



LOVESAC[®]

Designed for Life[™] Furniture Co.

Investor Presentation
April 2021

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; 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 35, 37, and 41.

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.

*“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



Upgradeable



Waste-less



Shawn Nelson
Founder & CEO
20+ Years at LOVE



Jack Krause
President & COO
4+ Years at LOVE



Donna Dellomo
EVP & CFO
3+ Years at LOVE

LOVESAC



FOSSIL
GROUP



PERFUMANIA



SACTIONALS®

The World's Most Adaptable Couch.™



GEOGRAPHIC PRESENCE
108 Branded Showrooms
in 36 states in U.S.²



CUSTOMER-LIFETIME
VALUE³
\$2,044



COST OF CUSTOMER
ACQUISITION
\$435



NEW CUSTOMERS
105K in FY21



REPEAT CUSTOMERS
37.5% of all
transactions

FY 2021 Key Financial Metrics



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



GROSS PROFIT
\$174.8 million



ADJ. EBITDA¹
\$28.3 million



NET SALES GROWTH
37.4%



GROSS MARGIN
54.5%



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

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 35.

² Represents Showroom metrics as of Q4 FY 2021.

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

1. Disruptive home furniture lifestyle retail/DTC brand with heritage of innovation across growing product portfolio and 45 issued patents¹
2. Proven omni-channel advantage; consistent strong ecommerce performance coupled with highly productive showrooms, expanding marketing ROIs and strong channel partnerships.
3. Mid-luxury positioning; target customer is 25 to 45 year-old “young parent want-it-all” with our key customer between ages of 35 to 39 years old
4. Sustainable products utilizing yarn spun from 100% recycled plastic water bottles, in sectionals upholstery fabric & REPREEVE 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.
5. Attractive financial profile with 54.5% gross margin for FY21
6. As of January 31, 2021, debt-free balance sheet with strong liquidity including \$78.3 million in net cash and cash equivalents and \$15.9M of availability on our line of credit

¹ As of January 31, 2021.



Recent Developments

➤ Showroom Operations

- As of January 31, 2021, 100% of showrooms in walk-in phase with increased health and sanitation protocols while remaining flexible given changing market conditions

➤ Channel Partners

- During Q4, expanded our relationship with Best Buy selling Sactionals and Sac's on bestbuy.com.
- Opened our fourth Best Buy location in March. Shop-in-shop expansion is planned with Best Buy for 2H fiscal 2022 and early next year with preliminary plans to open over 15 additional shop-in-shops.
- Costco business down as planned due to the reduction of physical roadshows. However, strength in higher margin programs, including Costco.com online pop-up-shops, helped drive improved gross margins for "other" segment overall to 44.6%, up 500 basis points versus a year ago
- Ended test with Macy's at year-end with the intent of focusing on the development of the shop-in-shop concept with Best Buy and other potential partners with the ability to scale efficiently

➤ Q4 Performance

- Net sales growth of 40.7% and comparable sales growth of 45.0% y/y
 - Showroom net sales increased 28.4% driven by comparable sales growth of 22.6%
 - Internet Channel net sales increased 86.1%
 - “Other” channel net sales decreased 18.7% due to no Costco in-store pop-ups partially offset by 3 temporary online pop-ups at Costco.com
- Gross Margin expansion of 890 bps due to reduction in promotional discounts, 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.
- Adjusted EBITDA* increased over 200% to \$25.9 million, the highest profitability achieved in a fourth quarter.
- Ended the quarter with ~\$78.3 million in cash and cash equivalents generating \$51.7 million more in cash from operations y/y

➤ FY2022 Q1

- Expect sales growth of ~38%, slight gross margin rate improvement Y/Y, and an adjusted EBITDA dollar loss in line with FY Q121 driven by strategic expense reinstatements and infrastructure investments that were put on hold in fiscal 2021 as part of COVID-19 financial resilience measures

➤ FY2022

- Targeting strong sales growth with over 20 showroom openings and expect to restore expenses that were pulled back in FY21 due to the pandemic. Also making infrastructure investments to support the substantial multiyear growth opportunity that lies ahead.
- Operating in a pandemic environment with a wider range of potential outcomes. Therefore, no formal outlook but baseline framework, which does not contemplate any upside from new initiatives:
 - In a scenario where sales growth is in the low to mid 20% range, gross margin would be inline with FY21 and adjusted EBITDA¹ margin would be in the mid-single digit range. Year over year Adjusted EBITDA margin decline driven by expense and investment dynamics.
- Expect to generate cash from working capital and expect Capex to be in the \$13 million to \$16 million range in FY22

¹ Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Financial Measures included on slide 35.

- 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 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.
 - in-home consulting, setups, styling, customization, subscription and maintenance services, peer-to-peer trading, resale, refurbishing and remanufacturing programs to strengthen Lovesac's relationships with customers and support a circular economy

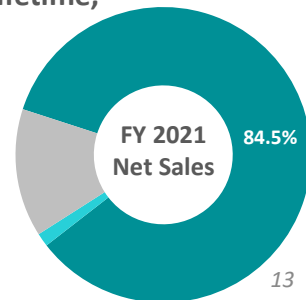


“Designed for Life” Platform

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

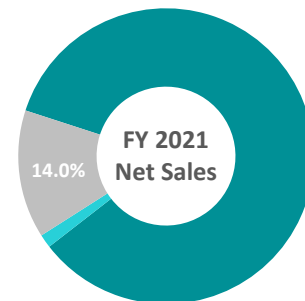


SACS

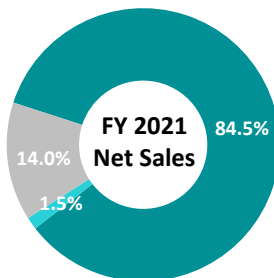


- Category leader in oversized beanbags
- Product line offers 6 different sizes ranging from 22lbs to 95lbs
- Capacity to seat 3+ people on the larger model Sacs
- Durafoam™ filling

- Sacs shrink to 1/8 original volume
- Multiple shapes & sizes
- Wash & change covers



SACS



SACTIONALS



ACCESSORIES



Footsac Blanket



Drink Holder



Seat Table



Custom Covers &
Dec Pillows



- 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

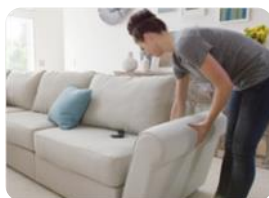


Coaster & Couch Bowl

Decor



Custom Covers & Dec Pillows



Roll Arm

Function / Upgrade



Power Hub



Guest Rest Bedding Kit

Platform Extension



Outdoor Sactionals



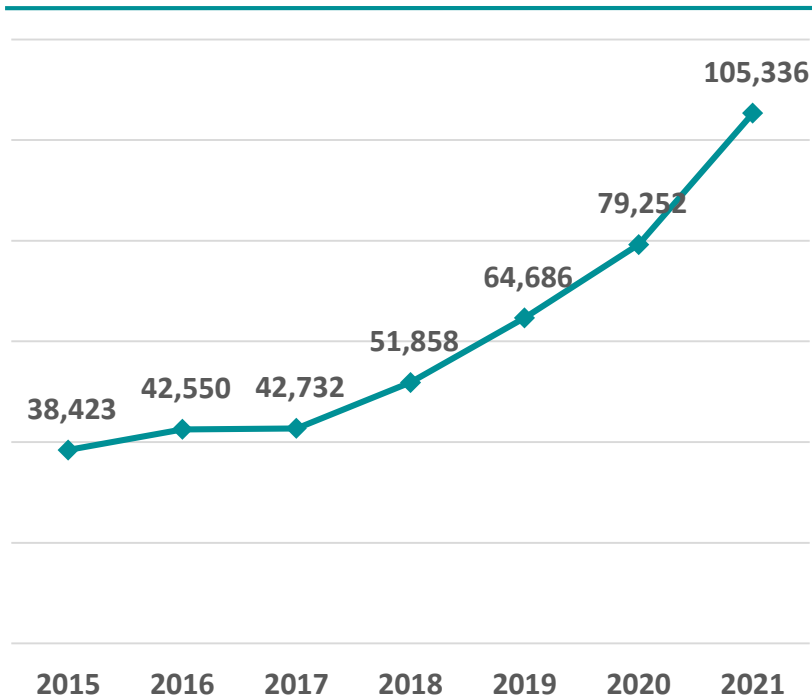
37.5% of Lovesac transactions are from repeat customers¹

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.

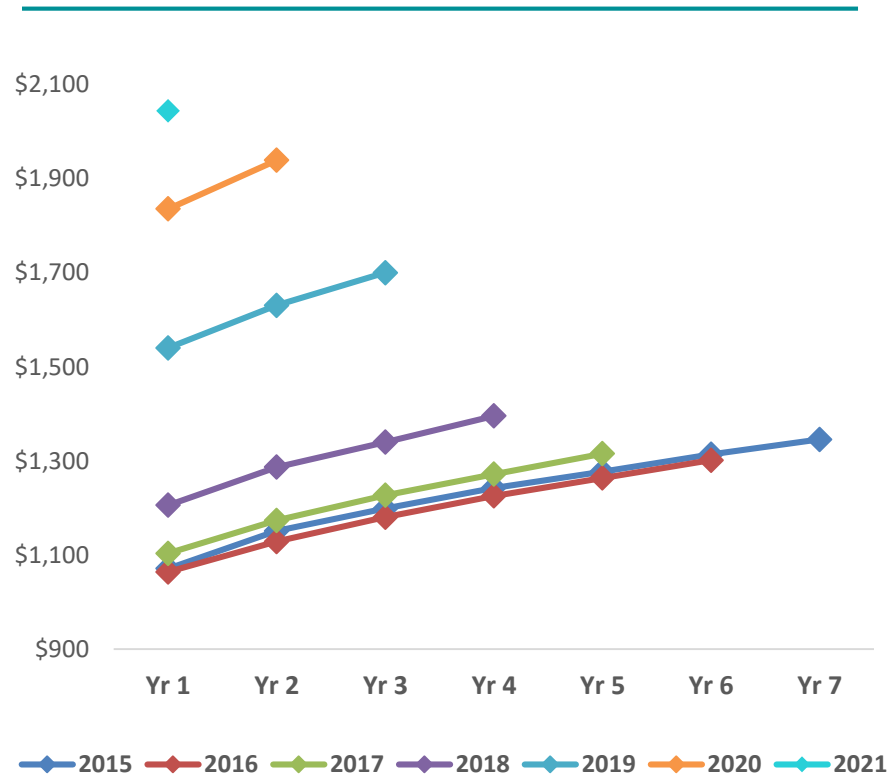
Strong Customer Lifetime Value

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

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



Plastic bottles are converted into Repreve recycled yarn



82

82 Plastic Bottles go into a standard Sactionals Seat



31

31 Plastic Bottles go into a standard Sactionals Side



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

Traditional Model

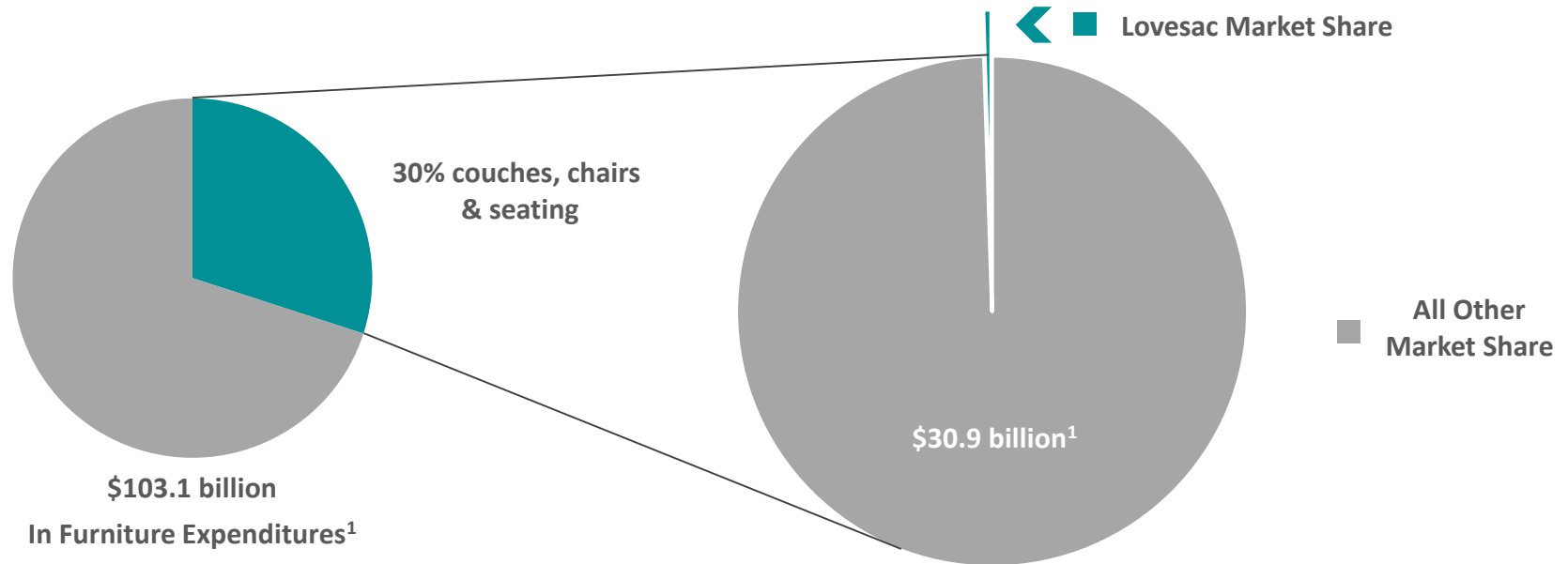
- In-store **stocking** / long lead time, inventory & personnel heavy delivery
- Low excitement and **mundane** products
- **Non-engaged** commodity shoppers
- Numerous, unproductive, **large stores**
- Broad merchandising & seasonal **assortments**



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**

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





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

Conversion 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



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

LOVESAC

Social Engagement Metrics

FY2021



852,579 followers

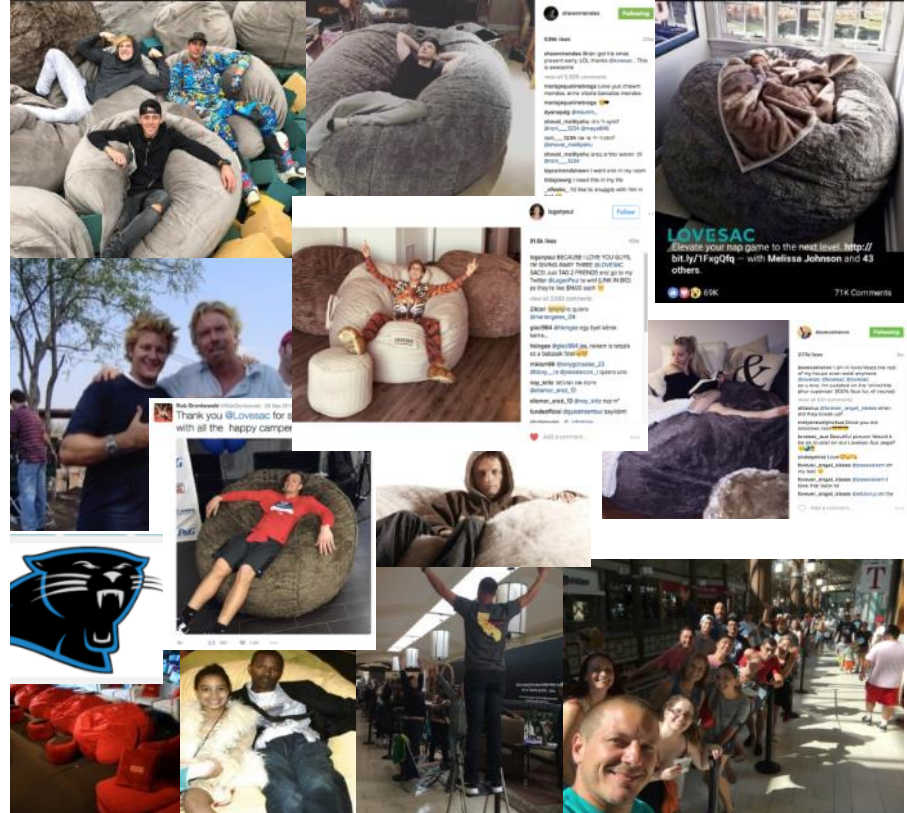


479,790 followers

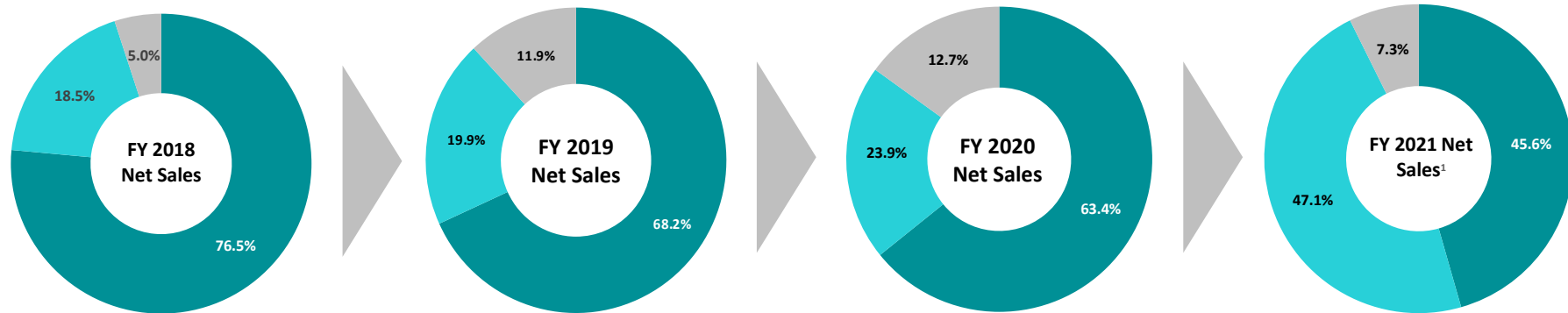


42+ million views in 24 hours
& 202 million views in total

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



Diversifying Channel Mix



■ Showrooms ■ Internet ■ Other

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 FY 2021

¹Significant 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.

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

- 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
- New showroom net investment of approximately \$350,000 and average pay back period of < 2 years
- FY2021 Showroom sales per square foot decreased year over year to \$1,676 from \$2,082 due to temporary closures during Covid-19 pandemic

- **Plan to open 20+ new Lovesac showrooms in FY2022**
- **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
 - 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**



Easy to Purchase

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

Easy to Ship

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

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

¹ Represents % of only Showroom and Web Point of Sales Transactions as of the fiscal year ended January 31, 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 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

Product



- One major product launch each fall
- 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



- 20+ 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

- **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 Fourth Quarter and Fiscal 2021 Ending January 31, 2021:

(Dollars in millions, except per share amounts)

	Quarter Ended January 31, 2021	Quarter Ended February 2, 2020	% Inc (Dec)	Year Ended January 31, 2021	Year Ended February 2, 2020	% Inc (Dec)
Net Sales	\$129.7	\$92.2	40.7%	\$320.7	\$233.4	37.4%
Gross Profit ¹	\$75.1	\$45.2	66.4%	\$174.8	\$116.7	49.8%
<i>Gross Margin¹</i>	<i>57.9%</i>	<i>49.0%</i>	<i>890 bps</i>	<i>54.5%</i>	<i>50.0%</i>	<i>450 bps</i>
Total Operating Expense	\$53.4	\$39.8	34.0%	\$159.9	\$132.5	20.7%
SG&A	\$36.2	\$27.8	30.0%	\$111.4	\$98.1	13.5%
<i>SG&A as % of Net Sales</i>	<i>27.9%</i>	<i>30.2%</i>	<i>(230) bps</i>	<i>34.7%</i>	<i>42.1%</i>	<i>(740) bps</i>
Advertising & Marketing	\$15.6	\$10.5	48.8%	\$41.9	\$29.2	43.6%
<i>Advertising & Marketing as % of Net Sales</i>	<i>12.0%</i>	<i>11.4%</i>	<i>60 bps</i>	<i>13.1%</i>	<i>12.5%</i>	<i>60 bps</i>
Basic EPS Income (Loss)	\$1.44	\$0.37	289.2%	\$1.01	\$(1.07)	194.4%
Diluted EPS Income (Loss)	\$1.37	\$0.37	270.3%	\$0.96	\$(1.07)	189.7%
Net income (loss)	\$21.7	\$5.4	300.7%	\$14.7	\$(15.2)	196.9%
Adjusted EBITDA ²	\$25.9	\$8.0	224.4%	\$28.3	\$(3.7)	860.6%
Cash Provided by (Used In) Operating Activities	\$33.6	\$25.2	33.1%	\$40.5	\$(11.2)	462.0%

¹ All of our goods imported from China are subject to additional tariffs. In September 2018, the Office of the U.S. Trade Representative began imposing a 10 percent ad valorem duty on a subset of products imported from China, inclusive of various furniture product categories. In addition, there was an increase effective May 2019, of an additional 15 percent to the rate of 25 percent. Estimated gross 25% tariff impact for the fourth quarter of fiscal 2021 to Gross Profit and Gross Margin was \$4.9 million and 377 basis points, respectively. Estimated gross 25% tariff impact for the fiscal year 2021 to Gross Profit and Gross Margin was \$12.5 million and 469 basis points, respectively. Estimated gross blended 10% to 25% tariff impact for the fourth quarter of fiscal 2020 to Gross Profit and Gross Margin was \$4.7 million and 861 basis points respectively. Estimated gross blended 10% to 25% tariff impact for the fiscal year 2020 to Gross Profit and Gross Margin was \$9.4 million and 576 basis points respectively.

² Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Information” and “Reconciliation of Non-GAAP Financial Measures” included in this press release.

	Percent Increase except showroom count			
	Quarter Ended January 31, 2021	Quarter Ended February 2, 2020	Year Ended January 31, 2021	Year Ended February 2, 2020
Total Comparable Sales ⁽³⁾⁽⁴⁾	45.0%	49.1%	53.0%	43.4%
Comparable Showroom Sales ⁽⁴⁾	22.6%	38.4%	0.1%	34.3%
Internet Sales	86.1%	73.8%	170.8%	68.9%
Ending Showroom Count	108	91	108	91

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 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, all showrooms have fully reopened to the walk-in phase.

THE LOVESAC COMPANY
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(dollars in thousands)	(unaudited)			
	Quarter ended		Fiscal year ended	
	January 31, 2021	February 2, 2020	January 31, 2021	February 2, 2020
Net Income (Loss)	\$ 21,703	\$ 5,416	\$ 14,727	\$ (15,205)
Interest expense (income), net	45	(109)	67	(647)
Provision for income taxes	16	22	86	43
Depreciation and amortization	1,579	1,509	6,613	5,158
EBITDA	23,343	6,838	21,493	(10,651)
Management fees (a)	125	194	500	633
Deferred Rent (b)	109	(188)	1,342	716
Equity-based compensation (c)	2,043	1,225	4,681	5,246
Net loss (gain) on disposal of property and equipment (d)	-	-	5	(167)
Impairment of property and equipment (e)	245	-	245	-
Other non-recurring expenses (f)(g)	-	(95)	36	503
Adjusted EBITDA	\$ 25,865	\$ 7,974	\$ 28,302	\$ (3,721)

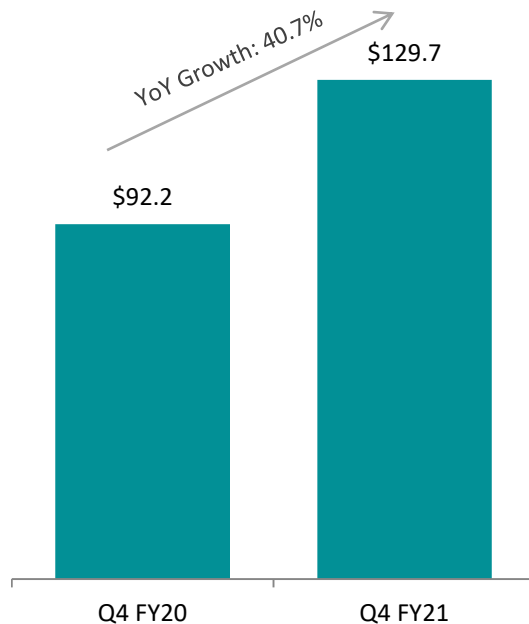
- (a) Represents management fees and expenses charged by our equity sponsors.
- (b) Represents the difference between rent expense recorded and the amount paid by the Company. In accordance with generally accepted accounting principles, the Company records monthly rent expense equal to the total of the 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) There were no other non-recurring expenses in the thirteen weeks ended January 31, 2021. Other non-recurring expenses in the thirteen weeks ended February 2, 2020 are made up of (\$95) in an adjustment of executive recruitment fees.
- (g) 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.

Q4 FY20 and Q4 FY21 Metrics

LOVESAC

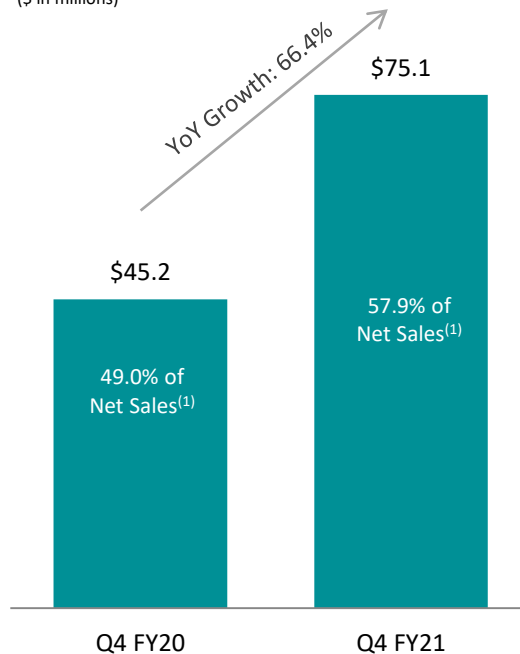
Net Sales

(\$ in millions)



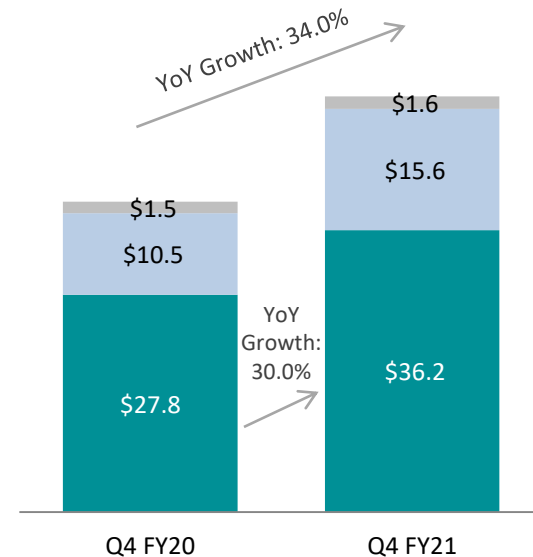
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



■ Depreciation and Amortization

■ Marketing and advertising

■ SG

¹ The 890 basis points increase in gross margin over the prior year period reflects 508 basis points improvement in gross profit as a result of a reduction in promotional discounts, 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 382 basis points over the prior year due to higher leverage on warehousing and freight costs, including tariffs.

Fiscal 2020 and Fiscal 2021 Metrics

LOVESAC

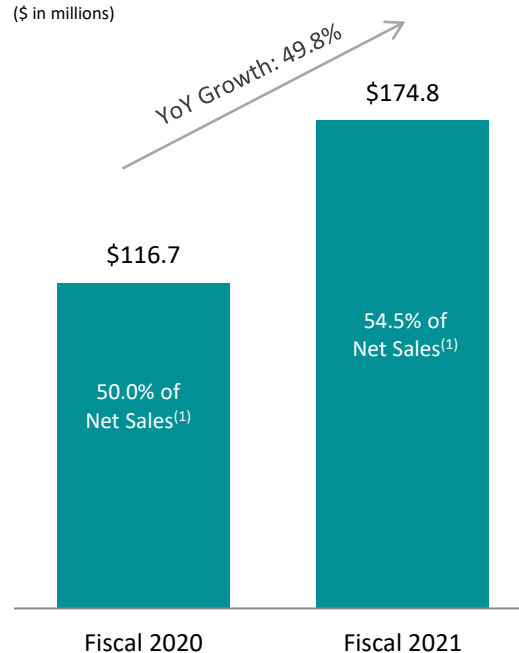
Net Sales

(\$ in millions)



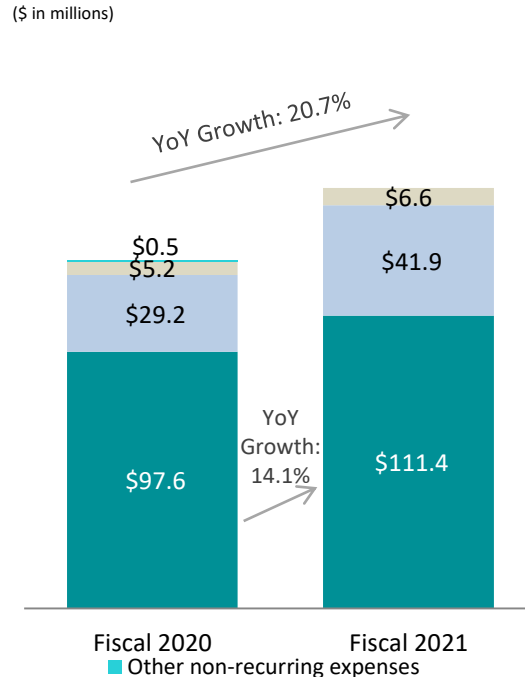
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



Other non-recurring expenses

Depreciation and Amortization

Marketing and advertising

SGA

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



Appendix

FY 20/21 Income Statement & Non-GAAP Reconciliation

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

Balance Sheet

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	January 31, 2021	February 2, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 78,341,101	\$ 48,538,827
Trade accounts receivable	4,513,460	7,188,925
Merchandise inventories	50,416,712	36,399,862
Prepaid expenses and other current assets	10,128,353	8,050,122
Total Current Assets	143,399,626	100,177,736
Property and Equipment, Net	25,867,980	23,844,261
Other Assets		
Goodwill	143,562	143,562
Intangible assets, net	1,517,032	1,352,161
Deferred financing costs, net	90,671	146,047
Total Other Assets	1,751,265	1,641,770
Total Assets	\$ 171,018,871	\$ 125,663,767
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 24,310,972	\$ 19,887,611
Accrued expenses	17,187,694	8,567,580
Payroll payable	6,361,677	887,415
Customer deposits	5,992,633	1,653,597
Sales taxes payable	2,470,593	1,404,792
Total Current Liabilities	56,323,569	32,400,995
Deferred rent	6,748,747	3,108,245
Line of credit	-	-
Total Liabilities	63,072,316	35,509,240
Commitments and contingencies		
Stockholders' Equity		
Preferred Stock \$0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of January 31, 2021 and February 2, 2020.	-	-
Common Stock \$0.00001 par value, 40,000,000 shares authorized, 15,011,556 shares issued and outstanding as of January 31, 2021 and 14,472,611 shares issued and outstanding as of February 2, 2020.	150	145
Additional paid-in capital	171,382,086	168,317,210
Accumulated deficit	(63,435,681)	(78,162,828)
Stockholders' Equity	107,946,555	90,154,527
Total Liabilities and Stockholders' Equity	\$ 171,018,871	\$ 125,663,767