



LOVESAC®

Investor Presentation FY24

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other legal authority. Forward-looking statements can be identified by words such as “may,” “continue(s),” “believe,” “anticipate,” “could,” “should,” “intend,” “plan,” “will,” “aim(s),” “can,” “would,” “expect(s),” “expectation(s),” “estimate(s),” “project(s),” “forecast(s),” “positioned,” “approximately,” “potential,” “goal,” “pro forma,” “strategy,” “outlook” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. All statements, other than statements of historical facts, included in this press release under the heading “Outlook” and all statements regarding strategy, future operations and launch of new products, the pace and success of new products, future financial position or projections, future revenue, projected expenses, sustainability goals, prospects, plans and objectives of management are forward-looking statements. These statements are based on management’s current expectations, beliefs and assumptions concerning the future of our business, anticipated events and trends, the economy and other future conditions. 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 rely on these forward-looking statements. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors. Among the key factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: business disruptions or other consequences of economic instability, political instability, civil unrest, armed hostilities, natural and man-made disasters, pandemics or other public health crises, or other catastrophic events; the impact of changes or declines in consumer spending and increases in interest rates and inflation on our business, sales, results of operations and financial condition; active, pending or threatened litigation; our ability to manage and sustain our growth and profitability effectively, including in our e-commerce business, forecast our operating results, and manage inventory levels; our ability to improve our products and develop and launch new products; our ability to successfully open and operate new showrooms; our ability to advance, implement or achieve the goals set forth in our ESG Report; 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; execution of our share purchase program and its expected benefits for enhancing long-term shareholder value; 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 and employees; 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; the impact of the restatement of our previously issued audited financial statements as of and for the year ended January 29, 2023 and our unaudited condensed financial statements for the quarterly periods ended April 30, 2023, October 30, 2022, July 31, 2022 and May 1, 2022, and the related litigation and investigation related to such restatements; 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; 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 Form 10-K and in our Form 10-Qs filed with the Securities and Exchange Commission, 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. Any forward-looking statement made by us in this press release speaks only as of the date on which we make it. We disclaim any intent or obligation to update these forward-looking statements to reflect events or circumstances that exist after the date on which they were made.

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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 in our 10-K filing.

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.

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

Home furniture and technology brand with heritage of disruptive innovation

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

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

Attractive financial profile with **57.3% reported gross margin for FY2024**

Focus on sustainability, having **repurposed more than 160 million plastic water bottles**



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 at a Glance

SACTIONALS[®]

The World's Most Adaptable Couch.[™]



GEOGRAPHIC PRESENCE
**230 Retail Locations in 41
states in U.S.¹**

FY2024 Key Financial Metrics

- **NET SALES**
\$700.3 million
(91% of Net Sales = Sactionals)
- **NET SALES GROWTH**
7.5%
(5 YEAR CAGR of 33.4%)
- **GROSS PROFIT**
\$401.0 million
- **GROSS MARGIN**
57.3%
- **ADJ. EBITDA**
\$54.0 million
- **BALANCE SHEET**
**\$87.0 million cash
and cash equivalents**



NEW CUSTOMERS²
156K in FY2024



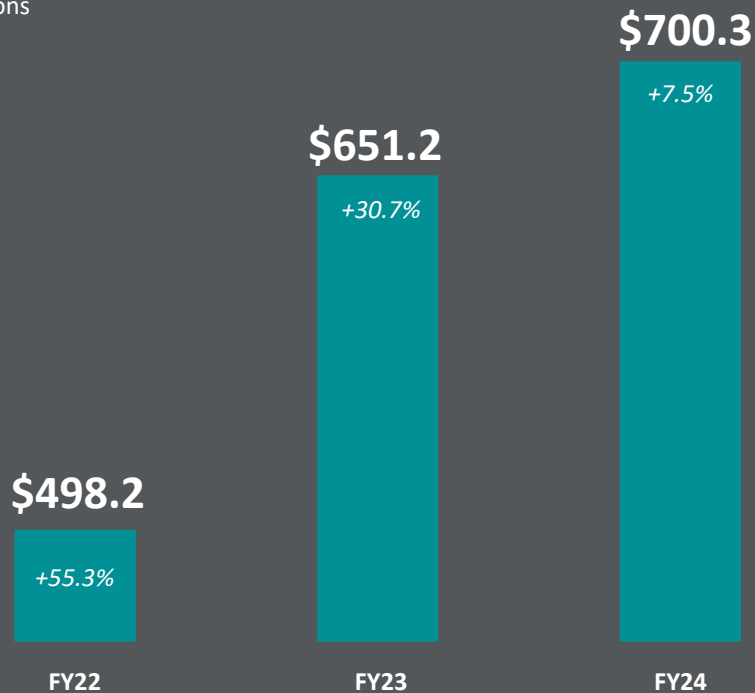
REPEAT CUSTOMERS
**44% of Transactions in
FY2024**

¹ Represents Retail metrics as of Q4 FY 2024 to include 222 Lovesac branded showrooms, 2 mobile concierge and 6 kiosks.

² Represents new customers as of FY 2024.

Significant growth in Net sales as product offerings and retail footprint expands

Net Sales
Y/Y Growth
\$ in Millions



In FY24:

- New customers +13.3%
- Showroom net sales +9.8%
- Internet net sales +13.2%
- Total Omni-channel comparable net sales -4.1%

Touchpoints

- In FY24, opened 35 net locations (46 openings and 11 closures)
- Targeting to open 30 net new showrooms in FY25



- Hosted online pop-up-shops on Costco.com and 424 physical pop-up roadshows



- Opened 22 Best Buy shop-in-shops bringing total count to 44 locations
- In FY25, will continue to evaluate opportunities with other partners

LOVESAC's Senior Executive Management Team

LOVESAC



Shawn Nelson
Founder & CEO
25+ Years at Lovesac

Mary Fox
President & COO

Keith Siegner
EVP & CFO

Todd Duran
CIO

John Legg
Chief Supply
Chain Officer

Carly Kawaja
Chief People Officer

LOVESAC

BIC L'ORÉAL
Walmart

UBS Yum!
INDEX
CREDIT SUISSE

sleep number. **MATTEL**
LOWE'S Kellogg's

GLOBAL BRANDS GROUP
ZALE CORPORATION
purple

OLD NAVY
Gap Inc.
STITCH FIX



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

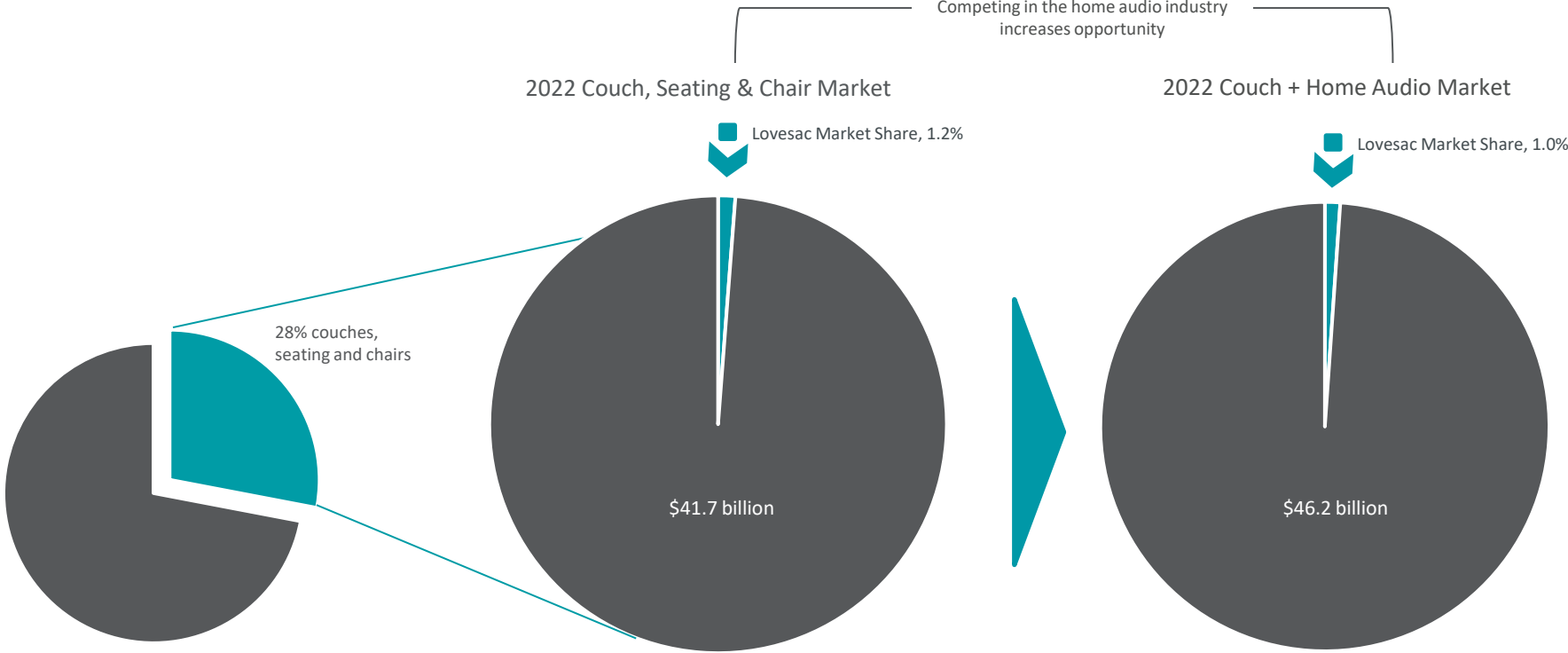
Highly engaged brand advocates

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.



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

Sacs



Sactionals



Accessories



Footsac Blanket



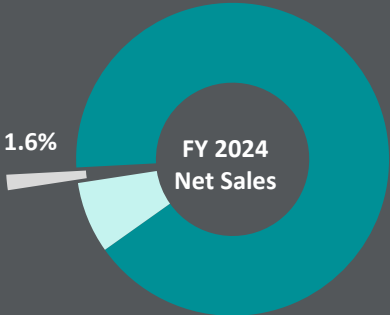
Drink Holder



Seat Table



Custom Covers & Decorative Pillows



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

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

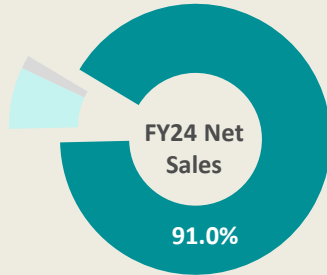
Enables endless **permutations of a sectional couch**

~**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



Comfort

Decor

Function/Upgrade



Drink Holder



Seat Table



Custom Covers & Dec Pillows



Sactionals StealthTech®
Sound + Charge



Footsac Blanket



Coaster & Couch Bowl



Roll Arm



Power Hub

44% of Lovesac transactions are from repeat customers¹

¹ We define a customer as new when the customer has completed a transaction at Lovesac either at a showroom or internet channel only for the first time. In FY2024, we updated how we calculate new and repeat customers to better reflect business across all of our channels as well as the purchase cycle of the categories in which we compete.



- 30 quick-ship covers constitute more than 94% of all covers sales¹
- ~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
- 2 cushion-types: standard & down alternative
- Total Comfort[®]

¹ Quick ship sectional covers demand sales as a % to total sectional covers as FY24

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

- Lovesac 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

6 Speaker Immersive Sound + Charge System



Retail Price: \$3,700

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

Add-On Enhancement

Satellite Sound Side

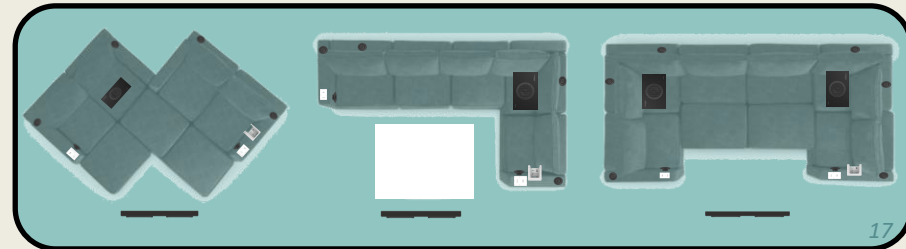


Retail Price: \$500

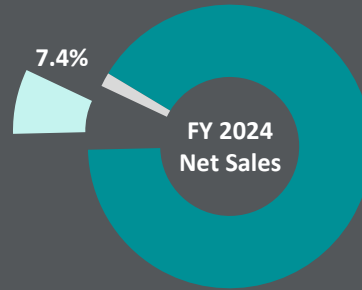
Up to 4 Satellite Sound Sides can be purchased



Optimize To Any Configuration



- Category leader in oversized beanbags
- Product line offers **5 different sizes ranging from 25lbs to 95lbs**
- Capacity to seat 3+ people on the larger model Sacs



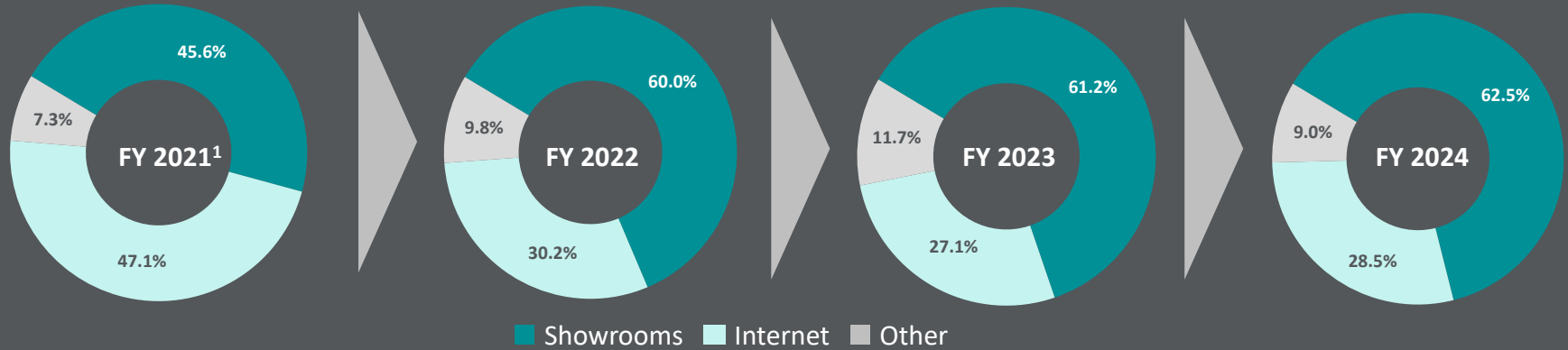
- Durafoam[®] filling
- Sacs shrink to **1/8 original volume for shipping**
- Multiple shapes, sizes with washable, changeable covers





Balanced Omni-Channel Strategy

Diversifying Net Sales Channel Mix



Showrooms and Touchpoints

- Small-footprint retail locations in high-end locations 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 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 and 424 physical pop-up roadshows in FY24

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.

Easy to Purchase

- Mobile purchases are easy
- In-showroom checkout via iPad technology—never leave the couch
- 40% of sales through in-house financing facilitated by a leading third-party consumer financing company¹



Easy to Ship

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

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 February 4, 2024.

See It



Social Media

Touch It



Showrooms / Shop-in-shops
/ Kiosks / Costco pop-ups

Buy It



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



Advertising



Mobile Concierge



Showrooms / Best Buy
Shop-in-shops / Kiosks /
Costco Pop-ups

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



Partner Expansion



(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.



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.

* Awareness unaided is currently < 2% nationally



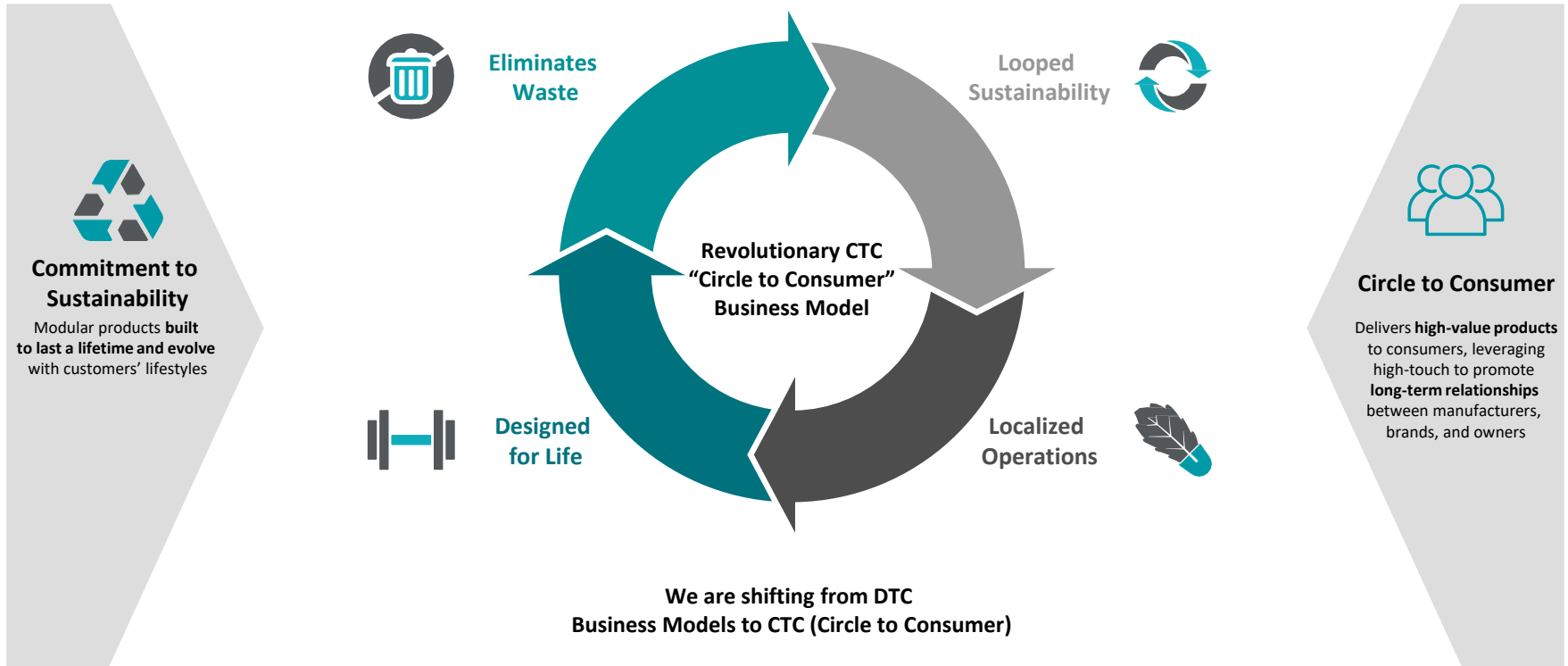
**“Designed for
Life” Platform**

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



Lovesac has repurposed more than **+160 million**
plastic bottles to make Sactionals*

Since using REPVEVE® 160M+ plastic bottles diverted from landfills. Through our partnership with REPVEVE®, we make the base liner fabric of every Sac and Sactional insert from 100% repurposed plastic bottles (except for down and Lovesoft™ cushion inserts which are made with 65% for improved breathability).



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.

FY23 ESG Report Published



Lovesac published its FY23 ESG Report in December of 2023. This is our third 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 46 showrooms and closed 11 showrooms in FY24 for a net opening of 35 new showrooms
- Opened 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 + 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
- Delivered gross margin improvements by leveraging cost reductions for inbound freight and warehousing, as well as new capabilities in planning and operational efficiencies
- Total inventory decreased by 18%
- Increased our customer satisfaction scores driven 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 third annual ESG report in December 2023

Product



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

Marketing



- Drive growth spending ~13% of net sales on marketing
- 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 and Costco
- 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



- **Large Addressable Market:** Significant opportunity to disrupt a huge, and transitioning home furnishing market
- **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
- **Growing Product Relevancy and Innovation:** Brand and portfolio of products increasingly relevant in current environment; new product introductions centered around innovation
- **Disruptive Omni-channel Approach:** Multi-channel distribution through e-commerce, showrooms, kiosks, shop-in-shops, pop-up shops and online pop-ups which expands brand reach and drives customer engagement.
- **Increasing Marketing Effectiveness:** Still low brand awareness + strong marketing ROIs = Leaning into traditional, digital and social marketing strategies