LOVESAC®
Designed for Life™ Furniture Co.

Investor Presentation
June 2021

Safe Harbor Statement

LOVESAC

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 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 36 and 37.

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.

LOVE's Unique Product Philosophy: Designed For Life

LOVESAC

*"Lovesac **<u>Designed for Life</u>** products are **built to last a lifetime** & **designed to evolve** so that they never go out of style or become obsolete. New technologies & additions are **reverse-compatible**, and even consumable parts are replaceable and **upgradeable**. This is **true sustainability**."*

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

Changeable	Maintainable	Moveable	Rearrangeable	Upgradable	Waste-less

LOVE's Management Team

LOVESAC

Shawn Nelson
Founder & CEO

20+ Years at LOVE

LOVESAC

Jack Krause
President & COO

5 Years at LOVE

VITAMIN WORLD
FOSSIL GROUP
sunglass hut
Bath & Body Works

Donna Dellomo
EVP & CFO

4 Years at LOVE

PERFUMANIA
CYBEX

LOVE at a Glance

LOVESAC

SACTIONALS®

The World's Most Adaptable Couch.™

FY 2021 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[1]
$28.3 million

BALANCE SHEET
$78.3 million cash and cash equivalents and no debt

GEOGRAPHIC PRESENCE
116 Branded Showrooms in 37 states in U.S.[2]

CUSTOMER-LIFETIME VALUE[3]
$2,044

COST OF ACQUISITION
$435

NEW CUSTOMERS
105K in FY21

REPEAT CUSTOMERS
37.5% of all transactions

[1] Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 37.
[2] Represents Showroom count as of Q1 FY 2022.
[3] Represents year one average value for FY 2021 new cohort (actual purchases, not projected).

Key Business Highlights

LOVESAC

- Disruptive home furniture lifestyle retail/DTC brand with heritage of innovation across growing product portfolio and 45 issued patents[1]

- Proven omni-channel advantage; strong ecommerce performance coupled with highly productive showrooms, expanding marketing ROIs and strong channel partnerships.

- 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

- Sustainable products utilizing yarn spun from 100% recycled plastic water bottles, in sectionals upholstery fabric & REPREVE recycled yarn in many decorative covers. To date, we’ve already repurposed more than 100 million bottles and our impact is compounding with our rapid growth.

- Attractive financial profile with 54.5% gross margin for FY21 and 55.6% for Q1 FY22

- As of May 2, 2021, strong liquidity including $65.7 million in net cash and cash equivalents and $18.1M of availability on line of credit

[1] As of January 31, 2021.

Recent Developments

Q1 FY22 Operations Update

LOVESAC

Showroom Operations

- Opened 8 showrooms in Q1 and remain on track to open approximately 25 in FY22

Channel Partners

- Continue to be excited about partnership with Best Buy and expansion plans to open more shop-in-shops for 2H of this year and early next year, with preliminary plans to open over 15 additional shop-in-shops.
- Very pleased with the strength of the Costco business, which we're executing with our online roadshows. Have plans to expand presence digitally and are exploring potential physical touchpoints in the future.
- Plan to test the new consumer touchpoint in 2H by incorporating up to 10 branded kiosks in our real estate strategy that will serve as additional touchpoints in trade areas where there is opportunity to gain incremental business in an asset-light manner.
- Launching a larger mobile concierge pilot in 2H FY22 as we continue to test touchpoints and seek to physically expand our brand while maximizing returns on capital

Record Q1 Fiscal 2022 Performance

LOVESAC

- Net sales growth of 52.5% and comparable sales growth of 48.8%
  - Showroom net sales increased 170.4% driven by comparable sales growth of 182.7%
  - "Other" channel net sales increased 41.4% due to the prior year closures of all pop-up-shop and shop-in-shop locations due to COVID-19
  - Internet Channel net sales decreased 16.3% reflecting the channel shift back to our showrooms that are now fully reopened
- Gross margin increased 540 basis points driven by:
  - 400 basis points improvement in gross profit due to a reduction in promotional discounts, higher overall Sactional product category and premium covers mix impact, and lower product costs related to vendor negotiated tariff mitigation initiatives due to higher volume
  - 140 basis points improvement in distribution expenses y/y due to higher leverage of 490 basis points in warehousing and distribution costs, partially offset by the increase in inbound freight and freight capitalization of 350 basis points
- Adjusted EBITDA* increased approximately 194% to $5.3 million, 1st time Lovesac has achieved profitability in Q1
- Ended the quarter with $65.7 million in cash and cash equivalents

* Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Financial Measures included on slide 36.

Q2 and FY2022 Outlook Commentary

LOVESAC

- FY2022 Q2
  - Expect sales growth in the high 40% range with positive adjusted EBITDA dollar slightly less than the same quarter last year driven by strategic expense reinstatements and infrastructure investments that were put on hold in FY21 as part of COVID-19 financial resilience measures
- FY2022
  - Targeting strong sales growth with ~25 showroom openings planned and expect to restore expenses that were pulled back in FY21 due to the pandemic. Also making infrastructure investments to support expected multiyear growth opportunities.
  - Operating in a pandemic environment with a wider range of potential outcomes. Therefore, no formal outlook but baseline framework of:
    - In a scenario where sales growth is in the low to mid 30% range, we expect that adjusted EBITDA[1] margin would be in the mid-single digit range. Y/Y adjusted EBITDA margin is expected to decline driven by expense and investment dynamics.
- Expect to generate cash from working capital and expect Capex to be in the $15 million to $18 million range in FY22

[1] Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Financial Measures included on slides 36-37.

DTC Business Model Evolving to CTC Business Model

LOVESAC

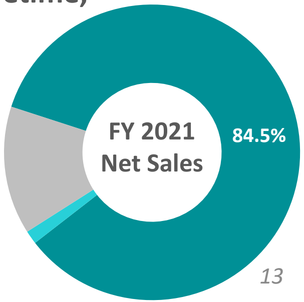
- COMMITMENT TO SUSTAINABILITY has long been central to stated purpose and strategy
- DESIGNED FOR LIFE (Lovesac's product design approach) calls for products that are built to last a lifetime and designed to evolve with the user's life as it changes
  - Competitive advantage: unique brand, high-margin business and successful culture; Sactionals are best example of Designed for Life in action and presently driving most of rapid growth y/y
  - Plan to deliver more high-quality sustainably manufactured product platforms in multiple categories across the home space
- CIRCLE TO CONSUMER (CTC) business model: Lovesac intends to become the pioneer, advocate and leader of this next phase beyond DTC business model
  - Build and maintain long-term lifespan products while developing services and policies to build and maintain lifetime customer relationships to strengthen Lovesac's relationships with customers and support a circular economy

“Designed for Life” Platform

LOVESAC

SACTIONALS

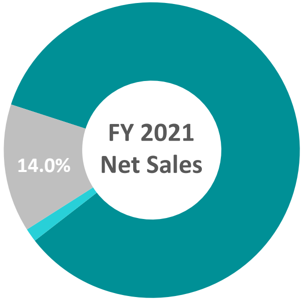
- Next-gen premium modular couch with two simple pieces – seats and sides
- Patented modular system makes it easy to assemble & changeable over time
- Create endless permutations of a sectional couch with just two standardized pieces, “Seats” and “Sides”
- Over 200 customizable, machine washable removable covers that fit like upholstery
- Designed for Life: Built to last a lifetime, designed to evolve



Sacs Overview

SACS

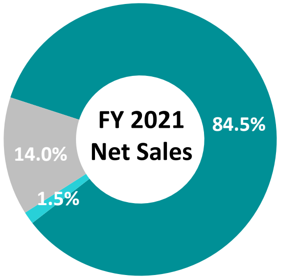
- Category leader in oversized beanbags
- Product line offers 6 different sizes ranging from 22lbs to 95lbs
- Capacity to seat 3+ people on the larger model Sacs
- Durafoam™ filling
- Sacs shrink to 1/8 original volume
- Multiple shapes & sizes
- Wash & change covers



Our Innovative Product Portfolio Continues to Expand

LOVESAC

SACS



SACTIONALS

ACCESSORIES

Footsac Blanket

Drink Holder

Seat Table

Custom Covers & Dec Pillows

Beautiful, Changeable, Washable & Comfortable

LOVESAC

- 19 quick-ship covers constitute more than 85% of all covers sales
- Approximately 200 custom covers offer broad choice with lean inventory

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

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

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

Power Hub

Guest Rest Bedding Kit

Platform Extension

Outdoor Sactionals

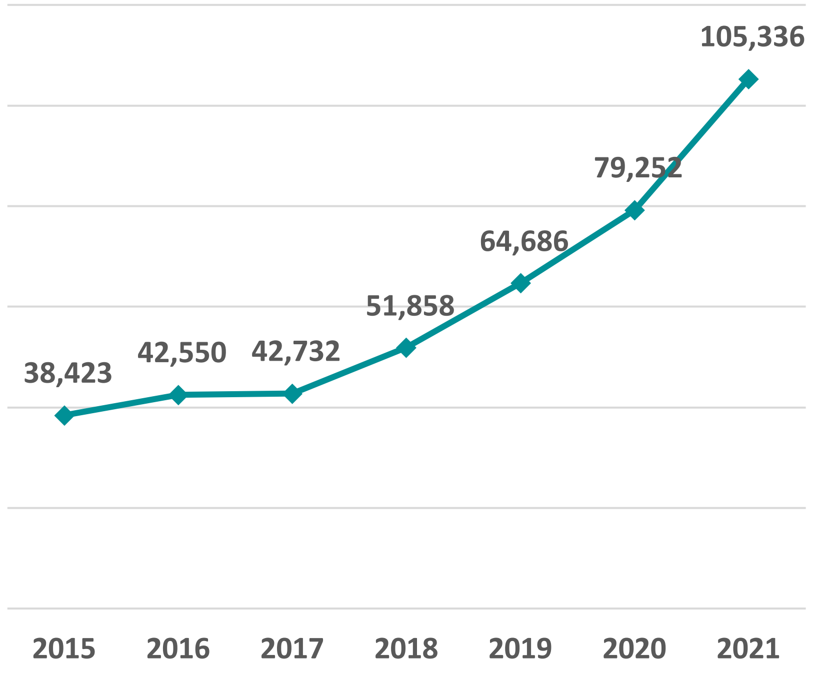
37.5% of Lovesac transactions are from repeat customers[1]

[1] % 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.

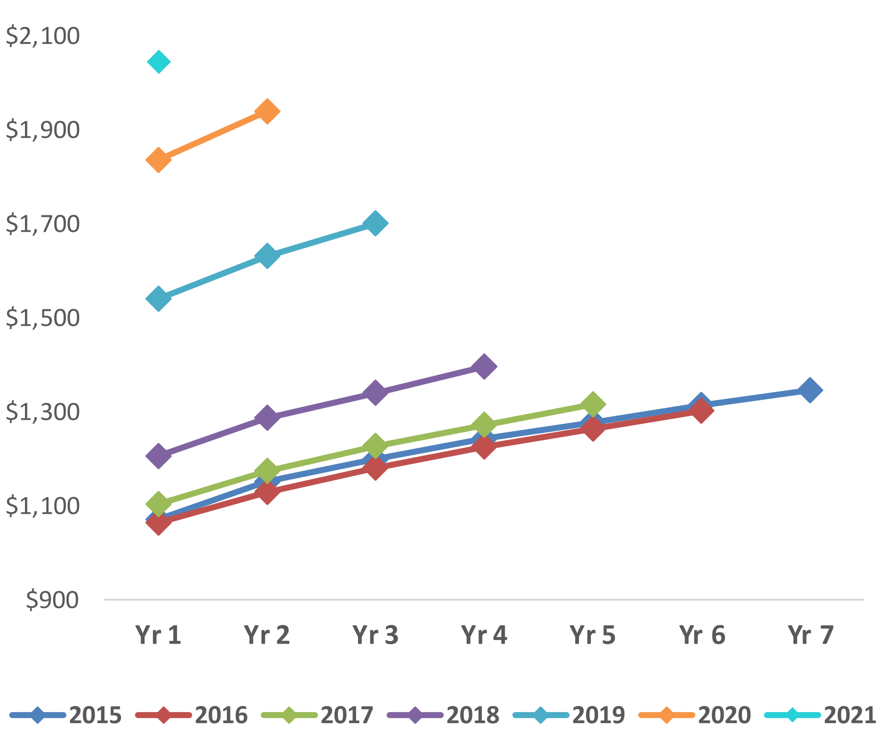
Strong Customer Lifetime Value

LOVESAC

New Customer Count



Lifetime Value of Customers



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 = Sustainable Inputs Too

LOVESAC

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

REPREVE®

Plastic bottles are converted into Repreve recycled yarn

REPREVE® 82

82 Plastic Bottles go into a standard Sactionals Seat

+

REPREVE® 31

31 Plastic Bottles go into a standard Sactionals Side

REPREVE® 966

966 Plastic Bottles go into a standard Sactionals Pit Configuration

From May 2018 to April 2021, Lovesac repurposed more than **100 million plastic water bottles** to make Sactionals

Disruptive Model

Disrupting a Stale Category

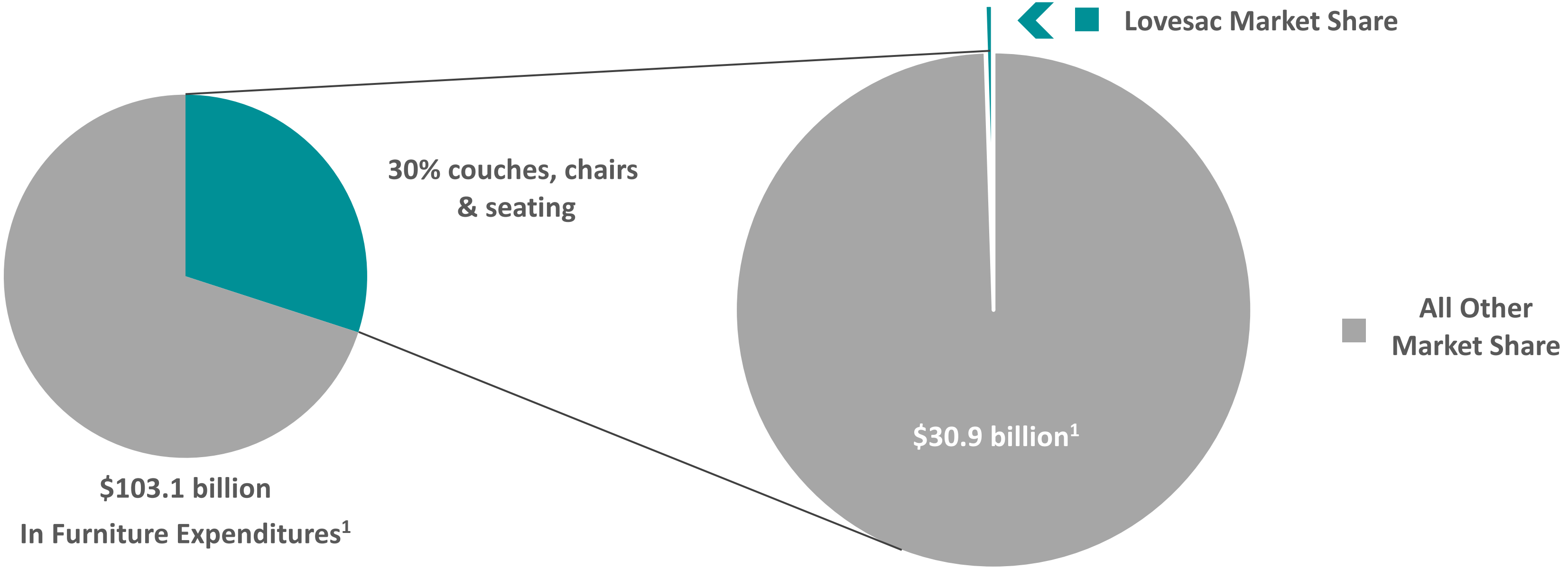
LOVESAC

Traditional Model	LOVESAC
In-store **stocking** / long lead time, inventory & personnel heavy delivery	**Direct** to consumer with ability to ship most product next day
Low excitement and **mundane** products	**Patented**, inventive, Designed For Life products
Non-engaged commodity shoppers	**Highly engaged** brand advocates
Numerous, unproductive, **large stores**	Limited, productive, **small showrooms**
Broad merchandising & seasonal **assortments**	Focused product categories, product **platforms**

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.

Return on Ad Spend is High and Expected to be Amplified Each Year By….

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.
FY21 CLV to 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 FY 2022

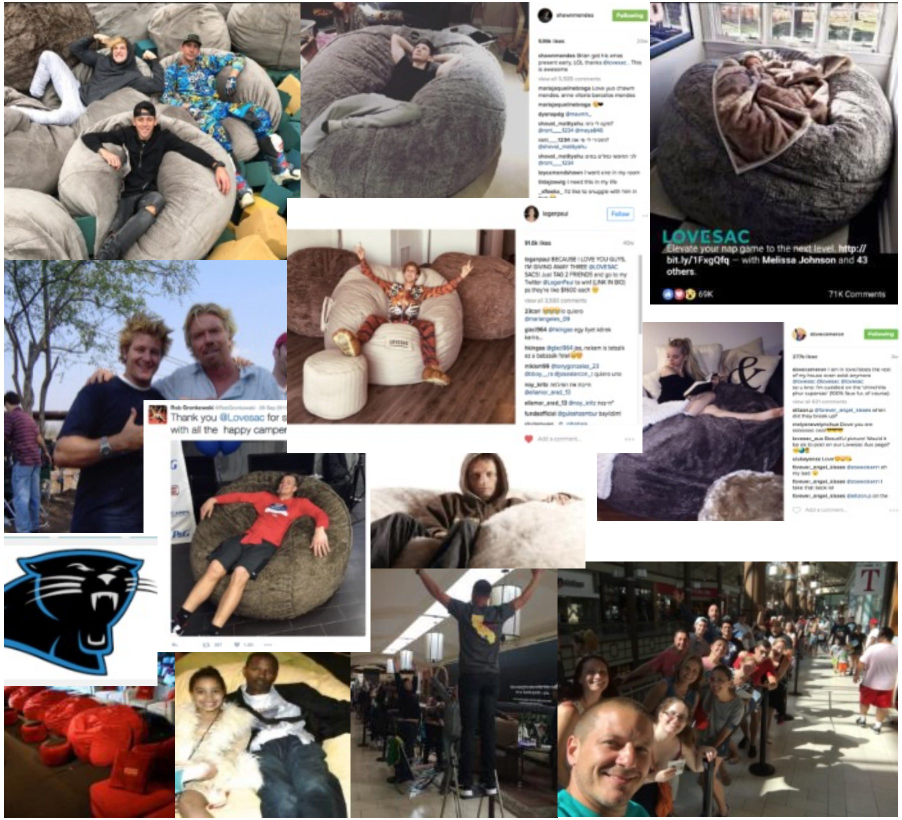
*Awareness unaided is currently < 2% nationally

Large and Growing Social Media Presence

Social Engagement Metrics

	FY2021
facebook	852,579 followers
Instagram	479,790 followers
YouTube	42+ million views in 24 hours & 202 million views in total

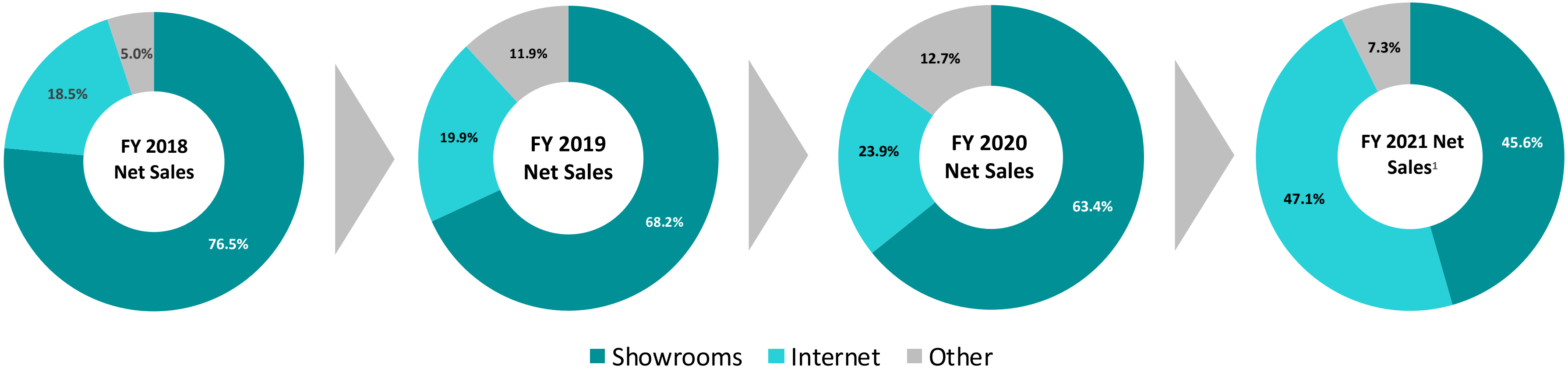
- Unsolicited celebrity endorsements and promotion
- Lovesac's founder has a strong online following



Balanced Omni-Channel Strategy

LOVESAC

Diversifying Channel Mix



Showrooms	Internet	Other
• Small-footprint retail locations in high-end malls create an environment where consumers can see, touch, and understand the products	• eCommerce channel drives deeper brand engagement and loyalty	• 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 FY 2021

[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.

Immersive Experience

LOVESAC

See It

Social Media

Advertising

Touch It

Showrooms / Shop-in-shops

Friend / Neighbor

Buy It

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

Showrooms / Shop-in-shops

Physical retail locations and other direct marketing efforts drive conversion

Superior Showroom Strategy & Productivity

LOVESAC

- Opened 19 new showrooms and closed 2 showrooms in fiscal 2021
- Completed 2 full showroom remodels in fiscal 2021
- Turns product inside-out to reveal construction & technology
- Minimal merchandising, aesthetic, seasonality and inventory risk
- FY2021 Showroom sales per square foot decreased year over year to $1,676 from $2,082 due to temporary closures during Covid-19 pandemic

Attractive New Showroom Model

LOVESAC

- Plan to open approximately 25 new Lovesac showrooms in FY2022
  - Opened 8 showrooms in Q1 FY22
- Economics of new showroom model are favorable with strong returns on investment:
  - Target net sales of $1.4 to $1.5 million in the first year
  - Net Investments – incl. floor model inventory, Capex and preopening expenses = $365K with an average payback of < 2 years
  - The average payback of our showroom investments is under two years*
- We expect learnings about our ability to reach customers while they're researching our products will lead to some new approaches around our go forward touchpoint strategy that should make customer acquisition even more effective

*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.

Superior Customer Experience: In Showrooms & Online

LOVESAC

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[1]

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 31, 2021.

Infrastructure: Built For Scale & Efficiency

LOVESAC

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 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

Strategic Priorities

Our Fiscal 2022 Strategic Priorities

LOVESAC

Product

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

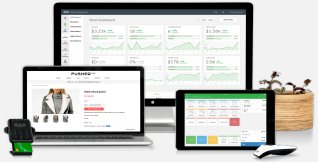
Marketing

- Drive ongoing 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 25 new showrooms in FY22
- Expanded partnership with Best Buy
- Pilot mobile concierge and kiosk touchpoints
- Lay groundwork for multiple distribution channels – speed

Supply Chain/ Infrastructure



- Continue to scale our new Northeast DC operations
- Implement new customer relationship management software to leverage data warehouse
- Leverage warehouse management software for efficiency & customer satisfaction improvements

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

Summary

LOVESAC

- **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

Q1 FY22 Results

LOVESAC

Key Measures for the First Quarter of Fiscal 2022 Ending May 2, 2021:
(Dollars in millions, except per share amounts)

	Quarter Ended May 2, 2021	Quarter Ended May 3, 2020	% Inc (Dec)
Net Sales	$82.9	$54.4	52.5%
Gross Profit	$46.1	$27.3	68.9%
Gross Margin	*55.6%*	*50.2%*	*540 bps*
Total Operating Expense	$43.8	$35.7	22.9%
SG&A	$30.7	$25.8	18.9%
SG&A as % of Net Sales	*37.0%*	*47.5%*	*(1050) bps*
Advertising & Marketing	$10.7	$8.2	30.3%
Advertising & Marketing as % of Net Sales	*12.9%*	*15.1%*	*(220) bps*
Basic EPS Income (Loss)	$0.14	$(0.58)	123.6%
Diluted EPS Income (Loss)	$0.13	$(0.58)	122.1%
Net income (Loss)	$2.1	$(8.3)	126.6%
Adjusted EBITDA[1]	$5.3	$(5.7)	193.7%
Net Cash Used In Operating Activities	$(9.6)	$(0.5)	(1771.8%)

[1] Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Information” and “Reconciliation of Non-GAAP Financial Measures” included on slides 36 and 37.

Q1 FY22 Comparable Sales Metrics

LOVESAC

Percent Increase (Decrease) except showroom count		
	Quarter Ended May 2, 2021	Quarter Ended May 3, 2020
Total Comparable Sales (2)(3)	48.8%	50.0%
Comparable Showroom Sales (3)	182.7%	(31.7%)
Internet Sales	(16.3%)	258.3%
Ending Showroom Count	116	91

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

Q1 FY22 Adjusted EBITDA Non-GAAP Reconciliation

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THE LOVESAC COMPANY

RECONCILATION OF NON-GAAP FINANCIAL MEASURES

(unaudited)

	Thirteen weeks ended	
(dollars in thousands)	**May 2, 2021**	**May 3, 2020**
Net income (loss)	$ 2,061	$ (8,348)
Interest expense (income), net	44	(56)
Provision for income taxes	153	25
Depreciation and amortization	2,420	1,636
EBITDA	4,678	(6,743)
Management fees (a)	-	125
Deferred Rent (b)	-	(8)
Equity-based compensation (c)	654	898
Other non-recurring expenses (d)	-	36
Adjusted EBITDA	$ 5,332	$ (5,692)

(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 associated with stock options and restricted stock units granted to our associates and board of directors.

(d) There were no other non-recurring expenses in the thirteen weeks ended May 2, 2021. Other non-recurring expenses in the thirteen weeks ended May 3, 2020 are made up of $36 in professional and legal fees related to financing initiatives.

Source: The Lovesac Company

Released June 9, 2021

Fiscal 2021 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

THE LOVESAC COMPANY

RECONCILATION OF NON-GAAP FINANCIAL MEASURES

	Fiscal year ended	
(dollars in thousands)	**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.

Q1 FY21 and Q1 FY22 Metrics

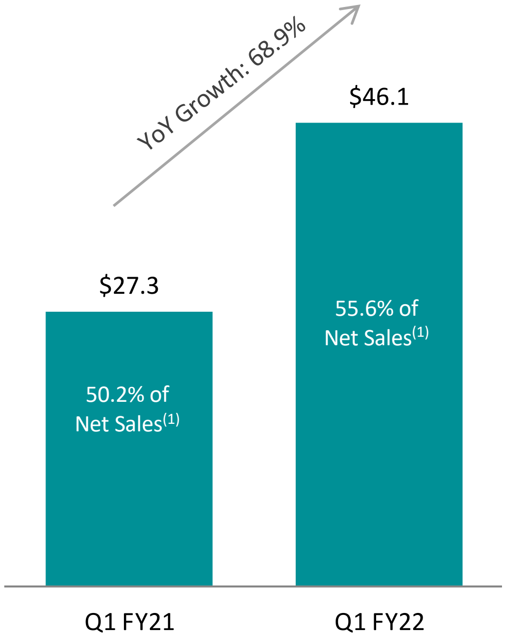
LOVESAC

Net Sales

($ in millions)

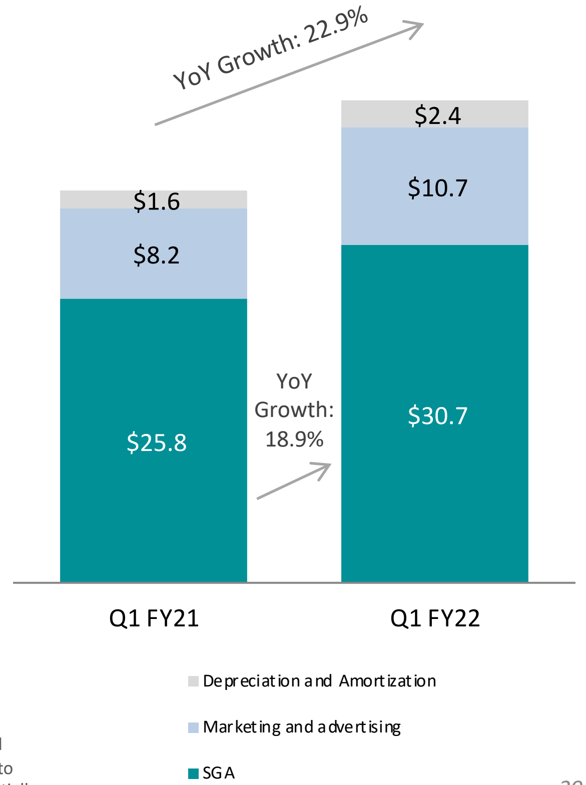
Gross Profit

($ in millions)



Operating Expenses

($ in millions)



[1] Gross margin increased 540 basis points in the first quarter of fiscal 2022 driven by a 400 basis points improvement in gross profit as a result of a reduction in promotional discounts, higher overall Sactional product category and premium covers mix impact, and lower product costs related to vendor negotiated tariff mitigation initiatives due to higher volume. Distribution expenses improved by 140 basis points over the prior year due to higher leverage of 490 basis points in warehousing and distribution costs, partially offset by the increase in inbound freight and freight capitalization of 350 basis points.

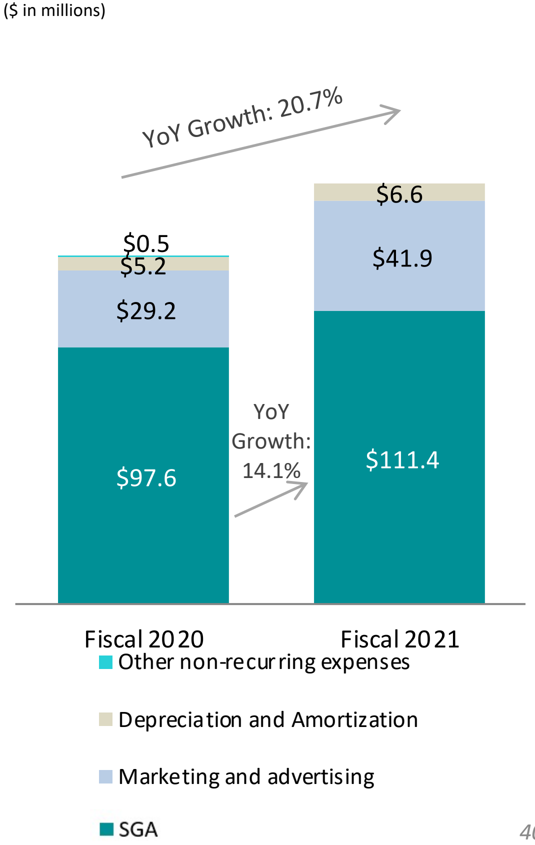
Fiscal 2020 and Fiscal 2021 Metrics

LOVESAC

Net Sales

Gross Profit

Operating Expenses



[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 sactional 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

Q1 FY22 Income Statement & Non-GAAP Reconciliation

LOVESAC

($ in 000's)	Q1 FY 2021	Q1 FY 2022
Net Sales		
Showrooms	$ 18,118	$ 48,986
Internet	30,064	25,175
Other	6,190	8,755
Total Net Sales	$ 54,372	$ 82,915
% growth	*32.8%*	*52.5%*
Cost of merchandise sold	$ 27,089	$ 36,839
Gross Profit	$ 27,284	$ 46,076
% margin	*50.2%*	*55.6%*
Selling, general and administrative expenses	$ 25,831	$ 30,718
Advertising and marketing	8,196	10,680
Depreciation and amortization	1,636	2,420
Operating (Loss) Income	$ (8,379)	$ 2,258
% margin	*-15.4%*	*2.7%*
Other Income (Expense)		
Interest income (expense), net	56	(44)
Provision for income taxes	(25)	(153)
Net (Loss) Income	$ (8,348)	$ 2,061
% margin	*-15.4%*	*2.5%*
Net (Loss) Income per common share (basic)	$ (0.58)	$ 0.14
Net (Loss) Income per common share (diluted)	$ (0.58)	$ 0.13
Adjusted EBITDA Reconciliation:		
Net (Loss) Income	$ (8,348)	$ 2,061
Interest (income) expense, net	(56)	44
Provision for income taxes	25	153
Depreciation and amortization	1,636	2,420
EBITDA	$ (6,743)	$ 4,678
Management fees	$ 125	$ -
Deferred rent	(8)	-
Equity-based compensation	898	654
Net loss (gain) on disposal of property and equipment	-	-
Impairment of property and equipment (e)	-	-
Other non-recurring expenses	36	-
Adjusted EBITDA	$ (5,692)	$ 5,332
% margin	*-10.5%*	*6.4%*

FY20/21 Income Statement & Non-GAAP Reconciliation

LOVESAC

($ in 000's)	Q1 FY 2020	Q1 FY 2021	Q2 FY 2020	Q2 FY 2021	Q3 FY 2020	Q3 FY 2021	Q4 FY 2020	Q4 FY 2021	FY FY 2020	FY FY 2021
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%*

Q1 FY22 Balance Sheet

LOVESAC

THE LOVESAC COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	May 2, 2021 (unaudited)	January 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	$ 65,740,400	$ 78,341,101
Trade accounts receivable	6,895,679	4,513,460
Merchandise inventories	55,956,132	50,416,712
Prepaid expenses and other current assets	11,609,793	10,128,353
Total Current Assets	140,202,004	143,399,626
Property and equipment, net	26,830,716	25,867,980
Operating lease right-of-use assets	96,165,825	-
Other Assets		
Goodwill	143,562	143,562
Intangible assets, net	1,192,568	1,517,032
Deferred financing costs, net	68,003	90,671
Total Other Assets	1,404,133	1,751,265
Total Assets	$ 264,602,678	$ 171,018,871
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 17,745,185	$ 24,310,972
Accrued expenses	13,931,405	17,187,694
Payroll payable	8,134,045	6,361,677
Customer deposits	7,843,326	5,992,633
Current operating lease liabilities	15,060,996	-
Sales taxes payable	1,785,519	2,470,593
Total Current Liabilities	64,500,476	56,323,569
Deferred Rent	-	6,748,747
Operating Lease Liability, long-term	89,378,969	-
Line of Credit	41,673	-
Total Liabilities	153,921,118	63,072,316
Stockholders' Equity		
Preferred Stock $0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of May 2, 2021 and January 31, 2021.	-	-
Common Stock $.00001 par value, 40,000,000 shares authorized, 15,018,530 shares issued and outstanding as of May 2, 2021 and 15,011,556 shares issued and outstanding as of January 31, 2021.	150	150
Additional paid-in capital	172,056,558	171,382,086
Accumulated deficit	(61,375,148)	(63,435,681)
Stockholders' Equity	110,681,560	107,946,555
Total Liabilities and Stockholders' Equity	$ 264,602,678	$ 171,018,871

The Company adopted ASC 842, Leases as of February 1, 2021 under the modified retrospective approach and has not revised comparative periods.