



LOVESAC[®]

Designed for Life[™] Furniture Co.

Investor Presentation
December 2022

This presentation by The Lovesac Company (the “Company,” “we,” “us,” and “our”) includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements are subject to a number of risks, uncertainties and assumptions, and you should not rely upon forward-looking statements as predictions of future events. You can identify forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “would,” “will,” “target,” “contemplates,” “continue” or the negative of those words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. These statements are based on management’s current expectations and/or beliefs and assumptions about future events and trends that management considers reasonable, which assumptions may or may not prove correct. We may not actually achieve the plans, carry out the intentions or meet the expectations disclosed in the forward-looking statements and you should not place undue reliance on these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors. Some of the key factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include, but are not limited to, the effect and consequences of COVID-19 on our business, sales, results of operations and financial condition; changes in consumer spending and shopping preferences, and economic conditions; our ability to achieve or sustain profitability; our ability to manage and sustain our growth effectively, including our ecommerce business, forecast our operating results, and manage inventory levels; our ability to advance, implement or achieve our sustainability, growth and profitability goals through leveraging our Designed for Life philosophy or Circle to Consumer business model; our ability to realize the expected benefits of investments in our supply chain and infrastructure; disruption in our supply chain and dependence on foreign manufacturing and imports for our products; our ability to acquire new customers and engage existing customers; reputational risk associated with increased use of social media; our ability to attract, develop and retain highly skilled associates; system interruption or failures in our technology infrastructure needed to service our customers, process transactions and fulfill orders; any inability to implement and maintain effective internal control over financial reporting or inability to remediate any internal controls deemed ineffective; unauthorized disclosure of sensitive or confidential information through breach of our computer system; the ability of third-party providers to continue uninterrupted service; the impact of tariffs, and the countermeasures and tariff mitigation initiatives; the regulatory environment in which we operate, our ability to maintain, grow and enforce our brand and intellectual property rights and avoid infringement or violation of the intellectual property rights of others; our ability to improve our products and develop and launch new products; our ability to successfully open and operate new showrooms; and our ability to compete and succeed in a highly competitive and evolving industry, as well as those risks and uncertainties disclosed under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (“SEC”), and similar disclosures in subsequent reports filed with the SEC, which are available on our investor relations website at investor.lovesac.com and on the SEC website at www.sec.gov. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. We undertake no obligations to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law.

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Use of Non-GAAP Information

This presentation includes certain non-GAAP financial measures that are supplemental measures of financial performance not required by, or presented in accordance with, GAAP, including Adjusted EBITDA. We define “Adjusted EBITDA” as earnings before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include management fees, equity-based compensation expense, write-offs of property and equipment, deferred rent, financing expenses and certain other charges and gains that we do not believe reflect our underlying business performance. We have reconciled this non-GAAP financial measure with the most directly comparable GAAP financial on slides 41 and 42.

We have also presented herein certain forward-looking statements about the Company’s future financial performance that include non-GAAP (or “as-adjusted”) financial measures, including Adjusted EBITDA. This non-GAAP financial measure is derived by excluding certain amounts, expenses or income, from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts that are excluded from this non-GAAP financial measure is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measure to its most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures, which could be significant in amount.

We believe that these non-GAAP financial measures not only provide its management with comparable financial data for internal financial analysis but also provide meaningful supplemental information to investors. However, other companies in our industry may calculate these items differently than we do. These non-GAAP measures should not be considered as a substitute for the most directly comparable financial measures prepared in accordance with GAAP, such as net income (loss) or net income (loss) per share as a measure of financial performance, cash flows from operating activities as a measure of liquidity, or any other performance measure derived in accordance with GAAP.



Changeable



Maintainable



Moveable



Rearrangeable



Upgradable



Waste-less



We intend to become one of *the* biggest, *the* most innovative, and *the* most beloved furniture brands in the world.

LOVESAC's Senior Executive Management Team

LOVESAC



Shawn Nelson
Founder & CEO
20+ Years at Lovesac

Mary Fox
President & COO
1+ Years at Lovesac
(Previous Lovesac Board Member)

Jack Krause
Chief Strategy Officer
6+ Years at Lovesac
(New Lovesac Board Member)

Donna Dellomo
EVP & CFO
5+ Years at Lovesac

Todd Duran
CIO
Under 1 Year at Lovesac

John Legg
Chief Supply Chain Officer
Under 1 Year at Lovesac

LOVESAC



L'ORÉAL

Walmart



VITAMIN
WORLD

FOSSIL
GROUP



SCYBEX

PERFUMANIA

sleep number



LOWE'S

Kellogg's



GLOBAL BRANDS
GROUP



ZALE CORPORATION

purple

Lovesac at a Glance

SACTIONALS[®]

The World's Most Adaptable Couch.[™]



FY2022 Key Financial Metrics



NET SALES
\$498.2 million
(87.6% of Net Sales = Sactionals)



NET SALES GROWTH
55.3%
(4 YEAR CAGR of 48.7%)



GROSS PROFIT
\$273.3 million



GROSS MARGIN
54.9%



ADJ. EBITDA¹
\$55.5 million



BALANCE SHEET
**\$92.4 million cash
and cash equivalents**



GEOGRAPHIC PRESENCE
**189 Retail Locations in 40
states in U.S.²**



CUSTOMER LTV³
\$2,840



CUSTOMER ACQUISITION COST
\$549



NEW CUSTOMERS⁴
120K in FY2022



REPEAT CUSTOMERS
**41.6% of Transactions in
FY2022**

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 41.

² Represents Retail metrics as of Q3 FY 2023 to include 173 Lovesac branded showrooms, 2 mobile concierge and 14 kiosks.

³ Represents year one average value for FY 2022 new cohort (actual purchases, not projected).

⁴ Represents new customers as of FY 2022.

Mid-luxury positioning target customer is 25 to 45 year-old “young parent want-it-all” with our key customer between ages of 35 to 39 years old

Disruptive home furniture lifestyle retail/DTC brand with heritage of innovation across growing product portfolio and **64 issued patents**¹

Concentrated SKU count combined with redundant manufacturing spread across multiple geographies, allows for **delivery of customers’ orders within days**

Proven **omni-channel advantage** with strong ecommerce performance, highly productive showrooms and touchpoints, expanding marketing ROIs and strong channel partnerships

Focus on sustainability, having **repurposed** more than **100 million plastic water bottles**

Attractive financial profile with **54.9%** reported gross margin for FY2022 compared to 54.5% reported gross margin for FY2021 despite strong supply chain headwinds

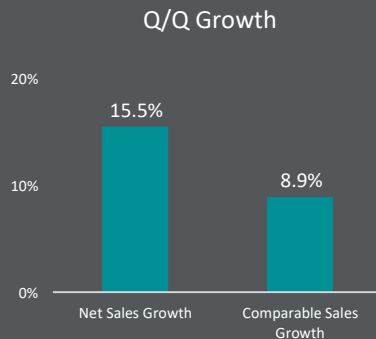
¹ As of January 30, 2022.



Recent Developments

- **Footprint expansion:** Net addition of 37 showrooms and 6 kiosks and remodeled 3 showrooms in the fiscal Q3 year-to-date period; Operated a total of 22 new Best Buy shop-in-shops in addition to online pop-up-shops with Costco
- **Innovation:** Stealthtech sound-plus-charge product in partnership with Harman Kardon delivering increasing attachment rates as adoption continues to grow on a sequential basis
- **In-stocks:** Maintained industry leading in-stock positions, despite the challenging supply chain environment
- **Customer satisfaction:** Continued investments in processes, systems, services and infrastructure driving improving customer satisfaction scores
- **Disciplined growth investments:** Three key areas: 1) distribution capacity 2) supply chain and technology investments 3) IT capabilities
- **Sustainability:** Foundational sustainability commitment continues to resonate with consumers

FY 2023 Q3 and FY 2023 Financial Update



- Showroom net sales increased 19.0%
 - “Other” channel net sales increased 61.8%
 - Internet channel net sales decreased (6.3%)
-
- 8.5% increase in gross margin \$
 - (3.0%) decrease in gross margin % primarily due to supply chain headwinds
 - Negative adjusted EBITDA¹ of (\$8.4M)
 - \$3.8M in cash and cash equivalents and \$154.4M in merchandise inventories at the end of the quarter

Outlook

FY2023 Q4 GUIDANCE

- Expect net sales growth in the high single digits to mid-teens range
- Gross margin is expected to be up approximately 115 bps from the prior year period due to lower inbound freight expense that is expected to more than offset higher promotional discounting, warehousing costs, and outbound last mile fuel surcharges
- Anticipate Adjusted EBITDA¹ margin rate to increase approximately 325 bps versus the same quarter LY

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 41.

Touchpoints

- In 3Q23, opened 16 showrooms, closed 1 and remodeled 3
- On a Q3 year to date basis, opened 38 showrooms and 6 kiosks



- Operated temporary online pop-up-shops in Q3 and restarting physical roadshows
- In FY23, will continue to pursue opportunities with other partners



- Extended our Best Buy shop-in-shops by 18 locations, bringing total count to 22 locations
- Look forward to continued expansion of this partnership



Disruptive Model

Traditional Model

Long lead time, inventory & personnel heavy delivery

Low excitement and **mundane** products

Non-engaged commodity shoppers

Numerous, unproductive, **large stores**

Broad merchandising & seasonal **assortments**



LOVESAC

Direct to consumer with ability to ship next day

Patented, inventive, Designed For Life products

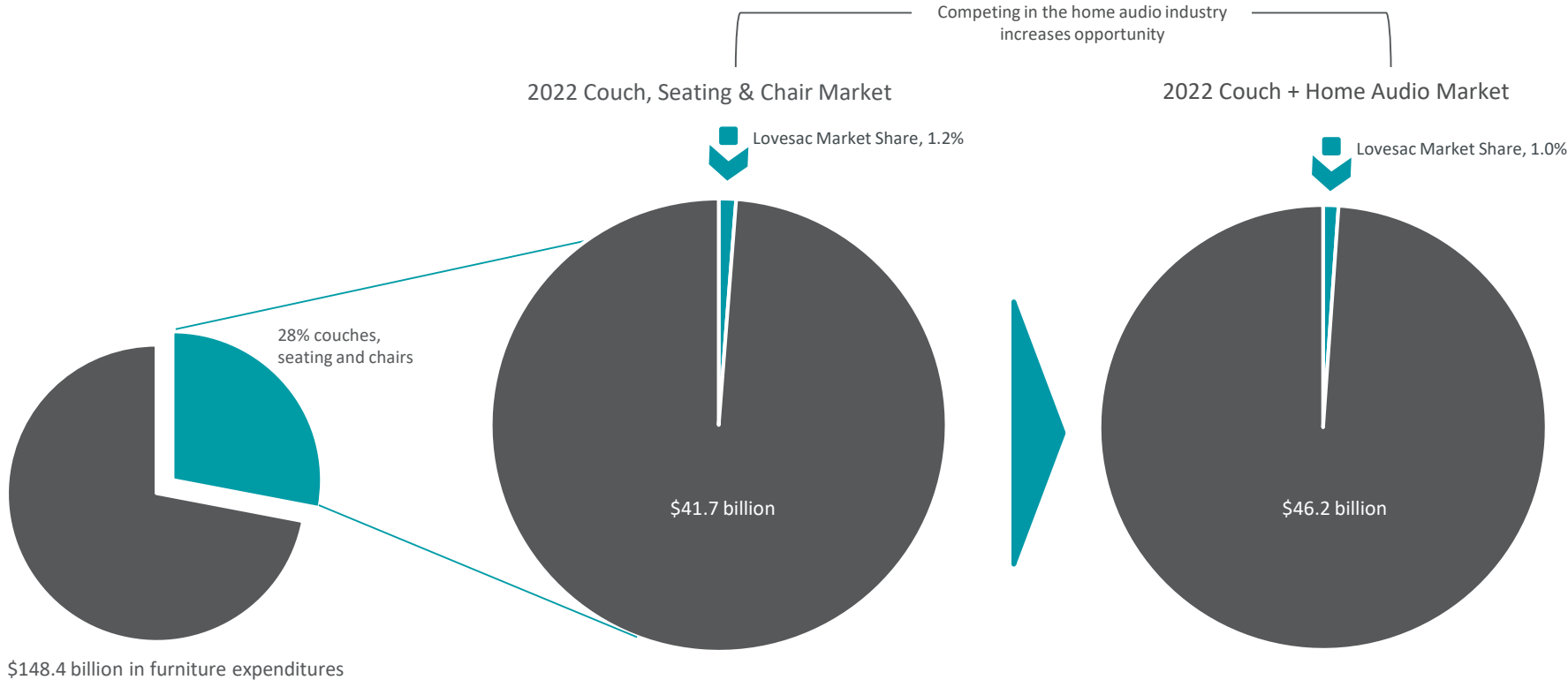
Highly engaged brand advocates

Productive, **inventory light**, small showrooms

Focused product categories, product **platforms**

Massive, Untapped Addressable Market

Furniture expenditures are expected to grow 4.96% per year through 2025 from \$148.4 billion to \$189 billion and the home audio segment is expected to reach \$4.9 billion by 2025. Lovesac captures a small portion of this \$46+ billion, representing a greenfield of opportunity in the space.



Next-gen premium modular couch with **two simple pieces – seats and sides**

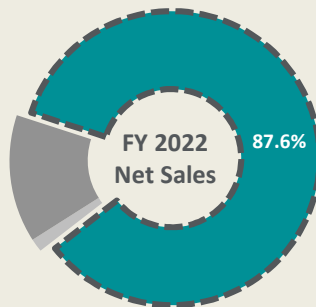
Patented modular system makes it easy to assemble & change over time

Enables endless **permutations of a sectional couch**

Over **200** customizable, machine washable removable **covers that fit like upholstery**

Introduced the new **Sactionals StealthTech Sound + Charge** product line in October 2021

Designed for Life: Built to last a lifetime, designed to evolve



Sactionals is a Platform, Not a Product

LOVESAC

Comfort



Drink Holder



Seat Table



Footsac Blanket

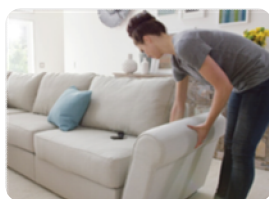


Coaster & Couch Bowl

Decor



Custom Covers & Dec Pillows



Roll Arm

Function/Upgrade



Sactionals StealthTech Sound + Charge



Power Hub

Platform Extension



Outdoor Sactionals



41.6% of Lovesac transactions are from repeat customers¹

¹ % Transactions that are repeat is calculated by dividing transactions dollars from existing customers over total transactions dollars for FY2022. We based this on our internal data relating to customers purchasing in fiscal 2022.



- 29 quick-ship covers constitute more than 94% of all covers sales¹
- Approximately 200 custom covers offer broad choice with lean inventory



- Fabrics manufactured for wash
- Fabrics engineered & tested for durability
- Changeable covers



- Hardwood frames + sinuous springs enable proper sit
- 3 cushion-types: standard, down-fill, & down-alternative
- “Total Comfort”

¹ Quick ship sectional covers demand sales as a % to total sectional cover as of YTD Q4 FY2022

LOVESAC STEALTHTECH

- StealthTech is an ingredient brand under the Lovesac trademark
- Enhances user experience of Lovesac products by embedding premium technology that addresses key consumer use cases for activities on or around our respective product platforms
- Enables technology embedded inside Lovesac products to be completely hidden from view, eliminating the trade off between function and style



INVISIBLE FUNCTIONALITY

SACTIONALS STEALTHTECH SOUND + CHARGE

- LOVE holds patents that are key to making Sactionals StealthTech Sound + Charge truly innovative
- Proprietary technology tunes system to unique layout of customer's Sactionals, providing optimal sound quality from every seat
- Developed optimization of sound properties to precise characteristics, density, and color of customer's Sactionals Covers, allowing sound to pass through fabric and upholstery with superior quality and immaculate clarity; Adapts to virtually any configuration and cover selection for personalized experience



Enhanced
Functionality
With No
Impact to
Style

StealthTech™ comes w/ core bundle and can be augmented for any configuration

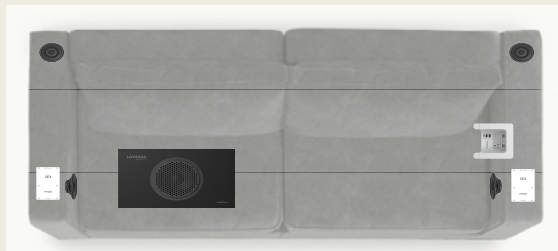
LOVESAC

6 Speaker Immersive Sound + Charge System



MSRP \$3,700

**Pricing includes cost of the Side inserts. Net increase to customer is \$3,250 at MSRP.*



Add-On Enhancement

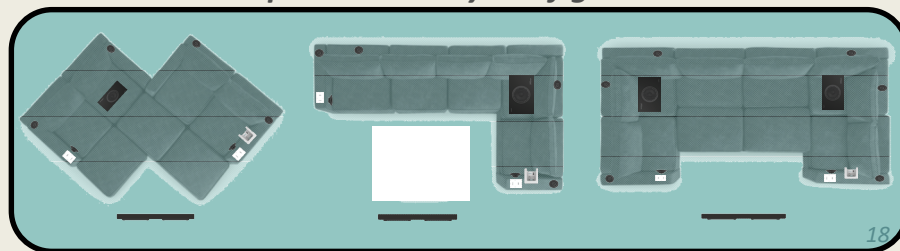
Satellite Sound Side



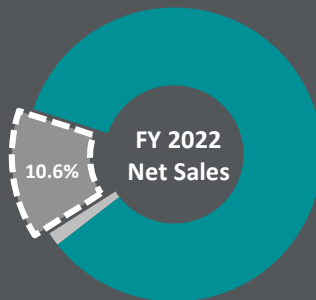
MSRP: \$500

Up to 4 Satellite Sound Sides can be purchased

Optimize To Any Configuration



- Category leader in oversized beanbags
- Product line offers **6 different sizes ranging from 25lbs to 95lbs**
- Capacity to seat 3+ people on the larger model Sacs



- Durafoam™ filling
- Sacs shrink to **1/8 original volume for shipping**
- Multiple shapes, sizes with washable, changeable covers



Our Innovative Product Portfolio Continues to Expand

LOVESAC

Sacs



Sactionals



Accessories



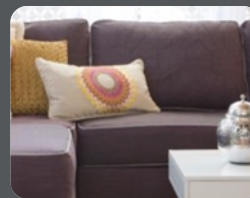
Footsac Blanket



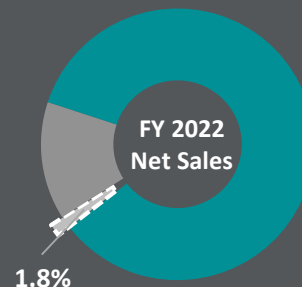
Drink Holder



Seat Table



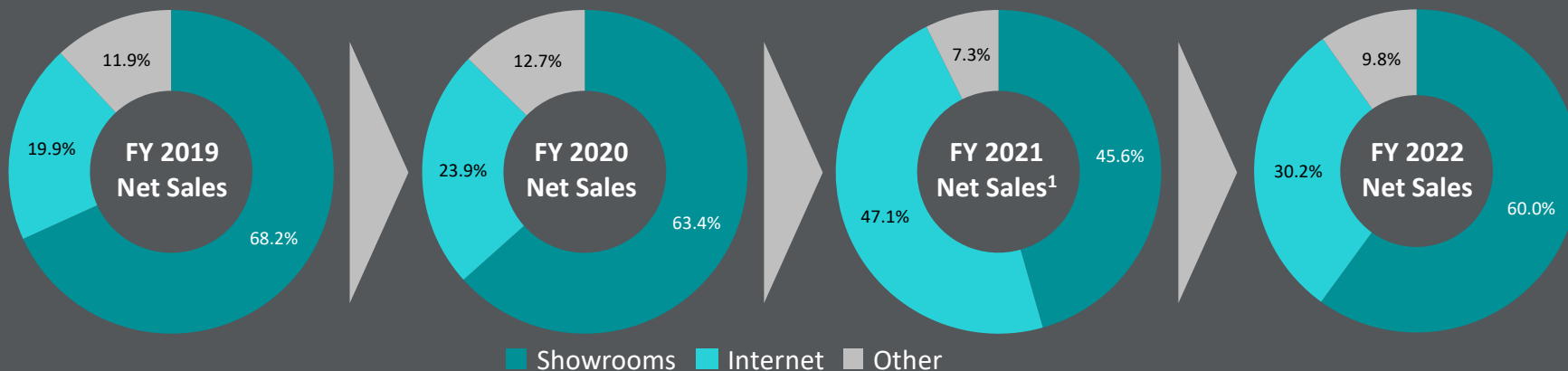
Custom Covers &
Dec Pillows





Balanced Omni-Channel Strategy

Diversifying Channel Mix



Showrooms and Touchpoints

- Small-footprint retail locations in high-end malls create an environment where consumers can see, touch, and understand the products
- Other physical touchpoints includes mobile concierges and kiosks

Internet

- eCommerce channel drives deeper brand engagement and loyalty

Other

- In store pop-up shops provide lower cost retail footprint that enables the Company to extend brand reach
- Expanded the use of shop-in-shops into Best Buy and online at Best Buy.com
- Hosted 8 online pop-up-shops on Costco.com in FY2022

¹ Significant channel mix shift a result of an increase in Internet sales and decrease in Showroom sales due to the impact of showroom closures related to COVID-19.

38

28 new showrooms, 8 kiosks, and 2 mobile concierges opened in FY2022

37

Net addition of 37 showrooms and 6 kiosks Q3 YTD 2023

Lovesac Showroom Features

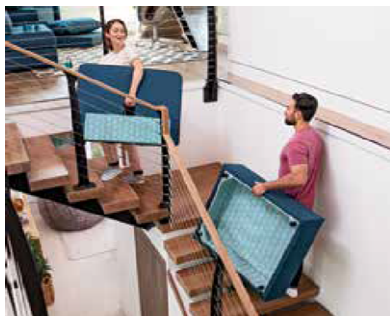
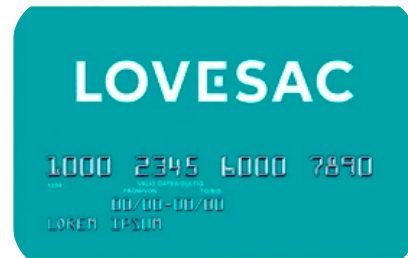
- Turns product inside-out to reveal technology
- Low merchandising, aesthetic, seasonality and inventory risk
- FY2022 showroom sales per square foot increased to \$2,742 vs \$1,675 in FY2021 and \$2,083 in FY2020.
- Due to COVID-19 driven temporary closures, FY2021 showroom sales per square foot was \$1,675

Economics of Showroom Model

- Target net sales of \$1.5 to \$1.6 million in the first year
- Net investments including floor model inventory, capital expenditures and preopening expenses totals \$425K
- Average payback of < 2 years*

Easy to Purchase

- Mobile & Lovesac App purchases are easy
- In-showroom checkout via iPad technology—never leave the couch
- 30.4% of sales through in-house financing facilitated by a leading third party consumer financing company¹



Easy to Ship

- Can be delivered within 2 days using standard delivery carriers
- Enables deep stock positions in few core SKUs
- Broad assortment enabled by made-to-order custom covers
- Stock products made overseas; custom covers made in USA

Satisfies the “instant gratification” expectations of today’s consumer

¹ Represents % of only Showroom and Web Point of Sales Transactions as of the fiscal year ended January 30, 2022.

See It



Social Media

Touch It



Showrooms / Shop-in-shops
/ Kiosks

Buy It



Lovesac.com / online pop-ups
/ BestBuy.com



Advertising



Mobile Concierge



Showrooms / Shop-in-shops
/ Kiosks

Physical retail
locations and
other direct
marketing
efforts drive
conversion

Return on Advertising Spend is High and Ready to Grow

LOVESAC



Additional Showrooms



New Product Innovation



More Shop-in-Shop Partners



(Eventual) International Expansion

Our investments in national advertising are increasingly amplified by the above Initiatives, driving ROI's up

Awareness* Marketing



National TV and Digital Marketing

Focused on major buying holidays; driving positive ROI's across both showroom and non-showroom markets.
FY2022 CLV:CAC ratio of 5.2X

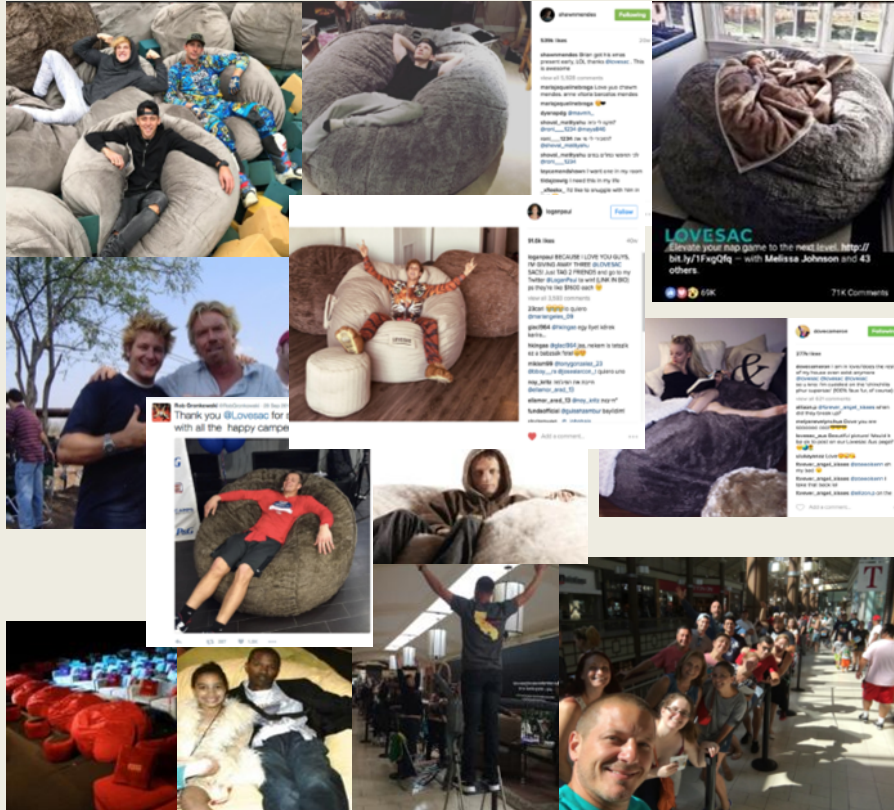
Conversion Marketing



Social and Search

Focused on tent pole events to drive awareness or capitalize on heightened demand due to TV campaign, with room to continue to scale ROI + spend in FY2023

* Awareness unaided is currently < 2% nationally



Social Engagement Metrics FY2022

facebook

854K followers

Instagram

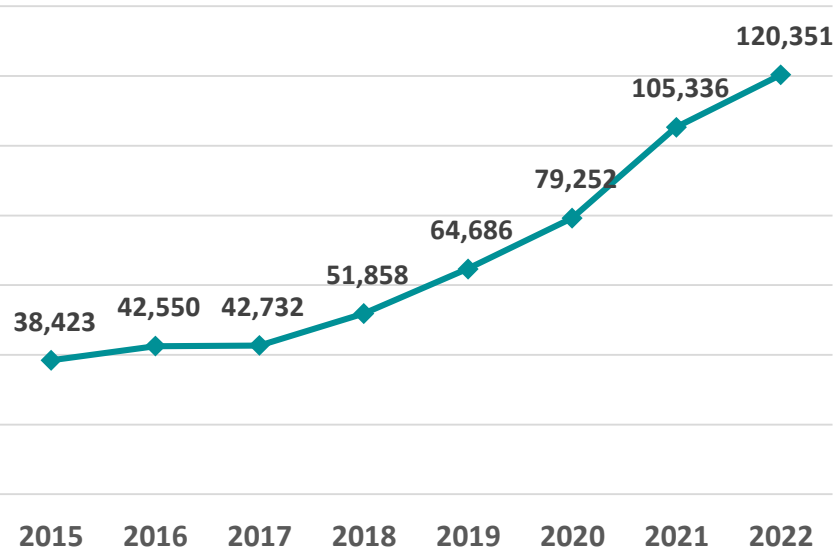
514K followers

YouTube

Lifetime views apx. 24.5MM

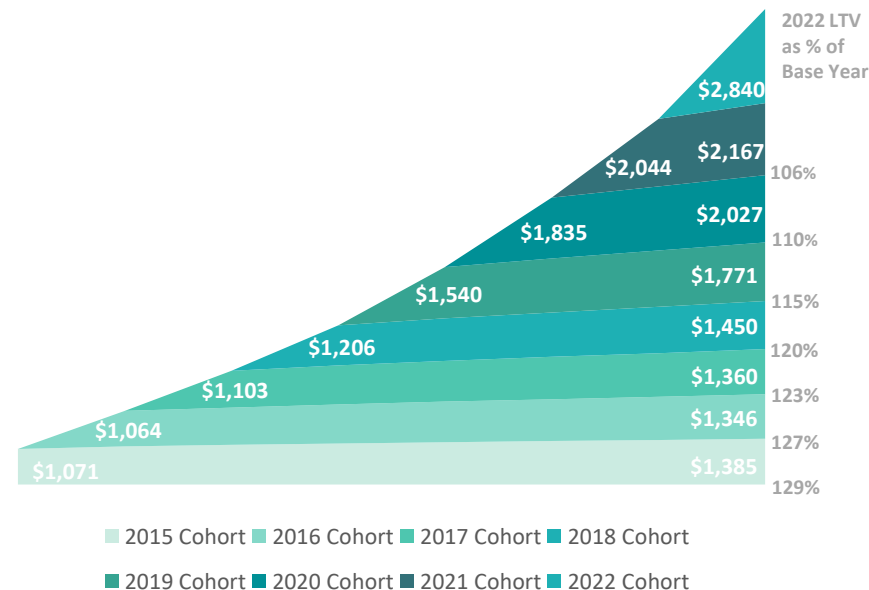
- Unsolicited celebrity endorsements and promotion
- Lovesac's founder has a strong online following

New Customer Count



- **87.6%** of revenues now driven by Sactionals sales, which are priced higher and **induce repeat and supplemental purchases**
- Sactionals are modular, customizable, interchangeable and machine washable
- New technologies & additions are reverse-compatible
- This **extends duration** and allows for **evolution** through owner's life

Lifetime Value of Customers



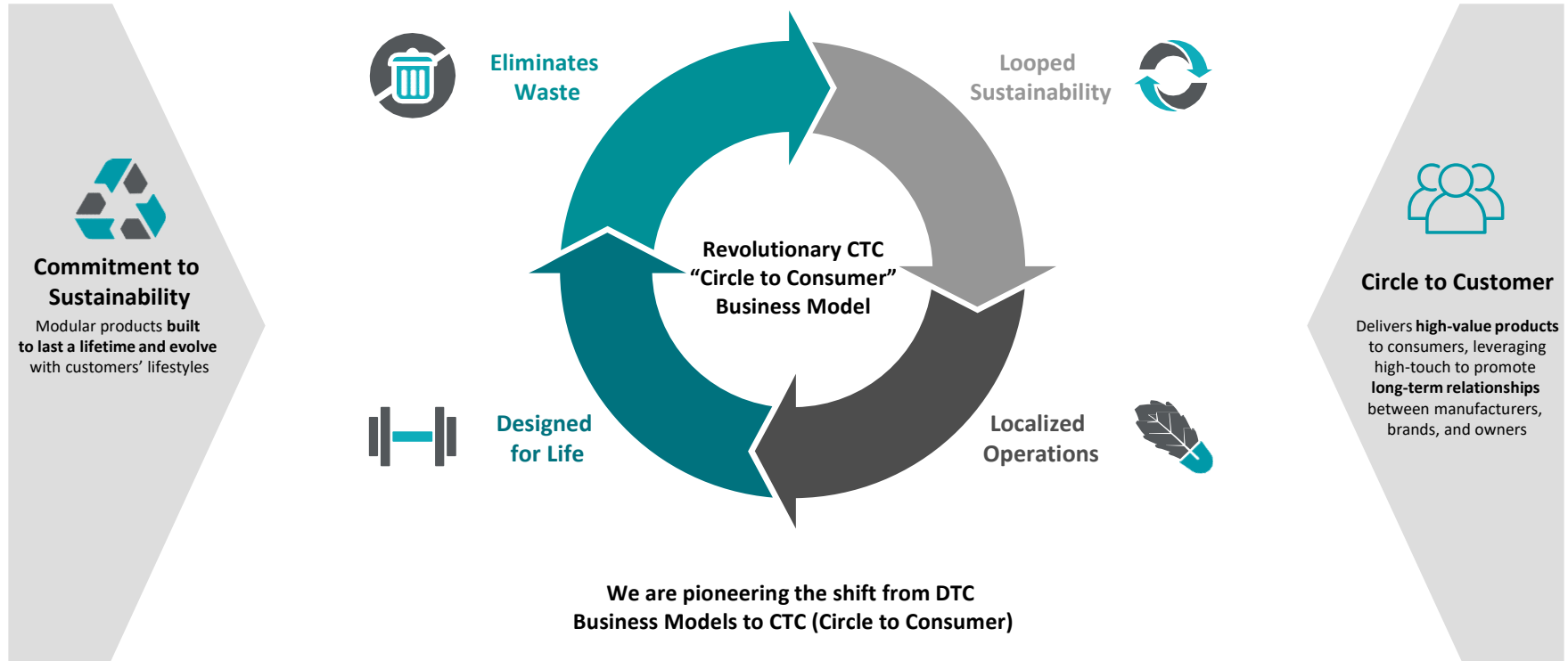


“Designed for Life” Platform

Sactionals Use Upholstery Fabric made from **100% Repurposed Plastic Bottles**



From April 2018 to January 2022, Lovesac repurposed more than **100 million plastic water bottles** to make Sactionals



CTC Framework

Targeting

Long-term

Localized

Looped

Operations

Long-term
Sustainable Growth

Higher Customer
Lifetime Value

New Revenue Streams &
Ecosystem Development

Operational
Efficiencies

Next Steps

✓ By Quarter End FY23 Q1

Product Lifecycle Management (PLM) &
identify opportunities for operational
efficiencies

✓ By Quarter End FY23 Q2

Identify consumer needs and requirements
for CTC-related programs and services

By Quarter End FY23 Q4

FY2024 CTC Roadmap solidified along
with operational efficiencies necessary
to enable future CTC functionality

E

0 waste, 0 emissions by 2040

We intend to demonstrate our sustainable commitments through measurable actions. This is why we've developed a *Zero Emissions* and *Zero Waste* roadmap to guide us to our goals. Our planetary impact is integral to our highest business priorities and strategy planning, anchoring ESG management through the top levels of our leadership.

S

Supplier Relationships

We celebrate the longevity of our supplier partnerships and the level of trust we have established with those partners. Thus, the ethical and fair treatment of individuals in our supply chain is imperative. Lovesac has a zero-tolerance policy for any evidence of bribery and corruption, forced labor, human trafficking, and child labor, all of which have no place in the life cycle of our products.

G

Board Diversity

Our Board of Directors values diversity in achieving our objectives and maintaining sound governance practices as it brings together individuals with different perspectives and ideas, from varying backgrounds and experiences, to create balanced and thoughtful decision-making that best serves our stockholders.



FY22 ESG Report

Lovesac expects to publish its FY22 ESG Report before fiscal year end. This will be our second annual report covering ESG strategies, activities, progress, and metrics.



SASB & UN SDGs

The ESG strategy aligns with the Sustainability Accounting Standards Board's (SASB) reporting framework. Targets and programs also contribute to select United Nations Sustainable Development Goals.



Formalizing ESG

We have expanded our reporting metrics, which include additional targets to guide future progress and programs. We also established an internal ESG Committee to oversee program development.



Strategic Priorities

Product



- Continue to increase Sactionals StealthTech Sound + Charge awareness
- Drive appeal to new & repeat business
- Aggressive supply chain diversification

Marketing



- Drive growth spending ~11-13% of net sales on marketing annually
- Test & learn to drive efficiency & volume
- New TV creative
- Key collabs with celebs & aspirational brands
- Expand influencer & social media reach

Omni-channel Distribution



- Continue partnership with Best Buy
- Expand kiosk touchpoints
- Lay groundwork for multiple distribution channels

Supply Chain/ Infrastructure



- Leverage diversified supply chain and resulting strong in-stock positions
- Implement new customer relationship management software
- Leverage warehouse management software for efficiency

Sustainability



- Designed For Life ethos & strategy
- Intend to pioneer Circle to Consumer business model - reaching targets of zero waste and zero emissions by 2040
- Tout leadership in plastic recycling on the new site, et al
- Continued evolution of supply chain

Showroom Technology



Large format motion screens and interactive touchpads to enhance CX

Data Warehouse & CRM



Scalable foundation for ERP and CRM

Logistics Optimization



Concentrated inventory without shelf-life, at high carry to facilitate growth and flex

Supply Chain



Easily scalable with existing diverse suppliers, and to other countries, due to uniformity and flexibility of the 2 core SKUs

Shipping



One of the most advantaged shipping solutions for mid-high-end upholstery in the market; Fast & Free, or paid white glove delivery set-up available



- **Large Addressable Market:** Significant opportunity to disrupt a huge, and transitioning home furnishing market
- **Increasing Marketing Effectiveness:** Still low brand awareness + strong marketing ROIs = Leaning into traditional, digital and social marketing strategies
- **Disruptive Omni-channel Approach:** Multi-channel distribution through e-commerce, showrooms, kiosks, mobile concierges, shop-in-shops, pop-up shops and online pop-ups which expands brand reach and drives customer engagement.
- **Growing Product Relevancy and Innovation:** Brand and portfolio of products increasingly relevant in current environment; new product introductions centered around innovation
- **Expanding Portfolio of Unique, Sustainable, Patent Differentiated Product:** Products are shippable, durable, washable and easily changeable with a focus on sustainability, given our Designed For Life philosophy, and differentiated by patents



Financials

Key Measures for the Third Quarter and Year-to-date Period of Fiscal 2023 Ending October 30, 2022:

(Dollars in millions, except per share amounts. Dollar and percentage changes may not recalculate due to rounding.)

	Thirteen weeks ended			Thirty-nine weeks ended		
	October 30, 2022	October 31, 2021	% Inc (Dec)	October 30, 2022	October 31, 2021	% Inc (Dec)
Net Sales	\$134.8	\$116.7	15.5%	\$412.7	\$302.0	36.6%
Gross Profit	\$63.6	\$58.6	8.5%	\$210.6	\$163.7	28.6%
Gross Margin	47.2%	50.2%	(300) bps	51.0%	54.2%	(320) bps
Total Operating Expense	\$75.2	\$55.6	35.1%	\$209.7	\$149.5	40.3%
SG&A	\$53.7	\$38.1	40.9%	\$147.4	\$104.2	41.5%
SG&A as a % of Net Sales	39.8%	32.6%	720 bps	35.7%	34.5%	120 bps
Advertising & Marketing	\$19.1	\$15.8	20.3%	\$54.0	\$39.5	36.6%
Advertising & Marketing as a % of Net Sales	14.1%	13.6%	50 bps	13.1%	13.1%	0 bps
Basic EPS (Loss) Income	\$(0.55)	\$0.18	(405.6%)	\$0.04	\$0.88	(95.5%)
Diluted EPS (Loss) Income	\$(0.55)	\$0.17	(423.5%)	\$0.04	\$0.83	(95.2%)
Net (Loss) Income	\$(8.4)	\$2.8	(405.9%)	\$0.6	\$13.3	(95.5%)
Adjusted EBITDA ¹	\$(8.4)	\$5.8	(243.6%)	\$12.1	\$23.6	(48.6%)
Net Cash Used in Operating Activities	\$(5.6)	\$(15.9)	(65.0%)	\$(65.1)	\$(15.2)	(329.2%)

¹ Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Information” and “Reconciliation of Non-GAAP Financial Measures” included on slide 41.

	Percent Increase (Decrease) except showroom count			
	Thirteen weeks ended		Thirty-nine weeks ended	
	October 30, 2022	October 31, 2021	October 30, 2022	October 31, 2021
Total Comparable Sales ²	8.9%	47.1%	25.7%	44.8%
Comparable Showroom Sales ³	18.5%	53.3%	34.5%	133.0%
Internet Sales	(6.3%)	38.2%	11.0%	(11.4%)
Ending Showroom Count	189	135	189	135

² Total comparable sales include showroom transactions through the point of sale and internet net sales.

³ Comparable showroom sales reflect transactions through the point of sale and not necessarily product that has shipped to the customer. Product that has shipped to the customer is included in Net Sales.

(amounts in thousands)	Thirteen weeks ended October 30, 2022	Thirteen weeks ended October 31, 2021	Thirty-nine weeks ended October 30, 2022	Thirty-nine weeks ended October 31, 2021
Net (loss) income	\$ (8,419)	\$ 2,752	\$ 598	\$ 13,260
Interest expense, net	69	45	101	135
(Benefit) provision for income taxes	(3,245)	174	247	842
Depreciation and amortization	2,459	1,726	8,196	5,748
EBITDA	(9,136)	4,697	9,142	19,985
Equity-based compensation (a)	739	1,121	3,034	3,014
Loss on disposal of property and equipment (b)	41	—	41	—
Other non-recurring expenses (c)	—	—	(105)	—
Impairment of right of use lease asset (d)	—	—	—	554
Adjusted EBITDA	<u>\$ (8,356)</u>	<u>\$ 5,818</u>	<u>\$ 12,112</u>	<u>\$ 23,553</u>

- (a) Represents expenses, such as stock compensation expense related to the amortization of restricted stock units and stock option awards granted to our associates and our board of directors in addition to the employer taxes related to the vesting and exercise of this equity.
- (b) Represents the loss on disposal of fixed assets related to showroom remodels.
- (c) There were no other non-recurring expenses in the thirteen weeks ended October 30, 2022 and October 31, 2021, respectively. Other non-recurring expenses in the thirty-nine weeks ended October 30, 2022 represent costs related to a legal settlement. There were no other non-recurring expenses in the thirty-nine weeks ended October 31, 2021.
- (d) Represents the impairment of the right of use lease asset for one showroom.

Fiscal 2022 and Fiscal 2021 Adjusted EBITDA Non-GAAP Reconciliation

(dollars in thousands)	Fifty-two weeks ended	
	January 30, 2022	January 31, 2021
Net income	\$ 45,900	\$ 14,727
Interest expense, net	179	67
Taxes	(7,638)	86
Depreciation and amortization	7,859	6,613
EBITDA	<u>46,300</u>	<u>21,493</u>
Management fees (a)	-	500
Deferred rent (b)	-	1,342
Equity-based compensation (c)	6,027	4,681
Loss on disposal of property and equipment (d)	464	5
Impairment of right of use lease asset (e)	554	245
One time executive compensation, non-equity based (f)	500	-
Gain on recovery of insurance settlement related to damaged inventory (g)	(632)	-
Other non-recurring expenses (h)	2,300	36
Adjusted EBITDA	<u>\$ 55,513</u>	<u>\$ 28,302</u>

- (a) Represents management fees and expenses charged by our equity sponsors.
- (b) Represents the difference between rent expense recorded and the amount paid by the Company. In accordance with generally accepted accounting principles, the Company records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease terms. The Company adopted ASC 842 at the beginning of fiscal 2022 therefore
- (c) Represents expenses, such as compensation expense and employer taxes related to RSU equity vesting and exercises associated with stock options and restricted stock units granted to our associates and board of directors. Employer taxes are included as part of selling, general and administrative expenses on the Consolidated Statements of Income.
- (d) Represents the loss on disposal of fixed assets related to showroom remodels.
- (e) Represents the impairment of the right of use lease asset for one showroom for which the fixed assets had been impaired in the
- (f) Represents one time executive compensation related to recruitment sign on bonus to build the executive management team.
- (g) Represents an insurance settlement related to damaged inventory
- (h) Other non-recurring expenses in fiscal 2022 are related to \$2.0 million from a one-time settlement fee to terminate an existing agreement with a vendor partner and \$0.3 million related to a legal settlement. Other non-recurring expenses in fiscal 2021 are related to less than \$0.1 million in professional and legal fees related to financing initiatives.

THE LOVESAC COMPANY
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollars in thousands)	Fiscal year ended	
	January 31, 2021	February 2, 2020
Net Income (Loss)	\$ 14,727	\$ (15,205)
Interest expense (income), net	67	(647)
Provision for income taxes	86	43
Depreciation and amortization	6,613	5,158
EBITDA	21,493	(10,651)
Management fees (a)	500	633
Deferred Rent (b)	1,342	716
Equity-based compensation (c)	4,681	5,246
Net loss (gain) on disposal of property and equipment (d)	5	(167)
Impairment of property and equipment (e)	245	-
Other non-recurring expenses (f)	36	503
Adjusted EBITDA	\$ 28,302	\$ (3,721)

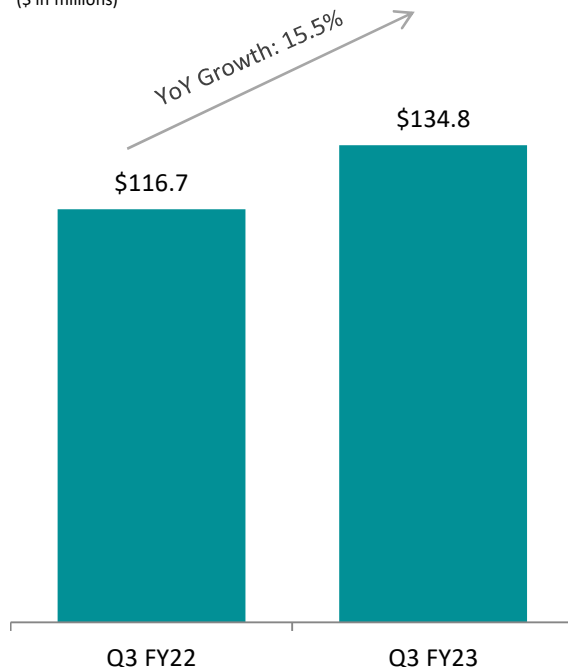
- (a) Represents management fees and expenses charged by our equity sponsors.
- (b) Represents the difference between rent expense recorded and the amount paid by the Company. In accordance with generally accepted accounting principles, the Company records monthly rent expense equal to the total of the payments due over the lease term, divided by the number of months of the lease terms.
- (c) Represents expenses associated with stock options and restricted stock units granted to our officers, employees, and board of directors.
- (d) Represents the net loss (gain) on disposal of property and equipment.
- (e) Represents the impairment of property and equipment.
- (f) Other non-recurring expenses in fiscal 2021 are related to \$36 in professional and legal fees related to financing initiatives. Other non-recurring expenses in fiscal 2020 are made up of: (1) \$152 in recruitment fees to build executive management team and Board of Directors; (2) \$268 in fees associated with our primary and secondary shares offerings and (3) \$83 in financing fees associated with our secondary offering.

Q3 FY2022 and Q3 FY2023 Metrics

LOVESAC

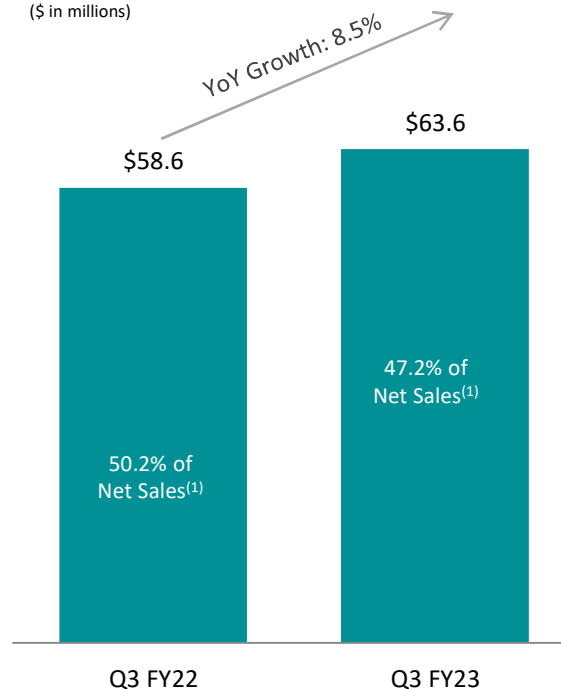
Net Sales

(\$ in millions)



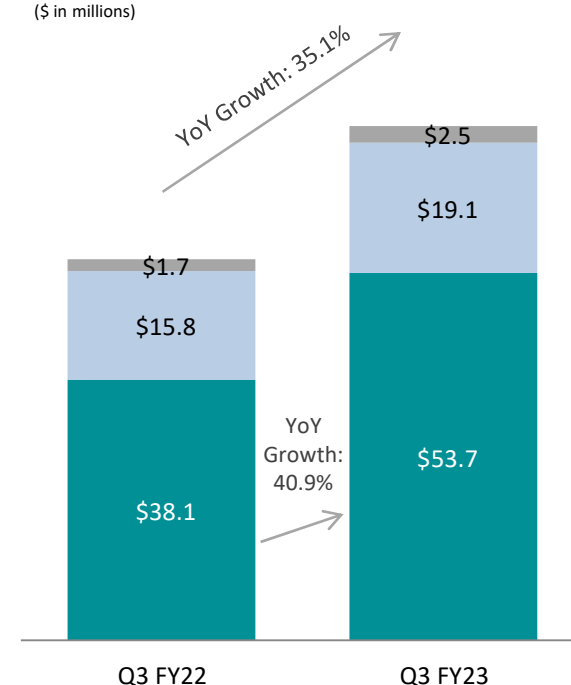
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



■ Depreciation and Amortization

■ Marketing and advertising

■ SG&A

¹ The decrease in gross margin percentage of 300 basis points was primarily driven by an increase of approximately 160 basis points in total distribution and related tariff expenses and a decline of 140 basis points in product margin. The increase in total distribution and related tariff expenses over prior year is principally related to the negative impact of 320 basis points due to volume deleverage in warehouse and higher outbound transportation cost, partially offset by 160 basis points decrease in inbound transportation costs principally due to lower container rates. The product margin rate decline is due to higher promotional discounting to support net sales growth.

Q3 YTD FY2022 and Q3 YTD FY2023 Metrics

LOVESAC

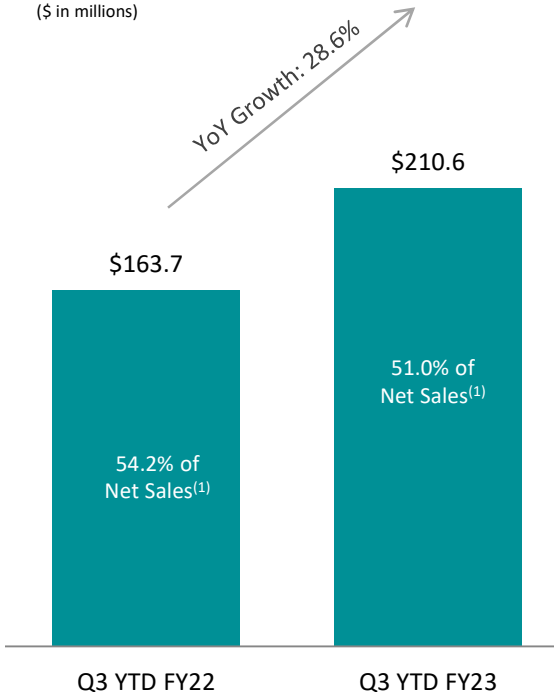
Net Sales

(\$ in millions)



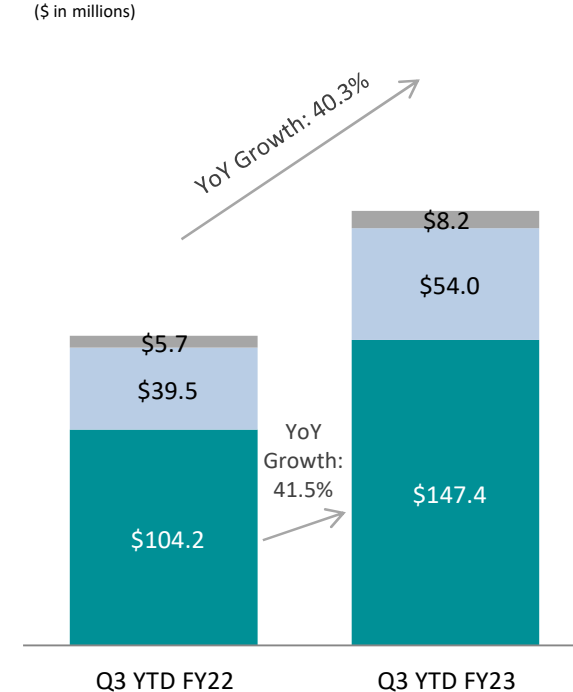
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



¹ The decrease in gross margin percentage of 320 basis points was primarily driven by an increase of approximately 360 basis points in total distribution and related tariff expenses, partially offset by an improvement of 40 basis points in product margin. The increase in total distribution and related tariff expenses over prior year is principally related to the negative impact of 290 basis points increase in inbound transportation costs and an increase of 70 basis points due to volume deleverage in warehouse and higher outbound transportation cost. The product margin rate improvement is due to continued vendor negotiations to assist with the mitigation of tariffs and additional one-time US dollar denominated rebates related to currency impact and slightly lower promotional discounting.

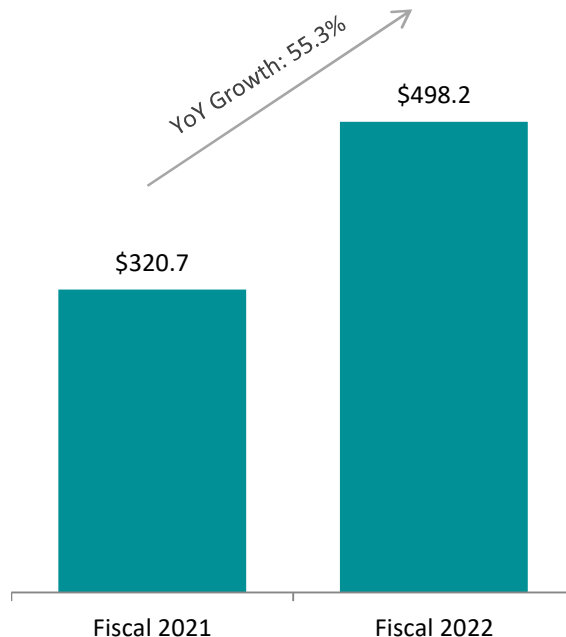
■ Depreciation and Amortization
■ Marketing and advertising
■ SG&A

Fiscal 2021 and Fiscal 2022 Metrics

LOVESAC

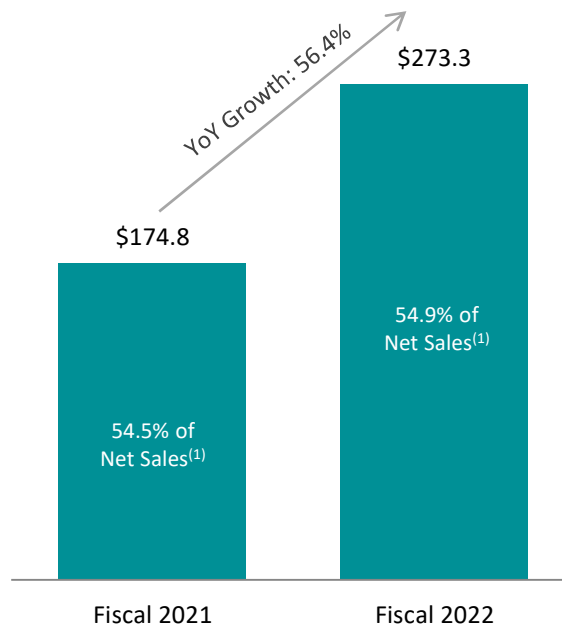
Net Sales

(\$ in millions)



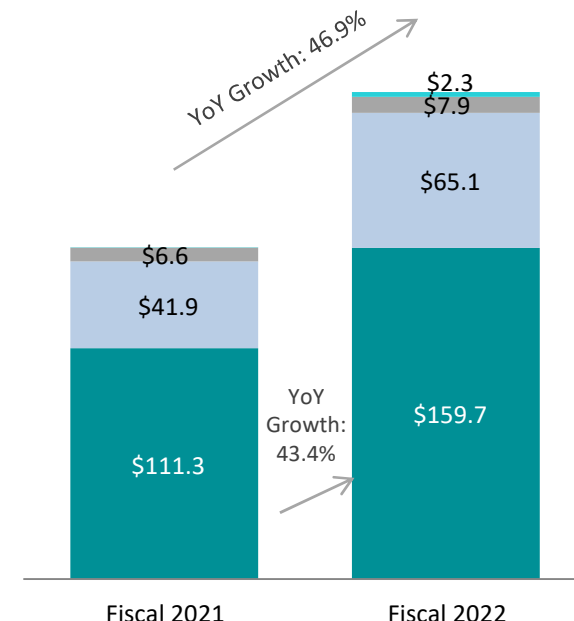
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



- Other non-recurring expenses
- Depreciation and Amortization
- Marketing and advertising
- SGA (excluding other non-recurring expenses)

¹ Gross margin increased to 54.9% of net sales in fiscal 2022 from 54.5% of net sales in fiscal 2021. The increase in gross margin percentage of 40 basis points was primarily driven by an increase of 330 basis points due to lower promotional discounts and continuing vendor negotiations to assist with the mitigation of tariffs, partially offset by an increase of 290 basis points in total freight including tariff expenses and warehousing costs. The increase in total freight including tariffs and warehousing costs over the prior year period is principally related to the increase of 720 basis points in inbound container freight costs, partially offset by higher leverage of 430 basis points in warehousing and outbound freight costs.

Fiscal 2020 and Fiscal 2021 Metrics

LOVESAC

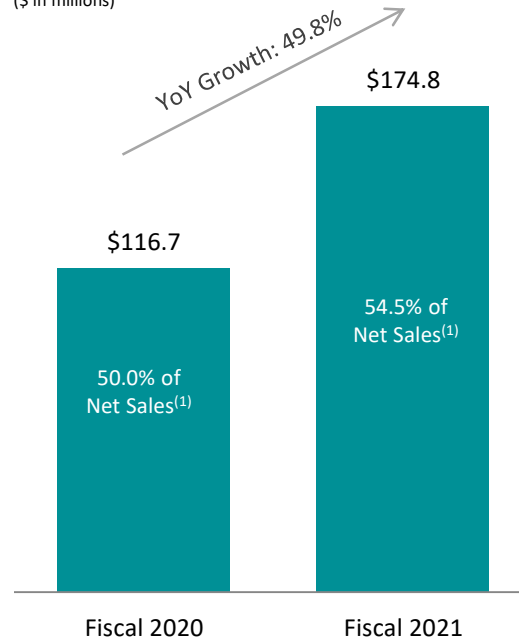
Net Sales

(\$ in millions)



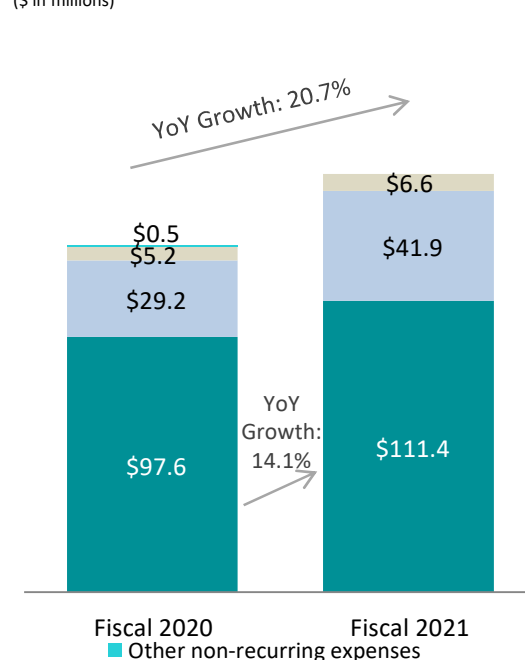
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



■ Depreciation and Amortization

■ Marketing and advertising

■ SGA

¹ The 450 basis points increase in gross margin versus the prior year period reflects 400 basis points improvement in gross profit as a result of a reduction in promotional discounts, higher sectional product mix impact related to premium covers, reduced inventory reserve levels, and lower product costs related to vendor negotiated tariff mitigation initiatives due to higher volume. Distribution expenses including warehousing, freight and tariff related expenses also improved by 50 basis points due to higher leverage on warehousing and tariff expenses, partially offset by deleverage in freight expense.



Appendix

Q3 FY2022/2023 Income Statement & Non-GAAP Reconciliation

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	Q1		Q2		Q3		Q3 YTD	
(\$ in 000's)	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Net Sales								
Showrooms	\$ 48,986	\$ 81,254	\$ 62,594	\$ 92,426	\$ 69,694	\$ 82,957	\$ 181,274	\$ 256,637
Internet	25,175	31,255	29,480	35,534	35,542	33,319	90,197	100,108
Other	8,755	16,871	10,373	20,574	11,442	18,508	30,569	55,953
Total Net Sales	\$ 82,915	\$ 129,380	\$ 102,448	\$ 148,534	\$ 116,678	\$ 134,784	\$ 302,042	\$ 412,698
% growth	52.5%	56.0%	65.4%	45.0%	56.1%	15.5%	58.1%	36.6%
Cost of merchandise sold	\$ 36,839	\$ 63,272	\$ 43,416	\$ 67,608	\$ 58,062	\$ 71,212	\$ 138,317	\$ 202,092
Gross Profit	\$ 46,076	\$ 66,108	\$ 59,032	\$ 80,926	\$ 58,616	\$ 63,572	\$ 163,724	\$ 210,606
% margin	55.6%	51.1%	57.6%	54.5%	50.2%	47.2%	54.2%	51.0%
Selling, general and administrative expenses	\$ 30,718	\$ 44,901	\$ 35,385	\$ 48,866	\$ 38,087	\$ 53,658	\$ 104,190	\$ 147,425
Advertising and marketing	10,680	15,901	13,036	19,088	15,832	19,050	39,548	54,039
Depreciation and amortization	2,420	2,661	1,602	3,076	1,726	2,459	5,747	8,196
Operating (Loss) Income	\$ 2,258	\$ 2,645	\$ 9,009	\$ 9,896	\$ 2,971	\$ (11,595)	\$ 14,239	\$ 946
% margin	2.7%	2.0%	8.8%	6.7%	2.5%	-8.6%	4.7%	0.2%
Other Income (Expense)								
Interest income (expense), net	(44)	(35)	(46)	3	(45)	(69)	(136)	(101)
(Provision for) benefit from income taxes	(153)	(715)	(515)	(2,777)	(174)	3,245	(842)	(247)
Net (Loss) Income	\$ 2,061	\$ 1,895	\$ 8,448	\$ 7,122	\$ 2,752	\$ (8,419)	\$ 13,261	\$ 598
% margin	2.5%	1.5%	8.2%	4.8%	2.4%	-6.2%	4.4%	0.1%
Net (Loss) Income per common share (basic)	\$ 0.14	\$ 0.13	\$ 0.56	\$ 0.47	\$ 0.18	\$ (0.55)	\$ 0.88	\$ 0.04
Net (Loss) Income per common share (diluted)	\$ 0.13	\$ 0.12	\$ 0.52	\$ 0.45	\$ 0.17	\$ (0.55)	\$ 0.83	\$ 0.04
Adjusted EBITDA Reconciliation:								
Net (Loss) Income	\$ 2,061	\$ 1,895	\$ 8,448	\$ 7,122	\$ 2,752	\$ (8,419)	\$ 13,261	\$ 598
Interest (income) expense, net	44	35	46	(3)	45	69	135	101
Provision for (benefit) income taxes	153	715	515	2,777	174	(3,245)	842	247
Depreciation and amortization	2,420	2,661	1,602	3,076	1,726	2,459	5,748	8,196
EBITDA	\$ 4,678	\$ 5,306	\$ 10,611	\$ 12,972	\$ 4,697	\$ (9,136)	\$ 19,985	\$ 9,142
Equity-based compensation	\$ 654	\$ 1,172	\$ 1,239	\$ 1,123	\$ 1,121	\$ 739	\$ 3,014	\$ 3,034
Loss on disposal of property and equipment	-	-	-	-	-	41	-	41
Other non-recurring expenses	-	(105)	-	-	-	-	-	(105)
Impairment of right of use lease asset	-	-	554	-	-	-	554	-
Adjusted EBITDA	\$ 5,332	\$ 6,373	\$ 12,404	\$ 14,095	\$ 5,818	\$ (8,356)	\$ 23,553	\$ 12,112
% margin	6.4%	4.9%	12.1%	9.5%	5.0%	-6.2%	7.8%	2.9%

FY2021/2022 Income Statement & Non-GAAP Reconciliation

LOVESAC

	Q1		Q2		Q3		Q4		FY	
(\$ in 000's)	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022
Net Sales										
Showrooms	\$ 18,118	\$ 48,986	\$ 12,850	\$ 62,594	\$ 41,538	\$ 69,694	\$ 73,644	\$ 117,714	\$ 146,150	\$ 298,988
Internet	30,064	25,175	46,074	29,480	25,710	35,542	49,216	60,425	151,064	150,622
Other	6,190	8,755	3,021	10,373	7,494	11,442	6,818	18,059	23,523	48,628
Total Net Sales	\$ 54,372	\$ 82,915	\$ 61,945	\$ 102,447	\$ 74,742	\$ 116,678	\$ 129,678	\$ 196,198	\$ 320,738	\$ 498,238
% growth	32.8%	52.5%	28.7%	65.4%	43.5%	56.1%	40.7%	51.3%	37.4%	55.3%
Cost of merchandise sold	\$ 27,089	\$ 36,839	\$ 30,890	\$ 43,416	\$ 33,434	\$ 58,062	\$ 54,553	\$ 86,577	\$ 145,966	\$ 224,894
Gross Profit	\$ 27,284	\$ 46,076	\$ 31,055	\$ 59,032	\$ 41,308	\$ 58,616	\$ 75,125	\$ 109,621	\$ 174,772	\$ 273,345
% margin	50.2%	55.6%	50.1%	57.6%	55.3%	50.2%	57.9%	55.9%	54.5%	54.9%
Selling, general and administrative expenses	\$ 25,831	\$ 30,718	\$ 23,383	\$ 35,385	\$ 25,946	\$ 38,087	\$ 36,194	\$ 57,776	\$ 111,354	\$ 161,966
Advertising and marketing	8,196	10,680	7,166	13,036	10,975	15,832	15,587	25,530	41,924	65,078
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	1,579	2,111	6,614	7,859
Operating (Loss) Income	\$ (8,379)	\$ 2,258	\$ (1,038)	\$ 9,008	\$ 2,533	\$ 2,971	\$ 21,765	\$ 24,204	\$ 14,880	\$ 38,441
% margin	-15.4%	2.7%	-1.7%	8.8%	3.4%	2.5%	16.8%	12.3%	4.6%	7.7%
Other Income (Expense)										
Interest income (expense), net	56	(44)	(35)	(45)	(44)	(45)	(45)	(44)	(67)	(179)
Provision for income taxes	(25)	(153)	(34)	(515)	(11)	(174)	(16)	8,480	(86)	7,638
Net (Loss) Income	\$ (8,348)	\$ 2,061	\$ (1,107)	\$ 8,447	\$ 2,479	\$ 2,752	\$ 21,703	\$ 32,640	\$ 14,727	\$ 45,900
% margin	-15.4%	2.5%	-1.8%	8.2%	3.3%	2.4%	16.7%	16.6%	4.6%	9.2%
Net (Loss) Income per common share (basic)	\$ (0.58)	\$ 0.14	\$ (0.08)	\$ 0.56	\$ 0.17	\$ 0.18	\$ 1.44	\$ 2.15	\$ 1.01	\$ 3.04
Net (Loss) Income per common share (diluted)	\$ (0.58)	\$ 0.13	\$ (0.08)	\$ 0.52	\$ 0.16	\$ 0.17	\$ 1.37	\$ 2.03	\$ 0.96	\$ 2.86
Adjusted EBITDA Reconciliation:										
Net (Loss) Income	\$ (8,348)	\$ 2,061	\$ (1,107)	\$ 8,447	\$ 2,479	\$ 2,752	\$ 21,703	\$ 32,640	\$ 14,727	\$ 45,900
Interest (income) expense, net	(56)	44	35	45	44	45	45	44	67	179
Provision for income taxes	25	153	34	515	11	174	16	(8,480)	86	(7,638)
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	1,579	2,111	6,614	7,859
EBITDA	\$ (6,743)	\$ 4,678	\$ 506	\$ 10,610	\$ 4,388	\$ 4,697	\$ 23,343	\$ 26,315	\$ 21,493	\$ 46,300
Management fees	\$ 125	\$ -	\$ 125	\$ -	\$ 125	\$ -	\$ 125	\$ -	\$ 500	\$ -
Deferred rent	470	-	872	-	378	-	109	-	1,342	-
Equity-based compensation	898	654	677	1,239	1,063	1,121	2,043	3,013	4,681	6,027
Loss on disposal of property and equipment	-	-	5	-	-	-	-	464	5	464
Impairment of right of use lease asset	-	-	-	554	-	-	245	-	245	554
One time executive compensation, non-equity based	-	-	-	-	-	-	-	500	-	500
Gain on recovery of insurance settlement related to damaged inventory	-	-	-	-	-	-	-	(632)	-	(632)
Other non-recurring expenses	36	-	-	-	-	-	-	2,300	36	2,300
Adjusted EBITDA	\$ (5,692)	\$ 5,332	\$ 2,185	\$ 12,403	\$ 5,954	\$ 5,818	\$ 25,865	\$ 31,960	\$ 28,302	\$ 55,513
% margin	-10.5%	6.4%	3.5%	12.1%	8.0%	5.0%	19.9%	16.3%	8.8%	11.1%

FY2020/2021 Income Statement & Non-GAAP Reconciliation

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	Q1		Q2		Q3		Q4		FY	
	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021
(\$ in 000's)										
Net Sales										
Showrooms	\$ 26,925	\$ 18,118	\$ 31,262	\$ 12,850	\$ 32,474	\$ 41,538	\$ 57,343	\$ 73,644	\$ 148,004	\$ 146,150
Internet	8,459	30,064	9,456	46,074	11,415	25,710	26,450	49,216	55,781	151,064
Other	5,574	6,190	7,428	3,021	8,208	7,494	8,382	6,818	29,592	23,523
Total Net Sales	\$ 40,958	\$ 54,372	\$ 48,146	\$ 61,945	\$ 52,097	\$ 74,742	\$ 92,175	\$ 129,678	\$ 233,377	\$ 320,738
% growth	53.0%	32.8%	44.8%	28.7%	25.0%	43.5%	43.6%	40.7%	40.7%	37.4%
Cost of merchandise sold	\$ 19,966	\$ 27,089	\$ 23,861	\$ 30,890	\$ 25,844	\$ 33,434	\$ 47,016	\$ 54,553	\$ 116,687	\$ 145,966
Gross Profit	\$ 20,992	\$ 27,284	\$ 24,285	\$ 31,055	\$ 26,254	\$ 41,308	\$ 45,159	\$ 75,125	\$ 116,690	\$ 174,772
% margin	51.3%	50.2%	50.4%	50.1%	50.4%	55.3%	49.0%	57.9%	50.0%	54.5%
Selling, general and administrative expenses	\$ 23,862	\$ 25,831	\$ 21,956	\$ 23,383	\$ 24,485	\$ 25,946	\$ 27,844	\$ 36,194	\$ 98,147	\$ 111,354
Advertising and marketing	5,389	8,196	6,070	7,166	7,258	10,975	10,476	15,587	29,194	41,924
Depreciation and amortization	1,066	1,636	1,206	1,544	1,378	1,854	1,509	1,579	5,158	6,614
Operating (Loss) Income	\$ (9,325)	\$ (8,379)	\$ (4,947)	\$ (1,038)	\$ (6,867)	\$ 2,533	\$ 5,329	\$ 21,765	\$ (15,809)	\$ 14,880
% margin	-22.8%	-15.4%	-10.3%	-1.7%	-13.2%	3.4%	5.8%	16.8%	-6.8%	4.6%
Other Income (Expense)										
Interest income (expense), net	235	56	169	(35)	134	(44)	109	(45)	647	(67)
Provision for income taxes	(12)	(25)	7	(34)	(16)	(11)	(22)	(16)	(43)	(86)
Net (Loss) Income	\$ (9,102)	\$ (8,348)	\$ (4,771)	\$ (1,107)	\$ (6,748)	\$ 2,479	\$ 5,416	\$ 21,703	\$ (15,205)	\$ 14,727
% margin	-22.2%	-15.4%	-9.9%	-1.8%	-13.0%	3.3%	5.9%	16.7%	-6.5%	4.6%
Net (Loss) Income per common share (basic)	\$ (0.67)	\$ (0.58)	\$ (0.33)	\$ (0.08)	\$ (0.46)	\$ 0.17	\$ 0.37	\$ 1.44	\$ (1.07)	\$ 1.01
Net (Loss) Income per common share (diluted)	\$ (0.67)	\$ (0.58)	\$ (0.33)	\$ (0.08)	\$ (0.46)	\$ 0.16	\$ 0.37	\$ 1.37	\$ (1.07)	\$ 0.96
Adjusted EBITDA Reconciliation:										
Net (Loss) Income	\$ (9,102)	\$ (8,348)	\$ (4,771)	\$ (1,107)	\$ (6,748)	\$ 2,479	\$ 5,416	\$ 21,703	\$ (15,205)	\$ 14,727
Interest (income) expense, net	(235)	(56)	(169)	35	(134)	44	(109)	45	(647)	67
Provision for income taxes	12	25	(7)	34	16	11	22	16	43	86
Depreciation and amortization	1,066	1,636	1,206	1,544	1,378	1,854	1,509	1,579	5,158	6,614
EBITDA	\$ (8,259)	\$ (6,743)	\$ (3,741)	\$ 506	\$ (5,488)	\$ 4,388	\$ 6,838	\$ 23,343	\$ (10,651)	\$ 21,493
Management fees	\$ 164	\$ 125	\$ 133	\$ 125	\$ 141	\$ 125	\$ 194	\$ 125	\$ 633	\$ 500
Deferred rent	12	(8)	77	872	816	378	(188)	109	716	1,342
Equity-based compensation	3,223	898	171	677	628	1,063	1,225	2,043	5,246	4,681
Net loss (gain) on disposal of property and equipment	47	-	(214)	5	-	-	-	-	(167)	5
Impairment of property and equipment (e)	-	-	-	-	-	-	-	245	-	245
Other non-recurring expenses	150	36	275	-	174	-	(95)	-	503	36
Adjusted EBITDA	\$ (4,663)	\$ (5,692)	\$ (3,299)	\$ 2,185	\$ (3,729)	\$ 5,954	\$ 7,974	\$ 25,865	\$ (3,721)	\$ 28,302
% margin	-11.4%	-10.5%	-6.9%	3.5%	-7.2%	8.0%	8.7%	19.9%	-1.6%	8.8%

CONDENSED BALANCE SHEETS (unaudited)

	October 30, 2022	January 30, 2022
(amounts in thousands, except share and per share amounts)		
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,832	\$ 92,392
Trade accounts receivable	15,357	8,547
Merchandise inventories	154,481	108,493
Prepaid expenses and other current assets	41,867	15,726
Total Current Assets	215,537	225,158
Property and equipment, net	47,477	34,137
Operating lease right-of-use assets	133,075	100,891
Other Assets		
Goodwill	144	144
Intangible assets, net	1,395	1,413
Deferred financing costs, net	73	—
Deferred tax asset	9,695	9,836
Total Other Assets	11,307	11,393
Total Assets	\$ 407,396	\$ 371,579
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 47,267	\$ 33,247
Accrued expenses	33,126	40,497
Payroll payable	7,199	9,978
Customer deposits	5,861	13,316
Current operating lease liabilities	20,774	16,382
Sales taxes payable	4,770	5,359
Total Current Liabilities	118,997	118,779
Operating Lease Liabilities, long-term	130,229	96,574
Line of Credit	—	—
Total Liabilities	249,226	215,353
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock \$0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of October 30, 2022 and January 30, 2022.	—	—
Common Stock \$0.00001 par value, 40,000,000 shares authorized, 15,192,134 shares issued and outstanding as of October 30, 2022 and 15,123,338 shares issued and outstanding as of January 30, 2022.	—	—
Additional paid-in capital	175,108	173,762
Accumulated deficit	(16,938)	(17,536)
Stockholders' Equity	158,170	156,226
Total Liabilities and Stockholders' Equity	\$ 407,396	\$ 371,579

Q3 FY 2023 Statement of Cash Flows

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CONDENSED STATEMENT OF CASH FLOWS (unaudited)

(amounts in thousands)	Thirty-nine weeks ended	
	October 30, 2022	October 31, 2021
Cash Flows from Operating Activities		
Net income	\$ 598	\$ 13,260
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property and equipment	7,911	5,121
Amortization of other intangible assets	285	627
Amortization of deferred financing fees	117	68
Net loss on disposal of property and equipment	41	—
Equity based compensation	2,929	2,850
Non-cash operating lease cost	13,582	11,003
Impairment of right of use lease asset	—	554
Deferred income taxes	141	—
Changes in operating assets and liabilities:		
Trade accounts receivable	(6,810)	(5,281)
Merchandise inventories	(45,988)	(44,127)
Prepaid expenses and other current assets	(20,547)	1,166
Accounts payable and accrued expenses	3,281	9,265
Operating lease liabilities	(13,227)	(10,396)
Customer deposits	(7,455)	711
Net Cash Used in Operating Activities	(65,142)	(15,179)
Cash Flows from Investing Activities		
Purchase of property and equipment	(21,292)	(11,386)
Payments for patents and trademarks	(267)	(455)
Net Cash Used in Investing Activities	(21,559)	(11,841)
Cash Flows from Financing Activities		
Payment of deferred financing costs	(276)	—
Taxes paid for net share settlement of equity awards	(1,583)	(3,563)
Proceeds from the exercise of warrants	—	104
Net Cash Used in Financing Activities	(1,859)	(3,459)
Net Change in Cash and Cash Equivalents	(88,560)	(30,479)
Cash and Cash Equivalents - Beginning	92,392	78,341
Cash and Cash Equivalents - Ending	\$ 3,832	\$ 47,862
Supplemental Cash Flow Disclosures		
Cash paid for taxes	\$ 9,811	\$ 775
Cash paid for interest	\$ 65	\$ 80