior to fulfillment. We have also tailored our marketing strategies based on these demand forecasts and planning to optimize our marketing return on investment.

Supplier Relationships

Our deep supplier relationships provide us access to a supply of high quality ingredients. This enables us to collaborate on demand planning to manage inventories, optimize yields and subsequently to reduce waste and cost while minimizing our supply chain footprint. Blue Apron often aims to work directly with farmers when practicable to ensure customers receive high quality, seasonally inspired produce at optimal freshness. We collaborate with farmers, ranchers, fisheries, and other suppliers to source meat, seafood, and poultry products that meet our animal welfare standards,

enabling us to provide premium ingredients to our customers such as pasture raised beef and Certified Humane Raised and Handled® pasture raised eggs.

Operations

Our purchasing, production, fulfillment, and logistics operations are integrated with our demand management and supplier relationships. Successfully integrating these disparate activities requires us to possess a variety of competencies: a team with deep, ingredient-specific expertise; a technology-enabled platform that connects our end-to-end operations; and a scalable architecture that adapts to surges in demand as well as variations in available supply. Our enhanced planning and process-driven strategies enable us to make informed purchasing decisions and provide opportunities to better manage food costs, allocate labor and reduce waste in our fulfillment centers.

Informed Purchasing

While we work directly with our suppliers months in advance to plan our supply needs, we place purchase orders closer to the expected fulfillment, after coordinating supply and demand through processes such as recipe merchandising and analyzing the outputs of our demand planning and forecasting tools.

Production and Fulfillment

As of December 31, 2020, we operated two fulfillment centers. Our fulfillment centers are designed to effectively manage our variable, high-throughput, perishable inventory, as well as flexible production and labor needs. We have invested extensively in our fulfillment centers, including the launch of our Linden, New Jersey center in 2017 and the implementation of automation equipment in our Linden and Richmond fulfillment centers, and continue to optimize our network with a focus on maximizing efficiencies. In November 2020, we announced a plan to temporarily reopen our fulfillment center in Arlington, Texas beginning in January 2021 following the closure of that facility in the second quarter of 2020. This temporary reopening is designed to allow us to focus on utilizing existing assets to help address some of the capacity constraints we have experienced during the COVID-19 pandemic in order to supplement labor while we continue to implement operating efficiencies at our other fulfillment centers.

Because we prep and ship perishable products, our fulfillment centers must adhere to stringent food safety standards, temperature protocols, and regulatory guidelines, and our fulfillment centers are staffed with trained professionals to ensure that our ingredients adhere to our food safety and quality standards. Our Linden and Richmond fulfillment centers are certified under the Safe Quality Food (SQF) Food Safety Code for Manufacturing nationwide, a globally recognized, independent food safety standard administered by the Safe Quality Food Institute. Our Arlington fulfillment center was also SQF-certified prior to its closing in the second quarter of 2020.

To support our fulfillment operations we have developed proprietary technology, such as our proprietary inventory management tools to assess incoming ingredients for quality and our proprietary kitchen prep software that demonstrates to fulfillment center associates how to prep ingredients for each recipe, and provides instructions on selecting the correct type of packaging for each ingredient. We also use third-party technology in fulfillment operations to complement our proprietary systems.

Logistics

Our logistics team designs, manages, and optimizes a ground-based delivery network comprised of several third-party partners capable of delivering within the contiguous United States. We analyze outbound logistics on a zip code by zip code basis to enable cost-effective and timely delivery of orders, while also adjusting the packaging of our ingredients and other components of our fulfillment operations based on the expected delivery route, weather, or ultimate destination. All of our packaging materials are chosen with environmental impact in mind. We select packaging that is recyclable or biodegradable when practicable. Our packaging innovation team, with the support of third party sustainability experts, is focused on innovating to improve our packaging design, lower overall costs, and reduce our carbon footprint.

Our Brand and Marketing

We are continuing to build a consumer lifestyle brand that empowers our customers to embrace their culinary curiosity and challenge their abilities to see what a difference cooking quality food can make in their lives. Several nights a week, our customers invite us into their homes. We take part in some of the most joyful parts of their days, helping them create a meal for themselves, their families and their loved ones. Their challenges are opportunities for us to learn together, and their accomplishments are among our proudest achievements. We hear their success stories every day. Unlike a purely transactional e-commerce platform, we believe the emotional connection that customers have with our brand will enable us to have a more meaningful role in their lives.

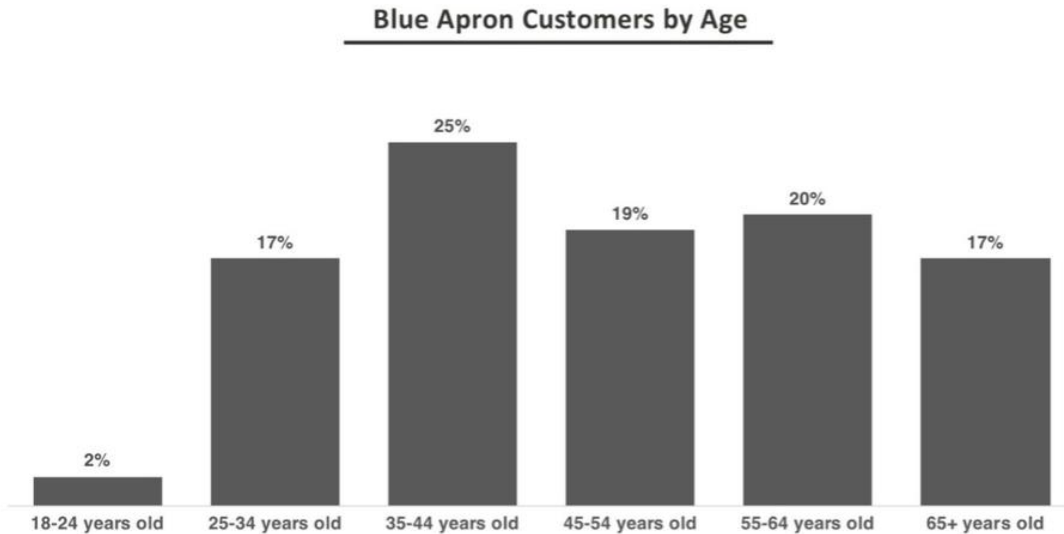
We believe in utilizing a strategic mix of marketing channels to efficiently add new customers as well as to engage and create value for our existing customers. This includes a diverse mix of online and offline channels, as well as strategic partnerships that enable us to expand our brand to new segments of customers. We deliberately focus on the marketing channels we believe to be the most efficient and on customer segments that have demonstrated stronger affinity and retention. We believe our customers continue to be some of our best marketers, and we see them share their Blue Apron moments through social media, blogs, and referrals. We also have a customer referral program through which certain existing customers may invite others to receive a single complimentary meal kit box.

For all of our products, we use a combination of paid, earned, and owned media to increase the awareness of our brand and attract new customers. Our content enables customers to connect and interact with our brand even when they are not cooking with us. For example, we leverage both our digital channels and printed content within deliveries to highlight specific ingredients, provide general cooking tips and techniques and foster conversation within our community of home cooks.

Finally, strategic brand partnerships are an important opportunity for us to leverage the platform we are building to add value for our existing customers and showcase our brand to new customer segments.

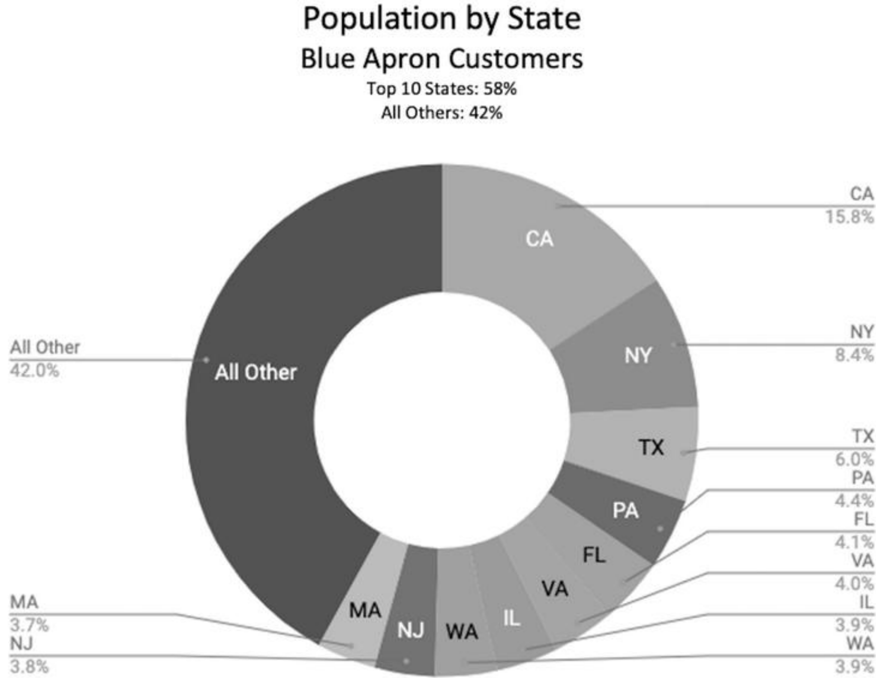
Our Customers

Our customers represent a broad range of demographics including a wide range of age groups and incomes. Customers of all kinds are able to successfully incorporate Blue Apron into a wide variety of lifestyles.



Source: Customer email survey of Blue Apron account holders, December 2020, with 2,451 respondents.

We also believe our customers roughly mirror the general geographical population distribution of the United States. According to the 2015 Current Population Survey by the U.S. Census Bureau, the top ten states account for 54% of total U.S. households. Similarly, we estimate that these states accounted for 58% of our customers in the fourth quarter of 2020.



Source: Blue Apron Customers for the quarter ended December 31, 2020.

Our Competition

The markets in which we compete are rapidly evolving and intensely competitive, and we face an array of competitors from many different industry sectors. Our current and potential competitors include: (1) other food and meal delivery companies; (2) the supermarket industry, including online supermarket retailers; (3) a wide array of food retailers, including natural and organic, specialty, conventional, mass, discount, and other food retail formats; (4) casual dining and quick-service restaurants and other food service businesses in the restaurant industry; (5) online wine retailers, wine specialty stores, and retail liquor stores; and (6) food manufacturers, consumer packaged goods companies, providers of logistics services, and other food and ingredient producers.

We believe that the principal competitive factors upon which we compete include: marketing; variety and flexibility of product offering; price and value perception; brand reputation; product quality (including uniqueness of ingredients, flavors and techniques); customer satisfaction; convenience; food safety; customer service; and reliable and timely fulfillment.

Intellectual Property

Our ability to protect our intellectual property rights, including our proprietary technology and our customer data, is an important factor in our strategy and the success of our business. We seek to protect our intellectual property rights through a combination of patent, trademark and copyright, and other intellectual property protections under applicable law. We register domain names, trademarks and service marks in the United States and abroad. We also seek

to protect and avoid disclosure of our intellectual property through confidentiality, non-disclosure and invention assignment agreements with employees, and through appropriate agreements with our suppliers and others. We have two registered patents related to product packaging.

Government Regulation

Our business is subject to a variety of federal, state, and local regulatory requirements, including regulation of our food and wine operations.

Government Regulation of Foods and Food Companies

Food companies, such as Blue Apron, are subject to extensive government regulation. Federal statutes applicable to food production include, for example, the Federal Food, Drug, and Cosmetic Act, the Federal Meat Inspection Act, the Poultry Products Inspection Act, the Perishable Agricultural Commodities Act, the Nutrition Labeling and Education Act, the Food Allergen Labeling and Consumer Protection Act, the FDA Food Safety Modernization Act, and the Federal Trade Commission Act. Federal regulators have promulgated extensive regulatory schemes to implement these and other relevant statutes. These evolving regulatory structures govern matters including manufacturing, formulating, labeling, advertising, packaging, storing, and implementing safety measures for our food products. In particular, the Food and Drug Administration, or FDA, continues its implementation of the FDA Food Safety Modernization Act by promulgating substantial numbers of new regulations and introducing multiple versions of non-binding, draft guidance documents suggesting new compliance measures for the food industry. Understanding within the food industry of how to apply these regulations and the suggestions offered in FDA guidance documents continues to evolve.

State and local jurisdictions also regulate U.S. food manufacturing facilities. For example, we currently produce and fulfill products in the states of California, New Jersey, and Texas. State and local governments exert regulatory authority over our operations in these jurisdictions. The states and localities in which a food production facility is located can impose registration, licensing, and inspection requirements in addition to those imposed by federal law. Some also enforce significant consumer protection-focused statutory schemes, which can impose additional costs and complexity on food producers.

Food companies in the United States are subject to government inspection with or without notice at any time, with concomitant responsibility to provide access to facilities and equipment, produce extensive operational documentation, and furnish product, packaging, and labeling samples for governmental examination. Federal, state, and local governmental agencies enjoy extensive discretion to determine whether, when and how to conduct these activities. Food companies are therefore vulnerable to unexpected business interruptions and publicity.

All food companies in the United States bear legal responsibility for any violation of applicable food laws or regulations, whether that violation is negligent, non-negligent, or deliberate. Any U.S. company found to have violated food laws or regulations may have its products seized, its operations enjoined, its goods recalled from the market and destroyed, and its business exposed to significant adverse publicity. It is also possible that new laws or regulations, or changes in the enforcement of existing requirements, might require us to change our compliance policies, incur additional cost, or result in unexpected liabilities that could be significant.

Food Safety and Quality Assurance

We maintain a food safety and quality program to verify that the food products supplied to our customers are processed in a safe and sanitary environment and are in compliance with applicable food safety and regulatory requirements and standards. All meat and poultry products that we source are processed in facilities inspected by the U.S. Department of Agriculture, or USDA, or by the equivalent agencies in countries deemed eligible by USDA for exporting meat and poultry to the United States. Accordingly, these products must conform to USDA requirements. All food and packaging suppliers are prequalified and have agreed to comply with our requirements. While we perform supplier inspections and conduct product audits to evaluate suppliers and products for compliance with our company standards and specifications, we may not be able to prevent individual suppliers from failing to comply with food safety

laws or our requirements, and we may not be able to locate each failure to comply with food safety laws or our requirements prior to receiving food products. We operate a toll-free customer call center to capture and address telephonic and electronic customer feedback, including inquiries and complaints about the safety and quality of our food products.

Government Regulation of Our Wine Business

The production, sale, and shipment of wine in the United States are each regulated by the federal government and by each state government. State laws are not uniform, so business models that are national in scope must account for the state-by-state rules to achieve compliance.

Our wholly-owned subsidiary BAW, Inc., or BAW, is a licensed California winery, and must comply with federal and California law controlling winery operations. Various regulations control production, excise tax, labeling, alcohol content and recordkeeping. In addition, the promotion and marketing of wine, including pricing, is subject to federal or state regulations. For example, wine marketing cannot be targeted to children, and some states restrict excessive discounts on wine. To assist with federal and state regulatory compliance, BAW relies on various internal and external personnel with relevant experience.

Alcohol distribution in the United States is traditionally conducted through a “three tier” system, in which alcohol passes from manufacturer to wholesaler to retailer in each state, before it can be sold to a consumer. However, applicable state regulations permit manufacturers to ship wine directly to consumers around the country. As a licensed California winery, BAW relies on such regulations to sell and ship wine to the residents of 31 states plus the District of Columbia. Each state permit held by BAW has specific compliance requirements, such as monthly reporting, limits on the amount of wine that can be shipped to a given household, and obtaining an adult signature on delivery.

Human Capital Management

Overview of Human Capital Management

We believe our employees are the foundation of our success. As a direct to consumer business, we have a wide range of employees, including management professionals, engineers, culinary and food safety professionals, fulfillment center employees and customer service employees. Given the breadth of our employee base, we tailor our human capital management policies with a view to specific employee populations. Our overall talent acquisition and retention strategy is designed to attract and retain qualified employees to meet our business goals on an ongoing basis and to execute on our growth strategy.

As of January 31, 2021, we employed 2,045 full-time employees, of which approximately 85% were engaged in fulfillment operations. The number of employees employed as of January 31, 2021 includes 172 full-time fulfillment center employees based in our Arlington, Texas fulfillment center, which we temporarily reopened in the first quarter of 2021 to help address the labor shortages we have experienced in our New Jersey and California fulfillment centers. From time to time in order to sufficiently meet business needs, we supplement our hourly fulfillment and customer service staffing with temporary personnel.

Our human resource strategy is overseen by our executive team and senior human resource professionals and consultants, and management aims to provide regular updates to our board of directors. The management team also seeks input from the operations team when designing human resource strategy for our fulfilment centers.

None of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good.

Attraction, Retention, and Development of Talent

Our human resource strategy is focused on the attraction, retention and development of employees across the company, from our fulfillment centers to our test kitchen to our corporate offices. Our ability to attract, retain and improve the effectiveness of employees is a critical factor for executing our growth strategy. We strive to recruit the best

people for the job regardless of race, sexual orientation, gender, religion, or other differences.

Through much of 2020, we experienced hourly employee labor shortages at our fulfillment centers. We believe these labor shortages were primarily caused by factors relating to the COVID-19 pandemic, such as reduced public transportation, childcare issues and employee fears of COVID-19, as well as the challenges of recruiting while adhering to social distancing and contact tracing for staff and candidates. We have also experienced labor shortages as a result of employees required to stay home after testing positive for COVID-19 or having been exposed to someone who has tested positive. In order to address labor constraints, we have been reviewing and revising our practices with respect to recruiting, retention and training as part of our ongoing commitment to recruit and retain a strong employee base. We have also established a number of operating practice improvements in our fulfillment centers, including labor, packaging, and equipment optimizations, in order to increase fulfillment center capacity and reduce the labor hours required to run our business.

There are several ways in which we focus on attracting talented employees, recognizing and rewarding them for their performance, and developing, engaging and retaining them, including:

- Focusing on the health and safety of our employees. In addition to COVID-19 precautions discussed below, our goal is to operate our business in a manner that results in zero workplace injuries and illnesses through training our employees on proper health and safety practices;
- Hosting weekly events at our fulfillment centers to provide our fulfillment center employees access to high quality ingredients for meals at home, at no cost to them, while enriching engagement with the Blue Apron brand;
- Increasing wages for all hourly fulfillment center employees in 2020 and using incentive programs to increase attendance rates and reduce attrition in our fulfillment centers;
- Launching a pilot mentoring program in 2020 across the company for our employees designed to achieve a number of goals, including accelerating the development of top performers, increasing organizational learning, and improving employee performance and retention; and
- Adopting a strict COVID-19 health and safety protocol, as described below.

Health and Safety

The health and safety of our employees has been and remains our top priority. We have a dedicated environmental, health & safety (EHS) team composed of representatives from across the company. The EHS team coordinates health and safety matters at all of our locations, including safety training at our fulfillment centers. Our team regularly evaluates injury rates, safety observations and near-misses, as well as other proactive actions taken at our fulfillment centers to enhance worker safety. In addition to this team, we also have a food safety and quality assurance team (FSQA) which focuses on maintaining good manufacturing practices at our fulfillment centers in accordance with FDA guidance.

Beginning in March 2020, and continuing into 2021, the COVID-19 pandemic has been and is presenting unprecedented challenges in many parts of our businesses and operations, including with respect to our most valuable asset - our people. In response, we developed and implemented new procedures and protocols to minimize the risk to the health and safety of our employees while allowing us to continue to operate our facilities and provide high quality products to our customers on a timely basis. Throughout the pandemic, we have been able to continue to service our customers, while at the same time making investments to prioritize the health, safety, and welfare of our employees.

In particular, our comprehensive response to the COVID-19 pandemic includes:

- Creating a COVID-19 Action Team composed of a cross-functional team of corporate and fulfillment center employees, including representatives from Operations (including FSQA and EHS teams), Legal, Human

Resources and Internal Communications, that is responsible for reviewing and investigating all COVID-19 cases and precaution policies;

- Forming Wellness Teams at each fulfillment center to monitor and reach out to employees impacted by COVID-19, whether due to having a positive diagnosis, having been exposed, or displaying symptoms;
- Establishing a contact tracing program both through oral intake interviews, as well as reviewing security video footage to identify close contacts;
- Adjusting attendance policies to encourage those who are sick to stay home;
- Adopting a COVID-19 Cleaning and Disinfecting Policy, which established additional cleaning and sanitation practices on top of the robust sanitation protocols we already undertake as FDA regulated facilities;
- Implementing temperature screening of employees and visitors entering any of our fulfillment centers;
- Establishing physical distancing procedures for employees at our fulfillment centers and, where open, our corporate offices;
- Providing all fulfillment center employees with face coverings, and requiring face coverings to be worn in and around all of our locations;
- Modifying workspaces with physical dividers where possible and reducing seating in conference and meeting rooms, as well as in common spaces and break and lunch rooms;
- Creating additional outdoor break areas at our California fulfillment center;
- Staggering shifts and start, stop and break times at our fulfillment centers;
- Installing additional handwashing stations and self-service sanitation dispensers;
- Initiating regular communication regarding impacts of the COVID-19 pandemic, including health and safety protocols and procedures;
- Mandating work from home for our corporate, call center and test kitchen employees, as well as a limited number of salaried fulfillment center roles since mid-March 2020 in order to minimize the number of employees in our offices and facilities, with some programs for limited openings at some of those offices overseen by our cross-functional COVID-19 Return to Office Task Force; and
- Prohibiting non-essential business travel for employees.

Diversity, Equity, and Inclusion Initiatives

We embrace diversity and collaboration in our workforce, our ways of thinking, and our business experiences. As part of our investment in our people, we strive to make diversity, equity and inclusion a priority. Our goal is to create a culture where we value, respect, and provide fair treatment and equal opportunities for all employees. By recognizing and celebrating our differences, our goal is to cultivate an environment that is inclusive and represents our core values and mission. We also demonstrate diversity, equity, and inclusion at the highest levels of our company with, as of January 31, 2021, 80% of our executive leadership team and 57% of our board of directors (and 75% of our independent directors) being female.

In 2020, we created and launched our "Aprons for All" Task Force, which is our Diversity, Equity and Inclusion (or "DEI") task force sponsored by our Chief Executive Officer and led by our Head of Sustainability and Social Impact. This task force represents locations, tenures, functions and business segments across the company. Our "Aprons for All" Task Force plans to include the following initiatives in our DEI roadmap:

- Implementing a DEI learning and development plan to build awareness and drive inclusive behaviors and attitudes; and
- Developing our diversity pipeline through hiring, mentoring, and coaching.

In tandem with our "Aprons for All" Task Force, we have also created an "Aprons for All" Thought Partners Group to serve as advocates and as an idea-generating platform for DEI initiatives. This team conducts regular brainstorming sessions and previews the programs planned by the "Aprons for All" Task Force before they are rolled out.

Our Corporate Information

Our principal executive offices are located at 28 Liberty Street, New York, New York 10005, and our telephone number at that address is (347) 719-4312. Our website address is www.blueapron.com.

We make available, free of charge, on or through our Internet website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto that we have filed or furnished with the U.S. Securities and Exchange Commission (the "SEC"), as soon as reasonably practicable after we electronically file them with the SEC. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this annual report on Form 10-K.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. Certain factors may have a material adverse effect on our business, financial condition, and results of operation. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes, and in our other filings with the SEC. Our business, financial condition, operating results, cash flow and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

We have a history of losses, and we may be unable to achieve or sustain profitability.

We have experienced net losses in each year since our inception. In the years ended December 31, 2020, 2019 and 2018, we incurred net losses of $46.2 million, $61.1 million, and $122.1 million, respectively. We anticipate that we will continue to incur substantial operating expenses in the foreseeable future as we continue to invest to attract new and retain existing customers, invest to further optimize and drive efficiency in our distribution and fulfillment capabilities, expand our direct-to-consumer product offerings, and enhance our technology and infrastructure. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our net revenue and margins sufficiently to offset these expenses or at all, which may require us to reduce certain expenditures that could be important to maintaining or increasing our net revenue and margins. We incur significant expenses in operating our fulfillment centers, including personnel costs, obtaining and storing ingredients and other products, and developing our technology. In addition, many of our expenses, including the costs associated with our fulfillment centers, are fixed. Accordingly, we may not be able to achieve or maintain profitability, and we may incur significant losses for the foreseeable future.

We may be unable to successfully execute our growth strategy. If we fail to retain our existing customers or cost effectively acquire new customers or if we fail to derive profitable net revenue from our customers, our business would be materially adversely affected, and if the number of our customers declines, we may not be able to comply with the minimum subscription count covenant in our senior secured term loan, which could lead to an event of default under our existing senior secured term loan.

Our growth strategy, and our ability to grow net revenue and operate profitably, may require additional financing and, together with cost optimization initiatives, will depend largely on our ability to retain existing customers, to cost effectively acquire new customers, and to keep customers engaged so that they continue to purchase products from us. If we are unable to retain our existing customers, cost effectively acquire new customers, or keep customers engaged, our business, financial condition and operating results would be materially adversely affected. While the number of our Customers increased to approximately 353,000 in the three months ended December 31, 2020 from approximately 351,000 in the three months ended December 31, 2019, and our net revenue increased to $115.5 million from $94.3 million in those same periods as a result of higher orders per customer and average order value, in previous quarters we have experienced significant declines in the number of our Customers and net revenue. While we have experienced an increase in demand due, in part, to the impact the COVID-19 pandemic has had on consumer behaviors, this increased demand may not be sustained as the pandemic's impact on consumer behaviors tapers, particularly as a result of fewer restrictions on dining options, or as a COVID-19 vaccine becomes widely available in the United States, or if consumer spending habits are negatively impacted by worsening economic conditions. In addition, if, as a result of the COVID-19 pandemic, we face significant disruptions in our supply chain, are unable to continue to operate one or more of our fulfillment centers (whether as a result of production holds to implement some of our enhanced sanitation measures as we have done at times or otherwise) or are unable to timely deliver orders to our customers, we may not be able to retain our customers or attract new customers. Further, to meet increased demand and eliminate complexity in our operations during 2020, we cut back on or delayed certain product offerings and we delayed the launch of other new product offerings that are part of our growth strategy, which could have an adverse effect on our ability to retain or attract customers.

We have historically spent significant amounts on advertising and other marketing activities, such as digital and social media, television, radio and podcasts, direct mail, and email, to acquire new customers, retain and engage existing customers, and promote our brand. While we have reduced our marketing expenditures from historic levels, in late 2019 and during parts of 2020 we have increased marketing expenditures and we expect our marketing expenses to continue to increase in future periods and continue to comprise a significant portion of our operating expenses. For the years ended December 31, 2020, 2019, and 2018, our marketing expenses were $49.9 million, $48.1 million, and $117.5 million, respectively, representing approximately 10.8%, 10.6%, and 17.6% of net revenue, respectively. If we are unable to deliver results from our growth strategy, or otherwise effectively manage expenses and cash flows, we intend to reduce spending, particularly in marketing and capital expenditures, to the extent needed in order to comply with the liquidity covenant in our senior secured term loan, which may materially adversely impact net revenue and our ability to execute our growth strategy. To the extent that we reduce marketing expenses or other costs to help manage our liquidity and remain in compliance with the minimum liquidity covenant in our senior secured term loan, there is a risk that such reductions will result in a lower subscription count, which itself could present a risk that we will not be able to comply with the minimum subscription count covenant in our senior secured term loan, which could lead to an event of default under our existing senior secured term loan. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

In addition, we may fail to identify cost-efficient marketing opportunities as we adjust our investments in marketing or fail to fully understand or estimate the conditions, characteristics and behaviors that drive customer behavior. As we continue to refine our marketing strategy to strategically prioritize customer acquisition channels that we believe will be more successful at attracting high affinity customers, we may fail to identify channels that accomplish this objective or fail to understand or mitigate continuing and new negative effects of reducing our marketing expenses or of limiting our investment in historical marketing channels. Any of these failures may adversely impact our ability to attract or retain potential customers, including by making us less competitive relative to competitors who spend a larger portion of their revenue on marketing. Additionally, our decision to strategically invest in new and existing customers who we believe have high potential to be valuable to the business may fail to properly identify such customers or retain customers who generate the value that we anticipate. In addition, the increased demand we have seen as a result of the

impact the COVID-19 pandemic has had on consumer behaviors resulted in us, at times, temporarily reducing marketing spend for portions of 2020 in order to manage capacity. If any of our marketing activities prove less successful than anticipated in attracting new customers or retaining existing customers, we may not be able to recover our marketing spend, our cost to acquire new customers may increase, and our existing customers may reduce the frequency or size of their purchases from us. In addition, our third-party marketing partners may not provide adequate value for their services. Any of the foregoing events could materially adversely affect our business, financial condition and operating results, as well as present a risk that we fail to comply with certain covenants in our senior secured term loan, which could lead to an event of default under our senior secured term loan.

Our net revenue in any period is essentially a function of our ability to attract and retain customers and the frequency and size of the orders placed by those customers. If customers do not perceive our product offerings to be of sufficient value and quality, or if we fail to offer new and relevant product offerings, we may not be able to attract or retain customers or engage existing customers so that they continue to purchase products from us. Many of our new customers originate from referrals from existing customers, and therefore we must ensure that our existing customers remain loyal to us in order to continue receiving those referrals. Our new customers typically evaluate whether our product offerings fit their lifestyles, tastes and preferences before deciding whether to continue purchasing our product offerings and, if so, the frequency at which they make purchases. While an increase in order frequency or size could potentially offset losses of customers and, similarly, an increase in the number of customers could potentially offset a reduction in the frequency or size of the orders placed by our customers, our continued failure to attract and retain customers would materially adversely affect our business, financial condition and operating results.

If we fail to grow net revenue or to effectively manage our net revenue or any future revenue growth, or if we fail to effectively manage costs, our business could be materially adversely affected.

Our net revenue decreased from $667.6 million in 2018 to $454.9 million in 2019, and increased to $460.6 million in 2020. The number of our full-time employees decreased from 2,356 at December 31, 2018 to 1,635 at December 31, 2019, and increased to 1,934 at December 31, 2020. If we fail to continue to grow net revenue or if our net revenues decline, or if we do not effectively manage our costs, or fail to accurately forecast net revenue to plan operating expenses, our business, financial condition and operating results would be materially adversely affected. In addition, any future growth and expansion of our business and our product offerings may place additional demands on our operations teams and require significant additional financial, operational, human capital, technological and other resources to meet our needs, which may not be available in a cost-effective manner or at all. We are also required to manage relationships with various suppliers and other third parties, and expend time and effort to integrate new suppliers into our fulfillment operations. If we do not sustain net revenue growth or if we do not effectively manage any future growth or costs, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements, maintain high-quality product offerings, or maintain compliance with certain covenants in our senior secured term loan. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

In addition, changes to our actual or projected operating results may indicate that the carrying value of our long-lived assets may not be recoverable, which may require us to recognize impairment charges on any of our assets, or require us to reduce investment in the business or engage in additional business restructurings and incur additional restructuring charges. These changes may include any deterioration of operating results, changes in business plans or changes in anticipated cash flows. Any significant shortfall, now or in the future, in net revenue resulting from our inability to resume and sustain net revenue growth or to effectively manage our net revenue or any future growth could lead to an indication that the carrying value of our long-lived assets may not be recoverable, which could result in an impairment. Any such charges could materially adversely affect our business, financial condition and operating results.

Our results could be materially and adversely affected by the impact of the COVID-19 pandemic.

The continuing spread of COVID-19 globally, and in particular, across the United States, could materially and adversely impact our business, including as a result of the loss of adequate labor, whether as a result of heightened absenteeism or challenges in recruiting and retention or otherwise, prolonged closures, or series of temporary closures, of one or more fulfillment centers as a result of a COVID-19 outbreak, a government order or otherwise, or supply chain

or carrier interruptions or delays. Further, the COVID-19 pandemic has had, and could continue to have, a negative impact on economic conditions, which may adversely impact consumer demand for meal kits, which may have a material adverse effect on our business, financial condition and operating results. To the extent any of these events occur, our business, financial condition and operating results could be materially and adversely affected. The extent to which the COVID-19 pandemic impacts our business will depend on future developments, including the duration and severity of the COVID-19 pandemic, the timing of widespread availability of a COVID-19 vaccine in the United States, the length of time COVID-19 related restrictions on dining options stay in effect and for economic and operating conditions to return to prior levels, together with resulting consumer behaviors, and numerous other uncertainties, all of which remain uncertain.

We continue to monitor our operations and government recommendations and we have made modifications to our normal operations as a result of the COVID-19 pandemic. Our fulfillment centers have experienced, and may experience in the future, disruptions in production, including as a result of planned or unplanned pauses in production to implement additional safety measures, as well as a result of worker absenteeism at higher than normal rates and/or challenges in hiring sufficient workforce. Such disruptions have caused, and could continue to cause, delayed or canceled orders, or the decision to close certain weekly cycles early, each of which could have an adverse effect on our brand and our results of operations. These operational risks related to COVID-19 have impacted, and may continue to impact, the timing of certain new product launches. In addition, in response to the COVID-19 pandemic, our corporate employees, including our test kitchen employees, as well as other employees outside of our fulfillment centers, have generally been required to work remotely since the end of the first quarter of 2020, which may, if prolonged, have an adverse impact on the productivity of certain parts of our workforce, which could negatively impact our business and results of operations.

We may require additional capital to fund our existing operations and may not continue to have sufficient capital to fund any future expansion of our business, including our strategic plan to sustain net revenue growth, and our inability to obtain such capital, or to adequately manage our existing capital resources, could make it difficult for us to comply with certain covenants in our senior secured term loan and could materially adversely affect our business, financial condition and operating results.

To support our existing operations or any future expansion of our business, including our ability to continue to execute our growth strategy, we must have sufficient capital to continue to make investments and to fund our operations. We also must maintain sufficient additional capital to comply with certain covenants in our senior secured term loan, which requires us and our subsidiaries to maintain minimum aggregate amounts of liquidity (defined to include our and our subsidiaries' unrestricted cash and cash equivalents) and a minimum subscription count (as defined in the senior secured term loan). We cannot assure you that our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to allow us to fund our existing operations or any growth, including to attract and retain customers, or to do so while maintaining compliance with the covenants in our senior secured term loan. If cash flows from operations are not sufficient or if we fail to adequately manage our available cash and working capital, or sufficiently manage expenses, we may need additional equity or debt financing to provide the funds required to operate our business and we will need additional capital to fund any future expansion of our business. If such financing is not available, or we are unable to refinance our senior secured term loan, on satisfactory terms or at all, we may be unable to operate our business, develop new business or execute on our strategic plan to sustain net revenue growth, in each case at the rate desired or at all, and our operating results would suffer. Additionally, new debt financing may increase expenses, contain covenants that further restrict the operation of our business, and will need to be repaid regardless of operating results. For example, covenants contained in our senior secured term loan include limitations on our ability to pay dividends; create, incur or assume indebtedness or liens; consummate a merger, sale, disposition or similar transaction; engage in transactions with affiliates; and make investments. Our senior secured term loan also requires us to make quarterly principal payments, as well as use a portion of the proceeds of certain equity issuances and certain other transactions to repay indebtedness outstanding under the senior secured term loan, and such repayments will be subject to prepayment premiums. Equity financing, or debt financing that is convertible into equity, could result in dilution to our existing stockholders.

Our inability to obtain adequate capital resources, whether in the form of equity or debt, to adequately manage our existing capital resources, or to fund our business and strategies would require us to delay, scale back or eliminate

some or all of our operations or any future expansion of our business, including our growth initiatives, which could materially adversely affect our business, financial condition and operating results. In addition, if we are unable to deliver results from our growth strategy or otherwise effectively manage liquidity and subscription count, we may not be able to maintain compliance with the covenants in our senior secured term loan in future periods, which may result in an event of default under our senior secured term loan. Upon an event of default under our senior secured term loan, the lenders could declare all outstanding principal and interest to be due and payable immediately and foreclose against the assets securing the borrowings. If we do not have sufficient liquidity to repay the senior secured term loan, including any prepayment fees due, upon an event of default, if we are unable to obtain a waiver or successfully renegotiate the terms of our senior secured term loan, the lenders under our senior secured term loan may enforce one or more of their rights upon default. In that case, we may not be able to meet our current obligations and could be forced to react by commencing a bankruptcy or taking other action to maximize the value of our assets, which would materially adversely affect our business, financial condition and operating results. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

Increased competition presents an ongoing threat to the success of our business.

We expect competition in food sales generally, and with companies providing food delivery in particular, to continue to increase. We compete with other meal kit, food and meal delivery companies, the supermarket industry, including online supermarket retailers, and a wide array of food retailers (including natural and organic, specialty, conventional, mass, discount and other food retail formats). We also compete with a wide array of casual dining and quick-service restaurants and other food service businesses in the restaurant industry, as well as a broad range of online wine retailers, wine specialty stores and retail liquor stores. In addition, we compete with food manufacturers, consumer packaged goods companies, and other food and ingredient producers.

We believe that our ability to compete depends upon many factors both within and beyond our control, including:

- our marketing efforts;
- the flexibility and variety of our product offerings relative to our competitors, and our ability to timely launch new product initiatives;
- the quality and price of products offered by us and our competitors;
- our reputation and brand strength relative to our competitors;
- customer satisfaction;
- consumer tastes and preferences, which have changed, and may continue to change, in response to the impact of the COVID-19 pandemic;
- the size and composition of our customer base;
- the convenience of the experience that we provide;
- the strength of our food safety and quality program;
- our ability to comply with, and manage the costs of complying with, laws and regulations applicable to our business, including the enhanced regulations relating to COVID-19; and
- our ability to cost-effectively source and distribute the products we offer and to manage our operations.

Some of our current competitors have, and potential competitors may have, longer operating histories, larger or more efficient fulfillment infrastructures, greater technical capabilities, significantly greater financial, marketing and other resources and larger customer bases than we do. In addition, business combinations and consolidation in and across the industries in which we compete could further increase the competition we face and result in competitors with

significantly greater resources and customer bases than us. Further, some of our other current or potential competitors may be smaller, less regulated, and have a greater ability to reposition their product offerings than companies that, like us, operate at a larger scale. These factors may allow our competitors to derive greater sales and profits from their existing customer base, acquire customers at lower costs, respond more quickly than we can to changes in consumer demand and tastes, or otherwise compete with us effectively, which may adversely affect our business, financial condition and operating results. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to build larger customer bases or generate additional sales more effectively than we do.

In addition, as a result of the impact the COVID-19 pandemic has had on consumer behaviors, our industry has seen reduced competition from restaurants. As the pandemic's impact on consumer behaviors tapers, and consumers seek out other dining options, we may see an increase in competition, which may be significant and which could have an adverse effect on our business, financial condition and operating results.

If we fail to successfully improve our customer experience, including by continuing to develop new product offerings and enhancing our existing product offerings, our ability to retain existing customers and attract new customers, may be materially adversely affected, and we may not be able to comply with the covenants in our senior secured term loan.

Our customers have a wide variety of options for purchasing food, including traditional and online grocery stores and restaurants, and consumer tastes and preferences may change from time to time, including as a result of the COVID-19 pandemic and the resulting restrictions that have been effected throughout most of the United States which have limited, and continue to limit to varying degrees, some of these options for consumers. Our ability to retain existing customers, attract new customers and increase customer engagement with us will depend in part on our ability to successfully improve our customer experience, including by continuing to create and introduce new product offerings, improving upon and enhancing our existing product offerings and strengthening our customers' digital interactions with our brand and products, including online and mobile. As a result, we may introduce significant changes to our existing product offerings, develop and introduce new and unproven product offerings, revise our customers' digital experiences and/or offer our products through new distribution channels. If our new or enhanced product offerings are unsuccessful, including because they fail to generate sufficient revenue or operating profit to justify our investments in them, we may be unable to attract or retain customers, which may impact our ability to comply with certain covenants in our senior secured term loan and our business and operating results could be materially adversely affected. Furthermore, new or shifting customer demands, tastes or interests, superior competitive offerings or a deterioration in our product quality or our ability to bring new or enhanced product offerings to market quickly and efficiently could negatively affect the attractiveness of our products and the economics of our business and require us to make substantial changes to and additional investments in our product offerings or business model. In addition, we frequently experiment with and test different product offerings and marketing and pricing strategies, as well as our customers' digital experiences, including by updating our online and mobile platforms. If these experiments, tests and updates are unsuccessful, or if the product offerings and strategies we introduce based on the results of such experiments, tests and updates do not perform as expected, our ability to retain existing customers, attract new customers, and increase customer engagement may be adversely affected, which may result in a breach of certain covenants in our senior secured term loan.

Developing and launching new product offerings or enhancements to our existing product offerings involves significant risks and uncertainties, including risks related to the reception of such product offerings by our existing and potential future customers, increases in operational complexity, unanticipated delays or challenges in implementing such offerings or enhancements, increased strain on our operational and internal resources (including an impairment of our ability to accurately forecast demand and related supply), inability to adequately support new offerings or enhancements with sufficient marketing investment and negative publicity in the event such new or enhanced product offerings are perceived to be unsuccessful. In addition, as a result of the increased demand we have seen as a result of the impact the COVID-19 pandemic has had on consumer behaviors, we have delayed, and may continue to delay, launching certain new product offerings or cut back on certain weekly cycles in order to remove some operational complexities to meet demand levels, which may have an adverse effect on our ability to retain or attract new customers. For example, in response to the increase in demand as a result of the COVID-19 pandemic, in order to streamline our operations, we temporarily suspended additional menu options through much of the second quarter of 2020, such as returning to 8

weekly options under our Two-Serving Plan instead of the 11 weekly options we had introduced in the third quarter of 2019, and delaying the national rollout of our Meal Prep Plan and other new initiatives. We have also closed certain weekly cycle offerings early to limit capacity. While we have reintroduced additional menu option variety back into our offerings and have launched some of our new products, which increase complexity, we may not be able to meet customer demand if we are unable to fully operate our fulfillment centers due to labor shortages or planned or unplanned pauses in production. See "Our results could be materially and adversely affected by the impact of the COVID-19 pandemic."

Significant new initiatives have in the past resulted in, and our recent new initiatives may in the future result in, operational challenges affecting our business. In addition, developing and launching certain new product offerings and enhancements to our existing product offerings may involve significant capital investments and such investments may not prove to be justified. Any of the foregoing risks and challenges could materially adversely affect our ability to attract and retain customers as well as our visibility into expected operating results, and could materially adversely affect our business, financial condition and operating results.

Our indebtedness could materially adversely affect our business and financial condition. Furthermore, restrictive covenants in our senior secured term loan may limit our ability to pursue our business strategies, which would materially adversely affect our operating results, and the failure to comply with such restrictions could materially adversely affect our business.

As of January 31, 2021, we had $34.1 million in outstanding borrowings under our senior secured term loan. Our debt could have important consequences for our business, including: making it more difficult for us to satisfy our obligations to our trade or other creditors; increasing our vulnerability to adverse economic or industry conditions; limiting our ability to obtain additional financing to fund our existing operations or any future expansion of our business, including our strategic plan to sustain net revenue growth, particularly when the availability of financing in the capital markets may be limited; requiring a substantial portion of our cash flow from operations for the payment of interest on our debt and thus reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements; limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; and placing us at a competitive disadvantage to less-leveraged competitors.

Because we are required to maintain a minimum cash balance under the senior secured term loan, we cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to repay our indebtedness or fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before its maturity and we cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms, or at all. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, any prepayment of our senior secured term loan will be subject to prepayment fees. Our senior secured term loan, among other things, increased the interest rates applicable to our indebtedness and made certain changes to the financial covenants regarding maintaining a minimum liquidity amount, as well as adding a new minimum subscription count covenant. If we are unable to sufficiently deliver results from our growth strategy and/or effectively manage expenses and cash flows, or maintain sufficient liquidity, we may not be able to comply with the minimum liquidity, minimum subscription count and other covenants contained in our senior secured term loan, which would materially adversely affect our business. In addition, certain other covenants in our senior secured term loan more strictly limit the operation of our business than comparable covenants in our prior revolving credit facility. Accordingly, we may be unable to comply with the covenants in our senior secured term loan or we will inadvertently fail to comply with such covenants during the course of the operation of our business. Any such failure to comply with such covenants, or if we cannot make scheduled payments on our debt, may result in an event of default under our senior secured term loan. Upon an event of default under our senior secured term loan, we will be in default and the lenders could declare all outstanding principal and interest to be due and payable immediately and foreclose against the assets securing the borrowings. In that event, we could be forced to react by commencing a bankruptcy or taking other action to maximize the value of our assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources."

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance and the condition of the debt and capital markets, which are subject to prevailing economic, industry and competitive conditions, as well as certain financial, business, legislative, political, regulatory and other factors beyond our control. If our cash flow and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems, be forced to reduce or delay capital expenditures, strategic acquisitions, investments and partnerships, dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would be advantageous to our stockholders or on terms that would not require us to breach the terms and conditions of our existing or future debt agreements, and our financial position and results of operations could be materially adversely affected.

The restrictions contained in the senior secured term loan could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or could otherwise restrict our business and strategies, including our strategic plan to return to and sustain net revenue growth, which could materially adversely affect our business, financial condition and operating results.

If we do not successfully maintain, operate and optimize our fulfillment centers and logistics channels, including by expanding our use of automation, and manage our ongoing real property and operational needs, our business, financial condition and operating results could be materially adversely affected.

If we do not successfully maintain, operate and optimize our fulfillment centers, or if we vacate these facilities, or repurpose parts of these facilities as part of our operating efficiency initiatives or otherwise, we may experience insufficient or excess fulfillment capacity, increased costs, impairment charges or other harm to our business. For example, following the closure of the Arlington fulfillment center in the first half of 2020, in November 2020, we announced that we were temporarily reopening the Arlington fulfillment center in January 2021 to leverage existing assets to meet forecasted demand while we continue to identify and implement other operating efficiencies in our other fulfillment centers. We have encountered in the past, and may encounter in the future, high levels of worker absenteeism and difficulty in hiring a sufficient number of employees to adequately staff our fulfillment centers, requiring us to use temporary workers through third parties, generally at greater cost and providing lower levels of performance. During the COVID-19 pandemic, we have seen higher than normal rates of worker absenteeism and we have experienced difficulty retaining employees. If we do not have sufficient fulfillment capacity or experience problems or delays in fulfilling orders, including as a result of the increased demand resulting from the response to COVID-19, our customers may experience delays in receiving their meal deliveries, receive deficient orders and/or have their orders canceled, which could harm our reputation and our customer relationships and could materially adversely affect our business, financial condition and operating results. In addition, any disruption in, or the loss of operations at, one or more of our fulfillment centers, even on a short-term basis, whether as a result of COVID-19 or otherwise, could delay or postpone production of our products, which could materially adversely affect our business, financial condition and operating results.

If events or circumstances indicate that the carrying value of our long-lived assets may not be recoverable, we may be required to recognize impairment charges on any of our assets. For example, in 2017 we recorded impairment charges of $9.5 million on long-lived assets primarily related to the transition of all of our Jersey City fulfillment center operations to our fulfillment center in Linden, New Jersey, as well as our decision to no longer pursue the planned build-out of the Fairfield, California facility, which lease was terminated on March 30, 2020. We also rely on fixed duration leases for our other real properties, including for our headquarters in New York, New York, which we entered into in October 2019 and expires in December 2024. If we are unable to timely enter into suitable lease agreements or extensions for any of our real properties, we may incur additional unanticipated costs associated with identifying and securing an alternative premise, suffer disruptions to our operations as a result of any necessary transition, face employee attrition or experience other harm to our business. We also plan to sublease the Arlington fulfillment center following the temporary reopening of that facility, but there is no assurance that we will be able to enter into a sublease on favorable terms, if at all, and therefore we may continue to incur costs relating to that facility.

We have designed and built our own fulfillment center infrastructure, including customizing third party inventory and package handling software systems, which is tailored to meet the specific needs of our business. Furthermore, we are continuing to expand the use of automated production equipment and processes in our fulfillment

centers. To the extent we add capacity, capabilities and automated production equipment and processes to our fulfillment centers, our fulfillment operations will become increasingly complex and challenging. Any failure to hire, train and/or retain employees capable of operating our fulfillment centers could materially adversely affect our business, financial condition and operating results. We also may be unable to procure and implement automated production equipment and processes on a timely basis, and they may not operate as intended or achieve anticipated cost efficiencies. For example, suppliers could miss their equipment delivery schedules, new production lines and operations could improve less rapidly than expected, or not at all, the equipment or processes could require longer design time than anticipated or redesigning after installation, and new production technology may involve equipment and processes with which we are not fully experienced. Difficulties we experience in further automating our fulfillment processes could impair our ability to reduce costs and could materially adversely affect our business, financial condition and operating results. Furthermore, we currently, and may in the future continue to, contract with third parties to conduct certain of our fulfillment processes and operations on our behalf. Interruptions or failures in these services, or operational impacts arising from transitioning between these third party providers, could delay or prevent the delivery of our products and adversely affect our ability to fulfill our customers' orders. In addition, any disruption in the operation of our fulfillment centers, including due to factors such as earthquakes, extreme weather, fires, floods, public health crises, such as pandemics and epidemics, government-mandated closures, power losses, telecommunications failures, acts of war or terrorism, human errors and similar events or disruptions, could materially adversely affect our business, financial condition and operating results.

We expect to incur future capital expenditures in our fulfillment centers in order to optimize and drive efficiency in our operations. For a discussion of our projected future capital expenditures and risks related to such capital expenditures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." In executing our growth strategy to expand our product offerings and continuing to grow our customer base, we may be unable to effectively increase our fulfillment capacity or effectively control expansion related expenses. In addition, as we continue to execute our growth strategy, we may experience problems fulfilling orders in a timely manner or in a manner our customers expect, or our customers may experience delays in receiving their purchases, or, if we grow faster than anticipated, we may exceed our fulfillment center capacity sooner than we anticipate, any of which could harm our reputation and our relationships with our customers. Many of the expenses and investments with respect to our fulfillment centers are fixed, and any expansion of such fulfillment centers will require additional investment of capital. We expect to continue to incur certain capital expenditures in the future for our fulfillment center operations. We may incur such expenses or make such investments in advance of expected sales, and such expected sales may not occur. The timing and amount of our projected capital expenditures is dependent upon a number of factors and may vary significantly from our estimates. We cannot assure you that we will have sufficient capital resources to fund future capital expenditures or if any future capital expenditures will be timely or effectively integrated into our existing operations, any adjustments to production volume, including transitions between fulfillment centers, will be completed on an efficient and timely basis without adversely impacting our operations, that our fulfillment software systems will continue to meet our business needs, or that we will be able to execute on our strategic plans or recruit qualified managerial and operational personnel necessary to support our strategic plans. In addition, we intend to reduce spending on capital expenditures, to the extent needed, if we are unable to deliver results from our growth strategy, or otherwise effectively manage expenses and cash flows, in order to comply with the financial covenants in our senior secured term loan, which will negatively and materially impact net revenue and our ability to execute our growth strategy. Any changes to our overall fulfillment capacity or existing fulfillment center operations will put pressure on our managerial, financial, operational, technological and other resources.

Our business depends on a strong and trusted brand, and any failure to maintain, protect or enhance our brand, including as a result of events outside our control, could materially adversely affect our business.

We have developed a strong and trusted brand, and we believe our future success depends on our ability to maintain and grow the value of the Blue Apron brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our food safety, quality assurance, marketing and merchandising efforts and our ability to provide a consistent, high-quality customer experience. Any negative publicity, regardless of its accuracy, could materially adversely affect our business. Brand value is based in large part on perceptions of subjective qualities, and any incident that erodes the loyalty of our customers or suppliers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and significantly damage our business.

We believe that our customers hold us and our products to a high food safety standard. Therefore, real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and lost confidence in our company, brand or products, which could in turn harm our reputation and sales, and could materially adversely affect our business, financial condition and operating results.

In addition, in recent years, there has been a marked increase in the use of social media platforms and other forms of Internet-based communications that provide individuals with access to broad audiences, and the availability of information on social media platforms is virtually immediate, as can be its impact. Many social media platforms immediately publish the content their participants post, often without filters or checks on accuracy of the content posted. Furthermore, other Internet-based or traditional media outlets may in turn reference or republish such social media content to an even broader audience. Information concerning us, regardless of its accuracy, may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which may materially harm our brand, reputation, performance, prospects and business, and such harm may be immediate and we may have little or no opportunity to respond or to seek redress or a correction.

The value of our brand also depends on effective customer support to provide a high quality customer experience, which requires significant personnel expense. If not managed properly, this expense could impact our profitability. Failure to manage or train our own or outsourced customer support representatives properly, or our inability to hire sufficient customer support representatives could result in lower-quality customer support and/or increased customer response times, compromising our ability to handle customer complaints effectively.

As a result of the COVID-19 pandemic, as we work towards continuing to meet increased demand, from time to time during 2020, we had to cancel or delay some customer orders, and we have closed, and may continue to close, some weekly offering cycles early to manage demand. In addition, we have had to, and may again have to, pause production at a fulfillment center in order to implement our enhanced COVID-19 sanitation procedures, which has resulted, and could again result in, delayed or canceled orders. Furthermore, during the COVID-19 pandemic, our fulfillment centers have from time to time experienced, and may experience again in future periods, labor shortages due to higher-than-normal rates of absenteeism and/or challenges hiring a sufficient workforce, which has resulted, and could again in the future result, in a decision to delay or cancel orders. These actions or other actions that we may take in response to the COVID-19 pandemic that have the effect of delaying or canceling orders could negatively impact our ability to maintain, protect or enhance our brand.

Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents (including food tampering or contamination) caused by products we sell, or involving suppliers that supply us with ingredients and other products, could result in the discontinuance of sales of these products or our relationships with such suppliers, or otherwise result in increased operating costs or harm to our reputation. Shipment of adulterated products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits brought by consumers, consumer agencies or others. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is in excess of our insurance policy limits or not covered by our policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources, which could impact our ability to execute our growth strategy and/or comply with the minimum liquidity covenant in our senior secured term loan.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination, whether or not caused by our products, could subject us or our suppliers to a food recall pursuant to the Food Safety Modernization Act of the United States Food and Drug

Administration, or FDA, and comparable state laws. The risk of food contamination may be also heightened further due to changes in government funding or a government shutdown. Our meat and poultry suppliers may operate only under inspection by the United States Department of Agriculture, or USDA. While USDA meat and poultry inspections are considered essential services, a government shutdown or lapse in funding may increase the risk that inspectors perform their duties inadequately, fail to report for work, or leave their positions without prompt replacement, potentially compromising food safety.

We have been in the past, and could be in the future, subject to food recalls. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost net revenues due to customer credits and refunds, lost future sales due to the unavailability of the product for a period of time and potential loss of existing customers and a potential negative impact on our ability to retain existing customers and attract new customers due to negative consumer experiences or as a result of an adverse impact on our brand and reputation.

In addition, food companies have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into consumer products as well as product substitution. Beginning in July 2019, FDA requirements require companies like us to analyze, prepare and implement “food defense” mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could materially adversely affect our business, financial condition and operating results.

Changes in consumer tastes and preferences or in consumer spending and other economic or financial market conditions could materially adversely affect our business.

Our operating results may be materially adversely affected by changes in consumer tastes and preferences. Our future success depends in part on our ability to anticipate the tastes, eating habits and lifestyle preferences of consumers and to offer products that appeal to consumer tastes and preferences. Consumer tastes and preferences may change from time to time and can be affected by a number of different trends and other factors that are beyond our control. For example, our net revenue could be materially adversely affected by changes in consumer demand in response to nutritional and dietary trends, dietary concerns regarding items such as calories, sodium, carbohydrates or fat, or concerns regarding food safety. Our competitors may react more efficiently and effectively to these changes than we can. We cannot provide any assurances regarding our ability to respond effectively to changes in consumer health perceptions or our ability to adapt our product offerings to trends in eating habits. If we fail to anticipate, identify or react to these changes and trends, or to introduce new and improved products on a timely basis, or if we cease offering such products or fail to maintain partnerships that react to these changes and trends, we may experience reduced demand for our products, which may cause us to breach the minimum subscription count covenant in our senior secured term loan, which could materially adversely affect our business, financial condition and operating results.

In addition, the business of selling food products over the Internet is dynamic and continues to evolve. The market segment for food delivery has grown significantly, and this growth may not continue or may decline, including specifically with respect to the meal solutions sector. If customers cease to find value in this model or otherwise lose interest in our product offerings or our business model generally, we may not acquire new customers in numbers sufficient to sustain growth in our business or retain existing customers at rates consistent with our business model, which may cause us to breach the minimum subscription count covenant in our senior secured term loan, and our business, financial condition and operating results could be materially adversely affected.

Furthermore, preferences and overall economic conditions that impact consumer confidence and spending, including discretionary spending, could have a material impact on our business. Economic conditions affecting disposable consumer income such as employment levels, business conditions, slower growth or recession, market volatility and related uncertainty, negative financial news, changes in housing market conditions, the availability of credit, interest rates, tax rates, new or increased tariffs, fuel and energy costs, the effect of natural disasters or acts of terrorism, and other matters, including as a result of the COVID-19 pandemic and its impact on economic conditions,

could reduce consumer spending or cause consumers to shift their spending to lower-priced alternatives, each of which could materially adversely affect our business, financial condition and operating results.

In addition to an adverse impact on demand for our products, uncertainty about, or a decline in, economic conditions, whether as a result of the COVID-19 pandemic or otherwise, could have a significant impact on our suppliers, logistics providers and other business partners, including resulting in financial instability, inability to obtain credit to finance operations and insolvency. Certain of our suppliers, and their manufacturing and assembly activities, are located outside the United States, and as a result our operations and performance depend on both global and regional economic conditions. These and other economic factors could materially adversely affect our business, financial condition and operating results.

We have implemented significant reorganization activities in our business, including the closure of our fulfillment center in Arlington, Texas in 2020 and the reductions in the size of our organization in 2018 and 2017. These and other reorganization activities could have long-term adverse effects on our business, including additional attrition in personnel and the failure to achieve the anticipated benefits and savings from these activities.

We have implemented significant reorganization activities in our business to adjust our cost structure, and we may engage in similar reorganization activities in the future. In February 2020, we announced a plan to close our fulfillment center in Arlington, Texas. As part of this plan, in the first and second quarters of 2020 we transferred all of the remaining production volume from our Arlington, Texas fulfillment center to our Linden, New Jersey and Richmond, California fulfillment centers. Previously, in the first quarter of 2019 we had transferred a substantial portion of production volume from our Arlington, Texas fulfillment center to our Linden, New Jersey fulfillment center. In November 2018, we implemented a reduction in the number of our employees by approximately 4%, which included departures of members of our management team, and in October 2017 we implemented a company-wide realignment of personnel that resulted in a reduction of approximately 6% of our total workforce across our corporate offices and fulfillment centers. These actions resulted and could result in the future in the loss of employees across various functions, the loss of institutional knowledge and expertise and the reallocation and combination of certain roles and responsibilities across our organization, all of which could adversely affect our operations. In addition, there is a risk of reduced employee morale and, as a result, we could face further employee attrition following a reorganization activity. We may also be unable to efficiently transition the production volume between our fulfillment centers or maintain our production efficiencies during or after any such transfer. For example, in November 2020, we announced that we were temporarily reopening our Arlington fulfillment center in January 2021 to leverage existing assets to meet forecasted demand while we continue to identify and implement other operating efficiencies at the Linden and Richmond fulfillment centers.

Other reorganization activities in which we may engage in the future, as well as other ongoing or future cost reduction activities, may reduce our available talent, assets, capabilities and other resources and could slow improvements in our products and services, adversely affect our ability to respond to competition and limit our ability to satisfy customer demands. As a result, our management may need to divert a disproportionate amount of its attention away from our day-to-day strategic and operational activities, and devote a substantial amount of time to managing the organizational changes brought about by the reorganization. If we do not have sufficient resources, we may not be able to effectively manage the changes in our business operations resulting from the reorganization, which may result in weaknesses in our operations, risks that we may not be able to comply with legal and regulatory requirements, loss of business opportunities, loss of employees and reduced productivity among remaining employees. If we are unable to effectively manage these activities, our expenses may be higher than expected, and we may not be able to implement our business strategy or achieve the anticipated benefits and savings from any such activities.

We may also determine to take additional measures to reduce costs, which could result in further disruptions to our operations and present additional challenges to the effective management of our company. For example, if we are unable to deliver results from our growth strategy, or otherwise effectively manage expenses and cash flows, we intend to reduce spending, particularly in marketing and capital expenditures, to the extent needed in order to comply with the minimum liquidity and subscription count covenants in our senior secured term loan, which will negatively and materially impact net revenue and our ability to execute our growth strategy. To the extent that we reduce marketing expenses or other costs to help manage our liquidity and remain in compliance with the minimum liquidity covenant in

our senior secured term loan, there is a risk that such reductions will result in a lower subscription count, which itself could present a risk that we will not be able to comply with the minimum subscription count covenant in our senior secured term loan. In addition, delays in implementing planned restructuring activities, unexpected costs, or the failure to meet targeted improvements may diminish the operational or financial benefits we realize from such actions. Any of the circumstances described above could materially adversely affect our business and operating and financial results.

If we lose key management or fail to meet our need for qualified employees with specialized skills, our business, financial condition and operating results could be materially adversely affected.

Our future success is dependent upon our ability to retain key management. Our executive officers and other management personnel are employees “at will” and could elect to terminate their employment with us at any time. For example, we had three executive officers resign in each of 2020 and 2019, including the chief executive officer and one of our founders. Since 2017, we have had three different chief executive officers, including Matthew B. Salzberg who resigned as our president and chief executive officer in November 2017, when he transitioned to the role of executive chairman; in December 2018, Mr. Salzberg ceased to be an employee, but remains chairman of our board of directors. We do not maintain “key person” insurance on the lives of any of our executive officers.

Our future success is also dependent upon our ability to attract, retain and effectively deploy qualified employees, including management, possessing a broad range of skills and expertise. We may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future, and, to attract top talent, we must offer competitive compensation packages before we have the opportunity to validate the productivity and effectiveness of new employees. Additionally, during the COVID-19 pandemic, from time to time we have not been, and we may not in the future be, able to hire sufficient workforce quickly enough or to retain sufficient workforce, or if we cannot grow net revenue, we may not have adequate resources to meet our hiring needs, and we must effectively deploy our workforce in order to efficiently allocate our internal resources. If we fail to meet our hiring needs, successfully integrate our new hires or effectively deploy our existing personnel, our efficiency and ability to meet our forecasts, our ability to successfully execute on our strategic plan to sustain net revenue growth and our employee morale, productivity and retention could all suffer. Any of these factors could materially adversely affect our business, financial condition and operating results.

Changes in food costs and availability could materially adversely affect our business.

The future success of our business depends in part on our ability to anticipate and react to changes in food and supply costs and availability. We are susceptible to increases in food costs as a result of factors beyond our control, such as general economic conditions, market changes, increased competition, general risk of inflation, exchange rate fluctuations, seasonal fluctuations, shortages or interruptions, weather conditions, changes in global climates, global demand, food safety concerns, public health crises, such as pandemics and epidemics, generalized infectious diseases, changes in law or policy, declines in fertile or arable lands, product recalls and government regulations. For example, any prolonged negative impact of the COVID-19 pandemic on food and supply costs and availability could materially and adversely impact our business, financial condition and operating results. In addition, deflation in food prices could reduce the attractiveness of our product offerings relative to competing products and thus impede our ability to maintain or increase overall sales, while food inflation, particularly periods of rapid inflation, could reduce our operating margins as there may be a lag between the time of the price increase and the time at which we are able to increase the price of our product offerings. We generally do not have long-term supply contracts or guaranteed purchase commitments with our food suppliers, and we do not hedge our commodity risks. In limited circumstances, we may enter into strategic purchasing commitment contracts with certain suppliers, but many of these contracts are relatively short in duration and may provide only limited protection from price fluctuations, and the use of these arrangements may limit our ability to benefit from favorable price movements. As a result, we may not be able to anticipate, react to or mitigate against cost fluctuations which could materially adversely affect our business, financial condition and operating results.

Any increase in the prices of the ingredients most critical to our recipes, or scarcity of such ingredients, such as vegetables, poultry, beef, pork and seafood, would adversely affect our operating results. Alternatively, in the event of cost increases or decrease of availability with respect to one or more of our key ingredients, we may choose to temporarily suspend including such ingredients in our recipes, rather than paying the increased cost for the ingredients.

Any such changes to our available recipes could materially adversely affect our business, financial condition and operating results.

Our past net revenue growth masked seasonal fluctuations in our operating results. If our net revenue declines or if it begins to increase at a more moderate rate, or as seasonal patterns become more pronounced, seasonality could have a material impact on our results.

Our business is seasonal in nature, which impacts the levels at which customers engage with our products and brand, and, as a result, the trends of our revenue and our expenses fluctuate from quarter to quarter. For example, prior to the effect of the economic and social impact of the COVID-19 pandemic, we historically anticipated that the first quarter of each year will generally represent our strongest quarter in terms of customer engagement. Conversely, during the summer months and the end of year holidays, when people are vacationing more often or have less predictable weekly routines, we historically anticipated lower customer engagement. In addition, our marketing strategies and expenditures, which may be informed by these seasonal trends, will impact our quarterly results of operations. These seasonal trends may cause our revenue and our cash requirements to vary from quarter to quarter depending on the variability in the volume and timing of sales. We believe that these seasonal trends have affected and will continue to affect our quarterly results in the future, however, we cannot predict the ongoing impact that the COVID-19 pandemic may have on seasonality. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our past net revenue growth masked the impact of seasonality, but if our net revenue declines or if it increases at a moderate rate, or if seasonal spending by our customers becomes more pronounced, seasonality could have a more significant impact on our operating results from period to period.

Our ability to source quality ingredients and other products is critical to our business, and any disruption to our supply or supply chain could materially adversely affect our business.

We depend on frequent deliveries of ingredients and other products from a variety of local, regional, national and international suppliers, and some of our suppliers may depend on a variety of other local, regional, national and international suppliers to fulfill the purchase orders we place with them. The availability of such ingredients and other products at competitive prices depends on many factors beyond our control, including the number and size of farms, ranches, vineyards and other suppliers that provide crops, livestock and other raw materials that meet our quality and production standards.

We rely on our suppliers, and their supply chains, to meet our quality and production standards and specifications and supply ingredients and other products in a timely and safe manner. We have developed and implemented a series of measures to ensure the safety and quality of our third-party supplied products, including using contract specifications, certificates of identity for some products or ingredients, sample testing by suppliers and sensory based testing. However, no safety and quality measures can eliminate the possibility that suppliers may provide us with defective or out-of-specification products against which regulators may take action or which may subject us to litigation or require a recall. Suppliers may provide us with food that is or may be unsafe, food that is below our quality standards or food that is improperly labeled. In addition to a negative customer experience, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions if we incorporate a defective or out-of-specification item into one of our deliveries.

Furthermore, there are many factors beyond our control which could cause shortages or interruptions in the supply of our ingredients and other products, including adverse weather, environmental factors, natural disasters, unanticipated demand, labor or distribution problems, public health crises, such as pandemics and epidemics, changes in law or policy, food safety issues by our suppliers and their supply chains, and the financial health of our suppliers and their supply chains. For example, any prolonged negative impact on our supply chain as a result of the COVID-19 pandemic, or otherwise, could materially and adversely impact our business, financial condition and operating results. Production of the agricultural products used in our business may also be materially adversely affected by drought, water scarcity, temperature extremes, scarcity of agricultural labor, changes in government agricultural programs or subsidies, import restrictions, scarcity of suitable agricultural land, crop conditions, crop or animal diseases or crop pests. Failure to take adequate steps to mitigate the likelihood or potential effect of such events, or to effectively manage such events if

they occur, may materially adversely affect our business, financial condition and operating results, particularly in circumstances where an ingredient or product is sourced from a single supplier or location.

In addition, unexpected delays in deliveries from suppliers that ship directly to our fulfillment centers or increases in transportation costs, including through increased fuel costs, could materially adversely affect our business, financial condition and operating results. Labor shortages or work stoppages in the transportation industry, long-term disruptions to the national transportation infrastructure, reduction in capacity and industry-specific regulations such as hours-of-service rules that lead to delays or interruptions of deliveries, whether as a result of the COVID-19 pandemic or otherwise, could also materially adversely affect our business, financial condition and operating results.

We currently source certain of our ingredients from suppliers located outside of the United States. Any event causing a disruption or delay of imports from suppliers located outside of the United States, including weather, drought, crop-related diseases, the imposition of import or export restrictions, restrictions on the transfer of funds or increased tariffs, destination-based taxes, value-added taxes, quotas or increased regulatory requirements, could increase the cost or reduce the supply of our ingredients and the other materials required by our product offerings, which could materially adversely affect our business, financial condition and operating results. Furthermore, our suppliers' operations may be adversely affected by political and financial instability, resulting in the disruption of trade from exporting countries, restrictions on the transfer of funds or other trade disruptions, each of which could adversely affect our access or ability to source ingredients and other materials used in our product offerings on a timely or cost-effective basis.

We rely on our proprietary technology and data to forecast customer demand and to manage our supply chain, and any failure of this technology could materially adversely affect our business, financial condition and operating results.

We rely on our proprietary technology and data to forecast demand and predict our customers' orders, determine the amounts of ingredients and other supply to purchase, and to optimize our in-bound and out-bound logistics for delivery and transport of our supply to our fulfillment centers and of our product offerings to customers. If this technology fails or produces inaccurate results at any step in this process—such as if the data we collect from customers is insufficient or incorrect, if we over or underestimate future demand, including as a result of the COVID-19 pandemic or otherwise, or if we fail to optimize delivery routes to our customers—we could experience increased food waste or shortages in key ingredients, the operational efficiency of our supply chain may suffer (including as a result of excess or shortage of fulfillment center capacity) or our customers may experience delays or failures in the delivery of our product offerings, for example by missing ingredients. Moreover, forecasts based on historical data, regardless of any historical patterns or the quality of the underlying data, are inherently uncertain, and unforeseen changes in consumer tastes or external events could result in material inaccuracy of our forecasts, which could result in disruptions in our business and our incurrence of significant costs and waste. Furthermore, any interruptions or delays in our ability to use or access our proprietary technology could lead to interruptions or delays in our supply chain. The occurrence of any of the foregoing risks could materially adversely affect our business, financial condition and operating results.

The reliable and cost-effective storage, transport and delivery of ingredients and other products and our product offerings is critical to our business, and any interruptions, delays or failures could materially adversely affect our reputation, business, financial condition and operating results.

We maintain arrangements with third parties to store ingredients and other products, to deliver ingredients and other products from our suppliers to our fulfillment centers and to transport ingredients and other products between our fulfillment centers. Interruptions or failures in these services could delay or prevent the delivery of these ingredients and other products to us and therefore adversely affect our ability to fulfill our customers' orders. These interruptions may be due to events that are beyond our control or the control of the third parties with whom we contract. In addition, we are in the process of refining our internal capabilities with respect to storing ingredients and other products and transporting ingredients and other products both from our suppliers to our storage locations and fulfillment centers and between our storage locations and fulfillment centers. These efforts may fail to meet our expectations and may not prove to be cost-effective or as operationally efficient as our current arrangements with third parties, each of which could materially adversely affect our business, financial condition and operating results.

We also maintain arrangements with third-party transport carriers to deliver the food products we sell to our customers. Interruptions, delays or failures in these carrier services could prevent the timely or proper delivery of these products, which may result in significant product inventory losses given the highly perishable nature of our food products. These interruptions may be due to events that are beyond our control or the control of these carriers, including adverse weather, natural disasters and public health crises, such as pandemics and epidemics. If we are not able to maintain acceptable pricing and other terms with these carriers or they experience performance problems or other difficulties, we may not be able to deliver orders in a timely manner and meet customer expectations, and our business and reputation could suffer. For example, carrier interruptions and delays as a result of the COVID-19 pandemic could impact our ability to deliver orders to our customers which could materially and adversely impact our business, financial condition and operating results.

We rely on third-party transport carriers for the delivery of our wines to our customers. State and federal laws regulate the ability of transport carriers to transport wine, and carriers may be required to obtain licenses in order to deliver wine to our customers. Changes in our access to those carriers, including changes in prices or changes in our relationships with those carriers, changes in the laws allowing third party transport of wine, or regulatory discipline against licenses held by those carriers, could materially adversely affect our wine business.

Delivery of the products we sell to our customers could also be affected or interrupted by the merger, acquisition, insolvency, or government shutdown of the carriers we engage to make deliveries. If the products we sell are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Unionization activities may disrupt our operations and adversely affect our profitability.

Although none of our employees is currently covered under a collective bargaining agreement, our employees may elect to be represented by labor unions in the future. For example, in April 2018, a local labor union filed an election petition with the National Labor Relations Board seeking to represent certain employees at our Linden, New Jersey facility; however, such employees subsequently voted to not be represented by the union. If a significant number of our employees were to become unionized and collective bargaining agreement terms were to deviate significantly from our current compensation and benefits structure, our business, financial condition and operating results could be materially adversely affected. In addition, a labor dispute involving some or all of our employees may harm our reputation, disrupt our operations and reduce our net revenues, and the resolution of labor disputes may increase our costs.

Any failure to adequately store, maintain and deliver quality perishable foods could materially adversely affect our business, financial condition and operating results.

Our ability to adequately store, maintain and deliver quality perishable foods is critical to our business. We store food products, which are highly perishable, in refrigerated fulfillment centers and ship them to our customers inside boxes that are insulated with thermal or corrugate liners and frozen refrigerants to maintain appropriate temperatures in transit and use refrigerated third-party delivery trucks to support temperature control for shipments to certain locations. Keeping our food products at specific temperatures maintains freshness and enhances food safety. In the event of extended power outages, natural disasters or other catastrophic occurrences, failures of the refrigeration systems in our fulfillment centers or third-party delivery trucks, failure to use adequate packaging to maintain appropriate temperatures, or other circumstances both within and beyond our control, our inability to store highly perishable inventory at specific temperatures could result in significant product inventory losses as well as increased risk of food-borne illnesses and other food safety risks. Improper handling or storage of food by a customer—without any fault by us—could result in food-borne illnesses, which could nonetheless result in negative publicity and harm to our brand and reputation. Further, we contract with third parties to conduct certain fulfillment processes and operations on our behalf. Any failure by such third party to adequately store, maintain or transport perishable foods could negatively impact the safety, quality and merchantability of our products and the experience of our customers. The occurrence of any of these risks could materially adversely affect our business, financial condition and operating results.

Disruptions in our data and information systems could harm our reputation and our ability to run our business.

We rely extensively on data and information systems for our supply chain, order processing, fulfillment operations, financial reporting, human resources and various other operations, processes and transactions. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers and suppliers depends on information technology. Our data and information systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches (including breaches of our transaction processing or other systems that could result in the compromise of confidential customer data), catastrophic events, data breaches and usage errors by our employees or third-party service providers. Our data and information technology systems may also fail to perform as we anticipate, and we may encounter difficulties in adapting these systems to changing technologies or expanding them to meet the future needs of our business. If our systems are breached, damaged or cease to function properly, we may have to make significant investments to fix or replace them, suffer interruptions in our operations, incur liability to our customers and others or face costly litigation, and our reputation with our customers may be harmed. We also rely on third parties for a majority of our data and information systems, including for third-party hosting and payment processing. If these facilities fail, or if they suffer a security breach or interruption or degradation of service, a significant amount of our data could be lost or compromised and our ability to operate our business and deliver our product offerings could be materially impaired. In addition, various third parties, such as our suppliers and payment processors, also rely heavily on information technology systems, and any failure of these systems could also cause loss of sales, transactional or other data and significant interruptions to our business. Any material interruption in the data and information technology systems we rely on, including the data or information technology systems of third parties, could materially adversely affect our business, financial condition and operating results.

Our business is subject to data security risks, including security breaches.

We, or our third-party vendors on our behalf, collect, process, store and transmit substantial amounts of information, including information about our customers. We take steps to protect the security and integrity of the information we collect, process, store or transmit, but there is no guarantee that inadvertent or unauthorized use or disclosure will not occur or that third parties will not gain unauthorized access to this information despite such efforts. Security breaches, computer malware, computer hacking attacks and other compromises of information security measures have become more prevalent in the business world and may occur on our systems or those of our vendors in the future. Large Internet companies and websites have from time to time disclosed sophisticated and targeted attacks on portions of their websites, and an increasing number have reported such attacks resulting in breaches of their information security. We and our third-party vendors are at risk of suffering from similar attacks and breaches. Although we take steps to maintain confidential and proprietary information on our information systems, these measures and technology may not adequately prevent security breaches and we rely on our third party vendors to take appropriate measures to protect the security and integrity of the information on those information systems. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against us, we may be unable to anticipate or prevent these attacks. In addition, a party who is able to illicitly obtain a customer's identification and password credentials may be able to access the customer's account and certain account data.

Any actual or suspected security breach or other compromise of our security measures or those of our third-party vendors, whether as a result of hacking efforts, denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering or otherwise, could harm our reputation and business, damage our brand and make it harder to retain existing customers or acquire new ones, require us to expend significant capital and other resources to address the breach, and result in a violation of applicable laws, regulations or other legal obligations. Our insurance policies may not be adequate to reimburse us for direct losses caused by any such security breach or indirect losses due to resulting customer attrition.

We rely on email and other messaging services to connect with our existing and potential customers. Our customers may be targeted by parties using fraudulent spoofing and phishing emails to misappropriate passwords, payment information or other personal information or to introduce viruses through Trojan horse programs or otherwise through our customers' computers, smartphones, tablets or other devices. Despite our efforts to mitigate the

effectiveness of such malicious email campaigns through product improvements, spoofing and phishing may damage our brand and increase our costs. Any of these events or circumstances could materially adversely affect our business, financial condition and operating results.

We are subject to risks associated with payments to us from our customers and other third parties, including risks associated with fraud.

Nearly all of our customers' payments are made by credit card or debit card. We currently rely exclusively on one third-party vendor to provide payment processing services, including the processing of payments from credit cards and debit cards, and our business would be disrupted if this vendor becomes unwilling or unable to provide these services to us and we are unable to find a suitable replacement on a timely basis. We are also subject to payment brand operating rules, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from customers, which would make our services less convenient and attractive to our customers and likely result in a substantial reduction in net revenue. We may also incur losses as a result of claims that the customer did not authorize given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to us.

We are subject to, or voluntarily comply with, a number of other laws and regulations relating to the payments we accept from our customers and third parties, including with respect to money laundering, money transfers, privacy, and information security, and electronic fund transfers. These laws and regulations could change or be reinterpreted to make it difficult or impossible for us to comply. If we were found to be in violation of any of these applicable laws or regulations, we could be subject to civil or criminal penalties and higher transaction fees or lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers or facilitate other types of online payments, which may make our services less convenient and less attractive to our customers and diminish the customer experience.

The termination of, or material changes to, our relationships with key suppliers or vendors could materially adversely affect our business, financial condition and operating results.

We currently depend on a limited number of suppliers for some of our key ingredients. We strive to work with suppliers that engage in certain growing, raising or farming standards that we believe are superior to conventional practices and that can deliver products that are specific to our quality, food safety and production standards. Currently, there are a limited number of meat and seafood suppliers that are able to simultaneously meet our standards and volume requirements. As such, these suppliers could be difficult to replace if we were no longer able to rely on them. We also work with suppliers that produce specialty or unique ingredients for us. It can take a significant amount of time and resources to identify, develop and maintain relationships with certain suppliers, including suppliers that produce specialty or unique products for us. In the event of any disruptions to our relationships with our suppliers of specialty products, the ingredients they produce for us would be difficult to replace. The termination of, or material changes to, arrangements with key suppliers or vendors, disagreements with key suppliers or vendors as to payment or other terms, or the failure of a key supplier or vendor to meet its contractual obligations to us may require us to contract with alternative suppliers or vendors. For example, the failure of a key supplier to meet its obligations to us or otherwise deliver ingredients at the volumes that meet our quality and production standards could require us to make purchases from alternative suppliers or make changes to our product offerings. If we have to replace key suppliers or vendors, we may be subject to pricing or other terms less favorable than those we currently enjoy, and it may be difficult to identify and secure relationships with alternative suppliers or vendors that are able to meet our volume requirements, food safety and quality or other standards. If we cannot replace or engage suppliers or vendors who meet our specifications and standards in a short period of time, we could encounter increased expenses, shortages of ingredients and other items, disruptions or delays in customer shipments or other harm. In this event, we could experience a significant reduction in sales and incur higher costs for replacement goods and customer refunds during the shortage or thereafter, any of which could materially adversely affect our business, financial condition and operating results.

In our wine business, we rely on the use of third-party alternating proprietorship winemaking facilities. We rely on the host or owner of such facilities to ensure that the facilities are operational and maintained in good condition. Changes in those facilities or our access to those facilities, including changes in prices or changes in our relationships with the third parties who own and operate those facilities, or regulatory discipline against licenses held by those third parties, or any failure by such third parties to maintain their facilities in good condition, may impair our ability to produce wines at such facilities and could materially adversely affect our wine business.

Our results could be adversely affected by natural disasters, public health crises, political crises or other catastrophic events.

Natural disasters, such as hurricanes, tornadoes, floods, earthquakes, droughts and other adverse weather and climate conditions; crop or animal diseases; crop pests; unforeseen public health crises, such as pandemics and epidemics, such as COVID-19; political crises, such as terrorist attacks, war and other political instability or uncertainty; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations or the operations of one or more of our suppliers. In particular, these types of events could impact our supply chain from or to the impacted region given our dependency on frequent deliveries of ingredients and other products from a variety of local, regional and national suppliers. In addition, these types of events could adversely affect consumer spending in the impacted regions or our ability to deliver our products to our customers safely, cost-effectively or at all. To the extent any of these events occur, our business, financial condition and operating results could be materially and adversely affected.

Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

As a public company, we are required to comply with the rules of the SEC implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which requires management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. We are required to disclose changes made in our internal controls and procedures on a quarterly basis and to make annual assessments of our internal control over financial reporting pursuant to Section 404. As an emerging growth company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm, and management, may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal control can divert our management's attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be materially adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

The elimination of LIBOR could adversely affect our business, results of operations or financial condition.

The head of the United Kingdom Financial Conduct Authority has announced plans to start to phase out the use of LIBOR by the end of 2021. The use of an alternative reference rate could result in increased costs, including increased interest expense on our senior secured term loan, and increased borrowing costs in the future. At this time, the timing and extent of the impact is uncertain and no consensus exists as to what rate or rates may become acceptable alternatives

to LIBOR and we are unable to predict the effect of any such alternatives on our business, results of operations or financial condition.

Risks Related to Our Intellectual Property

We may be accused of infringing or violating the intellectual property rights of others.

Other parties have claimed or may claim in the future that we infringe or violate their trademarks, patents, copyrights, domain names, publicity rights or other proprietary rights. Such claims, regardless of their merit, could result in litigation or other proceedings and could require us to expend significant financial resources and attention by our management and other personnel that otherwise would be focused on our business operations, result in injunctions against us that prevent us from using material intellectual property rights, or require us to pay damages to third parties. We may need to obtain licenses from third parties who allege that we have infringed or violated their rights, but such licenses may not be available on terms acceptable to us or at all. In addition, we may not be able to obtain or use on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property that we do not own, which would require us to develop alternative intellectual property. To the extent we rely on open source software, we may face claims from third parties that claim ownership of the open source software or derivative works that were developed using such software, or otherwise seek to enforce the terms of the applicable open source license. Similar claims might also be asserted regarding our in-house software. These risks have been amplified by the increase in intellectual property claims by third parties whose sole or primary business is to assert such claims. As knowledge of our business expands, we are likely to be subject to intellectual property claims against us with increasing frequency, scope and magnitude. We may also be obligated to indemnify affiliates or other partners who are accused of violating third parties' intellectual property rights by virtue of those affiliates or partners' agreements with us, and this could increase our costs in defending such claims and our damages. Furthermore, such affiliates and partners may discontinue their relationship with us either as a result of injunctions or otherwise. The occurrence of these results could harm our brand or materially adversely affect our business, financial position and operating results.

We may not be able to adequately protect our intellectual property rights.

We regard our customer lists and other consumer data, trademarks, service marks, domain names, copyrights, trade dress, trade secrets, know-how, proprietary technology and similar intellectual property as critical to our future success. We cannot be sure that our intellectual property portfolio will not be infringed, violated or otherwise challenged by third parties, or that we will be successful in enforcing, defending or combatting any such infringements, violations, or challenges. We also cannot be sure that the law might not change in a way that would affect the nature or extent of our intellectual property ownership.

We rely on patent, registered and unregistered trademark, copyright and trade secret protection and other intellectual property protections under applicable law to protect these proprietary rights. While we have taken steps toward procuring trademark registration for several of our trademarks in key countries around the world and have entered or may enter into contracts to assist with the procurement and protection of our trademarks, we cannot assure you that our common law, applied-for, or registered trademarks are valid and enforceable, that our trademark registrations and applications or use of our trademarks will not be challenged by known or unknown third parties, or that any pending trademark or patent applications will issue or provide us with any competitive advantage. Effective intellectual property protection may not be available to us or may be challenged by third parties. Furthermore, regulations governing domain names may not protect our trademarks and other proprietary rights that may be displayed on or in conjunction with our website and other marketing media. We may be unable to prevent third parties from acquiring or retaining domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights.

We also rely on confidentiality, supplier, license and other agreements with our employees, suppliers and others. There is no guarantee that these third parties will comply with these agreements and refrain from misappropriating our proprietary rights. Misappropriation of our proprietary rights could materially adversely affect our business, financial position and operating results.

We may not be able to discover or determine the extent of any unauthorized use or infringement or violation of our intellectual property or proprietary rights. Third parties also may take actions that diminish the value of our proprietary rights or our reputation. The protection of our intellectual property may require the expenditure of significant financial and managerial resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our proprietary rights or prevent third parties from continuing to infringe or misappropriate these rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights, which could materially adversely affect our business, financial condition and operating results.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of resources, the impairment or loss of portions of our intellectual property and could materially adversely affect our business, financial condition and operating results. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. These steps may be inadequate to protect our intellectual property. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to use information that we regard as proprietary to create product offerings that compete with ours.

Risks Related to Government Regulation of Our Food Operations

We are subject to extensive governmental regulations, which require significant expenditures and ongoing compliance efforts.

We are subject to extensive federal, state and local regulations. Our food processing facilities and products are subject to inspection by the USDA, the FDA and various state and local health and agricultural agencies. Applicable statutes and regulations governing food products include rules for labeling the content of specific types of foods, the nutritional value of that food and its serving size, as well as rules that protect against contamination of products by food-borne pathogens and food production rules addressing the discharge of materials and pollutants and animal welfare. Many jurisdictions also provide that food producers adhere to good manufacturing or production practices (the definitions of which may vary by jurisdiction) with respect to processing food. Recently, the food safety practices of the meat processing industry and produce industry have been subject to intense scrutiny and oversight by the USDA and FDA, respectively, and future food-borne illness outbreaks or other food safety incidents related to meat or produce could lead to further governmental regulation of our business or of our suppliers. In addition, our fulfillment centers are subject to various federal, state and local laws and regulations relating to workplace safety and workplace health. Our fulfillment centers and offices, as applicable are also subject to additional FDA, Centers for Disease Control and Prevention, Occupational Safety and Health Administration regulations and guidelines and local guidelines relating to mitigating the spread of COVID-19. Failure to comply with all applicable laws and regulations could subject us or our suppliers to civil remedies, including fines, injunctions, product recalls or seizures and criminal sanctions, any of which could have a material adverse effect on our business, financial condition and operating results. Furthermore, compliance with current or future laws or regulations, including those related to mitigating the spread of COVID-19, could require us to make significant expenditures or otherwise materially adversely affect our business, financial condition and operating results.

Even inadvertent, non-negligent or unknowing violations of federal, state or local regulatory requirements could expose us to adverse governmental action and materially adversely affect our business, financial condition and operating results.

The Federal Food, Drug, and Cosmetic Act, or FDCA, which governs the shipment of foods in interstate commerce, generally does not distinguish between intentional and unknowing, non-negligent violations of the law's requirements. Most state and local laws operate similarly. Consequently, almost any deviation from subjective or objective requirements of the FDCA or state or local law leaves us vulnerable to a variety of civil and criminal penalties.

In the future, we may deploy new equipment, update our facilities or occupy new facilities. These activities require us to adjust our operations and regulatory compliance systems to meet rapidly changing conditions. Although we have adopted and implemented systems to prevent the production of unsafe or mislabeled products, any failure of those systems to prevent or anticipate an instance or category of deficiency could result in significant business interruption and financial losses to us. The occurrence of events that are difficult to prevent completely, such as the introduction of pathogenic organisms from the outside environment into our facilities, also may result in the failure of our products to meet legal standards. Under these conditions we could be exposed to civil and criminal regulatory action.

In some instances we may be responsible or held liable for the activities and compliance of our third party vendors and suppliers, despite limited visibility into their operations. Although we monitor and carefully select our third party vendors and suppliers, they may fail to adhere to regulatory standards, our safety and quality standards or labor and employment practices, and we may fail to identify deficiencies or violations on a timely basis or at all. In addition, a statute in California called the Transparency in Supply Chains Act of 2010 requires us to audit our suppliers with respect to certain risks related to slavery and human trafficking and to mitigate any such risks in our operations, and any failure to disclose issues or other non-compliance could subject us to action by the California Attorney General.

We cannot assure you that we will always be in full compliance with all applicable laws and regulations or that we will be able to comply with any future laws and regulations. Failure to comply with these laws and regulations could materially adversely affect our business, financial condition and operating results.

Changes to law, regulation or policy applicable to foods could leave us vulnerable to adverse governmental action and materially adversely affect our business, financial condition and operating results.

The food industry is highly regulated. We invest significant resources in our efforts to comply with the local, state and federal food regulatory regimes under which we operate. However, we cannot assure you that existing laws and regulations will not be revised or that new, more restrictive laws, regulations, guidance or enforcement policies will not be adopted or become applicable to us, our suppliers or the products we distribute. We also operate under a business model that is relatively new to the food industry, in which we rapidly source, process, store and package meal ingredients—including fresh fruits and vegetables, and poultry, beef and seafood, each of which may be subject to a unique regulatory regime—and ship them directly to consumers in the course of e-commerce transactions. Our business model leaves our business particularly susceptible to changes in and reinterpretations of compliance policies of the FDA and other government agencies, and some of our competitors may interpret the applicability of the same or similar laws and regulations to their businesses differently than we interpret them. Furthermore, it is unclear how the FDA may interpret and enforce certain recently promulgated regulations, such as the requirements regarding food defense mitigation strategies, which present considerable future uncertainty. Under the current administration, recent and ongoing changes in senior federal government officials and policy priorities create additional uncertainty.

Our existing compliance structures may be insufficient to address the changing regulatory environment and changing expectations from government regulators regarding our business model. This may result in gaps in compliance coverage or the omission of necessary new compliance activity.

Our facilities and operations are governed by numerous and sometimes conflicting registration, licensing and reporting requirements.

Our fulfillment centers are required to be registered with the federal government and, depending on their location, are also subject to the authority of state and local governments. In some cases, disparate registration and licensing requirements lead to legal uncertainty, inconsistent government classifications of our operations and unpredictable governmental actions. Regulators may also change prior interpretations of governing licensing and registration requirements. Our relatively new business model leaves us particularly susceptible to these factors. If we misapply or misidentify licensing or registration requirements, fail to maintain our registrations or licenses or otherwise violate applicable requirements, our products may be subject to seizure or recall and our operations subject to injunction. This could materially adversely affect our business, financial condition and operating results.

Similarly, we are required to submit reports to the FDA's Reportable Food Registry in the event that we determine a product may present a serious danger to consumers. The reporting requirement may be triggered based on a subjective assessment of incomplete and changing facts. Our inventory moves very rapidly throughout our supply and distribution chain. Should we fail, in a timely fashion, to identify and report a potentially reportable event which, subsequently, is determined to have been reportable, government authorities may institute civil or criminal enforcement actions against us, and may result in civil litigation against us or criminal charges against certain of our employees. This could materially adversely affect our business, financial condition and operating results.

Good manufacturing process standards and food safety compliance metrics are complex, highly subjective and selectively enforced.

The federal regulatory scheme governing food products establishes guideposts and objectives for complying with legal requirements rather than providing clear direction on when particular standards apply or how they must be met. For example, FDA regulations referred to as Hazard Analysis and Risk-Based Preventive Controls for Human Food require that we evaluate food safety hazards inherent to our specific products and operations. We must then implement "preventive controls" in cases where we determine that qualified food safety personnel would recommend that we do so. Determining what constitutes a food safety hazard, or what a qualified food safety expert might recommend to prevent such a hazard, requires evaluating a variety of situational factors. This analysis is necessarily subjective, and a government regulator may find our analysis or conclusions inadequate. Similarly, the standard of "good manufacturing practice" to which we are held in our food production operations relies on a hypothesis regarding what individuals and organizations qualified in food manufacturing and food safety would find to be appropriate practices in the context of our operations. Our business model, and the scale and nature of our operations, have relatively few meaningful comparisons among traditional food companies. Government regulators may disagree with our analyses and decisions regarding the good manufacturing practices appropriate for our operations.

Decisions made or processes adopted by us in producing our products are subject to after-the-fact review by government authorities, sometimes years after the fact. Similarly, governmental agencies and personnel within those agencies may alter, clarify or even reverse previous interpretations of compliance requirements and the circumstances under which they will institute formal enforcement activity. It is not always possible accurately to predict regulators' responses to actual or alleged food-production deficiencies due to the large degree of discretion afforded regulators. We may be vulnerable to civil or criminal enforcement action by government regulators if they disagree with our analyses, conclusions, actions or practices. This could materially adversely affect our business, financial condition and operating results.

Packaging, labeling and advertising requirements are subject to varied interpretation and selective enforcement.

We operate under a novel business model in which we source, process, store and package meal ingredients and ship them directly to consumers. Most FDA requirements for mandatory food labeling are decades old and were adopted prior to the advent of large-scale, direct-to-consumer food sales and e-commerce platforms. Consequently, we, like our competitors, must make judgments regarding how best to comply with labeling and packaging regulations and industry practices not designed with our specific business model in mind. Government regulators may disagree with these judgments, leaving us open to civil or criminal enforcement action. This could materially adversely affect our business, financial condition and operating results.

We are subject to detailed and complex requirements for how our products may be labeled and advertised, which may also be supplemented by guidance from governmental agencies. Generally speaking, these requirements divide information into mandatory information that we must present to consumers and voluntary information that we may present to consumers. Packaging, labeling, disclosure and advertising regulations may describe what mandatory information must be provided to consumers, where and how that information is to be displayed physically on our materials or elsewhere, the terms, words or phrases in which it must be disclosed, and the penalties for non-compliance.

Voluntary statements made by us or by certain third parties, whether on package labels or labeling, on websites, in print, in radio, on social media channels, or on television, can be subject to FDA regulation, Federal Trade Commission, or FTC, regulation, USDA regulation, state and local regulation, or any combination of the foregoing.

These statements may be subject to specific requirements, subjective regulatory evaluation, and legal challenges by plaintiffs. FDA, FTC, USDA and state- and local-level regulations and guidance can be confusing and subject to conflicting interpretations. Guidelines, standards and market practice for, and consumers' understandings of, certain types of voluntary statements, such as those characterizing the nutritional and other attributes of food products, continue to evolve rapidly, and regulators may attempt to impose civil or criminal penalties against us if they disagree with our approach to using voluntary statements. Furthermore, in recent years the FDA has increased enforcement of its regulations with respect to nutritional, health and other claims related to food products, and plaintiffs have commenced legal actions against a number of companies that market food products positioned as "natural" or "healthy," asserting false, misleading and deceptive advertising and labeling claims, including claims related to such food being "all natural" or that they lack any genetically modified ingredients. Should we become subject to similar claims or actions, consumers may avoid purchasing products from us or seek alternatives, even if the basis for the claim is unfounded, and the cost of defending against any such claims could be significant. The occurrence of any of the foregoing risks could materially adversely affect our business, financial condition and operating results.

Risks Related to Government Regulation of our Wine Business

If we do not comply with the specialized regulations and laws that regulate the alcoholic beverage industry, our business could be materially adversely affected.

Alcoholic beverages are highly regulated at both the federal and state levels. Regulated areas include production, importation, product labeling, taxes, marketing, pricing, delivery, ownership restrictions, prohibitions on sales to minors, and relationships among alcoholic beverage producers, wholesalers and retailers. We cannot assure you that we will always be in full compliance with all applicable regulations or laws, that we will be able to comply with any future regulations and laws, that we will not incur material costs or liabilities in connection with compliance with applicable regulatory and legal requirements, or that such regulations and laws will not materially adversely affect our wine business. We rely on various internal and external personnel with relevant experience complying with applicable regulatory and legal requirements, and the loss of personnel with such expertise could adversely affect our wine business.

Licenses issued by state and federal alcoholic beverage regulatory agencies are required in order to produce, sell and ship wine. We have state and federal licenses, and must remain in compliance with state and federal laws in order to keep our licenses in good standing. Compliance failures can result in fines, license suspension or license revocation. In some cases, compliance failures can also result in cease and desist orders, injunctive proceedings or other criminal or civil penalties. If our licenses do not remain in good standing, our wine business could be materially adversely affected.

Our wine business relies substantially on state laws that authorize the shipping of wine by out-of-state producers directly to in-state consumers. Those laws are relatively new in many states, and it is common for the laws to be modified or regulators to change prior interpretations of governing licensing requirements. Adverse changes to laws or their interpretation allowing a producer to ship wine to consumers across state lines could materially adversely affect our wine business.

Other Risks Related to Government Regulation

Government regulation of the Internet, e-commerce and other aspects of our business is evolving, and we may experience unfavorable changes in or failure to comply with existing or future regulations and laws.

We are subject to a number of regulations and laws that apply generally to businesses, as well as regulations and laws specifically governing the Internet and e-commerce and the marketing, sale and delivery of goods and services over the Internet. Existing and future regulations and laws may impede the growth and availability of the Internet and online services and may limit our ability to operate our business. These laws and regulations, which continue to evolve, cover taxation, tariffs, privacy and data protection, data security, pricing, content, copyrights, distribution, mobile and other communications, advertising practices, electronic contracts, sales procedures, automatic subscription renewals, credit card processing procedures, consumer protections, the provision of online payment services, unencumbered

Internet access to our services, the design and operation of websites, and the characteristics and quality of product offerings that are offered online. We cannot guarantee that we have been or will be fully compliant in every jurisdiction, as it is not entirely clear how existing laws and regulations governing issues such as property ownership, sales and other taxes, consumer protection, libel and personal privacy apply or will be enforced with respect to the Internet and e-commerce, as many of these laws were adopted prior to the advent of the Internet and e-commerce and do not contemplate or address the unique issues they raise. Moreover, as e-commerce continues to evolve, increasing regulation and enforcement efforts by federal and state agencies and the prospects for private litigation claims related to our data collection, privacy policies or other e-commerce practices become more likely. In addition, the adoption of any laws or regulations, or the imposition of other legal requirements, that adversely affect our ability to market, sell, and deliver our products could decrease our ability to offer, or customer demand for, our offerings, resulting in lower net revenue, and existing or future laws or regulations could impair our ability to expand our product offerings, which could also result in lower net revenue and make us more vulnerable to increased competition. Future regulations, or changes in laws and regulations or their existing interpretations or applications, could also require us to change our business practices, raise compliance costs or other costs of doing business and materially adversely affect our business, financial condition and operating results.

Failure to comply with privacy-related obligations, including federal and state privacy laws and regulations and other legal obligations, or the expansion of current or the enactment of new privacy-related obligations could materially adversely affect our business.

A variety of federal and state laws and regulations govern the collection, use, retention, sharing, transfer and security of customer data. We also may choose to comply with, or may be required to comply with, self-regulatory obligations or other industry standards with respect to our collection, use, retention, sharing or security of customer data.

We strive to comply with all applicable laws, regulations, self-regulatory requirements, policies and legal obligations relating to privacy, data usage, and data protection. It is possible, however, that these laws, regulations and other obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and which may conflict with other rules or requirements or our practices. We cannot guarantee that our practices have complied, comply, or will comply fully with all such laws, regulations, requirements and obligations.

We have posted our privacy policy which describes our practice related to the collection, use and disclosure of customer data on our website and in our mobile application. Any failure, or perceived failure, by us to comply with our posted privacy policy or with any federal or state laws, regulations, self-regulatory requirements, industry standards, or other legal obligations could result in claims, proceedings or actions against us by governmental entities, customers or others, or other liabilities, or could result in a loss of customers, any of which could materially adversely affect our business, financial condition and operating results. In addition, a failure or perceived failure to comply with industry standards or with our own privacy policy and practices could result in a loss of customers and could materially adversely affect our business, financial condition and operating results.

Additionally, existing privacy-related laws, regulations, self-regulatory obligations and other legal obligations are evolving and are subject to potentially differing interpretations. Various federal and state legislative and regulatory bodies may expand current laws or enact new laws regarding privacy matters, and courts may interpret existing privacy-related laws and regulations in new or different manners. For example, the State of California enacted legislation in June 2018, the California Consumer Privacy Act of 2018, which came into effect on January 1, 2020, and, among other things, requires companies that process information on California residents to provide new disclosures to California consumers, allows such consumers to opt out of data sharing with third parties and provides a new cause of action for data breaches. While we have invested and may continue to invest in readiness to comply with the applicable legislation, the effects of these new and evolving laws, regulations, and other obligations potentially are far-reaching and may require us to further modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Changes in privacy-related laws, regulations, self-regulatory obligations and other legal obligations, or changes in industry standards or consumer sentiment, could require us to incur substantial costs or to change our business

practices, including changing, limiting or ceasing altogether the collection, use, sharing, or transfer of data relating to consumers. Any of these effects could materially adversely affect our business, financial condition and operating results.

Our failure to collect state or local sales, use or other similar taxes could result in substantial tax liabilities, including for past sales, as well as penalties and interest, and our business could be materially adversely affected.

In general, we have not historically collected state or local sales, use or other similar taxes in any jurisdictions in which we do not have a tax nexus, in reliance on court decisions or applicable exemptions that restrict or preclude the imposition of obligations to collect state and local sales, use and other similar taxes with respect to online sales of our products. In addition, we have not historically collected state or local sales, use or other similar taxes in certain jurisdictions in which we do have a physical presence in reliance on applicable exemptions. On June 21, 2018, the U.S. Supreme Court decided, in *South Dakota v. Wayfair, Inc.*, that state and local jurisdictions may, at least in certain circumstances, enforce a sales and use tax collection obligation on remote vendors that have no physical presence in such jurisdiction. A number of states have already begun, or have positioned themselves to begin, requiring sales and use tax collection by remote vendors and/or by online marketplaces. The details and effective dates of these collection requirements vary from state to state. It is possible that one or more jurisdictions may assert that we have liability for periods for which we have not collected sales, use or other similar taxes, and if such an assertion or assertions were successful it could result in substantial tax liabilities, including for past sales as well as penalties and interest, which could materially adversely affect our business, financial condition and operating results.

Changes in tax treatment of companies engaged in e-commerce could materially adversely affect the commercial use of our sites and our business, financial condition and operating results.

The decision of the U.S. Supreme Court in *South Dakota v. Wayfair, Inc.*, discussed above, permits state and local jurisdictions, in certain circumstances, to impose sales and use tax collection obligation on remote vendors, and a number of states have already begun imposing such obligations on Internet vendors and online marketplaces. In addition, due to the global nature of the Internet, it is possible that various states or, if we choose to expand internationally in the future, foreign countries, might attempt to impose additional or new regulation on our business or levy additional or new sales, income or other taxes relating to our activities. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in e-commerce. New or revised international, federal, state or local tax regulations may subject us or our customers to additional sales, income and other taxes. New or revised taxes and, in particular, sales taxes, value-added taxes and similar taxes (including sales and use taxes that we may be required to collect as a result of the *Wayfair* decision) are likely to increase costs to our customers and increase the cost of doing business online (including the cost of compliance processes necessary to capture data and collect and remit taxes), and such taxes may decrease the attractiveness of purchasing products over the Internet. Any of these events could materially adversely affect our business, financial condition and operating results.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability.

We may be limited in the portion of net operating loss carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes. As of December 31, 2020 and 2019, we had U.S. federal net operating loss carryforwards of $397.5 million and $364.0 million, respectively, and state net operating loss carryforwards of $153.2 million and $136.1 million, respectively, that are available to offset future tax liabilities. Of the $397.5 million of federal net operating loss carryforwards, $221.5 million was generated before January 1, 2018 and is subject to a 20-year carryforward period. The remaining $176.0 million can be carried forward indefinitely, but is subject to an 80% taxable income limitation, in any future taxable year. The pre-2018 federal and all state net operating losses will begin to expire in 2032 and 2033, respectively, if not utilized.

Furthermore, Section 382 of the Internal Revenue Code of 1986, as amended, or “the Code”, limits the ability of a company that undergoes an “ownership change” (generally defined as a greater than 50 percentage point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period) to utilize net operating loss carryforwards and tax credit carryforwards and certain built-in losses recognized in years after the ownership change. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change

under Section 382 of the Code. In addition, Section 383 of the Code generally limits the amount of tax liability in any post-ownership change year that can be reduced by pre-ownership change tax credit carryforwards. If we were to undergo an "ownership change," it could materially limit our ability to utilize our net operating loss carryforwards and other deferred tax assets.

Risks Related to Our Class A Common Stock

The market price of our Class A common stock has been and may continue to be volatile, which could result in substantial losses for investors purchasing our shares.

The market price of our Class A common stock has been and could continue to be subject to significant fluctuations. For example, since our initial public offering in June 2017, the market price of our Class A common stock has ranged from a high of $165.00 (adjusted for the reverse stock split that occurred in June 2019) to a low of $2.01. Some of the factors that may cause the market price of our Class A common stock to fluctuate include:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes in our earnings or fluctuations in our operating results or in the expectations of securities analysts;
- announcements of new service offerings, strategic alliances or significant agreements by us or by our competitors;
- departure of key personnel;
- litigation involving us or that may be perceived as having an adverse effect on our business;
- changes in general economic, industry and market conditions and trends, including the impact of the COVID-19 pandemic;
- investors' general perception of us;
- sales of large blocks of our stock; and
- announcements regarding industry consolidation.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. For example, we are subject to several putative class action lawsuits alleging federal securities law violations in connection with our initial public offering, or IPO. Because of the past and the potential future volatility of our stock price, we may become the target of additional securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

Our quarterly operating results or other operating metrics may fluctuate significantly, which could cause the trading price of our Class A common stock to continue to decline.

Our quarterly operating results and other operating metrics have fluctuated in the past and may in the future fluctuate as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- the level of demand for our service offerings and our ability to maintain and increase our customer base, including our ability to maintain higher levels of demand resulting from the impact on consumer behaviors resulting from the COVID-19 pandemic and our growth strategy;

- the timing and success of new service introductions by us or our competitors or any other change in the competitive landscape of our market;
- the mix of products sold;
- order rates by our customers;
- pricing pressure as a result of competition or otherwise;
- delays or disruptions in our supply chain;
- our ability to reduce costs;
- errors in our forecasting of the demand for our products, which could lead to lower net revenue or increased costs;
- seasonal or other variations in buying patterns by our customers;
- changes in and timing of sales and marketing and other operating expenses that we may incur;
- levels of customer credits and refunds;
- adverse litigation judgments, settlements or other litigation-related costs;
- food safety concerns, regulatory proceedings or other adverse publicity about us or our products;
- costs related to the acquisition of businesses, talent, technologies or intellectual property, including potentially significant amortization costs and possible write-downs;
- changes in consumer tastes and preferences, including changes in consumer spending resulting from the economic impact of the COVID-19 pandemic; and
- general economic conditions.

Any one of the factors above or the cumulative effect of some or all of the factors above may result in significant fluctuations in our operating results.

The variability and unpredictability of our quarterly operating results or other operating metrics could result in our failure to meet our expectations or those of any analysts that cover us or investors with respect to net revenue or other operating results for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the market price of our Class A common stock could continue to fall substantially, and we could face costly lawsuits, including securities class action suits.

If securities or industry analysts cease publishing research or reports about us, our business or our market, or if they publish negative evaluations of our stock or the stock of other companies in our industry, the price of our stock and trading volume could decline.

The trading market for our Class A common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If one or more of the analysts covering our business downgrade their evaluations of our stock or the stock of other companies in our industry, the price of our stock could decline. Since December 31, 2018, eleven of the analysts who formerly covered our stock have ceased to cover our stock and we currently have only two analysts covering our stock. If one or more of the remaining analysts cease to cover our stock, we could lose additional visibility in the market for our stock, which in turn could cause our stock price to decline further.

Because we do not expect to pay any dividends on our Class A common stock for the foreseeable future, investors may never receive a return on their investment.

You should not rely on an investment in our Class A common stock to provide dividend income. We have never paid cash dividends to holders of our Class A common stock and do not anticipate that we will pay any cash dividends to holders of our Class A common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and support our existing operations. Accordingly, investors must rely on sales of their Class A common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our Class A common stock.

Our tri-class capital structure has the effect of concentrating voting control with our chairman, Matthew B. Salzberg, who beneficially owns shares representing a majority of the combined voting power of our outstanding common stock. This structure will limit or preclude your ability to influence corporate matters, including a change of control, and might affect the market price of our Class A common stock.

Our capital structure consists of three classes of stock: Class B common stock, with ten votes per share; Class A common stock, with one vote per share; and non-voting Class C capital stock. As of January 31, 2021, stockholders who held shares of Class B common stock, including employees and directors and their affiliates, together held approximately 70.8% of the voting power of our outstanding capital stock; our executive officers, directors, 5% stockholders and their respective affiliates together held approximately 69.8% of the voting power of our outstanding capital stock; and our chairman, Matthew B. Salzberg, held approximately 62.1% of the voting power of our outstanding capital stock. Because Mr. Salzberg controls a majority of the combined voting power of our outstanding common stock, he will be able to control all matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets, so long as the outstanding shares of Class B common stock represent at least 9.1% of the total number of outstanding shares of Class A common stock and Class B common stock. This concentrated control will limit or preclude your ability to influence corporate matters, including a change of control of our company, for the foreseeable future, and might affect the market price of our Class A common stock.

Sales and/or other transfers by holders of Class B common stock result in those shares converting into Class A common stock, with limited exceptions and permitted transfers described in our restated certificate of incorporation. In addition, each outstanding share of Class B common stock held by a stockholder who is a natural person, or held by the permitted transferees of such stockholder, converts automatically into one share of Class A common stock upon the death or permanent and total disability of such stockholder, subject to a conversion delay of nine months in the event of the death or permanent and total disability of Matthew B. Salzberg. The conversion of additional shares of Class B common stock into Class A common stock will have the effect of further increasing the voting power of Mr. Salzberg and other holders of Class B common stock who retain their shares of Class B common stock.

Matthew B. Salzberg controls a majority of the combined voting power of our outstanding common stock, which means we are a "controlled company" and which could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Mr. Salzberg controls a majority of the combined voting power of our Class A and Class B common stock. As a result, we are a "controlled company" under the rules of the New York Stock Exchange or the NYSE. Under these rules, a company of which more than 50% of the voting power is held by an individual, a group or another company is a "controlled company" and, as such, can elect to be exempt from certain corporate governance requirements, including requirements that:

- a majority of the board of directors consist of independent directors;
- the board maintain a nominations committee with prescribed duties and a written charter; and
- the board maintain a compensation committee with prescribed duties and a written charter and comprised solely of independent directors.

As a “controlled company,” we may elect to rely on some or all of these exemptions. Accordingly, should the interests of Mr. Salzberg differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance standards. Even if we do not avail ourselves of these exemptions, our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Substantial sales of shares of our Class A common stock could cause the market price of our Class A common stock to decline and/or result in dilution to our stockholders.

Sales of a substantial number of shares of our Class A common stock in the public market, or the perception that these sales might occur, could reduce the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity or other securities. We are unable to predict the effect that such sales may have on the prevailing market price of our Class A common stock.

As of January 31, 2021, an aggregate of 1,414,665 shares of our common stock remained available for future grants under our equity incentive plans. Shares registered under our registration statements on Form S-8 are available for sale in the public market subject to vesting arrangements and exercise of options, and the restrictions of Rule 144 under the Securities Act. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our Class A common stock could decline.

Additionally, as of January 31, 2021, the holders of an aggregate of approximately 3 million shares of our common stock have rights, subject to certain conditions, to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register these shares for resale, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our Class A common stock could decline.

We currently have on file with the SEC a universal shelf registration statement which allows us to offer and sell registered Class A common stock, preferred stock, debt securities and warrants from time to time pursuant to one or more offerings of up to $75,000,000 in aggregate offering price at prices and terms to be determined at the time of sale. On August 10, 2020, we consummated an underwritten public offering of 4,000,000 shares of Class A common stock registered under our universal shelf registration statement. Following the August 2020 offering, approximately $38,000,000 in aggregate offering price remains available for issuance under our universal shelf registration statement.

Sales of additional amounts of shares of our Class A common stock or other securities convertible into shares of Class A common stock could dilute our stockholders.

The exclusion of our Class A common stock from major stock indexes could adversely affect the trading market and price of our Class A common stock.

Several major stock index providers exclude from their indexes the securities of companies with unequal voting rights, such as ours. Exclusion from stock indexes could make it more difficult, or impossible, for some fund managers to buy the excluded securities, particularly in the case of index tracking mutual funds and exchange traded funds. The exclusion of our Class A common stock from major stock indexes could adversely affect the trading market and price of our Class A common stock.

We may not be able to remain in compliance with the New York Stock Exchange’s requirements for the continued listing of our Class A common stock on the exchange.

On May 17, 2019, we were notified by the NYSE that we were no longer in compliance with the NYSE’s continued listing standards because the average closing price of our Class A common stock had fallen below $1.00 per share over a period of 30 consecutive trading days. On June 14, 2019, we filed a certificate of amendment to our restated certificate of incorporation that, among other things, effected a 1-for-15 reverse stock split of our Class A common stock. On July 1, 2019, we were notified by the NYSE that we had regained compliance with the applicable NYSE continued listing standard. However, we cannot assure you that the stock price of our Class A common stock will

continue to remain in compliance with this standard or that we will remain in compliance with any of the other applicable NYSE continued listing standards dependent on our stock price, such as the requirement to maintain an average global market capitalization over a consecutive 30 trading-day period in excess of $50.0 million or, at the same time, stockholders' equity equal or greater than $50.0 million. The stock price of our Class A common stock (and thus our market capitalization) may be adversely affected due to, among other things, our financial results, market conditions and market perception of our business.

Any further failure to remain in compliance with the NYSE's continued listing standards, and any subsequent failure to timely resume compliance with the NYSE's continued listing standards within the applicable cure period, could result in delisting from the NYSE and negatively impact our company and holders of our Class A common stock, including by reducing the willingness of investors to hold our Class A common stock because of the resulting decreased price, liquidity and trading of our Class A common stock, limited availability of price quotations, and reduced news and analyst coverage. These developments may also require brokers trading in our Class A common stock to adhere to more stringent rules and may limit our ability to raise capital by issuing additional shares of Class A common stock in the future. Delisting may adversely impact the perception of our financial condition, cause reputational harm with investors, our employees and parties conducting business with us, and limit our access to debt and equity financing. The perceived decrease in value of employee equity incentive awards may reduce their effectiveness in encouraging performance and retention.

Anti-takeover provisions in our restated certificate of incorporation and our amended and restated bylaws, as well as provisions of Delaware law, might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our Class A common stock.

Our restated certificate of incorporation and amended and restated bylaws and Delaware law contain provisions that may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our Class A common stock. These provisions may also prevent or delay attempts by our stockholders to replace or remove our management. Our corporate governance documents include provisions:

- establishing a classified board of directors with staggered three-year terms so that not all members of our board are elected at one time;
- providing that directors may be removed by stockholders only for cause and only with a vote of the holders of at least 66-2/3% of the votes that all our stockholders would be entitled to cast for the election of directors;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our Class A common stock; and
- limiting the liability of, and providing indemnification to, our directors and officers.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders holding shares representing more than 15% of the voting power of our outstanding voting stock from engaging in certain business combinations with us. Any provision of our restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our Class A common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your Class A common stock in an acquisition.

Our restated certificate provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders. Our restated certificate of incorporation further provides that the federal district courts of the United States of the America are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. These choice of forum provisions could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of our company, (2) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee or stockholder of our company to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the General Corporation Law or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery or (4) any action asserting a claim governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find this choice of forum provision contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and operating results.

Our restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Our management team has limited experience managing a public company.

Many members of our management team have limited experience managing a publicly traded company, interacting with public company investors and/or complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently continue to manage being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our management team and could divert their attention away from the day-to-day management of our business, which could materially adversely affect our business, financial condition and operating results.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, the Sarbanes-Oxley Act of 2002, the listing requirements of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations may continue to increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and operating results and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have already

hired additional employees to comply with these requirements, we may need to hire even more employees in the future, which will increase our costs and expenses.

As a public company, we are required to evaluate our internal controls and during the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting that we are unable to remediate before the end of the same fiscal year in which the material weakness is identified, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to attest to management's report on the effectiveness of our internal controls, which will be required after we are no longer an emerging growth company, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Class A common stock to decline.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. To comply with evolving laws, regulations and standards, we may need to invest additional resources, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business could be materially harmed.

As a result of being a public company and the accompanying rules and regulations, it is more expensive for us to obtain director and officer liability insurance, and in the future we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

We are an "emerging growth company" and a "smaller reporting company," and the reduced disclosure requirements applicable to emerging growth companies and smaller reporting companies may make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, and may remain an emerging growth company until December 31, 2022 (the last day of our fiscal year following the fifth anniversary of our IPO), subject to specified conditions. For so long as we remain an emerging growth company, we are permitted, and intend, to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. We would cease to be an emerging growth company earlier if we have more than $1.07 billion in annual revenue, we have more than $700 million in market value of our stock held by non-affiliates or we issue more than $1 billion of non-convertible debt securities over a three-year period. These exemptions include reduced disclosure obligations regarding executive compensation and exemptions from the requirements to hold non-binding advisory votes on executive compensation and golden parachute payments, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, not being required to comply with certain requirements of Auditing Standard 3101 relating to providing a supplement to the auditor's report regarding critical audit matters and not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation. Even after we no longer qualify as an emerging growth company, we may still qualify as a smaller reporting company, which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation and not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. In general, we will qualify as a smaller reporting company for as long as we have less than $250 million of public float (calculated as the aggregate market value of our Class A common stock and Class B common stock held by non-affiliates, based on the closing price of our Class A common stock on the NYSE on the last business day of our second fiscal quarter). We cannot predict whether investors will find our Class A common

stock less attractive if we rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, while we are an emerging growth company we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies. Accordingly, we will incur additional costs in connection with complying with the accounting standards applicable to public companies at such time or times as they become applicable to us.

General Risk Factors

Higher labor costs due to statutory and regulatory changes could materially adversely affect our business, financial condition and operating results.

Various federal and state labor laws, including new laws and regulations enacted in response to COVID-19, govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, workplace health and safety standards, payroll taxes, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. As our employees are paid at rates set at, or above but related to, the applicable minimum wage, further increases in the minimum wage could increase our labor costs. Significant additional government regulations could materially adversely affect our business, financial condition and operating results.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our principal executive office is located in New York, New York, where we lease approximately 25,000 square feet of space pursuant to leases that expire in 2024. Our customer service operations and certain back-office functions are based in Austin, Texas, where we lease approximately 65,000 square feet of space pursuant to a lease expiring in 2022, with an option to extend the term for one five-year period.

Our current fulfillment centers occupy leased facilities in Richmond, California, Linden, New Jersey, and Arlington, Texas. Our fulfillment center in Richmond, California occupies approximately 165,000 square feet of space pursuant to a lease expiring in 2022; our fulfillment center in Linden, New Jersey occupies approximately 495,000 square feet of space pursuant to a lease expiring in 2026 with an option to extend the term for two consecutive five-year periods, and our fulfillment center in Arlington, Texas occupies approximately 104,000 square feet of space pursuant to a lease expiring in 2024. We plan to sublease the Arlington fulfillment center after the conclusion of its temporary reopening, but there is no assurance that we will be able to enter into a sublease on favorable terms, if at all.

For additional information on our lease obligations, see Note 10 to the Consolidated Financial Statements of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS.

This information is set forth under "Note 10 – Commitments and Contingencies – Legal Proceedings" to the Consolidated Financial Statements of this Annual Report on Form 10-K and is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Certain Information Regarding the Trading of Our Common Stock

Our Class A common stock has been traded on the New York Stock Exchange (the "NYSE") under the symbol "APRN" since June 29, 2017. Prior to that time, there was no public market for our Class A common stock. Our Class B common stock is not listed or traded on any stock exchange.

Holders of Our Common Stock

As of January 31, 2021, there were approximately 32 holders of record of shares of our Class A common stock and approximately 69 holders of record of shares of our Class B common stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, whose shares are held of record by banks, brokers, and other financial institutions.

Dividends

We have never declared or paid cash dividends on our capital stock. We anticipate that we will retain all of our future earnings to finance the operation of our business and do not anticipate declaring or paying any cash dividends on our capital stock in the foreseeable future. Any future determination to declare and pay cash dividends, if any, will be made at the discretion of our board of directors and will depend on a variety of factors, including applicable laws, our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, general business or financial market conditions, and other factors our board of directors may deem relevant. In addition, our senior secured term loan contains covenants that could restrict our ability to pay cash dividends.

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item will be set forth in the definitive proxy statement we will file in connection with our 2021 Annual Meeting of Stockholders and is incorporated by reference herein.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We did not purchase any of our registered equity securities during the period covered by this Annual Report on Form 10-K.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

The following table sets forth our selected consolidated financial data. The consolidated statement of operations data for the years ended December 31, 2020, 2019, and 2018 and the selected consolidated balance sheet data as of December 31, 2020 and 2019 are derived from our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The consolidated statement of operations data for the years ended December 31, 2017 and 2016 and the selected consolidated balance sheet data as of December 31, 2018, 2017, and 2016 are derived from our audited consolidated financial statements and related notes that are not included in this Annual Report on Form 10-K. The following tables also show certain unaudited operational and non-GAAP financial measures as well as a reconciliation between certain GAAP and non-GAAP measures. Our historical results are not necessarily indicative of the results to be expected in any future period. You should read the following selected consolidated financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(In thousands, except share and per-share numbers)				
Consolidated Statements of Operations Data:					
Net revenue	$ 460,608	$ 454,868	$ 667,600	$ 881,191	$ 795,416
Operating expenses:					
Cost of goods sold, excluding depreciation and amortization	282,924	279,135	433,496	627,964	532,682
Marketing	49,934	48,133	117,455	154,529	144,141
Product, technology, general and administrative	137,244	144,925	194,340	247,907	165,179
Depreciation and amortization	24,503	31,200	34,517	26,838	8,217
Other operating expense	4,567	3,571	2,170	12,713	—
Total operating expenses	499,172	506,964	781,978	1,069,951	850,219
Income (loss) from operations	(38,564)	(52,096)	(114,378)	(188,760)	(54,803)
Interest income (expense), net	(7,548)	(8,943)	(7,683)	(6,384)	25
Other income (expense), net	—	—	—	(14,984)	—
Income (loss) before income taxes	(46,112)	(61,039)	(122,061)	(210,128)	(54,778)
Benefit (provision) for income taxes	(42)	(42)	(88)	(15)	(108)
Net income (loss)	$ (46,154)	$ (61,081)	$ (122,149)	$ (210,143)	$ (54,886)
Net income (loss) per share attributable to Class A common, Class B common, and Class C capital stockholders:*					
Basic	$ (3.06)	$ (4.67)	$ (9.51)	$ (24.62)	$ (12.58)
Diluted	$ (3.06)	$ (4.67)	$ (9.51)	$ (24.62)	$ (12.58)
Weighted-average shares used to compute net income (loss) per share attributable to Class A common, Class B common, and Class C capital stockholders:*					
Basic	15,098,783	13,089,908	12,845,261	8,537,156	4,361,707
Diluted	15,098,783	13,089,908	12,845,261	8,537,156	4,361,707

**Reflects the 1-for-15 reverse stock split that became effective on June 14, 2019.*

	Year Ended December 31,				
	2020	2019	2018	2017	2016
			(In thousands)		
Other Financial Data:					
Adjusted EBITDA (1)	$ (1,037)	$ (8,355)	$ (61,371)	$ (137,939)	$ (43,621)
Net cash from (used in) operating activities	$ (5,372)	$ (16,466)	$ (76,900)	$ (152,442)	$ (23,545)
Free cash flow (2)	$ (11,369)	$ (21,686)	$ (91,922)	$ (276,684)	$ (86,372)

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 44,122	$ 43,531	$ 95,615	$ 228,514	$ 81,468
Working capital (3)	$ (29,640)	$ (26,240)	$ (21,152)	$ (36,474)	$ (58,108)
Total assets	$ 215,335	$ 266,065	$ 354,899	$ 517,709	$ 273,407
Total liabilities	$ 151,360	$ 198,066	$ 235,597	$ 293,859	$ 211,938
Long-term obligations (4)	$ 30,646	$ 54,733	$ 83,783	$ 125,315	$ 45,434
Convertible preferred stock	$ —	$ —	$ —	$ —	$ 194,869
Total stockholders' equity (deficit)	$ 63,975	$ 67,999	$ 119,302	$ 223,850	$ (133,400)

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of adjusted EBITDA and a reconciliation of adjusted EBITDA to its most directly comparable GAAP equivalent.

(2) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for information regarding our use of free cash flow and a reconciliation of free cash flow to its most directly comparable GAAP equivalent.

(3) We define working capital as current assets (excluding cash and cash equivalents) less current liabilities (excluding current portion of long-term debt).

(4) Long-term obligations includes outstanding borrowings under the senior secured term loan and the terminated revolving credit facility, as well as capital leases.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in the section titled "Risk Factors." In this discussion, we use financial measures that are considered non-GAAP financial measures under Securities and Exchange Commission rules. These rules require supplemental explanation and reconciliation, which is included elsewhere in this Annual Report on Form 10-K. Investors should not consider non-GAAP financial measures in isolation from or in substitution for, financial information presented in compliance with U.S. generally accepted accounting principles. In the below discussion, we use the term basis points to refer to units of one-hundredth of one percent.

Overview

Blue Apron's vision is "better living through better food." Founded in 2012, we are on a mission to spark discovery, connection, and joy through cooking. We offer fresh, chef-designed recipes that empower our customers to embrace their culinary curiosity and challenge their abilities to see what a difference cooking quality food can make in their lives.

Our core product is the meal experience we help our customers create. These experiences extend from discovering new recipes, ingredients, and cooking techniques to preparing meals with families and loved ones to sharing photos and stories of culinary triumphs. Central to these experiences are the original recipes we design with fresh, seasonally inspired produce and high quality ingredients sent directly to our customers. We do this by employing technology and expertise across many disciplines – demand planning, recipe creation, procurement, recipe merchandising, fulfillment operations, distribution, customer service, and marketing – to drive our end-to-end value chain. We offer our customers three weekly meal plans—a Two-Serving Plan, a Four-Serving Plan, and Meal Prep Plan. We also sell wine, which can be paired with our meals, through Blue Apron Wine, our direct-to-consumer wine delivery service. Through Blue Apron Market, our e-commerce market, we sell a curated selection of cooking tools, utensils, pantry items, add-on products for different culinary occasions, which are tested and recommended by our culinary team, and à la carte wine offerings.

Key Financial and Operating Metrics

We use the following key financial and operating metrics to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. You should read the key financial and operating metrics in conjunction with the following discussion of our results of operations and financial condition together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Net revenue	$ 460,608	$ 454,868	$ 667,600
Adjusted EBITDA	$ (1,037)	$ (8,355)	$ (61,371)
Net cash from (used in) operating activities	$ (5,372)	$ (16,466)	$ (76,900)
Free cash flow	$ (11,369)	$ (21,686)	$ (91,922)

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2020				
Orders *(in thousands)*	1,763	2,152	1,917	1,879
Customers *(in thousands)*	376	396	357	353
Average Order Value	$ 57.68	$ 60.88	$ 58.56	$ 61.43
Orders per Customer	4.7	5.4	5.4	5.3
Average Revenue per Customer	$ 271	$ 331	$ 314	$ 327
2019				
Orders *(in thousands)*	2,482	2,048	1,726	1,622
Customers *(in thousands)*	550	449	386	351
Average Order Value	$ 57.15	$ 58.16	$ 57.60	$ 58.14
Orders per Customer	4.5	4.6	4.5	4.6
Average Revenue per Customer	$ 258	$ 265	$ 258	$ 269
2018				
Orders *(in thousands)*	3,474	3,122	2,647	2,418
Customers *(in thousands)*	786	717	646	557
Average Order Value	$ 56.58	$ 57.34	$ 56.79	$ 58.12
Orders per Customer	4.4	4.4	4.1	4.3
Average Revenue per Customer	$ 250	$ 250	$ 233	$ 252

Orders

We define Orders as the number of paid orders by our Customers across our meal, wine, and market products sold on our e-commerce platforms in any reporting period, inclusive of orders that may have eventually been refunded or credited to customers. Orders, together with Average Order Value, is an indicator of the net revenue we expect to recognize in a given period. We view Orders delivered as a key indicator of our scale and financial performance. Orders has limitations as a financial and operating metric as it does not reflect the product mix chosen by our customers or the purchasing behavior of our customers. Because of these and other limitations, we consider, and you should consider, Orders in conjunction with our other metrics, including net revenue, net income (loss), adjusted EBITDA, net cash from (used in) operating activities, free cash flow, Average Order Value, and Orders per Customer.

Customers

We determine our number of Customers by counting the total number of individual customers who have paid for at least one Order from Blue Apron across our meal, wine, or market products sold on our e-commerce platforms in a given reporting period. For example, the number of Customers in the quarter ended December 31, 2020 was determined based on the total number of individual customers who paid for at least one Order across our meal, wine or market products in the quarter ended December 31, 2020. We view the number of Customers as a key indicator of our scale and financial performance. Customers has limitations as a financial and operating metric as it does not reflect the product mix chosen by our customers, Order frequency, or the purchasing behavior of our customers. Because of these and other limitations, we consider, and you should consider, Customers in conjunction with our other metrics, including net revenue, net income (loss), adjusted EBITDA, net cash from (used in) operating activities, free cash flow, Orders per Customer, and Average Revenue per Customer.

Average Order Value

We define Average Order Value as our net revenue from our meal, wine, and market products sold on our e-commerce platforms in a given reporting period divided by the number of Orders in that period. We view Average Order Value as a key indicator of the mix of our product offerings chosen by our customers, the mix of promotional discounts, and the purchasing behavior of our customers.

Orders per Customer

We define Orders per Customer as the number of Orders in a given reporting period divided by the number of Customers in that period. We view Orders per Customer as a key indicator of our customers' purchasing patterns, including their repeat purchase behavior.

Average Revenue per Customer

We define Average Revenue per Customer as our net revenue from our meal, wine, and market products sold on our e-commerce platforms in a given reporting period divided by the number of Customers in that period. We view Average Revenue per Customer as a key indicator of our customers' purchasing patterns, including their repeat purchase behavior.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure defined by us as net income (loss) before interest income (expense), net, other operating expense, other income (expense), net, benefit (provision) for income taxes, depreciation, amortization and share-based compensation expense. We have presented adjusted EBITDA in this Annual Report on Form 10-K because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, we believe that the exclusion of certain items in calculating adjusted EBITDA can produce a useful measure for period-to-period comparisons of our business. Accordingly, we believe that adjusted EBITDA provides useful information in understanding and evaluating our operating results. Please see "Non-GAAP Financial Measures" for a discussion of the use of non-GAAP financial measures and for a reconciliation of adjusted EBITDA to net income (loss), the most directly comparable measure calculated in accordance with GAAP.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that is calculated as net cash from (used in) operating activities less purchases of property and equipment. We have presented free cash flow in this Annual Report on Form 10-K because it is used by our management and board of directors as an indicator of the amount of cash we generate or use and to evaluate our ability to satisfy current and future obligations and to fund future business opportunities. Accordingly, we believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our ability to satisfy our financial obligations and pursue business opportunities, and allowing for greater transparency with respect to a key financial metric used by our management in their financial and operational decision-making. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt repayments or capital lease obligations that are not deducted from the measure. Additionally, other companies, including companies in our industry, may calculate free cash flow differently, which reduces its usefulness as a comparative measure. Please see "Non-GAAP Financial Measures" for a discussion of the use of non-GAAP financial measures and for a reconciliation of free cash flow to net cash from (used in) operating activities, the most directly comparable measure calculated in accordance with GAAP.

Impact of COVID-19 on our Business

The COVID-19 pandemic had a material impact on our consolidated financial statements for the year ended December 31, 2020. It has resulted, and is expected to continue to result for at least the near and intermediate term, in significant economic disruptions and changes to consumer behaviors in the United States, which has impacted and is expected to continue to impact our business.

Since late March 2020, we have experienced a significant increase in demand primarily, in part, as a result of changes to consumer behaviors resulting from the various restrictions that have been enacted throughout much of the United States in response to the COVID-19 pandemic, which continue to be in effect to varying levels across the United States. This increased demand may not be sustained as the pandemic's impact on consumer behaviors tapers, particularly

as a result of fewer restrictions on dining options, and as a COVID-19 vaccine becomes widely available in the United States, or if consumer spending habits are negatively impacted by worsening economic conditions.

In response to increased demand, we took action to increase capacity at our fulfillment centers, including continuing to hire new personnel, temporarily reducing variety in menu options, which limits the need to change production lines and allows for more time to pack meal kits, and announced our plan to temporarily reopen our fulfillment center in Arlington, Texas in January 2021. During the COVID-19 pandemic, we have also seen higher than normal rates of absenteeism among our fulfillment center workforce and, at times, we have experienced difficulty in hiring a sufficient number of employees to adequately staff our fulfillment centers. As a result, we have also closed, and may again in the future close, some weekly offering cycles early to cap orders as we continue to increase headcount to meet demand. At the same time, we have taken a variety of safety measures following federal, state and local guidelines at our fulfillment centers' operations. These safety measures include enhanced daily cleaning and disinfection policies, enhanced personal hygiene efforts and implementing social distancing efforts and awareness throughout the fulfillment centers. To date, while we have held production at times in order to implement some of our enhanced sanitation measures, we have not experienced significant disruptions in our fulfillment centers and we have not experienced any significant disruptions in our supply chain or any significant carrier interruptions or delays. Furthermore, in response to the increased demand, we intentionally reduced marketing spend for portions of 2020 to manage capacity, but we increased our marketing spend at the end of the second quarter and we have reengaged, and expect to continue to reengage, in additional marketing spend as part of our growth strategy to retain existing and attract new customers. As a result of the challenges we have seen from time to time in hiring a sufficient workforce to adequately staff our fulfillment centers and in order to manage increased demand, we also made a decision to delay certain new product offerings that are part of our growth strategy, which may negatively impact net revenue in future periods.

The COVID-19 pandemic may have other adverse effects on our business, operations, and financial results and condition, including, among other things, as a result of adverse impacts on labor availability, our fulfillment center operations, consumer behaviors and on the overall economy. Significant uncertainty exists regarding the magnitude and duration of the economic and social effects of the COVID-19 pandemic and therefore we cannot predict the full extent of the positive or negative impacts this will have on our business, operations, and financial results and condition in future periods. In particular, the positive trends on our operating results that we saw in the year ended December 31, 2020 may not continue at current levels, and could decline in future periods.

Please see "Risk Factors" under Part I, Item 1A for further discussion regarding risks associated with the COVID-19 pandemic.

Key Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities but also pose risks and challenges, including those discussed below and under "Risk Factors."

Marketing and Customer Lifecycle Management

Our performance and future success depend in large part on our ongoing ability to invest in marketing to sufficiently support our growth strategy and cost-effectively launch marketing campaigns that attract, retain, and engage customers. We use various online paid advertising channels (such as digital and social media and email), strategic brand partnerships, and offline paid advertising channels (such as television, radio and podcasts, and direct mail). We typically complement our paid advertising channels by offering promotional discounts to new customers for use on their first Order. We also attract new customers by word of mouth, including through our customer referral program, through which certain existing customers may invite others to receive a single complimentary meal kit box. We intend to continue investing in marketing and offering promotional discounts to drive customer acquisition with a deliberate focus on the marketing channels we believe to be the most efficient and customer segments that demonstrate stronger affinity and retention. By prioritizing customer segments that demonstrate stronger affinity and retention, we believe we will strengthen our customer base and improve our ability to achieve profitable revenue. We also intend to continue using marketing to drive customer retention, customer engagement and brand awareness.

In addition to marketing, we continue to invest in our products, brand and overall customer experience, each of which further drives customer acquisition, customer retention and customer engagement and encourages repeat purchases. We also engage with our customers through social media, our website, blog, in-box content and mobile application, including through how-to videos and visual imagery, to deepen our customers' connection with our brand. Our flexible platform allows customers to interact with us by either actively managing or passively receiving orders, and we believe this flexibility drives higher customer engagement, loyalty and retention over the long term. Our ability to efficiently acquire new customers, retain existing customers and drive customer engagement through marketing investment and other business initiatives significantly impacts our revenue and results of operations. For example, to the extent that we reduce marketing expenses or other costs to help manage our liquidity and remain in compliance with the minimum liquidity covenant in our senior secured term loan, there is a risk that such reductions will result in a lower subscription count, which itself could present a risk that we will not be able to comply with the minimum subscription count covenant in our senior secured term loan, which could lead to an event of default under our existing senior secured term loan. See "Liquidity and Capital Resources" below for further discussion.

Product Offerings

Our ability to enhance our existing products and introduce new products impacts our revenue and results of operations. We make ongoing changes to our products intended to enhance the customer experience and strive to offer our customers a balanced mix of ingredients, cuisines, familiarity, discovery, and preparation times. To accommodate various customer lifestyles, we offer three weekly meal plans: a Two-Serving Plan, a Four-Serving Plan, and a Meal Prep Plan for our meals, each with flexibility in recipe selection. We are focused on offering a variety of choices every week, including a range of recipes designed for a healthy lifestyle so that customers can make selections based on their individual household needs and preferences, as well as Premium recipes that introduce our customers to specialty protein combinations, advanced culinary techniques, and unique flavor twists. Beginning in the fourth quarter of 2020, customers also have the option to customize some of their recipe selections, such as the ability to upgrade a protein with a more premium protein, replace a meat with a plant protein, swap a vegetable for a starch, or increase the portion size by adding more protein or vegetables.

We are also focused on brand extensions that are complementary to our meal experience, such as Blue Apron Wine and Blue Apron Market. We sell occasion-based offerings from time to time, which we have sold both on our subscription meal plan and the Blue Apron Market platform. We believe that by introducing new products and by increasing the choices available, we will better attract, engage and retain customers. Our customers' choices from among our product offerings will impact our revenue and results of operations, and as we introduce additional products and increase flexibility in our existing products, our customers' behavior and engagement with us may change.

Operational Execution

Our ability to effectively coordinate supply and demand and execute across our end-to-end value chain impacts our customer experience and our operating results. We begin by working with our suppliers, often months in advance of creating our menus. We then continue to forecast demand as well as monitor and evaluate our expected supply of ingredients, retaining flexibility to finalize recipes in the weeks leading up to fulfillment. As of January 31, 2021, we operated three technology-enabled, refrigerated fulfillment centers that collectively employed approximately 1,738 employees. Each fulfillment center includes an operation that portions ingredients into exact quantities for each week's recipes using a combination of automated methods, manual labor, and warehousing, packaging, and shipping operations. We utilize a company-managed, third party delivery network that optimizes outbound logistics, including packing materials and the choice of carrier, on a ZIP code by ZIP code basis to ensure cost-effective, timely, and safe delivery of our orders.

In February 2020, we announced the planned closure of our Arlington, Texas fulfillment center and the consolidation of production volume from our Arlington, Texas fulfillment center into our Linden, New Jersey and Richmond, California fulfillment centers in order to more efficiently continue to service our national footprint while also enabling us to redirect financial resources into other parts of the business, including growth initiatives. In November 2020, we announced a plan to temporarily reopen our fulfillment center in Arlington, Texas beginning in January 2021. This temporary reopening is designed to allow us to focus on utilizing existing assets to help address some of the

capacity constraints we have experienced during the COVID-19 pandemic in order to supplement labor while we continue to implement operating efficiencies at our other fulfillment centers. See Note 16 to the Consolidated Financial Statements of this Annual Report on Form 10-K for additional information.

Capital Investment to Support our Strategic Initiatives

Our strategic investments in our fulfillment center operations will continue to significantly impact our ability to successfully execute on our growth strategy, introduce new products, increase variety to customers, and create efficiencies in our cost structure. We made significant investments to scale our operations and support the expansion of our business, including the build-out of our fulfillment center in Linden, New Jersey which we completed in 2017, which have contributed to meaningful efficiencies in our fulfillment operations. In the future, we plan to further invest in capital expenditures primarily related to implementing our growth strategy and to further optimize and drive efficiency in our operations. However, in order to maintain compliance with the financial covenants under our senior secured term loan, we may be required to reduce capital expenditures, which could negatively impact revenue, our growth strategy, and our business. See "Liquidity and Capital Resources" below for further discussion.

Seasonality

We experience seasonality in our business that impacts the level at which customers engage with our products and brand and our quarterly results of operations. We anticipate that the first quarter of each year will generally represent our strongest quarter in terms of customer engagement. Conversely, during the summer months and the end of year holidays, when people are vacationing more often or have less predictable weekly routines, we generally anticipate lower customer engagement. In 2020, the economic and social impact of the COVID-19 pandemic masked, in part, the seasonal fluctuations in our operating results. We believe that these trends have affected and will continue to affect our quarterly results in the future; however, we cannot predict the ongoing impact that the COVID-19 pandemic may have on seasonality. Our marketing strategies, which may be informed by these seasonal trends, will also impact our quarterly results of operations.

Components of Our Results of Operations

Net Revenue

We generate net revenue primarily from the sale of meals to customers through our Two-Serving, Four-Serving, and Meal Prep Plans. We also generate net revenue through sales of Blue Apron Wine, and through sales on Blue Apron Market. For each of the years ending December 31, 2020, 2019 and 2018, we derived substantially all of our net revenue from sales of our meals through our direct-to-consumer platform. We deduct promotional discounts, actual customer credits and refunds as well as customer credits and refunds expected to be issued to determine net revenue. Customers who receive a damaged meal or wine order or are dissatisfied with a meal or wine order and contact us within seven days of receipt of the order may receive a full or partial refund, full or partial credit against future purchase, or replacement, at our sole discretion. Credits only remain available for customers who maintain a valid account with us. Customers who return an unused, undamaged Blue Apron Market product within 30 days of receipt receive a full refund.

Our business is seasonal in nature and, as a result, our revenue and expenses and associated revenue trends fluctuate from quarter to quarter. We anticipate that the first quarter of each year will generally represent our strongest quarter in terms of customer engagement. Conversely, during the summer months and the end of year holidays, when people are vacationing more often or have less predictable weekly routines, we generally anticipate lower customer engagement. In 2020, the economic and social impact of the COVID-19 pandemic masked, in part, the seasonal fluctuations in our operating results. We believe that these trends have affected and will continue to affect our quarterly results in the future, however, we cannot predict the ongoing impact that the COVID-19 pandemic may have on seasonality. We also anticipate that our net revenue will be impacted by the timing and success of our ongoing product expansion initiatives.

In addition, our net revenue is impacted by our marketing strategies, including the timing and amount of paid advertising and promotional activity. For example, prior to the impact of the COVID-19 pandemic on demand for our

products, our deliberate reduction in marketing expenses to focus on the marketing channels we believe to be the most efficient and target consumers that we believe will exhibit higher affinity and retention negatively impacted our net revenue. In addition, in order to manage heightened demand, we made a decision to temporarily cut back on certain existing product offerings and delay certain future new product offerings to meet increased demand relating to the COVID-19 pandemic, which may impact net revenue in future periods.

Credit card charges are recorded in deferred revenue until the criteria for revenue recognition have been met. Because we generally charge credit cards in advance of shipment and, historically, customers have most frequently requested delivery of their meals earlier in the week, our deferred revenue balance at the end of a financial reporting period may fluctuate significantly based on the day of the week on which that period ends. Consequently, large changes in deferred revenue at any particular time are not meaningful indicators of our financial results or future revenue trends.

Cost of Goods Sold, excluding Depreciation and Amortization

Cost of goods sold, excluding depreciation and amortization, consists of product and fulfillment costs. Product costs include the cost of food, packaging for food that is portioned prior to delivery to customers, labor and related personnel costs incurred to portion food for our meals, inbound shipping costs, and cost of products sold through Blue Apron Wine and Blue Apron Market. Fulfillment costs consist of costs incurred in the shipping and handling of inventory including the shipping costs to our customers, labor and related personnel costs related to receiving, inspecting, warehousing, picking inventory, and preparing customer orders for shipment, and the cost of packaging materials and shipping supplies. In the near-term we expect that these expenses will be higher because of the various actions taken to increase capacity and implement safety measures in our fulfillment centers in response to the COVID-19 pandemic, as well as due to ongoing investments in product innovation to provide product variety, flexibility, and additional choice for our customers. Over time, we expect such expenses to decrease as a percentage of net revenue as we continue to focus on operational improvements and optimizing our fulfillment center operations.

Marketing

Our marketing expenses consist primarily of costs incurred to acquire new customers, retain existing customers and build our brand awareness through various online and offline paid channels, including digital and social media, television, direct mail, radio and podcasts, email, brand activations, and certain variable and fixed payments to strategic brand partnerships. Also included in marketing expenses are the costs of orders through our customer referral program, in which certain existing customers may invite others to receive a complimentary meal kit, as well as costs paid to third parties to market our products. The cost of the customer referral program is based on our costs incurred for fulfilling a complimentary meal delivery, including product and fulfillment costs.

We expect marketing expenses to continue to comprise a significant portion of our operating expenses in support of our growth strategy, while also continuing to focus on efficiency and our customer acquisition strategy to target consumers that we believe will exhibit high affinity and retention through marketing channels we believe to be the most efficient. We anticipate that our marketing strategies, including the timing and extent of our marketing investments, will be informed by our strategic priorities, including our ability to implement our growth strategy, the sufficiency of our cash resources, the seasonal trends in our business, and the competitive landscape of our market, and will fluctuate from quarter-to-quarter and have a significant impact on our quarterly results of operations. We currently expect that the first quarter of 2021 will be our largest quarterly marketing investment in 2021, as a percentage of net revenue and on an absolute basis. Our quarterly marketing expense for each of the remaining three quarters of 2021 is expected to be slightly lower than the seasonally high level in the first quarter of 2021, but higher than in each of the quarters in 2020. We also anticipate that our near-term marketing strategies and investments may continue to be impacted by the COVID-19 pandemic, and we may reduce or increase marketing expenditures in future periods to continue to help us manage demand to alleviate future capacity constraints. Additionally, we may reduce or adjust our marketing investments, as needed, to manage liquidity and remain in compliance with the minimum liquidity covenant in our senior secured term loan, or to further increase customer acquisition in order to maintain compliance with the minimum subscription count covenant. See Note 9 to the Consolidated Financial Statements on Form 10-K for further discussion on the senior secured term loan.

Product, Technology, General and Administrative

Product, technology, general and administrative expenses consist of costs related to the development of our products and technology, general and administrative expenses, and overhead expenses, which include: payroll and related expenses for employees involved in the application, production, and maintenance of our platform and other technology infrastructure costs; payroll and related expenses for employees performing corporate and other managerial functions; facilities' costs such as occupancy and rent costs for our corporate offices and fulfillment centers; and payment processing fees, professional fees, and other general corporate and administrative costs. Over time, we expect such expenses to decrease as a percentage of net revenue reflecting our continued focus on expense management.

Depreciation and Amortization

Depreciation and amortization consists of depreciation expense for our property and equipment and amortization expense for capitalized software development costs.

Other Operating Expense

Other operating expense consists of a non-cash gain, net of a termination fee, on the Fairfield lease termination, impairment losses on long-lived assets, charges for estimated legal settlements, and restructuring costs.

Interest Income (Expense), Net

Interest income and expense consists primarily of interest expense associated with our senior secured term loan and the terminated revolving credit facility, capital lease financings, and build-to-suit lease financings offset by interest income on cash and cash equivalents balances.

Benefit (Provision) for Income Taxes

Our benefit (provision) for income taxes and our effective tax rates are affected by permanent differences between GAAP and statutory tax laws, certain one-time items, and the impact of valuation allowances. For each of the years ending December 31, 2020, 2019 and 2018, our benefit (provision) for income taxes was $(0.0) million, $(0.0) million, and $(0.1) million, respectively, resulting in an effective tax rate of (0.09)%, (0.07)% and (0.07)%, respectively. We continue to maintain a valuation allowance for federal and state tax jurisdictions. Our tax provision results from state taxes in a jurisdiction in which net operating losses were not available to offset our tax obligation.

As of December 31, 2020, we had U.S. federal and state net operating loss carryforwards of $397.5 million and $153.2 million, respectively. Of the $397.5 million of federal net operating loss carryforwards, $221.5 million was generated before January 1, 2018 and is subject to a 20-year carryforward period. The remaining $176.0 million can be carried forward indefinitely, but is subject to an 80% taxable income limitation in any future taxable year. The pre-2018 federal and all state net operating losses will begin to expire in 2032 and 2033, respectively, if not utilized.

Results of Operations

The following sets forth our consolidated statements of operations data for each of the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Net revenue	$ 460,608	$ 454,868	$ 667,600
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	282,924	279,135	433,496
Marketing	49,934	48,133	117,455
Product, technology, general and administrative	137,244	144,925	194,340
Depreciation and amortization	24,503	31,200	34,517
Other operating expense	4,567	3,571	2,170
Total operating expenses	499,172	506,964	781,978
Income (loss) from operations	(38,564)	(52,096)	(114,378)
Interest income (expense), net	(7,548)	(8,943)	(7,683)
Income (loss) before income taxes	(46,112)	(61,039)	(122,061)
Benefit (provision) for income taxes	(42)	(42)	(88)
Net income (loss)	$ (46,154)	$ (61,081)	$ (122,149)

The following table sets forth our consolidated statements of operations data as a percentage of net revenue for each of the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
		(as a percentage of net revenue)	
Net revenue	100.0 %	100.0 %	100.0 %
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	61.4 %	61.4 %	64.9 %
Marketing	10.8 %	10.6 %	17.6 %
Product, technology, general and administrative	29.8 %	31.9 %	29.1 %
Depreciation and amortization	5.3 %	6.9 %	5.2 %
Other operating expense	1.0 %	0.8 %	0.3 %
Total operating expenses	108.4 %	111.5 %	117.1 %
Income (loss) from operations	(8.4)%	(11.5)%	(17.1)%
Interest income (expense), net	(1.6)%	(2.0)%	(1.2)%
Income (loss) before income taxes	(10.0)%	(13.4)%	(18.3)%
Benefit (provision) for income taxes	(0.0)%	(0.0)%	(0.0)%
Net income (loss)	(10.0)%	(13.4)%	(18.3)%

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net Revenue

	Year Ended December 31,		
	2020	2019	% Change
	(In thousands)		
Net revenue	$ 460,608	$ 454,868	1 %

Net revenue increased by $5.7 million, or 1%, to $460.6 million for 2020 from $454.9 million for 2019. The increase in net revenue was primarily due to an increase in Orders per Customer and Average Order Value during the year ended December 31, 2020 as customers chose to order more frequently and more meals per order both as a result of

the changes in consumer behaviors relating to the COVID-19 pandemic, and the continued execution of our growth strategy, including through product innovation.

Operating Expenses

Cost of Goods Sold, excluding Depreciation and Amortization

	Year Ended December 31,		% Change
	2020	2019	
	(In thousands)		
Cost of goods sold, excluding depreciation and amortization	$ 282,924	$ 279,135	1 %
% of net revenue	*61.4 %*	*61.4 %*	

Cost of goods sold, excluding depreciation and amortization, increased by $3.8 million, or 1%, to $282.9 million for 2020 from $279.1 million for 2019. As a percentage of net revenue, cost of goods sold, excluding depreciation and amortization, was 61.4% for 2020 and 2019.

Marketing

	Year Ended December 31,		% Change
	2020	2019	
	(In thousands)		
Marketing	$ 49,934	$ 48,133	4 %
% of net revenue	*10.8 %*	*10.6 %*	

Marketing expenses increased by $1.8 million, or 4%, to $49.9 million for 2020 from $48.1 million for 2019. The increase was seen across various offline and online paid channels, partially offset by a decrease in our customer referral program. As a percentage of net revenue, marketing expenses increased to 10.8% for 2020 from 10.6% for 2019. This increase, as a percentage of net revenue, included an increase of 30 basis points in online paid channels, an increase of 30 basis points in offline paid channels, partially offset by a decrease of 40 basis points in our customer referral program primarily driven by a decrease in the mix of customer referral orders versus total Orders.

Product, Technology, General and Administrative

	Year Ended December 31,		% Change
	2020	2019	
	(In thousands)		
Product, technology, general and administrative	$ 137,244	$ 144,925	(5)%
% of net revenue	*29.8 %*	*31.9 %*	

Product, technology, general and administrative expenses decreased by $7.7 million, or 5%, to $137.2 million for 2020 from $144.9 million for 2019. This decrease was primarily due to increased focus on expense management, including:

- a decrease of $5.2 million in corporate overhead and administrative costs,
- a decrease of $3.7 million in facilities costs for our corporate offices and fulfillment centers, including occupancy and rent; partially offset by
- an increase of $1.4 million in personnel costs primarily driven by an increase in bonuses.

As a percentage of net revenue, product, technology, general and administrative expenses decreased to 29.8% for 2020 from 31.9% for 2019 primarily due to continued focus on expense management and optimization of our cost structure.

Depreciation and Amortization

	Year Ended December 31,		% Change
	2020	2019	
	(In thousands)		
Depreciation and amortization	$ 24,503	$ 31,200	(21)%
% of net revenue	*5.3 %*	*6.9 %*	

Depreciation and amortization decreased by $6.7 million, or 21%, to $24.5 million for 2020 from $31.2 million for 2019. This decrease was primarily driven by impairment charges and write-offs on long-lived assets. As a percentage of net revenue, depreciation and amortization decreased to 5.3% in 2020 from 6.9% in 2019.

Other Operating Expense

Other operating expense for 2020 and 2019 was $4.6 million and $3.6 million, respectively. Other operating expense for 2020 represents charges of $8.4 million related to the Arlington fulfillment center closure announced in February 2020, including $7.6 million of non-cash impairment charges on long-lived assets, $0.4 million of employee-related expenses, primarily consisting of severance payments, and $0.4 million of other exit costs, as well as a $1.1 million charge for an estimated legal settlement, partially offset by a $4.9 million non-cash gain, net of a $1.5 million termination fee, on the Fairfield lease termination in March 2020. Other operating expense for 2019 includes a $2.1 million charge related to an estimated legal settlement, $1.3 million of non-cash impairment charges on long-lived assets primarily related to the reprioritization of initiatives to support our growth strategy, and $0.2 million of employee-related expenses consisting of severance payments relating to the Arlington fulfillment center downsizing announced in January 2019.

Income (Loss) from Operations

	Year Ended December 31,		% Change
	2020	2019	
	(In thousands)		
Income (loss) from operations	$ (38,564)	$ (52,096)	(26)%
% of net revenue	*(8.4)%*	*(11.5)%*	

Income (loss) from operations for 2020 and 2019 was $(38.6) million and $(52.1) million, respectively. This improvement was due to a decrease in operating expenses of $7.8 million and an increase in net revenue of $5.7 million. As a percentage of net revenue, income (loss) from operations was (8.4)% and (11.5)% for 2020 and 2019, respectively. This decrease was primarily driven by decreases as a percentage of net revenue in product, technology, general and administrative expenses and depreciation and amortization, partially offset by an increase in other operating expense and marketing expenses as a percentage of net revenue for the reasons set forth above.

Interest Income (Expense), Net

Interest income (expense), net for 2020 and 2019 was $(7.5) million and $(8.9) million, respectively. This decrease in interest income (expense), net was primarily due to a decrease of $1.8 million associated with build-to-suit lease financings as a result of the Fairfield lease termination and a decrease of $1.1 million in interest expense incurred on outstanding borrowings under our senior secured loan and terminated revolving credit facility, partially offset by decreased interest income on cash and cash equivalents of $1.5 million.

Benefit (Provision) for Income Taxes

The provision for income taxes recorded in 2020 and 2019 reflects state income taxes in a jurisdiction in which net operating losses were not available to offset our tax obligations.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Net Revenue

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Net revenue	$ 454,868	$ 667,600	(32)%

Net revenue decreased by $212.7 million, or 32%, to $454.9 million for 2019 from $667.6 million for 2018. The decrease in net revenue was primarily due to a decrease in Customers during the year ended December 31, 2019 as we deliberately reduced marketing spend while we continue to strategically invest in the marketing channels we believe to be the most efficient and target consumers that we believe will exhibit higher affinity and retention.

Operating Expenses

Cost of Goods Sold, excluding Depreciation and Amortization

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Cost of goods sold, excluding depreciation and amortization	$ 279,135	$ 433,496	(36)%
% of net revenue	*61.4 %*	*64.9 %*	

Cost of goods sold, excluding depreciation and amortization, decreased by $154.4 million, or 36%, to $279.1 million for 2019 from $433.5 million for 2018. This decrease was primarily driven by a decrease in Orders and improvements in operational efficiencies. As a percentage of net revenue, cost of goods sold, excluding depreciation and amortization, decreased to 61.4% for 2019 from 64.9% in 2018. The decrease in cost of goods sold, excluding depreciation and amortization, as a percentage of net revenue was primarily due to:

- a decrease of 280 basis points in food and product packaging costs driven by enhanced planning and procurement strategies, as well as improvements in our fulfillment center operations;
- a decrease of 140 basis points in labor largely due to process improvements in our fulfillment center operations; partially offset by
- an increase of 70 basis points in shipping and fulfillment packaging costs largely due to rate increases from shipping carriers.

Marketing

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Marketing	$ 48,133	$ 117,455	(59)%
% of net revenue	*10.6 %*	*17.6 %*	

Marketing expenses decreased by $69.3 million, or 59%, to $48.1 million for 2019 from $117.5 million for 2018. The decrease was seen across various offline and online paid channels as well as in our customer referral program. As a percentage of net revenue, marketing expenses decreased to 10.6% for 2019 from 17.6% for 2018. This decrease as a percentage of net revenue included a decrease of 430 basis points in offline paid channels, a decrease of 180 basis points in online paid channels and a decrease of 90 basis points in our customer referral program primarily driven by a decrease in the mix of customer referral orders versus total Orders. The deliberate reduction in marketing expenses was consistent with our strategy to invest in the marketing channels we believe to be the most efficient and target consumers that we believe will exhibit higher affinity and retention.

Product, Technology, General and Administrative

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Product, technology, general and administrative	$ 144,925	$ 194,340	(25)%
% of net revenue	*31.9 %*	*29.1 %*	

Product, technology, general and administrative expenses decreased by $49.4 million, or 25%, to $144.9 million for 2019 from $194.3 million for 2018. This decrease was primarily due to increased focus on expense management, including:

- a decrease of $27.6 million in personnel costs primarily driven by lower headcount in corporate and other managerial positions reflecting in part the workforce reduction implemented in November 2018;
- a decrease of $13.3 million in corporate overhead and administrative costs, which includes a decrease of $4.3 million in payment processing fees driven by lower net revenue; and
- a decrease of $8.1 million in facilities costs for our corporate offices and fulfillment centers, including occupancy and rent.

As a percentage of net revenue, product, technology, general and administrative expenses increased to 31.9% for 2019 from 29.1% for 2018 primarily driven by investments to support our business and execute on key business initiatives.

Depreciation and Amortization

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Depreciation and amortization	$ 31,200	$ 34,517	(10)%
% of net revenue	*6.9 %*	*5.2 %*	

Depreciation and amortization decreased by $3.3 million, or 10%, to $31.2 million for 2019 from $34.5 million for 2018. This decrease was primarily driven by lower investments as well as impairment charges and write-offs on long-lived assets. As a percentage of net revenue, depreciation and amortization increased to 6.9% in 2019 from 5.2% in 2018.

Other Operating Expense

Other operating expense for 2019 and 2018 was $3.6 million and $2.2 million, respectively. Other operating expense for 2019 includes a $2.1 million charge related to an estimated legal settlement, $1.3 million of non-cash impairment charges on long-lived assets primarily related to the reprioritization of initiatives to support our growth strategy, and $0.2 million of employee-related expenses consisting of severance payments relating to the Arlington fulfillment center downsizing announced in January 2019. Other operating expense for 2018 includes restructuring costs of $2.2 million associated with the workforce reduction in November 2018 to support our strategic priorities.

Income (Loss) from Operations

	Year Ended December 31,		
	2019	2018	% Change
	(In thousands)		
Income (loss) from operations	$ (52,096)	$ (114,378)	(54)%
% of net revenue	*(11.5)%*	*(17.1)%*	

Income (loss) from operations for 2019 and 2018 was $(52.1) million and $(114.4) million, respectively. This change was due to a decrease in operating expenses of $275.0 million, partially offset by the decrease in net revenue of $212.7 million. As a percentage of net revenue, income (loss) from operations was (11.5)% and (17.1)% for 2019 and 2018, respectively. This improvement was primarily driven by decreases as a percentage of net revenue in marketing expense and cost of goods sold, excluding depreciation and amortization, partially offset by an increase in product, technology, general and administrative expense, depreciation and amortization, and other operating expense as a percentage of net revenue.

Interest Income (Expense), Net

Interest income (expense), net for 2019 and 2018 was $(8.9) million and $(7.7) million, respectively. This increase in interest income (expense), net was primarily due to a decrease in interest income on cash and cash equivalents of $1.2 million.

Benefit (Provision) for Income Taxes

The provision for income taxes recorded in 2019 and 2018 reflects state income taxes in a jurisdiction in which net operating losses were not available to offset our tax obligations.

Non-GAAP Financial Measures

To provide additional information regarding our financial results, we monitor and have presented within this Annual Report on Form 10-K adjusted EBITDA and free cash flow, which are non-GAAP financial measures. These non-GAAP financial measures are not based on any standardized methodology prescribed by U.S. generally accepted accounting principles, or GAAP, and are not necessarily comparable to similarly-titled measures presented by other companies.

We define adjusted EBITDA as net income (loss) before interest income (expense), net, other operating expense, other income (expense), net, benefit (provision) for income taxes, depreciation and amortization and share-based compensation expense. We have presented adjusted EBITDA in this Annual Report on Form 10-K because it is a key measure used by our management and board of directors to understand and evaluate our operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, we believe that the exclusion of certain items in calculating adjusted EBITDA can produce a useful measure for period-to-period comparisons of our business.

We use adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. We believe adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making.

Our adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of adjusted EBITDA rather than net income (loss), which is the most directly comparable GAAP equivalent. Some of these limitations are:

- adjusted EBITDA excludes share-based compensation expense, as share-based compensation expense has recently been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- adjusted EBITDA excludes depreciation and amortization expense and, although these are non-cash expenses, the assets being depreciated may have to be replaced in the future;
- adjusted EBITDA excludes other operating expense, as other operating expense represents charges for estimated legal settlements, non-cash impairment charges on long-lived assets, a non-cash gain, net of a termination fee, on a lease termination, and restructuring costs;
- adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest, which reduces cash available to us;
- adjusted EBITDA excludes other expense, as other expense represents a one-time loss on the extinguishment of convertible notes;
- adjusted EBITDA does not reflect income tax payments that reduce cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

We define free cash flow as net cash from (used in) operating activities less purchases of property and equipment. We have presented free cash flow in this Annual Report on Form 10-K because it is used by our management and board of directors as an indicator of the amount of cash we generate or use and to evaluate our ability to satisfy current and future obligations and to fund future business opportunities. Accordingly, we believe that free cash flow provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our ability to satisfy our financial obligations and pursue business opportunities, and allowing for greater transparency with respect to a key financial metric used by our management in their financial and operational decision-making.

Our free cash flow is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of free cash flow rather than net cash from (used in) operating activities, which is the most directly comparable GAAP equivalent. Some of these limitations are:

- free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt repayments or capital lease obligations that are not deducted from the measure; and
- other companies, including companies in our industry, may calculate free cash flow differently, which reduces its usefulness as a comparative measure.

Because of these limitations, we consider, and you should consider, adjusted EBITDA and free cash flow together with other financial information presented in accordance with GAAP. The following tables present a reconciliation of these non-GAAP measures to the most directly comparable measure calculated in accordance with GAAP, for each of the periods presented:

	Year Ended December 31,				
	2020	2019	2018	2017	2016
			(In thousands)		
Reconciliation of net income (loss) to adjusted EBITDA					
Net income (loss)	$ (46,154)	$ (61,081)	$ (122,149)	$ (210,143)	$ (54,886)
Share-based compensation	8,457	8,970	16,320	11,270	2,965
Depreciation and amortization	24,503	31,200	34,517	26,838	8,217
Other operating expense	4,567	3,571	2,170	12,713	—
Interest (income) expense, net	7,548	8,943	7,683	6,384	(25)
Other (income) expense, net	—	—	—	14,984	—
Provision (benefit) for income taxes	42	42	88	15	108
Adjusted EBITDA	$ (1,037)	$ (8,355)	$ (61,371)	$ (137,939)	$ (43,621)

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Reconciliation of net cash from (used in) operating activities to free cash flow			
Net cash from (used in) operating activities	$ (5,372)	$ (16,466)	$ (76,900)
Purchases of property and equipment	(5,997)	(5,220)	(15,022)
Free cash flow	$ (11,369)	$ (21,686)	$ (91,922)

Quarterly Results of Operations and Other Financial and Operations Data

The following tables set forth selected unaudited quarterly consolidated statements of operations data and other financial and operating data for each of the eight quarters beginning with the three months ended March 31, 2019, as well as, where applicable, the percentage of net revenue for each line item shown. The information for each of these quarters has been prepared on the same basis as the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K and in the opinion of our management, reflects all normal recurring adjustments necessary for the fair statement of our consolidated results of operations for these periods. This data should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

These quarterly results of operations are not necessarily indicative of our results of operations to be expected for any future period.

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
	(In thousands)							
Consolidated Statements of Operations Data:								
Net revenue	$ 101,857	$ 131,040	$ 112,253	$ 115,458	$ 141,890	$ 119,166	$ 99,490	$ 94,322
Operating expenses:								
Cost of goods sold, excluding depreciation and amortization	60,638	77,868	74,499	69,919	82,704	71,473	67,393	57,565
Marketing	15,032	11,561	10,862	12,479	14,234	9,713	12,127	12,059
Product, technology, general and administrative	34,217	32,493	33,687	36,847	39,148	35,118	35,333	35,326
Depreciation and amortization	6,753	6,175	5,871	5,704	8,604	8,372	7,303	6,921
Other operating expense	3,198	269	1,100	—	230	—	1,261	2,080
Total operating expenses:	119,838	128,366	126,019	124,949	144,920	124,676	123,417	113,951
Income (loss) from operations	(17,981)	2,674	(13,766)	(9,491)	(3,030)	(5,510)	(23,927)	(19,629)
Interest income (expense), net	(2,155)	(1,541)	(1,482)	(2,370)	(2,232)	(2,226)	(2,260)	(2,225)
Income (loss) before income taxes	(20,136)	1,133	(15,248)	(11,861)	(5,262)	(7,736)	(26,187)	(21,854)
Benefit (provision) for income taxes	(9)	(19)	(14)	—	(13)	(12)	(9)	(8)
Net income (loss)	$ (20,145)	$ 1,114	$ (15,262)	$ (11,861)	$ (5,275)	$ (7,748)	$ (26,196)	$ (21,862)
Net income (loss) per share attributable to Class A and Class B common stockholders:								
Basic	$ (1.51)	$ 0.08	$ (0.96)	$ (0.67)	$ (0.41)	$ (0.59)	$ (1.99)	$ (1.66)
Diluted	$ (1.51)	$ 0.08	$ (0.96)	$ (0.67)	$ (0.41)	$ (0.59)	$ (1.99)	$ (1.66)
	(As a percentage of net revenue)							
Net revenue	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses:								
Cost of goods sold, excluding depreciation and amortization	59.5 %	59.4 %	66.4 %	60.6 %	58.3 %	60.0 %	67.7 %	61.0 %
Marketing	14.8 %	8.8 %	9.7 %	10.8 %	10.0 %	8.2 %	12.2 %	12.8 %
Product, technology, general and administrative	33.6 %	24.8 %	30.0 %	31.9 %	27.6 %	29.5 %	35.5 %	37.5 %
Depreciation and amortization	6.6 %	4.7 %	5.2 %	4.9 %	6.1 %	7.0 %	7.3 %	7.3 %
Other operating expense	3.1 %	0.2 %	1.0 %	— %	0.2 %	— %	1.3 %	2.2 %
Total operating expenses:	117.7 %	98.0 %	112.3 %	108.2 %	102.1 %	104.6 %	124.0 %	120.8 %
Income (loss) from operations	(17.7)%	2.0 %	(12.3)%	(8.2)%	(2.1)%	(4.6)%	(24.0)%	(20.8)%
Interest income (expense) and other income (expense), net	(2.1)%	(1.2)%	(1.3)%	(2.1)%	(1.6)%	(1.9)%	(2.3)%	(2.4)%
Income (loss) before income taxes	(19.8)%	0.9 %	(13.6)%	(10.3)%	(3.7)%	(6.5)%	(26.3)%	(23.2)%
Benefit (provision) for income taxes	(0.0)%	(0.0)%	(0.0)%	— %	(0.0)%	(0.0)%	(0.0)%	(0.0)%
Net income (loss)	(19.8)%	0.9 %	(13.6)%	(10.3)%	(3.7)%	(6.5)%	(26.3)%	(23.2)%
Other Financial and Operations Data:								
Orders *(in thousands)*	1,763	2,152	1,917	1,879	2,482	2,048	1,726	1,622
Customers *(in thousands)*	376	396	357	353	550	449	386	351
Average Order Value	$ 57.68	$ 60.88	$ 58.56	$ 61.43	$ 57.15	$ 58.16	$ 57.60	$ 58.14
Orders per Customer	4.7	5.4	5.4	5.3	4.5	4.6	4.5	4.6
Average Revenue per Customer	$ 271	$ 331	$ 314	$ 327	$ 258	$ 265	$ 258	$ 269
Adjusted EBITDA (in thousands) (1)	$ (5,790)	$ 11,127	$ (4,706)	$ (1,668)	$ 8,639	$ 4,484	$ (13,151)	$ (8,327)
Free cash flow (in thousands) (2)	$ (14,215)	$ 14,444	$ (9,058)	$ (2,540)	$ 3,404	$ (4,011)	$ (8,866)	$ (12,213)

(1) Adjusted EBITDA is a non-GAAP financial measure defined by us as net income (loss) before interest income (expense), net, other operating expense, other income (expense), net, benefit (provision) for income taxes, depreciation, amortization and share-based compensation expense. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a discussion of the use of non-GAAP financial measures. The following table presents a reconciliation of adjusted EBITDA to net income (loss), the most directly comparable measure calculated in accordance with GAAP.

(2) Free cash flow is a non-GAAP financial measure that is calculated as net cash from (used in) operating activities less purchases of property and equipment. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a discussion of the use of non-GAAP financial measures. The following table presents a reconciliation of free cash flow to net cash from (used in) operating activities, the most directly comparable measure calculated in accordance with GAAP.

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
	(In thousands)							
Reconciliation of net income (loss) to adjusted EBITDA								
Net income (loss)	$ (20,145)	$ 1,114	$ (15,262)	$ (11,861)	$ (5,275)	$ (7,748)	$ (26,196)	$ (21,862)
Share-based compensation	2,240	2,009	2,089	2,119	2,835	1,622	2,212	2,301
Depreciation and amortization	6,753	6,175	5,871	5,704	8,604	8,372	7,303	6,921
Other operating expense	3,198	269	1,100	—	230	—	1,261	2,080
Interest (income) expense, net	2,155	1,541	1,482	2,370	2,232	2,226	2,260	2,225
Provision (benefit) for income taxes	9	19	14	0	13	12	9	8
Adjusted EBITDA	$ (5,790)	$ 11,127	$ (4,706)	$ (1,668)	$ 8,639	$ 4,484	$ (13,151)	$ (8,327)

	Three Months Ended							
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
	(In thousands)							
Reconciliation of net cash from (used in) operating activities to free cash flow								
Net cash from (used in) operating activities	$ (12,604)	$ 15,673	$ (7,121)	$ (1,320)	$ 5,138	$ (2,921)	$ (7,790)	$ (10,893)
Purchases of property and equipment	(1,611)	(1,229)	(1,937)	(1,220)	(1,734)	(1,090)	(1,076)	(1,320)
Free cash flow	$ (14,215)	$ 14,444	$ (9,058)	$ (2,540)	$ 3,404	$ (4,011)	$ (8,866)	$ (12,213)

Our business is seasonal in nature and, as a result, our revenue and expenses and associated revenue trends fluctuate from quarter to quarter. We anticipate that the first quarter of each year will generally represent our strongest quarter in terms of customer engagement and marketing investment. Conversely, during the summer months and the end of year holidays, when people are vacationing more often or have less predictable weekly routines, we generally anticipate lower customer engagement and marketing investment. In 2020, the economic and social impact of the COVID-19 pandemic masked, in part, the seasonal fluctuations in our operating results. We believe that these trends have affected and will continue to affect our quarterly results in the future, however, we cannot predict the ongoing impact that the COVID-19 pandemic may have on seasonality. In addition to the seasonal trends impacting our net revenue and marketing expenses, the higher outside temperatures of the summer months impact cost of goods sold as more expensive fulfillment packaging for our meals is required in order to maintain the proper temperature during delivery to the customer. In the summer months, we also have increased access to seasonal produce for use in our recipes, including specialty ingredients, which is expected to result in increased food and product packaging costs during such period.

Liquidity and Capital Resources

The following table shows our cash and cash equivalents, accounts receivable, net, restricted cash, and working capital as of the dates indicated:

	Year Ended December 31,	
	2020	2019
	(In thousands)	
Cash and cash equivalents	$ 44,122	$ 43,531
Accounts receivable, net	$ 116	$ 248
Restricted cash included in Prepaid expenses and other assets	$ 610	$ —
Restricted cash included in Other noncurrent assets	$ 1,110	$ 2,912
Working capital (1)	$ (29,640)	$ (26,240)

(1) We define working capital as the difference between our current assets (excluding cash and cash equivalents) and current liabilities (excluding current portion of long-term debt).

Total outstanding debt, net of debt issuance costs, was $34.1 million as of December 31, 2020 and $53.5 million as of December 31, 2019. Issued letters of credit outstanding were $1.6 million as of December 31, 2020 and $2.2 million as of December 31, 2019.

Our cash requirements are principally for working capital and capital expenditures to support our business, including investments at our fulfillment centers and to support our growth strategy. Our primary sources of liquidity are cash and cash equivalents, cash flows from the operations of our business, and cash generated through financing activities, as discussed below.

On April 29, 2020, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission ("SEC"), or the 2020 Shelf, to register for sale from time to time up to $75.0 million of Class A common stock, preferred stock, debt securities and/or warrants in one or more offerings, which became effective on July 23, 2020. On August 10, 2020, we completed an underwritten public offering (the "offering") of 4,000,000 shares of our Class A common stock under the 2020 Shelf, resulting in $32.9 million of proceeds, net of underwriting discounts and commissions and offering costs. The net proceeds from the offering were subject to the mandatory prepayment provisions of the revolving credit facility, and a portion of the proceeds was consequently used to make a repayment of $10.8 million of the borrowings that were then outstanding under our revolving credit facility.

On October 16, 2020, we entered into a financing agreement which provides for a senior secured term loan in the aggregate principal amount of $35.0 million that matures in March 2023. The proceeds of the senior secured term loan were used, together with cash on hand, to repay in full the outstanding indebtedness under the revolving credit facility and to pay fees and expenses in connection with the transactions contemplated by the senior secured term loan. We terminated the revolving credit facility effective as of the closing of the senior secured term loan. The senior secured term loan bears interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 8.00% per annum. The principal amount of the senior secured term loan will be repayable in equal quarterly installments of $875,000 through December 31, 2022, with the remaining unpaid principal amount of the senior secured term loan repayable on March 31, 2023.

The senior secured term loan contains restrictive covenants, financial covenants, and affirmative and financial reporting covenants restricting our and our subsidiaries' activities. The financial covenants include a requirement to maintain a minimum aggregate liquidity balance of $20.0 million at all times and a minimum subscription count (defined in the senior secured term loan as the number of all active customers on our internal account list) of 300,000 on any determination date occurring between the effective date and December 31, 2021, and 320,000 on any determination date occurring thereafter.

We have a history of net losses and negative operating cash flows. In addition, we have experienced significant negative trends in our net revenue. While trends in net revenue, net losses, and operating cash flows improved during the year ended December 31, 2020, that improvement is, in part, due to heightened demand driven by the various restrictions on consumers that have been enacted, and remain in effect to varying degrees, throughout much of the United States in response to the COVID-19 pandemic, and by the continued execution of our growth strategy. These positive trends on our operating results may not continue at current levels, and could decline in future periods, depending on the duration and severity of the COVID-19 pandemic and the timing of wide-spread vaccinations in the United States.

We are currently continuing to pursue our strategy to drive customer and revenue growth through product innovation alongside managing heightened demand resulting from the COVID-19 pandemic and our growth strategy. In light of the offering and the senior secured term loan in the second half of 2020, as well as improvements in our business from the execution of our growth strategy, our board of directors has concluded its review of a broad range of strategic alternatives in October 2020, however, our board of directors will continue to evaluate and look for opportunities to maximize stockholder value as part of regular strategic reviews. Our ability, including the timing and extent, to successfully execute our growth strategy is inherently uncertain and is dependent on continued sufficiency of cash resources, and our ability to implement the initiatives and deliver the results as forecasted, among other factors. Due to this uncertainty, if we are unable to sufficiently deliver results from our growth strategy, manage liquidity, and/or to cost effectively attract new customers and retain existing customers, we may not be able to maintain compliance with the minimum liquidity and minimum subscription count covenants which may result in an event of default under our senior secured term loan. In the event we do not have sufficient cash resources upon an event of default, if we were unable to obtain a waiver or successfully renegotiate the terms of our senior secured term loan with our lenders, and the lenders enforced one or more of their rights upon default, we could be unable to meet our current obligations.

If we are unable to sufficiently execute our growth strategy, we believe we have plans to effectively manage liquidity and customer acquisition and retention in order to maintain compliance with our debt covenants. This includes potential significant expense reductions in areas that we have identified in product, technology, general and administrative costs to achieve savings and reinvest in the business, which includes modifying and balancing our

marketing investments, as needed, to maintain the minimum subscription covenant, while also maintaining sufficient cash to meet the minimum liquidity covenant.

A significant portion of our costs are discretionary in nature and, if needed, we have the ability to reduce or delay spending in order to reduce expenses and improve liquidity. We have also previously demonstrated an ability to implement various cost reduction initiatives, including workforce reductions and other cost optimizing initiatives. As a result of these initiatives, our year-over-year product, technology, general and administrative expenses were reduced by approximately 5%, or $7.7 million, 25%, or $49.4 million, and 22%, or $53.6 million, respectively, for the years ended December 31, 2020, 2019, and 2018.

Based on the current facts and circumstances, the financial flexibility provided through the financing transactions discussed above, our financial planning process and our historical ability to implement cost reductions and adjust marketing strategies, we believe we can effectively manage liquidity and subscription count in order to maintain compliance with the financial covenants under our senior secured term loan for at least the next 12 months. As a result, we believe that our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements and the availability and accessibility to additional funds will depend on many factors, including our ability to remain compliant with the covenants of our senior secured term loan and those described in the section titled "Risk Factors" under Part I, Item 1A.

The following table presents the major components of net cash flows from and used in operating, investing, and financing activities for the periods indicated:

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Net cash from (used in) operating activities	$ (5,372)	$ (16,466)	$ (76,900)
Net cash from (used in) investing activities	(5,777)	(4,481)	(14,289)
Net cash from (used in) financing activities	10,548	(29,917)	(42,389)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(601)	(50,864)	(133,578)
Cash, cash equivalents, and restricted cash–beginning of period	46,443	97,307	230,885
Cash, cash equivalents, and restricted cash–end of period	$ 45,842	$ 46,443	$ 97,307

Net Cash from (used in) Operating Activities

Net cash from (used in) operating activities consists of net income adjusted for certain non-cash items and changes in operating assets and liabilities.

In 2020, net cash from (used in) operating activities was $(5.4) million and consisted of net income (loss) of $(46.2) million, primarily non-cash items of $36.3 million, and a net change in operating assets and liabilities of $4.5 million. Changes in operating assets and liabilities were primarily driven by increases in accrued expenses and other current liabilities, deferred revenue, and other noncurrent assets and liabilities of $11.2 million and decreases in inventory and receivables of $8.2 million, partially offset by an increase in prepaid expenses and other current assets of $14.4 million and a decrease in accounts payable of $0.5 million.

In 2019, net cash from (used in) operating activities was $(16.5) million and consisted of net income (loss) of $(61.1) million, non-cash items of $42.2 million and a net change in operating assets and liabilities of $2.5 million. Changes in operating assets and liabilities were primarily driven by decreases in inventory, prepaid expenses and other current assets, and receivables of $11.9 million and an increase in accounts payable of $1.7 million, partially offset by decreases in accrued expenses and other current liabilities, deferred revenue, and other noncurrent assets and liabilities of $11.2 million.

In 2018, net cash from (used in) operating activities was $(76.9) million and consisted of net income (loss) of $(122.1) million, non-cash items of $52.8 million and a net change in operating assets and liabilities of $(7.6) million. Changes in operating assets and liabilities were primarily driven by decreases in receivables and inventory of $11.1

million and an increase in other noncurrent assets and liabilities of $5.9 million, offset by decreases in accounts payable and deferred revenue of $21.9 million and increases in prepaid expenses and other current assets of $2.7 million.

Net Cash from (used in) Investing Activities

Net cash from (used in) investing activities primarily relates to capital expenditures to support our business initiatives and drive efficiency in fulfillment center operations and investment in software development.

In 2020, net cash from (used in) investing activities was $(5.8) million and consisted primarily of $(6.0) million for purchases of property and equipment, of which approximately $(2.9) million relates to capitalized software costs, to support business initiatives and ongoing product expansion. Cash paid for capital expenditures in 2020 was primarily driven by acquisition of fixed assets and development of software to support business initiatives and ongoing product expansion. In the future we expect to incur capital expenditures primarily related to implementing our growth strategy and to further optimize and drive efficiency in our operations and capitalized software costs. As of December 31, 2020, our projected capital expenditures are expected to amount to approximately $8.0 million to $12.0 million in the aggregate for 2021. The timing and amount of our projected expenditures is dependent upon a number of factors, including our ability to successfully execute our growth strategy, and may vary significantly from our estimates.

In 2019, net cash from (used in) investing activities was $(4.5) million and consisted primarily of $(5.2) million for purchases of property and equipment, of which approximately $(2.6) million relates to capitalized software costs, partially offset by $0.7 million of proceeds from the sale of fixed assets.

In 2018, net cash from (used in) investing activities was $(14.3) million and consisted primarily of $(15.0) million for purchases of property and equipment, including capitalized software costs, and a $(0.3) million payment for an acquisition holdback, partially offset by $1.0 million of proceeds from the sale of fixed assets. Cash paid for capital expenditures in 2018 was driven by the continued investments in automation equipment at our fulfillment centers, the acquisition of fixed assets to support business initiatives and ongoing product expansion and software capitalization.

Net Cash from (used in) Financing Activities

Net cash from (used in) financing activities primarily relates to proceeds from the offering of Class A common stock, net borrowings under our senior secured term loan and terminated revolving credit facility, proceeds from exercises of stock options, and principal payments on capital lease obligations.

In 2020, net cash from (used in) financing activities was $10.5 million and consisted primarily of $33.0 million of proceeds from our senior secured term loan, net of debt issuance costs, $32.9 million of proceeds from the public offering of Class A common stock, net of offering costs, and $0.5 million of proceeds from the exercise of stock options, partially offset by $55.6 million of repayments of all outstanding indebtedness under our revolving credit facility, and principal payments on capital lease obligations. The proceeds of the senior secured term loan were used, together with cash on hand, to repay in full all outstanding indebtedness under the revolving credit facility and to pay fees and expenses in connection with the transactions contemplated by the senior secured term loan. See “Senior Secured Term Loan” below for further discussion.

In 2019, net cash from (used in) financing activities was $(29.9) million and consisted primarily of a $(28.9) million repayment of debt under our revolving credit facility, $(0.8) million in payments of debt issuance costs, and $(0.3) million in principal payments on capital lease obligations, slightly offset by proceeds from the exercise of stock options.

In 2018, net cash from (used in) financing activities was $(42.4) million and consisted primarily of a $(41.4) million repayment of debt under our revolving credit facility, $(0.9) million in payments of debt issuance costs, and $(0.3) million in principal payments on capital lease obligations, slightly offset by proceeds from the exercise of stock options and vesting of restricted stock units.

Free Cash Flow

We define free cash flow as net cash from (used in) operating activities less purchases of property and equipment. Our free cash flow was $(11.4) million, $(21.7) million, and $(91.9) million for the years ended December 31, 2020, 2019, and 2018, respectively. In 2020, free cash flow consisted of $(5.4) million of net cash from (used in) operating activities and $(6.0) million for purchases of property and equipment, of which approximately $(2.9) million relates to capitalized software costs. In 2019, free cash flow consisted of $(16.5) million of net cash from (used in) operating activities and $(5.2) million for purchases of property and equipment, of which approximately $(2.6) million relates to capitalized software costs. In 2018, free cash flow consisted of $(76.9) million of net cash from (used in) operating activities and $(15.0) million for purchases of property and equipment, including capitalized software costs. Please see “Non-GAAP Financial Measures” for a discussion of the use of non-GAAP financial measures and for a reconciliation of free cash flow to net cash from (used in) operating activities, the most directly comparable measure calculated in accordance with GAAP.

Senior Secured Term Loan

As discussed above, on October 16, 2020 (the “effective date”), we entered into a financing agreement which provides for a senior secured term loan in the aggregate principal amount of $35.0 million. The proceeds of the senior secured term loan were used, together with cash on hand, to repay in full all outstanding indebtedness under the revolving credit facility and to pay fees and expenses in connection with the transactions contemplated by the senior secured term loan. We terminated the revolving credit facility effective as of the closing of the senior secured term loan.

The senior secured term loan bears interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 8.00% per annum. The principal amount of the senior secured term loan will be repayable in equal quarterly installments of $875,000 through December 31, 2022, with the remaining unpaid principal amount of the senior secured term loan repayable on March 31, 2023. We are also obligated under the senior secured term loan to pay customary fees, including an anniversary fee equal to 1.00% of the average daily principal amount of the senior secured term loan outstanding over the past 12 months.

As of December 31, 2020, we had $34.1 million in outstanding borrowings under the senior secured term loan, of which $30.6 million is classified as long-term debt and $3.5 million is classified as the current portion of long-term debt.

The borrower under the senior secured term loan is our wholly-owned subsidiary, Blue Apron, LLC. The obligations under the senior secured term loan are guaranteed by Blue Apron Holdings, Inc. and its subsidiaries other than the borrower, and secured by substantially all of the assets of the borrower and the guarantors. The senior secured term loan contains certain restrictive covenants, financial covenants, and affirmative and financial reporting covenants restricting our and our subsidiaries’ activities. Restrictive covenants include limitations on the incurrence of indebtedness and liens, restrictions on affiliate transactions, restrictions on the sale or other disposition of collateral, and limitations on dividends and stock repurchases. We will be required to make mandatory prepayments under certain circumstances, and will have the option to make prepayments under the senior secured term loan subject to certain prepayment premiums through the first anniversary of the effective date. The financial covenants include a requirement to maintain a minimum aggregate liquidity balance of $20.0 million at all times and a minimum subscription count (defined in the senior secured term loan as the number of all active customers on our account list) of 300,000 on any determination date occurring between the effective date and December 31, 2021, and 320,000 on any determination date occurring thereafter. Any such failure to comply with such covenants may result in an event of default under our senior secured term loan, upon which the lenders could declare all outstanding principal and interest to be due and payable immediately and foreclose against the assets securing the borrowings. Failure to comply with any covenants under the senior secured term loan could have a material adverse effect on our business, financial condition, and results of operation. See “Risk Factors” under Part I, Item 1A.

Contractual Obligations

At December 31, 2020, our debt and certain other significant contractual financial obligations that will affect our future liquidity were as follows:

	2021	2022	2023	2024	2025	Thereafter	Total
				(In thousands)			
Senior secured term loan (1)	$ 7,270	$ 6,897	$ 28,331	$ —	$ —	$ —	$ 42,498
Operating lease obligations (2)	10,461	6,474	5,236	4,754	1,777	1,154	29,856
Capital lease obligations (3)	55	25	4	—	—	—	84
Build-to-suit lease obligations (4)	2,479	2,528	2,579	2,631	2,683	1,812	14,712
Total	$ 20,265	$ 15,924	$ 36,150	$ 7,385	$ 4,460	$ 2,966	$ 87,150

(1) Includes estimated interest payments based on currently effective interest rates as of December 31, 2020 and timing of scheduled principal payments under our senior secured term loan. Estimated interest payments are subject to change due to the variable nature of the interest rates under our senior secured term loan as described in “Senior Secured Term Loan” above.

(2) Includes non-cancelable operating leases for office space in New York City and Austin, Texas, currently occupied fulfillment centers in Linden, New Jersey, Richmond, California and Arlington, Texas, and a previously occupied fulfillment center in Jersey City, New Jersey. We also have various non-cancelable operating leases for certain equipment. We have entered into agreements to sublease portions of our corporate offices and fulfillment centers, as well as the remainder of our Jersey City facility. The subleases continue through the duration of the existing leases for each location and entitle us to future minimum sublease payments of approximately $7.4 million as of December 31, 2020. The sublease payments are not reflected in the above table.

(3) Includes lease payments for capital lease obligations, including estimated interest payments attributable to our capital lease obligations, all of which have fixed interest rates.

(4) Includes lease payments for our fulfillment center in Linden for which we are deemed to be the owner for accounting purposes under build-to-suit accounting, and capitalized the fair value of the buildings and direct construction costs incurred along with a corresponding facility financing liability. In March 2020, we terminated the lease for our Fairfield facility. In connection with the lease termination, we paid a termination fee in the amount of $1.5 million in the second quarter of 2020, which released us from all future minimum lease payments related to this facility of $32.9 million, which otherwise would have expired in 2028. For further information on the Fairfield lease termination, see Note 10 to the Consolidated Financial Statements of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

As of December 31, 2020, and December 31, 2019, we did not have any off-balance sheet arrangements, except for operating leases and letters of credit entered into in the normal course of business as discussed above.

Critical Accounting Policies and Significant Estimates

In preparing our consolidated financial statements in accordance with GAAP, we are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs and expenses, and disclosure of contingent assets and liabilities that are reported in the consolidated financial statements and accompanying disclosures. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements because they involve the most difficult, subjective or complex judgments about the effect of matters that are inherently uncertain. Therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates and assumptions. See Note 2 to the Consolidated Financial Statements of this Annual Report on

Form 10-K for information about these critical accounting policies, as well as a description of our other accounting policies.

Revenue Recognition

We primarily generate revenue from the sale of our products to customers, including meals, wine and kitchen tools. For the years ended December 31, 2020, 2019, and 2018, we derived substantially all of our Net revenue from sales of our meals.

Our revenue contracts represent a single performance obligation to sell our products to our customers. We recognize revenue upon transfer of control, including passage of title to the customer and transfer of risk of loss related to the products, in an amount that reflects the consideration we expect to be entitled to. In general, we charge credit cards in advance of shipment. Transfer of control generally passes upon delivery to the customer. Sales taxes imposed on our sales are presented on a net basis in the Consolidated Statements of Operations, and therefore do not impact Net revenue or Cost of goods sold, excluding depreciation and amortization.

We deduct promotional discounts, actual customer credits and refunds as well as credits and refunds expected to be issued to determine Net revenue. Customers who receive a damaged meal or wine order or are dissatisfied with an order and contact us within seven days of receipt of the order may receive a full or partial refund, full or partial credit against future purchase, or replacement, at our sole discretion. Credits only remain available for customers who maintain a valid account with us. Customers who return an unused, undamaged Blue Apron Market product within 30 days of receipt receive a full refund. We estimate and record expected credits and refunds based on prior history, recent trends, and projections for credits and refunds on sales in the current period. Reserves for credits and refunds are included within Accrued expenses and other current liabilities on the Consolidated Balance Sheets.

We periodically enter into agreements with third parties to market our products. We record revenue from such arrangements at the gross amount as we are the principal in these arrangements as we are primarily responsible for fulfilling the goods to customers, provide primary customer service for such products sold on its website, have latitude in establishing price and selecting such products sold on our website, and maintain inventory risk.

We have two types of contractual liabilities: (i) cash collections from our customers prior to delivery of products purchased, which are included in Deferred revenue on the Consolidated Balance Sheets, and are recognized as revenue upon transfer of control of our products, and (ii) unredeemed gift cards and other prepaid orders, which are included in Deferred revenue on the Consolidated Balance Sheets, and are recognized as revenue when gift cards are redeemed and the products are delivered. Certain gift cards are not expected to be redeemed, also known as breakage, and are recognized as revenue over the expected redemption period, subject to requirements to remit balances to governmental agencies.

We adopted ASU 2014-09 using a modified retrospective approach and recognized $0.3 million cumulative-effect adjustment to reduce Accumulated deficit as of January 1, 2019. The cumulative-effect adjustment to Accumulated deficit was due to breakage of gift cards to the extent there is no requirement for remitting balances to governmental agencies. Under the modified retrospective approach, prior period balances are not retrospectively adjusted.

Inventories, Net

Inventories, net consist primarily of bulk and prepped food, products available for resale, packaging, containers, and wine products which are stated at the lower of cost or net realizable value. Inventory costs consist of product costs, inbound shipping and handling costs, and applicable direct labor costs. Inventories are valued on a first-in, first-out cost basis. We record an inventory valuation reserve when applicable, based on currently available information, about the likely method of disposition, such as through sales to individual customers, donations or liquidations, and expected recoverable values of each inventory category.

Leases

We categorize lease agreements at their inception as either operating or capital leases. For operating leases, we recognize rent expense on a straight-line basis over the term of the lease. For capital leases, we record a leased asset with a corresponding liability. Payments are recorded as reductions to the liability with an interest charge recorded based on the remaining liability.

We review leases for which we are involved in construction to determine if we are considered to be the owner for accounting purposes during the construction period. If we are determined to be the owner for accounting purposes, we follow build-to-suit accounting and capitalize the fair value of the building and direct construction costs incurred along with a corresponding facility financing liability. At the end of the construction period we assess whether these arrangements qualify for sales recognition under sale-leaseback accounting guidance. If upon completion of construction, the arrangement does not meet the sale-leaseback criteria, we will continue to be considered the owner of the building for accounting purposes.

Upon substantial completion of the construction phase of the facilities we lease in Linden and Fairfield in June 2017 and December 2017, respectively, we performed a sale-leaseback analysis pursuant to Accounting Standards Codification ("ASC") 840 – *Leases*, to determine the appropriateness of removing the previously capitalized assets from the consolidated balance sheets. We concluded that components of "continuing involvement" were evident as a result of this analysis, thereby failing the sale-leaseback tests which precludes the derecognition of the related assets from the consolidated balance sheets. In conjunction with the leases, we also recorded a facility financing obligation equal to the fair market value of the assets received from the landlord. At the end of the lease terms, including exercise of any renewal options, the difference between the remaining facility financing obligation and the net carrying value of the fixed assets will be recognized as a non-cash gain or loss on sale of the properties. We do not report rent expense for the leases. Rather, rental payments under the leases are recognized as a reduction of the financing obligation and interest expense and the associated assets capitalized throughout the construction projects are depreciated over the determined useful life.

In March 2020, we terminated the lease for our Fairfield facility. Accordingly, we derecognized the net carrying value of the build-to-suit assets and liabilities and the deferred rent balance. As a result, we recorded a non-cash gain of $4.9 million, net of the lease termination fee, in Other operating expense during the first quarter of 2020. See Note 10 to the Consolidated Financial Statements of this Annual Report on Form 10-K for further discussion.

Recoverability of Long-Lived Assets

Our long-lived assets consist of property and equipment and capitalized software development costs. We periodically evaluate whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans, or changes in anticipated cash flows. Recoverability is measured by comparing the carrying amount of an asset group to future undiscounted net cash flows expected to be generated from the use of the asset and its eventual disposition, where applicable. If future undiscounted cash flows are less than the carrying value, an impairment is recognized in earnings to the extent that the carrying value exceeds fair value. In determining future cash flows, we use industry accepted valuation models and engage third party valuation specialists, as needed. When multiple valuation methodologies are used, the results are weighted appropriately. In addition to the recoverability assessment, we routinely review the remaining estimated useful lives of our long-lived assets. If we reduce the estimated useful life assumption for any asset, the remaining balance would be depreciated over the revised estimated useful life.

For the year ended December 31, 2020, we recorded impairment charges of $7.6 million in Other operating expense on long-lived assets related to our Arlington fulfillment center. For the year ended December 31, 2019, we recorded impairment charges of $1.3 million on long-lived assets primarily related to the reprioritization of initiatives to support our growth strategy. For the year ended December 31, 2018, there were no impairments of long-lived assets. See Note 6 to the Consolidated Financial Statements of this Annual Report on Form 10-K for further discussion.

Contingencies

We record accruals for loss contingencies when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. If a probable loss is not reasonably estimable, or we determine that a loss is reasonably possible, but not probable, we disclose the matter, and the amount or range of the possible losses, if estimable, in the notes to the Consolidated Financial Statements.

Emerging Growth Company Status

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We may take advantage of these exemptions until we are no longer an emerging growth company. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until December 31, 2022 (the last day of the fiscal year following the fifth anniversary of the IPO), or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenue, we have more than $700.0 million in market value of our stock held by non-affiliates, or we issue more than $1.0 billion of non-convertible debt securities over a three-year period.

Recent Accounting Pronouncements

For information about recent accounting pronouncements, see Note 2 to the Consolidated Financial Statements of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a "smaller reporting company," as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is incorporated herein by reference to the financial statements set forth in Item 15. "Exhibits and Financial Statement Schedules."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2020. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2020 at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Based on its assessment, our management believes that, as of December 31, 2020, our internal control over financial reporting was effective based on those criteria.

Previously Identified Material Weaknesses in Internal Control Over Financial Reporting

None.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this item will be included under the caption “Directors, Executive Officers and Corporate Governance” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2020, which we refer to as our 2021 Proxy Statement, and is hereby incorporated by reference into this Annual Report on Form 10-K.

Our board of directors has adopted a Code of Conduct and Ethics applicable to all officers, directors, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is available at the Investor Relations section of our website, located at investors.blueapron.com, under “Corporate Governance—Governance Documents.” We intend to make all required disclosures regarding any amendments to, or waivers from, any provisions of the code at the same location of our website.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item will be included under the caption Executive Compensation in our 2021 Proxy Statement and is hereby incorporated by reference into this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item will be included under the caption Security Ownership of Management and Certain Beneficial Owners and Management and Related Stockholder Matters in our 2021 Proxy Statement and is hereby incorporated by reference into this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item will be included under the caption Certain Relationships and Related Transactions, and Director Independence in our 2021 Proxy Statement and is hereby incorporated by reference into this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this item will be included under the caption Principal Accounting Fees and Services in our 2021 Proxy Statement and is hereby incorporated by reference into this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE.

(a) Financial Statements and Financial Statement Schedule

See “Index to Consolidated Financial Statements.”

(b) Exhibits

See “Exhibit Index.”

ITEM 16. FORM 10-K SUMMARY.

None.

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation of Blue Apron Holdings, Inc., as amended	10-Q	001-38134	3.1	08/06/2019	
3.2	Amended and Restated Bylaws of Blue Apron Holdings, Inc.	S-1/A	333-218425	3.4	06/19/2017	
4.1	Specimen stock certificate evidencing shares of Class A common stock	S-1/A	333-218425	4.1	06/19/2017	
4.2	Description of Registered Securities					X
10.1	Third Amended and Restated Investors' Rights Agreement, dated as of May 18, 2015, by and among the Registrant and the other parties thereto	S-1	333-218425	10.1	06/01/2017	
10.2	Form of Indemnification Agreement with directors and executive officers	S-1/A	333-218425	10.2	06/19/2017	
10.3*	2012 Equity Incentive Plan	S-1	333-218425	10.3	06/01/2017	
10.4*	Form of Incentive Stock Option Agreement under 2012 Equity Incentive Plan	S-1	333-218425	10.4	06/01/2017	
10.5*	Form of Non-Qualified Stock Option Agreement under 2012 Equity Incentive Plan	S-1	333-218425	10.5	06/01/2017	
10.6*	Form of Restricted Stock Agreement	S-1	333-218425	10.6	06/01/2017	

	under 2012 Equity Incentive Plan				
10.7*	2017 Equity Incentive Plan	S-1/A	333-218425	10.7	06/19/2017
10.8*	Form of Stock Option Agreement under 2017 Equity Incentive Plan	S-1/A	333-218425	10.8	06/19/2017
10.9*	Form of Restricted Stock Unit Agreement under 2017 Equity Incentive Plan	S-1/A	333-218425	10.9	06/19/2017
10.10	Lease, dated as of July 15, 2013, as amended, by and between Dreisbach Enterprises, Inc. and Blue Apron, LLC (formerly known as Blue Apron, Inc.)	S-1	333-218425	10.12	06/01/2017
10.11	Sixth Amendment to Lease, dated as of July 15, 2013, by and between Dreisbach Enterprises, Inc. and Blue Apron, LLC (formerly known as Blue Apron, Inc.), dated as of January 29, 2019	10-K	001-38134	10.11	02/25/2019
10.12	Standard Industrial/Commercial Single-Tenant Lease, dated as of August 1, 2014, by and between DF/Hilltop, LLC and Blue Apron, LLC (formerly known as Blue Apron, Inc.)	S-1	333-218425	10.16	06/01/2017
10.13	Lease, dated as of March 21, 2016 by and between Duke Linden, LLC and Blue Apron, LLC (formerly known as Blue Apron, Inc.)	S-1	333-218425	10.18	06/01/2017

10.14	Lease Agreement, dated as of August 23, 2016, by and between Gateway 80 Industrial, LLC and Blue Apron, LLC (formerly known as Blue Apron, Inc.)	S-1	333-218425	10.20	06/01/2017	
10.15	Financing Agreement, dated as of October 16, 2020, by and among Blue Apron Holdings, Inc., Blue Apron, LLC, Blue Torch Finance LLC and the other parties thereto.	8-K	001-38134	10.1	10/19/2020	
10.16	Amendment No. 1 to Financing Agreement dated as of November 19, 2020 by and among Blue Apron Holdings, Inc., Blue Apron, LLC, Blue Torch Finance LLC and the other parties thereto dated as of October 16, 2020					X
10.17*	Blue Apron Holdings, Inc. Executive Severance Benefits Plan	10-Q	001-38134	10.1	05/03/2018	
10.18*	Offer Letter for Linda F. Kozlowski	8-K	001-38134	99.2	04/02/2019	
10.19*	Offer Letter for Randy J. Greben					X
10.20*	Offer Letter for Charlean Gmunder					X
10.21*	Advisory Agreement dated December 10, 2020 by and between Timothy Bensley and Blue Apron, LLC					X
21.1	List of Subsidiaries	10-K	001-38134	21.1	02/22/2018	
23.1	Consent of Ernst & Young LLP, independent					X

	registered public accounting firm	
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101)	X

* Indicates management contract or compensatory plan.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BLUE APRON HOLDINGS, INC.

Dated: February 23, 2021

/s/ Linda F. Kozlowski
Linda F. Kozlowski
President, Chief Executive Officer, and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 23rd of February 2021.

/s/ Linda F. Kozlowski Linda F. Kozlowski	President, Chief Executive Officer, and Director (Principal Executive Officer)
/s/ Randy J. Greben Randy J. Greben	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
/s/ Jennifer Carr-Smith Jennifer Carr-Smith	Director
/s/ Peter Faricy Peter Faricy	Director
/s/ Brenda Freeman Brenda Freeman	Director
/s/ Elizabeth J. Huebner Elizabeth J. Huebner	Director
/s/ Barry Salzberg Barry Salzberg	Director
/s/ Matthew B. Salzberg Matthew B. Salzberg	Director and Chairman

BLUE APRON HOLDINGS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors
Blue Apron Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Blue Apron Holdings, Inc. (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2015.

New York, New York
February 23, 2021

BLUE APRON HOLDINGS, INC.

Consolidated Balance Sheets

(In thousands, except share and per-share data)

	December 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 44,122	$ 43,531
Accounts receivable, net	116	248
Inventories, net	18,185	25,106
Prepaid expenses and other current assets	23,651	8,864
Total current assets	86,074	77,749
Property and equipment, net	125,208	181,806
Other noncurrent assets	4,053	6,510
TOTAL ASSETS	$ 215,335	$ 266,065
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 23,691	$ 23,972
Accrued expenses and other current liabilities	41,632	30,366
Current portion of long-term debt	3,500	—
Deferred revenue	6,269	6,120
Total current liabilities	75,092	60,458
Long-term debt	28,747	53,464
Facility financing obligation	35,957	71,689
Other noncurrent liabilities	11,564	12,455
TOTAL LIABILITIES	151,360	198,066
Commitments and contingencies (Note 10)		
STOCKHOLDERS' EQUITY:		
Class A common stock, par value of $0.0001 per share — 1,500,000,000 shares authorized as of December 31, 2020 and December 31, 2019; 14,365,664 and 7,799,093 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	1	1
Class B common stock, par value of $0.0001 per share — 175,000,000 shares authorized as of December 31, 2020 and December 31, 2019; 3,493,791 and 5,464,196 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	1	1
Class C common stock, par value of $0.0001 per share — 500,000,000 shares authorized as of December 31, 2020 and December 31, 2019; 0 shares issued and outstanding as of December 31, 2020 and December 31, 2019	—	—
Additional paid-in capital	642,106	599,976
Accumulated deficit	(578,133)	(531,979)
TOTAL STOCKHOLDERS' EQUITY	63,975	67,999
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 215,335	$ 266,065

The accompanying notes are an integral part of these Consolidated Financial Statements.

BLUE APRON HOLDINGS, INC.

Consolidated Statements of Operations

(In thousands, except share and per-share data)

	Year Ended December 31,		
	2020	**2019**	**2018**
Net revenue	$ 460,608	$ 454,868	$ 667,600
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	282,924	279,135	433,496
Marketing	49,934	48,133	117,455
Product, technology, general and administrative	137,244	144,925	194,340
Depreciation and amortization	24,503	31,200	34,517
Other operating expense	4,567	3,571	2,170
Total operating expenses	499,172	506,964	781,978
Income (loss) from operations	(38,564)	(52,096)	(114,378)
Interest income (expense), net	(7,548)	(8,943)	(7,683)
Income (loss) before income taxes	(46,112)	(61,039)	(122,061)
Benefit (provision) for income taxes	(42)	(42)	(88)
Net income (loss)	$ (46,154)	$ (61,081)	$ (122,149)
Net income (loss) per share attributable to Class A and Class B common stockholders:*			
Basic	$ (3.06)	$ (4.67)	$ (9.51)
Diluted	$ (3.06)	$ (4.67)	$ (9.51)
Weighted-average shares used to compute net income (loss) per share attributable to Class A and Class B common stockholders:*			
Basic	15,098,783	13,089,908	12,845,261
Diluted	15,098,783	13,089,908	12,845,261

**Reflects the 1-for-15 reverse stock split that became effective on June 14, 2019.*

The accompanying notes are an integral part of these Consolidated Financial Statements.

BLUE APRON HOLDINGS, INC.

Consolidated Statements of Stockholders' Equity

(In thousands, except share data)

	Class A Common Stock*		Class B Common Stock*		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance — December 31, 2017	2,510,510	$ 0	10,248,482	$ 1	$ 572,546	$ (348,697)	$ 223,850
Conversion from Class B to Class A common stock	2,556,650	0	(2,556,650)	(0)	—	—	—
Issuance of common stock upon exercise of stock options and vesting of restricted stock, net of tax withholdings	172,227	1	22,204	0	214	—	215
Share-based compensation	—	—	—	—	17,386	—	17,386
Impact of adoption of accounting standard update	—	—	—	—	392	(392)	—
Settlement of acquisition holdback	686	0	—	—	—	—	—
Net income (loss)	—	—	—	—	—	(122,149)	(122,149)
Balance — December 31, 2018	5,240,073	$ 1	7,714,036	$ 1	$ 590,538	$ (471,238)	$ 119,302
Conversion from Class B to Class A common stock	2,277,388	0	(2,277,388)	(0)	—	—	—
Issuance of common stock upon exercise of stock options and vesting of restricted stock, net of tax withholdings	281,696	0	27,583	0	53	—	53
Share-based compensation	—	—	—	—	9,385	—	9,385
Impact of adoption of accounting standard update	—	—	—	—	—	340	340
Other	(64)	(0)	(35)	(0)	—	—	—
Net income (loss)	—	—	—	—	—	(61,081)	(61,081)
Balance — December 31, 2019	7,799,093	$ 1	5,464,196	$ 1	$ 599,976	$ (531,979)	$ 67,999
Conversion from Class B to Class A common stock	1,996,404	0	(1,996,404)	(0)	—	—	—
Issuance of common stock upon exercise of stock options and vesting of restricted stock, net of tax withholdings	570,167	0	25,999	0	468	—	468
Issuance of common stock, net of offering costs	4,000,000	0	—	—	32,867	—	32,867
Share-based compensation	—	—	—	—	8,795	—	8,795
Net income (loss)	—	—	—	—	—	(46,154)	(46,154)
Balance — December 31, 2020	14,365,664	$ 1	3,493,791	$ 1	$ 642,106	$ (578,133)	$ 63,975

**Reflects the 1-for-15 reverse stock split that became effective on June 14, 2019.*

The accompanying notes are an integral part of these Consolidated Financial Statements.

BLUE APRON HOLDINGS, INC.

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (46,154)	$ (61,081)	$ (122,149)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:			
Depreciation and amortization of property and equipment	24,503	31,200	34,517
Loss (gain) on disposal of property and equipment	17	273	1,624
Loss (gain) on build-to-suit accounting derecognition	(4,936)	—	—
Loss on impairment	7,585	1,261	—
Changes in reserves and allowances	(807)	(140)	(1,247)
Share-based compensation	8,457	8,970	16,320
Non-cash interest expense	1,452	601	1,595
Changes in operating assets and liabilities:			
Accounts receivable	132	324	1,306
Inventories	8,066	8,618	9,786
Prepaid expenses and other current assets	(14,387)	3,005	(2,688)
Accounts payable	(473)	1,661	(6,605)
Accrued expenses and other current liabilities	9,527	(2,190)	(2)
Deferred revenue	149	(5,912)	(15,274)
Other noncurrent assets and liabilities	1,497	(3,056)	5,917
Net cash from (used in) operating activities	(5,372)	(16,466)	(76,900)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for acquisition	—	—	(250)
Purchases of property and equipment	(5,997)	(5,220)	(15,022)
Proceeds from sale of property and equipment	220	739	983
Net cash from (used in) investing activities	(5,777)	(4,481)	(14,289)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock, net of offering costs	32,867	—	—
Net proceeds from debt issuance	34,028	—	—
Repayments of debt	(55,553)	(28,900)	(41,422)
Payments of debt issuance costs	(1,076)	(812)	(908)
Proceeds from exercise of stock options	487	51	215
Principal payments on capital lease obligations	(205)	(256)	(274)
Net cash from (used in) financing activities	10,548	(29,917)	(42,389)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(601)	(50,864)	(133,578)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period	46,443	97,307	230,885
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period	$ 45,842	$ 46,443	$ 97,307
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes, net of refunds	$ 60	$ 60	$ 110
Cash paid for interest	$ 6,259	$ 9,951	$ 8,317
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:			
Acquisition (disposal) of property and equipment financed under capital lease obligations	$ (565)	$ —	$ 184
Non-cash additions to property and equipment	$ 338	$ 415	$ 1,065
Purchases of property and equipment in Accounts payable and Accrued expenses and other current liabilities	$ 512	$ 320	$ 582

The accompanying notes are an integral part of these Consolidated Financial Statements.

BLUE APRON HOLDINGS, INC.

Notes to Consolidated Financial Statements

1. Organization and Description of Business

When used in these notes, Blue Apron Holdings, Inc. and its subsidiaries are collectively referred to as the "Company."

The Company designs original recipes with fresh, seasonally inspired produce and high quality ingredients, which are sent directly to customers for them to prepare, cook, and enjoy. The Company creates meal experiences around original recipes every week based on what's in-season with farming partners and other suppliers. Customers can choose which recipes they would like to receive in a given week, and the Company delivers those recipes to their doorsteps along with the pre-portioned ingredients required to cook those recipes.

In addition to meals, the Company sells wine through Blue Apron Wine, a direct-to-consumer wine delivery service. The Company also sells a curated selection of cooking tools, utensils, pantry items, and add-on products for different culinary occasions through Blue Apron Market, an e-commerce market.

In connection with the Corporate Reorganization as discussed in Note 11, Blue Apron Holdings, Inc. was incorporated in Delaware in December 2016, and Blue Apron, Inc., the parent company prior to the Corporate Reorganization, converted into Blue Apron, LLC and became a direct, wholly-owned subsidiary of Blue Apron Holdings, Inc. The Company's headquarters are in New York, New York.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Blue Apron Holdings, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Company prepares its Consolidated Financial Statements and related disclosures in conformity with accounting principles generally accepted in the United States ("GAAP"). Certain reclassifications were made to prior year amounts to conform to current year presentation.

Liquidity and Going Concern Evaluation

The Company has a history of net losses and negative operating cash flows. In addition, the Company has experienced significant negative trends in its net revenue. While trends in net revenue, net losses and operating cash flows have improved during the year ended December 31, 2020, that improvement is, in part, due to changes consumer behaviors as a result of the COVID-19 pandemic, and by the continued execution of the Company's growth strategy. These positive trends on the Company's operating results may not continue at current levels, and could decline in future periods depending on the duration and severity of the COVID-19 pandemic and the timing of wide-spread vaccinations throughout the United States.

As of December 31, 2020, the Company had Cash and cash equivalents of $44.1 million and total outstanding debt of $32.2 million, net of unamortized debt issuance costs. On October 16, 2020, the Company entered into a financing agreement which provides for a senior secured term loan in the aggregate principal amount of $35.0 million that matures in March 2023. The proceeds of the senior secured term loan were used, together with cash on hand, to repay in full the outstanding indebtedness under the revolving credit facility and to pay fees and expenses in connection with the transactions contemplated by the senior secured term loan. The Company terminated the revolving credit facility effective as of the closing of the senior secured term loan. The senior secured term loan bears interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 8.00% per annum. The principal amount of the senior secured term loan will be repayable in equal quarterly installments of $875,000 through December 31, 2022, with the remaining unpaid principal amount of the senior secured term loan repayable on March 31, 2023. As of December 31, 2020, the total

outstanding debt consists of the Company's senior secured term loan, of which $30.6 million is classified as long-term debt and $3.5 million is classified as the current portion of long-term debt.

The senior secured term loan contains restrictive covenants, financial covenants, and affirmative and financial reporting covenants restricting the Company and the Company's subsidiaries' activities. The financial covenants include a requirement to maintain a minimum aggregate liquidity balance of $20.0 million at all times and a minimum subscription count (defined in the senior secured term loan as the number of all active customers on the Company's internal account list) of 300,000 on any determination date occurring between the effective date and December 31, 2021, and 320,000 on any determination date occurring thereafter.

On August 10, 2020, the Company completed an underwritten public offering (the "offering"), pursuant to its universal shelf registration statement filed with the Securities and Exchange Commission on April 29, 2020, of 4,000,000 shares of the Company's Class A common stock, resulting in $32.9 million of proceeds, net of underwriting discounts and commissions and offering costs. The net proceeds from the offering were subject to the mandatory prepayment provisions of the Company's terminated revolving credit facility, and a portion of the proceeds was consequently used to make a repayment of $10.8 million of the borrowings outstanding under the revolving credit facility.

The Company is continuing to pursue its growth strategy to drive customer and revenue growth through product innovation alongside managing heightened demand resulting from the COVID-19 pandemic and our growth strategy. In light of the offering and the senior secured term loan in the second half of 2020, as well as improvements in the Company's business from the execution of its growth strategy, the Company's board of directors concluded its review of a broad range of strategic alternatives in October 2020, however the board of directors and the Company will continue to evaluate and look for opportunities to maximize stockholder value as part of regular strategic reviews. The Company's ability, including the timing and extent, to successfully execute its growth strategy is inherently uncertain and is dependent on continued sufficiency of cash resources, and its ability to implement the initiatives and deliver the results as forecasted, among other factors. Due to this uncertainty, if the Company is unable to sufficiently deliver results from its growth strategy, manage liquidity and/or to cost effectively attract new customers and retain existing customers, the Company may not be able to maintain compliance with the minimum liquidity and minimum subscription count which may result in an event of default under the Company's senior secured term loan. In the event the Company does not have sufficient cash resources upon an event of default, if the Company were unable to obtain a waiver or successfully renegotiate the terms of its senior secured term loan with its lenders, and the lenders enforced one or more of their rights upon default, the Company could be unable to meet its current obligations.

If the Company is unable to sufficiently execute its growth strategy, it believes it has plans to effectively manage liquidity and customer acquisition and retention in order to maintain compliance with its debt covenants. This includes potential significant expense reductions in areas identified by the Company in product, technology, general and administrative costs to achieve savings and reinvest in the business, which includes modifying and balancing its marketing investments, as needed, to maintain the minimum subscription covenant, while also maintaining sufficient cash to meet the aggregate minimum liquidity covenant.

A significant portion of the Company's costs are discretionary in nature and, if needed, the Company has the ability to reduce or delay spending in order to reduce expenses and improve liquidity. The Company has previously demonstrated an ability to implement various cost reduction initiatives, including workforce reductions and other cost optimizing initiatives. As a result of these initiatives, the Company's year-over-year product, technology, general and administrative expenses were reduced by approximately 5%, or $7.7 million, 25%, or $49.4 million, and 22%, or $53.6 million, respectively, for the years ended December 31, 2020, 2019, and 2018.

Based on the current facts and circumstances, the financial flexibility provided through the financing transactions discussed above, the Company's financial planning process and its historical ability to implement cost reductions and adjust marketing strategies, the Company believes it is probable it can effectively manage liquidity and subscription count in order to maintain compliance with the financial covenants under its senior secured term loan for at least the next 12 months. As a result, the Company has concluded that, after consideration of management's plans, it has

sufficient liquidity to meet its obligations within one year after the issuance date of the Consolidated Financial Statements, and it does not have substantial doubt about its ability to continue as a going concern.

Use of Estimates

In preparing its Consolidated Financial Statements in accordance with GAAP, the Company is required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, costs, and expenses, and disclosure of contingent assets and liabilities which are reported in the Consolidated Financial Statements and accompanying disclosures. The accounting estimates that require the most difficult and subjective judgments include revenue recognition, inventory valuation, leases, recoverability of long-lived assets, and the recognition and measurement of contingencies. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from the Company's estimates and assumptions.

Cash and Cash Equivalents

All highly liquid investments with original maturities of three months or less at the date of purchase are considered to be cash equivalents. Cash and cash equivalents are stated at cost plus accrued interest and consist of cash on hand, money market accounts, and amounts held by third party financial institutions for credit and debit card transactions. Cash and cash equivalents as of December 31, 2020 and 2019 was $44.1 million and $43.5 million, respectively, and consist of qualifying money market accounts and amounts due from third party institutions which generally settle within three business days, of $1.5 million and $6.4 million as of December 31, 2020 and 2019, respectively.

Accounts Receivable

Accounts receivable primarily represent amounts due from third parties that market the Company's products and other trade receivables. Accounts receivable are recorded at invoiced amounts, net of allowances for doubtful accounts if applicable, are unsecured, and do not bear interest. The allowance for doubtful accounts was $0.1 million as of December 31, 2020 and 2019.

Certain Risks and Concentrations

Financial instruments that subject the Company to significant concentrations of credit risk consist of cash, cash equivalents, and restricted cash. All of the Company's cash, cash equivalents, and restricted cash are held at financial institutions in the United States that management believes to be of high credit quality. Deposits held in the United States with these financial institutions exceed federally insured limits.

The primary focus of the Company's investment strategy is to preserve capital and meet liquidity requirements. The Company's investment policy addresses the level of credit exposure by limiting the concentration in any one corporate issuer or sector and establishing a minimum allowable credit rating.

No individual customer accounted for 10% or more of the Company's total Net revenue for the years ended December 31, 2020, 2019, and 2018. There are no significant concentration risks within the Company's Accounts receivable as of December 31, 2020 and 2019.

For the years ended December 31, 2020, 2019, and 2018, an individual shipping carrier accounted for 13.7%, 14.9% and 11.7% of the Company's total Cost of goods sold, excluding depreciation and amortization, respectively. No individual supplier accounted for 10% or more of total Accounts payable as of December 31, 2020 and 2019.

Inventories, Net

Inventories, net consist primarily of bulk and prepped food, products available for resale, packaging, containers, and wine products which are stated at the lower of cost or net realizable value. Inventory costs consist of product costs,

inbound shipping and handling costs, and applicable direct labor costs. Inventories are valued on a first in, first out cost basis. The Company records an inventory valuation reserve when applicable based on currently available information about the likely method of disposition, such as through sales to individual customers, donations, or liquidations and expected recoverable values of each inventory category.

Leases

The Company categorizes lease agreements at their inception as either operating or capital leases. For operating leases, the Company recognizes rent expense on a straight-line basis over the term of the lease. For capital leases, the Company records a leased asset with a corresponding liability. Payments are recorded as reductions to the liability with an interest charge recorded based on the remaining liability. Sublease payments received by the Company are recorded as income against the associated rent expense.

The Company reviews leases for which it is involved in construction to determine if it is considered to be the owner for accounting purposes during the construction period. If the Company is determined to be the owner for accounting purposes, the Company follows build-to-suit accounting and capitalizes the fair value of the building and direct construction costs incurred along with a corresponding facility financing liability. At the end of the construction period, the Company assesses whether these arrangements qualify for sales recognition under sale-leaseback accounting guidance. If upon completion of construction, the arrangement does not meet the sale-leaseback criteria, the Company will continue to be considered the owner of the building for accounting purposes.

Property and Equipment, Net

Property and equipment, net, including leasehold improvements, are stated at cost and are depreciated using a straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Computer equipment	2 - 3 years
Capitalized software	2 years
Fulfillment equipment	5 - 7 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of expected useful life or lease term
Buildings	30 years

Capitalized Software Development Costs

The Company capitalizes qualifying internally-developed software development costs that are incurred during the application development stage, so long as management with the relevant authority authorizes the project, it is probable the project will be completed, and the software will be used to perform the function intended. Capitalized costs are amortized on a straight-line basis over their expected useful lives, which is approximately two years. Costs incurred for enhancements that are expected to result in additional significant functionality are capitalized and amortized over the estimated useful life of the enhancement. Costs related to preliminary project activities and post-implementation operation activities, including training and maintenance, are expensed as incurred. Capitalized software development costs net of accumulated amortization are included as a component of Property and equipment, net in the accompanying Consolidated Balance Sheets.

Recoverability of Long-Lived Assets

Long-lived assets consist of the Company’s property and equipment and capitalized software development costs. The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. These factors may include a significant deterioration of operating results, changes in business plans, or changes in anticipated cash flows. Recoverability is measured by comparing the carrying amount of an asset group to future

undiscounted net cash flows expected to be generated. If future undiscounted cash flows are less than the carrying value, an impairment is recognized in earnings to the extent that the carrying value exceeds fair value.

For the year ended December 31, 2020, the Company recorded impairment charges of $7.6 million in Other operating expense on long-lived assets related to its Arlington fulfillment center. For the year ended December 31, 2019, the Company recorded impairment charges of $1.3 million in Other operating expense on long-lived assets primarily related to the reprioritization of initiatives to support its growth strategy. For the year ended December 31, 2018, there were no impairments of long-lived assets.

Fair Value Estimates

The fair value of financial instruments and non-financial instruments is determined based on assumptions that market participants would use when pricing an asset or liability at the balance sheet date. Certain assets are categorized based on the following fair value hierarchy of market participant assumptions:

- Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 — Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value of the asset or liability and supported by little or no market activity.

The Company uses observable market data when available, and minimizes the use of unobservable inputs when determining fair value.

Cash and cash equivalents, restricted cash, receivables, accounts payable, and accrued liabilities are stated at carrying amounts as reported in the Consolidated Financial Statements, which approximates fair value due to their short-term nature. The fair value of the long-term debt approximates its carrying value based on the variable nature of interest rates and current market rates available to the Company.

Revenue Recognition

The Company primarily generates revenue from the sale of its products to customers, including meals, wine, and kitchen tools. For the years ended December 31, 2020, 2019, and 2018, the Company derived substantially all of its Net revenue from sales of its meals.

The Company's revenue contracts represent a single performance obligation to sell its products to its customers. The Company recognizes revenue upon transfer of control, including passage of title to the customer and transfer of risk of loss related to the products, in an amount that reflects the consideration the Company expects to be entitled to. In general, the Company charges credit cards in advance of shipment. Transfer of control generally passes upon delivery to the customer. Sales taxes imposed on the Company’s sales are presented on a net basis in the Consolidated Statements of Operations, and therefore do not impact Net revenue or Cost of goods sold, excluding depreciation and amortization.

The Company deducts promotional discounts, actual customer credits and refunds as well as credits and refunds expected to be issued to determine Net revenue. Customers who receive a damaged meal or wine order or are dissatisfied with an order and contact the Company within seven days of receipt of the order may receive a full or partial refund, full or partial credit against future purchase, or replacement, at the Company's sole discretion. Credits only remain available for customers who maintain a valid account with the Company. Customers who return an unused, undamaged Blue Apron Market product within 30 days of receipt receive a full refund. The Company estimates and records expected credits and refunds based on prior history, recent trends, and projections for credits and refunds on sales in the current period. Reserves for credits and refunds are included within Accrued expenses and other current liabilities on the Consolidated Balance Sheets.

The Company periodically enters into agreements with third parties to market the Company's products. The Company records revenue from such arrangements at the gross amount as the Company is the principal in these arrangements as it is primarily responsible for fulfilling the goods to customers, provides primary customer service for such products sold on its website, has latitude in establishing price and selecting such products sold on its website, and maintains inventory risk.

The Company has two types of contractual liabilities: (i) cash collections from its customers prior to delivery of products purchased, which are included in Deferred revenue on the Consolidated Balance Sheets, and are recognized as revenue upon transfer of control of its products, and (ii) unredeemed gift cards and other prepaid orders, which are included in Deferred revenue on the Consolidated Balance Sheets, and are recognized as revenue when gift cards are redeemed and the products are delivered. Certain gift cards are not expected to be redeemed, also known as breakage, and are recognized as revenue over the expected redemption period, subject to requirements to remit balances to governmental agencies.

Contractual liabilities included in Deferred revenue on the Consolidated Balance Sheets were $6.3 million and $6.1 million as of December 31, 2020 and December 31, 2019, respectively. During the year ended December 31, 2020, the Company recognized $5.7 million to Net revenue from the Deferred revenue at December 31, 2019.

The Company adopted ASU 2014-09 using a modified retrospective approach and recognized $0.3 million cumulative-effect adjustment to reduce Accumulated deficit as of January 1, 2019. The cumulative-effect adjustment to Accumulated deficit was due to breakage of gift cards to the extent there is no requirement for remitting balances to governmental agencies. Under the modified retrospective approach, prior period balances are not retrospectively adjusted.

Cost of Goods Sold, Excluding Depreciation and Amortization

Cost of goods sold, excluding depreciation and amortization consists of product and fulfillment costs. Product costs include the cost of food, packaging for food that is portioned prior to delivery to customers, labor and related personnel costs incurred to portion food for the Company's meals, inbound shipping costs, and cost of products sold through Blue Apron Wine, and Blue Apron Market. Fulfillment costs consist of costs incurred in the shipping and handling of inventory including the shipping costs to the Company's customers, labor and related personnel costs related to receiving, inspecting, warehousing, picking inventory, and preparing customer orders for shipment, and the cost of packaging materials and shipping supplies.

Advertising Costs

Advertising costs are charged to Marketing expense in the accompanying Consolidated Statements of Operations. Advertising costs were $45.1 million, $41.4 million, and $97.2 million for the years ended December 31, 2020, 2019, and 2018, respectively. The Company recognizes advertising costs the first time the advertising takes place. Deferred advertising, marketing, and promotional costs, which principally relate to advertisements that have not yet been exhibited or services that have not yet been received, were $1.5 million and $0.0 million as of December 31, 2020 and 2019, respectively, and are recorded within Prepaid expenses and other current assets in the Consolidated Balance Sheets.

Product, Technology, General and Administrative

Product, technology, general and administrative expenses consist of costs related to the development of the Company's products and technology, general and administrative expenses, and overhead expenses, which include: payroll and related expenses for employees involved in the application, production, and maintenance of the Company's platform and other technology infrastructure costs; payroll and related expenses for employees performing corporate and other managerial functions; facilities costs such as occupancy and rent costs for the Company's corporate offices and fulfillment centers; and payment processing fees, professional fees, and other general corporate and administrative costs.

Share-Based Compensation

The Company recognizes share-based compensation for share-based awards, including stock options and restricted stock units, based on the estimated fair value of the awards on a straight-line basis over the period in which the employee is required to provide services, generally up to four years. The Company estimates the fair value of stock options on the grant date generally using the Black-Scholes option-pricing model. The fair value of restricted stock units is determined based on the closing price of the Company's Class A common stock on the New York Stock Exchange on the grant date. Upon adoption of ASU 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* as of January 1, 2018, the Company recognizes forfeitures as they occur.

Other Operating Expense

Other operating expense consists of a non-cash gain, net of a termination fee, on the Fairfield lease termination, impairment losses on long-lived assets, charges for estimated legal settlements, and restructuring costs.

Interest Income (Expense), Net

Interest income and expense consists primarily of interest expense associated with the senior secured term loan and terminated revolving credit facility, capital lease financings, and build-to-suit lease financing offset by interest income on cash and cash equivalents.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management makes an assessment of the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. In evaluating the ability to recover deferred tax assets in the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including historical operating results, ongoing tax planning, and forecasts of future taxable income. Based on the Company's historical operating losses, the Company has recorded a valuation allowance to reduce our net deferred tax assets to the amount that is more likely than not to be realized.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit in accordance with ASC 740, *Income Taxes*. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Changes in recognition or measurement are reflected in the period in which judgment occurs. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of provision for income taxes.

Segments

Operating segments are defined as components of an entity for which discrete financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer. The Company has determined it operates in one operating segment and one reportable segment, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"), and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. The Company may take advantage of these exemptions

until the Company is no longer an emerging growth company. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. The Company has elected to use the extended transition period for complying with new or revised accounting standards, and as a result of this election, its financial statements may not be comparable to companies that comply with public company effective dates. The Company may take advantage of these exemptions up until December 31, 2022 (the last day of the fiscal year following the fifth anniversary of the IPO), or such earlier time that it is no longer an emerging growth company. The Company would cease to be an emerging growth company if it has more than $1.07 billion in annual revenue, has more than $700.0 million in market value of its stock held by non-affiliates, or it issues more than $1.0 billion of non-convertible debt securities over a three-year period.

Smaller Reporting Company Status

The Company is a "smaller reporting company," as defined by Rule 12b-2 of the Securities Exchange Act of 1934, and therefore qualifies for reduced disclosure requirements for smaller reporting companies.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued its final standard on lease accounting, Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, Leases. The new accounting standard requires the recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, on the balance sheet. The new standard also provides additional guidance on the measurement of the right-of-use assets and lease liabilities and will require enhanced disclosures about the Company's leasing arrangements. In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments*, to add SEC paragraphs pursuant to an SEC Staff Announcement made at the July 20, 2017 Emerging Issues Task Force meeting. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases,* and ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements,* to improve and clarify certain aspects of ASU No. 2016-02. In January 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, to improve and clarify aspects of ASU No. 2016-02. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, and in June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities,* to defer the effective date of ASU No. 2016-02 for certain entities. For the Company, the new standard is effective for annual periods beginning January 1, 2022. Upon adoption of this standard, the Company expects to recognize, on a discounted basis, its minimum commitments under non-cancelable operating leases on the Consolidated Balance Sheets resulting in the recording of right-of-use assets and lease obligations. The Company is currently evaluating any additional impacts this guidance will have on its Consolidated Financial Statements.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15 ("ASU 2018-15"), *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.* The standard is intended to clarify the accounting for implementation costs of a hosting arrangement that is a service contract. For the Company, the amendments in ASU 2018-15 are effective for annual periods beginning January 1, 2021. The Company is evaluating the impact this new guidance may have on its Consolidated Financial Statements.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 ("ASU 2019-12"), *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The standard is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, as well as improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For the Company, the amendments in ASU 2019-12 are effective for annual periods beginning January 1, 2022. The Company is evaluating the impact this new accounting guidance may have on its Consolidated Financial Statements.

Recently Adopted Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update No. 2020-04 ("ASU 2020-04"), *Reference Rate Reform* ("ASC 848"): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The standard is intended to provide optional expedients and exceptions for applying GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another rate that is expected to be discontinued. The guidance was effective upon issuance, and may be applied prospectively through December 31, 2022. The application of the guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

3. Inventories, Net

Inventories, net consist of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Fulfillment	$ 3,366	$ 2,741
Product	14,819	22,365
Inventories, net	$ 18,185	$ 25,106

Product inventory primarily consists of bulk and prepped food, containers, products available for resale, and wine products. Fulfillment inventory consists of packaging used for shipping and handling. Product and fulfillment inventories are recognized as components of Cost of goods sold, excluding depreciation and amortization in the Consolidated Statements of Operations when sold**.**

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Insurance proceeds receivable	$ 11,250	$ —
Prepaid insurance	7,092	$ 5,755
Other current assets	5,309	3,109
Prepaid expenses and other current assets	$ 23,651	$ 8,864

Estimated insurance proceeds recoveries related to an accrued legal settlement in Accrued expenses and other current liabilities are reflected as assets in the Consolidated Balance Sheets when it is determined that the recovery of such amounts is probable, and the amount can be reasonably determined. See Note 10 for further discussion of the insurance proceeds receivable.

5. Restricted Cash

Restricted cash reflects pledged cash deposited into savings accounts that is used as security primarily for fulfillment centers and office space leases, and as of December 31, 2019, cash held in escrow related to a pending legal judgment that was returned to the Company in the second quarter of 2020 following final resolution of the case.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same amounts reported in the accompanying Consolidated Statements of Cash Flows:

	December 31,			
	2020	2019	2018	2017
	(in thousands)			
Cash and cash equivalents	$ 44,122	$ 43,531	$ 95,615	$ 228,514
Restricted cash included in Prepaid expenses and other current assets	610	—	—	—
Restricted cash included in Other noncurrent assets	1,110	2,912	1,692	2,371
Total cash, cash equivalents, and restricted cash	$ 45,842	$ 46,443	$ 97,307	$ 230,885

6. Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2020	2019
	(In thousands)	
Computer equipment	$ 11,110	$ 11,453
Capitalized software	21,318	18,516
Fulfillment equipment	51,096	54,059
Furniture and fixtures	3,408	3,725
Leasehold improvements	32,969	41,735
Buildings(1)	114,877	148,507
Construction in process(2)	1,442	1,803
Property and equipment, gross	236,220	279,798
Less: accumulated depreciation and amortization	(111,012)	(97,992)
Property and equipment, net	$ 125,208	$ 181,806

(1) Buildings includes build-to-suit lease financings where the Company is considered the owner for accounting purposes including $31.3 million as of December 31, 2020 related to Linden, New Jersey and $62.1 million as of December 31, 2019 related to Linden, New Jersey, and Fairfield, California. Buildings also includes costs incurred directly by the Company relating to these arrangements of $80.8 million and $82.3 million as of December 31, 2020 and 2019, respectively.

(2) Construction in process includes all costs capitalized related to projects that have not yet been placed in service.

Depreciation and amortization related to the Company's Property and equipment, net for the years ended December 31, 2020, 2019, and 2018 was $24.5 million, $31.2 million, and $34.5 million, respectively.

The Company capitalized the cost of interest for construction projects related to build-to-suit lease financings based on the applicable capitalization rate for the project. Capitalized interest was $2.8 million and $4.2 million as of December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, total equipment financed under capital leases was $0.7 million and $1.2 million, respectively, with related accumulated depreciation of $0.6 million and $0.9 million, respectively. For the years ended December 31, 2020, 2019, and 2018 depreciation expense related to property and equipment under capital leases was $0.1 million, $0.2 million, and $0.2 million, respectively.

For the years ended December 31, 2020, 2019, and 2018 the Company capitalized software development costs of $2.1 million, $3.1 million, and $7.1 million including share-based compensation of $0.3 million, $0.4 million, and $1.1 million, respectively. As of December 31, 2020 and 2019, the net book value of capitalized software development

costs was $3.9 million and $4.3 million, respectively. Amortization expense for capitalized software development costs recognized in Depreciation and amortization in the Consolidated Statements of Operations for the years ended December 31, 2020, 2019, and 2018 was $3.6 million, $5.5 million and $4.9 million, respectively.

Impairment Charges on Long-Lived Assets

In February 2020, the Company announced the closure of its fulfillment center in Arlington, Texas and the consolidation of production volume from the Arlington, Texas fulfillment center to the Company's fulfillment centers in Linden, New Jersey and Richmond, California in order to more efficiently continue to service its national footprint while also enabling the Company to redirect its financial resources into other parts of the business, including growth initiatives.

The Company concluded that this change in operations represents a triggering event with respect to its long-lived assets at the Arlington fulfillment center and therefore performed an impairment test in accordance with Accounting Standards Codification ("ASC 360"), *Property, Plant, and Equipment*. The carrying amount of the Company's long-lived assets at the Arlington fulfillment center was $11.7 million and the fair value was $4.1 million as of the impairment date, resulting in an impairment of $7.6 million, primarily consisting of leasehold improvements and equipment, recorded in Other operating expense during the year ended December 31, 2020. The fair value was primarily determined based on estimated market prices of the assets and represented a Level 3 valuation in the fair value hierarchy.

In May 2020, the transition of production volume to the Linden and Richmond fulfillment centers was completed, with the Company's Arlington fulfillment center equipment primarily having been relocated to the Company's other fulfillment centers. In November 2020, the Company announced a plan to temporarily reopen our fulfillment center in Arlington, Texas beginning in January 2021. The temporary reopening of its Arlington fulfillment center is designed to allow the Company to focus on utilizing existing assets to help address some of the capacity constraints the Company has experienced during the COVID-19 pandemic in order to supplement labor while the Company continues to implement operating efficiencies at its other fulfillment centers. See Note 16 for further discussion of the temporary reopening.

In September 2019, the Company recorded impairment charges of $1.3 million, primarily related to abandoned capital projects due to the reprioritization of initiatives to support its growth strategy.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	December 31,	
	2020	2019
	(In thousands)	
Accrued compensation	$ 17,189	$ 11,967
Accrued credits and refunds reserve	1,547	1,208
Accrued legal settlements	12,250	2,080
Accrued marketing expenses	2,006	5,268
Accrued shipping expenses	2,060	2,034
Other current liabilities	6,580	7,809
Accrued expenses and other current liabilities	$ 41,632	$ 30,366

Accrued legal settlements reflect contingencies for which the Company has concluded the loss is probable and reasonably estimable. The Company determined that insurance recovery was probable related to $11.3 million of a legal settlement and recognized the full recovery amount in Prepaid expenses and other current assets. See Note 10 for further discussion of the accrued legal settlements.

8. Deferred Revenue

Deferred revenue consists of the following:

	December 31, 2020	December 31, 2019
	(In thousands)	
Cash received prior to fulfillment	$ 1,550	$ 3,205
Gift cards, prepaid orders, and other	4,719	2,915
Deferred revenue	$ 6,269	$ 6,120

9. Debt

In August 2016, the Company entered into the revolving credit facility with a maximum amount available to borrow of $150.0 million. The borrower under the revolving credit facility was the Company's wholly-owned subsidiary, Blue Apron, LLC. Between 2017 and 2020, the Company amended and refinanced the revolving credit facility to, among other things, reduce the aggregate lender commitments to $55.0 million and extend the final maturity date to August 26, 2021. Following the August 2020 offering, the Company repaid $10.8 million of indebtedness in accordance with the mandatory prepayment provisions of the revolving credit facility. See Note 2 for further discussion of the offering.

On October 16, 2020 (the "effective date"), the Company entered into a financing agreement which provides for a senior secured term loan in the aggregate principal amount of $35.0 million. The proceeds of the senior secured term loan were used, together with cash on hand, to repay in full the outstanding indebtedness of $43.8 million under the revolving credit facility, and to pay fees and expenses in connection with the transactions contemplated by the senior secured term loan. The Company terminated the revolving credit facility effective as of the closing of the senior secured term loan.

The senior secured term loan bears interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 8.00% per annum. The principal amount of the senior secured term loan will be repayable in equal quarterly installments of $875,000 through December 31, 2022, with the remaining unpaid principal amount of the senior secured term loan repayable on March 31, 2023. The Company is also obligated under the senior secured term loan to pay customary fees, including an anniversary fee equal to 1.00% of the average daily principal amount of the senior secured term loan outstanding over the past 12 months.

As of December 31, 2020, the remaining principal repayments required under the senior secured term loan are as follows:

	(In thousands)
Fiscal year ended December 31, 2021	$ 3,500
Fiscal year ended December 31, 2022	3,500
Fiscal year ended December 31, 2023	27,125
	$ 34,125

In connection with the senior secured term loan, the Company incurred and capitalized $2.1 million in deferred financing costs in Long-term debt, which are being amortized using the effective interest method over the remaining term. The following table summarizes the presentation of the Company's debt balances in the Consolidated Balance Sheets as of the dates indicated below:

	Year Ended December 31,	
	2020	2019
	(In thousands)	
Revolving credit facility	$ —	$ 54,678
Senior secured term loan	34,125	—
Deferred financing costs, net	(1,878)	(1,214)
Total debt outstanding	32,247	53,464
Less: current portion of long-term debt	3,500	—
Long-term debt	$ 28,747	$ 53,464

The borrower under the senior secured term loan is the Company's wholly-owned subsidiary, Blue Apron, LLC. The obligations under the senior secured term loan are guaranteed by Blue Apron Holdings, Inc. and its subsidiaries other than the borrower, and secured by substantially all of the assets of the borrower and the guarantors. The senior secured term loan contains certain restrictive covenants, financial covenants, and affirmative and financial reporting covenants restricting the Company and the Company's subsidiaries' activities. Restrictive covenants include limitations on the incurrence of indebtedness and liens, restrictions on affiliate transactions, restrictions on the sale or other disposition of collateral, and limitations on dividends and stock repurchases. The Company will be required to make mandatory prepayments under certain circumstances, and will have the option to make prepayments under the senior secured term loan subject to certain prepayment premiums through the first anniversary of the effective date. The financial covenants include a requirement to maintain a minimum aggregate liquidity balance of $20.0 million at all times and a minimum subscription count (defined in the senior secured term loan as the number of all active customers on the Company's account list) of 300,000 on any determination date occurring between the effective date and December 31, 2021, and 320,000 on any determination date occurring thereafter.

Non-compliance with the covenants under the senior secured term loan would result in an event of default upon which the lender could declare all outstanding principal and interest to be due and payable immediately and foreclose against the assets securing the borrowings. As of December 31, 2020, the Company was in compliance with all of the covenants under the senior secured term loan.

Facility Financing Obligation

As of December 31, 2020, the Company had a facility financing obligation of $36.0 million related to the leased facility in Linden under the build-to-suit accounting guidance. As of December 31, 2019, the Company had a facility financing obligation of $71.7 million related to leased facilities in Linden and Fairfield under the build-to-suit accounting guidance. See Note 10 for further discussion of the Fairfield lease termination.

10. Commitments and Contingencies

Lease and Other Commitments

The Company leases fulfillment centers and office space under non-cancelable operating lease arrangements that expire on various dates through 2026. These arrangements require the Company to pay certain operating expenses, such as taxes, repairs, and insurance, and contain renewal and escalation clauses. The Company recognizes rent expense under these arrangements on a straight-line basis over the term of the lease. As of December 31, 2020 and 2019, deferred rent amounted to $2.2 million and $4.8 million, respectively, included in Other noncurrent liabilities and $1.5 million and $1.1 million, respectively, included in Accrued expenses and other current liabilities in the Consolidated Balance Sheets.

In addition, the Company leases certain equipment under capital lease arrangements that expire at various dates through 2023.

The Company has entered into agreements to sublease portions of its corporate offices and fulfillment centers. The subleases continue through the duration of the Company's existing leases for each location and entitle the Company to future minimum sublease payments of approximately $7.4 million as of December 31, 2020.

In March 2016, the Company signed a lease for a fulfillment center in Linden and in August 2016 the Company signed a lease for a fulfillment center in Fairfield, which expire in 2026 and 2028, respectively. As a result of the nature of the Company's involvement in the construction of these leased fulfillment centers, the Company is considered to be the owner during the construction period for accounting purposes. The Company follows build-to-suit lease accounting for these arrangements and capitalized the fair value of the buildings and direct construction costs incurred along with a corresponding facility financing liability. At the end of the construction period, the Company assessed whether these arrangements qualify for sales recognition under sale-leaseback accounting guidance. Upon substantial completion of the construction phase of the new facilities in New Jersey and California in June 2017 and December 2017, respectively, the Company performed a sale-leaseback analysis pursuant to Accounting Standards Codification ("ASC") 840 – *Leases*, to determine the appropriateness of removing the previously capitalized assets from the Consolidated Balance Sheets. The Company concluded that components of "continuing involvement" were evident as a result of this analysis, thereby failing the sale-leaseback tests which precludes the derecognition of the related assets from the Consolidated Balance Sheets. In conjunction with the leases, the Company also recorded a facility financing obligation equal to the fair market value of the assets received from the landlords. At the end of the lease terms, including exercise of any renewal options, the difference between the remaining facility financing obligation and the net carrying value of the fixed assets will be recognized as a non-cash gain or loss on sale of the properties. The Company does not report rent expense for the leases. Rather, rental payments under the leases are recognized as a reduction of the financing obligation and interest expense and the associated assets capitalized throughout the construction projects are depreciated over the determined useful life.

In October 2017, the Company performed a review of its real estate needs and decided to no longer pursue its planned build-out of the Fairfield facility and as a result, pursued potential alternatives for the leased Fairfield property. On March 30, 2020 (the "termination date"), the Company terminated the lease, effective immediately, for its Fairfield facility (the "Fairfield lease termination"). In connection with the Fairfield lease termination, the Company agreed to a termination fee in the amount of $1.5 million, recognized upon the termination date and paid in the second quarter of 2020, which released the Company from all future minimum lease payments related to this facility in the amount of $32.9 million, which otherwise would have expired in 2028.

Prior to the lease termination, the net carrying value of the build-to-suit assets totaled $31.1 million, the facility financing obligation totaled $35.7 million, and the Company had deferred rent of $1.8 million. Accordingly, as of the termination date, the Company derecognized the net carrying value of the build-to-suit assets and liabilities and the deferred rent balance. As a result, the Company recorded a non-cash gain of $4.9 million, net of the lease termination fee, in Other operating expense during the first quarter of 2020.

As of December 31, 2020, the aggregate future non-cancelable minimum lease payments consist of the following:

Years Ended December 31:	Capital Leases	Build-to-Suit Leases	Operating Leases
		(In thousands)	
2021	$ 55	$ 2,479	$ 10,461
2022	25	2,528	6,474
2023	4	2,579	5,236
2024	—	2,631	4,754
2025	—	2,683	1,777
Thereafter	—	1,812	1,154
	$ 84	$ 14,712	$ 29,856
Less: amount representing interest and taxes	(4)		
Lease obligations net of interest and taxes	80		
Less: current portion of capital lease obligations	(53)		
Noncurrent portion of capital lease obligations	$ 27		

Rent expense was $7.1 million, $9.0 million and $10.3 million for the years ended December 31, 2020, 2019, and 2018, respectively, and is recognized in Product, technology, general, and administrative expenses in the Consolidated Statements of Operations.

As of December 31, 2020, 2019, and 2018, the current portion of the Company's capital lease obligations is a component of Accrued expenses and other current liabilities on the Consolidated Balance Sheets and the noncurrent portion of the Company's capital lease obligations is a component of Other noncurrent liabilities on the Consolidated Balance Sheets.

Letters of Credit

As of December 31, 2020 and 2019, the Company had $1.6 million and $2.2 million, respectively, in letters of credit issued. The letters of credit serve as security primarily for fulfillment centers and office space leases entered into by the Company. As of December 31, 2020 and 2019, the letters of credit were collateralized by noncurrent restricted cash of $1.1 million and $1.9 million, respectively, and current restricted cash of $0.5 million and $0.0 million, respectively. As of December 31, 2020 and 2019, the beneficiaries of the letters of credit had not drawn upon any of the letters of credit.

Legal Proceedings

The Company records accruals for loss contingencies associated with legal matters when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. If the Company determines that a loss is reasonably possible, the Company discloses the matter, and, if estimable, the amount or range of the possible loss in the notes to the Consolidated Financial Statements.

The Company is subject to a consolidated putative class action lawsuit in the U.S. District Court for the Eastern District of New York alleging federal securities law violations in connection with the Company's IPO. The amended complaint alleges that the Company and certain current and former officers and directors made material misstatements or omissions in the Company's registration statement and prospectus that caused the stock price to drop. Pursuant to a stipulated schedule entered by the parties, defendants filed a motion to dismiss the amended complaint on May 21, 2018. Plaintiffs filed a response on July 12, 2018 and defendants filed a reply on August 13, 2018. On April 22, 2020, the Court entered an order (i) denying the motion to dismiss insofar as Plaintiffs' allegations pertained to certain of the disclosures in the registration statement and prospectus claimed by plaintiff, and (ii) narrowing the factual issues in the case. On August 11, 2020, the parties held a mediation after which they entered into a memorandum of understanding on August 14, 2020 regarding a proposed settlement. Discovery has been stayed since August 14, 2020. The Company entered into a stipulation and agreement of settlement to resolve the class action litigation on October 28, 2020, which

was subsequently amended on November 12, 2020. Under the terms of the settlement, a payment of $13.3 million is to be made by the Company and/or its insurers in exchange for the release of claims against the defendants and other released parties by the lead plaintiff and all settlement class members and for the dismissal of the action with prejudice. The court granted preliminary approval of the settlement on February 1, 2021 and the Company will pay approximately $1.0 million of the settlement amount into escrow no later than March 3, 2021, with the remaining $12.3 million balance of the settlement to be funded by the Company's insurers. The Company's contribution to the settlement represents the portion of its insurance retention amount, less the $1.0 million which had been paid by the Company as of December 31, 2020 to cover legal fees relating to this case and the related cases described below, as well as the settlement of the state court action described below. The court has scheduled a hearing for the final approval of settlement for May 10, 2021. If the court does not grant final approval of the settlement, the cases will continue. The Company is also subject to a putative class action lawsuit alleging federal securities law violations in connection with the IPO, which is substantially similar to the above-referenced federal court action. The action is currently pending in the New York Supreme Court. The Company was subject to another state court action that was originally filed in the New York Supreme Court, but was voluntarily dismissed by plaintiffs of September 15, 2020 and subsequently re-filed in the U.S. District Court for the Eastern District of New York on October 2, 2020. On December 2, 2020, the Company settled this lawsuit, which did not have a material impact on the Company's Consolidated Financial Statements. The Company is unable to provide any assurances as to the ultimate outcome of any of these lawsuits or that an adverse resolution of any of these lawsuits would not have a material adverse effect on the Company's consolidated financial position or results of operations.

In June 2020, certain of the Company's current and former officers and directors were named as defendants in a shareholder derivative action filed in the Eastern District of New York, captioned Jeffrey Peters v. Matthew B. Salzberg, et al., 1:20-cv-02627. The complaint seeks contribution from the officer and director defendants for any damages that the Company may incur as a result of the above-referenced class action lawsuit, attorneys' fees, and other costs, as well as an order directing the Company to reform and improve its corporate governance and internal procedures to comply with applicable laws. On September 11, 2020, this case was stayed pending resolution of the federal securities case. The Company is unable to provide any assurances as to the ultimate outcome of this lawsuit or that an adverse resolution of this lawsuit would not have a material adverse effect on the Company's consolidated financial position or results of operations.

In December 2017, the Company and its directors were named as defendants in a shareholder derivative action filed in the Delaware Court of Chancery. The plaintiff sought a declaratory judgment challenging the validity of a provision of the Company's restated certificate of incorporation that requires shareholders to bring claims under the Securities Act of 1933 solely in federal court (the "federal forum provision"). On December 19, 2018, the Court of Chancery entered summary judgment in favor of the plaintiff and on July 8, 2019, the court entered an award of attorneys' fees and expenses to plaintiff. The Company appealed both the summary judgment order and the fee award to the Supreme Court of the State of Delaware and a hearing was held on January 8. 2020. On March 18, 2020, the Supreme Court reversed the Court of Chancery's judgment in all respects, thereby validating the federal forum provision and reversing the fee award. On April 24, 2020, final judgment was entered and the escrowed fee award was returned to the Company.

The Company is subject to a lawsuit filed in California Superior Court under the Private Attorneys General Act on behalf of certain non-exempt employees in the Company's Richmond, California fulfillment center. The complaint was filed on October 16, 2017, and alleges that the Company failed to pay wages and overtime, provide required meal and rest breaks, provide suitable resting facilities and provide accurate wage statements, to non-exempt employees in violation of California law. Plaintiffs' counsel filed a separate class action lawsuit alleging largely the same claims, but covering a longer period, which is now pending in the United States District Court for the Northern District of California. A mediation was held on November 20, 2019, at which time the cases were not resolved. On December 16, 2019, Plaintiff filed a motion for class certification in federal court. On December 18, 2019, the parties entered into a memorandum of understanding which, if finalized and approved by the court, will resolve both actions in their entirety. The parties finalized a settlement agreement on March 2, 2020 and the court has vacated all other deadlines in the class-action case, including the due date for the Company's opposition to the motion for class certification. On July 6, 2020, the court granted preliminary approval of the final settlement agreement. A hearing for final approval was held on November 19, 2020 and the court granted final approval of the settlement agreement on that day. The Company paid approximately $2.0 million under the settlement agreement on December 9, 2020.

On July 20, 2018, one of the Company's suppliers, West Liberty Foods, L.L.C., (i) made an arbitration demand against the Company with JAMS, and (ii) together with certain related entities, filed a lawsuit against the Company in Iowa state court. The arbitration demand alleged breach of contract, fraud, and other common law claims in connection with, among other things, a dispute under the supply agreement between the parties related to the purchase of certain beef and poultry inventory of the supplier. The lawsuit, which was removed to the U.S. District Court for the Southern District of Iowa, alleged breach of oral contract and other common law claims in connection with a purported agreement between the Company and the supplier relating to the supplier's acquisition of another company. On December 28, 2018, the Court denied the Company's motion to dismiss the plaintiffs' amended complaint. The parties settled both matters on January 31, 2020, and on February 4, 2020, both the Iowa lawsuit and the arbitration were dismissed with prejudice.

Although the Company believes that it is reasonably possible that it may incur losses in these cases, the Company is currently unable to estimate the amount of such losses, except as noted above, due to the early stages of certain of the litigations, among other factors.

In addition, from time to time the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. Although the results of such litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, operating results, financial condition or cash flows.

11. Common Stock

Blue Apron Holdings, Inc., was incorporated in Delaware in December 2016 to enable Blue Apron, Inc. to implement a holding company organizational structure, effected by a merger conducted pursuant to Section 251(g) of the General Corporation Law of the State of Delaware. The Company refers to this transaction as its "Corporate Reorganization." In December 2016, immediately after the merger, Blue Apron, Inc. converted into Blue Apron, LLC, a Delaware limited liability company.

In connection with the Corporate Reorganization, Blue Apron Holdings, Inc. assumed the 2012 Equity Incentive Plan, as previously amended, and then amended and restated the plan in its entirety. The Company refers to the Restated Blue Apron, Inc. 2012 Equity Incentive Plan, as so amended and restated, as the Blue Apron Holdings, Inc. 2012 Equity Incentive Plan, or the 2012 Equity Incentive Plan, as discussed in Note 12.

In connection with the Corporate Reorganization, the Company also implemented a tri-class capital structure consisting of two classes of voting common stock, Class A common stock and Class B common stock, and one class of non-voting stock, Class C capital stock ("Class C common stock"). To implement the tri-class capital structure, all then-outstanding shares of common stock, having one vote per share, were reclassified into shares of Class B common stock, having ten votes per share, and all then-outstanding securities convertible or exercisable for common stock became convertible or exercisable for Class B common stock. Class A common stock will be entitled to one vote per share. Each outstanding share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value and whether voluntary or involuntary or by operation of law, except for certain exceptions and permitted transfers, or other events as described in the Company's restated certificate of incorporation.

In June 2018, the Company settled 686 shares of Class A common stock that were previously held back as security for potential claims for indemnification, related to its acquisition of certain assets of BN Ranch, LLC, in May 2017.

In connection with the IPO, the Company's board of directors adopted the 2017 Equity Incentive Plan as discussed in Note 12.

12. Share-based Compensation

The Company recognized share-based compensation for share-based awards in Cost of goods sold, excluding depreciation and amortization, and Product, technology, general and administrative expenses as follows:

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Cost of goods sold, excluding depreciation and amortization	$ 98	$ 193	$ 1,108
Product, technology, general and administrative	8,359	8,777	15,212
Total share-based compensation	$ 8,457	$ 8,970	$ 16,320

Determination of Fair Value

The fair value of each stock option granted under the 2012 Equity Incentive Plan and the 2017 Equity Incentive Plan, except for a portion of the performance stock options as discussed below, was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Year Ended December 31,		
	2020	2019	2018
Expected term (in years)	—	—	6.00
Risk-free interest rate	— %	— %	2.71 %
Expected volatility	— %	— %	51.34 %
Dividend rate	—	—	—

The Company determined the assumptions for the Black-Scholes option-pricing model as discussed below. Each of these inputs is subjective and generally requires significant judgment to determine. The Company did not grant any options for the years ended December 31, 2020 and 2019.

Expected Term — The expected term represents the period that the share-based awards are expected to be outstanding. The expected term of stock options granted has been determined using the simplified method, which uses the midpoint between the vesting date and the contractual term.

Risk-Free Interest Rate — The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury constant maturity notes with terms approximately equal to the share-based awards' expected term.

Expected Volatility — Prior to the Company's IPO in July 2017, the Company did not have a trading history of its common stock. The expected volatility was derived from the average historical stock volatilities of several public companies within the Company's industry that the Company considered to be comparable to the business over a period equivalent to the expected term of the share-based awards. Since the IPO, the trading history of common stock is not yet commensurate with the expected term of the share-based awards. The expected volatility has been derived using a combination of the Company's historical stock volatility, and the historical stock volatilities of several public companies within the Company's industry that the Company considers to be comparable to the business over a period equivalent to the expected term of the share-based awards.

Dividend Rate — The expected dividend is zero as the Company has not paid and does not anticipate paying any dividends in the foreseeable future.

Upon adoption of ASU 2016-09 as of January 1, 2018, the Company recognizes stock compensation expense with forfeitures recognized as they occur.

Performance Stock Awards

In 2020, the Company did not grant any performance stock units.

In 2019, the Company granted 54,740 performance stock units of its Class A common stock to certain employees, including the Company's executive officers. Such units were subject to vesting conditions that were tied to the achievement of certain financial targets through December 31, 2019. A portion of the financial target options would have, subject to certain conditions, accelerated in connection with a change in control event based on the time that had elapsed from the commencement of the applicable measurement period through the date of such change in control. As of December 31, 2019, the financial targets were not achieved and the awards were forfeited.

In 2018, the Company granted performance stock options to purchase 156,125 shares of its Class A common stock with a weighted-average exercise price of $44.55 to certain employees, including the Company's executive officers. Such options are subject to vesting conditions that are tied to the achievement of certain stock price targets through June 30, 2020 and financial targets through December 31, 2019. A portion of the financial target options would have, subject to certain conditions, accelerated in connection with a change in control event based on the time that has elapsed from the commencement of the applicable measurement period through the date of such change in control. As of June 30, 2020, the stock price targets were not achieved and the awards were forfeited, and as of December 31, 2019, the financial targets were not achieved and the awards were forfeited.

Equity Incentive Plan

In connection with the IPO, the Company's board of directors adopted the 2017 Equity Incentive Plan for the purpose of granting incentive stock options, non-qualified stock options, restricted stock, restricted stock units, and other share-based awards to employees, directors, and consultants. Options may be granted at a price per share not less than 100% of the fair market value at the date of grant. If, at the time the Company grants an incentive stock option, the optionee owns stock that holds more than 10% of the total combined voting power of all classes of the Company's stock ("10% stockholder"), the exercise price must be at least 110% of the fair value of the common stock on the grant date. Options granted are exercisable over a maximum term of ten years from the date of grant, or five years from the date of grant for a 10% stockholder and generally vest over a period of four years.

In August 2012, the Company's board of directors adopted the 2012 Equity Incentive Plan for the purpose of granting incentive stock options, non-qualified stock options, restricted stock, and restricted stock units to employees, directors, and consultants. Options may be granted at a price per share not less than 100% of the fair market value at the date of grant. If, at the time the Company grants an incentive stock option, the optionee owns stock that holds more than 10% of the total combined voting power of all classes of the Company's stock ("10% stockholder"), the exercise price must be at least 110% of the fair value of the common stock on the grant date. Options granted are exercisable over a maximum term of ten years from the date of grant, or five years from the date of grant for a 10% stockholder and generally vest over a period of four years. In August 2016, the Company's stockholders approved an increase of 280,000 Class B common stock shares available in the Plan.

In connection with the Corporate Reorganization as discussed in Note 11, Blue Apron Holdings, Inc. assumed Blue Apron, Inc.'s Restated 2012 Equity Incentive Plan, as previously amended, and then amended and restated the plan in its entirety. Following the assumption of the 2012 Equity Incentive Plan, outstanding options to purchase Blue Apron, Inc.'s common stock were automatically converted into options to purchase an equal number of shares of Class B common stock of Blue Apron Holdings, Inc. with no change in the applicable exercise price, vesting schedule, or term. Upon completion of the Corporate Reorganization and adoption of the 2017 Equity Incentive Plan, 3,177,114 shares of Class A and Class B common stock were reserved for issuance. Following the adoption and effectiveness of the 2017 Equity Incentive Plan, no additional awards have been granted under the 2012 Equity Incentive Plan.

As of December 31, 2020, 2019 and 2018, 1,369,567, 1,305,944 and 1,820,882 shares of Class A common stock remained available for future grants under the 2017 Equity Plan. Under the 2017 Equity incentive plan an annual increase to the number of shares of Class A common stock issuable is added on the first day of each fiscal year, beginning with the fiscal year ending December 31, 2018 and continuing for each fiscal year until, and including the

fiscal year ending December 31, 2027. The increase is equal to the lesser of 666,667 shares of Class A common stock, 5% of the outstanding shares of Class A common stock, Class B common stock, and Class C capital stock, and an amount determined by the Board of Directors.

Executive Severance Benefits Plan

During 2018, the Company adopted an executive severance benefits plan covering certain designated eligible executive officers of the Company, which provides for, among other things, severance benefits upon certain termination events, including full accelerated vesting of the executive officer's unvested, time-based equity awards if such executive officer is terminated without cause, or terminates his or her employment for good reason, within 12 months following a change in control of the Company.

Restricted Stock Units

The following table summarizes outstanding restricted stock units, which were granted under the 2017 Equity Incentive Plan:

	Number of Shares		Weighted-Average Grant Date Fair Value
Unvested — December 31, 2019	1,609,913	$	15.37
Granted	1,111,745		6.17
Vested	(569,272)		15.16
Forfeited / canceled	(458,187)		14.46
Unvested — December 31, 2020	1,694,199	$	9.65

For the years ended December 31, 2020, 2019, and 2018, 569,272, 291,885, and 173,408 shares of restricted stock units vested and were released to employees under the 2017 Equity Incentive Plan. These shares primarily vest over a period of four years. Compensation expense related to the restricted stock units is recognized using the grant date fair value recognized evenly over the service period.

As of December 31, 2020 and 2019, the unrecognized share-based compensation related to unvested restricted stock units was $16.2 million and $22.5 million, respectively. As of December 31, 2020 and 2019, these costs are expected to be recognized over a weighted-average period of 2.79 and 3.27 years, respectively.

Stock Options

The following table summarizes outstanding options, which were granted under the 2012 Equity Incentive Plan and 2017 Equity Incentive Plan:

	Number of Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value of Outstanding Options (In thousands)
Outstanding — December 31, 2019	214,359	$	68.06	2.73	$	6
Granted	—		-			
Exercised	(25,999)		18.75			
Forfeited / canceled	(128,424)		62.65			
Outstanding — December 31, 2020	59,936	$	100.96	4.43	$	-
Exercisable — December 31, 2020	59,132	$	100.15	4.41	$	-

The weighted-average grant date fair value of options granted for the years ended December 31, 2020, 2019, and 2018 was $0.00, $0.00, and $14.70, respectively. The total intrinsic value of options exercised was $0.0 million,

$0.5 million and $0.7 million for the years ended December 31, 2020, 2019, and 2018, respectively. The total grant date fair value of options vested for the years ended December 31, 2020, 2019, and 2018 was $1.0 million, $4.0 million and $6.4 million, respectively. For the years ended December 31, 2020, 2019, and 2018, the Company received $0.5 million, $0.1 million, and $0.3 million, respectively, from the exercise of share options granted under share-based payment arrangements. There was no tax benefit realized from stock options exercised during these periods.

As of December 31, 2020 and 2019, total unrecognized share-based compensation related to unvested options was $0.0 million and $1.0 million, respectively. As of December 31, 2020 and 2019, the weighted-average recognition period was 0.18 years and 1.01 years, respectively.

Award Modifications

In April 2019, the Company modified the vested stock options and unvested restricted stock units held by two of its departing executives. The modifications extend the exercise period for certain vested stock options and result in continued vesting of certain unvested restricted stock units for a specified period of time following the departure of the executives. These award modifications did not have a material impact on the Company's Consolidated Financial Statements.

13. Earnings per Share

Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted net income (loss) per share attributable to common stockholders is computed by dividing the diluted net income (loss) attributable to common stockholders by the weighted-average number of common shares, including potential dilutive common shares assuming the dilutive effect of outstanding common stock options, restricted shares, and restricted stock units. For periods in which the Company has reported net loss, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders, because dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The rights, including the liquidation and dividend rights, of the Class A, Class B, and Class C common stock are substantially the same, other than voting rights. For the years ended December 31, 2020, 2019, and 2018, the Company did not have any outstanding shares of Class C common stock.

On June 13, 2019, the board of directors of the Company approved a reverse stock split (the "Reverse Stock Split") of the Company's Class A Common Stock and Class B Common Stock at a ratio of 1-for-15 shares, which Reverse Stock Split became effective on June 14, 2019. Accordingly, all prior period common share, equity award, and per share amounts were adjusted to reflect the Reverse Stock Split.

(In thousands, except share and per-share data)	Year Ended December 31, 2020 Class A	2020 Class B	2019 Class A	2019 Class B	2018 Class A	2018 Class B
Numerator:						
Net income (loss) attributable to common stockholders	$ (34,453)	$ (11,701)	$ (31,930)	$ (29,151)	$ (40,135)	$ (82,014)
Denominator:						
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—basic	11,270,830	3,827,953	6,842,752	6,247,156	4,220,617	8,624,644
Effect of dilutive securities	—	—	—	—	—	—
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—diluted	11,270,830	3,827,953	6,842,752	6,247,156	4,220,617	8,624,644
Net income (loss) per share attributable to common stockholders—basic [(1)]	$ (3.06)	$ (3.06)	$ (4.67)	$ (4.67)	$ (9.51)	$ (9.51)
Net income (loss) per share attributable to common stockholders—diluted [(1)]	$ (3.06)	$ (3.06)	$ (4.67)	$ (4.67)	$ (9.51)	$ (9.51)

(1) Net income (loss) per share attributable to common stockholders — basic and net income (loss) per share attributable to common stockholders — diluted may not recalculate due to rounding.

The following have been excluded from the computation of diluted net income (loss) per share attributable to common stockholders as their effect would have been anti-dilutive:

	Year Ended December 31, 2020 Class A	2020 Class B	2019 Class A	2019 Class B	2018 Class A	2018 Class B
Stock options	3,923	123,817	65,022	254,138	107,460	474,508
Restricted shares	—	—	—	450	—	1,453
Restricted stock units	1,688,527	—	1,159,923	—	714,829	—
Total anti-dilutive securities	1,692,450	123,817	1,224,945	254,588	822,289	475,961

14. Income Taxes

The components of the provision for income taxes are as follows:

	Year Ended December 31, 2020	2019 (In thousands)	2018
Current provisions for income taxes:			
Federal	$ —	$ —	$ —
State	42	42	88
Total current	42	42	88
Deferred tax benefit:			
Federal	—	—	—
State	—	—	—
Total deferred	—	—	—
Provision for income taxes	$ 42	$ 42	$ 88

A reconciliation of the provisions (benefits) for income taxes to the amounts computed by applying the statutory federal income tax rate to income (loss) before income taxes is shown as follows:

	Year Ended December 31,		
	2020	2019	2018
Tax at statutory federal rate	21.00 %	21.00 %	21.00 %
State tax — net of federal benefit	(0.05)%	(0.09)%	(0.09)%
Change in valuation allowance	(11.10)%	(17.26)%	(20.29)%
Share-based compensation	(3.41)%	(3.47)%	(0.47)%
Charitable contributions	(6.20)%	(0.65)%	— %
Other	(0.33)%	0.40 %	(0.22)%
Provision for income taxes	(0.09)%	(0.07)%	(0.07)%

The tax effects of cumulative temporary differences that give rise to significant deferred tax assets and deferred tax liabilities are as follows:

	December 31,	
	2020	2019
	(In thousands)	
Deferred tax assets:		
Tax attribute carryforwards	$ 109,246	$ 102,827
Build-to-suit deferred tax assets	9,210	15,961
Inventories	2,338	3,652
Share-based compensation	500	3,182
Accruals, reserves, and other	12,105	8,324
Gross deferred tax assets	133,399	133,946
Deferred tax liabilities:		
Build-to-suit deferred tax liabilities	7,392	13,616
Gross deferred tax liabilities	7,392	13,616
Valuation allowance	126,007	120,330
Net deferred taxes	$ —	$ —

Recognition of deferred tax assets is appropriate when realization of these assets is more likely than not. Each reporting period the Company assesses the recoverability of its deferred tax assets and are required to establish a valuation allowance for any portion of the assets that the Company concludes is not more likely than not realizable. Based upon the weight of available evidence, which includes the Company's historical operating performance and the recorded cumulative net losses in prior fiscal periods, the Company recorded a valuation allowance of $126.0 million and $120.3 million against the net U.S. deferred tax assets as of December 31, 2020 and 2019, respectively. The valuation allowance increased by $5.7 million during 2020, which was primarily a result of additional losses generated, partially offset by the expiration of certain charitable contribution carryforwards.

As of December 31, 2020, the Company had U.S. federal and state net operating loss carryforwards of $397.5 million and $153.2 million, respectively. Of the $397.5 million of federal net operating loss carryforwards, $221.5 million was generated before January 1, 2018, and is subject to a 20-year carryforward period. The remaining $176.0 million can be carried forward indefinitely, but is subject to an 80% taxable income limitation in any future taxable year. The pre-2018 federal and all state net operating loss carryforwards will begin to expire in 2032 and 2033, respectively, if not utilized.

The Company's tax attributes may be limited by the ownership provisions of Section 382 of the Internal Revenue Code. As a result, if the Company experienced an "ownership change" during any three-year period, its use of these tax attributes may be limited. The Company has not performed a detailed analysis to determine if an ownership change has occurred.

Uncertain Tax Positions

As of December 31, 2020 and 2019, the Company did not have any gross unrecognized tax benefits. The Company's policy for classifying interest and penalties associated with unrecognized income tax benefits is to include such items in the provision for income tax.

The activity related to the unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2020	2019	2018
		(In thousands)	
Gross unrecognized tax benefits—beginning balance	$ —	$ 1,367	$ 1,554
Increases related to tax positions taken in prior years	—	—	977
Decreases related to tax positions taken in prior years	—	—	(377)
Decreases related to settlements	—	(1,174)	(787)
Decrease related to lapse of statute of limitations	—	(193)	—
Gross unrecognized tax benefits—ending balance	$ —	$ —	$ 1,367

The Company files U.S. federal and state income tax returns in jurisdictions with varying statutes of limitations. The Company's tax years from 2012 (inception) are subject to examination by the United States and state authorities due to the carry forward of unutilized net operating losses.

15. Fair Value Measurements

Financial Instruments

The fair value of financial instruments is determined based on assumptions that market participants would use when pricing an asset or liability at the balance sheet date. The Company uses observable market data when available, and minimizes the use of unobservable inputs when determining fair value.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019, respectively, using quoted prices in active markets for identical assets (Level 1), significant other observable inputs (Level 2) and significant unobservable inputs (Level 3):

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Financial Assets:				
Money market accounts	$ 42,408	$ —	$ —	$ 42,408
Total financial assets	$ 42,408	$ —	$ —	$ 42,408

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Financial Assets:				
Money market accounts	$ 36,846	$ —	$ —	$ 36,846
Total financial assets	$ 36,846	$ —	$ —	$ 36,846

As of December 31, 2020 and 2019, the Company had $42.4 million and $36.8 million, respectively, in financial assets held in money market accounts, all of which were classified as Level 1 in the fair value hierarchy. The Company measured the money market accounts at fair value. The Company classified its money market accounts as Level 1 because the values of these assets are determined using unadjusted quoted prices in active markets for identical assets.

As of December 31, 2020 and 2019, the Company did not have any assets or liabilities classified as Level 2 or Level 3 in the fair value hierarchy.

Non-Financial Assets

Certain non-financial assets, such as long-lived assets, are only recorded at fair value if an impairment loss is recognized. Impairment losses recognized for the years ended December 31, 2020, 2019, and 2018 were $7.6 million, $1.3 million, and $0.0 million, respectively. The following tables present non-financial assets that were measured and recorded at fair value on a non-recurring basis and the total impairment losses recorded during the years ended December 31, 2020, 2019, and 2018 on those assets. Non-recurring fair value measurements for the years ended December 31, 2020, 2019, and 2018 included the following:

	Year Ended December 31, 2020		
	Carrying value before impairment	Fair value (Level 3)	Impairment Loss
Non-financial assets (in thousands)			
Long-lived assets	$ 11,658	$ 4,073	$ 7,585

	Year Ended December 31, 2019		
	Carrying value before impairment	Fair value (Level 3)	Impairment Loss
Non-financial assets (in thousands)			
Long-lived assets	$ 1,514	$ 253	$ 1,261

	Year Ended December 31, 2018		
	Carrying value before impairment	Fair value (Level 3)	Impairment Loss
Non-financial assets (in thousands)			
Long-lived assets	$ —	$ —	$ —

See Note 6 for further discussion on the long-lived assets' impairment losses.

16. Restructuring Costs

In February 2020, the Company announced the closure of its fulfillment center in Arlington, Texas and the consolidation of production volume from the Arlington, Texas fulfillment center to the Company's fulfillment centers in Linden, New Jersey and Richmond, California in order to more efficiently continue to service the Company's national footprint while also enabling the Company to redirect financial resources into other parts of the business, including growth initiatives. As a result of the action, which was completed in May 2020, the Company recorded $0.8 million in total restructuring costs during the first half of 2020, including $0.4 million of employee-related expenses, primarily consisting of severance payments, and $0.4 million of other exit costs in Other operating expense, substantially all of which resulted in cash expenditures. In addition, during the first half of 2020, the Company recorded non-cash impairment charges of $7.6 million, primarily consisting of leasehold improvements and equipment. See Note 6 for further discussion of the impairment charges.

In November 2020, the Company announced a plan to temporarily reopen its fulfillment center in Arlington, Texas beginning in January 2021. This temporary reopening is designed to allow the Company to focus on utilizing existing assets to help address some of the capacity constraints the Company has experienced during the COVID-19 pandemic in order to supplement labor while it continues to implement operating efficiencies at its other fulfillment centers.

The following table summarizes the activity for the restructuring charges discussed above and the related liabilities recorded in Accounts payable and Accrued expenses and other current liabilities:

	Employee-Related Costs	Other Exit Costs	Total
	(In thousands)		
Balance — December 31, 2019	$ —	$ —	$ —
Charges	600	441	1,041
Cash payments	(350)	(441)	(791)
Other	(250)	—	(250)
Balance — December 31, 2020	$ —	$ —	$ —

In January 2019, the Company announced that it was transferring a substantial portion of the production volume from its Arlington, Texas fulfillment center to its Linden, New Jersey fulfillment center. As a result of the action the Company recorded approximately $0.6 million in total restructuring costs, including $0.2 million of employee-related expenses, substantially all of which resulted in cash expenditures in Other operating expense, and $0.4 million of accelerated depreciation in Depreciation and amortization, all of which were recorded during the first half of 2019.

In November 2018, the Company implemented a workforce reduction to support its strategic priorities, which resulted in a reduction of approximately 4% of the Company’s total workforce. As a result, the Company recorded $2.2 million in total restructuring costs in Other operating expense, including employee-related expenses, substantially all of which resulted in cash expenditures, and asset write offs related to abandoned capital projects, all of which were recorded during the three months ended December 31, 2018.

Schedule II: Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions: Charges to Costs and Expenses	Additions: Other	Reductions	Balance at End of Period
			(In thousands)		
Deferred Tax Asset Valuation Allowance:					
Fiscal year ended December 31, 2020	$ 120,330	$ -	$ 5,677	$ -	$ 126,007
Fiscal year ended December 31, 2019	$ 109,774	$ -	$ 10,556	$ -	$ 120,330
Fiscal year ended December 31, 2018	$ 81,252	$ -	$ 28,522	$ -	$ 109,774
Inventory Valuation Reserve:					
Fiscal year ended December 31, 2020	$ 1,474	$ 441	$ -	$ (1,585)	$ 330
Fiscal year ended December 31, 2019	$ 1,565	$ 1,708	$ -	$ (1,799)	$ 1,474
Fiscal year ended December 31, 2018	$ 3,057	$ 3,241	$ -	$ (4,733)	$ 1,565
Credits and Refunds Reserve:					
Fiscal year ended December 31, 2020	$ 1,172	$ 18,797	$ -	$ (18,447)	$ 1,522
Fiscal year ended December 31, 2019	$ 1,094	$ 13,466	$ -	$ (13,388)	$ 1,172
Fiscal year ended December 31, 2018	$ 1,003	$ 25,213	$ -	$ (25,123)	$ 1,094

Exhibit 4.2

DESCRIPTION OF REGISTERED SECURITIES

General

Blue Apron Holdings, Inc.'s (the "Company") authorized capital stock consists of 1,500,000,000 shares of Class A common stock, par value $0.0001 per share, 175,000,000 shares of Class B common stock, par value $0.0001 per share, 500,000,000 shares of Class C capital stock, par value $0.0001 per share, and 10,000,000 shares of preferred stock, par value $0.0001 per share. The following description of the Company's capital stock and provisions of the Company's restated certificate of incorporation, as amended (the "Certificate of Incorporation"), and its amended and restated bylaws (the "Bylaws") are summaries and are qualified by reference to the Certificate of Incorporation and the Bylaws, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part.

Class A, Class B and Class C Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Class A common stock, Class B common stock and Class C capital stock are entitled, equally, identically and ratably on a per share basis, to receive dividends out of funds legally available if the board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that the Company's board of directors may determine. The board of directors may pay or make a disparate dividend or distribution per share of Class A common stock, Class B common stock or Class C capital stock if such disparate dividend or distribution is approved in advance by the affirmative vote of the holders of a majority of the outstanding shares of Class A common stock, Class B common stock and Class C capital stock, each voting separately as a class.

Voting Rights

Holders of Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders, holders of Class B common stock are entitled to ten votes for each share of Class B common stock held on all matters submitted to a vote of stockholders, and holders of Class C capital stock are not entitled to vote on any matter that is submitted to a vote of stockholders, except as otherwise required by law. Holders of Class A common stock and Class B common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law. The Certificate of Incorporation and Bylaws provide for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. The Certificate of Incorporation does not provide for cumulative voting for the election of directors.

No Preemptive or Similar Rights

Holders of Class A common stock, Class B common stock and Class C capital stock are not entitled to preemptive rights, and are not subject to conversion, redemption or sinking fund provisions, except for the conversion provisions with respect to the Class B common stock and Class C capital stock described below.

Right to Receive Liquidation Distributions

If the Company becomes subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to the Company's stockholders would be distributable ratably among the holders of Class A common stock, Class B common stock and Class C capital stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock and unless an affirmative vote of the holders of a majority of the outstanding shares of Class A common stock, Class B common stock and Class C capital

stock, each voting separately as a class, approve in advance different treatment of the shares of each such class with respect to distributions.

Right to Receive Merger Distributions

The Certificate of Incorporation provides that, in the event of a consolidation or merger of the Company with or into any other entity, the distribution or payment in respect of the shares of Class A common stock, Class B common stock and Class C capital stock shall be made ratably on a per share basis among the holders of Class A common stock, Class B common stock and Class C capital stock as a single class, unless the only difference in the per share consideration between the holders of different classes of Class A common stock, Class B common stock or Class C capital stock is that any securities distributed to the holder of a share of Class B common stock have ten times the voting power of any securities distributed to the holder of a share of Class A common stock and that any securities distributed to the holder of a share of Class C capital stock have no voting rights or power.

Third-Party Tender or Exchange Offers

The Certificate of Incorporation provides that the Company may not enter into any agreement pursuant to which a third party may by tender or exchange offer acquire any shares of Class A common stock, Class B common stock or Class C capital stock, and neither the Company nor the board of directors may recommend that holders tender shares of Class A common stock, Class B common stock or Class C capital stock into any third-party tender or exchange offer, unless the holders of each of Class A common stock, Class B common stock or Class C capital stock have the right to receive the same amount of consideration on a per share basis as the other classes, unless the only difference in the per share consideration between the holders of different classes of Class A common stock, Class B common stock or Class C capital stock is that any securities distributed to the holder of a share of Class B common stock have ten times the voting power of any securities distributed to the holder of a share of Class A common stock and that any securities distributed to the holder of a share of Class C capital stock have no voting rights or power.

Conversion

Each outstanding share of Class B common stock will convert automatically into one share of Class A common stock upon its transfer, whether or not for value and whether voluntary or involuntary or by operation of law, except for certain exceptions and permitted transfers described in the Certificate of Incorporation, including certain transfers by a stockholder to (1) family members of the stockholder, so long as the stockholder retains voting control over the transferred shares; (2) certain trusts and other permitted entities owned by or for the benefit of the stockholder or family members, so long as the stockholder, or a fiduciary who is selected by such stockholder and whom such stockholder has the power to remove and replace, retains voting control over the transferred shares; and (3) certain foundations and charities, so long as the stockholder, or a fiduciary who is selected by such stockholder and whom such stockholder has the power to remove and replace, retains voting control over the transferred shares. In addition, each outstanding share of Class B common stock held by a stockholder who is a natural person, or held by the permitted transferees of such stockholder, will convert automatically into one share of Class A common stock upon the death or permanent and total disability of such stockholder, subject to a conversion delay of the earlier of (1) nine months in the event of the death or permanent and total disability of one of the Company’s founders, Matthew B. Salzberg, Ilia M. Papas or Matthew J. Wadiak or (2) the date upon which such founder’s permitted transferees cease to hold such shares or to exercise voting control over such shares.

As a result of the conversion provisions described above, unless one of the specified exceptions applies, a holder of Class B common stock cannot transfer shares of Class B common stock without the loss of the higher voting rights associated with the Class B common stock (ten votes per share) as compared to the Class A common stock (one vote per share), which may make the value of such holder's investment in the Company lower than it would be if such holder were permitted to transfer shares of Class B common stock without the conversion of the transferred shares into Class A common stock. The conversion of Class B common stock into Class A common stock, whether upon a transfer of Class B common stock or the death of a holder of Class B common stock, will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares of Class B common stock. In addition, because of the conversion delay described above, a founder (or such founder's estate or the persons to whom such founder's shares are transferred upon his death, as applicable)

will be able to retain such founder's shares of Class B common stock (and the higher voting rights associated with such shares) for a period of nine months after the death or permanent and total disability of such founder.

Each share of Class B common stock is convertible at any time, at the option of the holder thereof, into one share of Class A common stock. A holder who voluntarily elects to convert shares of Class B common stock into Class A common stock will lose the higher voting rights associated with the Class B common stock (ten votes per share) as compared to the Class A common stock (one vote per share), which may make the value of such holder's investment in the Company lower than it would be if such holder continued to hold Class B common stock.

All outstanding Class B common stock will convert automatically into Class A common stock, on a share-for-share basis, (1) upon the date which is nine months after the death or disability of Matthew B. Salzberg or (2) when the voting power of all outstanding shares of Class B common stock represent less than 5% of the combined voting power of the outstanding shares of Class A common stock and Class B common stock. All outstanding Class C capital stock will convert automatically into Class A common stock, on a share-for-share basis, on the date fixed therefor by the board of directors that is between 31 and 90 days following the conversion of all outstanding shares of Class B common stock into shares of Class A common stock. Upon the conversion of all outstanding shares of Class B common stock and Class C capital stock into Class A common stock, all stockholders will have one vote per share, which will reduce the ability of the holders of Class B common stock to exercise voting control over the Company.

Each share of Class B common stock or Class C capital stock that is converted into Class A common stock will thereupon automatically be retired and not be available for reissuance. If the Company subsequently wishes to issue more shares of Class B common stock or Class C capital stock than are then authorized for issuance, the Company would first have to amend its Certificate of Incorporation with the approval of the board of directors and stockholders in accordance with the Delaware General Corporation Law.

Preferred Stock

Under the terms of the Certificate of Incorporation, the Company’s board of directors is authorized to direct the Company to issue shares of preferred stock in one or more series without stockholder approval. The board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing the board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of the Company’s outstanding voting stock.

Anti-Takeover Provisions

Delaware Anti-Takeover Law

The Company is subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving the Company and the "interested stockholder" and the sale of more than 10% of the Company’s assets. In general, an "interested stockholder" is any entity or person beneficially owning shares representing 15% or more of the voting power of the Company’s outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Staggered Board; Removal of Directors

The Certificate of Incorporation and the Bylaws divide the board of directors into three classes with staggered three-year terms. In addition, a director may be removed only for cause and only by the affirmative vote of the holders of at least 66-2/3% of the votes that all stockholders would be entitled to cast for the election of directors. Any vacancy on the board of directors, including a vacancy resulting from an enlargement of the board of directors, may be filled only by vote of a majority of directors then in office.

The classification of the board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of the Company.

Supermajority Voting

The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. The Bylaws may be amended or repealed by a majority vote of the board of directors or the affirmative vote of the holders of at least 66-2/3% of the votes that all stockholders would be entitled to cast for the election of directors. In addition, the affirmative vote of the holders of at least 66-2/3% of the votes that all stockholders would be entitled to cast for the election of directors is required to amend, repeal, or adopt any provisions inconsistent with any of the provisions of the Certificate of Incorporation with respect to the staggered board, quorum of directors, and removal of directors and the provisions of the Certificate of Incorporation with respect to special meetings of the stockholders.

Stockholder Action; Special Meeting of Stockholders; Advance Notice Requirements for Stockholder Proposals and Director Nominations

The Certificate of Incorporation provides that any action required or permitted to be taken by stockholders must be effected at a duly called annual or special meeting of such stockholders and may not be effected by any consent in writing by such stockholders. The Certificate of Incorporation and the Bylaws also provide that special meetings of stockholders can only be called by the chairman of the board, the chief executive officer or the board of directors. In addition, the Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to the board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to the secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of the voting power of the Company’s outstanding voting securities. These provisions also could discourage a third party from making a tender offer for the Company’s capital stock, because even if it acquired a majority of the voting power of the Company’s outstanding voting stock, it would be able to take action as a stockholder, such as electing new directors or approving a merger, only at a duly called stockholders meeting and not by written consent.

Choice of Forum

The Certificate of Incorporation provides that unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee or stockholder of the Company to it or its stockholders, (3) any action asserting a claim arising pursuant to any provision of the General Corporation Law or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery, or (4) any action asserting a claim governed by the internal affairs doctrine. The Certificate of Incorporation further provides that unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

Exhibit 10.16

Execution Version

AMENDMENT NO. 1 TO FINANCING AGREEMENT

THIS AMENDMENT NO. 1 TO FINANCING AGREEMENT (this "Amendment"), dated as of November 19, 2020, is entered into by and among BLUE APRON, LLC, a Delaware limited liability company (the "Borrower"), BLUE APRON HOLDINGS, INC., a Delaware corporation (the "Parent"), each of the Subsidiary Guarantors (as defined in the Financing Agreement (as defined below)) party hereto (together with the Borrower and the Parent, the "Loan Parties" and each, a "Loan Party"), the Lenders (as defined below) party hereto, and BLUE TORCH FINANCE LLC, a Delaware limited liability company, as collateral agent for the Lenders (in such capacity, "Collateral Agent") and as administrative agent for the Lenders (in such capacity, the "Administrative Agent" and together with the Collateral Agent, the "Agents" and each, an "Agent").

RECITALS

A. The Loan Parties, the lenders from time to time party thereto (the "Lenders") and the Agents are parties to that certain Financing Agreement, dated as of October 16, 2020 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Financing Agreement").

B. The Loan Parties have requested that the Lenders agree to certain amendments to the measurement and reporting requirements of Liquidity under the Financing Agreement and the Lenders have agreed to make the requested amendments to the Financing Agreement, subject to the terms and conditions set forth herein.

C. The Loan Parties, the Lenders and the Agents are willing to enter into this Agreement upon the terms and conditions set forth herein.

AGREEMENT

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

1. Definitions. Capitalized terms used herein and not defined shall have the meanings given to such terms in the Financing Agreement.

2. Amendments to Financing Agreement. Subject to and upon the occurrence of the Effective Date (as defined below), the Financing Agreement shall be amended as follows:

(a) Section 1.01 of the Financing Agreement is hereby amended by inserting the following defined term in the appropriate alphabetic order:

""Pending Cash" means, as of any date of determination, unrestricted cash or Cash Equivalents of the Loan Parties held by Stripe, Inc. or any of its affiliates (and any future additional or successor credit card payment processor engaged by the Loan Parties) that has been processed for, or is in transit for, deposit to a deposit or securities account of the Loan Parties that is subject to a Control Agreement."

(b) Section 1.01 of the Financing Agreement is hereby amended by deleting the defined term "Qualified Cash" and replacing such defined term with the following:

""Qualified Cash" means, as of any date of determination, the aggregate amount of Pending Cash and unrestricted cash and Cash Equivalents of the Loan Parties maintained in deposit or

securities accounts in the name of a Loan Party in the United States as of such date, which deposit or securities accounts are subject to Control Agreements, or, in the case of the Cash Management Accounts listed in clause (a) of Schedule 5.02, will be subject to a Control Agreement following the Effective Date in accordance with clause (a) of Schedule 5.02; provided that, if any such Cash Management Account is not subject to a Control Agreement within the time period set forth in clause (a) of Schedule 5.02, then the unrestricted cash and Cash Equivalents maintained in such Cash Management Account shall be excluded from the calculation of Qualified Cash until such time as such Cash Management Account is subject to a Control Agreement; provided further that to the extent that any Pending Cash is not deposited in such a deposit or securities account within four (4) Business Days following such date of determination, such Pending Cash not so deposited as of the end of such four (4) Business Day period shall be retroactively excluded in the calculation of Qualified Cash as of such date of determination (it being understood for the avoidance of doubt that if Qualified Cash as of such date of determination is less than $20,000,000 as a result of such subsequent exclusion, then for the purposes of Section 7.03(a) of the Financing Agreement, Liquidity as of such date of determination shall be deemed to be less than $20,000,000)."

(c) Section 7.01 of the Financing Agreement is hereby amended by deleting clause (a)(vi) thereof in its entirety and replacing it with the following:

"(vi) (A) On the second and fourth Wednesday of each month (or if such day is not a Business Day, the next succeeding Business Day) (the "Determination Date"), beginning with October 28, 2020, a certificate of an Authorized Officer of the Parent attaching calculations of the financial covenants contained in Section 7.03 and (B) no later than 8:00 p.m. (New York City time) on each Business Day during the term of this Agreement, a report setting forth the Liquidity of the Loan Parties as of such Business Day;"

3. Conditions Precedent. This Amendment shall become effective (such date, the "Effective Date") upon the receipt by the Agents of duly executed counterparts of this Amendment from each Loan Party, the Agents and each of the Lenders.

4. Representations and Warranties. In addition to the continuing representations and warranties heretofore or hereafter made by the Loan Parties to Agent and Lenders pursuant to the Financing Agreement and the other Loan Documents, each Loan Party hereby represents and warrants to Agent and each Lender as follows:

(a) such Loan Party has full power, authority and legal right to enter into this Amendment and to perform all its respective obligations hereunder;

(b) this Amendment has been duly executed and delivered by such Loan Party;

(c) this Amendment constitutes the legal, valid and binding obligation of such Loan Party enforceable in accordance with its terms, except as such enforceability may be limited by any applicable bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally;

(d) the execution, delivery and performance of this Amendment (i) are within such Loan Party's corporate or company powers, as applicable, (ii) have been duly authorized by all necessary corporate or company action, as applicable, of such Loan Party and (iii) are not in contravention of any applicable law, rule or regulation or the terms of such Loan Party's Governing Documents or of any Material Contract binding on or otherwise affecting it or any of its properties; and

(e) all of the representations and warranties of such Loan Party contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects, except to the extent

that (a) such representations and warranties are made as of a specific date (such as "as of the date hereof"), in which event such representations and warranties were true and correct in all material respects as of such date and (b) such representations are modified by a materiality or Material Adverse Effect standard, in which event they are true and correct in all respects.

5. Reaffirmation.

(a) Each Loan Party hereby ratifies, reaffirms and confirms all of its payment and other obligations, contingent or otherwise, under the Financing Agreement and each other Loan Document to which it is a party and agrees that this Amendment and the transactions contemplated hereunder shall not in any way affect the validity or enforceability of the Guaranty, or reduce, impair or discharge the obligations of such Loan Party thereunder.

(b) Each Loan Party hereby ratifies, reaffirms and confirms all Liens granted by it to the Collateral Agent under the Security Agreement and the other Collateral Document to which it is a party and agrees that this Amendment shall not in any way affect the validity, perfection, enforceability or priority of such Liens.

6. Costs, Expenses and Taxes. Each Loan Party, jointly and severally, agrees to pay on demand all costs and expenses of the Lenders and the Agents incurred in connection with the preparation, execution and delivery of this Amendment (including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Lenders and the Agents with respect thereto).

7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the law of the state of New York applicable to contracts made and to be performed in the state of New York

8. Consent to Jurisdiction; Service of Process and Venue; Waiver of Jury Trial. Sections 12.10 and 12.11 of the Financing Agreement are incorporated herein, mutatis mutandis, as if a part hereof.

9. Reference to Financing Agreement. Each of the Financing Agreement and the other Loan Documents, and any and all other agreements, documents or instruments now or hereafter executed and/or delivered pursuant to the terms hereof or pursuant to the terms of the Financing Agreement as modified hereby, are hereby amended so that any reference therein to the Financing Agreement, whether direct or indirect, shall mean a reference to the Financing Agreement as modified hereby. This Amendment shall constitute Loan Document under the Financing Agreement.

10. Effect of this Amendment. This Amendment relates only to the specific matters expressly covered herein, shall not be considered to be a waiver of any rights, claims or remedies that the Agents or any Lender may have under the Financing Agreement or under any other Loan Document (except as expressly set forth herein) or under applicable law, and shall not be considered to create a course of dealing or to otherwise obligate, in any respect, the Agents or any Lender to grant any waivers under the same or similar or other circumstances in the future. To the extent that any provision of the Financing Agreement or any of the other Loan Documents are inconsistent with the provisions of this Amendment, the provisions of this Amendment shall control.

11. Binding Effect. This Amendment shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties hereto.

12. Further Assurances. The Loan Parties shall execute and deliver such further documents and take such further action as may be reasonably requested by the Agents and/or the Lenders to effectuate the provisions and purposes of this Amendment.

13. No Modification. This Amendment may not be amended, modified or otherwise changed without the mutual agreement in writing of the parties hereto.

14. Severability of Provisions. Each provision of this Amendment shall be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any specific provision.

15. Counterparts; Electronic Signature. This Amendment may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a .pdf image) shall be deemed to be an original signature hereto.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

LOAN PARTIES:

BLUE APRON, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BLUE APRON HOLDINGS, INC.

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Chief Financial Officer and Treasurer

BAW HOLDCO I, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BAW HOLDCO II, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BAW HOLDCO III, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BAW, INC.

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BN RANCH, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

BLUE APRON MARKET, LLC

By: /s/ Timothy Bensley
Name: Tim Bensley
Title: Treasurer

[Signaure Page to Amendment No. 1 to Financing Agreement]

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

BLUE TORCH FINANCE LLC

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Authorised Signor

[Signaure Page to Amendment No. 1 to Financing Agreement]

LENDERS:

BTC HOLDINGS FUND I, LLC

By: Blue Torch Credit Opportunities Fund I LP, its sole member

By: Blue Torch Credit Opportunities GP LLC, its general partner

By: KPG BTC Management LLC, its sole member

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Managing Member

BTC HOLDINGS FUND I-B, LLC

By: Blue Torch Credit Opportunities Fund I LP, its sole member

By: Blue Torch Credit Opportunities GP LLC, its general partner

By: KPG BTC Management LLC, its sole member

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Managing Member

BLUE TORCH CREDIT OPPORTUNITIES SBAF FUND LP

By: Blue Torch Credit Opportunities SBAF GP LLC, its general partner

By: KPG BTC Management LLC, its sole member

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Managing Member

BLUE TORCH CREDIT OPPORTUNITIES FUND II LP

By: Blue Torch Credit Opportunities GP II LLC, its general partner

By: KPG BTC Management LLC, its sole member

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Managing Member

BLUE TORCH CREDIT OPPORTUNITIES KRS FUND LP

By: Blue Torch Credit Opportunities KRS GP LLC, its general partner

By: KPG BTC Management LLC, its sole member

By: /s/ Kevin Genda
Name: Kevin Genda
Title: Managing Member

SWISS CAPITAL BTC OL PRIVATE DEBT FUND L.P.

By: /s/ Kevin Genda
Name: Kevin Genda
in his capacity as authorized signatory of Blue Torch Capital LP, as agent and attorney-in-fact for Swiss Capital BTC OL Private Debt Fund L.P.

Exhibit 10.19

December 30, 2020

Randy J. Greben
63 Old Farm Road
Berkley Heights, NJ 07922

Dear Randy,

Congratulations! We are delighted to offer you the opportunity to share in our vision of Better Living through Better Food. We are confident that your skills and experience will be an asset to our company, and are excited for you to become a part of our team.

This letter confirms our previous conversations regarding the employment opportunity available to you with Blue Apron, LLC (the "Company"), an affiliate of Blue Apron Holdings, Inc. ("Blue Apron" and, collectively with its affiliates, including the Company, the "Company Group"), and sets forth the terms and conditions of that employment.

The Company hereby offers you full-time employment as Chief Financial Officer of Blue Apron beginning the week of January 4, 2021 with an annual base salary of $465,000 at the Company's offices located in New York, New York (Liberty). Your position is classified as exempt from the state and federal wage and hour laws, so you will not receive any overtime pay.

Equity

If you decide to join the Company, it will be recommended to Blue Apron's Board of Directors that Blue Apron grant you an equity award having a target value of $600,000 (the "New Hire Grant"). The New Hire Grant will be subject to the terms and conditions of Blue Apron's equity incentive plan, equity compensation program and the applicable award agreement, including vesting requirements. You will also be eligible to parcipate in Blue Apron's annual equity-based incentive plan applicable to similarly situated executive officers in amounts and on terms and conditions determined by the Board of Directors in its sole discretion and in accordance with the various plan documents and awards agreements governing any such awards. For the avoidance of doubt, the New Hire Grant shall be in lieu of an equity award, if any, for fiscal 2021.

Bonus

You will be eligible to receive a discretionary bonus on an annual basis with a target of 75% of your annual base salary, subject to both your and the Company's performance. Your bonus payment will be prorated based on your start date with the Company if you start after the 1st of the year of the current measurement period (January 1 through December 31 of such year). Your bonus payment amount will be based on your performance against the goals you outline and align on with your manager and based on overall Company performance. You must be employed by the Company on the date bonus payments are made to receive such bonus award.

Executive Severance Benefits Plan

If you decide to join the Company, it will also be recommended to Blue Apron's Board of Directors that you be designated as a "Covered Employee" under Blue Apron's Executive Severance Benefits Plan and thus be eligible to receive the associated benefits thereunder. In addition to the foregoing, in the event that, following a Change in Control (as defined in the Severance Plan), Blue Apron or the Company (or any of their successors) terminates your employment without Cause (as defined in the Severance Plan) or you resign for Good Reason (as defined in the Severance Plan) within twelve (12) months following such Change in Control you will be eligible to receive an additional cash severance amount equal to six (6) months of your base salary ("Additional Severance"). The Additional Severance will be paid in regular installments on the same schedule as payroll payments are made, over the six (6)-month period commencing immediately after the due date for the last payment of the severance due to you under the Severance Plan, and otherwise in accordance with, and subject to, the terms and conditions of the
Severance Plan.

Terms and Conditions

During the period of your employment, you shall (a) devote your entire working time for or at the direction of the Company Group, (b) use your best efforts to complete all assignments, and (c) adhere to the Company Group's procedures and policies in place from time-to-time. During your employment with the Company, you may not engage in any other paid activities without the prior written consent of an authorized officer of the Company or Blue Apron or any other unpaid activities that inhibit or prohibit the performance of your duties to the Company or inhibit or conflict in any way with the business of the Company Group.

During your employment with the Company you will be entitled to participate in all of our then-current customary employee benefit plans and programs, subject to eligibility requirements, enrollment criteria, and the other terms and conditions of such plans and programs, when the Company establishes such plans. The Company reserves the right to change or rescind its benefit plans and programs and alter employee contribution levels in its discretion.

By executing this letter below, you agree that during the course of your employment and thereafter that you shall not use or disclose, in whole or in part, any of the Company Group's, or any of its users', vendors', or affiliates', trade secrets, confidential and proprietary information, customer lists and information, to any person, firm, corporation, or other entity for any reason or purpose whatsoever other than in the course of your employment with the Company or with the prior written permission of the Chief Executive Officer or General Counsel of Blue Apron. You also will be

required to execute the annexed employee non-disclosure and invention assignment agreement (the “Covenants Agreement”), the terms of which are in addition to the terms of this offer letter.

This offer of employment with the Company is contingent upon our satisfactory completion of reference checks, drug testing and proof of your authorization to work in the United States. If, based upon a unique circumstance, you commence work before the Company has completed its inquiry, you will be deemed a conditional employee. Although we hope that your employment with us is mutually satisfactory, employment at the Company is “at will.” This means that, just as you may resign from the Company at any time for any reason or no reason, the Company has the right to terminate this employment relationship at any time with or without cause or notice. Neither this letter nor any other communication, either written or oral, should be construed as a contract of employment, unless it is signed by both you and the Chief Executive Officer of Blue Apron, and such agreement is expressly acknowledged as an employment contract.

I hope that you elect to accept this offer of employment. Kindly sign your name at the end of this letter to signify your understanding and acceptance of these terms and that no one at the Company has made any other representation to you. The Company welcomes you as an employee and looks forward to a successful relationship in which you will find your work both challenging and rewarding. This offer must be accepted on or before December 31, 2020 and will be deemed to have been withdrawn if your executed acceptance of this offer, together with the signed Covenants Agreement, is not received by the undersigned on or before the above referenced date.

Sincerely,

/s/ Linda Kozlowski

Linda Kozlowski, CEO

Agreed and accepted as of the
date set forth below:

/s/ Randy J. Greben
Randy J. Greben

Date: December 30, 2020

Exhibit 10.20

November 23, 2020

Charlean Gmunder
4 Nicholas Ct.
Branchburg, NJ 08876

Dear Charlean,

Congratulations! We are delighted to offer you the opportunity to share in our vision of Better Living through Better Food. We are confident that your skills and experience will be an asset to our company, and are excited for you to become a part of our team.

This letter confirms our previous conversations regarding the employment opportunity available to you with Blue Apron, LLC (the “Company”), an affiliate of Blue Apron Holdings, Inc. (“Blue Apron” and, collectively with its affiliates, including the Company, the “Company Group”), and sets forth the terms and conditions of that employment.

The Company hereby offers you full-time employment as Chief Operating Officer of Blue Apron beginning on or about November 25, 2020 (“Commencement Date”) with an annual base salary of $450,000 at the Company's offices located in New York, New York (Liberty) with Responsibility for Operations in New Jersey, Texas and California. Following the first anniversary of the Commencement Date, at any time the Board of Directors of Blue Apron determines in its sole discretion to review executive compensation, Blue Apron will review your annual base salary based on your and the Company Group’s performance. Any future determinations regarding your compensation will be made in Blue Apron’s sole discretion. Your position is classified as exempt from the state and federal wage and hour laws, so you will not receive any overtime pay.

Equity

If you decide to join the Company, it will be recommended to Blue Apron’s Board of Directors that Blue Apron grant you an equity award of Restricted Stock Units (“RSUs”) of Blue Apron having a target value of $600,000 (the “New Hire Grant”) on Blue Apron’s next regular grant date occurring on or after the Commencement Date. Your New Hire Grant will vest over four years as follows: the first one-quarter (1/4) shall vest on the one-year anniversary of the date the New Hire Grant is made, and the balance shall vest quarterly over the following three (3) years in equal installments (on the applicable quarterly vesting date). The New Hire Grant will be subject to the terms and conditions of Blue Apron’s equity incentive

plan, equity compensation program and the applicable award agreement, including vesting requirements. You will also be eligible to participate in any Company Group annual equity-based incentive plan applicable to similarly situated executive officers in amounts and on terms and conditions determined by Blue Apron's Board of Directors in its sole discretion and in accordance with the various plan documents and awards agreements governing any such awards. Notwithstanding the forgoing, the above-referenced New Hire Grant shall be in lieu of any additional grants you may otherwise be eligible for in 2021.

Bonus

Beginning in fiscal year 2021, you will be eligible to receive a discretionary bonus on an annual basis with a target of 75% of your annual base salary, subject to both your and the Company Group's performance. Your payment amount will be based on your performance against the goals you outline and align on with your manager and based on overall Company Group performance. Notwithstanding the foregoing, your bonus payment for the 2021 fiscal year shall be guaranteed at 100% of your target bonus amount (the "2021 Bonus") and shall be paid on or before March 15, 2022. You must be employed by the Company on the date bonus payments are made to receive such bonus award. Notwithstanding the foregoing, if your employment is terminated by the Company or Blue Apron without Cause (as such term defined in the Blue Apron Holdings, Inc. Executive Severance Benefits Plan (the "Severance Plan") then your 2021 Bonus will be paid to you on the same date as bonuses are paid to other senior executives. For the avoidance of doubt, you will not be eligible for a bonus for 2020.

Executive Severance Benefits Plan

If you decide to join the Company, it will also be recommended to Blue Apron's Board of Directors that you be designated as a "Covered Employee" under Exhibit A of Blue Apron's Executive Severance Benefits Plan and thus be eligible to receive the associated benefits thereunder. In addition to the foregoing, in the event that, following a Change in Control (as defined in the Severance Plan), Blue Apron or the Company (or any of their successors) terminates your employment without Cause or you resign for Good Reason (as defined in the Severance Plan) within twelve (12) months following such Change in Control you will be eligible to receive an additional cash severance amount equal to six (6) months of your base salary ("Additional Severance"). The Additional Severance will be paid in regular installments on the same schedule as payroll payments are made, over the six (6)-month period commencing immediately after the due date for the last payment of the severance due to you under the Severance Plan, and otherwise in accordance with, and subject to, the terms and conditions of the Severance Plan.

Terms and Conditions

During the period of your employment, you shall (a) devote your entire working time for or at the direction of the Company Group, (b) use your best efforts to complete all assignments, and (c) adhere to the Company Group's procedures and policies in place as of the Commencement Date and those that may be adopted in the future, from time-to-time and communicated to you in writing or orally. During your employment with the Company, you may not engage in any other paid activities without the prior written consent of an authorized officer of the Company or Blue Apron or any other unpaid activities that inhibit or prohibit the performance of your duties to the Company or inhibit or conflict in any way with the business of the Company Group.

During your employment with the Company you will be entitled to participate in all of our then-current customary employee benefit plans and programs, subject to eligibility requirements, enrollment criteria, and the other terms and conditions of such plans and programs, when the Company establishes such plans. The Company reserves the right to change or rescind its benefit plans and programs and alter employee contribution levels in its discretion. The Company will reimburse you for reasonable and documented legal fees incurred by you in connection with the negotiation of this offer letter up to a maximum of five thousand dollars ($5,000.00). Such documentation shall be promptly, and in no event later than 5 business days after execution of this letter, submitted to Blue Apron's General Counsel. In the event of a Change in Control (as defined in the Severance Plan), the Company or Blue Apron agrees to engage, at its expense, a nationally recognized accounting firm or law firm, selected in the Company's or Blue Apron's sole reasonable discretion, to evaluate and determine the calculations and determinations with respect to Section 280G and Section 4999 of the Code, including without limitation the valuation of the non-competition covenant as set forth in the Covenants Agreement. The Company and you shall each furnish such firm with such information and documents as the firm may reasonably request in order to make such determinations.

By executing this letter below, you agree that during the course of your employment and thereafter that you shall not use or disclose, in whole or in part, any of the Company Group's, or any of its users', vendors', or affiliates', trade secrets, confidential and proprietary information, customer lists and information, to any person, firm, corporation, or other entity for any reason or purpose whatsoever other than in the course of your employment with the Company or with the prior written permission of the Chief Executive Officer or General Counsel of Blue Apron. You also will be required to execute the annexed employee non-disclosure and invention assignment agreement (the "Covenants Agreement"), the terms of which are in addition to the terms of this offer letter.

This offer of employment with the Company is contingent upon our satisfactory completion of reference checks, drug testing and proof of your authorization to work in the United States. If, based upon a unique circumstance, you commence work before the Company has completed its inquiry, you will be deemed a conditional employee. Although we hope that your employment with us is mutually satisfactory, employment at the Company is "at will." This means that, just as you may resign from the Company at any time for any reason or no reason, Blue Apron or the Company has the right to terminate this employment relationship at any time with or without cause or notice. Neither this letter nor any other communication, either written or oral, should be construed as a contract of employment, unless it is signed by both you and the Chief Executive Officer of Blue Apron, and such agreement is expressly acknowledged as an employment contract.

I hope that you elect to accept this offer of employment. Kindly sign your name at the end of this letter to signify your understanding and acceptance of these terms and that no one at the Company has made any other representation to you. The Company welcomes you as an employee and looks forward to a successful relationship in which you will find your work both challenging and rewarding. This offer must be accepted on or before November 25, 2020 and will be deemed to have been withdrawn if your executed acceptance of this offer, together with the signed Covenants Agreement, is not received by the undersigned on or before the above referenced date.

Sincerely,

/s/ Linda Kozlowski

Linda Kozlowski, CEO

Agreed and accepted as of the
date set forth below:

/s/ Charlean Gmunder

Charlean Gmunder

Date: November 23, 2020

Exhibit 10.21

EXECUTION VERSION

ADVISORY AGREEMENT

This ADVISORY AGREEMENT (this "Agreement"), is made as of December 10, 2020 and shall be effective as of December 31, 2020 (the "Effective Date"), by and among (i) Blue Apron, LLC, a Delaware limited liability company having its principal place of business at 28 Liberty Street, 28th Floor, New York, NY 10005 (the "Company"), (ii) solely with respect to certain provisions hereof, Blue Apron Holdings, Inc., a Delaware corporation having its principal place of business at 28 Liberty Street, 28th Floor, New York, NY 10010 ("Holdings"), and (iii) Timothy S. Bensley ("Advisor"). The Company, Holdings and Advisor are each referred to herein individually as a "Party" and collectively, as applicable, as the "Parties."

WHEREAS, Advisor has informed the Company that he is resigning his employment with the Company effective as of the Effective Date;

WHEREAS, the Company has requested that Advisor provide it with assistance with transition and other matters to which Advisor has specialized knowledge or expertise for a period of time following Advisor's departure from the Company; and

WHEREAS, accordingly, the Company wishes to retain Advisor to provide, on an independent contractor basis, certain advisory services described on Exhibit A attached hereto, and Advisor is willing to perform such services, on an independent contractor basis, for the Company, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, each intending to be legally bound, hereby agree as follows:

1. Scope of Services; Duties. During the Term (as defined below), the Company hereby engages Advisor to provide the advisory services described on Exhibit A attached hereto (the "Services"). During the Term, Advisor shall (a) render the Services ethically, conscientiously and in a professional and workmanlike manner; (b) devote the amount of time as may be necessary to reasonably satisfy the performance and objectives of the Services; and (c) observe all Company policies in place from time to time for independent contractors that are or have been made known to Advisor. In order to perform the Services, the Company may supply Advisor with certain Company equipment or devices as described in and on the terms set forth in Exhibit B hereto.

2. Term. The term of this Agreement, and the period during which Advisor will provide Services to the Company hereunder, shall commence on the Effective Date and shall continue in effect through February 7, 2020 (the "Term"), unless earlier terminated in accordance with Section 6 of this Agreement.

3. Compensation.

(a) During the Term, in consideration of Advisor's performance of the Services under and compliance with this Agreement and conditioned on the execution and nonrevocation of the Release (as defined below) as required by Section 18 hereof, Advisor will receive the compensation and benefits set forth herein:

(i) A lump sum payment equal to the amount of the discretionary annual bonus for fiscal 2020, if any, that would have been payable to Advisor had Advisor remained employed by the Company, less applicable taxes and withholdings (the "Bonus Payment"). Any

such Bonus Payment shall be determined in the sole discretion of the Company's Board of Directors and payable on or about the date that bouses are paid to employees of the Company. To the extent practicable, payment will be made by wire or ACH transfer in accordance with the instructions currently on file with the Company's payroll department (or such changed instructions as Advisor may provide in writing to the Company at any time subsequent to the date hereof).

(ii) Company contributions to the cost of health care coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") on behalf of the Advisor and any applicable dependents for no longer than the Term if the Advisor elects COBRA coverage, and only so long as such coverage continues in force. Such costs shall be determined on the same basis as the Company's contribution to Company-provided health and dental insurance coverage in effect for an active employee with the same coverage elections; provided that if the Advisor commences new employment and is eligible for a new group health plan, the Company's continued contributions toward health and dental coverage shall end when the new employer's benefits coverage begin.

(b) Except as set forth above, Advisor's compensation shall be payable without deduction for federal income, social security or state or local income taxes. The compensation shall not be a salary and includes Advisor's overhead and profit and any and all federal, state and local taxes that may be applicable to the Services. Advisor shall bear sole responsibility for payment of any federal, state and local income tax withholding, social security taxes, workers' compensation coverage, unemployment insurance, liability insurance, health and disability insurance, retirement benefits or other welfare or pension benefits, and any other payments and expenses for Advisor, as required by law.

(c) Upon expiration or termination of this Agreement, the Company and Holdings, as applicable, shall promptly pay all compensation, and settle all benefits, due and owing to Advisor through the date of such expiration or termination as contemplated by this Agreement. Except as otherwise provided in this Agreement or the Release attached as Exhibit C hereto, in no event shall the Company or Holdings be obligated to make any further payment to Advisor.

4. Expenses. The Company will reimburse Advisor for his reasonable and documented out-of-pocket travel expenses incurred in connection with the performance of the Services, in each case, billed at cost. Any individual expense in excess of $250.00, and aggregate expenses in excess of $1,000.00, shall require the prior written approval of the Company in each instance prior to incurrence. Advisor further agrees that as an independent contractor all other costs and expenses incurred by Advisor in connection with the performance of the Services shall be borne solely and exclusively by Advisor.

5. Independent Contractor; Compliance with Laws. It is expressly understood and agreed between the Parties that Advisor is acting solely as an independent contractor in performing the Services, and that Advisor will not be considered an employee of the Company within the meaning or application of any federal, state or local laws or regulations, including, but not limited to, laws or regulations covering unemployment insurance, retirement benefits, workers' compensation insurance, labor or taxes of any kind. Neither Advisor nor the Company shall represent directly or indirectly that Advisor is an agent or employee of the Company. Advisor understands that the Company shall not carry workers' compensation insurance or any health or accident insurance or any other type of insurance to cover Advisor and further understands that the Company shall have no responsibility or liability whatsoever for any injuries or other damages sustained or incurred by Advisor in connection with the Services. Advisor also understands that the Company shall not pay any contributions to Social Security, unemployment insurance, federal or state withholding taxes with respect to amounts due Advisor hereunder, or provide any other contributions or benefits that might be expected in an employer-employee relationship, and Advisor expressly waives any right to such participation or coverage. Advisor acknowledges that Advisor is solely responsible for

payment of all taxes, withholdings and other similar statutory obligations. Advisor hereby indemnifies, defends and holds harmless the Company from and against any and all claims with respect to the matters described in this Section 5 in the event of Advisor's failure to do so.

6. Termination; Effect.

(a) This Agreement, and Advisor's engagement hereunder, will expire at the end of the Term, and will earlier terminate upon the occurrence of any of the following events:

(i) immediately upon the mutual written agreement of the Parties;

(ii) immediately upon written notice to the other Party in the event of any material breach by such other Party of any of his or its representations, warranties, covenants or agreements set forth in this Agreement; or

(iii) immediately upon the consummation of a Reorganization Event (as defined in the Blue Apron Holdings, Inc. 2017 Equity Incentive Plan).

7. No Conflict of Interest. Advisor represents and warrants that he does not have and will not enter into any contract, agreement, arrangement, understanding, obligation or duty to any other person or entity that would prevent, limit or inhibit Advisor from performing Advisor's obligations to the Company under this Agreement or otherwise complying with any of the terms of this Agreement. For the avoidance of doubt, except as provided in the immediately preceding sentence, nothing herein shall prevent Advisor from becoming employed on a full- or part-time basis during the term of this Agreement or from rendering services as an independent contractor (or other status) to other persons or entities.

8. Confidential Information. For purposes of this Agreement, the term "Confidential Information" means any and all information or data, including, without limitation, trade secrets, know-how, show-how, theories, technical, operating, marketing, financial or other business information, plans, business and strategies, source codes, software programs, computer systems, algorithms, formulae, concepts, creations, costs, plans, materials, enhancements, research, specifications, works of authorship, techniques, documentation, models and systems, sales and pricing techniques, designs, inventions, discoveries, products, improvements, modifications, methodology, processes, concepts, records, files, memoranda, reports, plans, proposals, price lists, product development, project procedures and customer, client, supplier and employee lists and data and other personally identifiable information, disclosed by or on behalf of the Company in connection herewith that is confidential, proprietary or otherwise not publicly available, whether prepared or furnished by or on behalf of the Company, and irrespective of the form or manner of communication (whether written, verbal, electronic or otherwise), and regardless of whether such information is specifically marked as confidential or proprietary, and irrespective of whether such information is furnished before, on or after the Effective Date. The term "Confidential Information" shall be deemed to include any and all notes, analyses, compilations, copies, reports, summaries, studies, communications, memoranda, forecasts, financials, evaluations, interpretations or other documents, materials or records, in any form or medium, prepared by or on behalf of Advisor or that contain, reflect or are derived from or based upon, in whole or in part, any information furnished to Advisor in connection herewith (collectively, "Notes").

With respect to any Confidential Information disclosed by or on behalf of the Company:

(a) Advisor will use such Confidential Information only in the performance of the Services. Advisor will not use any Confidential Information at any time (during or after Advisor's engagement with the Company) for Advisor's own benefit, for the benefit of any other individual or entity or in any manner adverse to the interests of the Company;

(b) Advisor will not disclose Confidential Information at any time (during or after Advisor's engagement with the Company), unless (i) the Company consents in advance in writing; (ii) the Confidential Information becomes of public knowledge or enters the public domain (other than through Advisor's direct or indirect act or omission); (iii) Advisor receives a subpoena, court order or other form of legal process (including, for purposes of this clause (b), pursuant to a governmental or regulatory investigation) that requires him to disclose Confidential Information (provided that Advisor agrees, to the extent permitted by applicable law and any time limit constraints posed by the subpoena, court order or other legal process, to promptly deliver a copy of such subpoena, order or other legal process to the Company in accordance with Section 12, and that Advisor agrees to reasonably cooperate with the Company to protect its Confidential Information in connection with any such subpoena, court order or other legal process); (iv) it is necessary to pursue or defend a claim against or by the Company in any legal proceeding to enforce the terms of this Agreement or the Release, but only to the minimum extent reasonably necessary; or (v) Advisor is otherwise permitted by this Agreement or applicable law;

(c) Advisor will safeguard the Confidential Information by all reasonable steps and abide by all policies and procedures of the Company in effect from time to time regarding storage, copying, destruction and handling of any Confidential Information;

(d) Advisor acknowledges that the Company may be required to sign nondisclosure or confidentiality agreements from time to time with certain customers, clients, vendors and suppliers, or certain prospective customers, clients, vendors or suppliers, or with other third parties, in which the Company agrees that it will not directly or indirectly disclose Confidential Information of such parties. By executing this Agreement, Advisor acknowledges and agrees that the Company may rely, and will rely, on this Agreement for purposes of entering into such other agreements. Further, Advisor will execute and abide by all confidentiality agreements reasonably requested by any such party in connection with Advisor's provision of the Services; and

(e) Upon the Company's request, Advisor will promptly return, at the Company's expense, all materials containing or relating to any Confidential Information, together with all other property disclosed by or on behalf of the Company, including, to the extent permitted by applicable law, all Notes, to the Company when Advisor's engagement with the Company expires or terminates, or otherwise on demand. Advisor will certify to the Company, in writing, that Advisor has complied with the terms of this Agreement. Advisor shall not retain any copies or reproductions of any Confidential Information, any Notes or any correspondence, memoranda, reports, notebooks, drawings, photographs, databases, diskettes or other documents or electronically stored information (whether or not Confidential Information), of any kind relating in any way to the Company or its business, potential business or affairs.

9. Ownership of Materials.

(a) The Company shall own all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship (including, without limitation, photographs, videos, illustrations and written materials), mask works, designations, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by or for or on behalf of Advisor (a) during the Term that relate to the subject matter of or arise out of or in connection with the Services, and (b) at any time prior to the Term in respect of any

services provided by Advisor (in his capacity as such) to the Company during such period (collectively, "Materials"), and Advisor shall promptly disclose and provide all Materials to the Company. All Materials are "works made for hire" as that term is used in the U.S. Copyright Act and belong solely to the Company from conception, and, notwithstanding anything to the contrary contained herein, the Company shall have full rights to use such Materials in any media now known or hereafter invented, in perpetuity throughout the universe. To the extent any Materials or any elements comprising or including any Materials are found not to be a "work made for hire" as a matter of law, Advisor hereby irrevocably assigns all right, title, and interest in and to such Materials to the Company. Advisor shall assist the Company, at the Company's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce and defend any rights assigned. At any time during or after Advisor's engagement with the Company that the Company reasonably requests, Advisor will sign whatever written documents of assignment are necessary to formally evidence Advisor's irrevocable assignment to the Company of any Materials. At all times during or after Advisor's engagement with the Company, Advisor will assist the Company in obtaining, maintaining, and renewing patent, copyright, trademark and other appropriate protection for any Materials, in the United States and in any other country, at the Company's expense.

(b) Advisor is, and shall remain, the sole and exclusive owner of all right, title and interest in and to all documents, data, know-how, methodologies, software and other materials provided by or used by Advisor in connection with performing the Services, in each case developed or acquired by Advisor prior to the commencement or independently of this Agreement ("Pre-Existing Materials"), including all intellectual property rights therein. Advisor hereby grants the Company an irrevocable, perpetual, fully paid-up, royalty-free, non-transferable, non-sublicenseable, worldwide license to use, perform, display, execute, reproduce, distribute, transmit, modify (including to create derivative works), import, make, have made, sell, offer to sell and otherwise exploit any Pre-Existing Materials to the extent incorporated in, combined with or otherwise necessary for the use of the Materials for any and all purposes to the extent reasonably required in connection with the Company's receipt or use of the Services and any deliverables. All other rights in and to the Pre-Existing Materials are expressly reserved by Advisor.

(c) The Company and its licensors are, and shall remain, the sole and exclusive owner of all right, title and interest in and to any documents, data, know-how, methodologies, software and other materials ("Company Existing Materials") provided by the Company to Advisor, including all intellectual property rights therein. Advisor shall have no right or license to use any Company Existing Materials except solely during the term of this Agreement and only to the extent necessary to provide the Services to the Company. All other rights in and to Company Existing Materials are expressly reserved by the Company.

10. Limitation of Liability. TO THE FULLEST EXTENT NOT PROHIBITED BY APPLICABLE LAW, IN NO EVENT WILL THE COMPANY OR HOLDINGS BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING LOSS OF REVENUE, INCOME OR PROFITS, LOSS OR DIMINUTION IN VALUE OF ASSETS OR SECURITIES, OR DAMAGES FOR BUSINESS INTERRUPTION FOR LOSS OF USE OR DATA), ARISING OUT OF OR IN ANY WAY RELATING TO THE SERVICES, THIS AGREEMENT OR ANY BREACH OF THIS AGREEMENT (REGARDLESS OF THE FORM OF ACTION, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE THEORY), EVEN IF THE COMPANY OR HOLDINGS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE. THE COMPANY AND HOLDINGS'S MAXIMUM AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT WILL IN NO EVENT EXCEED THE AMOUNT OF COMPENSATION, BENEFITS AND EXPENSE REIMBURSEMENT CONTEMPLATED PURSUANT TO SECTIONS 3 AND 4. THE EXCLUSIONS AND LIMITATIONS CONTEMPLATED BY THIS SECTION 10 WILL APPLY TO THE MAXIMUM EXTENT NOT PROHIBITED BY APPLICABLE

LAW, EVEN IN THE EVENT THAT ANY OF ADVISOR'S REMEDIES HEREUNDER FAIL OF THEIR ESSENTIAL PURPOSE. UNLESS OTHERWISE EXPRESSLY PRESCRIBED BY APPLICABLE LAW, ADVISOR MUST COMMENCE ANY ACTION AGAINST THE COMPANY OR HOLDINGS ARISING FROM THIS AGREEMENT OR ITS PROVISION OF THE SERVICES WITHIN ONE (1) YEAR FROM THE DATE THE CAUSE OF ACTION ACCRUED OR THE CLAIMS MADE THEREUNDER ARE DEEMED IRREVOCABLY WAIVED. THE FOREGOING WILL CONSTITUTE THE COMPANY AND HOLDINGS'S SOLE LIABILITY AND OBLIGATION IN RESPECT OF ANY AND ALL CLAIMS BROUGHT AGAINST IT OR THEM IN CONNECTION WITH THIS AGREEMENT OR THE PROVISION OF SERVICES HEREUNDER.

11. Binding Effect; Assignment. This Agreement shall be binding on and inure to the benefit of each of the Parties and their respective successors and permitted assigns. Advisor may not assign this Agreement, in whole or in part, or delegate any of its duties or obligations under this Agreement, without the Company's prior written consent.

12. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given (a) on the date delivered if personally delivered, (b) upon receipt by the receiving Party of any notice sent by registered or certified mail (first-class mail, postage pre-paid, return receipt requested), or by facsimile, or (c) on the date targeted for delivery if delivered by a nationally recognized overnight courier or similar courier service, in each case addressed to the Company, Holdings or Advisor, as the case may be, at the respective addresses set forth herein in the preamble to this Agreement (if to Holdings or the Company, Attention: General Counsel) or such other address as a Party may in the future specify in writing to the other.

13. Entire Agreement; Amendment. This Agreement, together with the Release, the NDA (as defined in the Release), and Advisor's equity compensation award agreements, contain the entire agreement, arrangement and understanding of the Parties with respect to the subject matter hereof, and supersedes and preempts any and all prior or contemporaneous agreements, arrangements or understandings, whether verbal or written, among the Parties with respect to the subject matter hereof, and the Parties acknowledge and agree that this Agreement has been induced by no representations, statements or agreements other than those contained herein. This Agreement may not be amended, changed or modified except by an instrument in writing, signed by the Company and Advisor.

14. No Waiver. A waiver by a Party of a breach of any term or provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

15. Arbitration.

(a) Except with respect to any Claim (i) that is expressly precluded from arbitration or a pre-dispute arbitration agreement by a governing federal law or by a state law that is not preempted by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA"), or (ii) that seeks injunctive or other equitable relief for the alleged unlawful use of Materials or involves the confidentiality provisions of the JAMS rules or this Agreement, all Claims that any Party now has or in the future may have against the other Party(ies) or any of its respective representatives, including, without limitation, contract Claims, tort Claims, Claims for compensation, penalties or restitution and any other Claim under any federal, state or local statute, constitution, regulation, rule, ordinance or common law, in each case, directly or indirectly arising out of or related to this Agreement, Advisor's relationship with the Company, Advisor's provision of Services to the Company or the termination of Advisor's relationship with the Company (collectively "Covered Claims"), are subject to and will be resolved by binding arbitration pursuant to the terms of this Agreement, and not by a court or jury. Each Party hereby irrevocably consents and agrees to arbitrate any Covered

Claims through binding arbitration, and forever waives and gives up its right to have a judge or jury decide any Covered Claims.

(b) To the maximum extent not prohibited by applicable law, the Parties agree that (i) no Covered Claims may be initiated or maintained as a class action, collective action, class arbitration or other type of representative action or proceeding, either in court or arbitration (as applicable, a "Class Action"), and Advisor waives any right to act as a Class Action representative or to participate as a member of a class of claimants with respect to any Covered Claim; (ii) all Covered Claims must be brought in a Party's individual capacity and may not be joined or consolidated in court or arbitration with other individuals' Claims, and no damages or penalties may be sought or recovered on behalf of other individuals; (iii) notwithstanding anything contained in this Agreement, a court of competent jurisdiction, and not an arbitrator, must resolve issues concerning the enforceability or validity of the Class Action waiver set forth above; and (iv) if, for any reason, the Class Action waiver is held unenforceable or invalid, in whole or in part, then a court of competent jurisdiction, and not an arbitrator, will decide the type of Claim as to which the Class Action waiver was held unenforceable or invalid and all other Claims will remain Covered Claims and subject to arbitration as set forth herein.

(c) Each Party agrees that it will notify the other in writing of any Claim it may have within five (5) days of when it becomes aware of such Claim so that the Parties can attempt in good faith to resolve such Claim informally. Such notice must include a detailed description of the nature or basis of the Claim, and the specific relief that such Party is seeking. If the Parties cannot agree how to resolve the Claim within fifteen (15) days after the recipient's receipt of the Claim notice, then any Party may, subject to Section 15(a), commence an arbitration proceeding. The Parties irrevocably consent and agree that (i) any arbitration will occur in the State of New York, County of New York, Borough of Manhattan; (ii) arbitration will be conducted confidentially by a single arbitrator in accordance with the then-current arbitration rules and procedures of JAMS (and its then-existing emergency relief procedures to the extent a Party seeks emergency relief prior to the appointment of an arbitrator), which rules and procedures are available at www.jamsadr.com, unless those rules or procedures conflict with any express term of this Agreement, in which case this Agreement shall control; and (iii) the state or federal courts sitting in the State of New York, County of New York, Borough of Manhattan, have exclusive jurisdiction over any appeals and the enforcement of an arbitration award and over any Claim between or among the Parties that is not subject to arbitration, and in such case, the rights and obligations of the Parties will be governed by, and construed and enforced, both substantively and procedurally, in accordance with, the laws of the State of New York without regard to choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction).

(d) As limited by the FAA, this Agreement and applicable JAMS rules, the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Covered Claim; and (ii) the authority to grant any remedy that would otherwise be available in a court of competent jurisdiction; provided, however, that the arbitrator does not have the authority to determine the question of whether a Claim is subject to arbitration under this Agreement (which authority the Parties agree will be vested solely in a court of competent jurisdiction), or conduct or preside over a Class Action (which is prohibited by this Agreement). The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual's Claims.

(e) The rules of JAMS and additional information about JAMS are available on the JAMS website. By agreeing to be bound by this Agreement, Advisor either (i) acknowledges and agrees that it has read and understands the JAMS rules; or (ii) waives its opportunity to read the JAMS rules and any Claim that the JAMS rules are unfair or should not apply for any reason.

(f) Each Party will pay its own attorneys' fees, witness fees and all other costs and fees that it incurs in connection with the arbitration, except that the Company will pay all JAMS filing or administrative fees, and any additional fees unique to arbitration. The arbitrator will not otherwise have authority to award any attorneys' fees, witness fees or other costs and fees unless a statute or contract at issue in the dispute authorizes the award of such costs and fees to the applicable prevailing Party, in which case the arbitrator shall have the authority to make an award of such costs and fees to the full extent permitted by applicable law. If there is a dispute as to who is the prevailing Party, the arbitrator will decide such issue.

16. Governing Law. Except with respect to the Parties' agreement to arbitrate Covered Claims as set forth in Section 15, which shall be governed by the FAA, this Agreement shall be governed by and construed, performed and enforced in accordance with the laws of the State of New York, without giving effect to any conflicts of law rules or provisions of the State of New York or any other jurisdiction.

17. Severability. If any one or more of the terms, provisions, covenants or restrictions contained in this Agreement shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the Parties will agree upon a valid, legal and enforceable provision which shall be a reasonable substitute for such invalid and unenforceable provision in light of the tenor of this Agreement, and, upon so agreeing, shall incorporate such substitute provision in this Agreement.

18. Release. The benefits set forth in this Agreement are conditioned on Advisor's executing and not revoking that certain general release, in the form attached hereto as Exhibit C (the "Release"), following the Effective Date in accordance with the terms contemplated thereby. The Release must be executed (a) no earlier than the close of business on the Effective Date and (b) by the 21st day after receipt of the Release or, if later, the close of business on the Effective Date. Advisor hereby acknowledges that the Company is advising him to consult with an attorney before signing this Agreement or the Release, that he has a minimum of twenty-one (21) days to review and consider the Release and seven (7) days to revoke the Release after he signs it, and that the Release will not become effective until seven (7) days have passed without such revocation.

19. Indemnification; D&O Insurance. Holdings acknowledges and reaffirms its indemnification obligation owed to Advisor pursuant to that certain indemnification agreement, dated as of June 28, 2017, between Holdings and Advisor, and further acknowledges it will not take any action to remove Advisor from Holdings's existing directors' and officers' liability insurance policy, including from any post-termination "tail" period applicable thereto, that may provide coverage for any acts and omissions of Advisor that occurred prior to the Effective Date while serving as an employee of the Company or any of its affiliates.

20. Survival. Notwithstanding anything contained in this Agreement, the provisions of Sections 3 through 6 and 8 through 22 of this Agreement and clause (c) of Exhibit A, and the respective rights and obligations of the Parties thereunder, and any other terms or provision of this Agreement which by their nature are intended to or should survive, shall survive any expiration or termination of this Agreement and continue in full force and effect (for the period specified therein, to the extent applicable).

21. Headings. The Section headings in this Agreement are for the convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[End of Page]
[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed or caused to be executed this Agreement as of the date first set forth above.

COMPANY:

BLUE APRON, LLC

By: /s/ Linda Kozlowski
Name: Linda Kozlowski
Title: President

HOLDINGS (solely with respect to Sections 3(a)(ii), 3(a)(iii), 3(a)(iv), 3(c), and 11 through 22):

BLUE APRON HOLDINGS, INC.

By: /s/ Linda Kozlowski
Name: Linda Kozlowski
Title: Chief Executive Officer

ADVISOR:

/s/ Timothy S. Bensley
Timothy S. Bensley

EXHIBIT A

Description of Services

Upon the Company’s reasonable request, Advisor shall be reasonably available for consultation with Holdings’s senior management and Board of Directors, as applicable, from time to time during the Term as necessary with respect to (a) transition matters related to Advisor’s former role as the Chief Financial Officer and a senior executive of Holdings and its subsidiaries, (b) assisting the Interim Chief Financial Officer of the Company in connection with the preparation of the Annual Report on Form 10-K for the year ending December 31, 2020, including the audit of the Company’s financial statements, and assisting with such other aspects of the Interim Chief Financial Officer’s duties as may be requested by the Company, (c) other Holdings or Company matters to which Advisor has specialized knowledge or expertise, including related to any other past, present or future litigation, dispute or regulatory matters that Advisor may have knowledge about or have been involved with during his employment with the Company (and Advisor will reasonably cooperate with Holdings and the Company and their counsel or other advisors with respect thereto, and will be reimbursed for all reasonable and documented out-of-pocket expenses actually incurred in connection therewith), and (d) such other matters as the Company and Advisor may mutually agree in writing from time to time. Such consultation shall be by email or telephone and at times convenient to Advisor to the extent reasonably practicable given his then-current business, employment and personal commitments and upon reasonable advance notice if circumstances permit.

Exhibit B

Electronic Device and Email Account. Advisor may, at the Company's sole discretion, be provided with a Company computer, laptop, or other electronic device (each, as applicable, an "Electronic Device"), a Company email account (a "Company Email Account"), log-in or other credentials (each, as applicable, a "Credential") for access to applicable applications, services, databases, or physical work locations (each, an "Application" or, in the case of a physical access credential, an "ID"), and any technical support required for the use thereof, for purposes of performing the Services under this Agreement. Advisor hereby acknowledges and agrees, that:

(a) the Electronic Devices, Company Email Account, and Credentials provided to Advisor will be used exclusively Advisor's performance of the Services in accordance with the terms of this Agreement and all applicable Company policies, and will not be used for any other purpose;

(b) to the extent the Advisor is provided with an Electronic Device, Company Email Account or access to Applications, for purposes of protecting the privacy, confidentiality, and security of the Company's Confidential Information (as defined below) and Company's networks and systems, any and all Services provided to Company under this Agreement shall be performed using such Electronic Device(s), Company Email Account, and applicable Applications and no Company Confidential Information shall be stored, copied to, transmitted through, or otherwise processed on any other device or through any other email account or application;

(c) email messages sent or received through a Company Email Account or any Application, as well as any Electronic Devices or IDs provided by the Company to the Advisor for purposes of accessing the Advisor's Company Email Account or a physical location, constitute Company property;

(d) Advisor waives any rights of privacy in, and any Claims relating to the Company's access to, email messages and any other content stored on any Company Electronic Device or sent through any Application, and understand and acknowledge that the Company may and will review the contents of such Company Email Account, Applications, and Electronic Device from time to time in its sole discretion;

(e) Advisor may not upload any applications to any Electronic Device or otherwise alter the settings of any Electronic Device;

(f) Advisor will comply with all applicable laws and Company policies in respect of the use of Electronic Devices, Company Email Accounts, and Credentials; and upon the expiration or termination of this Agreement or at any time upon Company's request, Advisor shall promptly return the Electronic Devices to the Company (at Company's sole cost and expense), immediately cease all use of and any access to any Company Email Account or Credentials.

EXHIBIT C

General Release

This general release (this "Release") confirms our mutual agreement regarding the terms and conditions of your separation from employment with Blue Apron, LLC (collectively with its parent, subsidiaries and other affiliates, as applicable, the "Company"). The Company and you are each referred to herein individually as a "Party" and together as the "Parties." You and the Company hereby agree as follows:

1. Employment; Expenses. You have informed the Company that you are resigning your employment with the Company effective as of December 31, 2020, and in connection with your resignation you have executed or will execute a letter of resignation, in a form acceptable to the Company, resigning any officer position(s) you hold in the Company, effective as of your date of resignation, and you agree to execute any additional documents as the Company may reasonably request to effectuate this provision. To the extent applicable, any unreimbursed expenses incurred during the previous thirty (30) day period should be submitted as promptly as practicable after your date of resignation, and the Company will reimburse you for any approved expenses as soon as administratively feasible in accordance with the Company's then-current policies and practices.

2. Release. In consideration of the benefits set forth herein and in that certain advisory agreement, made as of December 10 , 2020, among you, Blue Apron, LLC and Blue Apron Holdings, Inc. (the "Advisory Agreement"), to which this Release is attached, to the fullest extent permitted by applicable law and except as set forth in Paragraph 3 below, you hereby waive, release and forever discharge the Company and each of its past, present and future parents, subsidiaries, and affiliates, and each of its and their respective past, present and future directors, officers, employees, contractors, equityholders, members, trustees, representatives, agents, advisors, employee benefit plans (and such plans' administrators, fiduciaries, trustees, recordkeepers and service providers), successors and permitted assigns, each and all of them in their personal and representative capacities (collectively the "Company Releasees"), from any and all claims legally capable of being waived, grievances, injuries, controversies, agreements, covenants, promises, debts, accounts, actions, causes of action, suits, arbitrations, sums of money, attorneys' fees, costs, damages, or any right to any monetary recovery or any other personal relief, whether known or unknown, in law or in equity, which you now have, have ever had, or may hereafter have, based upon or arising from any fact or set of facts, whether known or unknown to you, from the beginning of time until the date of execution of this Release, arising out of or relating in any way to your employment relationship with the Company or any of the other Company Releasees, or other associations with the Company or any of the other Company Releasees. Without limiting the generality of the foregoing, this waiver, release, and discharge includes any claim or right, to the extent legally capable of being waived, based upon or arising under any federal, state or local fair employment practices or equal opportunity laws, including, but not limited to, 42 U.S.C. Section 1981, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Employee Retirement Income Security Act ("ERISA") (including, but not limited to, claims for breach of fiduciary duty under ERISA), the Age Discrimination in Employment Act of 1967, (including the Older Worker's Benefit Protection Act) ("ADEA"), the Worker Adjustment and Retraining Notification Act ("WARN"), the Americans With Disabilities Act, the Fair Credit Reporting Act, the Genetic Information Nondiscrimination Act, and the Family and Medical Leave Act of 1993, and, to the extent applicable in relation to your location(s) of work for the Company, the New York State Executive Law, including its Human Rights Law, the New York City Administrative Code, including its Human Rights Law, the New York Labor Law, the New York Equal Pay Law, the New York Equal Rights Law, the New York Off-Duty Conduct Lawful Activities Discrimination Law, the New York State Labor Relations Act, the New York Whistleblower Statute, the New York Family Leave Law, the New York WARN

Laws, the New York Civil Rights Law, the New York State Corrections Law, the New York City Earned Sick Time Act, the New York City Fair Chance Act, the New York State Constitution, the New Jersey Law Against Discrimination, the New Jersey Conscientious Employee Protection Act, the New Jersey Equal Pay Act, the New Jersey Earned Sick Time Law, the New Jersey State Wage and Hour Law, the New Jersey Equal Pay Act, the New Jersey Family Leave Act, the New Jersey Security and Financial Empowerment Act, the New Jersey State Constitution, the Texas Labor Code (specifically including the Texas Payday Act, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, the Texas Minimum Wage Act, and the Texas Whistleblower Act), Chapter 121 of the Texas Human Resource Code, the Texas Health & Safety Code, the Texas Deceptive Trade Practices Act, the Texas State Constitution, including all amendments thereto.

By entering into this Agreement, you acknowledge that you are waiving and releasing any rights you may have under the ADEA, and that this waiver and release is knowing and voluntary. You understand and agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date of signature of this Release. You understand and acknowledge that the consideration given for this waiver and release is in addition to anything of value to which you were already entitled.

3. Notwithstanding the generality of the foregoing, nothing contained in this Release constitutes a release or waiver by you of, or prevents you from making or asserting, (i) any claim or right you may have under the Consolidated Omnibus Budget Reconciliation Act; (ii) any claim or right you may have for unemployment insurance or workers' compensation benefits; (iii) any claim for vested benefits under the written terms of a qualified employee pension benefit plan; (iv) any medical claim incurred during your employment that is payable under applicable medical plans or an employer-insured liability plan; (v) any claim or right that may arise after the execution of this Release; (vi) all claims that are not otherwise waivable under applicable law; (vii) any claim or right you may have under this Release or the Advisory Agreement; (viii) any claim or right you may have under that certain indemnification agreement, dated as of May 21, 2018, between you and the Company; (ix) any claim or right you have under any of your equity compensation award agreements or as a stockholder of the Company; (x) any claim or right that may arise under the certificate of incorporation, bylaws or other governing documents of the Company; or (xi) any claim or right you may have under the Company's applicable directors' and officers' or other third party liability insurance policies, including for post-termination "tail" coverage. In addition, nothing herein shall prevent you from filing a charge or complaint with the Equal Employment Opportunity Commission or similar federal or state agency or your ability to participate in any investigation or proceeding conducted by such agency; provided, however, that pursuant to Paragraph 2, you are waiving any right to recover monetary damages or any other form of personal relief in connection with any such charge, complaint, investigation or proceeding.

4. No Lawsuit or Charges. You represent and warrant that you have not filed or submitted any lawsuit, claim or charge against the Company or any of the other Company Releasees with any administrative, state, federal, local or other governmental or quasi-governmental entity, agency, board, court, or arbitrator.

5. Return of Property. Following the cessation of your employment with the Company, you agree to promptly return to the Company any Company identification cards, credit cards, purchasing cards, keys or key fobs in your possession. Following the expiration or termination of the Advisory Agreement, you agree to promptly return to the Company any such other Company property in your possession the Company requests, such as computers, files, documents, equipment, applications, software and data, however stored. To the extent that you have any Company information or property stored on any personal electronic device (e.g., mobile phone, PDA, tablet, personal email, cloud storage, personal computer, etc.), following the expiration or termination of the Advisory Agreement, upon the Company's request, you agree to fully cooperate with the Company to permanently remove all such information and property from such devices and to

provide access to such devices to the Company in order to ensure compliance with this Paragraph 5. Notwithstanding the foregoing, you may make an electronic copy and retain your contacts list, calendar, personal emails and any emails necessary for the filing of your personal tax returns.

6. No Additional Entitlements. You acknowledge and agree that, except for any rights, entitlements or other benefits contemplated by this Release or the Advisory Agreement, (a) you have received all entitlements due from the Company relating to your employment with the Company, including, but not limited to, all wages earned for which you were eligible and entitled, and (b) no other entitlements, monetary or otherwise, are due to you in connection with your employment with the Company.

7. Protection of Confidential Information. Except as expressly permitted hereunder, under the Advisory Agreement or that certain Employee Non-Disclosure and Invention Assignment Agreement, dated as of as of May 10, 2018, between the Company and you, which agreement you hereby acknowledge and reaffirm (the "NDA"), you agree that you will not, without the Company's prior written consent, directly or indirectly, disclose any Confidential Information (as defined in the NDA) you have learned by reason of your association with the Company or use any such Confidential Information except for the benefit of the Company.

8. Non-Disparagement; Non-Publication. Except as expressly permitted hereunder, under the NDA or as otherwise required by applicable law, you agree that you shall not, directly or indirectly, at any time knowingly make, publish or communicate, or cause to be made, published or communicated, whether anonymously or not, any statement, observation, opinion or information, whether verbal or written, of a defamatory or disparaging nature regarding, or that is likely in any way to harm the reputation of, embarrass, humiliate or otherwise cause or contribute to their being held in disrepute, the Company or any other Company Releasee, the business or products of the Company or any other Company Releasee, or any of the Company or any other Company Releasee's respective employees, officers, directors, contractors, equityholders, members, customers, clients, vendors, suppliers, agents, representatives, advisors, successors or permitted assigns (to the extent known by you to be such) in respect of your employment by the Company. You further agree that, unless permitted under the NDA or in undertaking any duties pursuant to the Advisory Agreement, or you have prior written authorization from the Company, you will not disclose, directly or indirectly, any information not already in the public domain (provided such information did not enter the public domain through any breach or other violation of any agreement to which you are a party or any obligation you may owe to the Company or any other person in respect of such information) about or relating to (a) the Company or its past, present or future investors or potential investors; (b) legal matters involving or relating to the Company or any other Company Releasee, or the resolution thereof; or (c) personal matters, personal lives, or other personal information concerning officers, directors, employees or executives of the Company or any other Company Releasee to any reporter, journalist, editor, author, producer, publisher, newspaper, blog, website, social media or similar person or entity (collectively, "Media"), or take any other action intended to or likely to result in such information being made available to the general public, including, without limitation, books, articles, writings or electronic media of any other kind, as well as film, videotape, television or other broadcasts, audio tape, electronic/Internet format or any other medium (collectively, "Publication"). The Company further agrees to instruct its officers and directors with knowledge of this Release that, unless they have prior written authorization from you or are otherwise required by applicable law, they will not disclose, directly or indirectly, any information about or relating to your personal matters, personal life, or other information concerning you to any Media, or take any other action intended to or likely to result in the Publication of such information to the general public. Furthermore, you agree not to voluntarily aid or assist any legal action or proceeding filed by third parties against the Company or any of the other Company Releasees, unless your participation is required by applicable law.

9. Non-Solicitation. In addition to any restrictive covenants you entered into while employed by the Company pursuant to the NDA or otherwise (which are survived and incorporated herein by reference), you acknowledge that you understand that the Company's ability to operate its businesses depends upon its ability to attract and retain skilled employees, and that the Company has and will continue to invest substantial resources in recruiting, hiring and training such employees. Therefore, during the twelve (12) month period beginning on December 23, 2020, provided this Release becomes effective (the "Restricted Period"), you shall not, to the maximum extent permitted by applicable law, without the prior written consent of the Company, directly or indirectly, (a) approach, solicit, recruit, counsel, induce, or encourage, or have, cause, or assist any other person or entity to do any of the foregoing in respect of, any person who is employed by or providing services to the Company or who has been employed by or has provided services to the Company at any time during the Restricted Period with the purpose of causing such person to terminate employment with the Company, or (b) otherwise interfere with or disrupt, or attempt to interfere with or disrupt, the Company's workforce; provided, however, that the foregoing will not apply to any personnel who (x) ceased being employed by or providing services to the Company (provided such personnel did not leave his or her employment or service relationship as a direct result of your breach of this Paragraph) at least ninety (90) days before your solicitation or other prohibited actions, or (y) contacts you in response to general advertisements or solicitations, including but not limited to advertisements or solicitations through newspapers, trade publications, periodicals, radio or the internet, or to efforts by any recruiting or employment agencies, in each case, not specifically directed at such personnel.

10. Reasonable Restrictions; Rules of Professional Responsibilities. You acknowledge and agree that the restrictions set forth in Paragraphs 7 through 9, and the period of time for which such restrictions apply, are reasonable and necessary to protect the Company's legitimate business interests. In the event you breach any of the provisions in Paragraphs 7 through 9, you acknowledge that the Company may suffer irreparable harm and damages would be an inadequate remedy. You hereby waive the right to assert the defense that such breach or violation can be compensated adequately in damages at law. Accordingly, you agree that, in the event of your material breach of any of the provisions in Paragraphs 7 through 9, the Company shall be entitled to seek temporary, preliminary and permanent injunctive or other equitable relief in aid of arbitration in a court of competent jurisdiction as identified in Section 16 of the Advisory Agreement, as incorporated herein pursuant to Paragraph 15 (without being obligated to post a bond or other collateral). For the avoidance of doubt, nothing in this Release, the NDA, or the Advisory Agreement is intended to be or shall serve as a restriction on your conduct in a manner that would violate any rules of professional responsibilities relating to your right to practice law, provided that nothing in this Release shall be deemed to limit or waive your professional duties and responsibilities to the Company under such rules of professional responsibilities.

11. Permitted Conduct; DTSA. Nothing in this Release, the NDA, or the Advisory Agreement shall prohibit or restrict you from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by any governmental or regulatory agency, entity, or official(s) (collectively, "Governmental Authorities") regarding a possible violation of any law, rule or regulation; (b) responding to any inquiry or legal process directed to you individually (and not directed to the Company) from any such Governmental Authorities; (c) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (d) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (x)(i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; (y) to your attorney in relation to a lawsuit

for retaliation against you for reporting a suspected violation of law; or (z) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nor does this Release require you to obtain prior authorization from the Company before engaging in any conduct described in this Paragraph 11, or to notify the Company that you have engaged in any such conduct.

12. Acknowledgments. You hereby acknowledge that:

a) the Company hereby advises you to consult with an attorney before signing this Release;

b) you have obtained independent legal advice from an attorney of your own choice with respect to this Release or you have knowingly and voluntarily chosen not to do so;

c) you freely, voluntarily and knowingly entered into this Release after due consideration;

d) you have had a minimum of twenty-one (21) days to review and consider this Release;

e) you and the Company agree that changes to the Company's offer contained in this Release, whether material or immaterial, will not restart the twenty-one (21) day consideration period provided for in Paragraph 12(d); and

f) no promise or inducement has been offered to you, except as expressly set forth herein or contemplated hereby, and you are not relying upon any such promise or inducement in entering into this Release.

13. Revocation. You have seven (7) days after signing this Release to revoke it. You acknowledge that if you fail to execute and return this Release to the Company within the time period specified herein for your review and consideration, the promises and inducements contemplated by this Release will be revoked, unless such time period is otherwise extended by the Company in writing. In the event you sign this Release and return it to the Company in less than the time period specified herein for your review and consideration, you acknowledge that you have freely and voluntarily chosen to waive the time period allotted for considering this Release.

14. Effective Date. This Release shall become effective on the eighth (8th) day after you sign this Release, so long as it has been signed by the Parties and has not been revoked by you before that date (the "Effective Date").

15. Incorporation by Reference. The provisions set forth in Sections 11 through 17, 21 and 22 of the Advisory Agreement shall be read to be incorporated into this Release *mutatis mutandis* as if fully set forth herein.

* * * * *

If the above accurately states our agreement, kindly sign below and return an executed copy of this Release to Kathleen McAcharan, Vice President and Assistant General Counsel and Head of Human Resources Compliance and Employee Relations, within the timeframe specified above.

Sincerely,

BLUE APRON, LLC

By: ______________________________
Name: Linda Kozlowski
Title: Chief Executive Officer

Date: ______________________________

UNDERSTOOD, AGREED TO AND
ACCEPTED WITH THE INTENTION
TO BE LEGALLY BOUND:

____
Timothy S. Bensley

Date: ______________________________

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-219030) pertaining to the 2017 Equity Incentive Plan and Blue Apron Holdings, Inc. 2012 Equity Incentive Plan,

(2) Registration Statement (Form S-8 No. 333-224659) pertaining to the 2017 Equity Incentive Plan;

(3) Registration Statement (Form S-8 No. 333-231139) pertaining to the 2017 Equity Incentive Plan;

(4) Registration Statement (Form S-8 No. 333-236496) pertaining to the 2017 Equity Incentive Plan and,

(5) Registration Statement (Form S-3 No. 333-237889) of Blue Apron Holdings, Inc.

of our report dated February 23, 2021, with respect to the consolidated financial statements of Blue Apron Holdings, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2020, and the financial statement schedule of Blue Apron Holdings, Inc. included herein.

/s/ Ernst & Young LLP

New York, New York
February 23, 2021

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Linda F. Kozlowski, certify that:

1. I have reviewed this Annual Report on Form 10-K of Blue Apron 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: February 23, 2021

/s/ Linda F. Kozlowski

Linda F. Kozlowski
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Randy J. Greben, certify that:

1. I have reviewed this Annual Report on Form 10-K of Blue Apron 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: February 23, 2021

/s/ Randy J. Greben

Randy J. Greben
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

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

In connection with this Annual Report on Form 10-K of Blue Apron Holdings, Inc. (the “Company”) for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), the undersigned, Linda F. Kozlowski, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge on the date hereof:

1. The Annual 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2021

/s/ Linda F. Kozlowski
Linda F. Kozlowski
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with this Annual Report on Form 10-K of Blue Apron Holdings, Inc. (the "Company") for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), the undersigned, Randy J. Greben, Chief Financial Officer and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge on the date hereof:

1. The Annual 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2021

/s/ Randy J. Greben
Randy J. Greben
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)