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, 2021.

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 (State or Other Jurisdiction of Incorporation or Organization)	**81-4777373** (I.R.S. Employer Identification No.)
28 Liberty Street, New York, New York (Address of Principal Executive Offices)	**10005** (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, 2021, the aggregate market value of its Class A Common Stock and Class B Common Stock (based on a closing price of $4.28 per share on June 30, 2021 as reported on the New York Stock Exchange) held by non-affiliates was approximately $86.2 million.

As of February 15, 2022, there were 32,539,871 shares of Class A Common Stock, 0 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.

TABLE OF CONTENTS

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 ability, including the timing and extent, to successfully support the acceleration and execution of our growth strategy (including the ability to successfully increase marketing and technology improvements on our planned timeline), cost-effectively attract new customers and retain existing customers, including our ability to sustain any increase in demand resulting from both our growth strategy and the COVID-19 (coronavirus) pandemic, and our ability to continue to expand our product offerings and distribution channels, and to continue to execute operational efficiency practices;

- changes in consumer behaviors, tastes and preferences that could lead to changes in demand, including as a result of, among other things, long-term impacts of the COVID-19 pandemic on consumer behavior and the impact of and inflation or other macroeconomic factors on consumer spending habits;

- our ability to attract and retain qualified employees and personnel in sufficient numbers, both generally and in light of ongoing nationwide labor shortages as a result of COVID-19 or otherwise;

- any material and adverse impact of the COVID-19 pandemic on our operations and results, such as challenges in employee recruiting and retention, any prolonged closures, or series of temporary closures, of one or both of our fulfillment centers, supply chain or carrier interruptions or delays, and any resulting need to cancel or shift customer orders;

- our expectations regarding our expenses and net revenue and our ability to grow adjusted EBITDA and to achieve or maintain profitability;

- our expectations regarding, and the stability of, our supply chain, including potential shortages, interruptions and/or increased costs in the supply or delivery of ingredients, and parcel and freight carrier interruptions or delays and/or higher freight or fuel costs, as a result of the COVID-19 pandemic or otherwise;

- our ability to effectively compete;

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

- our ability to maintain food safety and prevent food-borne illness incidents and our susceptibility to supplier-initiated recalls;

- our ability, including the timing and extent, to sufficiently manage costs and to fund investments in our operations in amounts necessary to maintain compliance with financial and other covenants under our indebtedness while continuing to support the execution and acceleration of our growth strategy;
- our ability to comply with modified or new laws and regulations applying to our business, or the impact that such compliance may have on our business;
- our ability to achieve our environmental, sustainability and corporate governance goals on our anticipated timeframe or at all;
- 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 successfully accelerate and/or continue to execute our growth strategy. If we fail to cost effectively acquire new customers or retain our existing customers or if we fail to derive profitable net revenue from our customers, our business would be materially adversely affected.
- If we fail to grow net revenue on our accelerated timeline or at all or 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 indebtedness could materially adversely affect our business and financial condition. In particular, any failure to comply with the financial covenants in our 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.
- If we do not successfully maintain, operate and optimize our fulfillment centers and logistics channels, and manage our ongoing real property and operational needs, our business, financial condition and operating results could be materially adversely affected.
- Our results could be materially and adversely affected by the impact of the COVID-19 pandemic.
- 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.
- 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 due to inflation or otherwise, and other economic or financial market conditions could materially adversely affect our business.
- 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, or prolonged increase in food and supply costs, could materially adversely affect our reputation, business, financial condition and operating results.
- 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 and/or fail to meet our need for qualified employees, our business, financial condition and operating results could be materially adversely affected.
- We may require additional capital to fund our existing operations and 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.

- 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.

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 products are available to purchase through our website and mobile app. 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, we 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 infrastructure efficiently.

In the second half of 2021, Blue Apron completed an equity capital raise and intends to use the net proceeds for working capital and general corporate purposes, including to accelerate its growth strategy to drive new customers and associated revenue growth, to build a framework to establish an Environmental Social and Governance (“ESG”) program, including achieving carbon neutrality by the end of the first quarter of 2022, and to increase wages, benefits and training for our hourly employees.

Throughout the year, while the COVID-19 pandemic continued to significantly affect economies, marketplaces, communities, and businesses, including ours, we prioritized our employees and customers, while continuing 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 four weekly meal plans - a Two-Serving Signature Plan, a Two-Serving Vegetarian Plan, a Two-Serving Wellness Plan, and a Four-Serving Signature Plan.

For meal plans, customers have the flexibility to choose any combination of the recipes offered in their selected plan each week. For each box ordered per week, this includes any two, three or four two-serving recipes from sixteen choices on the Two-Serving Plan; any two, three, or four four-serving recipes from eight 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. In addition, customers can add up to two Add-ons recipes to each box, which includes appetizers, side dishes or desserts, and / or Heat & Eat meals, which are pre-made meals ready to heat and eat in minutes.

Customers are also 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. In 2021, Blue Apron also introduced a select number of meal kits that are available for purchase on Blue Apron Market without a subscription.

Based on the number of Orders in 2021 per plan type, approximately 80% of our meal orders were for the Two-Serving Plan, and approximately 20% 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.

In addition, customers have 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 serving size from two to four. We also offer Premium recipes, including our Craft offering, 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 consult with 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 included in our monthly wine delivery service 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. Wine customers can also 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 500ml and 750ml bottles, 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. A selection of non-subscription meal kit boxes and 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 the ability to source high quality ingredients. This enables us to collaborate on demand planning to manage inventories and optimize yields in effort 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, at the best value. We source from farmers, ranchers, fisheries, and other suppliers of 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, 2021, 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 opening 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.

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.

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 of several third-party service providers 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.

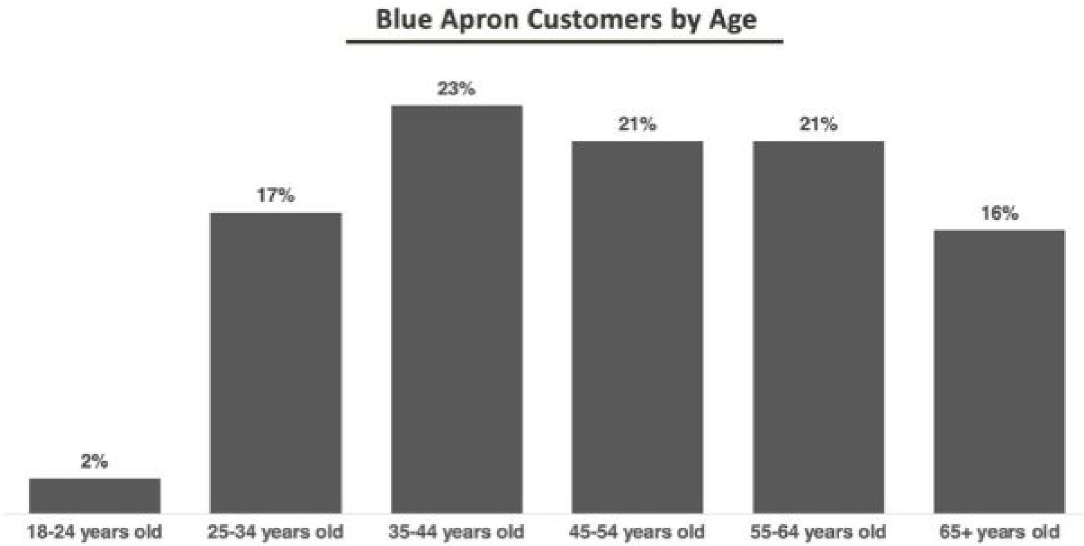
For all of our products, we use a combination of paid, earned, and owned media to increase the awareness of our brand and attract new customers. Our content enables customers to connect and interact with our brand even when they are not cooking with us. For example, we leverage both our digital channels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

In addition, 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.

Finally, as we continue to promote our brand to attract new customers, we are focused on investments in marketing technology, especially in response to the ongoing elimination of cookie-based tracking. This work includes building out a customer data platform to better manage our first party data; onboarding a content management system to more effectively leverage our digital content and enhance our ability to use technology to increase customer adoption; and investing in our engineering capabilities to improve overall user experience.

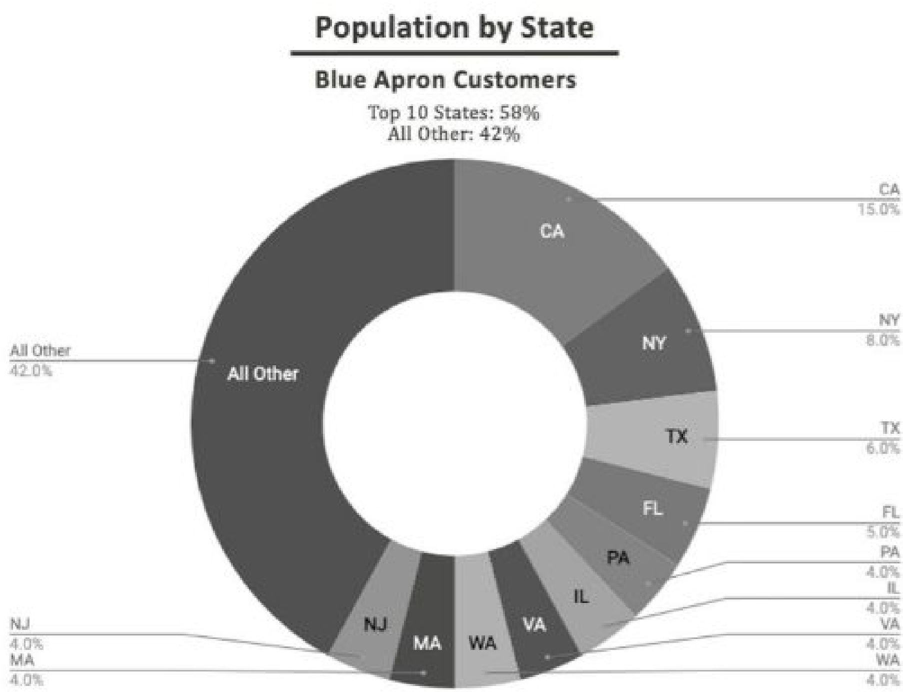
Our Customers

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 2021, with 2,605 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 2021.



Source: Blue Apron Customers for the quarter ended December 31, 2021.

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 trademark, copyright and patent, 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 and New Jersey. 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. Our customer experience team captures and addresses 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 is 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, and with the laws of each state to which we ship wine. 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 while we work to build a consistent and equitable culture based on creating a special place to work for all of our employees. 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, 2022, we employed 1,988 full- and part-time employees, of which approximately 84% were engaged in fulfillment operations. We also supplement our hourly fulfillment and customer service staffing with temporary personnel. During 2021, and continuing into the first quarter of 2022, our need to rely on supplementing our fulfillment center staffing with temporary personnel has, at times, been at higher levels than in the past as a result of labor shortages across the United States, as well as due to higher levels of COVID-19 driven absenteeism, particularly in the fourth quarter of 2021. As described in more detail in this section, we are continuing to develop and strengthen our human capital management practices to enhance our ability to attract and retain qualified employees.

Our human resource strategy is overseen by our executive team and senior human resource professionals, and management provides regular updates to our board of directors. The management team also seeks input from, and works collaboratively with, the operations team when designing human resource strategy for our fulfillment 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 in our ability to execute our business strategies. We strive to recruit the best people for the job regardless of race, sexual orientation, gender, religion, or other differences.

In 2021, we experienced, and we may again in the future experience, hourly employee labor shortages at our fulfillment centers that we believe were primarily caused by factors relating to the COVID-19 pandemic, including overall labor shortages across the United States, particularly in entry level, lower skilled roles, as well as absences caused by COVID-19 illness or exposure. We have also seen, to some extent, the impact of the nationwide trend of the “Great Resignation” across the company. In order to address labor constraints, we have been reviewing and revising our practices at all levels of the company with respect to pay, benefits, recruiting, retention and training as part of our ongoing commitment to recruit and retain a strong employee base across the company. In addition, we are focused on creating a special place to work for our employees by focusing on management and leadership training particularly in our fulfillment center operations. 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. This includes the following:

- In the fourth quarter of 2021, increasing our entry-level pay rate to $18 per hour for hourly employees, as well as increasing levels of pay for other employees.
- A comprehensive review of salaried compensation bands across the company to allow us to offer competitive base pay and enable us to make adjustments where warranted based on internal and external equity.
- Improving our benefit plan offering to help keep out-of-pocket health insurance costs to our employees low and also adopting a new matching program for employees eligible to participate in our 401(k) plan.
- Focusing on the health and safety of our employees. In addition to enforcing a strict COVID-19 health and safety protocol, as 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.
- Continuing our focus on diversity, equity and inclusion, by conducting employee engagement surveys and, for our corporate offices, thereafter creating focus groups to address key employee concerns.
- Launching a comprehensive employee engagement program that we refer to as Chef's Table, focusing on creating a special place to work for all of our employees by providing manager and employee training, creating a supportive employee experience with transparent and fair career paths, and evaluating additional opportunities to incentivize and reward our fulfillment center employees for the contributions they make.

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.

Since March 2020, the COVID-19 pandemic has been presenting, and continues to present 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 and certain paid time off policies to encourage those who are sick to stay home;
- Hosting COVID-19 vaccination clinics at our fulfillment centers and strongly encouraging our fulfillment center employees to get vaccinated;
- Requiring vaccination for our New York City corporate offices in accordance with New York City laws;
- Providing at least weekly COVID-19 testing in our Richmond, California fulfillment center when required by local law and, beginning in early 2022, providing weekly COVID-19 testing regardless of vaccination status at both of our fulfillment centers;
- 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 (including making KN95 masks available starting in late 2021), 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 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 when necessary and in the fourth quarter of 2021, making return to the office for those locations voluntary; and
- Prohibiting non-essential business travel for employees when appropriate.

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, 2022, 83% of our executive leadership team and 80% of our board of directors (and 75% of our independent directors) being female. We committed to use our reasonable best efforts to maintain the gender diversity and increase the racial diversity on our board of directors, with at least 50% of the members being female and at least 50% of the members being racially diverse following our 2022 annual meeting of stockholders.

In 2020, we created and launched our "Aprons for All" Task Force, which is our Diversity, Equity and Inclusion (or "DEI") task force which represents locations, tenures, functions and business segments across the company. In 2021, as part of our DEI initiatives, we engaged an outside consultant to conduct an assessment of key areas of focus for our DEI roadmap, which include, among other things:

- Continuing to implement a DEI learning and development plan to build awareness and drive inclusive behaviors and attitudes;
- Developing our diversity pipeline through hiring, mentoring, and coaching;
- Creating regular and varied communication channels to ensure that diverse voices are amplified; and
- Launching new leadership competencies linked to our updated values with a particular focus on DEI.

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, 2021, 2020 and 2019, we incurred net losses of $88.4 million, $46.2 million, and $61.1 million, respectively. We anticipate that we will continue to incur substantial operating expenses in the foreseeable future as we have begun to and plan to continue to significantly increase marketing spend in 2022 to continue to invest to attract new and retain existing customers, enhance our technology and infrastructure invest to optimize and drive efficiency in our distribution and fulfillment capabilities, and expand our product offerings. These efforts may prove more expensive than we anticipate, and we may not succeed in increasing our customer count, 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 and we have seen, and may continue to see, higher ingredient, shipping and labor costs. 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 accelerate and/or continue to execute our growth strategy. If we fail to cost effectively acquire new customers or retain our existing 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 continues to decline, 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 depends largely on our ability to cost effectively acquire new customers, retain existing customers, and to keep customers engaged so that they continue to purchase products from us, including our higher value offerings. If we are unable to cost effectively acquire new customers, retain our existing customers, or keep customers engaged, our business, financial condition and operating results would be materially adversely affected. For example, the number of our Customers declined to approximately 336,000 in the three months ended December 31, 2021 from approximately 353,000 in the three months ended December 31, 2020, and our net revenue declined to $107.0 million from $115.5 million in that same period. While we have experienced an increase in demand in recent periods due, in part, to the impact the COVID-19 pandemic has had on consumer behaviors, we saw a decrease in demand in 2021 over 2020 as more normal consumer behaviors patterns started to return, and any increased demand due to the pandemic's impact on consumer behaviors may not be sustained. In addition, if, as a result of the COVID-19 pandemic or otherwise, we face significant disruptions in our supply chain, are unable to continue to operate one or more of our fulfillment centers 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, and if we need to cut back or delay certain product offerings in the future as a result of the pandemic, supply chain issues or otherwise, there could be 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, during parts of 2020 and 2021, we increased marketing expenditures to more normal levels. In the fourth quarter of 2021, using a portion of the proceeds from the equity capital raised closed in the fourth quarter of 2021, we significantly increased our marketing expenses and expect to continue to do so throughout in 2022 and may continue to do so in future periods compared to prior year periods, and for marketing expense to continue to comprise a significant portion of our operating expenses. For the years ended December 31, 2021, 2020, and 2019, our marketing expenses were $72.1 million, $49.9 million, and $48.1 million, respectively, representing approximately 15.3%, 10.8%, and 10.6% of net revenue, respectively. If we are unable to deliver results from our growth strategy on our accelerated timeline or at all, or otherwise effectively manage expenses and cash flows, we may 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 and/or accelerate 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 increased as of January 1, 2022, 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 or execute cost-efficient marketing opportunities as we adjust our investments in marketing, including making new marketing technology investments in response to the ongoing elimination of cookie-based tracking, 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. 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 saw 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 on our accelerated timeline or at all or effectively manage any future revenue growth, or if we fail to effectively manage costs, our business could be materially adversely affected.

Our net revenue increased from $454.9 million in 2019 to $460.6 million in 2020 and $470.4 million in 2021. The number of our full-time employees increased from 1,635 at December 31, 2019 to 1,934 at December 31, 2020 and declined to 1,795 at December 31, 2021. If we are unable to grow net revenue on our accelerated timeline or at all, 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.

We may require additional capital to fund our operations and any future expansion of our business beyond our current plans, including our 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 operations or any future expansion of our business beyond our current plans accelerate 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 future cash and cash equivalents, together with cash generated from operations, will be sufficient to allow us to fund our operations or any future 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 will need additional equity or debt financing to provide the funds required to operate our business and 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, such as the amendment to our existing financing agreement in May 2021, 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, debt financing that is convertible into equity, or debt or equity financing in which we issue equity or derivative securities, such as the warrants issued and issuable to our lenders and issued in the rights offering and recent private placements, 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, which may result in an event of default under our senior secured term loan. For example, on a single day in March 2021, we did not meet the daily minimum liquidity covenant under our senior secured term loan, resulting in an event of default, and thereafter requiring us to obtain a waiver of such event of default from our lenders and agent. Upon any future covenant breach and corresponding 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. Given our current liquidity position, 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 such future event of default. In that case, we may not be able to meet our current obligations and could be forced to commence a bankruptcy or take 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.”

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, 2022, we had $30.6 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 accelerate and mantain 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, such as the increase in interest rates applicable to our senior secured loan as a result of the amendment to that loan in May 2021. A refinancing may also 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 compared to our prior revolving credit facility, 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 (which increased on January 1, 2022 from 300,000 to 320,000 subscribers) and other covenants contained in our senior secured term loan, which would materially adversely affect our business. For example, on a single day in March 2021, we did not meet the daily minimum liquidity covenant under the senior secured term loan, resulting in an event of default, and requiring us to obtain a waiver of such event of default from our lenders and agent. 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 may inadvertently fail to comply with such covenants during the course of the operation of our business similar to our failure to meet the minimum liquidity requirement for one day in the first quarter of 2021. Any future 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, 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.

Additionally, our senior secured term loan utilizes LIBOR to calculate the amount of accrued interest on our borrowings. If a published LIBOR rate is unavailable, the interest rates on our debt indexed to LIBOR will be determined using an alternative method, which could result in increased costs, including increased interest expense on our senior secured term loan, which could have a material adverse effect on our financing costs.

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 attract new customers and retain existing 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 were effected throughout most of the United States, which limited 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, such as our recent implementation of a shipping charge on all subscription meal kit and wine orders, 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 both the increased demand we saw as a result of the impact the COVID-19 pandemic had on consumer behaviors and due to pandemic-related labor shortages, in 2020 we delayed, and may in the future 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 eight weekly options under our Two-Serving Plan instead of the eleven 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 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 COVID-19 pandemic in the United States."

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.

If we do not successfully maintain, operate and optimize our fulfillment centers and logistics channels, 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, we temporarily reopened it in January 2021 to leverage existing assets to meet forecasted demand while we continued to identify and implement other operating efficiencies in our other fulfillment centers; we then closed the Arlington fulfillment center in April 2021, consolidating production volume at our other fulfillment centers. We have encountered in the past, and may encounter in the future, both as a result of the COVID-19 pandemic and otherwise (including as a result of the Omicron variant in the fourth quarter of 2021), high levels of worker absenteeism and difficulty in hiring a sufficient number of employees to adequately staff our fulfillment centers, causing us to use higher levels of temporary workers through third parties, generally at greater cost and providing lower levels of performance, and to cancel or delay customer orders and close some weekly offering cycles early to manage demand. If we do not have sufficient fulfillment capacity or experience problems or delays in fulfilling orders, 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. In May 2021, we entered into an agreement to sublease the remainder of our Arlington fulfillment center, which sublease is expected to continue through the duration of our existing lease for the fulfillment center.

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 may 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 and continuing to expand our product offerings and 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 the acceleration 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 and accelerate 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.

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

The 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, inflation, market changes, increased competition, 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 or inflationary periods 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, have and could continue to 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 results could be materially and adversely affected by the COVID-19 pandemic in the United States.

The continuing spread of COVID-19 globally, and in particular, continued and future outbreaks of COVID-19 in 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 level of COVID-19 vaccination rates in various areas of the United States, any re-introduction of restrictions on consumer behaviors, the length of time 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 and retaining 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, and more recently given the option 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.

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, social media platforms and other forms of Internet-based communications 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 and/or retain sufficient customer support representatives in sufficient numbers could result in lower-quality customer support and/or increased customer response times, compromising our ability to handle customer complaints effectively. For example, in light of ongoing nationwide labor shortages, both as a result of the COVID-19 pandemic and otherwise, we have encountered in the past and may encounter in the future difficulty hiring and retaining customer support representatives, resulting in increased customer response times.

As we have seen disruptions in labor availability from time to time, whether as a result of the COVID-19 pandemic, general market trends or otherwise, we have had to, and may in the future have 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 COVID-19 sanitation procedures, which has resulted, and could again result in, delayed or canceled 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.

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 and trends in consumer spending, which have changed, and may continue to change, in response to macroeconomic factors, like inflation, the impact of the COVID-19 pandemic or otherwise;
- 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 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 the COVID-19 pandemic's impact on consumer behaviors has tapered, and consumers seek out other dining options or resume traveling, 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.

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 and accelerate 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 due to inflation or otherwise, 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, such as inflation, 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, higher rates of inflation, slower growth or recession, market volatility, negative impacts on the economy from the COVID-19 pandemic 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, 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 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.

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, prolonged utility outages, unanticipated demand, shipping and distribution issues, labor 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.

Environmental, social and governance matters may impact our business and reputation.

There has been increased focus, including by consumers, investors and other stakeholders, as well as by governmental and non-governmental organizations, on environmental, social and governance, or ESG, matters. We have and plan to continue undertaking ESG initiatives. Any failure to meet our ESG commitments could negatively impact our business, financial condition and operating results. These impacts could be difficult and costly to overcome.

In addition, achieving our ESG initiatives may result in increased costs in our supply chain, fulfillment, and/or corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG initiatives could change and become more onerous for both for us and our third-party suppliers and vendors to meet successfully. Evolving data and research could undermine our claims and beliefs that we have made in reliance on current research, which could also result in costs, a decrease in revenue, and negative market perception that could have a material adverse effect on our business and financial condition.

We have implemented significant reorganization activities in our business, including the closure of our fulfillment center in Arlington, Texas in 2020. 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 addition, in the fall of 2018 and the fall of 2017, we implemented reductions in the number of our employees 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, we temporarily reopened the Arlington fulfillment center in January 2021 to leverage existing assets to meet forecasted demand while we continued to identify and implement other operating efficiencies in our other fulfillment centers; we then closed the Arlington fulfillment center in April 2021, consolidating production volume at our other 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. 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, 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.

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 would 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 impact that the COVID-19 pandemic may have on seasonality. Our past net revenue growth, due in part to the impact of the COVID-19 pandemic on consumer behaviors, masked 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.

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, 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.

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 these carriers 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 or otherwise could impact our ability to deliver orders to our customers which could materially and adversely impact our business, financial condition and operating results. In addition, if we are not able to maintain acceptable pricing and other terms with these carriers, whether as a result of inflation or otherwise, and we do not increase the price of our product offerings, we may experience reduced operating margins.

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 and fuel surcharges 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 business .

Although none of our employees is currently covered under a collective bargaining agreement, our employees may elect to seek 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 and one of our competitors recently faced a union election in three states. 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, we have experienced, and may experience in the future, a “credentials stuffing” incident, which is where a third party is able to illicitly obtain a customer’s identification and password credentials on the dark web to access a 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 the COVID-19 pandemic; 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 or vendors. 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.

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 the FDA has begun to evaluate the possible need for new regulations for e-commerce food delivery companies, 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, or if the FDA will adopt new regulations for e-commerce food delivery companies, which present considerable future uncertainty. 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, we are subject to the California Consumer Privacy Act of 2018, which came into effect on January 1, 2020 and its successor, the California Privacy Rights Act, which will take effect in January 2023, which require, among other things, that 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. Some other states have adopted, and many other states are considering, similar legislation. 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, such as our need to adjust our digital marketing in response to the ongoing elimination of cookie-based tracking, 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, 2021 and 2020, we had U.S. federal net operating loss carryforwards of $460.9 million and $397.5 million, respectively, and state net operating loss carryforwards of $197.7 million and $153.2 million, respectively, that are available to offset future tax liabilities. Of the $460.9 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 $239.4 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 ,in the future be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, and which could result in substantial losses for investors purchasing our shares.

The stock market in general and the market for our Class A common stock in particular has, from time to time, and may again, experience extreme volatility that has often been unrelated to the operating performance of particular companies. 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;
- investors' general perception of us;
- sales or perceived 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 have been 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 that has resulted and may result from our growth strategy and from the impact the COVID-19 pandemic has had on consumer behaviors;
- 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 and consumer spending habits; 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 do not publish 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 the analyst(s) 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, twelve of the analysts who formerly covered our stock have ceased to cover our stock and we currently have only one analyst covering our stock. If the remaining analyst ceases to cover our stock and other analysts do not begin 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. The trading market for our Class A common stock is influenced by the research and reports that industry or financial analysts publish about us or our business. There can be no assurance that existing analysts will continue to cover us or that new analysts will begin to cover us. There is also no assurance that any covering analyst will provide favorable coverage. A lack of research coverage or adverse coverage may negatively impact the market price of our Class A common stock. In addition, 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 Class A common stock could decline.

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.

Joseph N. Sanberg and his affiliates beneficially own a significant portion of our outstanding Class A common stock, and therefore have significant influence over the outcome of matters subject to stockholder approval, including a change of control, which could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

As of February 15, 2022, Mr. Sanberg and his affiliates beneficially own an aggregate of 16.2 million shares of our outstanding Class A common stock (including 9.3 million shares issuable upon exercise of warrants held by Mr. Sanberg's affiliates), which collectively represent approximately 38.7% of our outstanding capital stock. The shares underlying the warrants are only entitled to voting rights upon exercise. The warrants held by Mr. Sanberg's affiliates are subject to a contractual limitation on exercise, capping the beneficial ownership of Mr. Sanberg and his affiliates at 33.0% until such date that no indebtedness remains outstanding under our existing financing agreement. Pursuant to the purchase agreement, or the Purchase Agreement, with RJB Partners LLC, or RJB, an affiliate of Mr. Sanberg, and Mr. M. Salzberg, dated September 15, 2021, RJB is subject to a voting agreement, pursuant to which RJB agreed to cause all of our voting securities beneficially owned by it or certain of its affiliates, including Mr. Sanberg, in excess of 19.9% of the total voting power of our outstanding capital stock to be voted in proportion to, and accordance with, the vote of all of our stockholders, limiting the effective voting power of the securities beneficially held by Mr. Sanberg, including securities issued to RJB in connection with the Capital Raise, to between 19.9% and 24.3%, depending on the number of outstanding shares of capital stock owned by RJB, its affiliates, and the votes of other stockholders.

As a result, these stockholders will have significant influence over matters submitted to our stockholders for approval, including the election of directors and the approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power might delay, defer or prevent a change in control or delay or prevent a merger, consolidation, takeover or other business combination involving us on terms that other stockholders may desire, which, in each case, could adversely affect the market price of our Class A common stock.

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 February 15, 2022, an aggregate of 1,507,597 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 of 1933, or 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 February 15, 2022, the holders of an aggregate of approximately 3.6 million registrable securities have rights, subject to certain conditions, to include their securities in registration statements that we may file for ourselves or other stockholders. If we were to register these securities for resale, they could be freely sold in the public market. If these additional securities 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. On June 18, 2021, we consummated an underwritten public offering of 5,411,900 shares of Class A common stock, including the 705,900 shares issuable upon the underwriter's exercise of its option to purchase additional shares, under our universal shelf registration statement. Following the August 2020 and June 2021 underwritten offerings, approximately $15.0 million in aggregate offering price remains available for issuance under our universal shelf registration statement.

In connection with the amendment to our senior secured term loan, on the first day of each quarter that our senior secured term loan is outstanding, beginning on or after July 1, 2021, we are obligated to issue warrants to the lenders to purchase such number of shares of Class A common stock as equals 0.50% of the then outstanding shares of our common stock on a fully-diluted basis and we are required to file a registration statement with the SEC to register for resale the shares of Class A common stock underlying the warrants. Pursuant to this obligation, on July 1, 2021, we issued warrants to the lenders exercisable for an aggregate of 130,350 shares of Class A common stock, on October 1, 2021, we issued warrants to the lenders exercisable for an aggregate of 133,868 shares of Class A common stock and on January 1, 2022 for an aggregate of 224,516 shares of Class A common stock; all such warrants have been fully exercised and a total of 488,055 shares have been issued to the lenders upon such exercises. We filed registration statements for the resale of such shares with the SEC on July 30, 2021, October 15, 2021 and January 14, 2022, respectively.

On September 15, 2021, in connection with the private placement with Mr. M. Salzberg pursuant to the Purchase Agreement, we issued to Mr. M. Salzberg (i) 300,000 shares of Class A common stock, (ii) warrants to purchase 240,000 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 120,000 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 60,000 shares of Class A common stock at an exercise price of $20.00 per share, for an aggregate purchase price of $3.0 million.

On November 4, 2021, in connection with the Purchase Agreement and concurrently with the closing of the rights offering, we issued to RJB an aggregate of (i) 6,265,813 shares of Class A common stock, (ii) warrants to purchase 5,012,354.58219726 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 2,506,177.291098630 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 1,253,088.645549316 shares of Class A common stock at an exercise price of $20.00 per share, for an aggregate purchase price of $62.7 million in two private placements. On November 4, 2021, we entered into a registration rights agreement with RJB and Mr. M. Salzberg, pursuant to which RJB, Mr. M. Salzberg and their respective permitted transferees have the right to request that we file a shelf registration statement with respect to all or a portion of the shares that they hold, which include (x) shares of Class A common stock held prior to the execution of the Purchase Agreement, and (y) shares of Class A common stock and shares underlying the warrants purchased in connection with the Purchase Agreement.

On February 14, 2022, in connection a private placement with RJB pursuant to a purchase agreement, or the February Purchase Agreement, we issued to RJB an aggregate of (i) 357,143 shares of Class A common stock, (ii) warrants to purchase 285,714 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 142,857 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 71,429 shares of Class A common stock at an exercise price of $20.00 per share, for an aggregate purchase price of $5.0 million. On February 14, 2022, we entered into a registration rights agreement with RJB pursuant to which, among other things, RJB and its permitted transferees have the right to request that we file a shelf registration statement with respect to all or a portion of the shares of Class A common stock and shares underlying the warrants purchased in connection with the February Purchase Agreement.

Sales of additional amounts of shares of our Class A common stock or other securities convertible into shares of Class A common stock, including any additional warrants to be issued to our lenders in connection with the amendment to our senior secured term loan and the warrants issued pursuant to the Purchase Agreement, for which we are obligated to file shelf registrations with the SEC relating to the shares underlying those warrants, would dilute our stockholders' ownership in us.

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.

Prior to September 15, 2021, we had issued and outstanding shares of Class B common stock with ten votes per share. Since that date, all issued and outstanding shares of Class B common stock were converted into Class A common stock and all shares now consist of Class A common stock with one vote per share. However, because our certificate of incorporation authorizes the issuance of different classes of stock with different voting rights, our Class A common stock could be excluded from stock indexes that exclude the securities of companies with unequal voting rights. 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.

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, which will be fully phased out in 2024;
- 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.

The special meeting provisions and super-majority vote required for the director removal described above will remain in place unless our stockholders approve an amendment to our restated certificate of incorporation to amend those provisions, which we plan to propose for consideration and approval at the 2022 annual meeting of stockholders.

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, each as may be further amended and/or amended and restated from time to time, 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 of incorporation 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 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.

Some members of our management team have limited experience managing a public company.

Some 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 or a smaller reporting 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 25,000 square feet of space pursuant to a lease expiring in 2024.

Our current fulfillment centers occupy leased facilities in Richmond, California and Linden, New Jersey. Our fulfillment center in Richmond, California occupies approximately 165,000 square feet of space pursuant to a lease expiring in 2027 (subject to early termination rights held by us and the landlord for terminations effective after December 31, 2025 upon 12 months notice); 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.

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. In September 2021, we converted all of our outstanding shares of Class B common stock into Class A common stock on a one-for-one share basis; our Class B common stock was not listed or traded on any stock exchange.

Holders of Our Common Stock

As of February 15, 2022, there were approximately 88 holders of record of shares of our Class A common stock and 0 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 2022 Annual Meeting of Stockholders and is incorporated by reference herein.

Recent Sales of Unregistered Securities

On October 1, 2021, in connection with the amendment to our financing agreement entered into in May 2021, we issued warrants to purchase 133,868 shares of Class A common stock to certain lenders party to the financing agreement. The warrants have an exercise price of $0.01 per share. The number of shares issuable upon exercise of each warrant is subject to increase each time we issue or sell any shares of Class A common stock, Class A common stock equivalents, options or convertible securities for a consideration per share (including upon exercise, exchange or conversion) of less than the fair market value per share of the Class A common stock, as such term is defined in the form of warrant, as of July 1, 2021. The warrants will expire five years after July 1, 2021 and will be exercisable on a cash basis or, at the election of the holder, on a cashless basis.

The issuance of the warrants was made in reliance on the exemption from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, provided by Section 4(a)(2) of the Securities Act in that the transaction was by an issuer not involving any public offering. At issuance, the recipients of the warrants represented that they were "accredited investors" and represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof. In connection with the grant of the warrants, we filed a registration statement on Form S-3 on July 30, 2021, registering the resale of the shares of Class A common stock issuable upon exercise of the warrants on a delayed or continuous basis and such registration statement was declared effective on August 10, 2021. We did not pay or give, directly or indirectly, any commission or other remuneration, including underwriting discounts and commissions, in connection with the issuance of the warrants.

Other than the securities reported above, during the period covered by this Annual Report on Form 10-K, we did not issue any unregistered equity securities other than pursuant to transactions previously reported in our Current Reports on Form 8-K and Quarterly Reports on 10-Q.

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. [RESERVED]

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 four weekly meal plans—a Two-Serving Signature Plan, a Two-Serving Vegetarian Plan a Two-Serving Wellness Plan, and a Four-Serving Signature Plan. In addition, customers can add up to two Add-ons recipes to each box, which includes appetizers, side dishes or desserts, and / or Heat & Meat meals, which are pre-made meals ready to heat and eat in minutes. 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. Our products are available to purchase through our website and mobile app.

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,		
	2021	2020	2019
		(In thousands)	
Net revenue	$ 470,377	$ 460,608	$ 454,868
Net income (loss)	$ (88,381)	$ (46,154)	$ (61,081)
Adjusted EBITDA	$ (39,215)	$ (1,037)	$ (8,355)
Net cash from (used in) operating activities	$ (48,962)	$ (5,372)	$ (16,466)
Free cash flow	$ (54,039)	$ (11,369)	$ (21,686)

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2021				
Orders *(in thousands)*	2,104	1,977	1,760	1,678
Customers *(in thousands)*	391	375	350	336
Average Order Value	$ 61.63	$ 62.72	$ 62.30	$ 63.78
Orders per Customer	5.4	5.3	5.0	5.0
Average Revenue per Customer	$ 331	$ 330	$ 313	$ 319
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

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, however 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, 2021 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, 2021. We view the number of Customers as a key indicator of our scale and financial performance, however 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, gain (loss) on extinguishment of debt, 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. 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 defined by us 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

Since late in the first quarter of 2020, the COVID-19 pandemic has to varying degrees resulted in significant economic disruptions and changes to the labor market and consumer behaviors in the United States, which has impacted and may continue to impact our business.

In particular, beginning in late March 2020, we experienced an increase in demand due 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. As restrictions have lifted and as vaccines have become more widely available in the United States and people begin to resume pre-pandemic activities, such as travel and dining out, this increased demand due to the pandemic has and may continue to decline.

In 2020, in response to the increased demand, we took action to manage and increase capacity at our fulfillment centers, including continuing to hire new personnel, temporarily reducing variety in menu options, closing some weekly offering cycles early, and delaying certain new product offerings. In addition, in January 2021, we temporarily reopened our fulfillment center in Arlington, Texas. At the same time, we have taken a variety of safety and sanitation measures following federal, state, and local guidelines at our fulfillment centers' operations. 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. 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 of 2020 and we have reengaged, and expect to continue to reengage, in significant additional marketing spend in the future as part of our accelerated growth strategy to retain existing and attract new customers.

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, supply chain and logistics disruptions, consumer behaviors, and on the overall economy, including recent high inflation levels impacting consumer spending. While most areas of the United States have reduced most or all COVID-19 restrictions, as the pandemic continues and if new outbreaks emerge, there is uncertainty 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 the pandemic will have on our business, operations, and financial results and condition in future periods. In particular, the positive trends on our operating results relating to changes in consumer behaviors relating to the pandemic that we have generally seen since March 2020 may not continue, 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 the acceleration of 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.

As part of the acceleration of our growth strategy using the proceeds from the Capital Raise (as defined below) that closed in November 2021, we significantly increased marketing expenses toward the end of the fourth quarter of 2021, and plan to significantly increase marketing expenses in 2022 to continue 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 use our increased marketing efforts over the next twelve months 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.

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 four weekly meal plans - a Two-Serving Signature Plan, a Two-Serving Vegetarian Plan, a Two-Serving Wellness Plan, and a Four-Serving Signature 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.

Customers 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 serving size from two to four. We also offer Premium recipes, including our Craft offering, that introduce our customers to specialty protein combinations, advanced culinary tecchniques, and unique flavor twists. In addition, customers can add up to two Add-ons recipes to each box, which includes appetizers, side dishes or desserts, and / or Heat & Eat meals, which are pre-made meals ready to heat and eat in minutes.

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. A selection of non-subscription meal kit boxes and our wines are also sold on the Blue Apron Market website. 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, 2022, we operated two technology-enabled, refrigerated fulfillment centers that collectively employed approximately 1,664 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. We temporarily reopened its Arlington fulfillment center beginning in January 2021 to leverage existing assets to meet forecasted demand while continuing to implement operating efficiencies at its other fulfillment centers. In April 2021, we closed down the temporarily reopened Arlington fulfillment center, with all production volume consolidated 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 accelerated 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 accelerating our growth strategy and to further optimize and drive efficiency in our operations.

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 as we saw our strongest quarter in the second quarter of 2020. We believe that historical 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 in future periods as we have begun to see a return to normal seasonality in 2021. Our marketing strategies, which we significantly increased in the fourth quarter of 2021 and plan to significantly increase in 2022, 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, 2021, 2020 and 2019, 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 as we saw our strongest quarter in the second quarter of 2020. We believe that historical seasonal trends have affected and will continue to affect our quarterly results in the future. However, we cannot predict the ongoing impact, if any, that the COVID-19 pandemic may have on seasonality in future periods as we have begun to see a return to normal seasonality in 2021. 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. As part of the acceleration of our growth strategy using the proceeds from the Capital Raise (as defined below) that closed in November 2021, we significantly increased marketing expenses toward the end of the fourth quarter of 2021, and plan to significantly increase marketing expenses in 2022.

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. As noted above, our business is seasonal in nature and, as a result we anticipate that the third quarter of each year will generally reflect higher levels of cost of goods sold, excluding depreciation and amortization, due to higher packaging and shipping costs due to warmer temperatures. In the near-term we expect that these expenses will be higher because of the various actions taken to increase capacity in our fulfillment centers, as well as due to higher labor costs, including our recent increase to minimum wage, to help recruit and retain fulfillment center employees, higher food costs, higher fuel and logistics costs, and 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.

As part of the acceleration of our growth strategy, we increased marketing expenses toward the end of the fourth quarter of 2021, and plan to significantly increase marketing expenses in 2022, 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 accelerate 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 also anticipate that our near-term marketing strategies and investments may continue to be impacted by the COVID-19 pandemic or other macro-economic factors, and we may reduce or increase marketing expenditures in future periods to help us manage unforeseen demand to alleviate any future capacity constraints.

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 and as we continue to scale our business.

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.

Gain (Loss) on Extinguishment of Debt

Gain (loss) on extinguishment of debt relates to the extinguishment loss recorded upon the amendment of the 2020 Term Loan in May 2021.

Interest Income (Expense), Net

Interest income and expense consists primarily of interest expense on outstanding borrowings, capital lease financings, and build-to-suit lease financings, partially offset by interest income on cash and cash equivalents balances.

Other Income (Expense), Net

Other income (expense), net consists of the change in fair value of the Blue Torch warrant obligation upon remeasurement as of each reporting period. For additional information on the Blue Torch warrant obligation, see Note 9 and Note 15 to the consolidated financial statements in this Annual Report on Form 10-K.

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, 2021, 2020 and 2019, our benefit (provision) for income taxes was $(0.0) million, resulting in an effective tax rate of (0.03)%, (0.09)% 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, 2021, we had U.S. federal and state net operating loss carryforwards of $460.9 million and $197.7 million, respectively. Of the $460.9 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 $239.4 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,		
	2021	2020	2019
		(In thousands)	
Net revenue	$ 470,377	$ 460,608	$ 454,868
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	301,763	282,924	279,135
Marketing	72,086	49,934	48,133
Product, technology, general and administrative	145,442	137,244	144,925
Depreciation and amortization	22,203	24,503	31,200
Other operating expense	—	4,567	3,571
Total operating expenses	541,494	499,172	506,964
Income (loss) from operations	(71,117)	(38,564)	(52,096)
Gain (loss) on extinguishment of debt	(4,089)	—	—
Interest income (expense), net	(8,131)	(7,548)	(8,943)
Other income (expense), net	(5,021)	—	—
Income (loss) before income taxes	(88,358)	(46,112)	(61,039)
Benefit (provision) for income taxes	(23)	(42)	(42)
Net income (loss)	$ (88,381)	$ (46,154)	$ (61,081)

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,		
	2021	2020	2019
Net revenue	100.0 %	100.0 %	100.0 %
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	64.2 %	61.4 %	61.4 %
Marketing	15.3 %	10.8 %	10.6 %
Product, technology, general and administrative	30.9 %	29.8 %	31.9 %
Depreciation and amortization	4.7 %	5.3 %	6.9 %
Other operating expense	— %	1.0 %	0.8 %
Total operating expenses	115.1 %	108.4 %	111.5 %
Income (loss) from operations	(15.1)%	(8.4)%	(11.5)%
Gain (loss) on extinguishment of debt	(0.9)%	— %	— %
Interest income (expense), net	(1.7)%	(1.6)%	(2.0)%
Other income (expense), net	(1.1)%	— %	— %
Income (loss) before income taxes	(18.8)%	(10.0)%	(13.4)%
Benefit (provision) for income taxes	(0.0)%	(0.0)%	(0.0)%
Net income (loss)	(18.8)%	(10.0)%	(13.4)%

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Net Revenue

	Year Ended December 31,		
	2021	2020	% Change
	(In thousands)		
Net revenue	$ 470,377	$ 460,608	2 %

Net revenue increased by $9.8 million, or 2%, to $470.4 million for 2021 from $460.6 million for 2020. The increase in net revenue was primarily due to an increase in Average Order Value and Average Revenue per Customer during 2021 as a result of both the continued execution of our growth strategy, including through product innovation, and the changes in consumer behaviors relating to the COVID-19 pandemic.

Operating Expenses

Cost of Goods Sold, excluding Depreciation and Amortization

	Year Ended December 31,		
	2021	2020	% Change
	(In thousands)		
Cost of goods sold, excluding depreciation and amortization	$ 301,763	$ 282,924	7 %
% of net revenue	*64.2 %*	*61.4 %*	

Cost of goods sold, excluding depreciation and amortization, increased by $18.9 million, or 7%, to $301.8 million for 2021 from $282.9 million for 2020. As a percentage of net revenue, cost of goods sold, excluding depreciation and amortization, increased to 64.2% for 2021 from 61.4% for 2020. The increase in cost of goods sold, excluding depreciation and amortization, as a percentage of net revenue, was primarily due to:

- an increase of 190 basis points in food and product packaging costs, driven by price increases, the cost of premium and specialty ingredients related to new product offerings and enhancements to our existing product offerings to provide variety, flexibility, and additional choice for our customers, as well as increased usage of higher-priced pre-packaged produce to facilitate and improve capacity at our fulfillment centers; and

- an increase of 60 basis points in shipping and fulfillment packaging largely due to rate increases and fuel surcharges from shipping carriers, and

- an increase of 30 basis points in labor costs driven by the minimum wage increase for hourly employees in the fourth quarter of 2021.

Marketing

	Year Ended December 31,		
	2021	2020	% Change
	(In thousands)		
Marketing	$ 72,086	$ 49,934	44 %
% of net revenue	*15.3 %*	*10.8 %*	

Marketing expenses increased by $22.2 million, or 44%, to $72.1 million for 2021 from $49.9 million for 2020. The increase was seen across various online paid channels, partially offset by decreases in various offline paid channels and our customer referral program. As a percentage of net revenue, marketing expenses increased to 15.3% for 2021 from 10.8% for 2020. This increase, as a percentage of net revenue, included an increase of 480 basis points in online paid channels, partially offset by a decrease of 20 basis points in our customer referral program primarily driven by a decrease in the mix of customer referral orders versus total Orders, and a decrease of 10 basis points in offline paid channels. The significant increase in marketing expenses toward the end of the fourth quarter of 2021 following the Capital Raise (as defined below), as well as plans to significantly increase marketing expenses in 2022, are part of the acceleration of our growth strategy to continue to drive customer acquisition and target new consumers that we believe will exhibit high affinity and retention through marketing channels we believe to be the most efficient.

Product, Technology, General and Administrative

	Year Ended December 31, 2021	2020	% Change
	(In thousands)		
Product, technology, general and administrative	$ 145,442	$ 137,244	6 %
% of net revenue	*30.9 %*	*29.8 %*	

Product, technology, general and administrative expenses increased by $8.2 million, or 6%, to $145.4 million for 2021 from $137.2 million for 2020. This increase was primarily driven by investments to support our business and execute on key business initiatives, including:

- an increase of $5.6 million in corporate overhead and administrative costs, driven by investments in external consultants to support our growth strategy;
- an increase of $2.2 million in personnel costs driven by wage increases and certain headcount increases to support our growth strategy, and an increase in shared-based compensation; and
- an increase of $0.4 million in facilities costs for our corporate offices and fulfillment centers, primarily driven by the costs of administering COVID-19 tests to workers at our fulfillment centers.

As a percentage of net revenue, product, technology, general and administrative expenses increased to 30.9% for 2021 from 29.8% for 2020 primarily due to investments to support our business and execute on key business initiatives.

Depreciation and Amortization

	Year Ended December 31, 2021	2020	% Change
	(In thousands)		
Depreciation and amortization	$ 22,203	$ 24,503	(9)%
% of net revenue	*4.7 %*	*5.3 %*	

Depreciation and amortization decreased by $2.3 million, or 9%, to $22.2 million for 2021 from $24.5 million for 2020. 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 4.7% in 2021 from 5.3% in 2020.

Other Operating Expense

Other operating expense for 2021 and 2020 was $0.0 million and $4.6 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.

Income (Loss) from Operations

	Year Ended December 31,		
	2021	2020	% Change
	(In thousands)		
Income (loss) from operations	$ (71,117)	$ (38,564)	84 %
% of net revenue	*(15.1)%*	*(8.4)%*	

Income (loss) from operations for 2021 and 2020 was $(71.1) million and $(38.6) million, respectively. This change was due to an increase in operating expenses of $42.3 million, which was partially offset by an increase in net revenue of $9.8 million. As a percentage of net revenue, income (loss) from operations was (15.1)% and (8.4)% for 2021 and 2020, respectively. This increase was primarily driven by increases as a percentage of net revenue in marketing expenses, cost of goods sold, excluding depreciation and amortization, and product, technology, general and administrative expenses, partially offset by decreases as a percentage of net revenue in other operating expense and depreciation and amortization, for the reasons set forth above.

Gain (Loss) on Extinguishment of Debt

Gain (loss) on extinguishment of debt for 2021 and 2020 was $(4.1) million and $0.0 million, respectively. This change was due to the extinguishment loss recorded upon the amendment of the 2020 Term Loan in May 2021.

Interest Income (Expense), Net

Interest income (expense), net for 2021 and 2020 was $(8.1) million and $(7.5) million, respectively. This change was primarily due to increased interest expense incurred on outstanding borrowings of $1.1 million, as well as decreased interest income on cash and cash equivalents of $0.1 million, partially offset by a decrease of $0.6 million associated with build-to-suit lease financings as a result of the Fairfield lease termination.

Other Income (Expense), Net

Other income (expense), net for 2021 and 2020 was $(5.0) million and $0.0 million, respectively. This change consists of the change in fair value of the Blue Torch warrant obligation, issued in May 2021 in conjunction with the amendment of the 2020 Term Loan, upon remeasurement as of each reporting period.

Benefit (Provision) for Income Taxes

The provision for income taxes recorded in 2021 and 2020 reflects state income taxes in a jurisdiction in which net operating losses were not available to offset our tax obligations.

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,		
	2020	2019	% Change
	(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,		
	2020	2019	% Change
	(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,		
	2020	2019	% Change
	(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, 2020	2019	% Change
	(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, 2020	2019	% Change
	(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.

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, gain (loss) on extinguishment of debt, 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 non-cash impairment charges on long-lived assets, a non-cash gain, net of a termination fee, on a lease termination, charges for estimated legal settlements, and restructuring costs;
- adjusted EBITDA excludes loss on extinguishment of debt as this represents a non-cash charge;
- adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest, which reduces cash available to us;
- adjusted EBITDA does not reflect other (income) expense, net as this represents changes in the fair value of the Blue Torch warrant obligation as of each reporting period;
- 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,				
	2021	2020	2019	2018	2017
			(In thousands)		
Reconciliation of net income (loss) to adjusted EBITDA					
Net income (loss)	$ (88,381)	$ (46,154)	$ (61,081)	$ (122,149)	$ (210,143)
Share-based compensation	9,699	8,457	8,970	16,320	11,270
Depreciation and amortization	22,203	24,503	31,200	34,517	26,838
Other operating expense	—	4,567	3,571	2,170	12,713
Loss (gain) on extinguishment of debt	4,089	—	—	—	—
Interest (income) expense, net	8,131	7,548	8,943	7,683	6,384
Other (income) expense, net	5,021	—	—	—	14,984
Provision (benefit) for income taxes	23	42	42	88	15
Adjusted EBITDA	$ (39,215)	$ (1,037)	$ (8,355)	$ (61,371)	$ (137,939)

	Year Ended December 31,		
	2021	2020	2019
		(In thousands)	
Reconciliation of net cash from (used in) operating activities to free cash flow			
Net cash from (used in) operating activities	$ (48,962)	$ (5,372)	$ (16,466)
Purchases of property and equipment	(5,077)	(5,997)	(5,220)
Free cash flow	$ (54,039)	$ (11,369)	$ (21,686)

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:

		December 31, 2021		December 31, 2020
		(In thousands)		
Cash and cash equivalents	$	82,160	$	44,122
Accounts receivable, net	$	234	$	116
Restricted cash included in Prepaid expenses and other assets	$	608	$	610
Restricted cash included in Other noncurrent assets	$	829	$	1,100
Working capital (1)	$	(30,399)	$	(29,640)

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

Total outstanding debt, net of debt issuance costs, was $29.4 million as of December 31, 2021 and $32.2 million as of December 31, 2020. Issued letters of credit outstanding were $1.4 million and $1.6 million as of December 31, 2021 and December 31, 2020.

Our cash requirements are principally for working capital and capital expenditures to support our business, including investments at our fulfillment centers, investment in marketing, and investments in sustainability efforts to support the acceleration of 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.

Based on the current facts and circumstances, including the additional financial flexibility provided by the Capital Raise that closed on November 4, 2021, and discussed further in Note 11 to the consolidated financial statements in this Annual Report on Form 10-K, we believe that we can effectively manage liquidity and subscription count in order to remain in compliance with the financial covenants under our 2020 Term Loan and we believe that our cash and cash equivalents 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 2020 Term Loan and those described in the section titled “Risk Factors” under Part II, Item 1A below.

November 2021 Capital Raise

On September 15, 2021, we entered into a purchase agreement, or the Purchase Agreement, with RJB Partners LLC, or RJB, an affiliate of Joseph N. Sanberg, one of our existing stockholders and founding investors, and Matthew B. Salzberg, our co-founder, relating to an equity capital raise for an aggregate of $78.0 million of gross proceeds, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. We refer to this series of related transactions as the “Capital Raise”. The Purchase Agreement provided that, among other things:

- We would conduct a rights offering (the “Rights Offering”), pursuant to which we distributed, at no charge, to the holders of record of our outstanding shares of Class A common stock and certain outstanding warrants to purchase shares of Class A common stock held by our lenders (the “Eligible Securityholders”) one non-transferable subscription right (each, a “Subscription Right” and collectively, the “Subscription Rights”) for each share of Class A common stock held or, in the case of the holders of the applicable outstanding warrants, each share of Class A common stock issuable upon exercise of such warrants. Each Subscription Right provided the Eligible Securityholder the right to purchase one unit consisting of (i) a fraction of (the “Applicable Fraction”) of one share of Class A common stock, (ii) one warrant to purchase the Applicable Fraction of 0.8 of one share of Class A common stock at an exercise price of $15.00 per share, (iii) one warrant to purchase the Applicable Fraction of 0.4 of one share of Class A common stock at an exercise price of $18.00 per share, and (iv) one warrant to purchase the Applicable Fraction of 0.2 of one share of Class A common stock at an exercise price of $20.00 per share. The Applicable Fraction was equal to 0.185055707113895 based upon the shares held (or issuable upon exercise of the applicable outstanding warrants) by the Eligible Securityholders as of the record date. The subscription price for each unit was equal to $1.8505 (or $10.00

multiplied by the Applicable Fraction). 6,671,271 subscription rights were subscribed for in the rights offering, which closed on November 4, 2021, resulting in the issuance of (i) 1,234,187 shares of Class A common stock, (ii) warrants to purchase 987,645.417802738 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 493,822.7089013690 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 246,911.3544506840 shares of Class A common stock at an exercise price of $20.00 per share.

- RJB would purchase in a private placement (the “Backstop Private Placement”) the number of shares of Class A common stock and warrants that remained unsubscribed at the expiration of the Rights Offering subscription period for an aggregate purchase price equal to $45.0 million less the aggregate purchase price received from purchasers of units in the Rights Offering. On November 4, 2021, RJB purchased $32.7 million of securities in the Backstop Private Placement and we issued (i) 3,265,813 shares of Class A common stock, (ii) warrants to purchase 2,612,354.58219726 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 1,306,177.291098630 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 653,088.645549316 shares of Class A common stock at an exercise price of $20.00 per share.

- RJB would purchase, in a private placement, or the Concurrent Private Placement, on the same terms and concurrently with the consummation of the Backstop Private Placement and for an aggregate purchase price of $30.0 million, (i) 3,000,000 shares of Class A common stock, (ii) warrants to purchase 2,400,000 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 1,200,000 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 600,000 shares of Class A common stock at an exercise price of $20.00 per share. The Concurrent Private Placement closed on November 4, 2021.

- Mr. M. Salzberg would purchase, on the same terms as the Backstop Private Placement and the Concurrent Private Placement and for an aggregate purchase price of $3.0 million, (i) 300,000 shares of Class A common stock, (ii) warrants to purchase 240,000 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 120,000 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 60,000 shares of Class A common stock at an exercise price of $20.00 per share, resulting in $2.8 million of proceeds, net of issuance costs, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. The Salzberg Private Placement closed on September 15, 2021.

- The Class B Automatic Conversion would occur. For additional information on the Class B Automatic Conversion, see Note 11 Stockholders’ Equity (Deficit) to the consolidated financial statements in this Annual Report on Form 10-K.

Under the Purchase Agreement, RJB agreed to a customary standstill for a period of three years, as well as provisions requiring RJB to vote all our securities it beneficially owns, and to cause our securities beneficially owned by Mr. Sanberg and certain of its or his respective affiliates to be voted, in each case in excess of 19.9% of the total voting power of our outstanding capital stock in the aggregate, in proportion to and in accordance with the vote of all of our stockholders.

As contemplated by the Purchase Agreement, on November 4, 2021, we entered into a registration rights agreement with RJB and Mr. Salzberg to provide them with customary registration rights with respect to the securities purchased in the private placements and other shares of our Class A common stock held by RJB and certain of its affiliates and Mr. Salzberg. Further, the Purchase Agreement also requires our board of directors (the “Board”) to adopt specified environmental, social, and corporate governance measures, including the following: (i) using reasonable best efforts to conduct and complete a greenhouse gas emissions inventory survey by December 31, 2021 and to become “carbon neutral” in specified respects from and after March 31, 2022; (ii) establishing a minimum wage of at least $15.00 per hour to all hourly employees and adopting a policy to pay hourly employees wages at least equal to those offered by comparable companies; and (iii) using reasonable best efforts to cause our nominees for election to the Board at the 2022 annual stockholders meeting (the “2022 Annual Meeting”) to be composed of individuals at least half of whom are women and at least half of whom are persons of color and, if at least half the directors are not women or if at least half of the directors are not persons of color immediately after the 2022 Annual Meeting, to increase the size of the Board and appoint new directors, or obtain resignations from then-current directors, such that at least half of the directors are women and at least half of the directors are persons of color. We have engaged a national search firm to assist us in recruiting new Board members. We have further agreed, at the 2022 Annual Meeting, to propose amendments to our restated certificate of incorporation, as amended (the “Charter”), to: (i) permit stockholders representing at least twenty-five percent (25%) of the voting power of our outstanding capital stock to call a special meeting of stockholders and (ii) eliminate the requirement that the affirmative vote of stockholders representing at least sixty-six and two-thirds percent (66-2/3%) of the voting power of our outstanding capital stock be required to (x) remove a director and (y) amend our Charter or our bylaws, subject to certain exceptions. In connection with the closing of the Capital Raise, on November 4, 2021, we also amended our bylaws to adopt a “proxy access” provision.

Each warrant issued in the Salzberg Private Placement, the Rights Offering, Backstop Private Placement and Concurrent Private Placement has a term of seven years from the date of issuance. Each such warrant may only be exercised for cash, except in connection with certain fundamental transactions, and no fractional shares will be issued upon exercise of the warrants. The warrants are non-transferable, except in limited circumstances, and have not been listed or otherwise trade on any stock exchange. The number of shares issuable upon exercise of the warrants and the applicable exercise prices is subject to adjustment upon the occurrence of certain events, including (i) dividends or distributions of shares of our Class A common stock, (ii) subdivisions, combinations and certain reclassifications of shares of our Class A common stock, (iii) certain additional issuances of Class A common stock or securities exercisable for or convertible into shares of Class A common stock at a price per share less than the market price for our Class A common stock, (iv) distributions of assets other than Class A common stock, or (v) certain repurchases made by us.

We plan to use the net proceeds of the Capital Raise for general corporate purposes, primarily consisting of:

- Acceleration and expansion of our growth strategy, with an expected focus on:
  - Opening up channels to appeal to new audiences and segments through new products and product categories;
  - Product innovation to increase variety, flexibility, and choice; and
  - Increasing investments in marketing and technology infrastructure to build on improvements over the past year to drive engagement with our current customers and attract new ones.
- Acceleration of certain of our environmental and sustainability initiatives, including a plan to accelerate our path to carbon neutrality by March 31, 2022, initially through carbon offsets, and thereafter supplement or replace the offsets by systematic reduction of carbon use in packaging, logistics, sourcing, and production.
- Increased investments in our hourly employees to attract, retain and engage a talented, diverse workforce, including raising the base hourly compensation rate to at least $18 per hour for employees in good standing in our existing offices and fulfillment centers (which we implemented in October 2021) as well as enhancing our employee benefits and programs.

We may also use up to $5.0 million of such proceeds, at our sole discretion, to voluntarily repay any of our existing indebtedness under the 2020 Term Loan.

February 2022 Private Placement

On February 14, 2022, we entered into a purchase agreement (the “February Purchase Agreement”) with RJB, under which we agreed to issue and sell to RJB in a private placement (the “Private Placement”), for an aggregate purchase price of $5.0 million (or $14.00 per unit), 357,143 units each consisting of (i) 1 share of Class A common stock, (ii) 1 warrant to purchase 0.8 shares of Class A common stock at an exercise price of $15.00 per share, (iii) 1 warrant to purchase 0.4 shares of Class A common stock at an exercise price of $18.00 per share and (iv) 1 warrant to purchase 0.2 shares of Class A common stock at an exercise price of $20.00 per share. In the aggregate, RJB received (i) 357,143 shares of Class A common stock, (ii) warrants to purchase 285,714 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 142,857 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 71,429 shares of Class A common stock at an exercise price of $20.00 per share, resulting in approximately $4.8 million of proceeds, net of issuance costs, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. The Private Placement closed on February 14, 2022. We intend to use the net proceeds of the Private Placement for working capital and general corporate purposes, including to continue to accelerate our growth strategy.

Underwritten public offerings

On April 29, 2020, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission (the "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 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.

On June 18, 2021, we completed an underwritten public offering (the "June 2021 offering") of 5,411,900 shares of our Class A common stock, including the 705,900 shares issuable upon the underwriter's exercise of its option to purchase additional shares, under the 2020 Shelf, resulting in $21.1 million of proceeds, net of underwriting discounts and commissions and offering costs.

Debt financing transactions

On October 16, 2020 (the "effective date"), we entered into a financing agreement which provided for the 2020 Term Loan in the aggregate principal amount of $35.0 million and maturing in March 2023. The proceeds of the 2020 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 2020 Term Loan. We terminated the revolving credit facility effective as of the closing of the 2020 Term Loan.

On May 5, 2021, we amended the financing agreement relating to the 2020 Term Loan (the "Amendment"), which modified certain provisions of the financing agreement, as well as provided for a $5.0 million term loan, that was funded into escrow (the "2021 Term Loan"). The 2021 Term Loan bore interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 10.00% per annum and matured at the same time as the 2020 Term Loan. The Amendment also increased the interest rate margin on the 2020 Term Loan by 1.00% per annum. Pursuant to the Amendment, the net proceeds of the June 2021 offering were not subject to the mandatory prepayment provision of the 2020 Term Loan. However, the Amendment required that the 2021 Term Loan be released in full from escrow to the lenders upon completion of the June 2021 offering.

As of December 31, 2021 the 2020 Term Loan bore interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 9.00% per annum. The principal amount of the 2020 Term Loan is repayable in equal quarterly installments of $875,000 through December 31, 2022, with the remaining unpaid principal amount of the 2020 Term Loan repayable on March 31, 2023.

The 2020 Term Loan contains restrictive covenants, financial covenants, and affirmative and financial reporting covenants restricting our and our subsidiaries' activities. As of December 31, 2021, the financial covenants in the 2020 Term Loan 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 2020 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. As of December 31, 2021, we were in compliance with all of the covenants under the 2020 Term Loan.

Cash Flows

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,		
	2021	2020	2019
		(In thousands)	
Net cash from (used in) operating activities	$ (48,962)	$ (5,372)	$ (16,466)
Net cash from (used in) investing activities	(3,666)	(5,777)	(4,481)
Net cash from (used in) financing activities	90,383	10,548	(29,917)
Net increase (decrease) in cash, cash equivalents, and restricted cash	37,755	(601)	(50,864)
Cash, cash equivalents, and restricted cash–beginning of period	45,842	46,443	97,307
Cash, cash equivalents, and restricted cash–end of period	$ 83,597	$ 45,842	$ 46,443

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 2021, net cash from (used in) operating activities was $(49.0) million and consisted of net income (loss) of $(88.4) million, non-cash items of $41.1 million, and a net change in operating assets and liabilities of $(1.7) million. Changes in operating assets and liabilities were primarily driven by decreases in accrued expenses and other current liabilities and other noncurrent assets and liabilities of $12.0 million and increases in inventories and receivables of $6.9 million, partially offset by a decrease in prepaid expenses and other current assets of $11.2 million and increases in accounts payable and deferred revenue of $6.0 million.

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.

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 2021, net cash from (used in) investing activities was $(3.7) million and consisted primarily of $(5.1) million for purchases of property and equipment, of which approximately $(2.7) million relates to capitalized software costs, to support business initiatives and ongoing product expansion, partially offset by $1.4 million of proceeds from the sales of fixed assets. In the future we expect to incur capital expenditures primarily related to the acceleration and execution of our growth strategy and to further optimize and drive efficiency in our operations and capitalized software costs. As of December 31, 2021, our projected capital expenditures are expected to amount to approximately $8.0 million to $10.0 million in the aggregate for 2022. The timing and amount of our projected expenditures is dependent upon a number of factors, including our ability to successfully execute on our accelerated growth strategy, and may vary significantly from our estimates.

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 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.

Net Cash from (used in) Financing Activities

Net cash from (used in) financing activities primarily relates to proceeds from issuances of Class A common stock, net borrowings and repayments of debt, payments of debt issuance costs, proceeds from exercises of stock options, and principal payments on capital lease obligations.

In 2021, net cash from (used in) financing activities was $90.4 million and consisted primarily of $70.3 million of proceeds from the November 2021 Capital Raise, net of issuance costs, $21.1 million of proceeds the public offering of Class A common stock, net of offering costs, $2.8 million of proceeds from the Salzberg Private Placement, net of issuance costs, and the deemed receipt of funds held in escrow relating to the Amendment, partially offset by the release back to the lenders of the funds held in escrow relating to the Amendment, repayments of debt, payments of debt issuance costs, 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.

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 $(54.0) million, $(11.4) million, and $(21.7) million for the years ended December 31, 2021, 2020, and 2019, respectively. In 2021, free cash flow consisted of $(49.0) million of net cash from (used in) operating activities and $(5.1) million for purchases of property and equipment, of which approximately $(2.7) million relates to capitalized software costs.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. 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.

Contractual Obligations

Debt

As of December 31, 2021, the remaining principal payments required under our 2020 Term loan are $30.6 million, of which $3.5 million is payable within 12 months, and the remaining interest payments required under our 2020 Term Loan are $5.0 million, of which $3.7 million is payable within 12 months. Estimated interest payments are subject to change due to the variable nature of the interest rates under our 2020 Term Loan as described in “Liquidity and Capital Resources – Debt financing transactions” above.

Leases

We lease fulfillment centers and office space under non-cancelable operating lease arrangements that expire on various dates through 2027, including non-cancelable operating leases for office space in New York City and Austin, Texas, currently occupied fulfillment centers in Linden, New Jersey and Richmond, California, and a previously occupied fulfillment center in Arlington, Texas and Jersey City, New Jersey. We also have various non-cancelable operating leases for certain equipment. As of December 31, 2021, we had lease payment obligations of $56.4 million, of which $16.1 million is payable within 12 months.

We have also entered into agreements to sublease portions of our corporate offices and fulfillment centers. The subleases continue through the duration of our existing leases for each location and entitle us to future minimum sublease payments of approximately $7.7 million as of December 31, 2021, of which $3.5 million is receivable within 12 months.

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, 2021, 2020, and 2019, 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. For the years ended December 31, 2021, 2020, and 2019, the inventory valuation reserve was $0.4 million, $0.3 million, and $1.5 million, respectively.

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.

Share-Based Payments

We recognize 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.

In February 2021, we granted 1,190,250 shares of performance-based restricted stock units for our Class A common stock to certain employees, including our executive officers. Such units are subject to vesting conditions that are tied to the achievement of certain stock price targets and time-based requirements beginning February 25, 2021 and continuing through February 25, 2024. As this grant was determined to include a market condition, we utilized the Monte Carlo simulation valuation model to value the grant. The total grant date fair value was $7.7 million, and will be recognized on a straight-line basis over the derived service periods, which range from 0.99 to 2.99 years, as determined by the Monte Carlo simulation valuation model.

In 2020, we did not grant any performance stock units.

In 2019, we granted 54,740 performance stock units of our Class A common stock to certain employees, including our 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.

Warrant Obligation

The Blue Torch warrant obligation issued in conjunction with the Amendment, as discussed in “Liquidity and Capital Resources – Debt financing transactions” above, is accounted for in accordance with ASC 815-40, *Contracts in an Entity’s Own Equity*, as a liability recognized at fair value, and is remeasured as of each balance sheet date with changes in fair value recorded in Other income (expense), net in the Consolidated Statements of Operations. The amount of each warrant to be issued under the obligation set forth in the financing agreement is based upon 0.50% of the then-outstanding shares of our common stock on a fully-diluted basis on the first day of each quarter beginning on or after July 1, 2021, so long as the 2020 Term Loan remains outstanding. As such, the fair value of the Blue Torch warrant obligation was calculated using the estimated amount of warrants to be issued over the life of the financing agreement multiplied by the closing price of our stock as of the balance sheet date, less $0.01 per share to represent each warrant’s exercise price. The estimated amount of shares to be issued was derived from our estimate of shares of our common stock on a fully-diluted basis over the life of the financing agreement.

In 2021, we recorded a non-cash loss in Other income (expense) of $(5.0) million in our Statement of Operations resulting from the change in the fair value of the Blue Torch warrant obligation upon remeasurement as of each reporting period. As of December 31, 2021, warrants issued under the Blue Torch warrant obligation to purchase 264,218 shares of

Class A common stock were unexercised. In January 2022, all warrants that had been issued under the Blue Torch warrant obligation were exercised in full, resulting in the issuance of 488,055 shares of Class A common stock.

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, 2021, there were no impairments of long-lived assets. 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 in Other operating expense on long-lived assets primarily related to the reprioritization of initiatives to support our growth strategy. 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. As of December 31, 2021, 2020, and 2019, we had accruals of $0.0 million, $1.1 million, and $2.1 million in Other operating expense for estimated legal settlements for which we concluded the loss was probable and reasonably possible.

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, 2021. 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, 2021 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, 2021. 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, 2021, 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.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

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 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021, which we refer to as our 2022 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 2022 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 2022 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 2022 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.

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	S-3	333-258315	4.1	07/30/2021	
3.2	Amended and Restated Bylaws of Blue Apron Holdings, Inc.	8-K	001-38134	3.1	11/04/2021	
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
4.3	Form of Lender Warrant	8-K	001-38134	4.1	05/06/2021	
4.4	Form of Rights Offering Warrant	S-3/A	333-259677	4.2	09/28/2021	
4.5	Form of 2021 Private Placement Warrant	8-K	001-38145	4.1	09/15/2021	
4.6	Form of Warrant Agent Agreement	S-3/A	333-259677	4.4	09/28/2021	
4.7	Form of 2022 Private Placement Warrant	8-K	001-38134	4.1	02/15/2022	
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 under 2012 Equity Incentive Plan	S-1	333-218425	10.6	06/01/2017
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*	Form of Performance Stock Unit Agreement under 2017 Equity Incentive Plan	10-Q	001-38134	10.1	05/06/2021
10.11	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
10.12	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

10.13	Seventh 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 September 29, 2021	10-Q	001-38134	10.1	11/09/2021
10.14	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
10.15	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
10.16	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
10.17	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

10.18	Amendment No. 1 to 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 dated as of November 19, 2020	10-K	001-38134	10.16	02/23/2021
10.19	Amendment No. 2 to Financing Agreement dated as of October 16, 2020, by and among Blue Apron Holdings, Inc. Blue Arpon, LLC, Blue Torch Finance LLC and the other parties thereto, dated as of May 5, 2021	8-K	001-38134	10.1	05/05/2021
10.20	Purchase Agreement, dated as of September 15, 2021, by and among Blue Apron Holdings, Inc., RJB Partners LLC and Matthew B. Salzberg	8-K	001-38134	10.1	09/15/2021
10.21	Registration Rights Agreement dated November 4, 2021, by and among Blue Apron Holdings, Inc., RJB Partners LLC and Matthew B. Salzberg	8-K	001-38134	10.1	11/04/2021
10.22	Purchase Agreement, dated as of February 14, 2022, by and between Blue Apron Holdings, Inc. and RJB Partners LLC	8-K	001-38134	10.1	2/15/2022
10.23	Registration Rights Agreement, dated as of February 14, 2022, by and between Blue Apron Holdings, Inc. and RJB Partners LLC	8-K	001-38134	10.2	2/15/2022

10.24*	Blue Apron Holdings, Inc. Executive Severance Benefits Plan	10-Q	001-38134	10.1	05/03/2018	
10.25*	Offer Letter for Linda F. Kozlowski	8-K	001-38134	99.2	04/02/2019	
10.26*	Offer Letter for Meredith L. Deutsch					X
10.27*	Offer Letter for Randy J. Greben	10-K	001-38134	10.19	02/23/2021	
10.28*	Offer Letter for Charlean Gmunder	10-K	001-38134	10.20	02/23/2021	
21.1	List of Subsidiaries	10-K	001-38134	21.1	02/22/2018	
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm					X
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.

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 25, 2022	/s/ Linda Findley 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 25th of February 2022.

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

BLUE APRON HOLDINGS, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2021 and 2020, the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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 25, 2022

BLUE APRON HOLDINGS, INC.

Consolidated Balance Sheets

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

	December 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 82,160	$ 44,122
Accounts receivable, net	234	116
Inventories, net	24,989	18,185
Prepaid expenses and other current assets	12,249	23,651
Total current assets	119,632	86,074
Property and equipment, net	108,355	125,208
Other noncurrent assets	3,719	4,053
TOTAL ASSETS	$ 231,706	$ 215,335
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 27,962	$ 23,691
Accrued expenses and other current liabilities	31,951	41,632
Current portion of long-term debt	3,500	3,500
Deferred revenue	7,958	6,269
Warrant obligation	8,001	—
Total current liabilities	79,372	75,092
Long-term debt	25,886	28,747
Facility financing obligation	35,886	35,957
Other noncurrent liabilities	10,509	11,564
TOTAL LIABILITIES	151,653	151,360
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, 2021 and December 31, 2020; 31,694,400 and 14,365,664 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	3	1
Class B common stock, par value of $0.0001 per share — 175,000,000 shares authorized as of December 31, 2021 and December 31, 2020; 0 and 3,493,791 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	—	1
Class C capital stock, par value of $0.0001 per share — 500,000,000 shares authorized as of December 31, 2021 and December 31, 2020; 0 shares issued and outstanding as of December 31, 2021 and December 31, 2020	—	—
Additional paid-in capital	746,564	642,106
Accumulated deficit	(666,514)	(578,133)
TOTAL STOCKHOLDERS' EQUITY	80,053	63,975
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 231,706	$ 215,335

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,		
	2021	**2020**	**2019**
Net revenue	$ 470,377	$ 460,608	$ 454,868
Operating expenses:			
Cost of goods sold, excluding depreciation and amortization	301,763	282,924	279,135
Marketing	72,086	49,934	48,133
Product, technology, general and administrative	145,442	137,244	144,925
Depreciation and amortization	22,203	24,503	31,200
Other operating expense	—	4,567	3,571
Total operating expenses	541,494	499,172	506,964
Income (loss) from operations	(71,117)	(38,564)	(52,096)
Gain (loss) on extinguishment of debt	(4,089)	—	—
Interest income (expense), net	(8,131)	(7,548)	(8,943)
Other income (expense), net	(5,021)	—	—
Income (loss) before income taxes	(88,358)	(46,112)	(61,039)
Benefit (provision) for income taxes	(23)	(42)	(42)
Net income (loss)	$ (88,381)	$ (46,154)	$ (61,081)
Net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	$ (3.97)	$ (3.06)	$ (4.67)
Diluted	$ (3.97)	$ (3.06)	$ (4.67)
Weighted-average shares used to compute net income (loss) per share attributable to Class A and Class B common stockholders:			
Basic	22,289,803	15,098,783	13,089,908
Diluted	22,289,803	15,098,783	13,089,908

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, 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
Conversion from Class B to Class A common stock	3,493,791	0	(3,493,791)	(1)	—	—	(1)
Issuance of common stock upon exercise of stock options and vesting of restricted stock, net of tax withholdings	623,045	0	—	—	—	—	—
Issuance of common stock, net of offering costs	5,411,900	1	—	—	21,143	—	21,144
Issuance of common stock from the Salzberg Private Placement, net of issuance costs	300,000	0	—	—	2,799	—	2,799
Issuance of common stock from the November 2021 Capital Raise, net of issuance costs	7,500,000	1	—	—	70,288	—	70,289
Share-based compensation	—	—	—	—	10,228	—	10,228
Net income (loss)	—	—	—	—	—	(88,381)	(88,381)
Balance — December 31, 2021	31,694,400	$ 3	—	$ —	746,564	(666,514)	80,053

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,		
	2021	**2020**	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (88,381)	$ (46,154)	$ (61,081)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:			
Depreciation and amortization of property and equipment	22,203	24,503	31,200
Loss (gain) on disposal of property and equipment	(987)	17	273
Loss (gain) on build-to-suit accounting derecognition	—	(4,936)	—
Loss on impairment	—	7,585	1,261
Loss on extinguishment of debt	4,089	—	—
Change in fair value of warrant obligation	5,021	—	—
Changes in reserves and allowances	(254)	(807)	(140)
Share-based compensation	9,699	8,457	8,970
Non-cash interest expense	1,365	1,452	601
Changes in operating assets and liabilities:			
Accounts receivable	(118)	132	324
Inventories	(6,839)	8,066	8,618
Prepaid expenses and other current assets	11,183	(14,387)	3,005
Accounts payable	4,345	(473)	1,661
Accrued expenses and other current liabilities	(9,401)	9,527	(2,190)
Deferred revenue	1,689	149	(5,912)
Other noncurrent assets and liabilities	(2,576)	1,497	(3,056)
Net cash from (used in) operating activities	(48,962)	(5,372)	(16,466)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(5,077)	(5,997)	(5,220)
Proceeds from sale of property and equipment	1,411	220	739
Net cash from (used in) investing activities	(3,666)	(5,777)	(4,481)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock, net of offering costs	21,144	32,867	—
Proceeds from the Salzberg Private Placement, net of issuance costs	2,799	—	—
Proceeds from the November 2021 Capital Raise, net of issuance costs	70,289	—	—
Receipt of funds held in escrow	5,000	34,028	—
Release of funds held in escrow	(5,000)	—	—
Repayments of debt	(3,500)	(55,553)	(28,900)
Payments of debt issuance costs	(214)	(1,076)	(812)
Proceeds from exercise of stock options	—	487	51
Principal payments on capital lease obligations	(135)	(205)	(256)
Net cash from (used in) financing activities	90,383	10,548	(29,917)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	37,755	(601)	(50,864)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of period	45,842	46,443	97,307
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of period	$ 83,597	$ 45,842	$ 46,443
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for income taxes, net of refunds	$ 40	$ 60	$ 60
Cash paid for interest	$ 7,009	$ 6,259	$ 9,951
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION:			
Acquisition (disposal) of property and equipment financed under capital lease obligations	$ —	$ (565)	$ —
Non-cash additions to property and equipment	$ 553	$ 338	$ 415
Purchases of property and equipment in Accounts payable and Accrued expenses and other current liabilities	$ 438	$ 512	$ 320

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.

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. 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.

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, 2021 and 2020 was $82.2 million and $44.1 million, respectively, and consist of qualifying money market accounts and amounts due from third party institutions which generally settle within three business days, of $4.3 million and $1.5 million as of December 31, 2021 and 2020, 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, 2021 and 2020.

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, 2021, 2020, and 2019. There are no significant concentration risks within the Company's Accounts receivable as of December 31, 2021 and 2020.

For the years ended December 31, 2021, 2020, and 2019, an individual shipping carrier accounted for 13.4%, 13.7% and 14.9% 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, 2021 and 2020.

The Company has experienced net losses in each year since inception. In the years ended December 31, 2021, 2020, and 2019, the Company incurred net losses of $88.4 million, $46.2 million, and $61.1 million, respectively. As of December 31, 2021, the Company has $82.2 million of cash on hand. The Company plans to continue to significantly increase marketing spend in 2022 to continue to invest to attract new and retain existing customers while maintaining compliance with its debt covenants. In addition, the 2020 Term Loan is repayable in equal quarterly installments with the remaining unpaid principal amount repayable on March 31, 2023. 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 initatives and deliver the results as forecasted, among other factors.

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, 2021, there were no impairments of long-lived assets. 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.

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.

The Blue Torch warrant obligation issued in conjunction with the Amendment, as discussed in Note 9, is accounted for in accordance with ASC 815-40, *Contracts in an Entity's Own Equity*, as a liability recognized at fair value, and is remeasured as of each balance sheet date with changes in fair value recorded in Other income (expense), net in the Consolidated Statements of Operations. For additional information on the Blue Torch warrant obligation, see Note 15.

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, 2021, 2020, and 2019, 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 $8.0 million and $6.3 million as of December 31, 2021 and December 31, 2020, respectively. During the year ended December 31, 2021, the Company recognized $5.4 million to Net revenue from the Deferred revenue at December 31, 2020.

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 $68.4 million, $45.1 million, and $41.4 million for the years ended December 31, 2021, 2020, and 2019, 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 $1.0 million and $1.5 million as of December 31, 2021 and 2020, 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. 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 Company's outstanding borrowings, capital lease financings, and build-to-suit lease financing offset by interest income on cash and cash equivalents.

Other Income (Expense), Net

Other income and expense consists of the change in fair value of the Blue Torch warrant obligation upon remeasurement as of each reporting period. For additional information on the Blue Torch warrant obligation, see Note 9 and Note 15.

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 standard on lease accounting, Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, which supersedes Topic 840, Leases. Subsequent to February 2016, 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*, ASU No. 2018-10, *Codification Improvements to Topic 842, Leases,* ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements,* ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities,* to improve and clarify certain aspects of ASU No. 2016-02, as well as to defer its effective date for certain entities, ASU No. 2021-05, *Leases (Topic 842): Lessors – Certain Leases with Variable Lease Payments*, and ASU No. 2021-09*, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. For the Company, the new standard is effective for annual periods beginning January 1, 2022, and interim periods beginning January 1, 2023. 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 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.

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.

Recently Adopted Accounting Pronouncements

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. The Company adopted ASU 2018-15 for the annual period beginning January 1, 2021 using a prospective approach. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

3. Inventories, Net

Inventories, net consist of the following:

	December 31,	
	2021	2020
	(In thousands)	
Fulfillment	$ 1,879	$ 3,366
Product	23,110	14,819
Inventories, net	$ 24,989	$ 18,185

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,	
	2021	2020
	(In thousands)	
Insurance proceeds receivable	$ —	$ 11,250
Prepaid insurance	6,929	$ 7,092
Other current assets	5,320	5,309
Prepaid expenses and other current assets	$ 12,249	$ 23,651

Estimated insurance proceeds recoveries 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.

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,			
	2021	2020	2019	2018
	(in thousands)			
Cash and cash equivalents	$ 82,160	$ 44,122	$ 43,531	$ 95,615
Restricted cash included in Prepaid expenses and other current assets	608	610	—	—
Restricted cash included in Other noncurrent assets	829	1,110	2,912	1,692
Total cash, cash equivalents, and restricted cash	$ 83,597	$ 45,842	$ 46,443	$ 97,307

6. Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2021	2020
	(In thousands)	
Computer equipment	$ 11,556	$ 11,110
Capitalized software	24,163	21,318
Fulfillment equipment	52,058	51,096
Furniture and fixtures	2,730	3,408
Leasehold improvements	32,507	32,969
Buildings(1)	114,877	114,877
Construction in process(2)	1,746	1,442
Property and equipment, gross	239,637	236,220
Less: accumulated depreciation and amortization	(131,282)	(111,012)
Property and equipment, net	$ 108,355	$ 125,208

(1) Buildings includes a build-to-suit lease financing in Linden, New Jersey where the Company is considered the owner for accounting purposes, and as of December 31, 2021 and 2020, contains $31.3 million of the capitalized fair value of the building, $80.8 million of costs incurred by the Company relating to this arrangement, and $2.8 million of capitalized interest for related construction projects. The Company capitalized the cost of interest for the related construction projects based on the applicable capitalization rate for the project.

(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, 2021, 2020, and 2019 was $22.2 million, $24.5 million, and $31.2 million, respectively.

As of December 31, 2021 and 2020, total equipment financed under capital leases was $0.7 million, with related accumulated depreciation of $0.7 million and $0.6 million, respectively. For the years ended December 31, 2021, 2020, and 2019 depreciation expense related to property and equipment under capital leases was $0.0 million, $0.1 million, and $0.2 million, respectively.

For the years ended December 31, 2021, 2020, and 2019 the Company capitalized software development costs of $3.4 million, $2.1 million, and $3.1 million including share-based compensation of $0.6 million, $0.3 million, and $0.4 million, respectively. As of December 31, 2021 and 2020, the net book value of capitalized software development costs was $4.6 million and $3.9 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, 2021, 2020, and 2019 was $2.7 million, $3.6 million and $5.5 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,	
	2021	2020
	(In thousands)	
Accrued compensation	$ 14,848	$ 17,189
Accrued credits and refunds reserve	1,258	1,547
Accrued legal settlements	—	12,250
Accrued marketing expenses	7,095	2,006
Accrued shipping expenses	1,344	2,060
Other current liabilities	7,406	6,580
Accrued expenses and other current liabilities	$ 31,951	$ 41,632

Accrued legal settlements reflect contingencies for which the Company has concluded the loss is probable and reasonably estimable. As of December 31, 2020, 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. The insurance proceeds receivable was recovered in full by the Company in the second quarter of 2021 following final resolution of the case. See Note 10 for further discussion of the accrued legal settlements.

8. Deferred Revenue

Deferred revenue consists of the following:

	December 31, 2021	December 31, 2020
	(In thousands)	
Cash received prior to fulfillment	$ 4,861	$ 1,550
Gift cards, prepaid orders, and other	3,097	4,719
Deferred revenue	$ 7,958	$ 6,269

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.

On October 16, 2020 (the "effective date"), the Company entered into a financing agreement which provided for a senior secured term loan in the aggregate principal amount of $35.0 million that matures in March 2023 (the "2020 Term Loan"). The proceeds of the 2020 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 2020 Term Loan.

On May 5, 2021 (the "closing date"), the Company amended the financing agreement relating to the 2020 Term Loan (the "Amendment"). Among other things, the Amendment:

(i) provided a $5.0 million term loan (the "2021 Term Loan"), which bore interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 10.00% per annum and matured at the same time as the 2020 Term Loan, on March 31, 2023. The 2021 Term Loan was prepayable and did not require periodic principal payments;

(ii) increased the interest rate margin on the 2020 Term Loan by 1.00% per annum, resulting in the 2020 Term Loan bearing interest, from and after the closing date, at a rate equal to LIBOR (subject to a 1.50% floor) plus 9.00% per annum;

(iii) waived the requirement that the borrower prepay the 2020 Term Loan with 50% of the proceeds of equity issuances, provided that the waiver expired upon the earlier of (i) such time as the cumulative net proceeds from equity issuances of the borrower otherwise requiring such prepayment exceed $30.0 million (calculated net of the prepayment of the 2021 Term Loan described below) or (ii) 60 days after the closing date;

(iv) required that the borrower prepay the 2021 Term Loan with 100% of the proceeds of equity issuances (in addition to the other mandatory prepayment provisions applicable to the 2020 Term Loan, which also applied to the 2021 Term Loan); and

(v) reduced the minimum liquidity covenant from $20.0 million at all times to $15.0 million at all times until the earlier of (i) May 15, 2022, and (ii) the date on which the 2021 Term Loan and all accrued and unpaid interest thereon is repaid in full.

The proceeds of the 2021 Term Loan were held in an escrow account and were considered qualified cash for purposes of the minimum liquidity covenant.

Pursuant to the Amendment, the net proceeds of the June 2021 offering (discussed in Note 11) were not subject to the mandatory prepayment provision of the 2020 Term Loan. However, the Amendment required that the 2021 Term Loan be released in full from escrow to the lenders upon completion of the June 2021 offering, upon which the minimum liquidity covenant was reset to $20.0 million at all times. The Company also repaid $0.5 million of the $1.0 million closing fee charged under the Amendment, which (i) bore interest at the same rate as of the 2021 Term Loan, and (ii) 50% of which was forgiven because the 2021 Term Loan was repaid within 60 days after the closing date.

As of December 31, 2021, the 2020 Term Loan bore interest at a rate equal to LIBOR (subject to a 1.50% floor) plus 9.00% 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, 2021, the remaining principal repayments required under the senior secured term loan are as follows:

		(In thousands)
Fiscal year ended December 31, 2022		3,500
Fiscal year ended December 31, 2023		27,125
	$	30,625

In connection with the Amendment, the Company agreed to prospectively grant warrants (the “Blue Torch warrant obligation”) to the lenders. Under the terms of the Blue Torch warrant obligation, so long as the 2020 Term Loan remains outstanding, on the first day of each quarter beginning on or after July 1, 2021, the Company will issue a warrant to the lenders to purchase at an exercise price of $0.01 per share such number of shares of Class A common stock of the Company as equals 0.50% of the then outstanding shares of common stock of the Company, on a fully-diluted basis. Subject to limited exceptions, subsequent to their respective issuance date the number of shares issuable upon exercise of each warrant is subject to increase each time the Company issues or sells any shares of common stock, common stock equivalents, options, or convertible securities for a consideration per share (including upon exercise, exchange, or conversion) of less than the fair market value per share of the Class A common stock as of the applicable issuance date in accordance with the Amendment. The warrants will expire five years after the applicable issuance date and will be exercisable on a cash basis or, at the election of the holder, on a cashless basis.

The Blue Torch warrant obligation was accounted for in accordance with ASC 815-40, *Contracts in an Entity’s Own Equity*, as a liability recognized at fair value as of the closing date, due to certain settlement provisions within the corresponding warrant obligation provisions under the financing agreement that do not meet the criteria to be classified in stockholders’ equity. The short-term portion of warrants to be issued, as well as the portion of warrants issued and exercisable for shares of Class A common stock, under the Blue Torch warrant obligation were recorded within Warrant Obligation, and the long-term portion within Other noncurrent liabilities on the Consolidated Balance Sheets. The Blue Torch warrant obligation is remeasured to fair value at each balance sheet date, with changes in fair value recorded in Other income (expense), net in the Consolidated Statements of Operations.

The Company evaluated the Amendment under ASC 470-50, *Modifications and Extinguishments*, which states that if the modification of the terms of an existing debt agreement is considered substantial, the transaction shall be accounted for as an extinguishment, with the amended debt instrument then initially recorded at fair value. The Company concluded that the modification was considered substantial, and qualified for extinguishment accounting under such guidance. Accordingly, the Company recorded a $4.1 million extinguishment loss in the Consolidated Statements of Operations, which consisted of (i) a $4.6 million loss related to the contemporaneous issuance of the Blue Torch warrant obligation, as discussed above, (ii) a $0.1 million loss related to fees paid on behalf of the lender, partially offset by (iii) a $0.6 million gain related to the difference between the fair value of the modified debt instrument and the net carrying value of the debt immediately before extinguishment.

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:

	December 31, 2021	December 31, 2020
	(In thousands)	
2020 Term Loan	$ 30,625	$ 34,125
Debt issuance costs, net	(1,239)	(1,878)
Total debt outstanding, net of debt issuance costs	29,386	32,247
Less: current portion of long-term debt	3,500	3,500
Long-term debt	$ 25,886	$ 28,747

The borrower under the 2020 Term Loan is the Company's wholly-owned subsidiary, Blue Apron, LLC. The obligations under the 2020 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 2020 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 2020 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, 2021, the Company was in compliance with all of the covenants under the senior secured term loan.

Facility Financing Obligation

As of December 31, 2021 and 2020, the Company had a facility financing obligation of $35.9 million and $36.0 million, respectively, related to the leased facility in Linden under the build-to-suit accounting guidance.

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 2027. 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, 2021 and 2020, deferred rent amounted to $1.5 million and $2.2 million, respectively, included in Other noncurrent liabilities and $1.1 million and $1.5 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 $7.7 million as of December 31, 2021.

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, 2021, 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)	
2022	$ 27	$ 2,528	$ 13,589
2023	4	2,579	9,946
2024	—	2,631	8,741
2025	—	2,683	6,181
2026	—	1,812	5,651
Thereafter	—	—	—
	$ 31	$ 12,233	$ 44,108
Less: amount representing interest and taxes	(1)		
Lease obligations net of interest and taxes	30		
Less: current portion of capital lease obligations	(25)		
Noncurrent portion of capital lease obligations	$ 5		

Rent expense was $6.3 million, $7.1 million and $9.0 million for the years ended December 31, 2021, 2020, and 2019, respectively, and is recognized in Product, technology, general, and administrative expenses in the Consolidated Statements of Operations.

As of December 31, 2021, 2020, and 2019, 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, 2021 and 2020, the Company had $1.4 million and $1.6 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, 2021 and 2020, the letters of credit were collateralized by noncurrent restricted cash of $0.8 million and $1.1 million, respectively, and current restricted cash of $0.6 million and $0.5 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 was 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 alleged 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 was 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 paid $1.0 million of the settlement amount into escrow, with the remaining $12.3 million balance of the settlement funded by the Company's insurers. The Company's contribution to the settlement represented 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 granted final approval of the settlement on May 10, 2021, and the deadline to appeal the court's final approval order has passed. The Company was also subject to two state putative class action lawsuits alleging federal securities law violations in connection with the IPO, which were substantially similar to the above-referenced federal court action. One of the state court actions was originally filed in the New York Supreme Court, but was voluntarily dismissed by plaintiffs on 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 second state lawsuit was voluntarily dismissed on May 12, 2021.

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 sought 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. On June 16, 2021, the plaintiff filed a notice of voluntary dismissal requesting that the court to dismiss the action without prejudice and retain jurisdiction of the action solely for the purpose of adjudicating the plaintiff's counsel's anticipated application for an award of attorney's fees and reimbursement of expenses in connection with purportedly mooted claims asserted by the plaintiff in the action. On June 22, 2021, the court dismissed the action but retained jurisdiction of the action solely for the purpose of adjudicating the plaintiff's counsel's anticipated application for fees and expenses. On July 28, 2021, the Company and plaintiff's counsel reached an agreement concerning plaintiff's counsel's claim for fees and costs without the need for court intervention.

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.

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. Stockholders' Equity (Deficit)

November 2021 Capital Raise

On September 15, 2021, the Company entered into a purchase agreement (the "Purchase Agreement") with RJB Partners LLC ("RJB"), an affiliate of Joseph N. Sanberg, an existing stockholder of the Company, and Matthew B. Salzberg, the Company's co-founder and former Chairman of the Board for an aggregate of $78.0 million of gross proceeds, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. The Company refers to this series of transactions as the "Capital Raise". The Purchase Agreement provided that, among other things:

- The Company would conduct a rights offering (the "Rights Offering"), pursuant to which the Company distributed, at no charge, to the holders of record of its outstanding shares of Class A common stock and certain outstanding warrants to purchase shares of Class A common stock held by the Company's lenders (the "Eligible Securityholders") one non-transferable subscription right (each, a "Subscription Right" and collectively, the "Subscription Rights") for each share of Class A common stock held or, in the case of the holders of the applicable outstanding warrants, each share of Class A common stock issuable upon exercise of such warrants. Each Subscription Right provided the Eligible Securityholder the right to purchase one unit consisting of (i) a fraction of (the "Applicable Fraction") of one share of Class A common stock, (ii) one warrant to purchase the Applicable Fraction of 0.8 of one share of Class A common stock at an exercise price of $15.00 per share, (iii) one warrant to purchase the Applicable Fraction of 0.4 of one share of Class A common stock at an exercise price of $18.00 per share, and (iv) one warrant to purchase the Applicable Fraction of 0.2 of one share of Class A common stock at an exercise price of $20.00 per share. The Applicable Fraction was equal to 0.185055707113895 based upon the shares held (or issuable upon exercise of the applicable outstanding warrants) by the Eligible Securityholders as of the record date. The subscription price for each unit was equal to $1.8505 (or $10.00 multiplied by the Applicable Fraction). 6,671,271 subscription rights were subscribed for in the rights offering, which closed on November 4, 2021, resulting in the issuance of (i) 1,234,187 shares of Class A common stock, (ii) warrants to purchase 987,645.417802738 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 493,822.7089013690 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 246,911.3544506840 shares of Class A common stock at an exercise price of $20.00 per share.

- RJB would purchase, in a private placement (the "Backstop Private Placement"), the number of shares of Class A common stock and warrants that remained unsubscribed at the expiration of the Rights Offering subscription period for an aggregate purchase price equal to $45.0 million less the aggregate purchase price received from purchasers of units in the Rights Offering. On November 4, 2021, RJB purchased $32.7 million of securities in the Backstop Private Placement and the Company issued (i) 3,265,813 shares of Class A common stock, (ii) warrants to purchase 2,612,354.58219726 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 1,306,177.291098630 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 653,088.645549316 shares of Class A common stock at an exercise price of $20.00 per share.

- RJB would purchase, in a private placement (the "Concurrent Private Placement"), on the same terms and concurrently with the consummation of the Backstop Private Placement and for an aggregate purchase price of $30.0 million, (i) 3,000,000 shares of Class A common stock, (ii) warrants to purchase 2,400,000 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 1,200,000 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 600,000 shares of Class A common stock at an exercise price of $20.00 per share. The Concurrent Private Placement closed on November 4, 2021. The Company refers to the Rights Offering, Backstop Private Placement, and Concurrent Private Placement, collectively, as the "November 2021 Capital Raise".

- Mr. M. Salzberg would purchase, on the same terms as the Backstop Private Placement and the Concurrent Private Placement (the "Salzberg Private Placement"), and for an aggregate purchase price of $3.0 million, (i) 300,000 shares of Class A common stock, (ii) warrants to purchase 240,000 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 120,000 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 60,000 shares of Class A common stock at an exercise price of $20.00 per share, resulting in $2.8 million of proceeds, net of issuance costs, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. The Salzberg Private Placement closed on September 15, 2021.

- Mr. M. Salzberg, Barry Salzberg, and Mr. Sanberg and certain of their respective affiliates, elected to convert all of their respective outstanding shares of Class B common stock into shares of Class A common stock, on a one-share-for-one-share basis, effective on September 15, 2021. In connection with the Corporate Reorganization discussed in Note 1, the Company had 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. The Class B common stock was substantially the same as the Class A common stock except Class B common stock had ten votes per share whereas Class A common stock has one vote per share. As a result of these voluntary conversions, pursuant to Section 7.2(d) of Part A of Article Fourth of the Company's Restated Certificate of Incorporation (the "Charter"), which provides for the automatic conversion of all outstanding Class B common stock when the outstanding shares of Class B common stock represent less than five percent (5%) of the combined voting power of the outstanding Class A common stock and Class B common stock, all of the Company's outstanding shares of Class B common stock automatically converted into shares of Class A common stock on a one-share-for-one-share basis (the "Class B Automatic Conversion"). Following the Class B Automatic Conversion, the Company has only one class of common stock outstanding, its Class A common stock, and the Company ceased to be a "controlled company" as defined under New York Stock Exchange listing rules.

Each warrant issued under the Purchase Agreement has a term of seven years from the date of issuance. Each such warrant may only be exercised for cash, except in connection with certain fundamental transactions, and no fractional shares will be issued upon exercise of the warrants. The warrants are non-transferable, except in limited circumstances, and have not been listed or otherwise trade on any stock exchange. The number of shares issuable upon exercise of the warrants and the applicable exercise prices is subject to adjustment upon the occurrence of certain events, including (i) dividends or distributions of shares of the Company's Class A common stock, (ii) subdivisions, combinations and certain reclassifications of shares of the Company's Class A common stock, (iii) certain additional issuances of Class A common stock or securities exercisable for or convertible into shares of Class A common stock at a price per share less than the market price for the Company's Class A common stock, (iv) distributions of assets other than Class A common stock, or (v) certain repurchases by the Company.

The shares of Class A common stock and warrants were issued separately and constitute separate securities. As of December 31, 2021, the warrants issued under the Purchase Agreement to purchase an aggregate of 10,920,000 shares of the Company's Class A common stock were unexercised. The Company conducted an assessment of the classification of the warrants issued under the Purchase Agreement and, based on their terms, concluded the warrants are equity-classified. Accordingly, the net proceeds have been recorded within stockholders' equity (deficit).

Under the Purchase Agreement, RJB agreed to a customary standstill for a period of three years, as well as provisions requiring RJB to vote all Company securities it beneficially owns, and to cause Company securities beneficially owned by Mr. Sanberg and certain of its or his respective affiliates to be voted, in each case in excess of 19.9% of the total voting power of the outstanding capital stock of the Company in the aggregate, in proportion to and in accordance with the vote of all stockholders of the Company.

As contemplated by the Purchase Agreement, on November 4, 2021, the Company entered into a registration rights agreement with RJB and Mr. M. Salzberg to provide them with customary registration rights with respect to the securities purchased in the private placements and other shares of Class A common stock owned by RJB and certain of its affiliates, and Mr. Salzberg. Further, the Purchase Agreement also requires the board of directors of the Company (the "Board") to approve specified environmental, social, and corporate governance measures, including the following: (i) using reasonable best efforts to conduct and complete a greenhouse gas emissions inventory survey by December 31, 2021 and to become "carbon neutral" in specified respects from and after March 31, 2022; (ii) establishing a minimum wage of at least $15.00 per hour to all hourly employees and adopting a policy to pay hourly employees wages at least equal to those offered by comparable companies; and (iii) using reasonable best efforts to cause Company nominees for election to the Board at the 2022 annual stockholders meeting (the "2022 Annual Meeting") to be composed of individuals at least half of whom are women and at least half of whom are persons of color and, if at least half the directors are not women or if at least half of the directors are not persons of color immediately after the 2022 Annual Meeting, to increase the size of the Board and appoint new directors, or obtain resignations from then-current directors, such that at least half of the directors are women and at least half of the directors are persons of color. The Company has engaged a national search firm to assist it in recruiting new Board members. The Company has further agreed, at the 2022 Annual Meeting, to propose amendments to its Charter, to: (i) permit stockholders representing at least twenty-five percent (25%) of the voting power of the Company's outstanding capital stock to call a special meeting of stockholders and (ii) eliminate the requirement that the affirmative vote of stockholders representing at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the Company's outstanding capital stock be required to (x) remove a director and (y) amend the Company's Charter or its bylaws, subject to certain exceptions. In connection with the closing of the Capital Raise, on November 4, 2021, the Company also amended its bylaws to adopt a "proxy access' provision.

Underwritten Public Offerings

On June 18, 2021, the Company completed an underwritten public offering (the "June 2021 offering"), pursuant to its universal shelf registration filed with the SEC on April 29, 2020 (the "2020 Shelf"), of 5,411,900 shares of the Company's Class A common stock, including the 705,900 shares issuable upon the underwriter's exercise of its option to purchase additional shares, resulting in $21.1 million of proceeds, net of underwriting discounts and commissions and offering costs.

On August 10, 2020, the Company completed an underwritten public offering, pursuant to the 2020 Shelf, 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.

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,		
	2021	2020	2019
		(In thousands)	
Cost of goods sold, excluding depreciation and amortization	$ 45	$ 98	$ 193
Product, technology, general and administrative	9,654	8,359	8,777
Total share-based compensation	$ 9,699	$ 8,457	$ 8,970

Performance Stock Awards

In February 2021, the Company granted 1,190,250 shares of performance-based restricted stock units for its Class A common stock to certain employees, including the Company's executive officers. Such units are subject to vesting conditions that are tied to the achievement of certain stock price targets and time-based requirements beginning February 25, 2021 and continuing through February 25, 2024. As this grant was determined to include a market condition, the Company utilized the Monte Carlo simulation valuation model to value the grant. The total grant date fair value was $7.7 million, and will be recognized on a straight-line basis over the derived service periods, which range from 0.99 to 2.99 years, as determined by the Monte Carlo simulation valuation model.

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.

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, 2021, 2020 and 2019, 1,453,718, 1,369,567 and 1,305,944 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, including performance-based restricted stock units, which were granted under the 2017 Equity Incentive Plan:

	Number of Shares		Weighted-Average Grant Date Fair Value
Unvested — December 31, 2020	1,694,199	$	9.65
Granted	1,440,714		6.09
Vested	(627,914)		11.41
Forfeited / canceled	(519,929)		8.18
Unvested — December 31, 2021	1,987,070	$	6.86

For the years ended December 31, 2021, 2020, and 2019, 627,914, 569,272, and 291,885 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, 2021 and 2020, the unrecognized share-based compensation related to unvested restricted stock units was $9.4 million and $16.2 million, respectively. As of December 31, 2021 and 2020, these costs are expected to be recognized over a weighted-average period of 1.85 and 2.79 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, 2020	59,936	$	100.96	4.43	$	—
Granted	—		—			
Exercised	—		—			
Forfeited / canceled	(22,178)		107.14			
Outstanding — December 31, 2021	37,758	$	97.33	4.09	$	—
Exercisable — December 31, 2021	37,758	$	97.33	4.09	$	—

The weighted-average grant date fair value of options granted for the years ended December 31, 2021, 2020, and 2019 was $0.00. The total intrinsic value of options exercised was $0.0 million, $0.0 million and $0.5 million for the years ended December 31, 2021, 2020, and 2019, respectively. The total grant date fair value of options vested for the years ended December 31, 2021, 2020, and 2019 was $3.1 million, $1.0 million and $4.0 million, respectively. For the years ended December 31, 2021, 2020, and 2019, the Company received $0.0 million, $0.5 million, and $0.1 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, 2021 and 2020, total unrecognized share-based compensation related to unvested options was $0.0 million. As of December 31, 2021 and 2020, the weighted-average recognition period was 0.00 years and 0.18 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, restricted stock units, and warrants. 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.

Prior to the Class B Automatic Conversion, the rights, including the liquidation and dividend rights, of the Class A common stock, Class B common stock, and Class C capital stock were substantially the same, other than voting rights. Following the Class B Automatic Conversion on September 15, 2021, the Company has only one class of common stock outstanding, its Class A common stock.

	Year Ended December 31,					
	2021		2020		2019	
(In thousands, except share and per-share data)	Class A	Class B	Class A	Class B	Class A	Class B
Numerator:						
Net income (loss) attributable to common stockholders	$ (78,861)	$ (9,520)	$ (34,453)	$ (11,701)	$ (31,930)	$ (29,151)
Denominator:						
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—basic	19,888,995	2,400,808	11,270,830	3,827,953	6,842,752	6,247,156
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—diluted	19,888,995	2,400,808	11,270,830	3,827,953	6,842,752	6,247,156
Net income (loss) per share attributable to common stockholders—basic (1)	$ (3.97)	$ (3.97)	$ (3.06)	$ (3.06)	$ (4.67)	$ (4.67)
Net income (loss) per share attributable to common stockholders—diluted (1)	$ (3.97)	$ (3.97)	$ (3.06)	$ (3.06)	$ (4.67)	$ (4.67)

(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,					
	2021		2020		2019	
	Class A	Class B	Class A	Class B	Class A	Class B
Stock options	46,537	—	3,923	123,817	65,022	254,138
Restricted shares	—	—	—	—	—	450
Restricted stock units	2,208,666	—	1,688,527	—	1,159,923	—
Warrants	11,184,218	—	—	—	—	—
Total anti-dilutive securities	13,439,421	—	1,692,450	123,817	1,224,945	254,588

14. Income Taxes

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

	Year Ended December 31,		
	2021	2020	2019
		(In thousands)	
Current provisions for income taxes:			
Federal	$ —	$ —	$ —
State	23	42	42
Total current	23	42	42
Deferred tax benefit:			
Federal	—	—	—
State	—	—	—
Total deferred	—	—	—
Provision for income taxes	$ 23	$ 42	$ 42

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,		
	2021	2020	2019
Tax at statutory federal rate	21.00 %	21.00 %	21.00 %
State tax — net of federal benefit	(0.04)%	(0.05)%	(0.09)%
Change in valuation allowance	(12.85)%	(11.10)%	(17.26)%
Share-based compensation	(0.79)%	(3.41)%	(3.47)%
Debt extinguishment and warrant obligation	(3.32)%	— %	— %
Charitable contributions	(4.73)%	(6.20)%	(0.65)%
Other	0.70 %	(0.33)%	0.40 %
Provision for income taxes	(0.03)%	(0.09)%	(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, 2021	December 31, 2020
	(In thousands)	
Deferred tax assets:		
Tax attribute carryforwards	$ 121,346	$ 109,246
Build-to-suit deferred tax assets	9,237	9,210
Inventories	3,052	2,338
Share-based compensation	1,074	500
Accruals, reserves, and other	12,370	12,105
Gross deferred tax assets	147,079	133,399
Deferred tax liabilities:		
Build-to-suit deferred tax liabilities	6,857	7,392
Gross deferred tax liabilities	6,857	7,392
Valuation allowance	140,222	126,007
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 $140.2 million and $126.0 million against the net U.S. deferred tax assets as of December 31, 2021 and 2020, respectively. The valuation allowance increased by $14.2 million during 2021, which was primarily a result of additional losses generated, partially offset by the expiration of certain charitable contribution carryforwards.

As of December 31, 2021, the Company had U.S. federal and state net operating loss carryforwards of $460.9 million and $197.7 million, respectively. Of the $460.9 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 $239.4 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, 2021 and 2020, 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, 2021	2020	2019
		(In thousands)	
Gross unrecognized tax benefits—beginning balance	$ —	$ —	$ 1,367
Decreases related to settlements	—	—	(1,174)
Decrease related to lapse of statute of limitations	—	—	(193)
Gross unrecognized tax benefits—ending balance	$ —	$ —	$ —

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, 2021 and 2020, 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, 2021 Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Cash and cash equivalents:				
Money market accounts	$ 2,635	$ —	$ —	$ 2,635
Total assets measured at fair value	$ 2,635	$ —	$ —	$ 2,635
Liabilities:				
Warrant obligation	$ —	$ —	$ 8,001	$ 8,001
Other noncurrent liabilities:				
Warrant obligation	—	—	1,588	1,588
Total liabilities measured at fair value	$ —	$ —	$ 9,589	$ 9,589

	December 31, 2020 Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Cash and cash equivalents:				
Money market accounts	$ 42,408	$ —	$ —	$ 42,408
Total assets measured at fair value	$ 42,408	$ —	$ —	$ 42,408

Money market accounts

Money market accounts are classified within Level 1 of the fair value hierarchy as they are valued using observable inputs that reflect quoted prices for identical assets in active markets. The carrying amount of the Company's money market accounts approximates fair value due to their short-term maturities.

Warrant obligation

The Blue Torch warrant obligation issued in conjunction with the Amendment, as discussed in Note 9, is accounted for in accordance with ASC 815-40, *Contracts in an Entity's Own Equity*, as a liability recognized at fair value, and is remeasured as of each balance sheet date with changes in fair value recorded in Other income (expense), net in the Consolidated Statements of Operations. The amount of each warrant to be issued under the obligation set forth in the financing agreement is based upon 0.50% of the then-outstanding shares of the Company's common stock on a fully-diluted basis on the first day of each quarter beginning on or after July 1, 2021, so long as the 2020 Term Loan remains outstanding. As such, the fair value of the Blue Torch warrant obligation was calculated using the estimated amount of warrants to be issued over the life of the financing agreement multiplied by the price of the Company's stock as of the closing date, less $0.01 per share to represent each warrant's exercise price. The estimated amount of shares to be issued was derived from the Company's estimate of shares of the Company's common stock on a fully-diluted basis over the life of the financing agreement. As of December 31, 2021, warrants issued under the Blue Torch warrant obligation to purchase 264,218 shares of Class A common stock were unexercised. In January 2022, all warrants that had been issued under the Blue Torch warrant obligation were exercised in full, resulting in the issuance of 488,055 shares of Class A common stock.

The following table summarizes the changes in the fair value of the Blue Torch warrant obligation as of December 31, 2021 and 2020:

	Balance as of December 31, 2020	Initial recognition	Loss (gain) on changes in stock price	Loss (gain) on changes in estimated common stock on a fully-diluted basis	Issuance of warrants	Balance as of December 31, 2021
			(In thousands)			
Warrant obligation	$ —	$ 4,567	$ 826	$ 2,420	$ 1,776	$ 9,589

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, 2021, 2020, and 2019 were $0.0 million, $7.6 million, and $1.3 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, 2021, 2020, and 2019 on those assets. Non-recurring fair value measurements for the years ended December 31, 2021, 2020, and 2019 included the following:

	Year Ended December 31, 2021		
	Carrying value before impairment	Fair value (Level 3)	Impairment Loss
Non-financial assets (in thousands)			
Long-lived assets	$ —	$ —	$ —

	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

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.

The Company temporarily reopened its Arlington fulfillment center beginning in January 2021 to leverage existing assets to meet forecasted demand while continuing to implement operating efficiencies at its other fulfillment centers. In April 2021, the Company closed down the temporarily reopened Arlington fulfillment center, with all production volume consolidated at its other fulfillment centers. The closure of the Arlington fulfillment center after its temporary reopening did not have a material impact on the Company's Consolidated Financial Statements.

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.

17. Subsequent Events

On February 14, 2022, the Company entered into a purchase agreement (the "February Purchase Agreement") with RJB, under which the Company agreed to issue and sell to RJB in a private placement (the "Private Placement"), for an aggregate purchase price of $5.0 million (or $14.00 per unit), 357,143 units each consisting of (i) 1 share of Class A common stock, (ii) 1 warrant to purchase 0.8 shares of Class A common stock at an exercise price of $15.00 per share, (iii) 1 warrant to purchase 0.4 shares of Class A common stock at an exercise price of $18.00 per share and (iv) 1 warrant to purchase 0.2 shares of Class A common stock at an exercise price of $20.00 per share. In the aggregate, RJB received (i) 357,143 shares of Class A common stock, (ii) warrants to purchase 285,714 shares of Class A common stock at an exercise price of $15.00 per share, (iii) warrants to purchase 142,857 shares of Class A common stock at an exercise price of $18.00 per share, and (iv) warrants to purchase 71,429 shares of Class A common stock at an exercise price of $20.00 per share, resulting in approximately $4.8 million of proceeds, net of issuance costs, without giving effect to the receipt of any exercise price of any warrants issued in the transactions. The Private Placement closed on February 14, 2022.

The February Purchase Agreement contains customary representations from the Company, on the one hand, and RJB, on the other hand. In accordance with the terms of the February Purchase Agreement, RJB has also agreed to a customary standstill for a period of three years, as well as provisions requiring RJB to vote all Company securities it beneficially owns, and to cause Company securities beneficially owned by Joseph N. Sanberg and certain of its or his respective affiliates to be voted, in each case in excess of 19.9% of the total voting power of the outstanding capital stock of the Company in the aggregate, in proportion to and in accordance with the vote of all stockholders of the Company. Concurrently with the execution of the February Purchase Agreement, the Company and RJB entered into a registration rights agreement (the "Registration Rights Agreement") with respect to the securities purchased in the Private Placement, pursuant to which the Company agreed, among other things, to file a registration statement (the "Shelf Registration Statement") with the Securities and Exchange Commission (the "SEC") on the earliest of (i) February 14, 2023, (ii) within thirty (30) days of the date requested by RJB and (iii) such other date as mutually agreed by the

Company and RJB, covering the resale of the shares of Class A common stock and shares of Class A common stock underlying the warrants issued to RJB under the Purchase Agreement (collectively, the “Registrable Securities”). Further, at any time the Shelf Registration Statement is not effective, subject to the terms and conditions of the Registration Rights Agreement, the Company is required upon a demand by RJB to file and cause to be declared effective a shelf registration statement registering the resale of the Registrable Securities, provided that RJB and its affiliates are entitled to a total of four demands in the aggregate under the Registration Rights Agreement and previous rights granted to such parties by the Company pursuant to a separate registration rights agreement in November 2021. In addition, the Registration Rights Agreement provides certain piggyback registration rights to RJB; however, so long as a Shelf Registration Statement is effective, then, subject to the terms and conditions of the Registration Rights Agreement, the Company shall have no obligation to allow RJB to exercise its piggyback registration rights and include Registrable Securities in another registration statement being filed by the Company.

The Registration Rights Agreement contains customary covenants and indemnification provisions that the parties made to, and solely for the benefit of, each other in the context of the terms and conditions of the Registration Rights Agreement, the February Purchase Agreement, and the transactions contemplated thereunder. The provisions of the Registration Rights Agreement, including any representations, warranties and covenants contained therein, were made solely for the benefit of the parties thereto and may be subject to limitations agreed upon by the contracting parties.

Each warrant issued in the Private Placement has a term of seven years from the date of issuance. Each such warrant may only be exercised for cash, except in connection with certain fundamental transactions, and no fractional shares will be issued upon exercise of the warrants. The warrants will be nontransferable, except in limited circumstances, and will not be listed or otherwise trade on any stock exchange. The number of shares issuable upon exercise of the warrants and the applicable exercise prices will be subject to adjustment in certain events, including (i) dividends or distributions of shares of the Company’s Class A common stock, (ii) subdivisions, combinations and certain reclassifications of shares of the Company’s Class A common stock, (iii) certain additional issuances of Class A common stock or securities exercisable for or convertible into shares of Class A common stock at a price per share less than the market price for the Company’s Class A common stock, (iv) distributions of assets other than Class A common stock, or (v) certain repurchases by the Company.

The Company intends to use the net proceeds of the Private Placement for working capital and general corporate purposes, including to continue to accelerate its growth strategy.

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, 2021	$ 126,007	$ -	$ 14,215	$ -	$ 140,222
Fiscal year ended December 31, 2020	$ 120,330	$ -	$ 5,677	$ -	$ 126,007
Fiscal year ended December 31, 2019	$ 109,774	$ -	$ 10,556	$ -	$ 120,330
Inventory Valuation Reserve:					
Fiscal year ended December 31, 2021	$ 330	$ 827	$ -	$ (792)	$ 365
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
Credits and Refunds Reserve:					
Fiscal year ended December 31, 2021	$ 1,522	$ 19,552	$ -	$ (19,839)	$ 1,235
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

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 by-laws (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.

As of January 31, 2022, there were no shares of Class B common stock or Class C capital stock outstanding. See "Class A, Class B and Class C Stock-Conversion" below.

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 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

On September 15, 2021, certain existing holders of Class B common stock elected to convert all of their outstanding shares of Class B common stock voluntarily into Class A common stock, effective immediately. As a result of these conversions, pursuant to the Certificate of Incorporation which provides for the automatic conversion of all outstanding shares of Class B common stock when the outstanding shares of Class B common stock represents less than 5% of the combined voting power of the outstanding shares of Class A common stock and Class B common stock, each outstanding share of Class B common stock automatically converted into one share of Class A common stock. 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, it would first have to amend its Certificate of Incorporation with the approval of its board of directors and stockholders in accordance with the General Corporation Law of the State of Delaware.

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

Historically, the Certificate of Incorporation and Bylaws provided for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. In 2021, the Company's board of directors and stockholders approved an amendment to the Certificate of Incorporation to declassify the board of directors. This amendment is referred to as the Declassification Amendment. The Declassification Amendment became effective in June 2021. In accordance with the Certificate of Incorporation, as amended by the Declassification Amendment, directors will be elected to one-year terms of office beginning at the Company's 2022 annual meeting of stockholders, such that at its 2024 annual meeting of stockholders, there will be a single class of directors subject to annual election for one-year terms. Prior to the 2024 annual meeting of stockholders, a person elected to fill a vacancy or a newly created directorship shall hold office until the next election of the class for which such director shall have been chosen.

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. See “Proposed Amendments” below.

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. See “Proposed Amendments” below.

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.

In addition, the Bylaws contain a proxy access provision that allows a stockholder or group of up to 20 stockholders owning at least 3% of the Company's outstanding shares of common stock continuously for at least three years to nominate and include in the Company's proxy materials director nominees constituting up to 20% of the number of directors in office or two nominees, whichever is greater, provided the stockholder(s) and nominee(s) satisfy the requirements in the bylaws. Stockholders must give timely written notice to the Company's secretary, in proper form, to include nominees in the Company's proxy materials for an annual meeting.

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.

Proposed Amendments

The Company intends to propose amendments to its Certificate of Incorporation, in connection with its 2022 annual meeting of stockholders to:

- permit one or more stockholders, representing at least twenty-five percent (25)% of the voting power of its outstanding capital stock to call a special meeting of stockholders;

- eliminate the requirement that the affirmative vote of a supermajority of stockholders be required to remove a director; and
- eliminate the requirement that the affirmative vote of a supermajority of stockholders be required to amend the Certificate of Incorporation or Bylaws, subject to certain exceptions.

Exhibit 10.26

August 7, 2019

Meredith L. Deutsch

Dear Meredith,

Congratulations! We are delighted to offer you the opportunity to share in our mission of making incredible home cooking accessible to everyone. 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 General Counsel and Corporate Secretary of Blue Apron beginning on or about September 9, 2019 (the “Commencement Date”) with an annual base salary of $355,000.00, at the Company's offices located in New York, New York (Flatiron). 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 $400,000 (the “New Hire Grant”). Your New Hire Grant will vest over four years in accordance with the vesting schedule applicable to such equity award. The New Hire Grant will be subject to the terms and conditions of Blue Apron’s equity incentive plan, equity compensation program and the award agreement applicable to the New Hire Grant, including vesting requirements. In addition, in connection with the Company’s annual employee review process, you will also be eligible to receive an annually recurring equity award having a target value equal to the target value of your New Hire Grant (the “Annual Grant”), subject to the approval of Blue Apron’s Board of Directors at such time. In order to be eligible for the next Annual Grant, you must commence employment with the Company prior to November 1. Your Annual Grant will vest over four years in accordance with the vesting schedule applicable to such equity award, and shall be subject to the terms and conditions of Blue Apron’s equity incentive plan, equity compensation program and the award agreement applicable to the Annual Grant, including vesting requirements.

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 started after the 1st of the year of the current measurement period (January 1 through December 31 of such year). 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 performance. Notwithstanding the forgoing, your bonus payment for the 2019 fiscal year shall be guaranteed at 100% of your target bonus amount subject to proration based on your start date with the Company. You must be employed by the Company on the date bonus payments are made to receive such bonus award, except as otherwise may be set forth in the Severance Plan (defined below).

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 ("Severance Plan") and thus be eligible to receive the associated benefits thereunder.

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. The Company will reimburse you, or pay directly, for reasonable and documented legal fees incurred by you in connection with the negotiation of this Agreement up to a maximum of $5,000. Such documentation shall be promptly submitted to the Company following full execution of this Agreement.

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 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.

This Agreement, together with the Covenants Agreement and the Indemnification Agreement to be entered into between you and the Company (in substantially the form attached as an exhibit to the Company's Annual Report on Form 10-K), contain the entire agreement of you and the Company with respect to the subject matter hereof and supersede all prior agreements and understandings relating to the subject matter hereof, including, without limitation, the Non-Disclosure Agreements dated July 8, 2019 and July 22, 2019.

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 August 9, 2019 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/ Meredith L. Deutsch
Meredith L. Deutsch
Date: 8/7/2019

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 25, 2022, 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, 2021, and the financial statement schedule of Blue Apron Holdings, Inc. included herein.

/s/ Ernst & Young LLP

New York, New York
February 25, 2022

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 25, 2022

/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 25, 2022

/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, 2021, 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 25, 2022

/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, 2021, 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 25, 2022	/s/ Randy J. Greben
	Randy J. Greben Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)