



LOVESAC[®]

Designed for Life[™] Furniture Co.

Investor Presentation
June 2023

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; the impact of changes in organizational senior leadership; 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.



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

Jack Krause
Chief Strategy Officer*
7+ Years at Lovesac
Retiring June 30, 2023

Donna Dellomo
EVP & CFO*
6+ Years at Lovesac
Retiring June 30, 2023

Todd Duran
CIO
1+ Years at Lovesac

John Legg
Chief Supply
Chain Officer
Under 1 Year at Lovesac

LOVESAC



* Effective June 30, 2023, Jack Krause and Donna Dellomo will retire from their current executive positions. Keith Siegner will become EVP and CFO.

Lovesac at a Glance

SACTIONALS[®]

The World's Most Adaptable Couch.[™]



FY2023 Key Financial Metrics



NET SALES
\$651.5 million
(89.8% of Net Sales = Sactionals)



NET SALES GROWTH
30.8%
(5 YEAR CAGR of 31.5%)



GROSS PROFIT
\$345.8 million



GROSS MARGIN
53.1%



ADJ. EBITDA¹
\$60.4 million



BALANCE SHEET
**\$43.5 million cash
and cash equivalents**



GEOGRAPHIC PRESENCE
**195 Retail Locations in 40
states in U.S.²**



CUSTOMER LTV³
\$3,309



CUSTOMER ACQUISITION COST
\$628



NEW CUSTOMERS⁴
134K in FY2023



REPEAT CUSTOMERS
**45.6% of Transactions in
FY2023**

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 43.

² Represents Retail metrics as of FY 2023 to include 180 Lovesac branded showrooms, 2 mobile concierge and 13 kiosks.

³ Represents year one average value for FY 2023 new cohort (actual purchases, not projected).

⁴ Represents new customers as of FY 2023.

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

Disruptive home furniture lifestyle retail/DTC brand with heritage of innovation across growing product portfolio and **74 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 **150 million plastic water bottles**

Attractive financial profile with **53.1%** reported gross margin for FY2023 compared to 54.9% reported gross margin for FY2022 due to increased total freight including tariff expense and warehousing costs

¹ As of January 29, 2023.

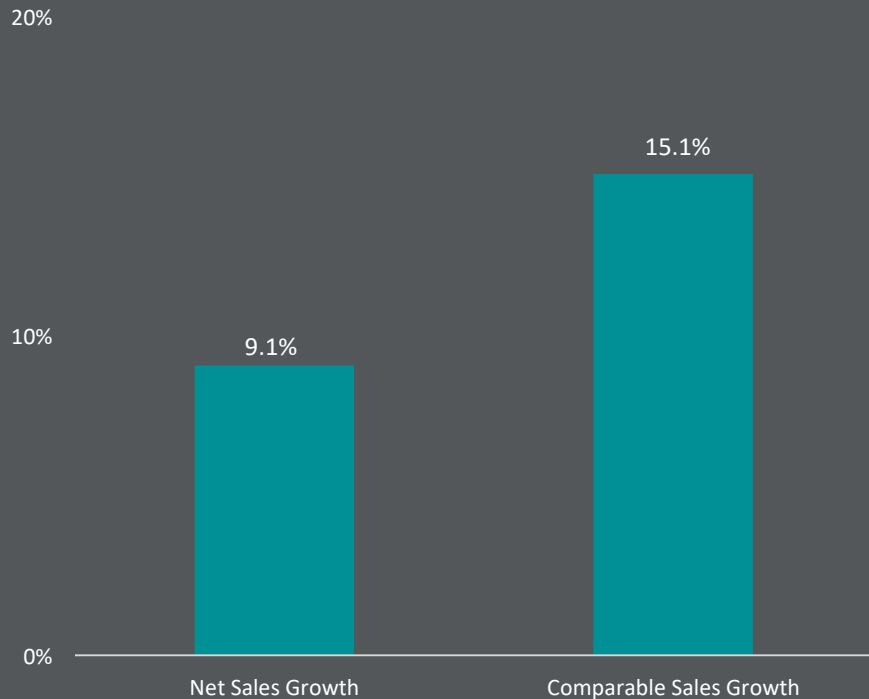


Recent Developments

- Product Innovation
 - Soft launched highly anticipated angled side in May
- Omni Channel Experience
 - Opened 16 new showrooms and 1 Best Buy Shop-In-Shop
 - E-commerce channel +28.7%
 - Given unique omni channel experience, customer satisfaction scores continue to improve and sequentially increased in Q1
- Eco System
 - Began deploying new marketing tactics and leveraging prime and linear TV buys to continue to drive reach and to strengthen our brand love
 - 25th anniversary campaign
- Disciplined Infrastructure Investments
 - Operate business with a strong focus on growth and an ROI driven investment discipline; this year investments for growth will be in the areas of technology and R&D to continue fueling flywheel
- Announced appointment of Keith Siegner as new EVP and Chief Financial Officer effective 6/30/23
 - Donna Dellomo retiring as EVP and CFO of Lovesac and transition to Senior Strategic Advisory effective 6/30/23
 - Jack Krause to retire as Chief Strategy Officer and remain in his position on board of directors

FY 2024 Q1 Results

Y/Y Growth



- Revenue increased 9.1%
- Total comparable sales increased 15.1%
- Showroom net sales increased 2.9%
- Internet channel net sales increased 28.7%
- “Other” channel net sales increased 3.1%
- 7.0% increase in gross margin dollars; 100 basis point decrease in gross margin % primarily due to higher promotional discounting partially offset by a decrease in total distribution and related tariff expenses
- Adjusted EBITDA¹ loss of \$2.4M
- \$45M in cash and cash equivalents and \$107M in merchandise inventories at the end of Q1

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 43.

Outlook

FY24 Q2 Guidance

The Company expects:

- Net sales in the \$149M and \$151M range, which includes planned opening of approximately 7 new showrooms
- Comp sales of 3.0% to 5.0%
- Adjusted EBITDA¹ in \$1.0 to \$1.5 million driven by:
 - Gross margin expansion of ~200 bps y/y
 - SG&A deleverage, primarily in payroll, rent and credit card fees
- Net loss in the range of \$2.0M to \$2.5M.
- Diluted loss per common share in the range of \$0.12 to \$0.16 on ~15.2M estimated weighted average shares outstanding.

FY 2024 Guidance

The Company expects:

- Net sales in the \$700M and \$740M range, which includes planned opening of ~30 new showrooms and launch of our innovation of the Angled Side.
- Total comp sales in the high single digit to low double digits
- Adjusted EBITDA¹ in the range of \$55.0M to \$66.0M; EBITDA margins in the 8% to 9% range
- Net income in the range of \$30.0M to \$36.0M.
- Diluted income per common share in the range of \$1.83 to \$2.24 on ~16.4 million estimated diluted weighted average shares outstanding.
- Fiscal 2024 will contain an additional “53rd week” in the fourth quarter versus 52 weeks in fiscal 2023.

¹ Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA Reconciliation can be found on page 43.

Touchpoints

- In FY24 Q1, opened 16 showrooms, no closures or remodels
- Targeting to open approximately 30 new showrooms in FY24



- Operated 95 temporary online pop-up-shops and physical roadshows in Q1
- Physical roadshows resumed in FY23 Q3 following a post Covid pause
- In FY24, will continue to pursue opportunities with other partners



- Opened 1 Best Buy shop-in-shops bringing total count to 23 locations
- Look forward to continued expansion of this partnership



Disruptive Model

Traditional Model

Long lead time, inventory & personnel heavy delivery

Low excitement and **mundane** products

Non-engaged commodity shoppers

Numerous, unproductive, **large stores**

Broad merchandising & seasonal **assortments**



LOVESAC

Direct to consumer with ability to ship next day

Patented, inventive, Designed For Life products

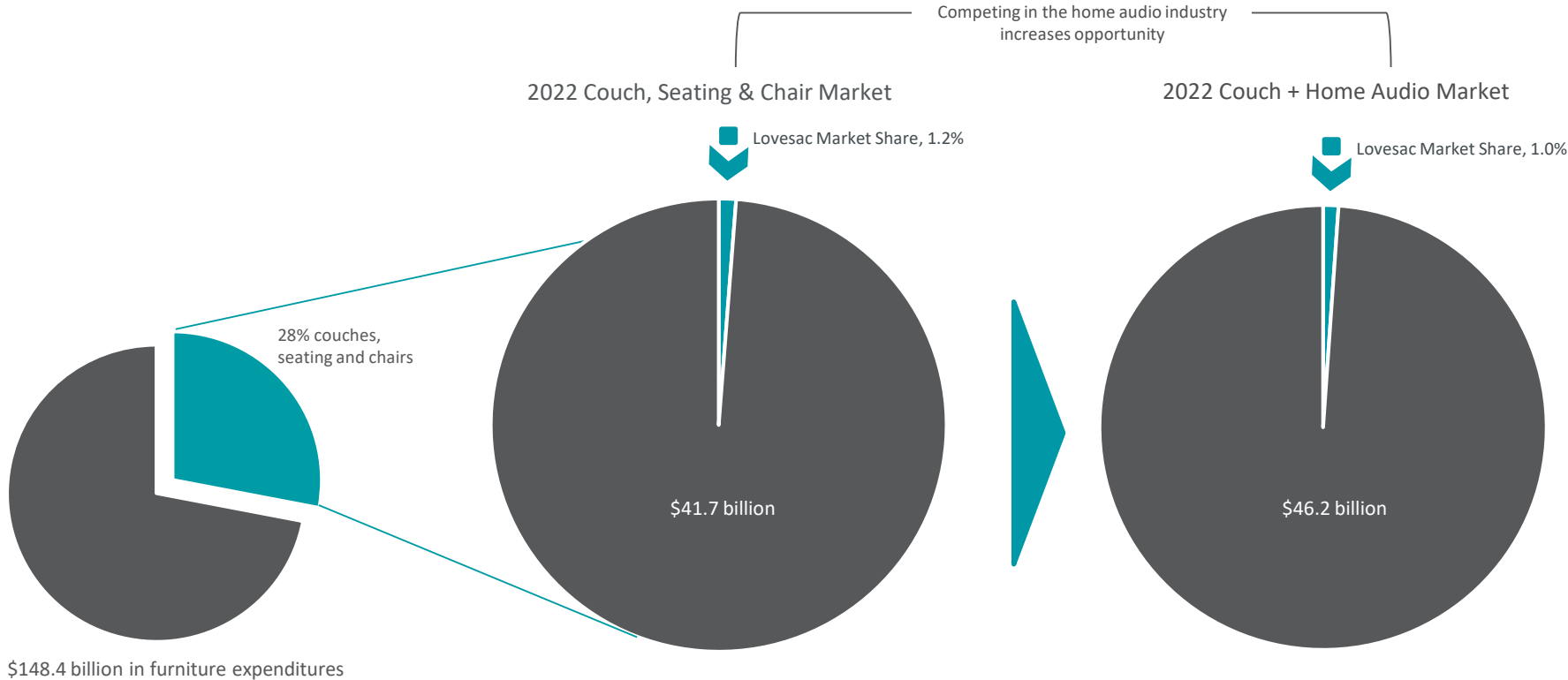
Highly engaged brand advocates

Productive, **inventory light**, small showrooms

Focused product categories, product **platforms**

Massive, Untapped Addressable Market

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.



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

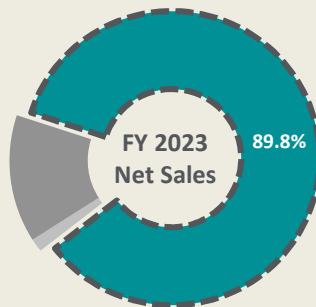
Enables endless **permutations of a sectional couch**

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

Introduced the new **Sactionals Angled Side** product line in May 2023



Sactionals is a Platform, Not a Product

LOVESAC

Comfort



Drink Holder



Seat Table



Footsac Blanket

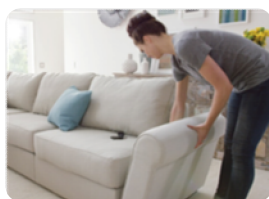


Coaster & Couch Bowl

Decor



Custom Covers & Dec Pillows



Roll Arm

Function/Upgrade



Sactionals StealthTech Sound + Charge



Power Hub

Platform Extension



Outdoor Sactionals



45.6% of Lovesac transactions are from repeat customers¹

¹ % Transactions that are repeat is calculated by dividing transactions dollars from existing customers over total transactions dollars for FY2023. We based this on our internal data relating to customers purchasing in fiscal 2023.



- 28 quick-ship covers constitute more than 94% of all covers sales¹
- 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 FY2023

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



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

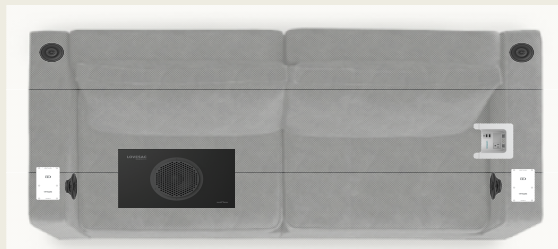
LOVESAC

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

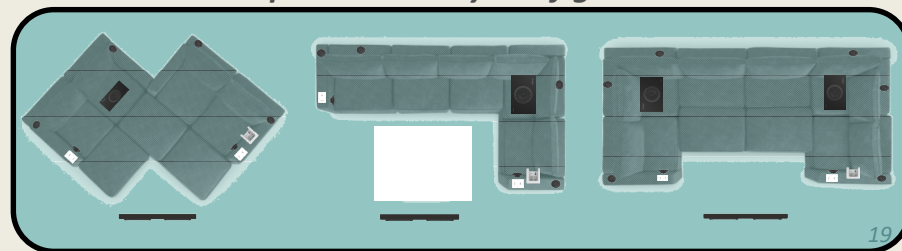
Satellite Sound Side



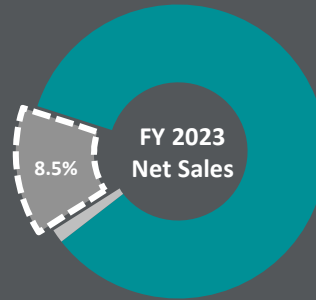
MSRP: \$500

Up to 4 Satellite Sound Sides can be purchased

Optimize To Any Configuration



- 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



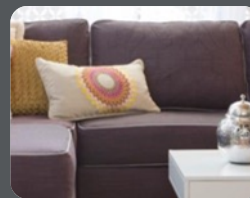
Footsac Blanket



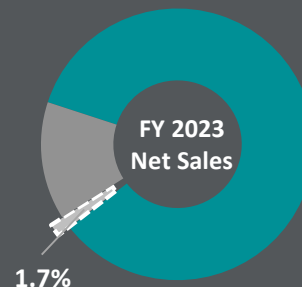
Drink Holder



Seat Table



Custom Covers &
Dec Pillows

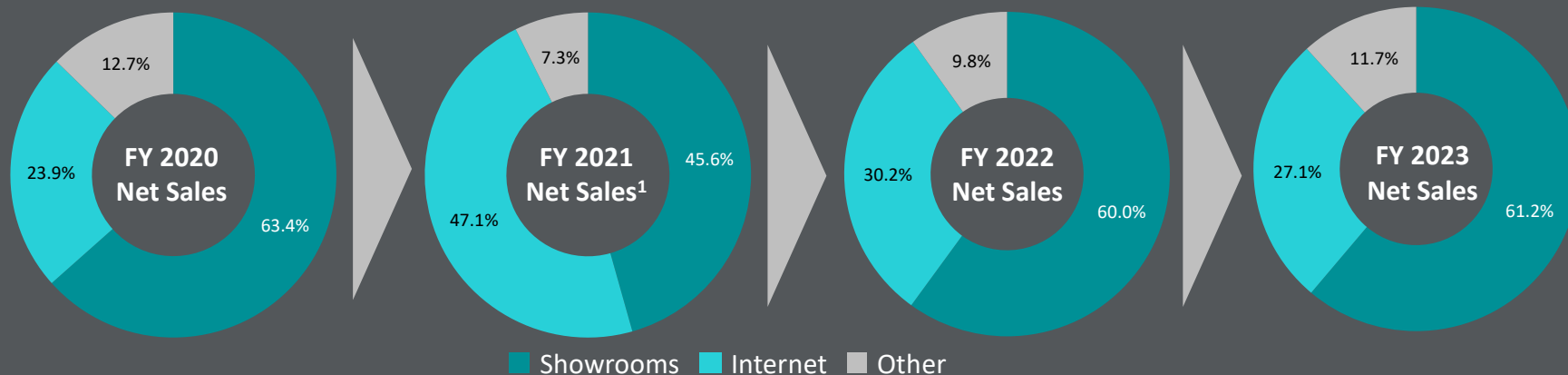


1.7%



Balanced Omni-Channel Strategy

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 9 online pop-up-shops on Costco.com in FY2023

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.

38

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

49

Net addition of 44 showrooms and 5 kiosks in FY2023

Lovesac Showroom Features

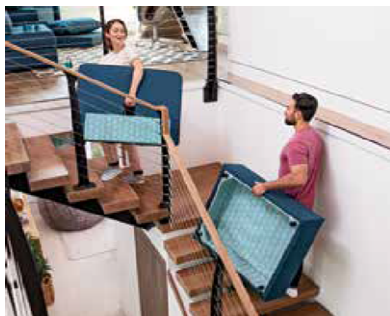
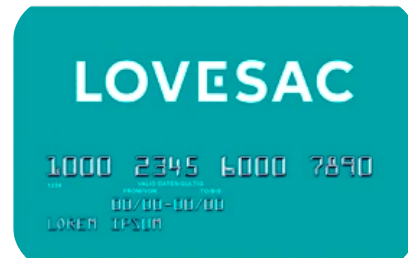
- Turns product inside-out to reveal technology
- Low merchandising, aesthetic, seasonality and inventory risk
- FY2023 showroom sales per square foot increased to \$2,771
- FY2022 showroom sales per square foot increased to \$2,742 vs \$1,675 in FY2021 and \$2,083 in FY2020.
- Due to COVID-19 driven temporary closures, FY2021 showroom sales per square foot was \$1,675

Economics of Showroom Model

- Target net sales of \$1.5 to \$1.6 million in the first year
- Net investments including floor model inventory, capital expenditures and preopening expenses totals \$425K
- Average payback of < 2 years*

Easy to Purchase

- Mobile & Lovesac App purchases are easy
- In-showroom checkout via iPad technology—never leave the couch
- 34.5% 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 29, 2023.

See It



Social Media

Touch It



Showrooms / Shop-in-shops
/ Kiosks

Buy It



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



Advertising



Mobile Concierge



Showrooms / Shop-in-shops
/ Kiosks

Physical retail
locations and
other direct
marketing
efforts drive
conversion

Return on Advertising Spend is High and Ready to Grow

LOVESAC



Additional Showrooms



New Product Innovation



More Shop-in-Shop Partners



(Eventual) International Expansion

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

Awareness* Marketing



National TV and Digital Marketing

Focused on major buying holidays; driving positive ROI's across both showroom and non-showroom markets.
FY2023 CLV:CAC ratio of 5.3X

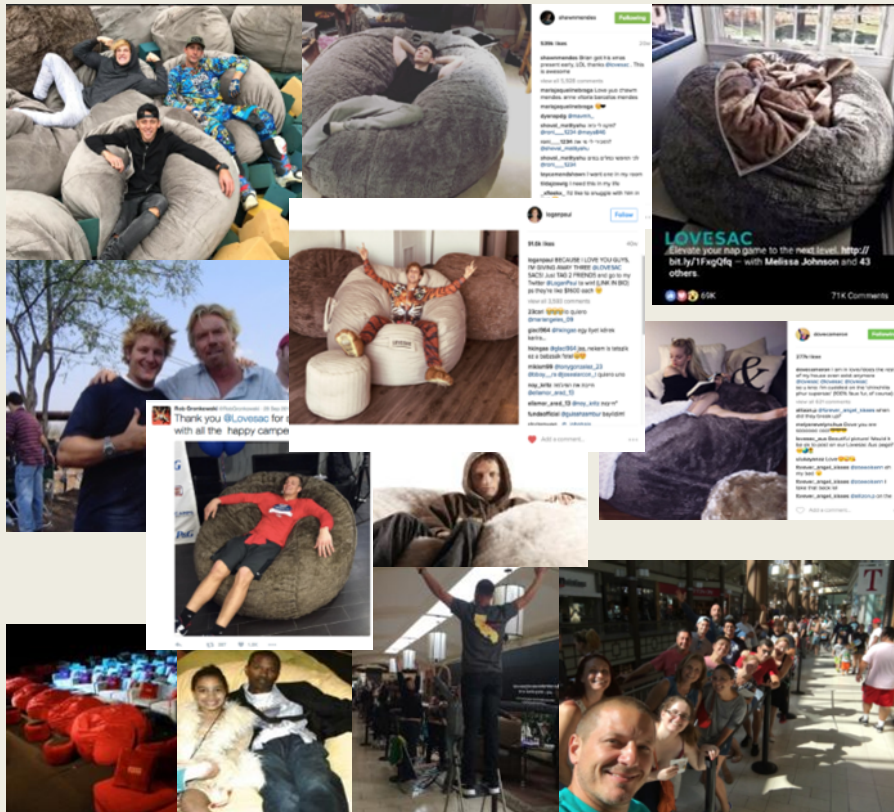
Conversion Marketing



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 FY2024

* Awareness unaided is currently < 2% nationally



Social Engagement Metrics FY2023

facebook

863K followers

Instagram

555K followers

YouTube

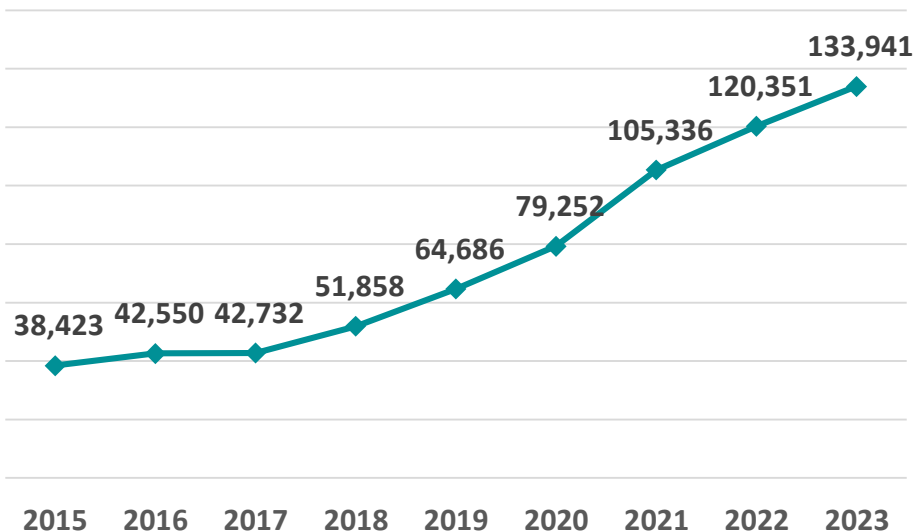
Lifetime views apx. 49MM

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

Strong Customer Lifetime Value

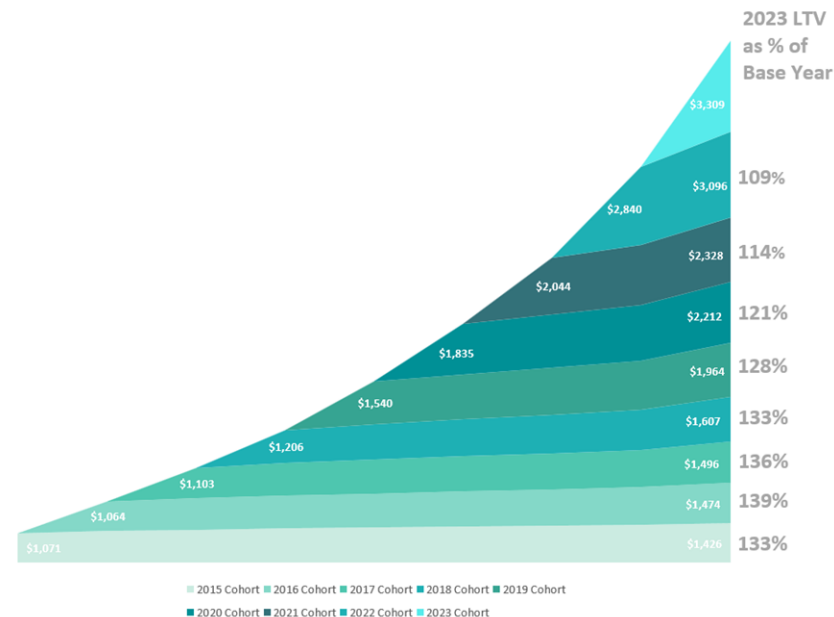
LOVESAC

New Customer Count



- **89.8%** 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

Lifetime Value of Customers



Source: Company Internal Transactional data through 1/29/2023.

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

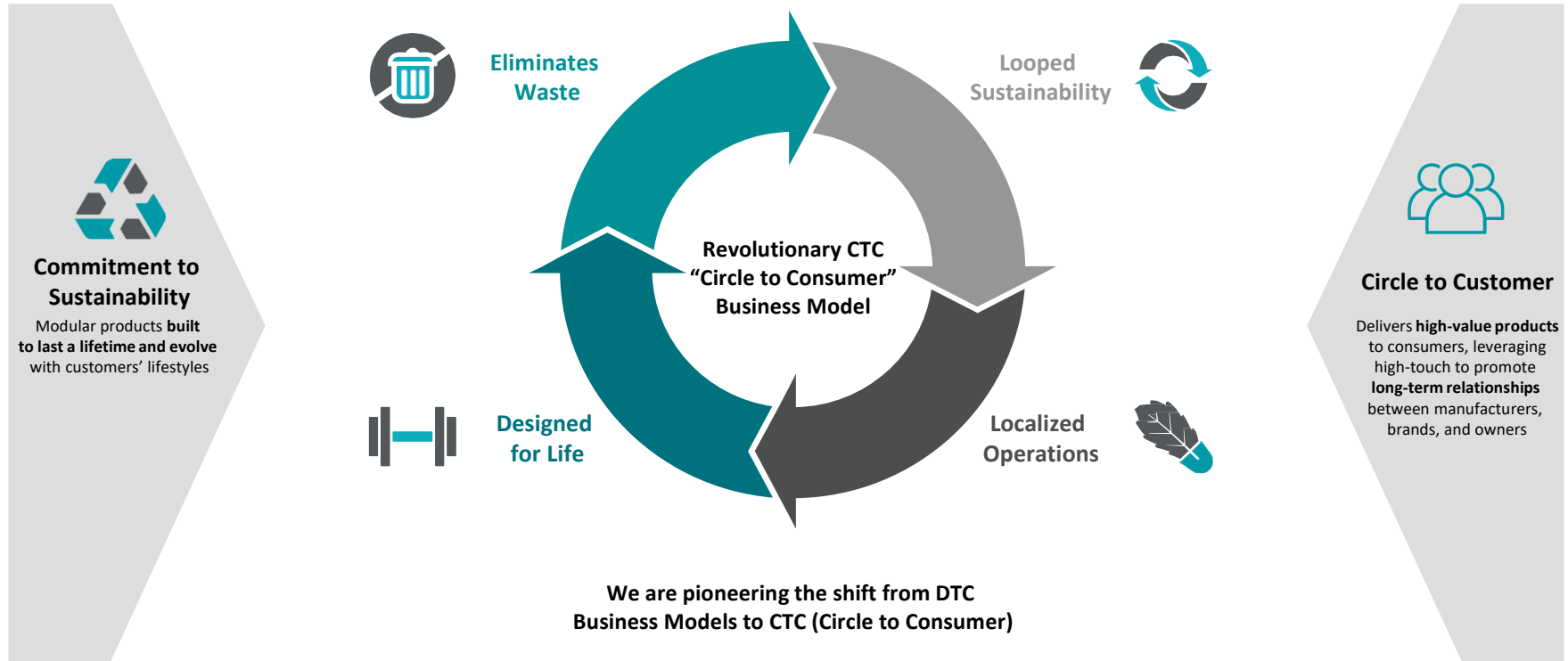


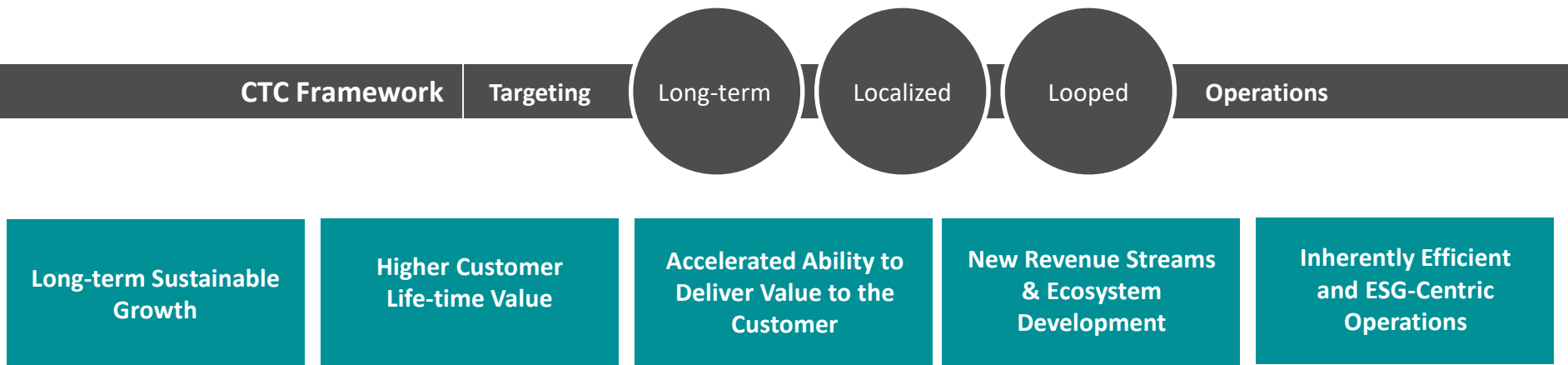
“Designed for Life” Platform

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



From April 2018 to January 2023, Lovesac repurposed more than **150 million plastic water bottles** to make Sactionals





Next Steps	
✓ FY23 Milestones	FY24 Milestones
<ul style="list-style-type: none">Product Lifecycle Management (PLM) & identify opportunities for operational efficienciesIdentify consumer needs and requirements for CTC-related programs and servicesFY2024 CTC roadmap learning agenda solidified along with KPIs to drive future growth	<ul style="list-style-type: none">Open box inventory resale operational by end of year FY24

E

0 waste, 0 emissions by 2040

We intend to demonstrate our sustainable commitments through measurable actions. This is why we've developed a *Zero Emissions* and *Zero Waste* roadmap to guide us to our goals. Our planetary impact is integral to our highest business priorities and strategy planning, anchoring ESG management through the top levels of our leadership.

S

Supplier Relationships

We celebrate the longevity of our supplier partnerships and the level of trust we have established with those partners. Thus, the ethical and fair treatment of individuals in our supply chain is imperative. Lovesac has a zero-tolerance policy for any evidence of bribery and corruption, forced labor, human trafficking, and child labor, all of which have no place in the life cycle of our products.

G

Board Diversity

Our Board of Directors values diversity in achieving our objectives and maintaining sound governance practices as it brings together individuals with different perspectives and ideas, from varying backgrounds and experiences, to create balanced and thoughtful decision-making that best serves our stockholders.

FY22 ESG Report Published



Lovesac published its FY22 ESG Report in December of 2022. This is our second annual report covering ESG strategies, activities, progress, and metrics. The document is available to read on our investor relations webpage.



SASB & UN SDGs

The ESG strategy aligns with the Sustainability Accounting Standards Board's (SASB) reporting framework. Targets and programs also contribute to select United Nations Sustainable Development Goals.



Formalizing ESG

We have expanded our reporting metrics, which include additional targets to guide future progress and programs. We also established an internal ESG Committee to oversee program development.



Strategic Priorities



- Opened 44 net showrooms and 5 kiosks, and remodeled 4 showrooms in fiscal 2023
- Operated a total of 22 new Best Buy shop-in-shops in addition to online pop-up-shops with Costco
- Continued to gain share with Stealthtech sound-plus-charge product in partnership with Harman Kardon delivering increasing attachment rates as adoption continues to grow
- Maintained industry leading in-stock positions, which continued to serve as a competitive advantage
- Increased our customer satisfaction scores driven in by strategic investments in resources and technology in our customer service capabilities, supply chain and our digital experience
- Made critical investments across the business to support growth including infrastructure and supply chain, while remaining disciplined on the cost side
- Maintained strong focus on ESG priorities publishing second annual ESG report in December 2022

Product



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

Marketing



- Drive growth spending ~12% 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



- 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

Showroom Technology



Large format motion screens and interactive touchpads to enhance CX

Data Warehouse & CRM



Scalable foundation for ERP and CRM

Logistics Optimization



Concentrated inventory without shelf-life, at high carry to facilitate growth and flex

Supply Chain



Easily scalable with existing diverse suppliers, and to other countries, due to uniformity and flexibility of the 2 core SKUs

Shipping



One of the most advantaged shipping solutions for mid-high-end upholstery in the market; Fast & Free, or paid white glove delivery set-up available



- **Large Addressable Market:** Significant opportunity to disrupt a huge, and transitioning home furnishing market
- **Increasing Marketing Effectiveness:** Still low brand awareness + strong marketing ROIs = Leaning into traditional, digital and social marketing strategies
- **Disruptive Omni-channel Approach:** Multi-channel distribution through e-commerce, showrooms, 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

Key Measures for the First Quarter of Fiscal 2024 Ending April 30, 2023:

(Dollars in millions, except per share amounts. Dollar and percentage changes may not recalculate due to rounding.)

	Thirteen weeks ended		
	April 30, 2023	May 1, 2022	% Inc (Dec)
Net Sales	\$141.2	\$129.4	9.1%
Gross Profit	\$70.7	\$66.1	7.0%
Gross Margin	50.1%	51.1%	(100) bps
Total Operating Expense	\$76.6	\$63.5	20.7%
SG&A	\$56.8	\$44.9	26.6%
SG&A as a % of Net Sales	40.3%	34.7%	560 bps
Advertising & Marketing	\$16.9	\$15.9	6.4%
Advertising & Marketing as a % of Net Sales	12.0%	12.3%	(30) bps
Basic (loss) income per common share	\$(0.28)	\$0.13	(315.4%)
Diluted (loss) income per common share	\$(0.28)	\$0.12	(333.3%)
Net (Loss) Income	\$(4.2)	\$1.9	(323.2%)
Adjusted EBITDA ¹	\$(2.4)	\$6.4	(137.0%)
Net Cash Provided by (Used in) Operating Activities	\$6.3	\$(21.8)	128.9%

¹ Adjusted EBITDA is a non-GAAP measure. See “Non-GAAP Information” and “Reconciliation of Non-GAAP Financial Measures” included on slide 43.

Percent Increase except showroom count		
	Thirteen weeks ended	
	April 30, 2023	May 1, 2022
Total Comparable Sales ¹	15.1%	42.2%
Comparable Showroom Sales ²	8.4%	53.2%
Internet Sales	28.7%	24.1%
Ending Showroom Count	211	162

¹ Total comparable sales include showroom transactions through the point of sale and internet net sales.

² 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 2024 Q1 Adjusted EBITDA Non-GAAP Reconciliation

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(amounts in thousands)	Thirteen weeks ended	
	April 30, 2023	May 1, 2022
Net (loss) income	\$ (4,230)	\$ 1,895
Interest (income) expense, net	(341)	35
Income tax (benefit) expense	(1,298)	715
Depreciation and amortization	2,822	2,661
EBITDA	(3,047)	5,306
Equity-based compensation ⁽¹⁾	744	1,172
Other non-recurring expenses ⁽²⁾	(53)	(105)
Adjusted EBITDA	<u>\$ (2,356)</u>	<u>\$ 6,373</u>

1. 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 Statements of Operations.
2. Other non-recurring expenses in the thirteen weeks ended April 30, 2023 represents business loss proceeds received from an insurance settlement. Other non-recurring expenses in the thirteen weeks ended May 1, 2022 represents a legal settlement.

FY2023 Q1 and FY2024 Q1 Metrics

LOVESAC

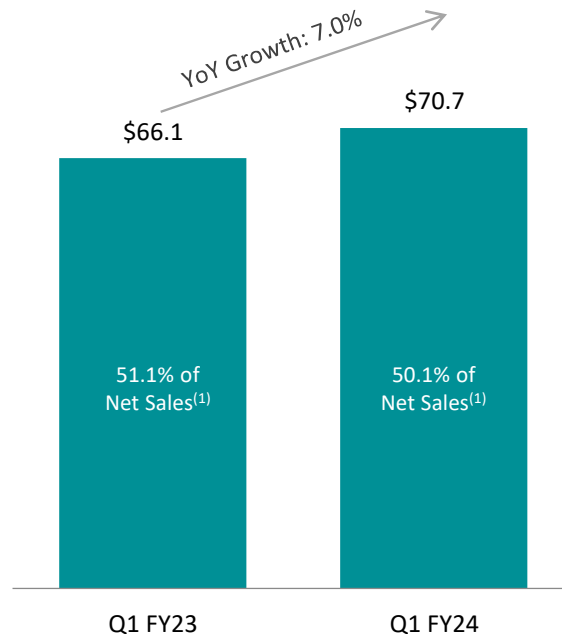
Net Sales

(\$ in millions)



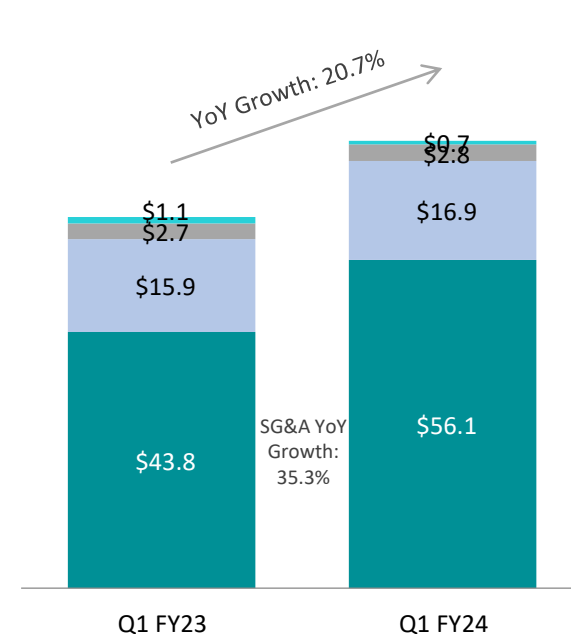
Gross Profit

(\$ in millions)



Operating Expenses

(\$ in millions)



- Other non-recurring expenses
- Depreciation and Amortization
- Marketing and advertising
- SG&A

¹ The decrease in gross margin percentage of 100 basis points was primarily driven by a decrease of 120 basis points in product margin driven by higher promotional discounting partially offset by a decrease of approximately 20 basis points in total distribution and related tariff expenses. The slight decrease in total distribution and related tariff expenses over prior year is principally related to the positive impact of the 170 basis points decrease in inbound transportation costs partially offset by 150 basis points in higher outbound transportation and warehousing costs.

Fiscal 2022 and Fiscal 2023 Metrics

LOVESAC

Net Sales

(\$ in millions)

YoY Growth: 30.8%

\$498.2

\$651.5

Fiscal 2022

Fiscal 2023

Gross Profit

(\$ in millions)

YoY Growth: 26.5%

\$273.3

\$345.8

54.9% of Net Sales⁽¹⁾

53.1% of Net Sales⁽¹⁾

Fiscal 2022

Fiscal 2023

Operating Expenses

(\$ in millions)

YoY Growth: 30.6%

\$2.3

\$7.9

\$65.1

\$159.7

\$216.1

\$79.9

\$10.8

YoY Growth: 35.3%

Fiscal 2022

Fiscal 2023

- Other non-recurring expenses
- Depreciation and Amortization
- Marketing and advertising
- SG&A

¹ The decrease in gross margin percentage of 180 basis points was primarily driven by an increase of 160 basis points in total freight including tariff expenses and warehousing costs and a decrease of 20 basis points in product margin. The increase in total freight including tariffs and warehousing costs over the prior year period is related to 90 basis points deleverage in warehousing and outbound freight costs and the increase of 70 basis points in inbound container freight costs. The product margin decrease is driven by higher promotional discounting, partially offset by a benefit from continuing vendor negotiations to assist with the mitigation of tariffs and additional one-time US dollar denominated rebates related to currency impact.



Appendix

FY 2024 Q1 Balance Sheet (Unaudited)

LOVESAC

	April 30, 2023	January 29, 2023
(amounts in thousands, except share and per share amounts)	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 45,125	\$ 43,533
Trade accounts receivable	18,447	9,469
Merchandise inventories, net	106,819	119,962
Prepaid expenses and other current assets	17,306	21,077
Total Current Assets	187,697	194,041
Property and equipment, net	59,219	52,904
Operating lease right-of-use assets	142,463	138,271
Other Assets		
Goodwill	144	144
Intangible assets, net	1,445	1,411
Deferred tax asset	10,750	9,420
Other assets	26,318	21,863
Total Other Assets	38,657	32,838
Total Assets	\$ 428,036	\$ 418,054
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 32,165	\$ 24,576
Accrued expenses	16,765	23,392
Payroll payable	6,582	6,783
Customer deposits	15,372	6,760
Current operating lease liabilities	22,160	21,898
Sales taxes payable	3,878	5,430
Total Current Liabilities	96,922	88,839
Operating Lease Liabilities, long-term	141,868	135,955
Line of Credit	—	—
Total Liabilities	238,790	224,794
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock \$0.00001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of April 30, 2023 and January 29, 2023.	—	—
Common Stock \$0.00001 par value, 40,000,000 shares authorized, 15,217,120 shares issued and outstanding as of April 30, 2023 and 15,195,698 shares issued and outstanding as of January 29, 2023.	—	—
Additional paid-in capital	182,770	182,554
Accumulated earnings	6,476	10,706
Stockholders' Equity	189,246	193,260
Total Liabilities and Stockholders' Equity	\$ 428,036	\$ 418,054

FY 2024 Q1 Statement of Cash Flows (Unaudited)

LOVESAC

(amounts in thousands)	Thirteen weeks ended	
	April 30, 2023	May 1, 2022
Cash Flows from Operating Activities		
Net (loss) income	\$ (4,230)	\$ 1,895
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property and equipment	2,697	2,575
Amortization of other intangible assets	125	86
Amortization of deferred financing fees	42	29
Equity based compensation	686	1,163
Non-cash operating lease cost	5,308	4,184
Deferred income taxes	(1,330)	523
Changes in operating assets and liabilities:		
Trade accounts receivable	(8,978)	2,134
Merchandise inventories	13,143	(14,515)
Prepaid expenses and other current assets	5,971	270
Other assets	(4,455)	—
Accounts payable and accrued expenses	(5,785)	(10,359)
Operating lease liabilities	(5,515)	(4,062)
Customer deposits	8,612	(5,709)
Net Cash Provided by (Used in) Operating Activities	6,291	(21,786)
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,177)	(5,893)
Payments for patents and trademarks	—	(125)
Net Cash Used in Investing Activities	(4,177)	(6,018)
Cash Flows from Financing Activities		
Payment of deferred financing costs	(52)	(161)
Taxes paid for net share settlement of equity awards	(470)	(47)
Net Cash Used in Financing Activities	(522)	(208)
Net Change in Cash and Cash Equivalents	1,592	(28,012)
Cash and Cash Equivalents - Beginning	43,533	92,392
Cash and Cash Equivalents - Ending	<u>\$ 45,125</u>	<u>\$ 64,380</u>
Supplemental Cash Flow Disclosures		
Cash paid for taxes	\$ —	\$ 905
Cash paid for interest	\$ 30	\$ 33
Non-cash investing activities:		
Asset acquisitions not yet paid for at period end	\$ 4,994	\$ 1,541

FY2022/2023 Income Statement & Non-GAAP Reconciliation*

LOVESAC

(\$ in 000's)	Q1		Q2		Q3		Q4		FY	
	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023
Net Sales										
Showrooms	\$ 48,986	\$ 81,254	\$ 62,594	\$ 92,426	\$ 69,694	\$ 82,957	\$ 117,714	\$ 141,913	\$ 298,989	\$ 398,550
Internet	25,175	31,255	29,480	35,534	35,542	33,319	60,425	76,411	150,622	176,519
Other	8,755	16,871	10,373	20,574	11,442	18,508	18,059	20,523	48,628	76,476
Total Net Sales	\$ 82,915	\$ 129,380	\$ 102,448	\$ 148,534	\$ 116,678	\$ 134,784	\$ 196,198	\$ 238,847	\$ 498,239	\$ 651,545
% growth	52.5%	56.0%	65.4%	45.0%	56.1%	15.5%	51.3%	21.7%	55.3%	30.8%
Cost of merchandise sold	\$ 36,839	\$ 63,272	\$ 43,416	\$ 67,608	\$ 58,062	\$ 71,212	\$ 86,577	\$ 103,627	\$ 224,894	\$ 305,719
Gross Profit	\$ 46,076	\$ 66,108	\$ 59,032	\$ 80,926	\$ 58,616	\$ 63,572	\$ 109,621	\$ 135,220	\$ 273,345	\$ 345,826
% margin	55.6%	51.1%	57.6%	54.5%	50.2%	47.2%	55.9%	56.6%	54.9%	53.1%
Selling, general and administrative expenses	\$ 30,718	\$ 44,901	\$ 35,385	\$ 48,866	\$ 38,087	\$ 53,658	\$ 57,776	\$ 68,678	\$ 161,967	\$ 216,103
Advertising and marketing	10,680	15,901	13,036	19,088	15,832	19,050	25,530	25,825	65,078	79,864
Depreciation and amortization	2,420	2,661	1,602	3,076	1,726	2,459	2,111	2,646	7,859	10,842
Operating Income (Loss)	\$ 2,258	\$ 2,645	\$ 9,009	\$ 9,896	\$ 2,971	\$ (11,595)	\$ 24,204	\$ 38,071	\$ 38,441	\$ 39,017
% margin	2.7%	2.0%	8.8%	6.7%	2.5%	-8.6%	12.3%	15.9%	7.7%	6.0%
Other Income (Expense)										
Interest income (expense), net	(44)	(35)	(46)	3	(45)	(69)	(44)	(16)	(179)	(117)
(Provision for) benefit from income taxes	(153)	(715)	(515)	(2,777)	(174)	3,245	8,480	(10,411)	7,638	(10,658)
Net Income (Loss)	\$ 2,061	\$ 1,895	\$ 8,448	\$ 7,122	\$ 2,752	\$ (8,419)	\$ 32,640	\$ 27,644	\$ 45,900	\$ 28,242
% margin	2.5%	1.5%	8.2%	4.8%	2.4%	-6.2%	16.6%	11.6%	9.2%	4.3%
Net Income (Loss) per common share (basic)	\$ 0.14	\$ 0.13	\$ 0.56	\$ 0.47	\$ 0.18	\$ (0.55)	\$ 2.15	\$ 1.82	\$ 3.04	\$ 1.86
Net Income (Loss) per common share (diluted)	\$ 0.13	\$ 0.12	\$ 0.52	\$ 0.45	\$ 0.17	\$ (0.55)	\$ 2.03	\$ 1.74	\$ 2.86	\$ 1.77
Adjusted EBITDA Reconciliation:										
Net Income (Loss)	\$ 2,061	\$ 1,895	\$ 8,448	\$ 7,122	\$ 2,752	\$ (8,419)	\$ 32,640	\$ 27,644	\$ 45,900	\$ 28,242
Interest (income) expense, net	44	35	46	(3)	45	69	44	16	179	117
Provision for (benefit) income taxes	153	715	515	2,777	174	(3,245)	(8,480)	10,411	(7,638)	10,658
Depreciation and amortization	2,420	2,661	1,602	3,076	1,726	2,459	2,111	2,646	7,859	10,842
EBITDA	\$ 4,678	\$ 5,306	\$ 10,611	\$ 12,972	\$ 4,697	\$ (9,136)	\$ 26,315	\$ 40,717	\$ 46,300	\$ 49,859
Equity-based compensation	\$ 654	\$ 1,172	\$ 1,239	\$ 1,123	\$ 1,121	\$ 739	\$ 3,013	\$ 7,536	\$ 6,027	\$ 10,570
Loss on disposal of property and equipment	-	-	-	-	-	41	464	4	464	45
One time executive compensation, non-equity based	-	-	-	-	-	-	500	-	500	-
Gain on recovery of insurance settlement related to damaged inventory	-	-	-	-	-	-	(632)	-	(632)	-
Other non-recurring expenses	-	(105)	-	-	-	-	2,300	-	2,300	(105)
Impairment of right of use lease asset	-	-	554	-	-	-	-	-	554	-
Adjusted EBITDA	\$ 5,332	\$ 6,373	\$ 12,404	\$ 14,095	\$ 5,818	\$ (8,356)	\$ 31,960	\$ 48,257	\$ 55,513	\$ 60,369
% margin	6.4%	4.9%	12.1%	9.5%	5.0%	-6.2%	16.3%	20.2%	11.1%	9.3%