



# LOVESAC<sup>®</sup>

Designed for Life<sup>™</sup> Furniture Co.

ICR Conference  
January 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; implementing and maintaining effective internal control over financial reporting; 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](http://investor.lovesac.com) and on the SEC website at [www.sec.gov](http://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 38 and 39.

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.



**Shawn Nelson**  
Founder & CEO  
20+ Years at Lovesac



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



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



**Donna Dellomo**  
EVP & CFO  
4+ Years at Lovesac

**LOVESAC**



# Lovesac at a Glance

## SACTIONALS<sup>®</sup>

The World's Most Adaptable Couch.™



GEOGRAPHIC PRESENCE  
**135 Retail Locations in 38  
states in U.S.<sup>2</sup>**



CUSTOMER LTV<sup>3</sup>  
**\$2,044**



CUSTOMER ACQUISITION COST  
**\$435**



NEW CUSTOMERS<sup>4</sup>  
**105K in FY2021**



REPEAT CUSTOMERS  
**37.5% of Transactions**

## FY2021 Key Financial Metrics



NET SALES  
**\$320.7 million**  
*(84.5% of Net Sales = Sactionals)*



NET SALES GROWTH  
**37.4%**



GROSS PROFIT  
**\$174.8 million**



GROSS MARGIN  
**54.5%**



ADJ. EBITDA<sup>1</sup>  
**\$28.3 million**



BALANCE SHEET  
**\$78.3 million cash  
and cash equivalents**

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 39.

<sup>2</sup> Represents Retail metrics as of Q3 FY 2022 to include 132 Lovesac branded showrooms, 2 mobile concierge and 1 kiosks.

<sup>3</sup> Represents year one average value for FY 2021 new cohort (actual purchases, not projected).

<sup>4</sup> Represents new customers as of FY 2021.

**Mid-luxury positioning** target customer is 25 to 45 year-old “young parent want-it-alls” 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 **45 issued patents**<sup>1</sup>

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, expanding marketing ROIs and strong channel partnerships

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

Attractive financial profile with 54.5% reported gross margin for FY2021 and **50.2% for Q3 FY2022** despite strong supply chain headwinds

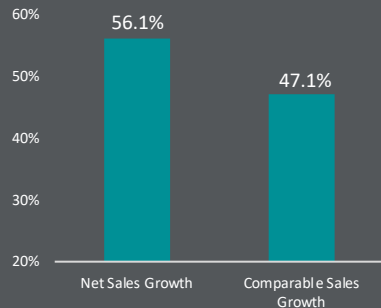
<sup>1</sup> As of January 31, 2021.



# Recent Developments

# FY 2022 Q3 Financial Update

Y/Y Growth



- Showroom net sales increased 67.8%
- Internet channel net sales increased 38.2%
- “Other” channel net sales increased 52.7%

- 41.9% increase in gross margin \$
- (5.1%) decrease in gross margin %\*
- Positive adjusted EBITDA<sup>1</sup> of \$5.8M
- \$47.9M in cash and cash equivalents at end of quarter

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\*Gross margin decline was due to increased total distribution and related tariff expenses, partially offset by improved product margin from the Sactional product category, reduction in promotional discounts, and premium covers mix impact. Distribution expenses including warehousing and freight also leveraged.

## Outlook

### FY2022 Q4 GUIDANCE

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- Expect net sales growth of approximately 35%
- Positive adjusted EBITDA<sup>1</sup> dollars in the \$12 to \$13 million range compared to \$25.9 million in the same quarter LY
- Positive adjusted EBITDA<sup>1</sup> dollars driven by expected lower gross margin of approximately 1000 bps as compared to prior year due to significant supply chain headwinds.

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 38.

## Touchpoints

Testing two new touchpoints in 2H by opening up to 8 branded kiosks and launching 2 mobile concierge (showroom on a truck) pilots in as we continue to test touchpoints and expand our real-world exposure.



Best Buy shop-in-shop expansion plans to open ~18 new units for 2H of this year. We will evaluate unit economics and overall performance including BestBuy.com before adding more touchpoints.



Strong performance from our continued Costco online pop-up-shop business. Have plans to expand presence digitally and are exploring new potential physical touchpoints for the future.



# 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

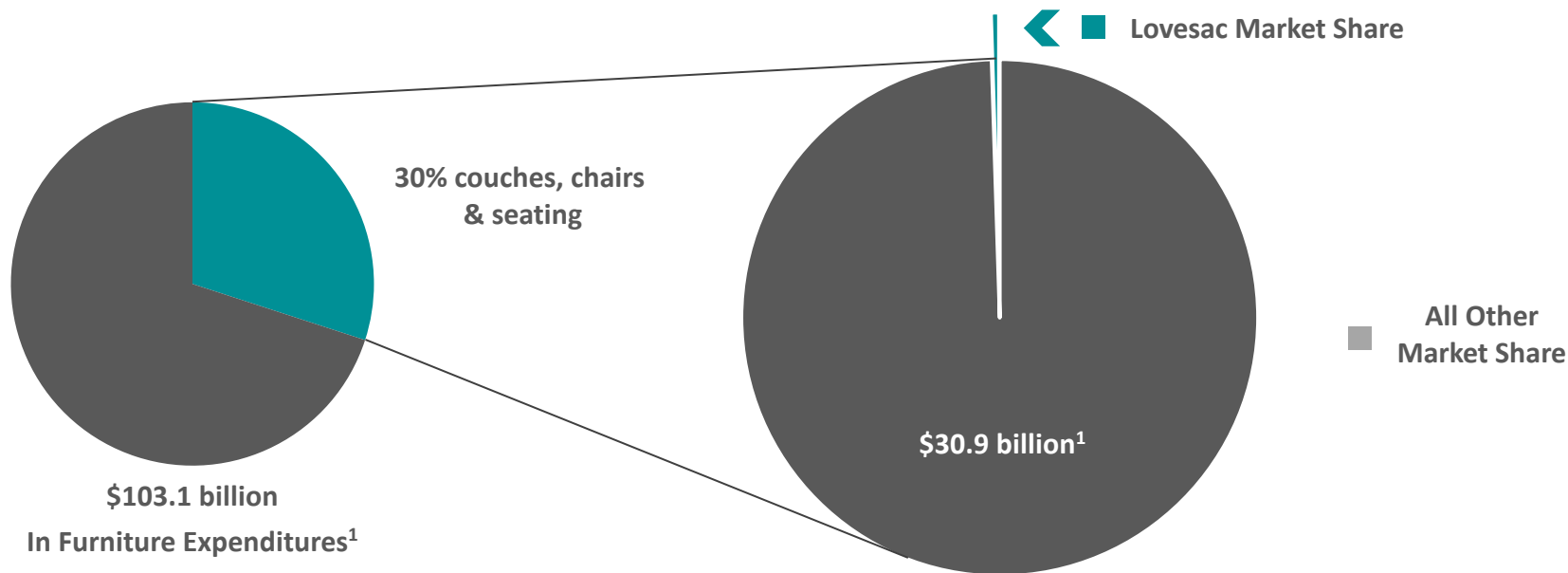
Limited, productive, **small showrooms**

Focused product categories, product **platforms**

# Massive, Untapped Addressable Market

LOVESAC

Furniture spend in the US totals over \$100 billion, of which 30% is comprised of couches, chairs & seating. Lovesac captures a small portion of this \$30+ billion, representing a greenfield opportunity in the space.



Source: Mintel Group Ltd: Furniture Retailing, US, July 2016.

Source: Home Furnishing Stores and Digital Commerce, eMarketer, US, February 2018.

<sup>1</sup> Expenditures in 2015.

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

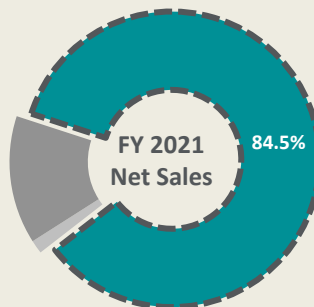
**Patented modular system** makes it easy to assemble & change over time

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

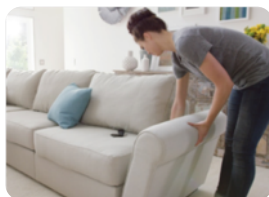


Coaster & Couch Bowl

## Decor

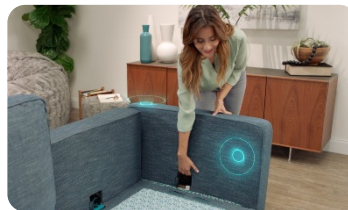


Custom Covers & Dec Pillows



Roll Arm

## Function/Upgrade



Sactionals StealthTech Sound + Charge



Power Hub

## Platform Extension



Outdoor Sactionals



**37.5% of Lovesac transactions are from repeat customers<sup>1</sup>**

<sup>1</sup>% Transactions that are repeat is calculated by dividing transactions from existing customers over total transactions for FY2021. We based this on our internal data relating to customers purchasing in fiscal 2021.



- 29 quick-ship covers constitute more than 93% of all covers sales<sup>1</sup>
- 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"

<sup>1</sup> Quick ship sectional covers demand sales as a % to total sectional cover as of YTD Q2 FY2022

LOVESAC STEALTHTECH

StealthTech is an ingredient brand under the Lovesac trademark. Its role is to enhance user experience of Lovesac products by embedding premium technology that addresses key consumer use cases for activities on or around our respective product platforms. StealthTech enables technology embedded inside Lovesac products to be completely hidden from view, eliminating the trade off between function and style. Because when it comes to technology, invisible is beautiful.



SACTIONALS STEALTHTECH SOUND + CHARGE

Lovesac holds patents that are key to making Sactionals StealthTech Sound + Charge truly innovative. Our proprietary technology tunes the system to the unique layout of a customer’s Sactionals, providing optimal sound quality from every Seat. Additionally, we’ve developed a way of optimizing the sound properties to the precise characteristics, density, and color of a customer’s chosen Sactionals Covers, allowing sound to pass through fabric and upholstery with superior quality and immaculate clarity. These technologies allow the system to adapt to virtually any configuration and Cover selection for a fully personalized experience.



Enhanced  
Functionality  
With No  
Impact to  
Style

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

LOVESAC

## 5.1 Immersive Sound + Charge System



MSRP \$3,700, Avg. SMSM: \$2,960

*\*Pricing includes cost of the Side inserts. Net increase to customer is \$3,300 at MSRP, \$2,640 at Avg. SMSM*



## Add-On Enhancement

### Satellite Sound Side



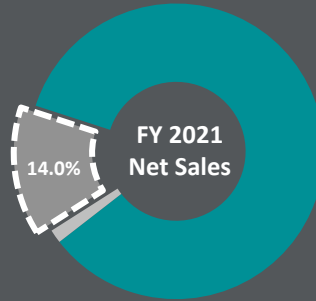
MSRP: \$500

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 22lbs 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



## Sacs



## Sactionals



## Accessories



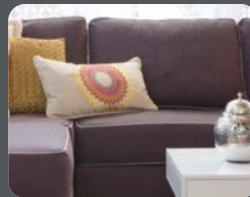
Footsac Blanket



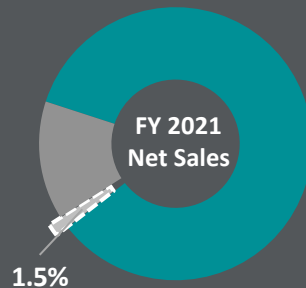
Drink Holder



Seat Table



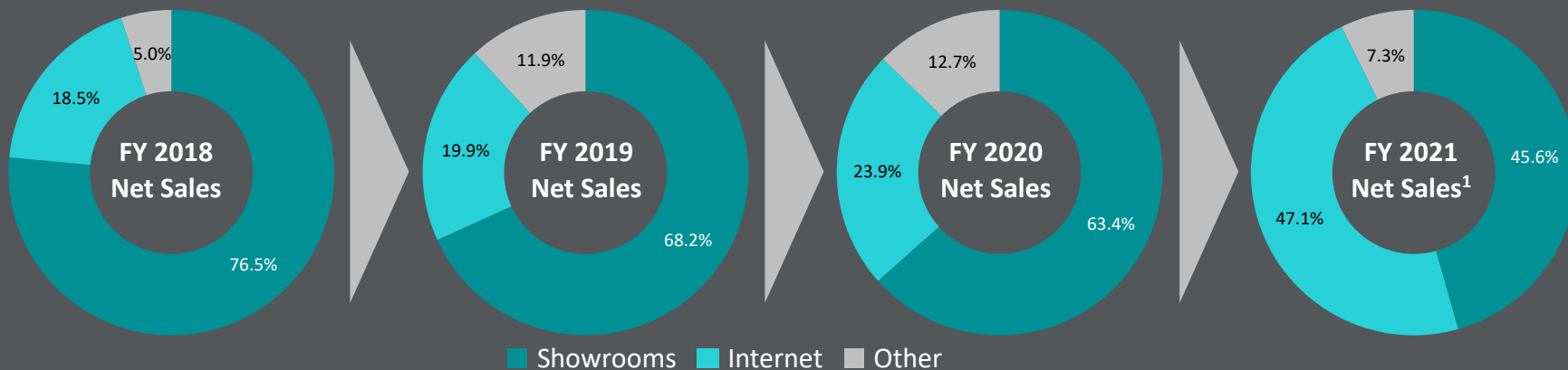
Custom Covers &  
Dec Pillows





# Balanced Omni-Channel Strategy

## Diversifying Channel Mix



### Showrooms

- Small-footprint retail locations in high-end malls create an environment where consumers can see, touch, and understand the products

### Internet

- eCommerce channel drives deeper brand engagement and loyalty

### Other

- 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 5 temporary online pop-ups on Costco.com in FY2021

<sup>1</sup> 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.

19

New showrooms and closed 2 showrooms in FY2021

2

Full showroom remodels completed in FY2021

28\*

Planned new showrooms in FY2022, opened 28 in Q3 YTD

## Lovesac Showroom Features

- Turns product inside-out to reveal technology
- Low merchandising, aesthetic, seasonality and inventory risk
- FY20 showroom sales per square foot of \$2,082. Due to COVID-19 driven temporary closures, FY2021 showroom sales per square foot was \$1,676

## Economics of Showroom Model

- Target net sales of ~\$1.6 million in the first year
- Net investments including floor model inventory, capital expenditures and preopening expenses totals of ~\$400K
- Average payback of < 1.5 years\*\*

\* Includes 25 Lovesac branded showrooms, 2 mobile concierges, and 1 kiosk.

\*\*Payback period defined as, for given showroom, starting with the first day it is open, the date on which cumulative four wall Adjusted EBITDA before start up expense for the showroom equals total net investment cost for that showroom.

## 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 company<sup>1</sup>



## 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*

<sup>1</sup> Represents % of only Showroom and Web Point of Sales Transactions as of the fiscal year ended January 31, 2021.

## 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

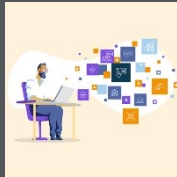
*Our investments in national advertising are increasingly amplified by the above Initiatives, driving ROI's up*

## Awareness\* Marketing



### National TV and Digital Marketing

Focused on major buying holidays; driving positive ROI's across both showroom and non-showroom markets.  
FY2021 CLV:CAC ratio of 4.7X



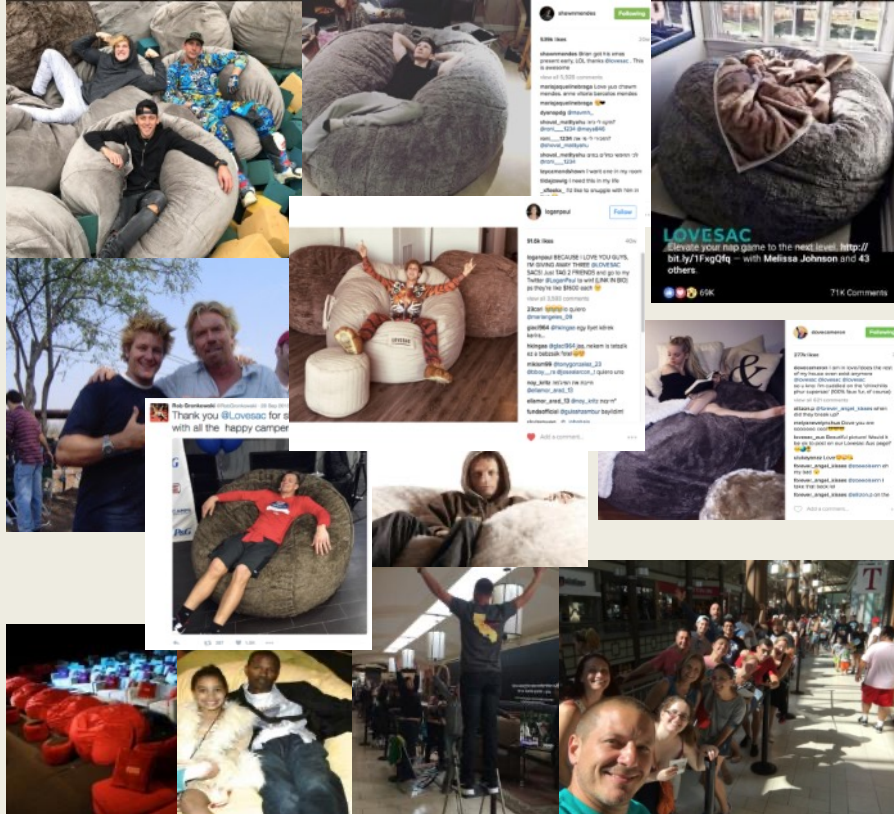
## Conversion Marketing



### 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 FY2022

\* Awareness unaided is currently < 2% nationally



## Social Engagement Metrics FY2021

facebook

853K followers

Instagram

480K followers

YouTube

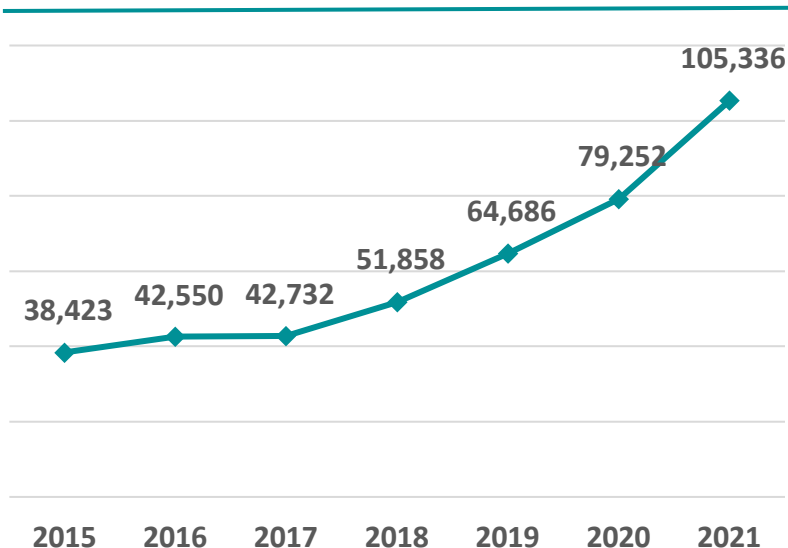
42M+ views in 24 hours  
& 202M views in total

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

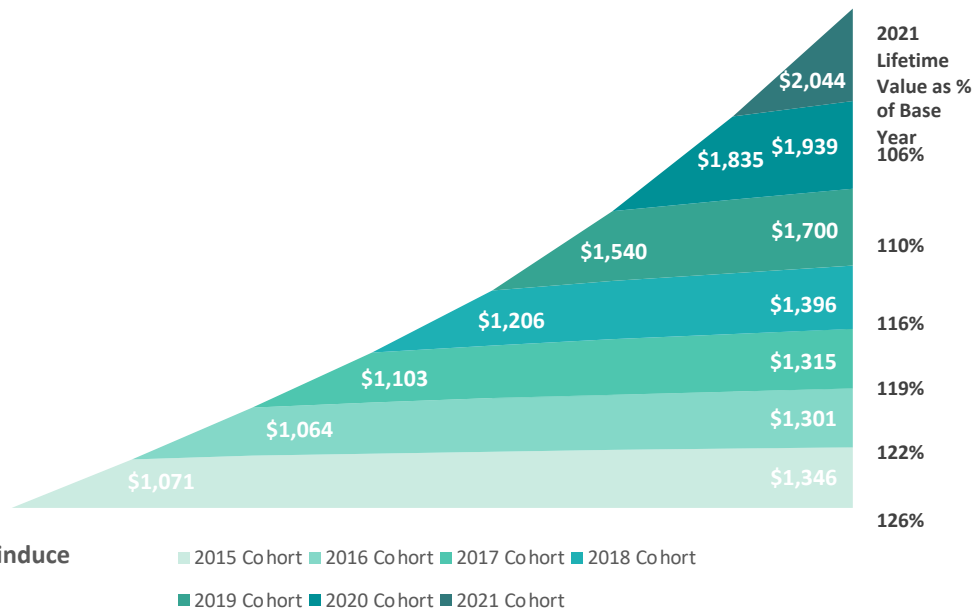
# Strong Customer Lifetime Value

LOVESAC

## New Customer Count



## Lifetime Value of Customers



- **84.5%** 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

Source: Company Internal Transactional data through 1/31/2021.

Note: Represents all customers (positive sales only), excluding business development and Costco; represents fiscal year ends

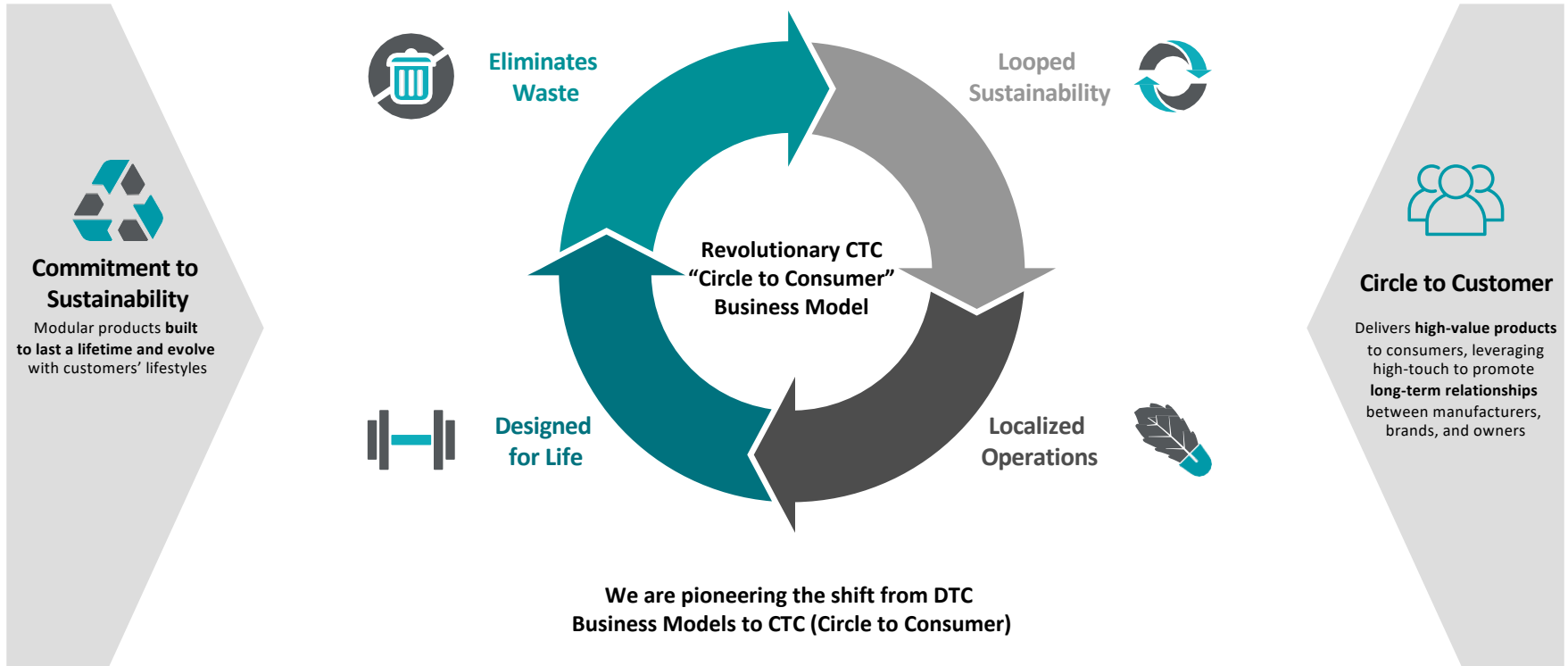


# “Designed for Life” Platform

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



From May 2018 to April 2021, 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 Q2

Develop CTC principles & set goals for implementation strategy in FY2023

By Quarter End FY23 Q4

Identify opportunities and operational efficiencies throughout FY23 with the goal of implementing Product Lifecycle Management (PLM) platform by the end of FY23

E

## 0 waste, 0 emissions by 2040

We're committed to achieving a 100% circular and sustainable business model by 2040. We currently use **100% recycled cardboard for our packaging**. Guided by our DFL philosophy, we improved our sourcing to make the base liner fabric of every **Sac** and **Sactional insert** from **100% repurposed plastic bottles**.

S

## Diversity, Equity & Inclusion

- **DEI Steering Committee:** Sets DEI direction and reports to Board biannually
- **DEI Action Council:** Informs and monitors DEI progress across the company

G

## Board of Directors<sup>1</sup>



## 1<sup>st</sup> ESG Report

Lovesac published its first ESG report in December 2021 covering its ESG strategies, activities, progress, metrics.



## SASB

The report aligns with the Sustainability Accounting Standards Board's (SASB) Building Products & Furnishings sector standard.



## Formalizing ESG

Lovesac is collaborating with FrameworkESG to establish a 3-year ESG strategy. Hired an experienced ESG Manager internally.

<sup>1</sup> As of November 11, 2021.



# Strategic Priorities

## Product



- One major product launch
- Two key platform innovations
- Drive appeal to new & repeat business
- Aggressive supply chain diversification

## Marketing



- Drive growth spending ~12-14% of net sales on marketing annually
- Test & learn to drive efficiency & volume
- New TV creative
- Two key collabs with celebs & aspirational brands
- Expand influencer & social media reach

## Omni-channel Distribution



- Approximately 28 new showrooms in FY2022
- Expanded partnership with Best Buy
- Pilot mobile concierge and kiosk touchpoints
- Lay groundwork for multiple distribution channels

## Supply Chain/ Infrastructure



- Leverage diversified supply chain and resulting strong in-stock positions
- Continue to scale new Northeast DC operations
- 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
- Tout leadership in plastic recycling on the new site, et al
- Continued evolution of supply chain
- Published inaugural ESG report in Dec. 2021

## 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, shop-in-shops, pop-up shops and temporary online pop-ups which expands brand reach and drives customer engagement. Will leverage learnings generated in COVID-19 driven closed-showroom environment.
- **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 2022 Ending October 31, 2021:**

(Dollars in millions, except per share amounts)

	Thirteen weeks ended			Thirty-nine weeks ended		
	October 31, 2021	November 1, 2020	% Inc (Dec)	October 31, 2021	November 1, 2020	% Inc (Dec)
Net Sales	\$116.7	\$74.7	56.1%	\$302.0	\$191.1	58.1%
Gross Profit	\$58.6	\$41.3	41.9%	\$163.7	\$99.6	64.3%
Gross Margin	50.2%	55.3%	(503) bps	54.2%	52.2%	205 bps
Total Operating Expense	\$55.6	\$38.8	43.5%	\$149.5	\$106.5	40.3%
SG&A	\$38.1	\$25.9	46.8%	\$104.2	\$75.2	38.6%
SG&A as a % of Net Sales	32.6%	34.7%	(207) bps	34.5%	39.3%	(484) bps
Advertising & Marketing	\$15.8	\$11.0	44.3%	\$39.5	\$26.3	50.2%
Advertising & Marketing as a % of Net Sales	13.6%	14.7%	(111) bps	13.1%	13.8%	(69) bps
Basic EPS Income (Loss)	\$0.18	\$0.17	5.9%	\$0.88	\$(0.48)	(283.3%)
Diluted EPS Income (Loss)	\$0.17	\$0.16	6.3%	\$0.83	\$(0.48)	(272.9%)
Net Income (Loss)	\$2.8	\$2.5	11.0%	\$13.3	\$(7.0)	(290.1%)
Adjusted EBITDA <sup>1</sup>	\$5.8	\$6.0	(2.3%)	\$23.6	\$2.4	866.5%
Net Cash (Used in) Provided by Operating Activities	\$(15.9)	\$(5.1)	(210.1%)	\$(15.2)	\$6.9	(319.1%)

<sup>1</sup> Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Information” and “Reconciliation of Non-GAAP Financial Measures” included on slides 38 and 39.

Percent Increase (Decrease) except showroom count				
	Thirteen weeks ended		Thirty-nine weeks ended	
	October 31, 2021	November 1, 2020	October 31, 2021	November 1, 2020
Total Comparable Sales <sup>2</sup>	47.1%	53.5%	44.8%	58.7%
Comparable Showroom Sales <sup>3</sup>	53.3%	25.5%	133.0%	(14.2%)
Internet Sales	38.2%	125.2%	(11.4%)	247.2%
Ending Showroom Count	135	107	135	107

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

<sup>3</sup> 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. Showrooms were closed as required by local and state laws as a result of the COVID-19 pandemic effective March 18, 2020. As of the end of the fourth quarter of fiscal 2021, all showrooms had fully reopened to the walk-in phase, and remain open. We are abiding by federal, state and local guidelines with respect to the operating status of our showrooms.

# Q3 and YTD FY22 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (unaudited)

(dollars in thousands)	Thirteen weeks ended October 31, 2021	Thirteen weeks ended November 1, 2020	Thirty-nine weeks ended October 31, 2021	Thirty-nine weeks ended November 1, 2020
Net income (loss)	\$ 2,752	\$ 2,479	\$ 13,260	\$ (6,976)
Interest expense, net	45	44	135	22
Taxes	174	11	842	70
Depreciation and amortization	1,726	1,854	5,748	5,034
EBITDA	4,697	4,388	19,985	(1,851)
Management fees (a)	—	125	—	375
Deferred rent (b)	—	378	—	1,234
Equity-based compensation (c)	1,121	1,063	3,014	2,638
Loss on disposal of property and equipment (d)	—	—	—	5
Impairment of right of use lease asset (e)	—	—	554	—
Other non-recurring expenses (f)(g)	—	—	—	36
Adjusted EBITDA	<u>\$ 5,818</u>	<u>\$ 5,954</u>	<u>\$ 23,553</u>	<u>\$ 2,437</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 we no longer recognize deferred rent.
- (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.
- (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 prior fiscal quarter.
- (f) There were no other non-recurring expenses in the thirteen weeks ended October 31, 2021 and November 1, 2020, respectively.
- (g) There were no other non-recurring expenses in the thirty-nine weeks ended October 31, 2021. Other non-recurring expenses in the thirty-nine weeks ended November 1, 2020 are related to 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
<b>Net Income (Loss)</b>	\$ 14,727	\$ (15,205)
Interest expense (income), net	67	(647)
Provision for income taxes	86	43
Depreciation and amortization	6,613	5,158
<b>EBITDA</b>	<u>21,493</u>	<u>(10,651)</u>
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
<b>Adjusted EBITDA</b>	<u>\$ 28,302</u>	<u>\$ (3,721)</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.
- (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 FY21 and Q3 FY22 Metrics

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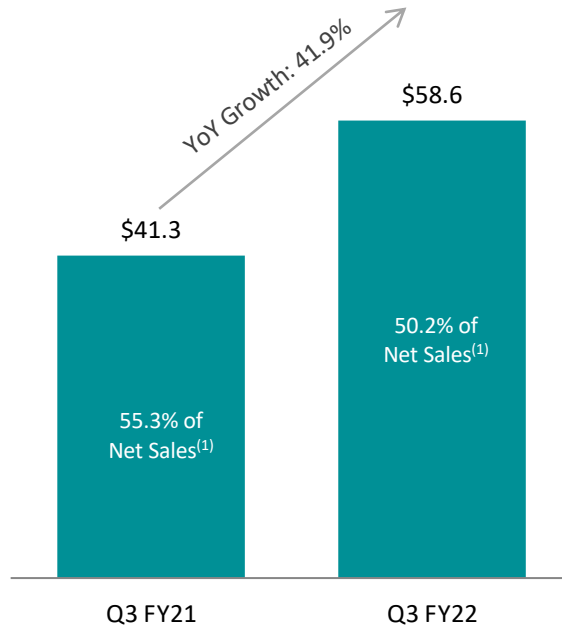
## Net Sales

(\$ in millions)



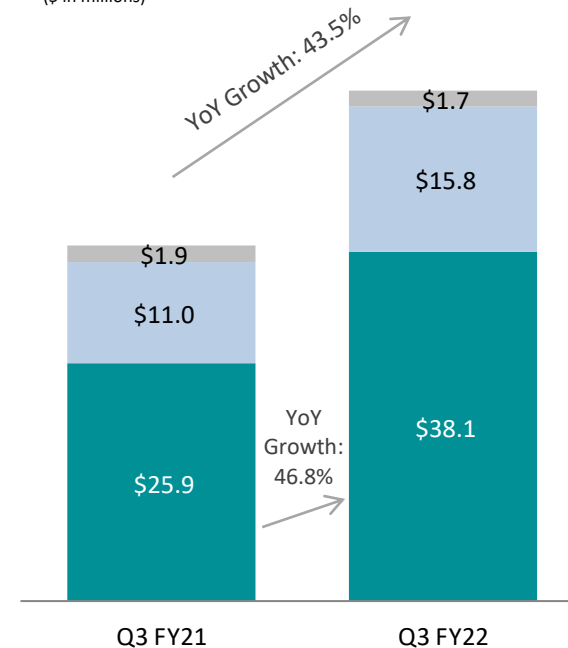
## Gross Profit

(\$ in millions)



## Operating Expenses

(\$ in millions)



- Depreciation and Amortization
- Marketing and advertising
- SGA

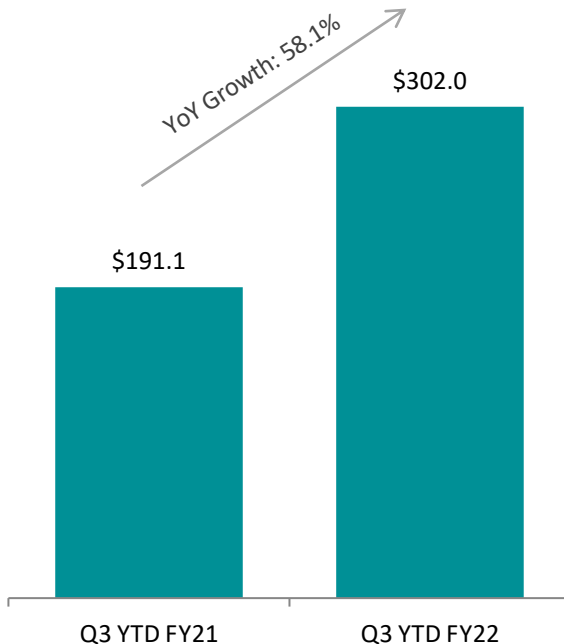
<sup>1</sup> The decrease in gross margin percentage of 510 basis points was primarily driven by an increase of approximately 748 basis points in total distribution and related tariff expenses partially offset by an improvement of 238 basis points in product margin. The increase in total distribution and related tariff expenses over prior year is principally related to the negative impact of 953 basis points increase in inbound transportation cost and increased tariff related to higher product sourcing from China, partially offset by 205 basis points improvements due to higher leverage of warehousing and outbound freight costs. The product margin rate improvement is due to lower promotional discounting and continuing vendor negotiations to assist with the mitigation of tariffs.

# Q3 YTD FY21 and Q3 YTD FY22 Metrics

LOVESAC

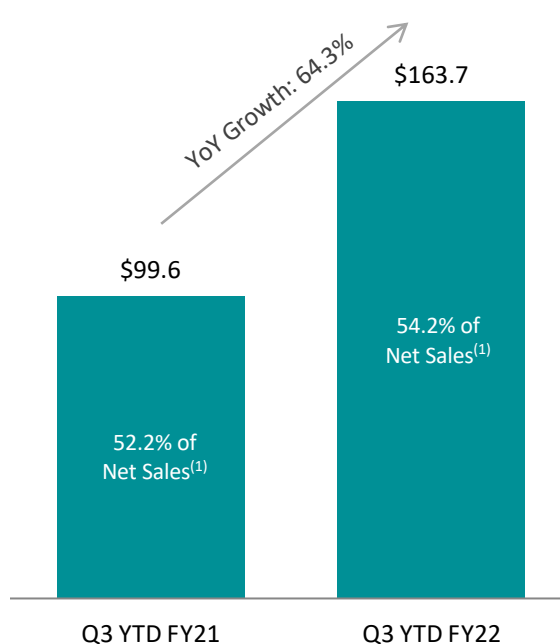
## Net Sales

(\$ in millions)



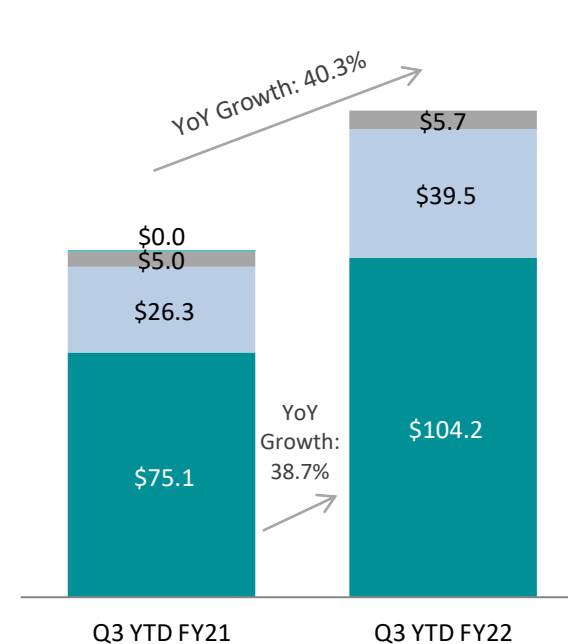
## Gross Profit

(\$ in millions)



## Operating Expenses

(\$ in millions)



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

<sup>1</sup> The increase in gross margin percentage of 200 basis points was primarily driven by an increase of approximately 367 basis points due to lower promotional discount and continuing vendor negotiations to assist with the mitigation of tariffs. Distribution and related tariff expenses increased by 167 basis points over the prior year due to the increase in inbound freight of 822 basis points driven by escalating inbound container costs as well as some shift of inventory sourcing back to China, which are impacted by the 25% tariff rate to help alleviate container congestion coming from our other overseas vendors, partially offset by higher leverage of 655 basis points in warehousing and distribution costs.

# Fiscal 2020 and Fiscal 2021 Metrics

LOVESAC

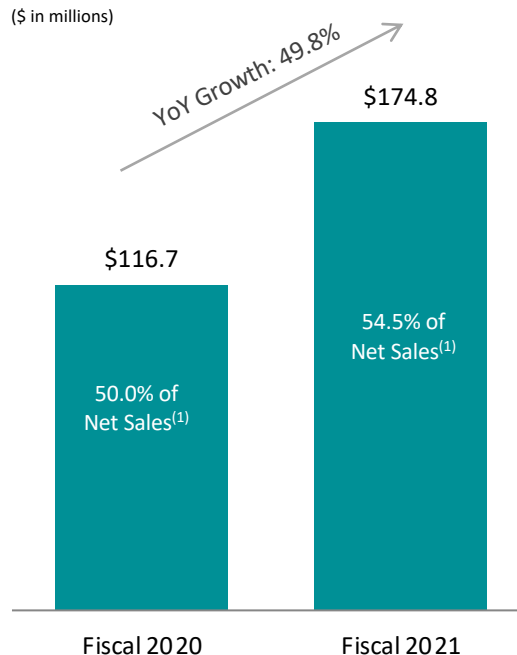
## Net Sales

(\$ in millions)



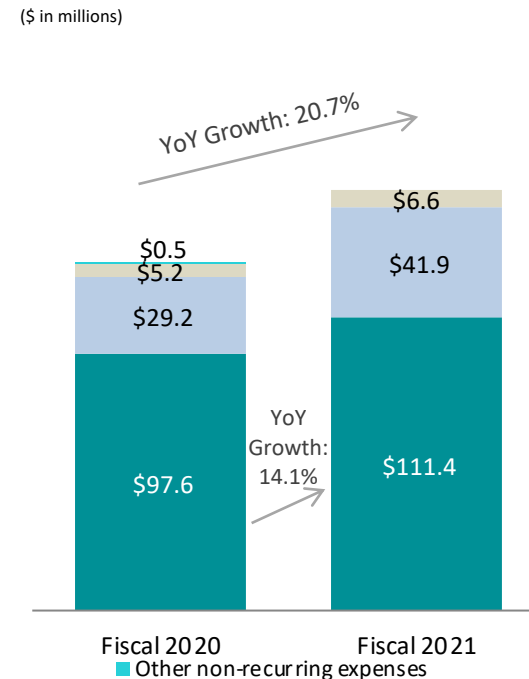
## Gross Profit

(\$ in millions)



## Operating Expenses

(\$ in millions)



<sup>1</sup> 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 YTD FY22 Income Statement & Non-GAAP Reconciliation

LOVESAC

	Q1		Q2		Q3		Q3 YTD	
	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022
(\$ in 000's)								
<b>Net Sales</b>								
Showrooms	\$ 18,118	\$ 48,986	\$ 12,850	\$ 62,594	\$ 41,538	\$ 69,694	\$ 72,506	\$ 181,274
Internet	30,064	25,175	46,074	29,480	25,710	35,542	101,848	90,197
Other	6,190	8,755	3,021	10,373	7,494	11,442	16,705	30,569
<b>Total Net Sales</b>	<b>\$ 54,372</b>	<b>\$ 82,915</b>	<b>\$ 61,945</b>	<b>\$ 102,447</b>	<b>\$ 74,742</b>	<b>\$ 116,678</b>	<b>\$ 191,060</b>	<b>\$ 302,041</b>
% growth	32.8%	52.5%	28.7%	65.4%	43.5%	56.1%	35.3%	58.1%
<b>Cost of merchandise sold</b>	<b>\$ 27,089</b>	<b>\$ 36,839</b>	<b>\$ 30,890</b>	<b>\$ 43,416</b>	<b>\$ 33,434</b>	<b>\$ 58,062</b>	<b>\$ 91,413</b>	<b>\$ 138,317</b>
<b>Gross Profit</b>	<b>\$ 27,284</b>	<b>\$ 46,076</b>	<b>\$ 31,055</b>	<b>\$ 59,032</b>	<b>\$ 41,308</b>	<b>\$ 58,616</b>	<b>\$ 99,647</b>	<b>\$ 163,724</b>
% margin	50.2%	55.6%	50.1%	57.6%	55.3%	50.2%	52.2%	54.2%
<b>Selling, general and administrative expenses</b>	<b>\$ 25,831</b>	<b>\$ 30,718</b>	<b>\$ 23,383</b>	<b>\$ 35,385</b>	<b>\$ 25,946</b>	<b>\$ 38,087</b>	<b>\$ 75,160</b>	<b>\$ 104,190</b>
Advertising and marketing	8,196	10,680	7,166	13,036	10,975	15,832	26,337	39,548
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	5,034	5,748
<b>Operating (Loss) Income</b>	<b>\$ (8,379)</b>	<b>\$ 2,258</b>	<b>\$ (1,038)</b>	<b>\$ 9,008</b>	<b>\$ 2,533</b>	<b>\$ 2,971</b>	<b>\$ (6,884)</b>	<b>\$ 14,237</b>
% margin	-15.4%	2.7%	-1.7%	8.8%	3.4%	2.5%	-3.6%	4.7%
<b>Other Income (Expense)</b>								
Interest income (expense), net	56	(44)	(35)	(45)	(44)	(45)	(23)	(135)
Provision for income taxes	(25)	(153)	(34)	(515)	(11)	(174)	(70)	(842)
<b>Net (Loss) Income</b>	<b>\$ (8,348)</b>	<b>\$ 2,061</b>	<b>\$ (1,107)</b>	<b>\$ 8,447</b>	<b>\$ 2,479</b>	<b>\$ 2,752</b>	<b>\$ (6,976)</b>	<b>\$ 13,260</b>
% margin	-15.4%	2.5%	-1.8%	8.2%	3.3%	2.4%	-3.7%	4.4%
<b>Net (Loss) Income per common share (basic)</b>	<b>\$ (0.58)</b>	<b>\$ 0.14</b>	<b>\$ (0.08)</b>	<b>\$ 0.56</b>	<b>\$ 0.17</b>	<b>\$ 0.18</b>	<b>\$ (0.48)</b>	<b>\$ 0.88</b>
<b>Net (Loss) Income per common share (diluted)</b>	<b>\$ (0.58)</b>	<b>\$ 0.13</b>	<b>\$ (0.08)</b>	<b>\$ 0.52</b>	<b>\$ 0.16</b>	<b>\$ 0.17</b>	<b>\$ (0.48)</b>	<b>\$ 0.83</b>
<b>Adjusted EBITDA Reconciliation:</b>								
<b>Net (Loss) Income</b>	<b>\$ (8,348)</b>	<b>\$ 2,061</b>	<b>\$ (1,107)</b>	<b>\$ 8,447</b>	<b>\$ 2,479</b>	<b>\$ 2,752</b>	<b>\$ (6,976)</b>	<b>\$ 13,260</b>
Interest (income) expense, net	(56)	44	35	45	44	45	22	135
Provision for income taxes	25	153	34	515	11	174	70	842
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	5,034	5,748
<b>EBITDA</b>	<b>\$ (6,743)</b>	<b>\$ 4,678</b>	<b>\$ 506</b>	<b>\$ 10,610</b>	<b>\$ 4,388</b>	<b>\$ 4,697</b>	<b>\$ (1,851)</b>	<b>\$ 19,985</b>
Management fees	\$ 125	\$ -	\$ 125	\$ -	\$ 125	\$ -	375	-
Deferred rent	362	-	872	-	378	-	1,234	-
Equity-based compensation	898	654	677	1,239	1,063	1,121	2,638	3,014
Loss on disposal of property and equipment	-	-	5	-	-	-	5	-
Impairment of right of use lease asset	-	-	-	554	-	-	-	554
Other non-recurring expenses	36	-	-	-	-	-	36	-
<b>Adjusted EBITDA</b>	<b>\$ (5,692)</b>	<b>\$ 5,332</b>	<b>\$ 2,185</b>	<b>\$ 12,403</b>	<b>\$ 5,954</b>	<b>\$ 5,818</b>	<b>\$ 2,437</b>	<b>\$ 23,553</b>
% margin	-10.5%	6.4%	3.5%	12.1%	8.0%	5.0%	1.3%	7.8%

# FY20/21 Income Statement & Non-GAAP Reconciliation

LOVESAC

	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)										
<b>Net Sales</b>										
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
<b>Total Net Sales</b>	<b>\$ 40,958</b>	<b>\$ 54,372</b>	<b>\$ 48,146</b>	<b>\$ 61,945</b>	<b>\$ 52,097</b>	<b>\$ 74,742</b>	<b>\$ 92,175</b>	<b>\$ 129,678</b>	<b>\$ 233,377</b>	<b>\$ 320,738</b>
% growth	53.0%	32.8%	44.8%	28.7%	25.0%	43.5%	43.6%	40.7%	40.7%	37.4%
<b>Cost of merchandise sold</b>	<b>\$ 19,966</b>	<b>\$ 27,089</b>	<b>\$ 23,861</b>	<b>\$ 30,890</b>	<b>\$ 25,844</b>	<b>\$ 33,434</b>	<b>\$ 47,016</b>	<b>\$ 54,553</b>	<b>\$ 116,687</b>	<b>\$ 145,966</b>
<b>Gross Profit</b>	<b>\$ 20,992</b>	<b>\$ 27,284</b>	<b>\$ 24,285</b>	<b>\$ 31,055</b>	<b>\$ 26,254</b>	<b>\$ 41,308</b>	<b>\$ 45,159</b>	<b>\$ 75,125</b>	<b>\$ 116,690</b>	<b>\$ 174,772</b>
% margin	51.3%	50.2%	50.4%	50.1%	50.4%	55.3%	49.0%	57.9%	50.0%	54.5%
<b>Selling, general and administrative expenses</b>	<b>\$ 23,862</b>	<b>\$ 25,831</b>	<b>\$ 21,956</b>	<b>\$ 23,383</b>	<b>\$ 24,485</b>	<b>\$ 25,946</b>	<b>\$ 27,844</b>	<b>\$ 36,194</b>	<b>\$ 98,147</b>	<b>\$ 111,354</b>
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
<b>Operating (Loss) Income</b>	<b>\$ (9,325)</b>	<b>\$ (8,379)</b>	<b>\$ (4,947)</b>	<b>\$ (1,038)</b>	<b>\$ (6,867)</b>	<b>\$ 2,533</b>	<b>\$ 5,329</b>	<b>\$ 21,765</b>	<b>\$ (15,809)</b>	<b>\$ 14,880</b>
% margin	-22.8%	-15.4%	-10.3%	-1.7%	-13.2%	3.4%	5.8%	16.8%	-6.8%	4.6%
<b>Other Income (Expense)</b>										
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)
<b>Net (Loss) Income</b>	<b>\$ (9,102)</b>	<b>\$ (8,348)</b>	<b>\$ (4,771)</b>	<b>\$ (1,107)</b>	<b>\$ (6,748)</b>	<b>\$ 2,479</b>	<b>\$ 5,416</b>	<b>\$ 21,703</b>	<b>\$ (15,205)</b>	<b>\$ 14,727</b>
% margin	-22.2%	-15.4%	-9.9%	-1.8%	-13.0%	3.3%	5.9%	16.7%	-6.5%	4.6%
<b>Net (Loss) Income per common share (basic)</b>	<b>\$ (0.67)</b>	<b>\$ (0.58)</b>	<b>\$ (0.33)</b>	<b>\$ (0.08)</b>	<b>\$ (0.46)</b>	<b>\$ 0.17</b>	<b>\$ 0.37</b>	<b>\$ 1.44</b>	<b>\$ (1.07)</b>	<b>\$ 1.01</b>
<b>Net (Loss) Income per common share (diluted)</b>	<b>\$ (0.67)</b>	<b>\$ (0.58)</b>	<b>\$ (0.33)</b>	<b>\$ (0.08)</b>	<b>\$ (0.46)</b>	<b>\$ 0.16</b>	<b>\$ 0.37</b>	<b>\$ 1.37</b>	<b>\$ (1.07)</b>	<b>\$ 0.96</b>
<b>Adjusted EBITDA Reconciliation:</b>										
<b>Net (Loss) Income</b>	<b>\$ (9,102)</b>	<b>\$ (8,348)</b>	<b>\$ (4,771)</b>	<b>\$ (1,107)</b>	<b>\$ (6,748)</b>	<b>\$ 2,479</b>	<b>\$ 5,416</b>	<b>\$ 21,703</b>	<b>\$ (15,205)</b>	<b>\$ 14,727</b>
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
<b>EBITDA</b>	<b>\$ (8,259)</b>	<b>\$ (6,743)</b>	<b>\$ (3,741)</b>	<b>\$ 506</b>	<b>\$ (5,488)</b>	<b>\$ 4,388</b>	<b>\$ 6,838</b>	<b>\$ 23,343</b>	<b>\$ (10,651)</b>	<b>\$ 21,493</b>
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
<b>Adjusted EBITDA</b>	<b>\$ (4,663)</b>	<b>\$ (5,692)</b>	<b>\$ (3,299)</b>	<b>\$ 2,185</b>	<b>\$ (3,729)</b>	<b>\$ 5,954</b>	<b>\$ 7,974</b>	<b>\$ 25,865</b>	<b>\$ (3,721)</b>	<b>\$ 28,302</b>
% margin	-11.4%	-10.5%	-6.9%	3.5%	-7.2%	8.0%	8.7%	19.9%	-1.6%	8.8%

THE LOVESAC COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 2021	January 31, 2021
(amounts in thousands, except share and per share amounts)	(unaudited)	
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 47,862	\$ 78,341
Trade accounts receivable	9,794	4,513
Merchandise inventories	94,544	50,417
Prepaid expenses and other current assets	11,421	10,128
<b>Total Current Assets</b>	<b>163,621</b>	<b>143,399</b>
Property and equipment, net	32,133	25,868
Operating lease right-of-use assets	95,567	—
<b>Other Assets</b>		
Goodwill	144	144
Intangible assets, net	1,345	1,517
Deferred financing costs, net	23	91
<b>Total Other Assets</b>	<b>1,512</b>	<b>1,752</b>
<b>Total Assets</b>	<b>\$ 292,833</b>	<b>\$ 171,019</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 25,430	\$ 24,311
Accrued expenses	23,427	17,187
Payroll payable	7,865	6,362
Customer deposits	6,704	5,993
Current operating lease liabilities	15,722	—
Sales taxes payable	2,430	2,471
<b>Total Current Liabilities</b>	<b>81,578</b>	<b>56,324</b>
<b>Deferred Rent</b>	<b>—</b>	<b>6,749</b>
<b>Operating Lease Liabilities, long-term</b>	<b>90,658</b>	<b>—</b>
<b>Line of Credit</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities</b>	<b>172,236</b>	<b>63,073</b>
<b>Stockholders' Equity</b>		
Preferred Stock \$0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of October 31, 2021 and January 31, 2021.	—	—
Common Stock \$0.00001 par value, 40,000,000 shares authorized, 15,122,882 shares issued and outstanding as of October 31, 2021 and 15,011,556 shares issued and outstanding as of January 31, 2021.	—	—
Additional paid-in capital	170,773	171,382
Accumulated deficit	(50,176)	(63,436)
<b>Stockholders' Equity</b>	<b>120,597</b>	<b>107,946</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 292,833</b>	<b>\$ 171,019</b>

THE LOVESAC COMPANY  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(unaudited)

(amounts in thousands)	Thirty-nine weeks ended	
	October 31, 2021	November 1, 2020
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ 13,260	\$ (6,976)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization of property and equipment	5,121	4,604
Amortization of other intangible assets	627	430
Amortization of deferred financing fees	68	65
Net loss on disposal of property and equipment	—	5
Equity based compensation	2,850	2,639
Deferred rent	—	3,280
Non-cash operating lease cost	11,003	—
Impairment of right of use lease asset	554	—
Changes in operating assets and liabilities:		
Trade accounts receivable	(5,281)	(42)
Merchandise inventories	(44,127)	(21,358)
Prepaid expenses and other current assets	1,166	(2,803)
Accounts payable and accrued expenses	9,265	17,070
Operating lease liabilities	(10,396)	—
Customer deposits	711	10,015
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(15,179)</b>	<b>6,929</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(11,386)	(6,671)
Payments for patents and trademarks	(455)	(497)
<b>Net Cash Used in Investing Activities</b>	<b>(11,841)</b>	<b>(7,168)</b>
<b>Cash Flows from Financing Activities</b>		
Taxes paid for net share settlement of equity awards	(3,563)	(564)
Proceeds from the exercise of warrants	104	—
Payment of deferred financing costs	—	(50)
<b>Net Cash Used in Financing Activities</b>	<b>(3,459)</b>	<b>(614)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(30,479)</b>	<b>(853)</b>
Cash and Cash Equivalents - Beginning	78,341	48,539
Cash and Cash Equivalents - Ending	<u>\$ 47,862</u>	<u>\$ 47,686</u>
<b>Supplemental Cash Flow Disclosures</b>		
Cash paid for taxes	\$ 775	\$ 70
Cash paid for interest	<u>\$ 80</u>	<u>\$ 62</u>