LOVESAC®

Designed for Life™ Furniture Co.

Investor Presentation
September 2022

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; any inability to implement and maintain effective internal control over financial reporting or inability to remediate any internal controls deemed ineffective; 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 41 and 42.

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

Changeable

Maintainable

Moveable

Rearrangeable

Upgradable

Waste-less

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

LOVESAC's Senior Executive Management Team

LOVESAC

Shawn Nelson
Founder & CEO
20+ Years at Lovesac

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

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

Donna Dellomo
EVP & CFO
5+ Years at Lovesac

Todd Duran
CIO
Under 1 Year at Lovesac

LOVESAC — BIC, L'ORÉAL, Walmart — VITAMIN WORLD, FOSSIL GROUP, sunglass hut, Bath & Body Works — CYBEX, PERFUMANIA — sleep number, MATTEL, LOWE'S, Kellogg's

Lovesac at a Glance

SACTIONALS®
The World's Most Adaptable Couch™

FY2022 Key Financial Metrics

NET SALES
$498.2 million
(87.6% of Net Sales = Sactionals)

NET SALES GROWTH
55.3%
(4 YEAR CAGR of 48.7%)

GROSS PROFIT
$273.3 million

GROSS MARGIN
54.9%

ADJ. EBITDA[1]
$55.5 million

BALANCE SHEET
$92.4 million cash and cash equivalents

GEOGRAPHIC PRESENCE
174 Retail Locations in 40 states in U.S.[2]

CUSTOMER LTV[3]
$2,840

CUSTOMER ACQUISITION COST
$549

NEW CUSTOMERS[4]
120K in FY2022

REPEAT CUSTOMERS
41.6% of Transactions in FY2022

[1] Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 41.
[2] Represents Retail metrics as of Q2 FY 2023 to include 158 Lovesac branded showrooms, 2 mobile concierge and 14 kiosks.
[3] Represents year one average value for FY 2022 new cohort (actual purchases, not projected).
[4] Represents new customers as of FY 2022.

Key Business Highlights

LOVESAC

Mid-luxury positioning target customer is 25 to 45 year-old “young parent want-it-alls” with our key customer between ages of 35 to 39 years old

Disruptive home furniture lifestyle retail/DTC brand with heritage of innovation across growing product portfolio and **64 issued patents**[1]

Concentrated SKU count combined with redundant manufacturing spread across multiple geographies, allows for **delivery of customers’ orders within days**

Proven **omni-channel advantage** with strong ecommerce performance, highly productive showrooms and touchpoints, expanding marketing ROIs and strong channel partnerships

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

Attractive financial profile with **54.9%** reported gross margin for FY2022 compared to 54.5% reported gross margin for FY2021 despite strong supply chain headwinds

[1] As of January 30, 2022.

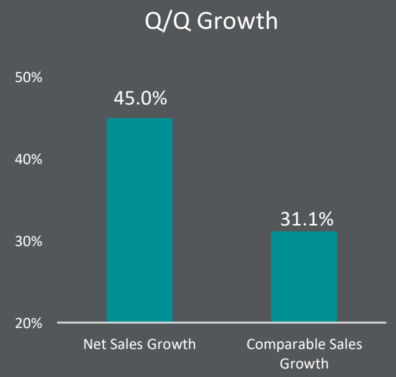
Recent Developments

Operational Accomplishments

LOVESAC

- **Footprint expansion:** Opened 22 showrooms and 6 kiosks fiscal year-to-date; Operated a total of 22 new Best Buy shop-in-shops in addition to online pop-up-shops with Costco
- **Innovation:** Stealthtech sound-plus-charge product in partnership with Harman Kardon delivering increasing attachment rates as adoption continues to grow on a sequential basis
- **In-stocks:** Maintained industry leading in-stock positions, despite the challenging supply chain environment
- **Customer satisfaction:** Continued investments in processes, systems, services and infrastructure driving improving customer satisfaction scores
- **Growth investments:** Three key areas: 1) distribution capacity 2) supply chain and technology investments 3) IT capabilities
- **Sustainability:** Foundational sustainability commitment continues to resonate with consumers

FY 2023 Q2 and FY 2023 Financial Update



- Showroom net sales increased 47.7%
- Internet channel net sales increased 20.5%
- "Other" channel net sales increased 98.3%

- 37.1% increase in gross margin $
- (3.1%) decrease in gross margin % primarily due to supply chain headwinds
- Positive adjusted EBITDA[1] of $14.1M
- $17.7M in cash and cash equivalents and $146.6M in merchandise inventories at the end of the quarter

Outlook

FY2023 Q3 GUIDANCE

- Expect net sales growth of approximately 15%
- Anticipate Adjusted EBITDA[1] margin decrease of approximately 1,210 bps versus the same quarter LY
- Adjusted EBITDA[1] dollars to be primarily impacted by expected lower gross margin of approximately 574 bps as compared to prior year due to higher inbound ocean freight rates and higher outbound transportation costs resulting from higher fuel surcharges

FY2023 FRAMEWORK

- Expect net sales growth in the low 30% range
- Anticipate Adjusted EBITDA [1] dollars to grow over the prior year, while the rate is expected to decrease slightly by ~100 bps in fiscal 2023
- Expect Gross Margin rate to be ~300 bps lower than fiscal 2022 driven by the continuation of higher inbound and outbound freight costs. Expect freight rate favorability with the turn of associated inventory in FY24.

[1] Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 41.

FY 2023 Q2 Operations Update

LOVESAC

Touchpoints

- In 2Q23, opened 11 showrooms, and 1 kiosk
- Targeting to open more than 25 new showrooms in FY23

COSTCO WHOLESALE

- Operated temporary online pop-up-shops in Q2 and restarting physical roadshows
- In FY23, will continue to pursue opportunities with other partners

BEST BUY

- Extended our Best Buy shop-in-shops by 18 locations, bringing total count to 22 locations
- Look forward to continued expansion of this partnership

Disruptive Model

Disrupting a Stale Category

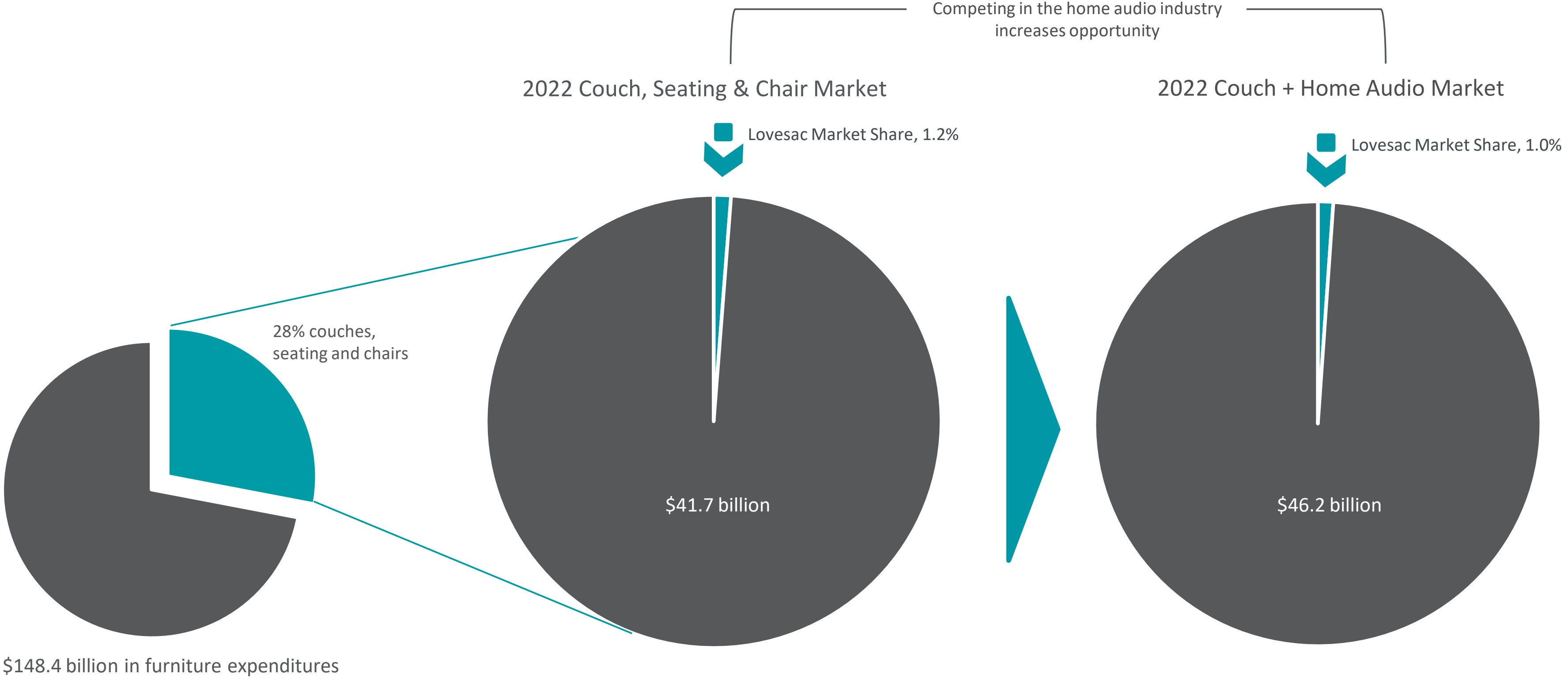
LOVESAC

Traditional Model	LOVESAC
Long lead time, inventory & personnel heavy delivery	**Direct** to consumer with ability to ship 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**	Productive, **inventory light**, small showrooms
Broad merchandising & seasonal **assortments**	Focused product categories, product **platforms**

Massive, Untapped Addressable Market

LOVESAC
Designed for Life Furniture Co.

Furniture expenditures are expected to grow 4.96% per year through 2025 from $148.4 billion to $189 billion and the home audio segment is expected to reach $4.9 billion by 2025. Lovesac captures a small portion of this $46+ billion, representing a greenfield of opportunity in the space.



Source: Mintel Group Ltd. – Online Shopping for the Home, US, April 2021; Home Furnishings Market Size
Source: Mintel Group Ltd. - Furniture Retailing, US, August 2018; Couches, Seating & Chairs Category Size
Source: CTA U.S. Consumer Technology Five-Year Industry Forecast, 2020-2025 (January 2022); Home Audio Market Size

Sactionals Overview

LOVESAC

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

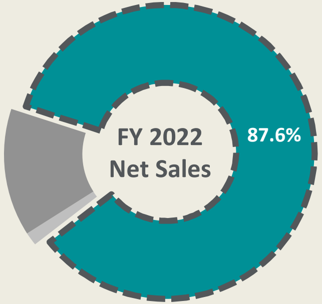
Patented modular system makes it easy to assemble & change over time

Enables endless **permutations of a sectional couch**

Over **200** customizable, machine washable removable **covers that fit like upholstery**

Introduced the new **Sactionals StealthTech Sound + Charge** product line in October 2021

Designed for Life: Built to last a lifetime, designed to evolve



Sactionals is a Platform, Not a Product

LOVESAC

Comfort	Decor	Function/Upgrade	Platform Extension

Comfort


Drink Holder

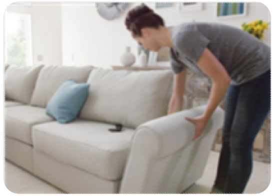

Seat Table


Footsac Blanket


Coaster & Couch Bowl

Decor


Custom Covers & Dec Pillows


Roll Arm

Function/Upgrade


Sactionals StealthTech Sound + Charge

Power Hub

Platform Extension


Outdoor Sactionals

41.6% of Lovesac transactions are from repeat customers[1]

[1] % Transactions that are repeat is calculated by dividing transactions dollars from existing customers over total transactions dollars for FY2022. We based this on our internal data relating to customers purchasing in fiscal 2022.

Beautiful, Changeable, Washable & Comfortable

LOVESAC

- 29 quick-ship covers constitute more than 94% of all covers sales[1]
- Approximately 200 custom covers offer broad choice with lean inventory

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

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

[1] Quick ship sectional covers demand sales as a % to total sectional cover as of YTD Q4 FY2022

StealthTech™ is an Ingredient Brand that Enhances Without Impacting Style

LOVESAC

LOVESAC STEALTHTECH

- StealthTech is an ingredient brand under the Lovesac trademark
- Enhances user experience of Lovesac products by embedding premium technology that addresses key consumer use cases for activities on or around our respective product platforms
- Enables technology embedded inside Lovesac products to be completely hidden from view, eliminating the trade off between function and style

LOVESAC Designed for Life Furniture Co. + LOVESAC STEALTHTECH = INVISIBLE FUNCTIONALITY

SACTIONALS STEALTHTECH SOUND + CHARGE

- LOVE holds patents that are key to making Sactionals StealthTech Sound + Charge truly innovative
- Proprietary technology tunes system to unique layout of customer’s Sactionals, providing optimal sound quality from every seat
- Developed optimization of sound properties to precise characteristics, density, and color of customer’s Sactionals Covers, allowing sound to pass through fabric and upholstery with superior quality and immaculate clarity; Adapts to virtually any configuration and cover selection for personalized experience

+

=

Enhanced Functionality With No Impact to Style

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

LOVESAC

6 Speaker Immersive Sound + Charge System

MSRP $3,700

**Pricing includes cost of the Side inserts. Net increase to customer is $3,250 at MSRP.*

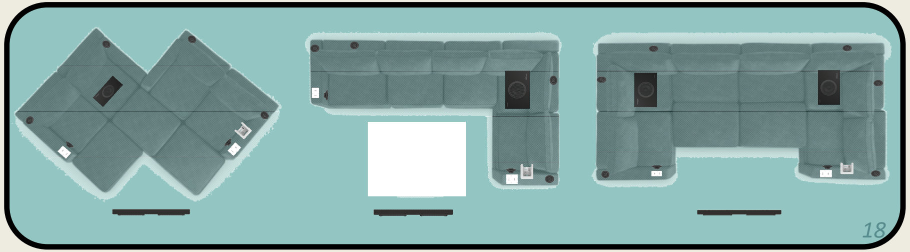
Add-On Enhancement

Satellite Sound Side

MSRP: $500

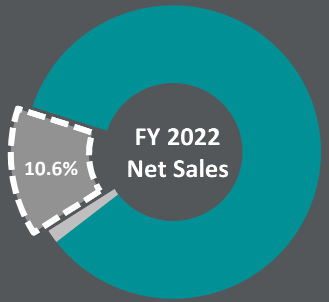
Up to 4 Satellite Sound Sides can be purchased

Optimize To Any Configuration



Sacs Overview

- Category leader in oversized beanbags
- Product line offers **6 different sizes ranging from 25lbs to 95lbs**
- Capacity to seat 3+ people on the larger model Sacs



- Durafoam™ filling
- Sacs shrink to **1/8 original volume for shipping**
- Multiple shapes, sizes with washable, changeable covers

Our Innovative Product Portfolio Continues to Expand

LOVESAC

Sacs

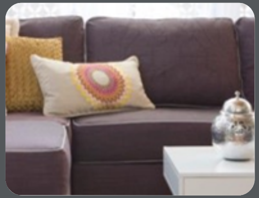
Sactionals

Accessories

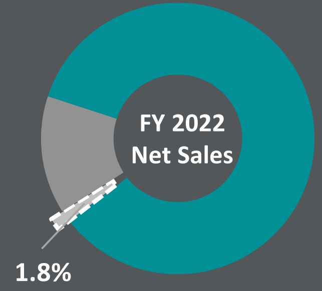
Footsac Blanket

Drink Holder

Seat Table



Custom Covers & Dec Pillows

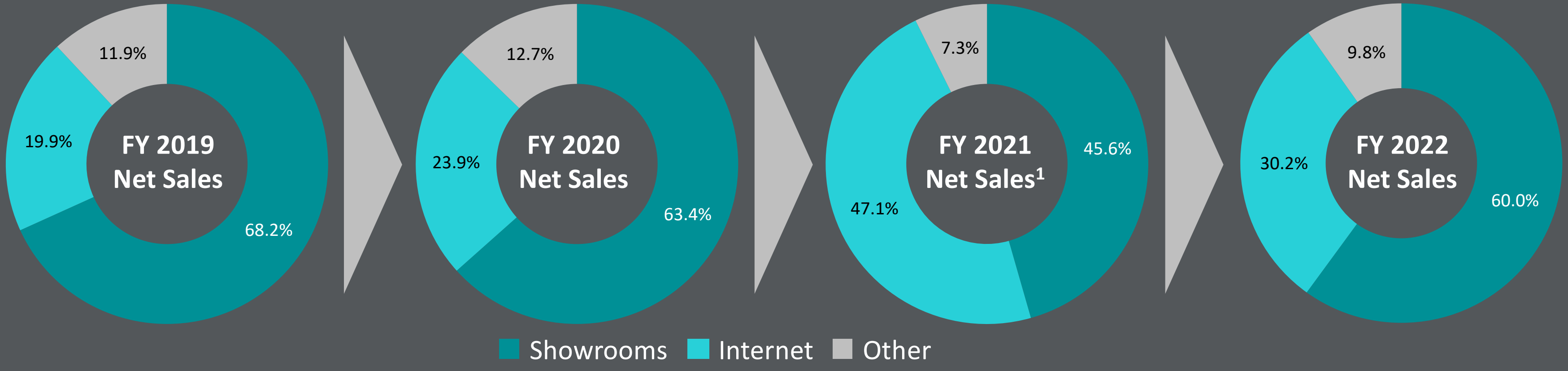


Balanced Omni-Channel Strategy

Balanced Omni-Channel Strategy

LOVESAC

Diversifying Channel Mix



Showrooms and Touchpoints

- Small-footprint retail locations in high-end malls create an environment where consumers can see, touch, and understand the products
- Other physical touchpoints includes mobile concierges and kiosks

Internet

- eCommerce channel drives deeper brand engagement and loyalty

Other

- In store 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 8 online pop-up-shops on Costco.com in FY2022

[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.

Superior Touchpoint Strategy & Productivity

LOVESAC

38

28 new showrooms, 8 kiosks, and 2 mobile concierges opened in FY2022

28

Opened 22 new showrooms and 6 kiosks in the first half of FY2023

>25

Planning more than 25 new showrooms in FY2023

Lovesac Showroom Features

- Turns product inside-out to reveal technology
- Low merchandising, aesthetic, seasonality and inventory risk
- FY2022 showroom sales per square foot increased to $2,742 vs $1,675 in FY2021 and $2,083 if FY2020.
- Due to COVID-19 driven temporary closures, FY2021 showroom sales per square foot was $1,675

Economics of Showroom Model

- Target net sales of $1.4 to $1.5 million in the first year
- Net investments including floor model inventory, capital expenditures and preopening expenses totals $425K
- Average payback of < 2 years*

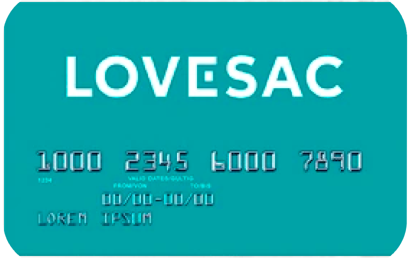
*Payback period defined as, for given showroom, starting with the first day it is open, the date on which cumulative four wall Adjusted EBITDA before start up expense for the showroom equals total net investment cost for that showroom.

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 30, 2022.

Immersive Experience

LOVESAC

See It	Touch It	Buy It

Social Media

Advertising

Showrooms / Shop-in-shops / Kiosks

Mobile Concierge

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

Showrooms / Shop-in-shops / Kiosks

Physical retail locations and other direct marketing efforts drive conversion

Return on Advertising Spend is High and Ready to Grow

LOVESAC

Additional Showrooms

New Product Innovation

More Shop-in-Shop Partners

(Eventual) International Expansion

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

Awareness* Marketing

National TV and Digital Marketing

Focused on major buying holidays; driving positive ROI's across both showroom and non-showroom markets. FY2022 CLV:CAC ratio of 5.2X

Conversion Marketing

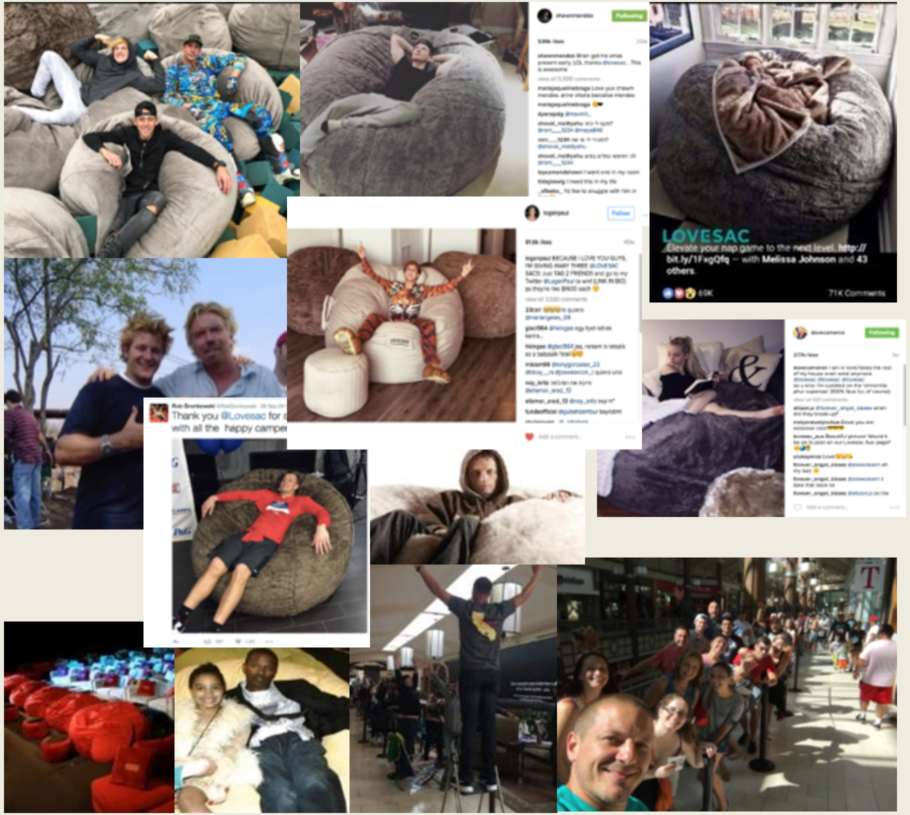
Social and Search

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 FY2023

* Awareness unaided is currently < 2% nationally

Large and Growing Social Media Presence

LOVESAC



Social Engagement Metrics FY2022

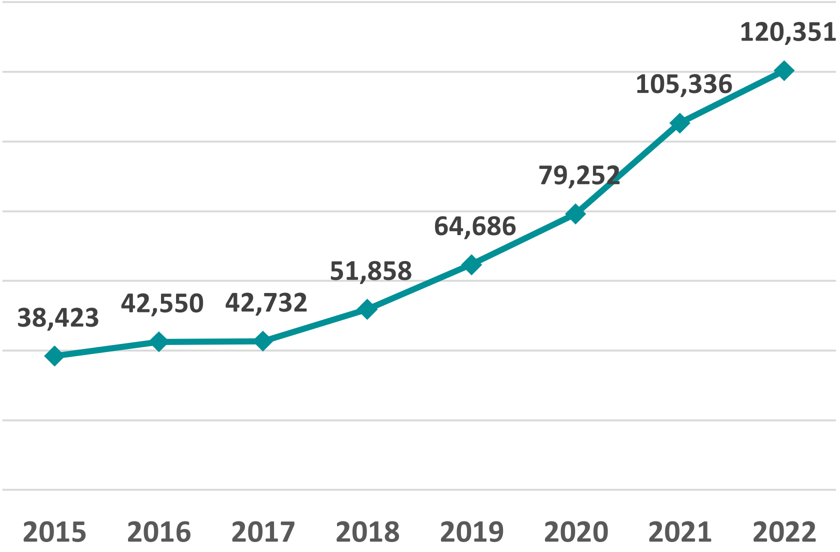
facebook	854K followers
Instagram	514K followers
YouTube	Lifetime views apx. 24.5MM

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

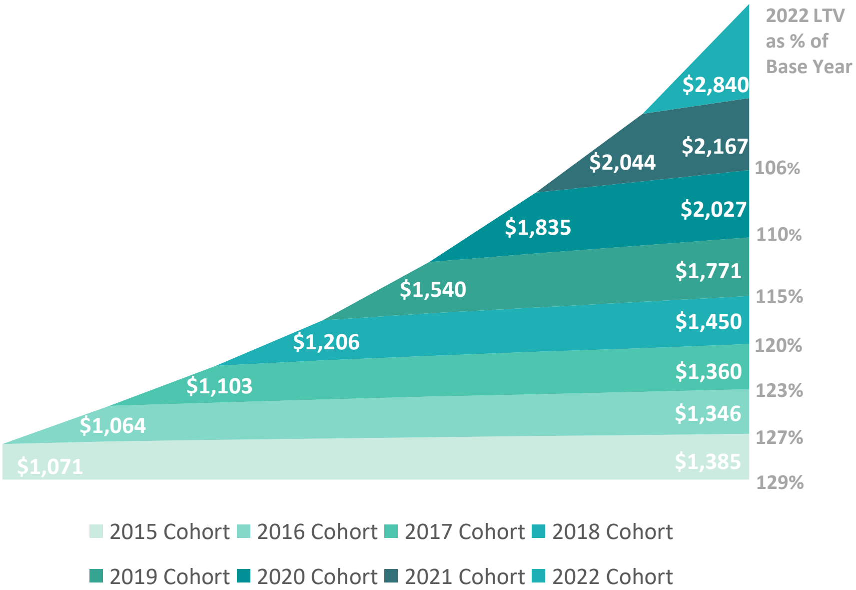
Strong Customer Lifetime Value

LOVESAC

New Customer Count



Lifetime Value of Customers



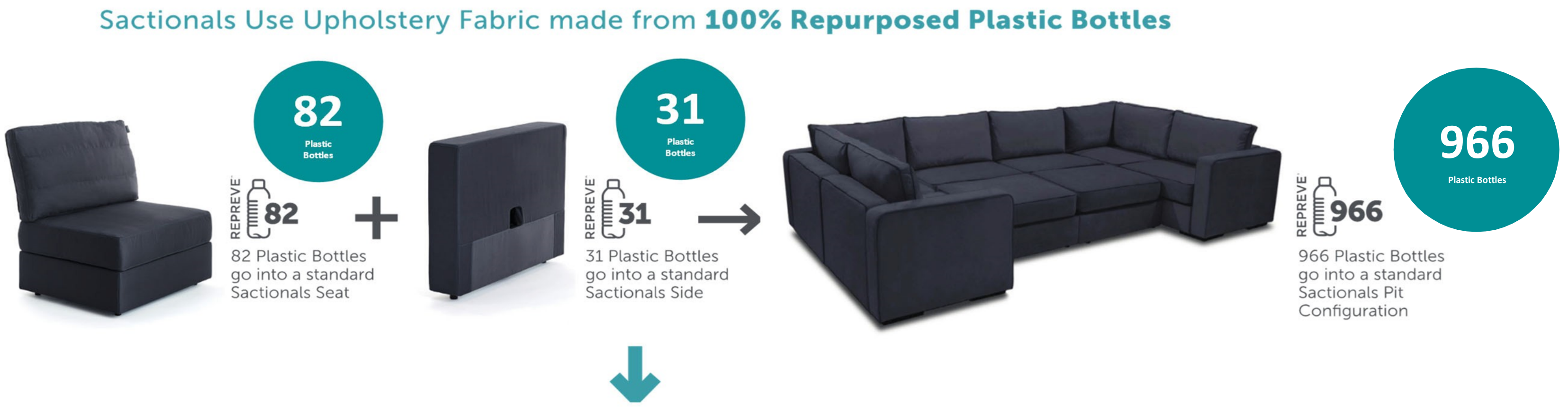
- **87.6%** of revenues now driven by Sactionals sales, which are priced higher and **induce repeat and supplemental purchases**
- Sactionals are modular, customizable, interchangeable and machine washable
- New technologies & additions are reverse-compatible
- This **extends duration** and allows for **evolution** through owner's life

Source: Company Internal Transactional data through 1/30/2022.
Note: Represents all customers (positive sales only), excluding business development and Costco; represents fiscal year ends

“Designed for Life” Platform

"Designed For Life" Driven By Sustainable Inputs

LOVESAC



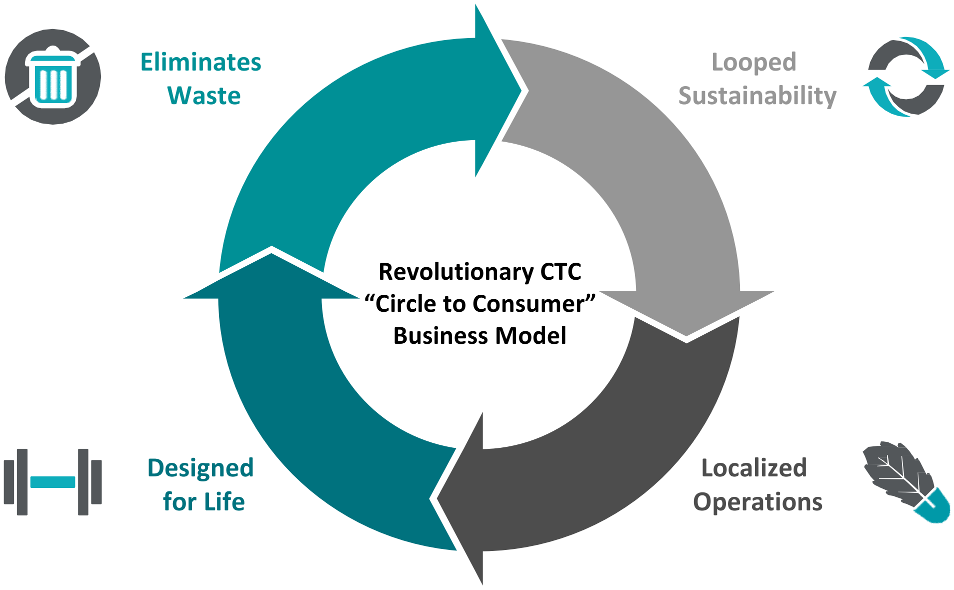
From April 2018 to January 2022, Lovesac repurposed more than **100 million plastic water bottles** to make Sactionals

Evolution of Lovesac into a Circular Economy Business

LOVESAC

Commitment to Sustainability

Modular products **built to last a lifetime and evolve** with customers' lifestyles



We are pioneering the shift from DTC Business Models to CTC (Circle to Consumer)

Circle to Customer

Delivers **high-value products** to consumers, leveraging high-touch to promote **long-term relationships** between manufacturers, brands, and owners

Implementation of Circle To Consumer

LOVESAC

CTC Framework	Targeting	Long-term	Localized	Looped	Operations

Long-term Sustainable Growth

Higher Customer Lifetime Value

New Revenue Streams & Ecosystem Development

Operational Efficiencies

Next Steps

✓ By Quarter End FY23 Q1	✓ By Quarter End FY23 Q2	By Quarter End FY23 Q4
Product Lifecycle Management (PLM) & identify opportunities for operational efficiencies	Identify consumer needs and requirements for CTC-related programs and services	FY2024 CTC Roadmap solidified along with operational efficiencies necessary to enable future CTC functionality

LOVESAC

E

0 waste, 0 emissions by 2040

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

S

Diversity, Equity & Inclusion

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

G

Board of Directors[1]

Diversity

2 of 7 female and 1 ethnically diverse

1 female holds board leadership position as Committee Chair

Independence

4 of 7 independent director nominees

All 3 Board committees are independent

Mix of Ages

40 – 49

50 – 59

60 +

Average Age: 53

1st ESG Report

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

SASB

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

Formalizing ESG

We are in the process of aligning on expanded metrics to track and share in future ESG reports.

[1] As of January 30, 2022.

Strategic Priorities

Our Fiscal 2023 Strategic Priorities

LOVESAC

Product

- Continue to increase Sactionals StealthTech Sound + Charge awareness
- Drive appeal to new & repeat business
- Aggressive supply chain diversification

Marketing

- Drive growth spending ~11-13% of net sales on marketing annually
- Test & learn to drive efficiency & volume
- New TV creative
- Key collabs with celebs & aspirational brands
- Expand influencer & social media reach

Omni-channel Distribution

- Targeting more than 25 new showroom openings in FY2023
- Continue partnership with Best Buy
- Expand kiosk touchpoints
- Lay groundwork for multiple distribution channels

Supply Chain/ Infrastructure

- Leverage diversified supply chain and resulting strong in-stock positions
- Implement new customer relationship management software
- Leverage warehouse management software for efficiency

Sustainability

- Designed For Life ethos & strategy
- Intend to pioneer Circle to Consumer business model - reaching targets of zero waste and zero emissions by 2040
- Tout leadership in plastic recycling on the new site, et al
- Continued evolution of supply chain

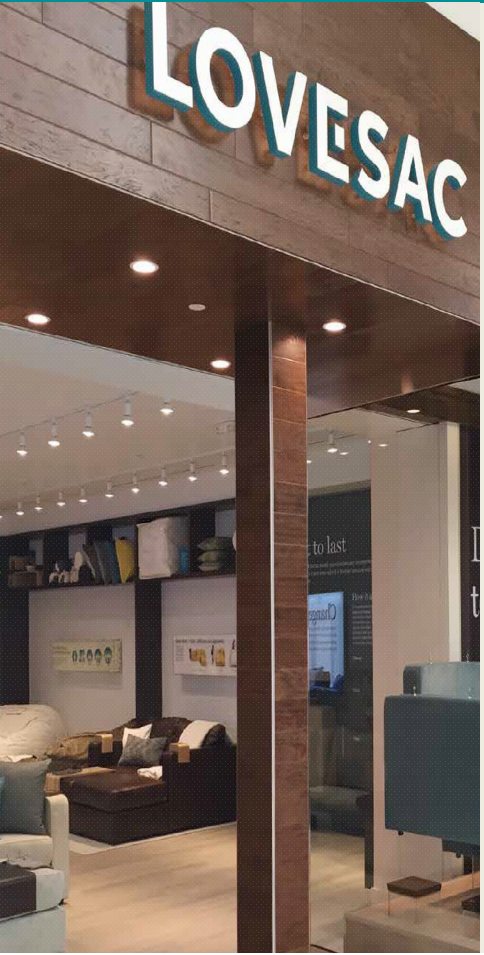
Infrastructure: Built For Scale & Efficiency

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 diverse suppliers, and to other countries, due to uniformity and flexibility of the 2 core SKUs
Shipping	One of the most advantaged shipping solutions for mid-high-end upholstery in the market; Fast & Free, or paid white glove delivery set-up available

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, kiosks, mobile concierges, shop-in-shops, pop-up shops and online pop-ups which expands brand reach and drives customer engagement.
- **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

Fiscal 2023 Q2 and Q2 YTD Results

LOVESAC

Key Measures for the Second Quarter and First Half of Fiscal 2023 Ending July 31, 2022:
(Dollars in millions, except per share amounts)

	Thirteen weeks ended			Twenty-six weeks ended		
	July 31, 2022	August 1, 2021	% Inc (Dec)	July 31, 2022	August 1, 2021	% Inc (Dec)
Net Sales	$148.5	$102.4	*45.0%*	$277.9	$185.4	*49.9%*
Gross Profit	$80.9	$59.0	*37.1%*	$147.0	$105.1	*39.9%*
Gross Margin	*54.5%*	*57.6%*	*(310) bps*	*52.9%*	*56.7%*	*(380) bps*
Total Operating Expense	$71.0	$50.0	*42.0%*	$134.5	$93.8	*43.3%*
SG&A	$48.9	$35.4	*38.1%*	$93.8	$66.1	*41.8%*
SG&A as a % of Net Sales	*32.9%*	*34.5%*	*(160) bps*	*33.7%*	*35.7%*	*(200) bps*
Advertising & Marketing	$19.1	$13.0	*46.4%*	$35.0	$23.7	*47.5%*
Advertising & Marketing as a % of Net Sales	*12.9%*	*12.7%*	*20 bps*	*12.6%*	*12.8%*	*(20) bps*
Basic EPS Income	$0.47	$0.56	*(16.1%)*	$0.59	$0.70	*(15.7%)*
Diluted EPS Income	$0.45	$0.52	*(13.5%)*	$0.56	$0.66	*(15.2%)*
Net Income	$7.1	$8.4	*(15.7%)*	$9.0	$10.5	*(14.2%)*
Adjusted EBITDA [1]	$14.1	$12.4	*13.6%*	$20.5	$17.7	*15.4%*
Net Cash (Used in) Provided by Operating Activities	$(37.6)	$10.4	*(461.5%)*	$(59.4)	$0.8	*(7818.3%)*

[1] Adjusted EBITDA is a non-GAAP measure. See "Non-GAAP Information" and "Reconciliation of Non-GAAP Financial Measures" included on slide 41.

Fiscal 2023 Q2 and Q2 YTD Comparable Sales Metrics

LOVESAC

Percent Increase (Decrease) except showroom count				
	Thirteen weeks ended		Twenty-six weeks ended	
	July 31, 2022	August 1, 2021	July 31, 2022	August 1, 2021
Total Comparable Sales [2]	31.1%	39.5%	36.0%	43.5%
Comparable Showroom Sales [3]	36.8%	290.9%	43.9%	235.3%
Internet Sales	20.5%	(36.0%)	22.2%	(28.2%)
Ending Showroom Count	174	123	174	123

[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.

Fiscal 2023 Q2 and Q2 YTD Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

(amounts in thousands)	Thirteen weeks ended July 31, 2022	Thirteen weeks ended August 1, 2021	Twenty-six weeks ended July 31, 2022	Twenty-six weeks ended August 1, 2021
Net income	$ 7,122	$ 8,448	$ 9,017	$ 10,509
Interest (income) expense, net	(3)	46	32	90
Taxes	2,777	515	3,492	668
Depreciation and amortization	3,076	1,602	5,737	4,022
EBITDA	12,972	10,611	18,278	15,288
Equity-based compensation (a)	1,123	1,239	2,295	1,893
Other non-recurring expenses (b)	—	—	(105)	—
Impairment of right of use lease asset (c)	—	554	—	554
Adjusted EBITDA	$ 14,095	$ 12,404	$ 20,468	$ 17,735

(a) Represents expenses, such as compensation expense and employer taxes related to RSU equity vesting and exercises associated with stock options and restricted stock units granted to our associates and board of directors.

(b) Other non-recurring expenses in the twenty-six weeks ended July 31, 2022 represents costs related to a legal settlement. There were no other non-recurring expenses in the thirteen weeks ended August 1, 2021.

(c) Represents the impairment of the right of use lease asset for one showroom.

Fiscal 2022 and Fiscal 2021 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

(dollars in thousands)	Fifty-two weeks ended January 30, 2022	Fifty-two weeks ended January 31, 2021
Net income	$ 45,900	$ 14,727
Interest expense, net	179	67
Taxes	(7,638)	86
Depreciation and amortization	7,859	6,613
EBITDA	46,300	21,493
Management fees (a)	-	500
Deferred rent (b)	-	1,342
Equity-based compensation (c)	6,027	4,681
Loss on disposal of property and equipment (d)	464	5
Impairment of right of use lease asset (e)	554	245
One time executive compensation, non-equity based (f)	500	-
Gain on recovery of insurance settlement related to damaged inventory (g)	(632)	-
Other non-recurring expenses (h)	2,300	36
Adjusted EBITDA	$ 55,513	$ 28,302

(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

(c) Represents expenses, such as compensation expense and employer taxes related to RSU equity vesting and exercises associated with stock options and restricted stock units granted to our associates and board of directors. Employer taxes are included as part of selling, general and administrative expenses on the Consolidated Statements of Income.

(d) Represents the loss on disposal of fixed assets related to showroom remodels.

(e) Represents the impairment of the right of use lease asset for one showroom for which the fixed assets had been impaired in the

(f) Represents one time executive compensation related to recruitment sign on bonus to build the executive management team.

(g) Represents an insurance settlement related to damaged inventory

(h) Other non-recurring expenses in fiscal 2022 are related to $2.0 million from a one-time settlement fee to terminate an existing agreement with a vendor partner and $0.3 million related to a legal settlement. Other non-recurring expenses in fiscal 2021 are related to less than $0.1 million in professional and legal fees related to financing initiatives.

Fiscal 2021 Adjusted EBITDA Non-GAAP Reconciliation

LOVESAC

THE LOVESAC COMPANY
RECONCILATION OF NON-GAAP FINANCIAL MEASURES

(dollars in thousands)	Fiscal year ended January 31, 2021	Fiscal year ended 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.

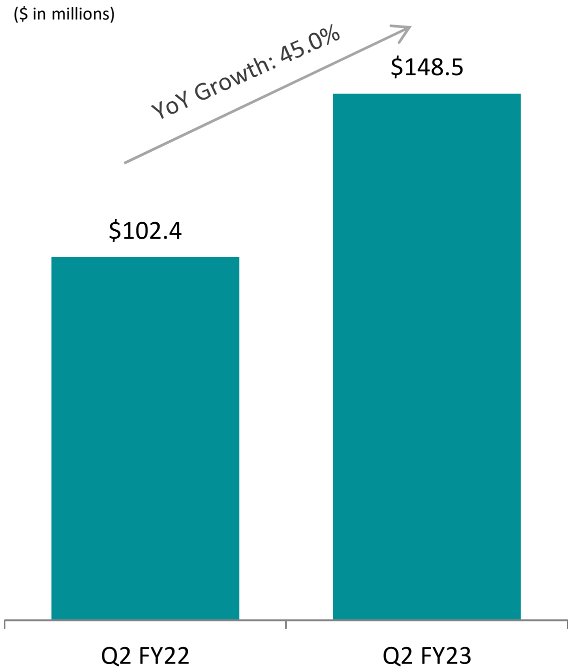
(e) Represents the impairment of property and equipment.

(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.

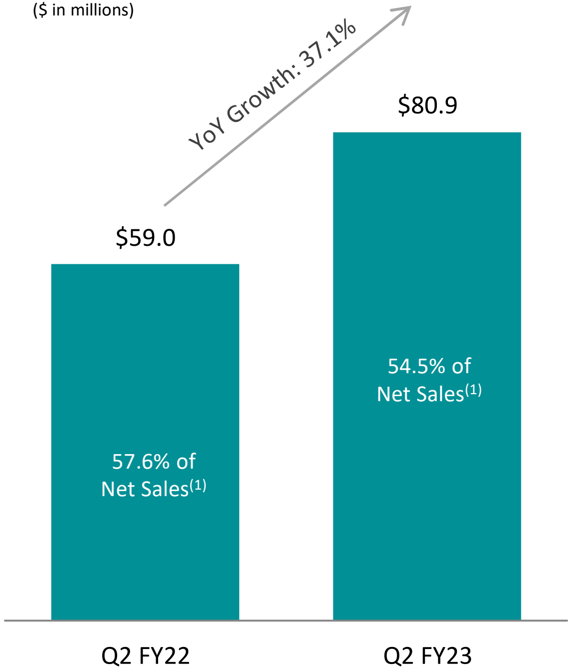
Q2 FY2022 and Q2 FY2023 Metrics

LOVESAC

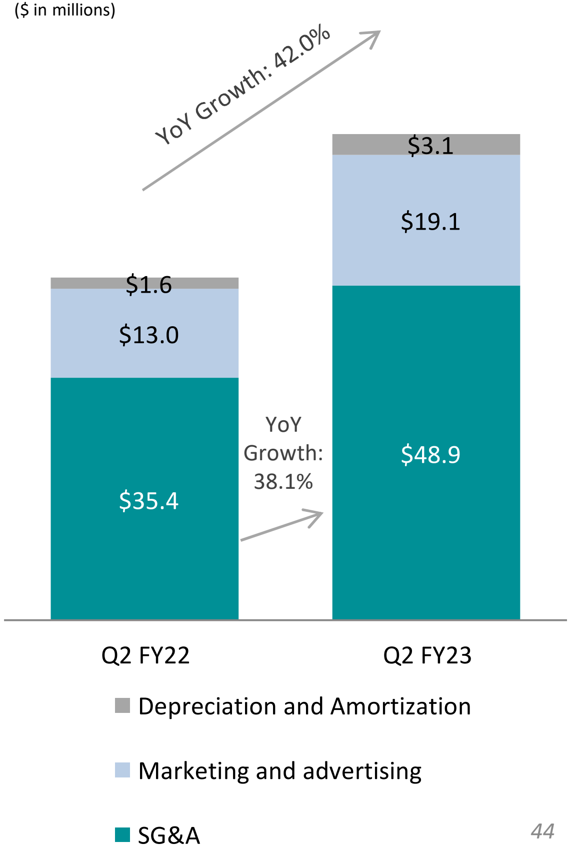
Net Sales



Gross Profit



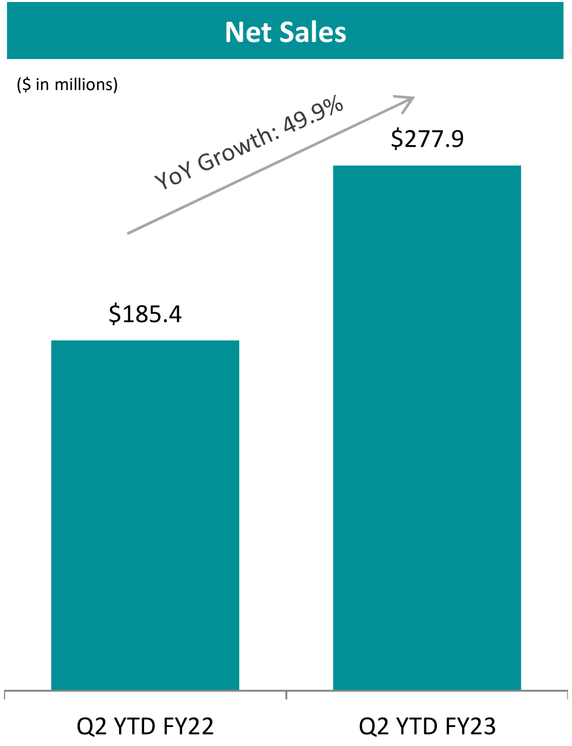
Operating Expenses

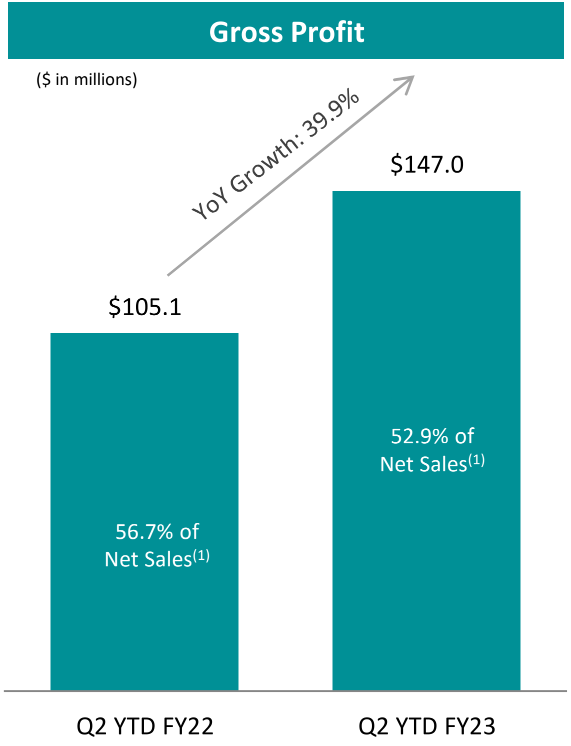


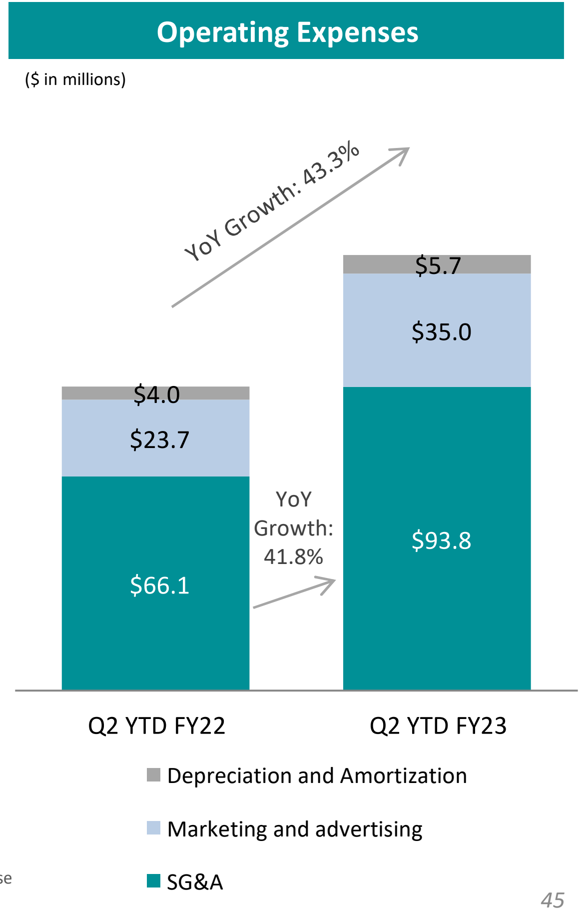
[1] The decrease in gross margin percentage of 310 basis points was primarily driven by an increase of approximately 440 basis points in total distribution and related tariff expenses, partially offset by an improvement of 130 basis points in product margin. The increase in total distribution and related tariff expenses over prior year is principally related to the negative impact of 560 basis points increase in inbound transportation costs, partially offset by a decrease of 120 basis points due to volume leverage in warehouse and outbound transportation cost. The product margin rate improvement is due to continuing vendor negotiations to assist with the mitigation of tariffs and additional one-time US dollar denominated rebates related to currency impact as well as slightly lower promotional discounting.

Q2 YTD FY2022 and Q2 YTD FY2023 Metrics

LOVESAC





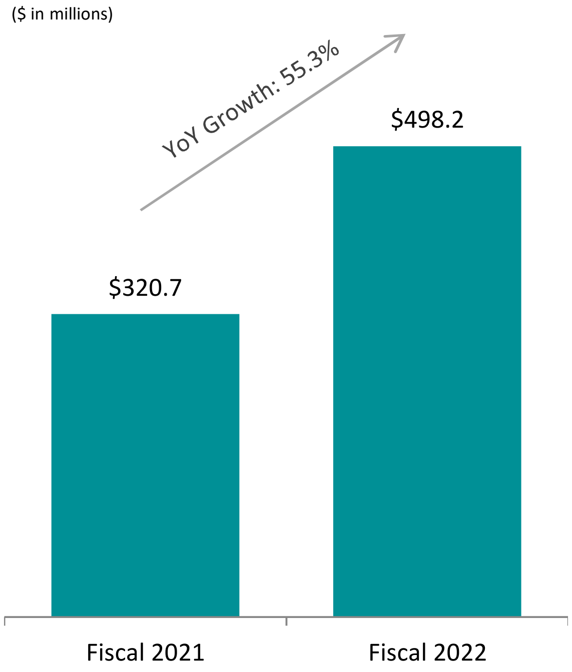


[1] The decrease in gross margin percentage of 380 basis points was primarily driven by an increase of approximately 530 basis points in total distribution and related tariff expenses, partially offset by an improvement of 150 basis points in product margin. The increase in total distribution and related tariff expenses over prior year is principally related to the negative impact of 590 basis points increase in inbound transportation costs, partially offset by a decrease of 60 basis points due to volume leverage in warehouse and outbound transportation cost. The product margin rate improvement is due to continuing vendor negotiations to assist with the mitigation of tariffs and additional one-time US dollar denominated rebates related to currency impact as well as slightly lower promotional discounting.

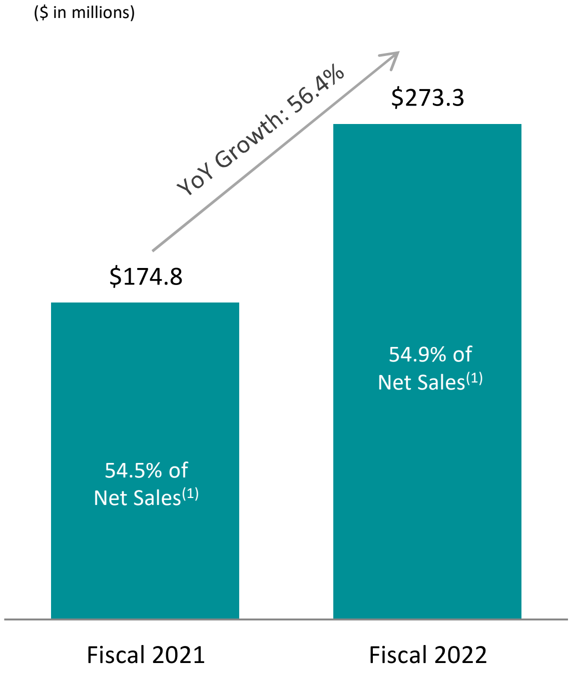
Fiscal 2021 and Fiscal 2022 Metrics

LOVESAC

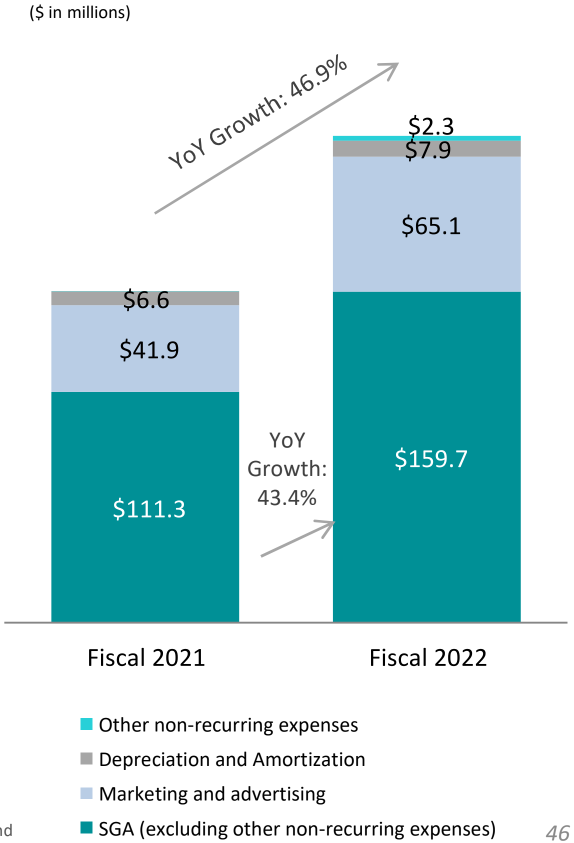
Net Sales



Gross Profit



Operating Expenses

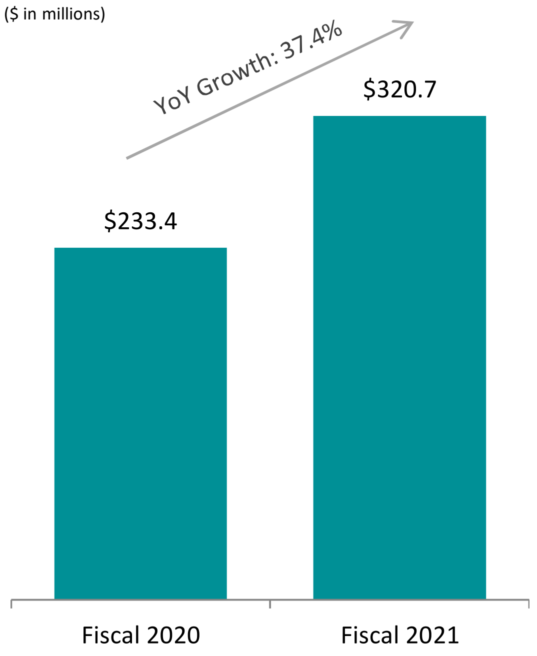


[1] Gross margin increased to 54.9% of net sales in fiscal 2022 from 54.5% of net sales in fiscal 2021. The increase in gross margin percentage of 40 basis points was primarily driven by an increase of 330 basis points due to lower promotional discounts and continuing vendor negotiations to assist with the mitigation of tariffs, partially offset by an increase of 290 basis points in total freight including tariff expenses and warehousing costs. The increase in total freight including tariffs and warehousing costs over the prior year period is principally related to the increase of 720 basis points in inbound container freight costs, partially offset by higher leverage of 430 basis points in warehousing and outbound freight costs.

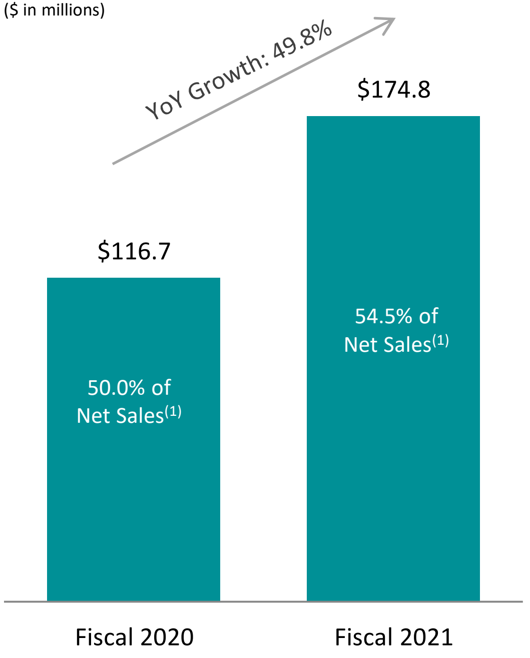
Fiscal 2020 and Fiscal 2021 Metrics

LOVESAC

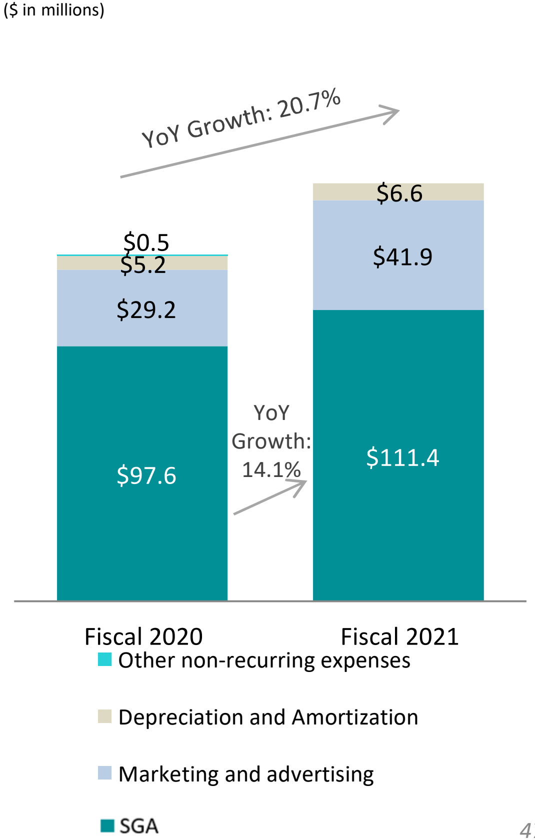
Net Sales



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

Q2 FY2022/2023 Income Statement & Non-GAAP Reconciliation

LOVESAC

($ in 000's)	Q1 FY 2022	Q1 FY 2023	Q2 FY 2022	Q2 FY 2023	Q2 YTD FY 2022	Q2 YTD FY 2023
Net Sales						
Showrooms	$ 48,986	$ 81,254	$ 62,594	$ 92,426	$ 111,580	$ 173,680
Internet	25,175	31,255	29,480	35,534	54,655	66,789
Other	8,755	16,871	10,373	20,574	19,127	37,445
Total Net Sales	$ 82,915	$ 129,380	$ 102,448	$ 148,534	$ 185,363	$ 277,914
% growth	*52.5%*	*56.0%*	*65.4%*	*45.0%*	*59.4%*	*49.9%*
Cost of merchandise sold	$ 36,839	63,272	$ 43,416	67,608	80,255	130,880
Gross Profit	$ 46,076	$ 66,108	$ 59,032	$ 80,926	$ 105,108	$ 147,034
% margin	*55.6%*	*51.1%*	*57.6%*	*54.5%*	*56.7%*	*52.9%*
Selling, general and administrative expenses	$ 30,718	$ 44,901	$ 35,385	$ 48,866	$ 66,103	$ 93,767
Advertising and marketing	10,680	15,901	13,036	19,088	23,716	34,989
Depreciation and amortization	2,420	2,661	1,602	3,076	4,022	5,737
Operating (Loss) Income	$ 2,258	$ 2,645	$ 9,009	$ 9,896	$ 11,267	$ 12,541
% margin	*2.7%*	*2.0%*	*8.8%*	*6.7%*	*6.1%*	*4.5%*
Other Income (Expense)						
Interest income (expense), net	(44)	(35)	(46)	3	(90)	(32)
Provision for income taxes	(153)	(715)	(515)	(2,777)	(668)	(3,492)
Net (Loss) Income	$ 2,061	$ 1,895	$ 8,448	$ 7,122	$ 10,509	$ 9,017
% margin	*2.5%*	*1.5%*	*8.2%*	*4.8%*	*5.7%*	*3.2%*
Net (Loss) Income per common share (basic)	$ 0.14	$ 0.13	$ 0.56	$ 0.47	$ 0.70	$ 0.59
Net (Loss) Income per common share (diluted)	$ 0.13	$ 0.12	$ 0.52	$ 0.45	$ 0.66	$ 0.56
Adjusted EBITDA Reconciliation:						
Net (Loss) Income	$ 2,061	$ 1,895	$ 8,448	$ 7,122	$ 10,509	$ 9,017
Interest (income) expense, net	44	35	46	(3)	90	32
Provision for income taxes	153	715	515	2,777	668	3,492
Depreciation and amortization	2,420	2,661	1,602	3,076	4,022	5,737
EBITDA	$ 4,678	$ 5,306	$ 10,611	$ 12,972	$ 15,288	$ 18,278
Equity-based compensation	$ 654	$ 1,172	$ 1,239	$ 1,123	$ 1,893	$ 2,295
Other non-recurring expenses	-	(105)	-	-	-	(105)
Impairment of right of use lease asset	-	-	554	-	554	-
Adjusted EBITDA	$ 5,332	$ 6,373	$ 12,404	$ 14,095	$ 17,735	$ 20,468
% margin	*6.4%*	*4.9%*	*12.1%*	*9.5%*	*9.6%*	*7.4%*

FY2021/2022 Income Statement & Non-GAAP Reconciliation

LOVESAC

($ in 000's)	Q1 FY 2021	Q1 FY 2022	Q2 FY 2021	Q2 FY 2022	Q3 FY 2021	Q3 FY 2022	Q4 FY 2021	Q4 FY 2022	FY 2021	FY 2022
Net Sales										
Showrooms	$ 18,118	$ 48,986	$ 12,850	$ 62,594	$ 41,538	$ 69,694	$ 73,644	$ 117,714	$ 146,150	$ 298,988
Internet	30,064	25,175	46,074	29,480	25,710	35,542	49,216	60,425	151,064	150,622
Other	6,190	8,755	3,021	10,373	7,494	11,442	6,818	18,059	23,523	48,628
Total Net Sales	$ 54,372	$ 82,915	$ 61,945	$ 102,447	$ 74,742	$ 116,678	$ 129,678	$ 196,198	$ 320,738	$ 498,238
% growth	*32.8%*	*52.5%*	*28.7%*	*65.4%*	*43.5%*	*56.1%*	*40.7%*	*51.3%*	*37.4%*	*55.3%*
Cost of merchandise sold	$ 27,089	$ 36,839	$ 30,890	$ 43,416	$ 33,434	$ 58,062	$ 54,553	$ 86,577	$ 145,966	224,894
Gross Profit	$ 27,284	$ 46,076	$ 31,055	$ 59,032	$ 41,308	$ 58,616	$ 75,125	$ 109,621	$ 174,772	$ 273,345
% margin	*50.2%*	*55.6%*	*50.1%*	*57.6%*	*55.3%*	*50.2%*	*57.9%*	*55.9%*	*54.5%*	*54.9%*
Selling, general and administrative expenses	$ 25,831	$ 30,718	$ 23,383	$ 35,385	$ 25,946	$ 38,087	$ 36,194	$ 57,776	$ 111,354	$ 161,966
Advertising and marketing	8,196	10,680	7,166	13,036	10,975	15,832	15,587	25,530	41,924	65,078
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	1,579	2,111	6,614	7,859
Operating (Loss) Income	$ (8,379)	$ 2,258	$ (1,038)	$ 9,008	$ 2,533	$ 2,971	$ 21,765	$ 24,204	$ 14,880	$ 38,441
% margin	*-15.4%*	*2.7%*	*-1.7%*	*8.8%*	*3.4%*	*2.5%*	*16.8%*	*12.3%*	*4.6%*	*7.7%*
Other Income (Expense)										
Interest income (expense), net	56	(44)	(35)	(45)	(44)	(45)	(45)	(44)	(67)	(179)
Provision for income taxes	(25)	(153)	(34)	(515)	(11)	(174)	(16)	8,480	(86)	7,638
Net (Loss) Income	$ (8,348)	$ 2,061	$ (1,107)	$ 8,447	$ 2,479	$ 2,752	$ 21,703	$ 32,640	$ 14,727	$ 45,900
% margin	*-15.4%*	*2.5%*	*-1.8%*	*8.2%*	*3.3%*	*2.4%*	*16.7%*	*16.6%*	*4.6%*	*9.2%*
Net (Loss) Income per common share (basic)	$ (0.58)	$ 0.14	$ (0.08)	$ 0.56	$ 0.17	$ 0.18	$ 1.44	$ 2.15	$ 1.01	$ 3.04
Net (Loss) Income per common share (diluted)	$ (0.58)	$ 0.13	$ (0.08)	$ 0.52	$ 0.16	$ 0.17	$ 1.37	$ 2.03	$ 0.96	$ 2.86
Adjusted EBITDA Reconciliation:										
Net (Loss) Income	$ (8,348)	$ 2,061	$ (1,107)	$ 8,447	$ 2,479	$ 2,752	$ 21,703	$ 32,640	$ 14,727	$ 45,900
Interest (income) expense, net	(56)	44	35	45	44	45	45	44	67	179
Provision for income taxes	25	153	34	515	11	174	16	(8,480)	86	(7,638)
Depreciation and amortization	1,636	2,420	1,544	1,603	1,854	1,726	1,579	2,111	6,614	7,859
EBITDA	$ (6,743)	$ 4,678	$ 506	$ 10,610	$ 4,388	$ 4,697	$ 23,343	$ 26,315	$ 21,493	$ 46,300
Management fees	$ 125	$ -	$ 125	$ -	$ 125	$ -	$ 125	$ -	$ 500	$ -
Deferred rent	470	-	872	-	378	-	109	-	1,342	-
Equity-based compensation	898	654	677	1,239	1,063	1,121	2,043	3,013	4,681	6,027
Loss on disposal of property and equipment	-	-	5	-	-	-	-	464	5	464
Impairment of right of use lease asset	-	-	-	554	-	-	245	-	245	554
One time executive compensation, non-equity based	-	-	-	-	-	-	-	500	-	500
Gain on recovery of insurance settlement related to damaged inve	-	-	-	-	-	-	-	(632)	-	(632)
Other non-recurring expenses	36	-	-	-	-	-	-	2,300	36	2,300
Adjusted EBITDA	$ (5,692)	$ 5,332	$ 2,185	$ 12,403	$ 5,954	$ 5,818	$ 25,865	$ 31,960	$ 28,302	$ 55,513
% margin	*-10.5%*	*6.4%*	*3.5%*	*12.1%*	*8.0%*	*5.0%*	*19.9%*	*16.3%*	*8.8%*	*11.1%*

FY2020/2021 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%*

Q2 FY 2023 Balance Sheet

LOVESAC

CONDENSED BALANCE SHEETS
(unaudited)

(amounts in thousands, except share and per share amounts)	July 31, 2022	January 30, 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 17,652	$ 92,392
Trade accounts receivable	8,970	8,547
Merchandise inventories	146,626	108,493
Prepaid expenses and other current assets	36,011	15,726
Total Current Assets	209,259	225,158
Property and equipment, net	42,049	34,137
Operating lease right-of-use assets	113,823	100,891
Other Assets		
Goodwill	144	144
Intangible assets, net	1,425	1,413
Deferred financing costs, net	116	—
Deferred tax asset	7,098	9,836
Total Other Assets	8,783	11,393
Total Assets	$ 373,914	$ 371,579
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 34,238	$ 33,247
Accrued expenses	29,372	40,497
Payroll payable	5,056	9,978
Customer deposits	6,488	13,316
Current operating lease liabilities	18,514	16,382
Sales taxes payable	4,391	5,359
Total Current Liabilities	98,059	118,779
Operating Lease Liabilities, long-term	109,864	96,574
Line of Credit	—	—
Total Liabilities	207,923	215,353
Commitments and Contingencies (see Note 6)		
Stockholders' Equity		
Preferred Stock $0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of July 31, 2022 and January 30, 2022.	—	—
Common Stock $.00001 par value, 40,000,000 shares authorized, 15,183,277 shares issued and outstanding as of July 31, 2022 and 15,123,338 shares issued and outstanding as of January 30, 2022.	—	—
Additional paid-in capital	174,510	173,762
Accumulated deficit	(8,519)	(17,536)
Stockholders' Equity	165,991	156,226
Total Liabilities and Stockholders' Equity	$ 373,914	$ 371,579

Q2 FY 2023 Statement of Cash Flows

LOVESAC

CONDENSED STATEMENT OF CASH FLOWS
(unaudited)

(amounts in thousands)	Twenty-six weeks ended July 31, 2022	Twenty-six weeks ended August 1, 2021
Cash Flows from Operating Activities		
Net income	$ 9,017	$ 10,509
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property and equipment	5,549	3,479
Amortization of other intangible assets	188	543
Amortization of deferred financing fees	71	45
Equity based compensation	2,197	1,739
Non-cash operating lease cost	8,711	9,012
Impairment of right of use lease asset	—	554
Deferred income taxes	2,738	—
Changes in operating assets and liabilities:		
Trade accounts receivable	(423)	(2,850)
Merchandise inventories	(38,133)	(24,575)
Prepaid expenses and other current assets	(17,916)	461
Accounts payable and accrued expenses	(16,024)	2,830
Operating lease liabilities	(8,501)	(8,351)
Customer deposits	(6,828)	7,373
Net Cash (Used in) Provided by Operating Activities	(59,354)	769
Cash Flows from Investing Activities		
Purchase of property and equipment	(13,461)	(7,141)
Payments for patents and trademarks	(200)	(215)
Net Cash Used in Investing Activities	(13,661)	(7,356)
Cash Flows from Financing Activities		
Payment of deferred financing costs	(276)	—
Taxes paid for net share settlement of equity awards	(1,449)	(3,370)
Proceeds from the line of credit	—	—
Proceeds from the exercise of warrants	—	104
Net Cash Used in Financing Activities	(1,725)	(3,266)
Net Change in Cash and Cash Equivalents	(74,740)	(9,853)
Cash and Cash Equivalents - Beginning	92,392	78,341
Cash and Cash Equivalents - Ending	$ 17,652	$ 68,488
Supplemental Cash Flow Disclosures		
Cash paid for taxes	$ 9,393	$ 670
Cash paid for interest	$ 34	$ 32