LOVESAC®

Designed for Life™ Furniture Co.

2018 Investor Presentation

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LOVESAC

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This presentation contains numbers that are not required by, or presented in accordance with, GAAP, including EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Average Unit Volume (collectively, our "Non-GAAP Measures"). Our Non-GAAP Measures are not GAAP measures of our financial performance or liquidity and should not be considered as alternatives to 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. They should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, our Non-GAAP Measures are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as tax payments and debt service requirements and certain other cash costs that may recur in the future. Our Non-GAAP Measures contain certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. In addition, our Non-GAAP Measures exclude certain non-recurring and other charges.

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Investment Highlights

LOVESAC

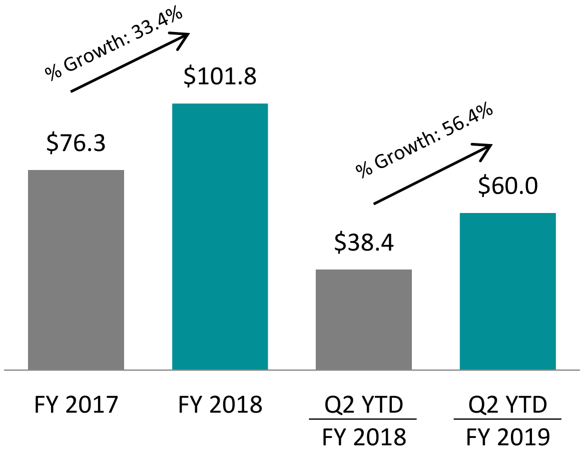
- Attractive Financial Profile
- Omni-Channel Approach
- Favorable Industry Trends
- History of Innovation with Patented Features
- Loyal Customer Base
- Seasoned Management Team
- A Founder's Philosophy that Drives a Focused & Cohesive Strategy

Attractive Financial Profile

LOVESAC

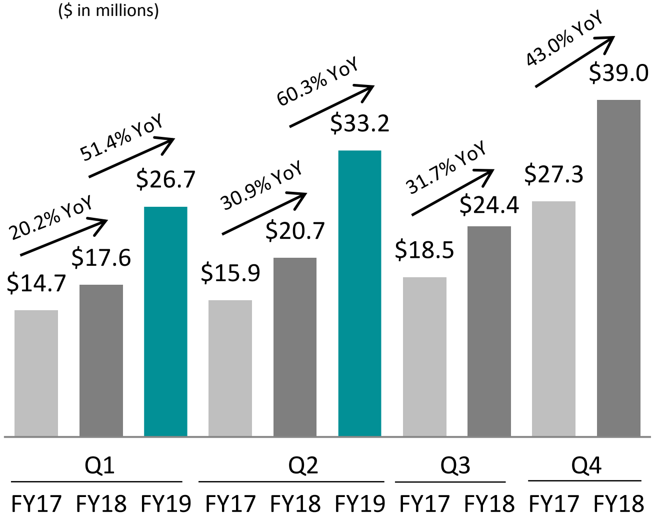
Net Sales

($ in millions)



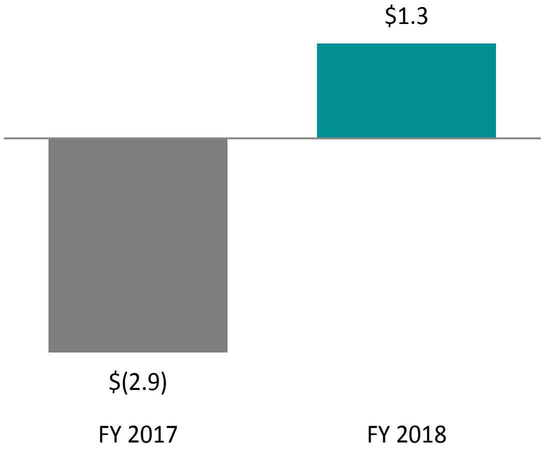
Quarterly Net Sales

($ in millions)



Adjusted EBITDA[1]

($ in millions)



[1] Adjusted EBITDA Reconciliations can be found on page 32.

Disrupting a Stale Category

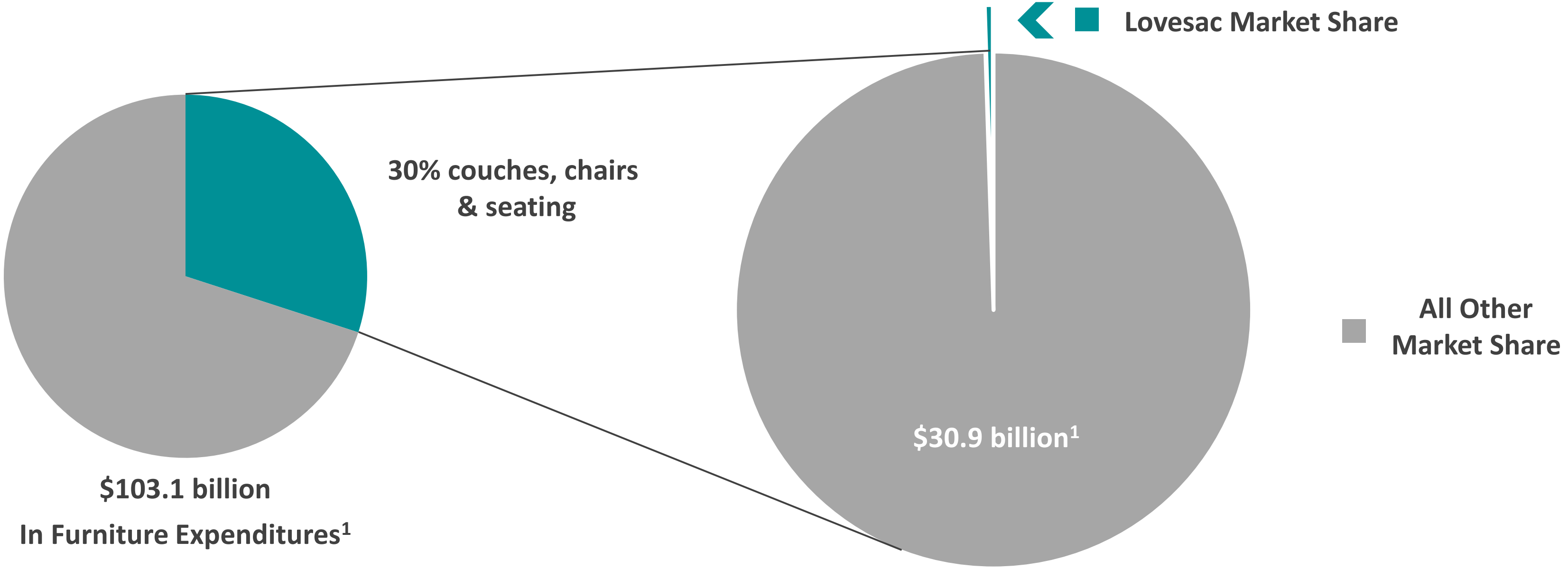
LOVESAC

Traditional Model	Disruptive / Omni-Channel Model
In-store stocking / long lead time, inventory & personnel heavy delivery	Direct to your door, short lead time, efficient shipping
Low excitement and mundane products	Unique and advantaged products
Non-engaged customer base	Highly engaged customers
Numerous, large and unproductive stores	Limited and productive showrooms
Broad merchandising assortment	Focused product category approach
POTTERY BARN, macy's, Crate&Barrel, TARGET	LOVESAC, Casper, PELOTON, TESLA

Large and Growing Addressable Market

LOVESAC

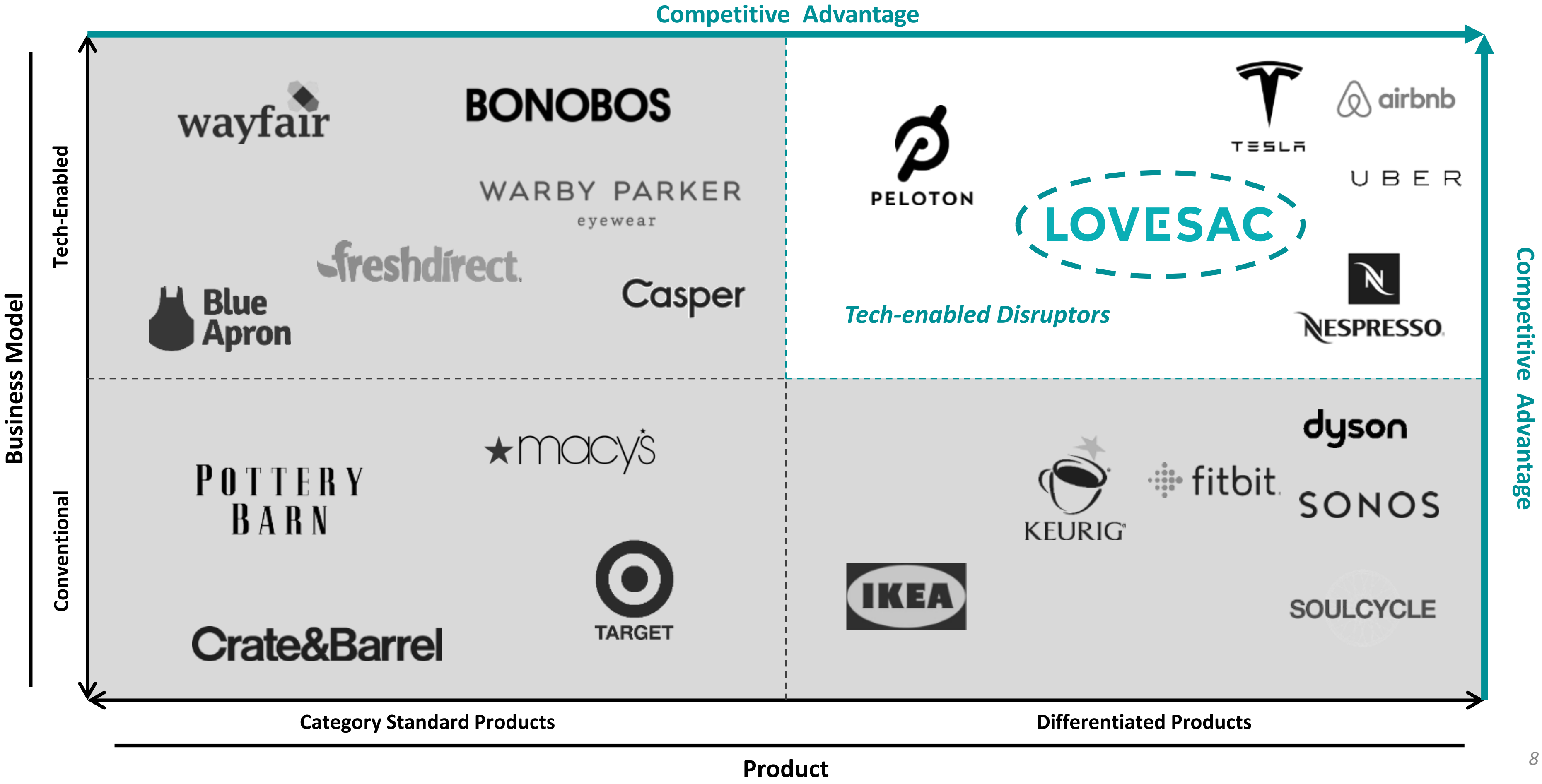
Furniture expenditures are expected to grow 3.4% per year through 2021, while online furniture expenditures are expected to grow from $36.0 billion in 2017 to $62.4 billion in 2021



Source: Mintel Group Ltd: Furniture Retailing, US, July 2016
Source: Home Furnishing Stores and Digital Commerce, eMarketer, US, February 2018
[1] Expenditures in 2015.

Unique Business Model + Product = Competitive Advantage

LOVESAC



Lovesac's Platform for Growth

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See It

Social Media

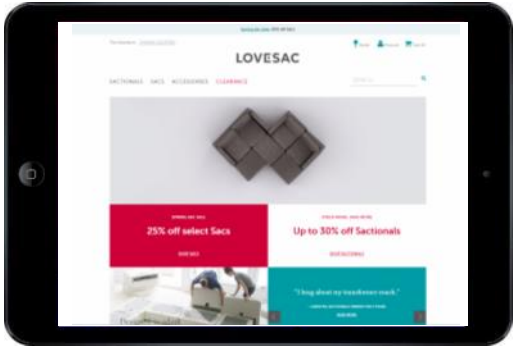
Advertising

Touch It

Showroom

Friend / Neighbor

Buy It



Lovesac.com

Growth Strategies

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1. Expand Brand Advertising
2. Increase Digital Marketing Programs
3. Continue Updating Showrooms to New Format
4. Open More Showrooms
5. Extend Brand Reach with Shop-in-Shops
6. Continue Social Media Engagement

2 Expand Brand Advertising

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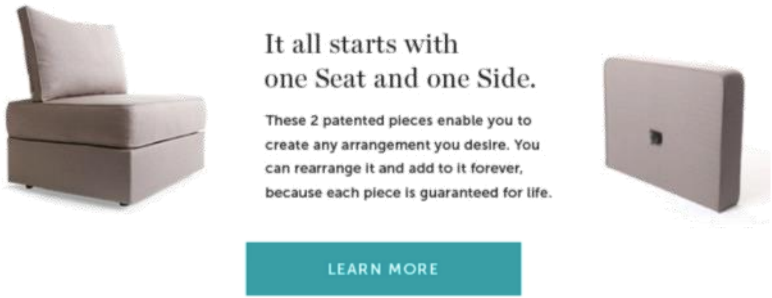
Television Media

Program

Media Markets include TV flighting and Digital Heavy Up

Direct Mail



Program

Unique Trial Offer Targeted to High Probability New Mover Prospects

Increase Digital Marketing Programs

LOVESAC

Our digital marketing programs have had favorable results

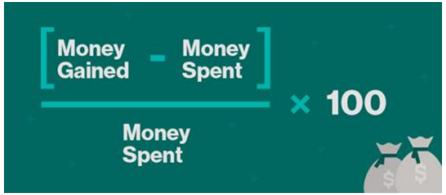
$ Invested in Marketing

Rakuten AFFILIATE NETWORK

Google Display Network

Incremental Gross Profit

Return



3 Continue Updating Showrooms to New Format

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Old Showrooms

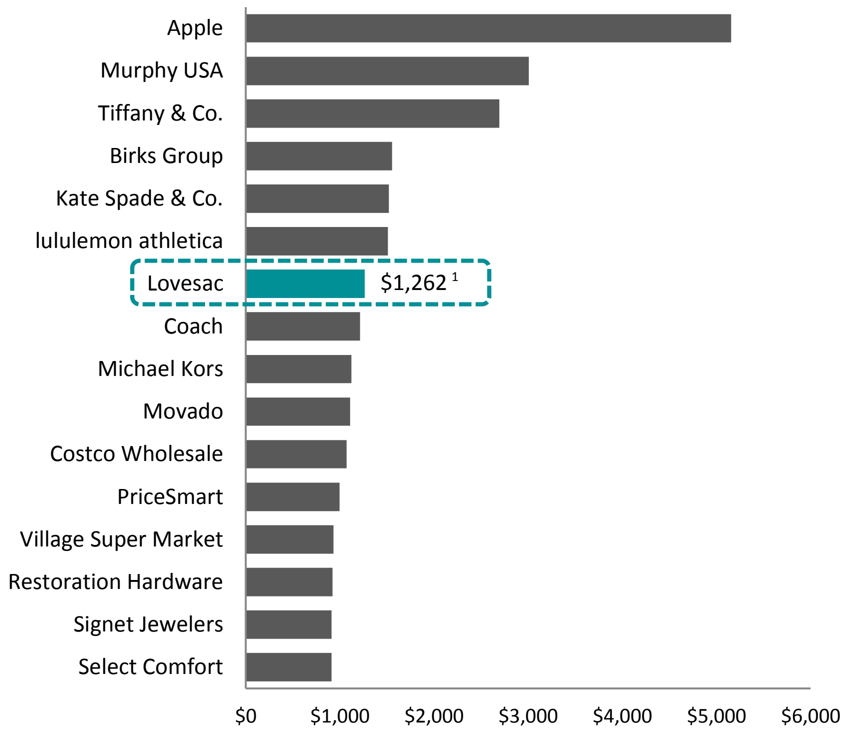
New Showrooms

3 Continue Updating Showrooms to New Format (cont'd)

LOVESAC

- Opened 8 new showrooms[1]
- Planning to remodel 10 showrooms during fiscal 2019
- Collaborated with leading design firm, Prophet NYC, for re-branding effort
- Turns product inside-out
- Minimal merchandising, aesthetic, seasonality and inventory risk

Showroom Sales Per Sq. Foot



Source: External retailer data from eMarketer.com, Store Productivity for latest fiscal year
Source: Lovesac $/sqft data from our internal data
[1] For twenty six weeks ended August 5, 2018.

4 Open More Showrooms

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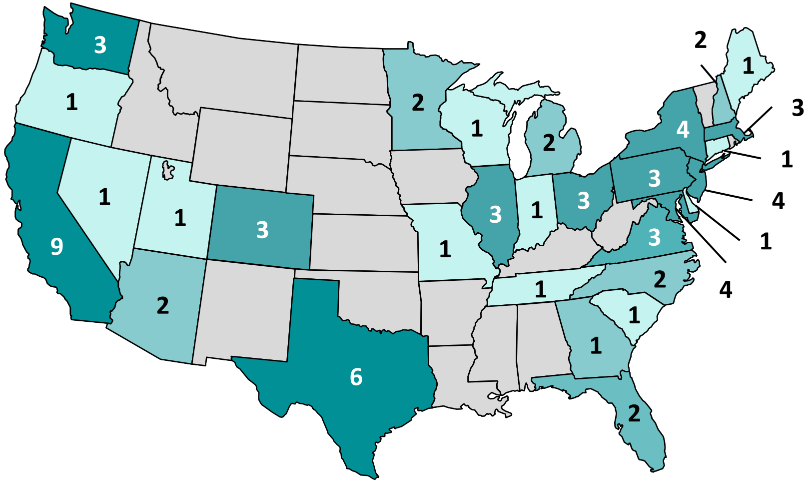
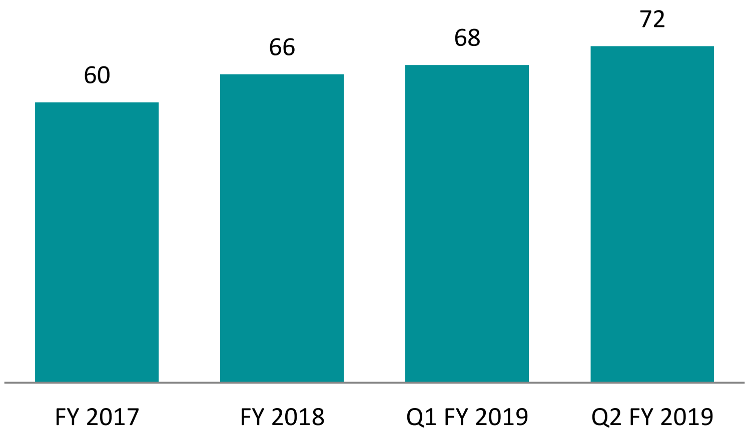
Lovesac currently sells its products through showrooms at top tier malls, lifestyle centers and street locations in 30 states in the U.S.

Showroom Locations[1]



Showrooms



[1] As of August 5, 2018

5 Extend Brand Reach With Shop-in-Shops

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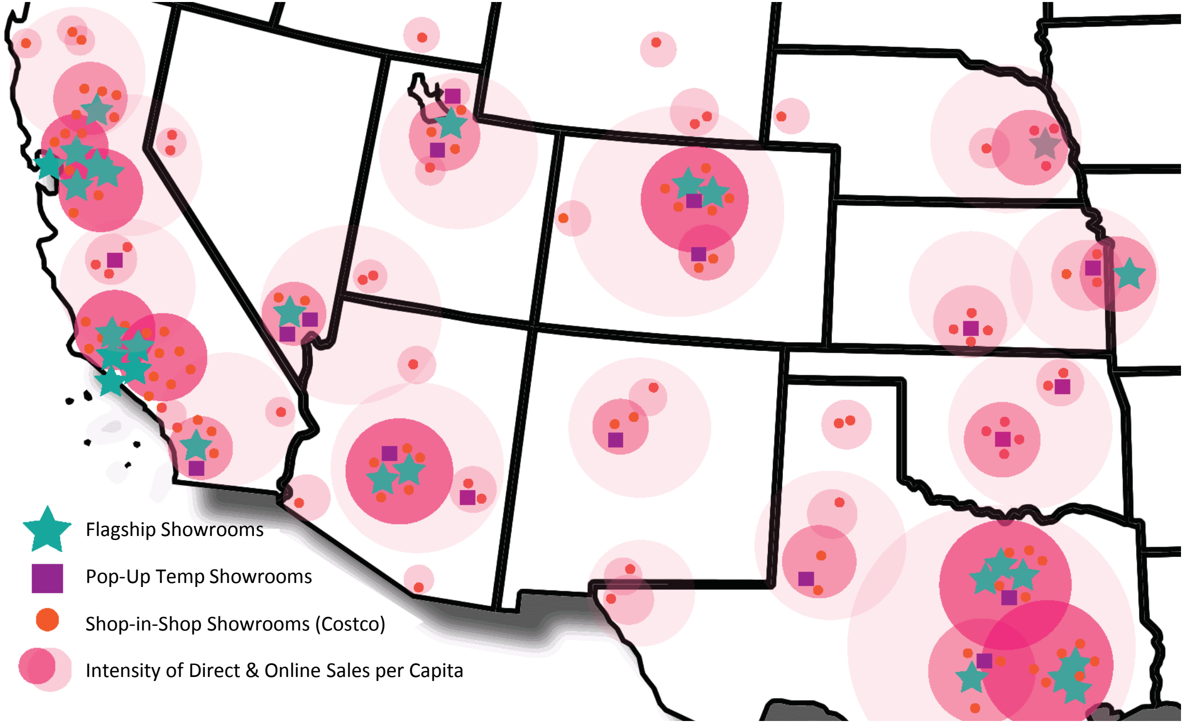
Direct to consumer marketing combined with temporary shop-in-shops takes the brand to the majority of the population



- Strategy: Manage growth by total sales in a trade area
- 100+ shop in shops in FY 2018
- Costco roadshows averaged sales of $3,800 per day in FY 2018
- Pre-purchase experience drive sales and reduce returns

Note: Map portrayed for illustrative purposes only. Does not represent current national footprint

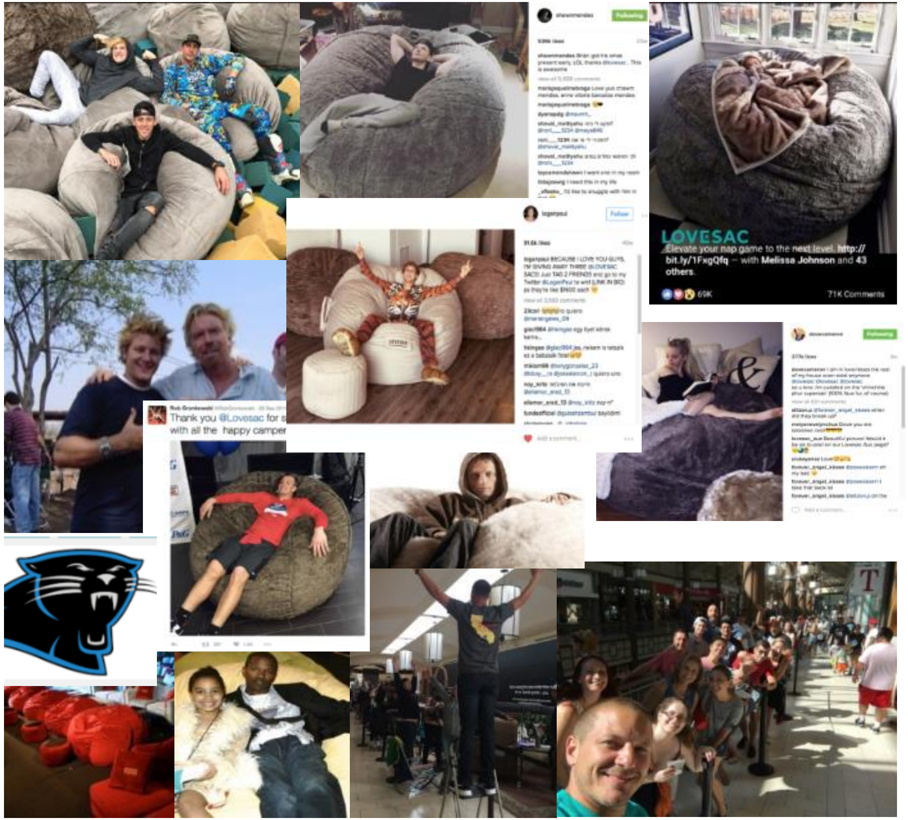
6 Continue Social Media Engagement

LOVESAC

Social Engagement Metrics

		Q1 FY2019 vs. Prior Year
facebook	588,000 page likes	+ 66%
Instagram	219,000 followers	+ 152%
YouTube	42+ million views in 24 hours[1] & 202 million views in total	

- Unsolicited celebrity endorsments and promotion
- Lovesac's founder has a strong online following
- One of the most viewed viral videos in the first 24 hours after posting involves a Sac[1]



[1] Source: Wikipedia. *List of most viewed online videos in first 24 hours.*

A Team Prepared For Growth

LOVESAC

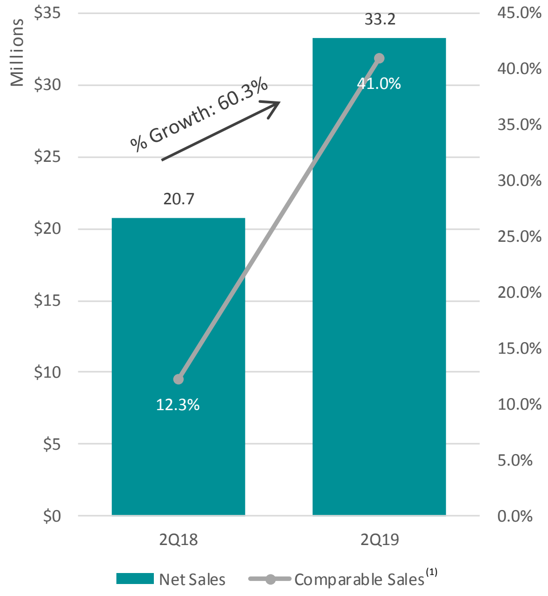
Team Member	Years at Lovesac	Biography
Shawn Nelson Founder & CEO	20 years	• Founded Lovesac in 1998; lead designer for all of the Lovesac's patented products • Fluent in Mandarin; leads sourcing, creative, design, PR, investor relations and culture • PR magnate online & TV; won Richard Branson's "The Rebel Billionaire" on Fox in 2005; ongoing TV appearances • MS in Strategic Design and Management; graduate-level instructor at Parsons School for Design in New York
Jack Krause President & COO	3 years	• 20 years of executive experience in specialty retail & DTC • President of Vitamin World, a division of NBTY; SVP at Fossil for Watch Station Global Retail, and Skagen; GM at Sunglass Hut North America for Luxottica; SVP Brand Development and VP of Merchandising at Bath and Body works • 10 years in CPG brand management at Jergens and Marion Merrell Dow Consumer Products
Donna Dellomo EVP and CFO	18 Months	• 19 years as VP & CFO of Perfumania Holdings, a publicly traded company with over 290 retail locations • Progressive positions as Internal Audit Manager, Accounting Manager and Corporate Controller at Cybex International, a publicly traded company that manufactured and distributed fitness, rehabilitative and health care equipment • CPA with initial focus on audit and tax • Member of Board of Trustees of Molloy College
Pat Santangelo VP Brand Marketing	4 years	• 6 years brand management at PepsiCo, driving growth of two brands, Mountain Dew and Lipton Iced Tea • 2 years at Luxottica managing the luxury portfolio for their wholesale business in North America • MBA from Rice University
Sue Beckett VP Digital & Direct Marketing	16 months	• VP of Global Customer Intelligence at Ralph Lauren, specializing in CRM and data analytics • 8 years multichannel VP of Marketing at Redcats USA (now FullBeauty Brands) • Worked with brands including L'Oréal, Ann Taylor & Conde Nast
Chad Best VP Retail Ops.	6 years	• 2 decades of retail background with brands like Roche Bobois, Victoria's Secret, Arhaus Furniture, The Container Store and Williams Sonoma • Specialties include retail operations, merchandising, multi-unit management and driving revenue
David Jensen CIO CTO	1 year	• 30 years experience in retail including J. Jill, Ann Taylor, Macy's, Citi Trends and Howland-Steinbach • Technology leader in development methodologies and compliance • Extensive business process optimization in retail distribution and direct-to-consumer fulfillment • MBA from Bellarmine University
Doreen Corrigan VP Administration	10 years	• 10 years at Lovesac including responsibilities for manufacturing, importing, warehousing, distribution, real estate portfolio consolidation and strategic alignment • 15+ years of experience in lease negotiation and administration, operational management and efficiency in multi-unit/multi-state environments
Tony Arella VP Logistics	3 months	• 25 years experience in logistics & supply chain – holding leadership roles in Kraft Foods, Estée Lauder, Sleepys, and Fresh Direct companies. • Expertise in expanding company operations, starting up Ecommerce fulfillment and optimizing end-to-end retail supply chains for direct to consumer businesses. • BS Applied Math and Statistics from Brook University

Financials

Q2 Metrics

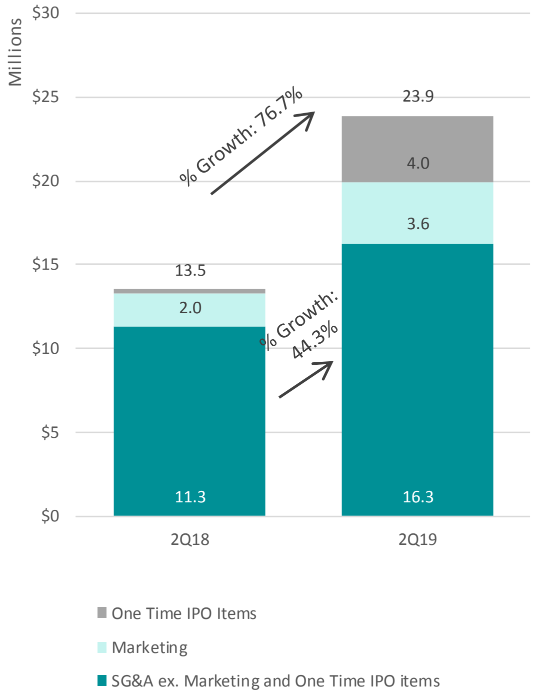
LOVESAC

Net Sales



Gross Profit

Selling, General & Admin Expenses



[1] Comparable sales include showroom and Internet sales.

[2] The gross margin change was primarily due to channel mix shift toward shop-in-shop locations and growth in Sactional products, which carry a slightly lower margin than Sacs. Although shop in shops carry a lower gross margin, they generate positive operating margin.

Income Statement

($ in 000's)	FY		Q1		Q2		Q2 YTD	
	FY 2017	FY 2018	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019
Net Sales								
Showrooms	$ 62,277	$ 77,837	$ 13,993	$ 18,549	$ 16,242	$ 23,023	$ 30,235	$ 41,573
Internet	12,270	18,859	3,051	4,566	3,221	5,515	6,272	10,082
Other Assets	1,796	5,114	588	3,653	1,282	4,710	1,870	8,363
Total Net Sales	$ 76,343	$ 101,810	$ 17,632	$ 26,768	$ 20,745	$ 33,249	$ 38,377	$ 60,018
% growth	*3.0%*	*33.4%*		*51.8%*		*60.3%*		*56.4%*
Cost of merchandise sold	$ 34,646	$ 44,593	$ 8,544	$ 12,122	$ 9,214	$ 15,410	$ 17,758	$ 27,532
Gross Profit	$ 41,697	$ 57,217	$ 9,088	$ 14,646	$ 11,531	$ 17,839	$ 20,619	$ 32,486
% margin	*54.6%*	*56.2%*	*51.5%*	*54.7%*	*55.6%*	*53.7%*	*53.7%*	*54.1%*
Selling, general and administrative expenses	$ 47,868	$ 62,255	$ 12,275	$ 20,272	$ 13,866	$ 24,659	$ 26,142	$ 44,931
Operating loss	$ (6,171)	$ (5,038)	$ (3,187)	$ (5,626)	$ (2,335)	$ (6,820)	$ (5,523)	$ (12,445)
% margin	*-8.1%*	*-4.9%*	*-18.1%*	*-21.0%*	*-11.3%*	*-20.5%*	*-14.4%*	*-20.7%*
Other Assets								
Other expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loss on extinguishment of debt	-	-	-	-	-	-	-	-
Interest expense	(565)	(438)	(150)	(58)	(79)	-	(229)	(58)
Income taxes	(138)	(26)	-	-	-	(150)	-	(150)
Net Loss	$ (6,874)	$ (5,502)	$ (3,337)	$ (5,684)	$ (2,414)	$ (6,970)	$ (5,752)	$ (12,653)
% margin	*-9.0%*	*-5.4%*	*-18.9%*	*-21.2%*	*-11.6%*	*-21.0%*	*-15.0%*	*-21.1%*
Net Loss per common share (basic and diluted)	$ (1.20)	$ (1.11)	$ (0.56)	$ (1.25)	$ (0.45)	$ (3.71)	$ (1.01)	$ (5.29)
Adjusted net loss per common share	$ (0.58)	$ (0.55)	$ (0.28)	$ (1.76)	$ (0.16)	$ (0.27)	$ (0.39)	$ (0.67)
Adjusted EBITDA Reconciliation:								
Net Loss	$ (6,874)	$ (5,502)	$ (3,337)	$ (5,683)	$ (2,414)	$ (6,970)	$ (5,752)	$ (12,653)
Interest expense	565	438	150	58	79	-	229	58
Taxes	138	26	-	-	-	150	-	150
Depreciation and Amortization	2,180	2,359	347	670	339	759	686	1,429
EBITDA	$ (3,991)	$ (2,679)	$ (2,840)	$ (4,955)	$ (1,996)	$ (6,061)	$ (4,837)	$ (11,016)
Sponsor fees	$ 400	$ 484	$ 108	$ 125	$ 125	$ 742	$ 233	$ 867
Equity-based compensation expense	26	951	-	295	-	2,039	-	2,334
Write-off of property and equipment	77	197	-	6	-	-	-	6
Deferred rent	217	360	67	124	72	128	139	252
Other expenses	410	1,959	249	216	239	1,292	488	1,538
Adjusted EBITDA	$ (2,861)	$ 1,272	$ (2,416)	$ (4,189)	$ (1,560)	$ (1,860)	$ (3,977)	$ (6,019)
% margin	*-3.7%*	*1.2%*	*-13.7%*	*-15.6%*	*-7.5%*	*-5.6%*	*-10.4%*	*-10.0%*

Balance Sheet

LOVESAC

		As of August 5, 2018
Current Assets		
Cash and cash equivalents	$	48,212,163
Trade accounts receivable		4,034,273
Merchandise inventories		20,239,919
Prepaid expenses and other current assets		5,794,464
Total Current Assets		78,280,819
Property and Equipment, Net		15,714,513
Other Assets		
Goodwill		143,562
Intangible assets, net		691,283
Deferred financing costs, net		255,583
Total Other Assets		1,090,428
Total Assets	$	95,085,760
Current Liabilities		
Accounts payable	$	15,299,930
Accrued expenses		1,738,475
Payroll payable		1,354,069
Customer deposits		2,199,619
Sales taxes payable		950,292
Line of credit		-
Total Current Liabilties		21,542,385
Deferred Rent		1,315,115
Total Liabilities		22,857,500
Stockholders' Equity		
Preferred Stock	$	-
Common Stock		135
Accumulated paid-in capital		141,134,426
Accumulated deficit		(68,906,301)
Total Stockholders' Equity		72,228,260
Total Liabilities and shareholders' Equity	$	95,085,760

Recent Events

- On June 26, 2018, the Company completed its initial public offering (“IPO”), at an offering price to the public of $16.00 per share. The Company sold 4,025,000 shares of its common stock in the IPO, including the additional 525,000 shares purchased by the underwriters in the exercise of their overallotment option, resulting in total net proceeds of $59.2 million after deducting underwriters' discounts, commissions and expenses as well as the Company’s IPO legal expenses.
- Immediately following the IPO, the Company paid down the balance on its asset-based loan in the amount of $4.7 million. The Company intends to use the remaining net proceeds from the IPO for additional IPO related expenses, opening or remodeling showrooms, marketing investments, product development, working capital and other general corporate purposes.

Fiscal 2019 Expectations[1]

LOVESAC

Net Sales

- Continued healthy growth in net sales
- Internet sales to increase as a percentage of total sales

+

Gross Profit

- Fiscal 2019 gross margin approximately flat with fiscal 2018

+

Selling, General & Admin Expenses

- Increased normal operating, selling, general and administrative expenses
- Increased marketing investments
- Continued SG&A leverage

Leads to

Positive Adjusted EBITDA in Fiscal 2019 despite increased marketing investments

[1] As of September 13, 2018