LOVESAC®

Designed for Life™ Furniture Co.

Investor Presentation

January 2021

Safe Harbor Statement

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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, 37, 42 and 43.

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 ***Designed for Life*** *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 Management Team

LOVESAC

Shawn Nelson
Founder & CEO

20+ Years at LOVE

LOVESAC

Jack Krause
President & COO

4+ Years at LOVE

VITAMIN WORLD

FOSSIL GROUP

sunglass hut

Bath & Body Works

Donna Dellomo
EVP & CFO

3+ Years at LOVE

PERFUMANIA

CYBEX

LOVE at a Glance

LOVESAC

SACTIONALS®

The World's Most Adaptable Couch.™

FY 2020 Key Financial Metrics

NET SALES
$233.4 million
(80.7% of Net Sales = Sactionals)

NET SALES GROWTH
40.7%

GROSS PROFIT
$116.7 million

GROSS MARGIN
~50%

ADJ. EBITDA[1]
$(3.7) million

BALANCE SHEET
$48.5 million cash and cash equivalents

GEOGRAPHIC PRESENCE
91 Branded Showrooms in 35 states in U.S.[2]

CUSTOMER-LIFETIME VALUE[3]
$1,835

COST OF ACQUISITION
$390

NEW CUSTOMERS
79k in FY20

REPEAT CUSTOMERS
35% of all transactions

[1] Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 36.
[2] Represents Showroom metrics as of Q4 FY 2020.
[3] Represents average value for FY 2020 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 39 issued patents[1]
- Proven omni-channel advantage; strong ecommerce performance, improving showroom economics and marketing ROIs, combined with select channel partner presence
- 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 sactionals upholstery fabric & REPREVE recycled yarn in many decorative covers
- Attractive financial profile with ~50% gross margin for FY20
- As of November 1, 2020, debt-free balance sheet with strong liquidity including $47.7 million in net cash and cash equivalents and $19.2M of availability on our line of credit

[1] As of February 2, 2020.

Recent Developments

Continued COVID-19 Navigation and Pivot

LOVESAC

- Q3 Showroom Operations
  - Operated showrooms in a variety of formats including walk-in, appointment-only and virtual during Q3
  - As of November 1, 2020, all showrooms were open in some format with some still in the virtual or appointment-only phase
  - As of December 9, 2020, 100% of showrooms in walk-in phase with increased health and sanitation protocols while remaining flexible given changing market conditions
- Continued pivot to digital model while also leveraging open showrooms
  - Full-time showroom associates operate as trade area representatives by leveraging technology; increased communication focus on the Lovesac value-added services including free shipping returns, risk-free trial period; and increased availability of swatches to increase customer comfort in furniture purchase
- Learnings
  - Understand differences between millennial and post-millennial customers and how they are spending during the pandemic; Reflecting learnings in messaging and marketing tactics
  - Proven out numerous digital first tactics from one-on-one face time product demos to mass viewership Facebook live events and many others as well. Estimate to have made over 2 million digital Sactional demos over the past six months.

Strong Balance Sheet and Liquidity

LOVESAC

- As of November 1, 2020:
  - Net cash and cash equivalent position of $47.7 million
  - No debt outstanding with credit facility availability of $19.2 million

Q3 Performance

LOVESAC

- Operational pivot strengthened our positioning to capitalize on strong demand tailwinds resulting in **Q3 net sales growth of 43.5%** and **comparable sales growth of 53.5%** versus the prior year period
  - Showroom comparable store sales growth of 25.5%
  - Internet channel net sales increased in net sales of 125.2%
  - Q3 results included the two temporary unplanned online pop-ups on Costco.com that generated $7.7 million in total point of sales transactions
- Successfully managed both top and bottom line driving a **57.3% increase in gross profit dollars and positive Adjusted EBITDA[1] of $6.0 million;** the first-time achieving profitability in the third quarter
- Remained discipline with expenses, working capital and capital expenditures as we navigate a dynamic marketplace while remaining focused on advancing the initiatives that underpin our long-term growth strategy

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

Q4 and FY21 Outlook Commentary

LOVESAC

- We believe we are well positioned to continue to drive demand as well as capitalize on the demand we have seen for our unique products that are resonating with the consumer

- Expect to remain disciplined in operating the business and managing expenses, inventory and working capital. As sales return, we expect an increase in costs including marketing, overhead and headcount.

- Expect expansion in Adjusted EBITDA margin rate driven by gross margin leverage which is expected to offset planned operating expense deleverage

  - Tailwinds of fewer discounts and the benefit of cycling tariffs, combined, expected to more than offset freight and supply chain cost pressures on gross margin, while shifts in spend are expected to result in operating expense deleverage

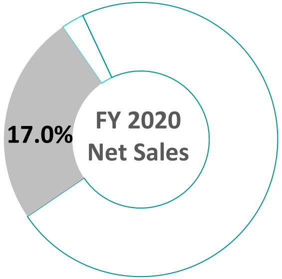
- Expect a strong 50%-60% YOY increase in Adjusted EBITDA[1] from the $8 million reported in Q4 last year

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

“Designed for Life” Platform

SACS

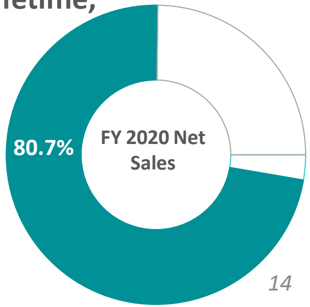
- Category leader in oversized beanbags
- Product line offers 6 different sizes ranging from 22lbs to 95lbs
- Capacity to seat 3+ people on the larger model Sacs
- Durafoam™ filling
- Sacs shrink to 1/8 original volume
- Multiple shapes & sizes
- Wash & change covers



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 250 customizable, machine washable removable covers that fit like upholstery
- Designed for Life: Built to last a lifetime, designed to evolve



Beautiful, Changeable, Washable & Comfortable

LOVESAC

- 19 quick-ship covers constitute more than 85% of all covers sales
- 250+ 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

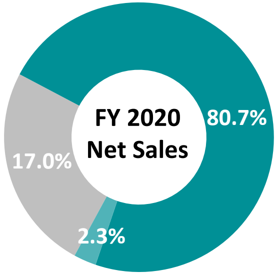
35% of Lovesac transactions are from repeat customers[1]

[1] % Transactions that are repeat is calculated by dividing transactions from existing customers over total transactions for FY2020. We based this on our internal data relating to customers purchasing in fiscal 2020.

Our Innovative Product Portfolio Continues to Expand

LOVESAC

SACS



SACTIONALS

ACCESSORIES

Footsac Blanket

Drink Holder

Seat Table

Custom Covers &
Dec Pillows

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

↓

Last year alone, Lovesac repurposed more than

20 million plastic water bottles to make Sactionals

Disruptive Model

Disrupting a Stale Category

LOVESAC

Traditional Model

- In-store **stocking** / long lead time, inventory & personnel heavy delivery
- Low excitement and **mundane** products
- **Non-engaged** commodity shoppers
- Numerous, unproductive, **large stores**
- Broad merchandising & seasonal **assortments**

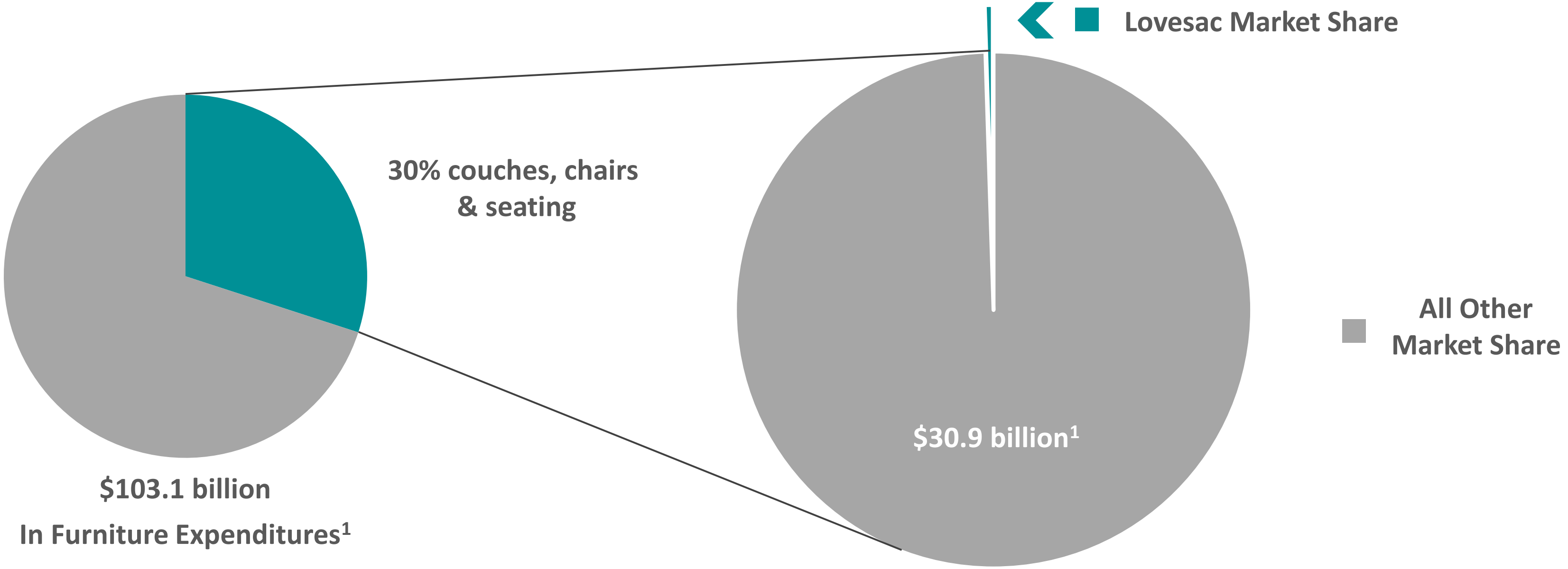
LOVESAC

- **Direct** to consumer with ability to ship most product next day
- **Patented**, inventive, Designed For Life products
- **Highly engaged** brand advocates
- Limited, productive, **small showrooms**
- 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 sunk costs 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.
*Awareness unaided is currently < 2% nationally
FY20 CLV to CAC ratio of 4.7X vs. 5.0X in FY19

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 2021

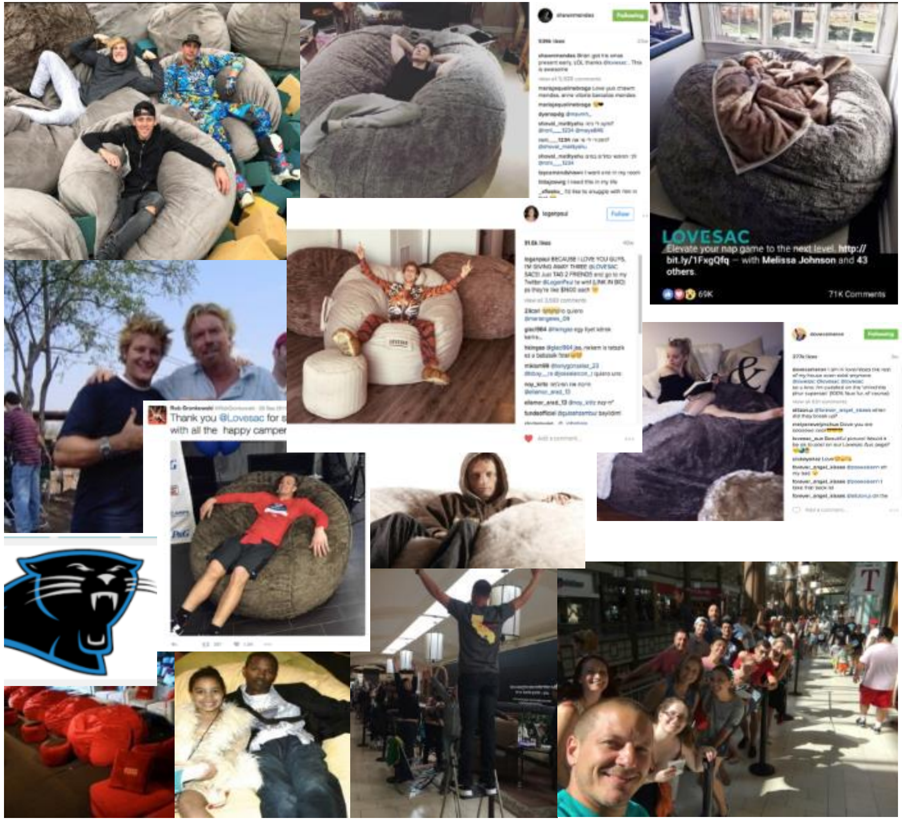
Large and Growing Social Media Presence

LOVESAC

Social Engagement Metrics

		FY2020 vs. Prior Year
facebook	839,000 active followers	+ 13%
Instagram	443,000 followers	+ 26%
YouTube	42+ million views in 24 hours[1] & 202 million views in total	

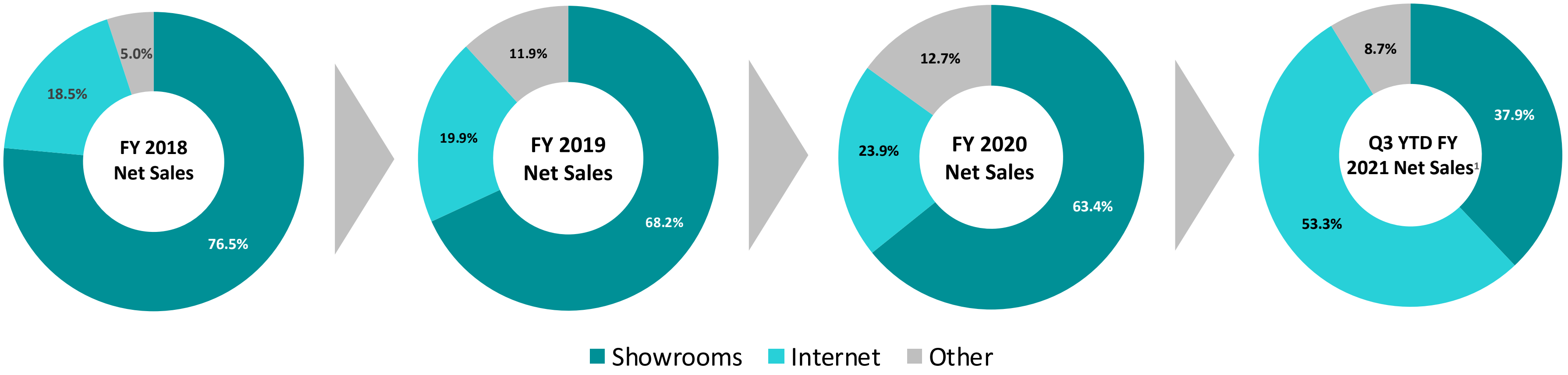
- Unsolicited celebrity endorsements and promotion
- Lovesac's founder has a strong online following
- One of the most viewed viral videos in the first 24 hours after posting involves a Sac[1]



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

LOVESAC

Diversifying Channel Mix



Showrooms

- Small-footprint retail locations in high-end malls to 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
- Operating four shop-in-shops with Macy's and three shop-in-shops with Best Buy
- Hosted two temporary online pop-ups on Costco.com in Q3 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 / Pop-up shops

Friend / Neighbor

Buy It

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

Showrooms / Shop-in-shops / Pop-up shops

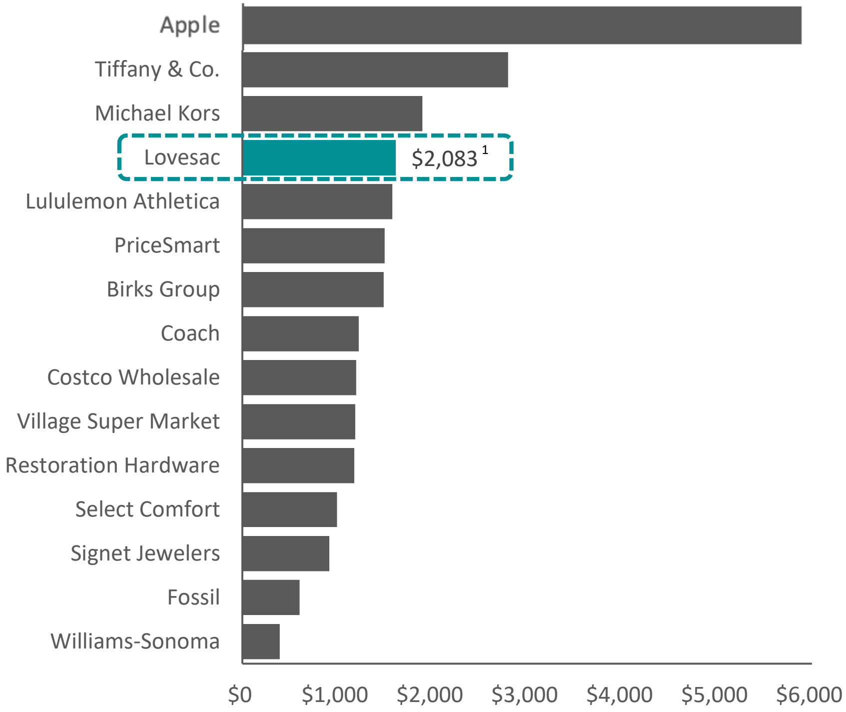
Physical retail locations and other direct marketing efforts drive conversion

Superior Showroom Strategy & Productivity

LOVESAC

- Opened 18 new showrooms and closed 2 showrooms in fiscal 2020
- Completed 5 showroom remodels (2 Full, 3 Partial) in fiscal 2020
- Collaborated with leading design firm, Prophet NYC, for rebranding effort
- Turns product inside-out to reveal construction & technology
- Minimal merchandising, aesthetic, seasonality and inventory risk
- New showroom net investment of approximately $350,000 and average pay back period of < 2 years

Showroom Sales Per Sq. Foot



Source: External retailer data from companies' latest available Annual Report on Form 10K and eMarketer.com, Store Productivity for latest available fiscal year.
Source: Lovesac $/sqft data from our internal data.
[1] For the fiscal year ended February 2, 2020.

Attractive New Showroom Model

LOVESAC

- **Opened 18 new showrooms in FY20 or 21% year-over-year growth**
- **Economics of new showroom model are favorable with strong returns on investment:**
  - Target net sales of $1.5 to $1.6 million in the first year
  - Net Investments – incl. floor model inventory, Capex and preopening expenses = $365K
  - The average payback of our showroom investments is under two years*
- **Year-to-date in FY21 we opened 18 new showrooms and relocated one showroom. Total Fiscal 2021 YTD new showroom count is 19.****
- **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
** As of December 3, 2020

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
- 35.2% of sales through in-house financing facilitated by a leading third party consumer financing company[1]; Drives larger purchases
- 23.9% of net sales through e-Commerce channel[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] As of fiscal year ended February 2, 2020.

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 2021 Strategic Priorities

LOVESAC

Product

- One major product launch each fall – FY21 launch shift to Q1 FY22
- Two key platform innovations per year
- 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 per year with celebs & aspirational brands
- Expand influencer & social media reach

Omni-channel Distribution

- 19 new showrooms in FY21
- Partnership with BestBuy.com
- Tested temporary online pop-ups on Costco.com
- Lay groundwork for multiple distribution channels – speed

Supply Chain/ Infrastructure

- Diversifying Supply Chain (Northeast DC in Q4 of FY21)
- Upgrade current customer relationship management software to leverage data warehouse
- Re-platform website to improve online & mobile experience
- Leverage warehouse management soft-ware for efficiency & customer satisfaction improvements

Sustainability

- Formalize promotion of our Designed For Life ethos & strategy for communications
- Tout our leadership in plastic recycling on the new site, et al
- Continued evolution of the supply chain

Summary

LOVESAC

- **Large Trade 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

Q3 FY21 and Q3 YTD FY21 Results

LOVESAC

(Dollars in millions, except per share amounts)

	Quarter Ended November 1, 2020	Quarter Ended November 3, 2019	% Inc (Dec)	Year to Date Ended November 1, 2020	Year to Date Ended November 3, 2019	% Inc (Dec)
Net Sales	$ 74.7	$ 52.1	43.5%	$ 191.1	$ 141.2	35.3%
Gross Profit[1]	$ 41.3	$ 26.3	57.3%	$ 99.6	$ 71.5	39.3%
Gross Margin[1]	*55.3%*	*50.4%*	*487 bps*	*52.2%*	*50.7%*	*150 bps*
Total Operating Expense	$ 38.8	$ 33.1	17.1%	$ 106.5	$ 92.7	15.0%
SG&A	$ 25.9	$ 24.5	6.0%	$ 75.2	$ 70.3	6.9%
SG&A as % of Net Sales	*34.7%*	*47.0%*	*(1,228) bps*	*39.3%*	*49.8%*	*(1,045) bps*
Advertising & Marketing	$ 11.0	$ 7.3	51.2%	$ 26.3	$ 18.7	40.7%
Advertising & Marketing as % of Net Sales	*14.7%*	*13.9%*	*75 bps*	*13.8%*	*13.3%*	*53 bps*
Basic EPS Income (Loss)	$ 0.17	$ (0.46)	(137.0%)	$ (0.48)	$ (1.45)	(66.9%)
Diluted EPS Income (Loss)	$ 0.16	$ (0.46)	(134.8%)	$ (0.48)	$ (1.45)	(66.9%)
Net income (loss)	$ 2.5	$ (6.7)	(136.7%)	$ (7.0)	$ (20.6)	(66.2%)
Adjusted EBITDA[2]	$ 6.0	$ (3.7)	259.7%	$ 2.4	$ (11.7)	120.8%
Cash (Used In) Provided by Operating Activities	$ (5.1)	$ (13.4)	61.9%	$ 6.9	$ (36.4)	(119.0%)

[1] Estimated gross 25% tariff impact for the third quarter of fiscal 2021 to Gross Profit and Gross Margin was $2.8 million and 373 bps, respectively. Estimated gross 25% tariff impact for the Thirty-Nine weeks ending November 1, 2020 to Gross Profit and Gross Margin was $7.6 million and 399 bps, respectively. Estimated gross blended 10% to 25% tariff impact for the third quarter of fiscal 2020 to Gross Profit and Gross Margin was $3.3 million and 605 bps, respectively. Estimated gross blended 10% to 25% tariff impact for the Thirty-Nine weeks ending November 3, 2019 to Gross Profit and Gross Margin was $5.7 million and 351 bps, respectively.

[2] Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Information" and "Reconciliation of Non-GAAP Financial Measures" included on slide 36.

Q3 FY21 and Q3 YTD FY21 Comparable Sales Metrics

LOVESAC

	Percent Increase (Decrease), except showroom count			
	Quarter Ended November 1, 2020	Quarter Ended November 3, 2019	Year to Date ended November 1, 2020	Year to Date Ended November 3, 2019
Total Comparable Sales [3][4]	53.5%	34.3%	58.7%	39.5%
Comparable Showroom Sales [4]	25.5%	29.7%	(14.2%)	31.7%
Internet Sales	125.2%	47.7%	247.2%	64.7%
Ending Showroom Count	107	84	107	84

[3] Total comparable sales include showroom transactions through the point of sale and internet net sales.

[4] 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 what 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 in some format. We are abiding with federal, state and local guidelines with respect to the operating status of our showrooms. As of the end of the third quarter, most showrooms had fully reopened to the walk-in phase, with some still in the virtual or by appointment only phase.

FY 2020 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

(dollars in thousands)	Fiscal year ended February 2, 2020	Fiscal year ended February 3, 2019
Net income (loss)	$ (15,205)	$ (6,704)
Interest income, net	(647)	(355)
Taxes	43	16
Depreciation and amortization	5,158	3,134
EBITDA	(10,651)	(3,909)
Management fees (a)	633	1,177
Deferred Rent (b)	716	531
Equity-based compensation (c)	5,246	3,310
Loss (gain) on disposal of property and equipment (d)	(167)	255
Other non-recurring expenses (e) (f)	503	2,021
Adjusted EBITDA	$ (3,720)	$ 3,385

(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 management and equity sponsors.

(d) Represents the loss (gain) on disposal of fixed assets.

(e) Other non-recurring expenses in the quarter ended February 2, 2020 are made up of ($95) in an adjustment of executive recruitment fees. Other non-recurring expenses in the quarter ended February 3, 2019 are made up of $70 in secondary offering legal and professional fees.

(f) 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. Other non-recurring expenses in fiscal 2019 are made up of: (1) $380 in fees and costs associated with our fundraising and reorganizing activities including the legal and professional services incurred in connection with such activities; (2) $508 in fees paid for investor relations and public relations relating to the IPO; (3) $140 in executive recruitment fees to build executive management team; (4) $261 in secondary offering legal fees; (5) $84 in travel and logistical costs associated with the offering; (6) $198 in accounting fees related to the offering; and (7) $450 in IPO bonuses paid to executives.

Q3 FY21 and Q3 YTD FY21 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

(dollars in thousands)	Thirteen weeks ended November 1, 2020	Thirteen weeks ended November 3, 2019	Thirty-nine weeks ended November 1, 2020	Thirty-nine weeks ended November 3, 2019
Net income (loss)	$ 2,479	$ (6,748)	$ (6,976)	$ (20,621)
Interest expense (income), net	44	(134)	22	(538)
Provision for income taxes	11	16	70	21
Depreciation and amortization	1,854	1,378	5,033	3,649
EBITDA	4,388	(5,488)	(1,851)	(17,489)
Management fees (a)	125	141	375	438
Deferred Rent (b)	378	816	1,234	904
Equity-based compensation (c)	1,063	628	2,638	4,021
Net loss (gain) on disposal of property and equipment (d)	-	-	5	(167)
Other non-recurring expenses (e)(f)	-	174	36	598
Adjusted EBITDA	$ 5,954	$ (3,729)	$ 2,437	$ (11,695)

(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 fixed assets.

(e) There were no other non-recurring expenses in the thirteen weeks ended November 1, 2020. Other non-recurring expenses in the thirteen weeks ended November 3, 2019 are made up of (1) $76 in financing fees associated with our primary and secondary offering and (2) $98 in executive recruitment fees.

(f) Other non-recurring expenses in the thirty-nine weeks ended November 1, 2020 are related to $36 in professional and legal fees related to financing initiatives. Other non-recurring expenses in the thirty-nine weeks ended November 3, 2019 are made up of (1) $247 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 FY20 and Q3 FY21 Metrics

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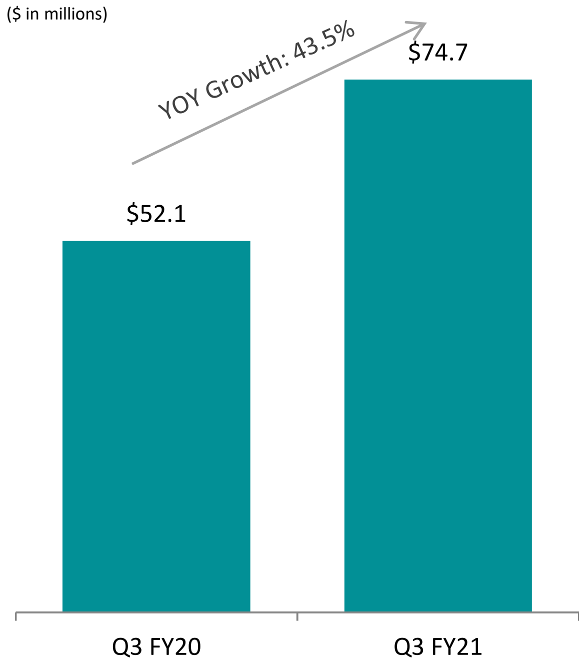
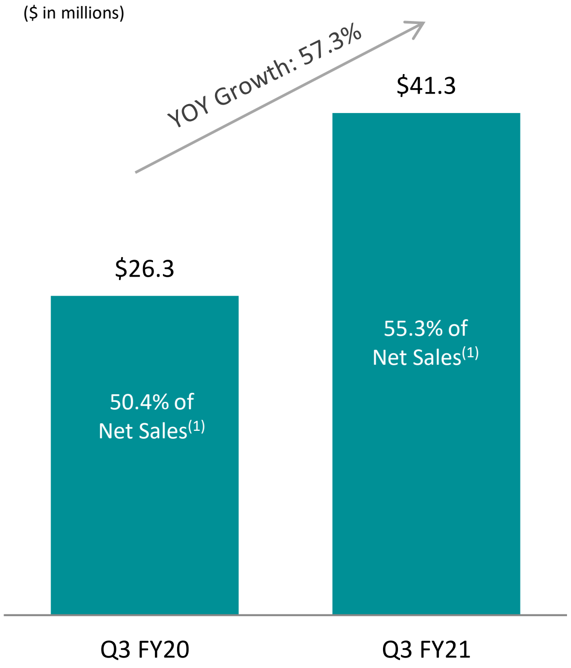
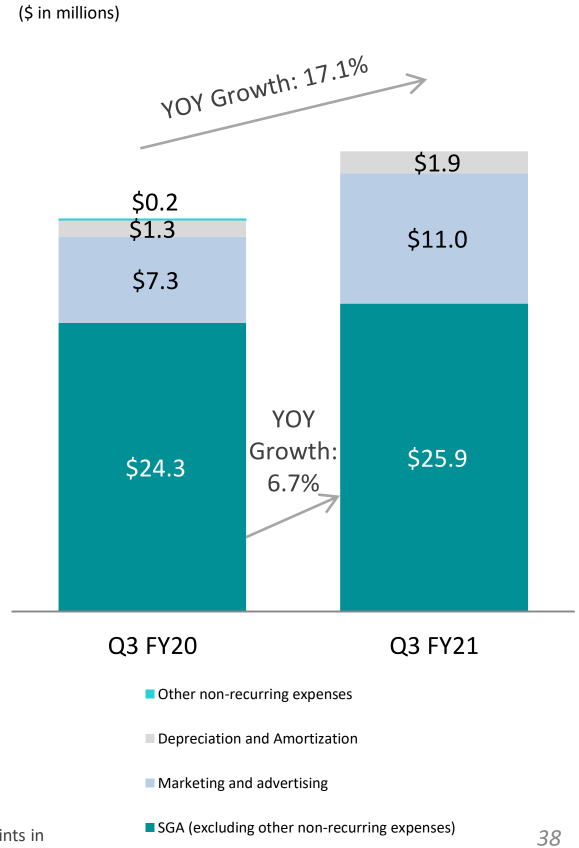
Net Sales



Gross Profit



Operating Expenses

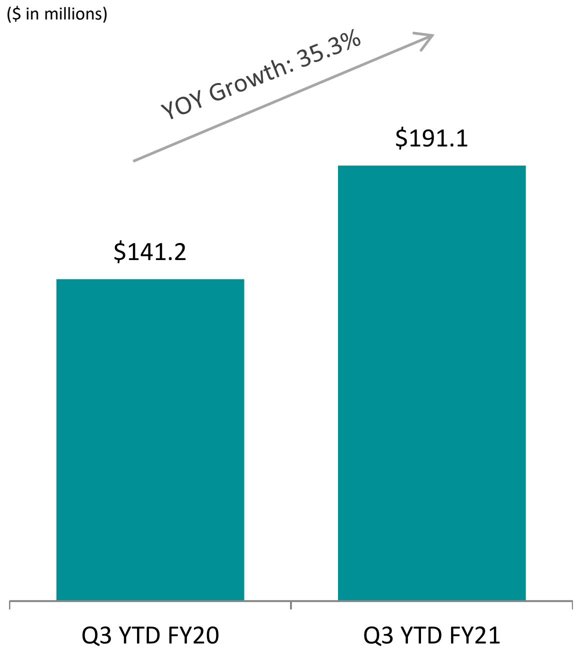


[1] The 487 basis point increase in gross margin versus the prior year period reflects 535 basis points improvement in gross profit as a result of a reduction in promotional discounts, positive mix impact and lower product costs related to vendor negotiated tariff mitigation initiatives partially offset by an increase of approximately 48 basis points in distribution and tariff related expenses.

Q3 YTD FY20 and Q3 YTD FY21 Metrics

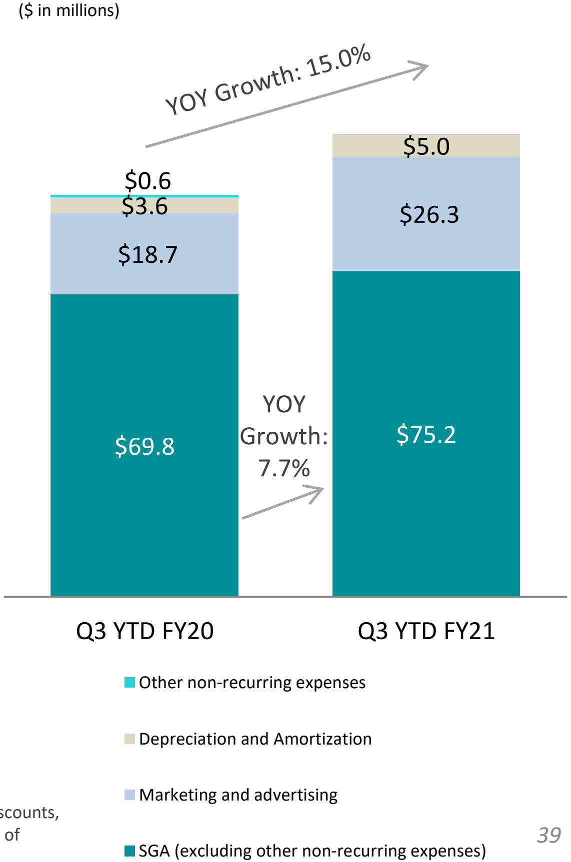
LOVESAC

Net Sales



Gross Profit

Operating Expenses

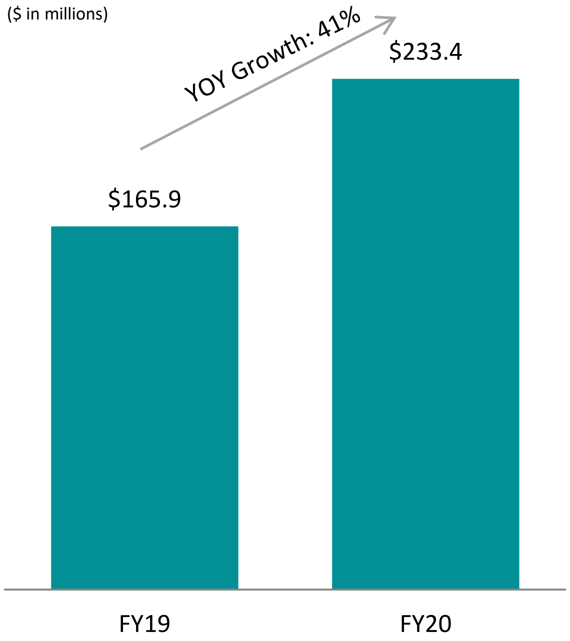


[1] The 150 basis point increase in gross margin versus the prior year period reflects 321 basis points improvement in gross profit as a result of a reduction in promotional discounts, lower product costs related to vendor negotiated tariff mitigation initiatives and a continued shift of product sourcing from outside of China, partially offset by an increase of approximately 171 basis points in distribution and tariff related expenses.

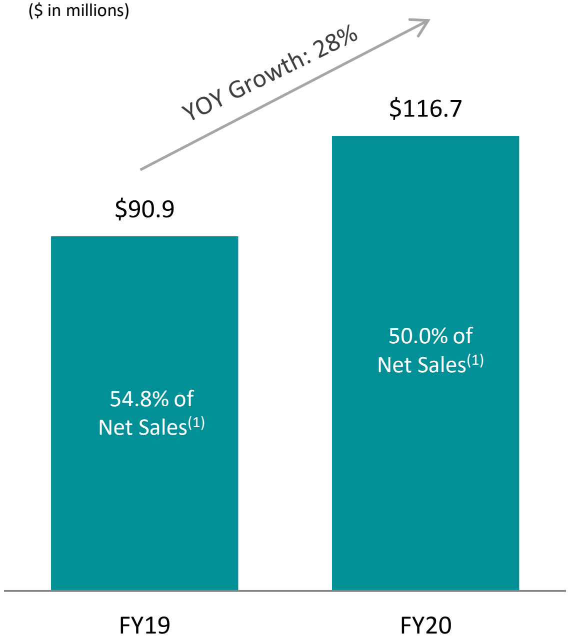
Fiscal 2019 and Fiscal 2020 Metrics

LOVESAC

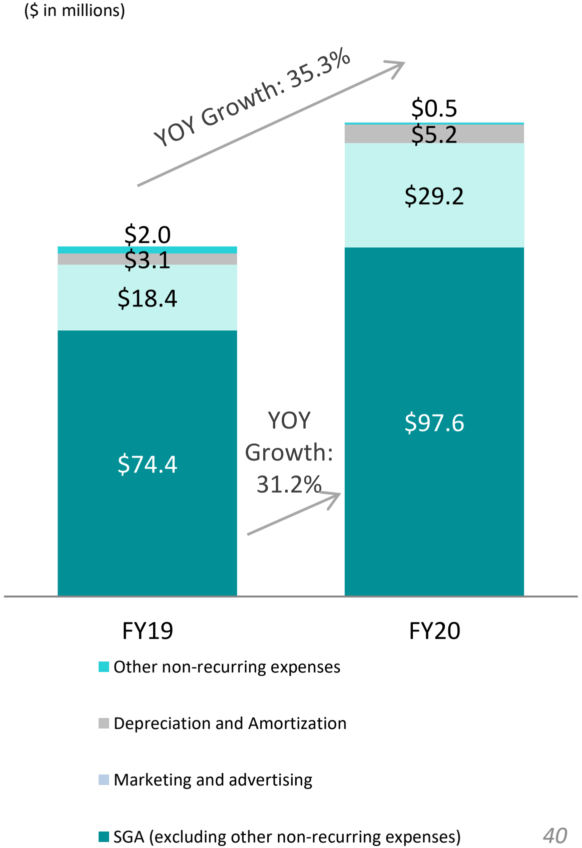
Net Sales



Gross Profit



Operating Expenses



[1] The gross margin change was primarily due to tariff impact and an increase in flash sale promotions.

Appendix

FY 19/20 Income Statement & Non-GAAP Reconciliation

LOVESAC

($ in 000's)	Q1 FY 2019	Q1 FY 2020	Q2 FY 2019	Q2 FY 2020	Q3 FY 2019	Q3 FY 2020	Q4 FY 2019	Q4 FY 2020	FY FY 2019	FY FY 2020
Net Sales										
Showrooms	$ 18,549	$ 26,925	$ 23,023	$ 31,262	$ 28,043	$ 32,474	$ 43,489	$ 57,343	$ 113,105	$ 148,004
Internet	4,566	8,459	5,515	9,457	7,729	11,416	15,214	26,450	33,024	55,781
Other	3,653	5,574	4,710	7,428	5,914	8,208	5,475	8,382	19,752	29,592
Total Net Sales	$ 26,769	$ 40,958	$ 33,249	$ 48,146	$ 41,686	$ 52,097	$ 64,178	$ 92,175	$ 165,881	$ 233,377
% growth	*51.8%*	*53.0%*	*60.3%*	*44.8%*	*70.9%*	*25.0%*	*64.4%*	*43.6%*	*62.9%*	*40.7%*
Cost of merchandise sold	$ 12,122	$ 19,966	$ 15,410	$ 23,861	$ 18,799	$ 25,844	$ 28,669	$ 47,016	$ 75,000	$ 116,687
Gross Profit	$ 14,647	$ 20,992	$ 17,839	$ 24,285	$ 22,887	$ 26,254	$ 35,508	$ 45,159	$ 90,881	$ 116,690
% margin	*54.7%*	*51.3%*	*53.7%*	*50.4%*	*54.9%*	*50.4%*	*55.3%*	*49.0%*	*54.8%*	*50.0%*
Selling, general and administrative expenses	$ 15,195	$ 23,862	$ 20,454	$ 21,956	$ 19,329	$ 24,485	$ 21,449	$ 27,844	$ 76,427	$ 98,147
Advertising and marketing	4,408	$ 5,389	3,595	$ 6,070	5,165	$ 7,258	$ 5,196	$ 10,476	18,363	$ 29,194
Depreciation and amortization	670	$ 1,066	759	$ 1,206	1,084	$ 1,378	$ 621	$ 1,509	3,134	$ 5,158
Operating (Loss) Income	$ (5,625)	$ (9,324)	$ (6,969)	$ (4,947)	$ (2,691)	$ (6,867)	$ 8,243	$ 5,329	$ (7,043)	$ (15,809)
% margin	*-21.0%*	*-22.8%*	*-21.0%*	*-10.3%*	*-6.5%*	*-13.2%*	*12.8%*	*5.8%*	*-4.2%*	*-6.8%*
Other Income (Expense)										
Interest (expense) income, net	(58)	235	(0)	169	201	134	213	109	355	647
Provision for income taxes	-	(12)	-	7	-	(16)	(16)	(22)	(16)	(43)
Net (Loss) Income	$ (5,683)	$ (9,102)	$ (6,970)	$ (4,771)	$ (2,491)	$ (6,748)	$ 8,439	$ 5,416	$ (6,704)	$ (15,205)
% margin	*-21.2%*	*-22.2%*	*-21.0%*	*-9.9%*	*-6.0%*	*-13.0%*	*13.1%*	*5.9%*	*-4.0%*	*-6.5%*
Net (Loss) Income per common share (basic)	$ (1.25)	$ (0.67)	$ (3.71)	$ (0.33)	$ (0.22)	$ (0.46)	$ 0.62	$ 0.37	$ (3.28)	$ (1.07)
Net (Loss) Income per common share (diluted)	$ (1.25)	$ (0.67)	$ (3.71)	$ (0.33)	$ (0.22)	$ (0.46)	$ 0.62	$ 0.37	$ (3.28)	$ (1.07)
Adjusted EBITDA Reconciliation:										
Net (Loss) Income	$ (5,683)	$ (9,102)	$ (6,970)	$ (4,771)	$ (2,490)	$ (6,748)	$ 8,439	$ 5,416	$ (6,704)	$ (15,205)
Interest expense (income), net	58	(235)	-	(169)	(201)	(134)	(213)	(109)	(355)	(647)
Provision for income taxes	-	12	-	(7)	-	16	16	22	16	43
Depreciation and amortization	670	1,066	759	1,206	1,084	1,378	621	1,508	3,134	5,158
EBITDA	$ (4,955)	$ (8,259)	$ (6,211)	$ (3,741)	$ (1,607)	$ (5,488)	$ 8,863	$ 6,837	$ (3,909)	$ (10,651)
Management fees	$ 125	$ 164	$ 742	$ 133	$ 125	$ 141	185	195	$ 1,177	$ 633
Deferred rent	123	12	128	77	131	816	149	(189)	531	716
Equity-based compensation	295	3,223	2,039	171	516	628	460	1,224	3,310	5,246
Net loss (gain) on disposal of property and equipment	6	47	-	(214)	-	-	249	-	255	(167)
Other non-recurring expenses	216	150	1,292	275	444	174	69	(95)	2,021	503
Adjusted EBITDA	$ (4,190)	$ (4,663)	$ (2,010)	$ (3,299)	$ (391)	$ (3,729)	$ 9,975	$ 7,972	$ 3,385	$ (3,720)
% margin	*-15.7%*	*-11.4%*	*-6.0%*	*-6.9%*	*-0.9%*	*-7.2%*	*15.5%*	*8.6%*	*2.0%*	*-1.6%*

Q3 FY 21/20 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	Q3 YTD FY 2020	Q3 YTD FY 2021
Net Sales								
Showrooms	$ 26,925	$ 18,118	$ 31,262	$ 12,850	$ 32,474	$ 41,538	$ 90,661	$ 72,506
Internet	8,459	30,064	9,456	46,074	11,415	25,710	29,330	101,848
Other	5,574	6,190	7,428	3,021	8,208	7,494	21,210	16,706
Total Net Sales	$ 40,958	$ 54,372	$ 48,146	$ 61,945	$ 52,097	$ 74,742	$ 141,202	$ 191,060
% growth	*53.0%*	*32.8%*	*44.8%*	*28.7%*	*25.0%*	*43.5%*	*38.8%*	*35.3%*
Cost of merchandise sold	$ 19,966	$ 27,089	$ 23,861	$ 30,890	$ 25,844	$ 33,434	$ 69,671	$ 91,413
Gross Profit	$ 20,992	$ 27,284	$ 24,285	$ 31,055	$ 26,254	$ 41,308	$ 71,531	$ 99,647
% margin	*51.3%*	*50.2%*	*50.4%*	*50.1%*	*50.4%*	*55.3%*	*50.7%*	*52.2%*
Selling, general and administrative expenses	$ 23,862	$ 25,831	$ 21,956	$ 23,383	$ 24,485	$ 25,946	$ 70,302	$ 75,160
Advertising and marketing	5,389	8,196	6,070	7,166	7,258	10,975	18,718	26,337
Depreciation and amortization	1,066	1,636	1,206	1,544	1,378	1,854	3,649	5,034
Operating (Loss) Income	$ (9,325)	$ (8,379)	$ (4,947)	$ (1,038)	$ (6,867)	$ 2,533	$ (21,138)	$ (6,884)
% margin	*-22.8%*	*-15.4%*	*-10.3%*	*-1.7%*	*-13.2%*	*3.4%*	*-15.0%*	*-3.6%*
Other Income (Expense)								
Interest income (expense), net	235	56	169	(35)	134	(44)	538	(23)
Provision for income taxes	(12)	(25)	7	(34)	(16)	(11)	(21)	(70)
Net (Loss) Income	$ (9,102)	$ (8,348)	$ (4,771)	$ (1,107)	$ (6,748)	$ 2,479	$ (20,621)	$ (6,976)
% margin	*-22.2%*	*-15.4%*	*-9.9%*	*-1.8%*	*-13.0%*	*3.3%*	*-14.6%*	*-3.7%*
Net (Loss) Income per common share (basic)	$ (0.67)	$ (0.58)	$ (0.33)	$ (0.08)	$ (0.46)	$ 0.17	$ (1.45)	$ (0.48)
Net (Loss) Income per common share (diluted)	$ (0.67)	$ (0.58)	$ (0.33)	$ (0.08)	$ (0.46)	$ 0.16	$ (1.45)	$ (0.48)
Adjusted EBITDA Reconciliation:								
Net (Loss) Income	$ (9,102)	$ (8,348)	$ (4,771)	$ (1,107)	$ (6,748)	$ 2,479	$ (20,621)	$ (6,976)
Interest (income) expense, net	(235)	(56)	(169)	35	(134)	44	(538)	22
Provision for income taxes	12	25	(7)	34	16	11	21	70
Depreciation and amortization	1,066	1,636	1,206	1,544	1,378	1,854	3,649	5,033
EBITDA	$ (8,259)	$ (6,743)	$ (3,741)	$ 506	$ (5,488)	$ 4,388	$ (17,489)	$ (1,851)
Management fees	$ 164	$ 125	$ 133	$ 125	$ 141	$ 125	$ 438	$ 375
Deferred rent	12	(8)	77	872	816	378	904	1,234
Equity-based compensation	3,223	898	171	677	628	1,063	4,021	2,638
Net loss (gain) on disposal of property and equipment	47	-	(214)	5	-	-	(167)	5
Other non-recurring expenses	150	36	275	-	174	-	598	36
Adjusted EBITDA	$ (4,663)	$ (5,692)	$ (3,299)	$ 2,185	$ (3,729)	$ 5,954	$ (11,695)	$ 2,437
% margin	*-11.4%*	*-10.5%*	*-6.9%*	*3.5%*	*-7.2%*	*8.0%*	*-8.3%*	*1.3%*

Balance Sheet

LOVESAC

	November 1, 2020	February 2, 2020
Assets	(unaudited)	
Current Assets		
Cash and cash equivalents	$ 47,686,348	$ 48,538,827
Trade accounts receivable	7,231,414	7,188,925
Merchandise inventories	57,758,331	36,399,862
Prepaid expenses and other current assets	10,869,620	8,050,122
Total Current Assets	123,545,713	100,177,736
Property and Equipment, Net	25,906,210	23,844,261
Other Assets		
Goodwill	143,562	143,562
Intangible assets, net	1,419,527	1,352,161
Deferred financing costs, net	113,338	146,047
Total Other Assets	1,676,427	1,641,770
Total Assets	$151,128,350	$125,663,767
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 25,223,308	$ 19,887,611
Accrued expenses	16,900,124	8,567,580
Payroll payable	4,561,285	887,415
Customer deposits	11,668,451	1,653,597
Sales taxes payable	1,134,883	1,404,792
Total Current Liabilities	59,488,051	32,400,995
Deferred rent	6,387,801	3,108,245
Line of credit	-	-
Total Liabilities	65,875,852	35,509,240
Stockholders' Equity		
Preferred Stock $0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of November 1, 2020 and February 2, 2020.	-	-
Common Stock $.00001 par value, 40,000,000 shares authorized, 14,683,138 shares issued and outstanding as of November 1, 2020 and 14,472,611 shares issued and outstanding as of February 2, 2020.	147	145
Additional paid-in capital	170,391,395	168,317,210
Accumulated deficit	(85,139,044)	(78,162,828)
Stockholders' Equity	85,252,498	90,154,527
Total Liabilities and Stockholders' Equity	$151,128,350	$125,663,767