

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 13, 2020

THE LOVESAC COMPANY
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38555
(Commission File Number)

32-0514958
(I.R.S. Employer
Identification No.)

Two Landmark Square, Suite 300
Stamford, Connecticut
(Address of Principal Executive Offices, and Zip Code)

(207) 273-9733
Registrant's Telephone Number, Including Area Code

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.00001 per share	LOVE	The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On January 13, 2020, The Lovesac Company, a Delaware corporation (the “Company”), issued a press release (the “Press Release”) announcing the Company’s updated outlook for fiscal 2020 in connection with the Company’s participation in the ICR Conference to be held at the JW Marriott Orlando Grande Lakes in Orlando, Florida. The Company is scheduled to present on Monday, January 13, 2020, at 4:00 p.m. Eastern Time. A copy of the Press Release is attached to this current report on Form 8-K as Exhibit 99.1.

The information hereunder and Exhibit 99.1 hereto shall be deemed “furnished” and not “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

The Company will be participating in the ICR Conference, held at the JW Marriott Orlando Grande Lakes in Orlando, Florida. The Company is scheduled to present on Monday, January 13, 2020, at 4:00 p.m. Eastern Time. A live audio webcast of the Company’s presentation will be available online at investor.lovesac.com. Participants should log in approximately 10 minutes prior to the start of the presentation. A replay will also be available. Additionally, in advance of the Company’s presentation, an updated investor presentation has been posted to the investor relations portion of the Company’s website. A copy of the presentation is attached to this current report on Form 8-K as Exhibit 99.2.

The information hereunder and Exhibit 99.2 hereto shall be deemed “furnished” and not “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press release, dated January 13, 2020.
99.2	Investor Presentation, dated January 13, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE LOVESAC COMPANY

Date: January 13, 2020

By: /s/ Donna Dellomo

Name: Donna Dellomo
Title: Executive Vice President and
Chief Financial Officer

The Lovesac Company Updates Outlook Ahead of Participation at the ICR Conference

STAMFORD, Conn., January 13, 2020 (GLOBE NEWSWIRE) -- The Lovesac Company (Nasdaq: LOVE) (“Lovesac” or the “Company”) today updated its outlook for fiscal 2020 ahead of its participation at the ICR conference.

- Fiscal 2020 net sales growth is expected to be approximately 40%.
- The Company expects an Adjusted EBITDA* loss in the \$3.0 million to \$4.0 million range for fiscal year 2020.
- Fiscal 2020 GAAP Net Loss is expected to be in the \$15.4 million to \$16.4 million range; Fiscal 2020 Adjusted Net Loss* is expected to be in the \$14.9 million to \$15.9 million range

**Adjusted Net Loss and Adjusted EBITDA are non-GAAP measures and defined below under “Non-GAAP Information.”*

Shawn Nelson, Chief Executive Officer, stated, “We expect to deliver full year sales growth of approximately 40%, which is within the guidance range we previously provided. This growth is being driven by our unique and differentiated product offering and the strength of our disruptive, multi-channel model. Adjusted EBITDA* is expected to be a loss of \$3.0 million to \$4.0 million primarily driven by increased marketing investments as we continue to innovate, test and learn on the marketing front.”

Mr. Nelson continued, “We have completed our 17 planned showroom openings for the year for a total showroom count of 90, which is a 20% increase over last year. As we look to fiscal year 2021, we expect to continue to expand our showroom footprint with 20 new showroom openings, or a 22% increase. When combined with our e-commerce platform, pop-up-shops, and Macy’s shop-in-shops, this will position us well to continue to expand our market share in fiscal 2021 and beyond, when exciting new product innovations will become an important driver of the business going forward.”

As previously announced, the Company will be participating in the ICR Conference, held at the JW Marriott Orlando Grande Lakes in Orlando, Florida. The Company is scheduled to present on Monday, January 13, 2020, at 4:00 p.m. Eastern Time. A live audio webcast of the Company’s presentation will be available online at investor.lovesac.com. Participants should log in approximately 10 minutes prior to the start of the presentation. A replay will also be available. Additionally, in advance of the Company’s presentation, an updated investor presentation has been posted to the investor relations portion of the Company’s website.

About The Lovesac Company

Based in Stamford, Connecticut, The Lovesac Company is a direct-to-consumer specialty furniture brand with approximately 90 retail showrooms supporting its ecommerce delivery model. Lovesac’s name comes from its original Durafoam filled beanbags called Sacs. The Company derives a majority of its current sales from its proprietary platform called Sactionals, a washable, changeable, reconfigurable, and FedEx-shippable solution for large upholstered seating. Founder and CEO, Shawn Nelson’s, “Designed for Life” philosophy emphasizes sustainable products that are built to last a lifetime and designed to evolve with the customer’s needs, providing long-term utility and ultimately reducing the amount of furniture discarded into landfills.

Non-GAAP Information

This press release includes the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission (the “SEC”): Adjusted Net Loss and Adjusted EBITDA. Adjusted Net Loss excludes the effect of one-time costs related to the Company’s IPO in June 2018 and fees associated with fundraising and reorganizing activities. We define Adjusted EBITDA as net loss less interest income, plus income tax expense, depreciation and amortization, management fees, deferred rent, equity-based compensation, net (gain) or loss on the disposal of property and equipment, one-time IPO-related expenses, and fees associated with fundraising and reorganizing activities. The Company has reconciled these non-GAAP financial measures with the most directly comparable GAAP financial measures hereunder. The Company believes 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. Specifically, these non-GAAP financial measures allow investors to better understand the performance of the Company’s business and facilitate a more meaningful comparison of its actual results on a period-over-period basis. The Company has provided this information as a means to evaluate the results of its ongoing operations. Other companies in the Company’s industry may calculate these items differently than the Company does. Each of these measures is not a measure of performance under GAAP and should not be considered as a substitute for the most directly comparable financial measures prepared in accordance with GAAP, such as net income/loss. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company’s results as reported under GAAP.

THE LOVESAC COMPANY RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	Preliminary estimate for the fiscal year ended February 2, 2020	Actual for the fiscal year ended February 3, 2019
(dollars in thousands)		
Net Loss	\$ (16,400)	\$ (6,704)
Interest income	(600)	(355)
Depreciation and amortization	5,100	3,134
Taxes	50	16
EBITDA	(11,850)	(3,909)
Management fees	600	1,177
Deferred rent	1,200	531
Equity-based compensation	5,800	3,310
Net (gain) loss on the disposal of property and equipment	(166)	255
Other expenses	500	2,020
Adjusted EBITDA	\$ (3,916)	\$ 3,384

(dollars in thousands)	Preliminary estimate for the fiscal year ended February 2, 2020	Actual for the fiscal year ended February 3, 2019
Net Loss	\$ (16,400)	\$ (6,704)
Other expenses	500	4,088
Adjusted Net Loss	<u>\$ (15,900)</u>	<u>\$ (2,616)</u>

Cautionary Statement Concerning Forward Looking Statements

Certain statements either contained in or incorporated by reference into this communication, other than purely historical information, including estimates, projections and statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often, but not always, made through the use of words or phrases such as “may,” “believe,” “anticipate,” “could,” “should,” “intend,” “plan,” “will,” “aim(s),” “can,” “would,” “expect(s),” “estimate(s),” “project(s),” “forecast(s),” “positioned,” “approximately,” “potential,” “goal,” “pro forma,” “strategy,” “outlook” and similar expressions. All statements, other than statements of historical facts, included in or incorporated by reference into this press release regarding strategy, future operations, future financial position, future revenue, projected expenses, prospects, plans and objectives of management are forward-looking statements. These statements are based on management’s current expectations and/or beliefs and assumptions 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. Actual results and performance could differ materially from those projected in the forward-looking statements as a result of many factors. The preliminary financial results included in this press release represent the most current information available to management. The Company’s actual results when disclosed on the Company’s fourth quarter and fiscal year 2020 earnings conference call may differ from these preliminary results as a result of the completion of the Company’s financial closing procedures; final adjustments; completion of the audit by the Company’s independent registered accounting firm; and other developments that may arise between now and the disclosure of the final results. Among the key factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are the risk of disruptions to current plans and operations, including the timing of openings of new showrooms that further shift expect growth to later periods, slower than expected growth during the fourth quarter and risks related to tariffs, the countermeasures and mitigation steps that we adopt in response to tariffs and other similar issues, 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 Form 10-Q 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.

Investor Relations Contact:

Rachel Schacter, ICR
(203) 682-8200
InvestorRelations@lovesac.com



LOVESAC[®]

Designed for Life[™] Furniture Co.

Investor Presentation
January 2020

This presentation by The Lovesac Company (the "Company," "we," "us," and "our") may include "forward-looking statements" with the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. 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" or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes. All forward-looking statements will be based upon current estimates and expectations about future events and financial and other trends. There is no guarantee that future results, performance or events reflected in the forward-looking statements will be achieved or occur. No person assumes responsibility for the accuracy and completeness of the forward-looking statements, and, except as required by law, no person undertakes any obligation to update any forward-looking statements for any reason after the date of this company presentation.

Certain data in this presentation was obtained from various external sources. Neither the Company nor its affiliates, advisers or representatives have verified such data with independent sources. Accordingly, neither the Company nor any of its affiliates, advisers or representatives make any representations as to the accuracy or completeness of that data or to update such data after the date of this presentation. Such data involves risks and uncertainties and is subject to change based on various factors.

Use of Non-GAAP Information

This presentation contains numbers that are not required by, or presented in accordance with, GAAP, including EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin (collectively, our "Non-GAAP Measures"). Our Non-GAAP Measures are not GAAP measures of our financial performance or liquidity and should not be considered as alternatives to 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. They should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, our Non-GAAP Measures are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as tax payments and debt service requirements and certain other cash costs that may recur in the future. Our Non-GAAP Measures contain certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. In addition, our Non-GAAP Measures exclude certain non-recurring and other charges.

You should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in Our Non-GAAP Measures. Our presentation of Our Non-GAAP Measures should not be construed to imply that our future results will be unaffected by any such adjustments. Management compensates for these limitations by relying primarily on our GAAP results and by using our Non-GAAP Measures as supplemental information. Our Non-GAAP Measures are not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation. A reconciliation of some of our Non-GAAP Measures to the nearest comparable GAAP measure can be found at slide 31 of this presentation.

*"Lovesac **Designed for Life** products are **built to last a lifetime** & **designed to evolve** so that they never go out of style or become obsolete. New technologies & additions are **reverse-compatible**, and even consumable parts are replaceable and **upgradeable**.
This is **true sustainability**."*

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



Changeable



Maintainable



Moveable



Rearrangeable



Upgradeable



Waste-less



Shawn Nelson
Founder & CEO
20+ Years at LOVE

LOVESAC



Jack Krause
President & COO
3+ Years at LOVE



Donna Dellomo
EVP & CFO
2+ Years at LOVE



Product



- Two key platform innovations per year
- Drive appeal to new & repeat business

Marketing



- Drive ongoing growth spending 10%-12%
- Test & learn to drive efficiency & volume
- New TV creative

Omni-channel Distribution



- 17+ new showrooms
- Showroom 2.0, utilizing AR/VR/tech
- New S.I.S. partners
- Lay groundwork for multiple distribution channels - speed

Technology Platform



- Upgrade CRM to leverage data warehouse
- Re-platform website to improve online & mobile experience
- Leverage warehouse management software for efficiency

Brand



- Two key collaborations
- Expand influencer & social media reach
- Formalize promotion of our Designed For Life ethos & sustainability aspects

SACTIONALS[®]

The World's Most Adaptable Couch.[™]



GEOGRAPHIC PRESENCE
84 Branded Showrooms
in 32 states in U.S.²



CUSTOMER-LIFETIME
VALUE³
\$1,540



COST OF ACQUISITION
\$309



NEW CUSTOMERS
65k last year



REPEAT CUSTOMERS
38% of all transactions

FY 2019 Key Financial Metrics



REVENUE
\$166 million
(73% of Revenue = Sactionals)



REVENUE GROWTH
63%



GROSS PROFIT
\$91 million



GROSS MARGIN
55%



ADJ. EBITDA¹
\$3.4 million



BALANCE SHEET
\$49 million cash

¹ Adjusted EBITDA Reconciliations can be found on page 35.

² Represents Showroom metrics as of Q3 FY 2020.

³ Represents average value for FY 2019 cohort.

- Lifestyle brand disrupting the rapidly changing Home Furnishings landscape
- Portfolio of products centered around innovation; 35 issued patents
- Mid-luxury positioning; Target is 35 – 39 year-old “Young parent want-it-alls”
- Proven omni-channel approach
- Loyal customer base expanding rapidly
- Attractive financial profile with > 50% gross margins
- A founder’s philosophy that drives a focused, multi-pronged strategy

Traditional Model

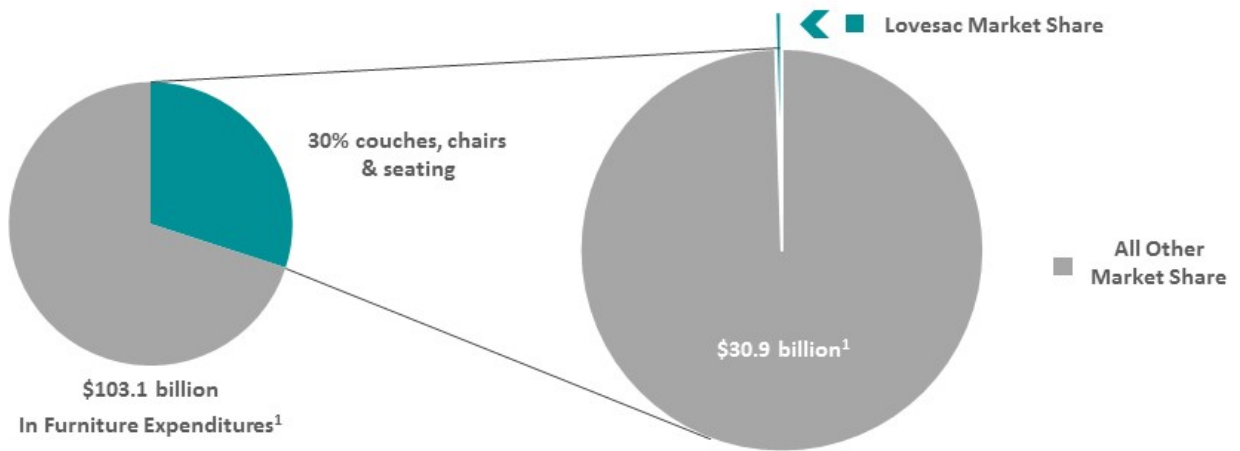
- In-store stocking / long lead time, inventory & personnel heavy delivery
- Low excitement and mundane products
- Non-engaged customer base
- Numerous, large and unproductive stores
- Broad merchandising & seasonal assortment



LOVESAC

- Direct to your door FedEx; Ships out next day
- Patented, inventive, Designed For Life products
- Highly engaged customers
- Small, limited, and productive showrooms
- Focused product category, platform approach

Furniture expenditures are expected to grow 3.4% per year through 2021, while online furniture expenditures are expected to grow from \$36.0 billion in 2017 to \$62.4 billion in 2021

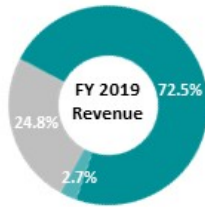


Source: Mintel Group Ltd: Furniture Retailing, US, July 2016.

Source: Home Furnishing Stores and Digital Commerce, eMarketer, US, February 2018.

¹ Expenditures in 2015.

SACS



SACTIONALS



ACCESSORIES



Footsac Blanket



Drink Holder



Seat Table

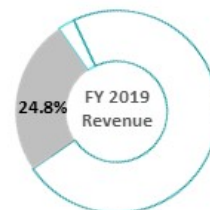


Custom Covers &
Dec Pillows

SACS



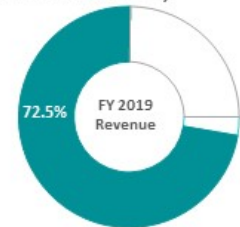
- Category leader in oversized beanbags
- Product line offers 6 different sizes ranging from 22lbs to 95lbs
- Capacity to seat 3+ people on the larger model Sacs
- Durafoam™ filling
- Sacs shrink to 1/8 original volume
- Multiple shapes & sizes
- Wash & change covers



SACTIONALS

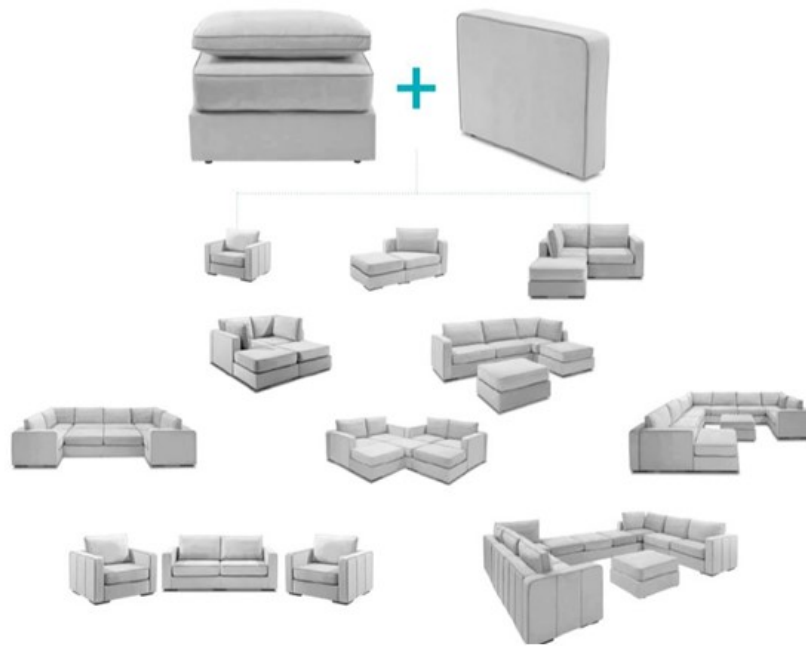


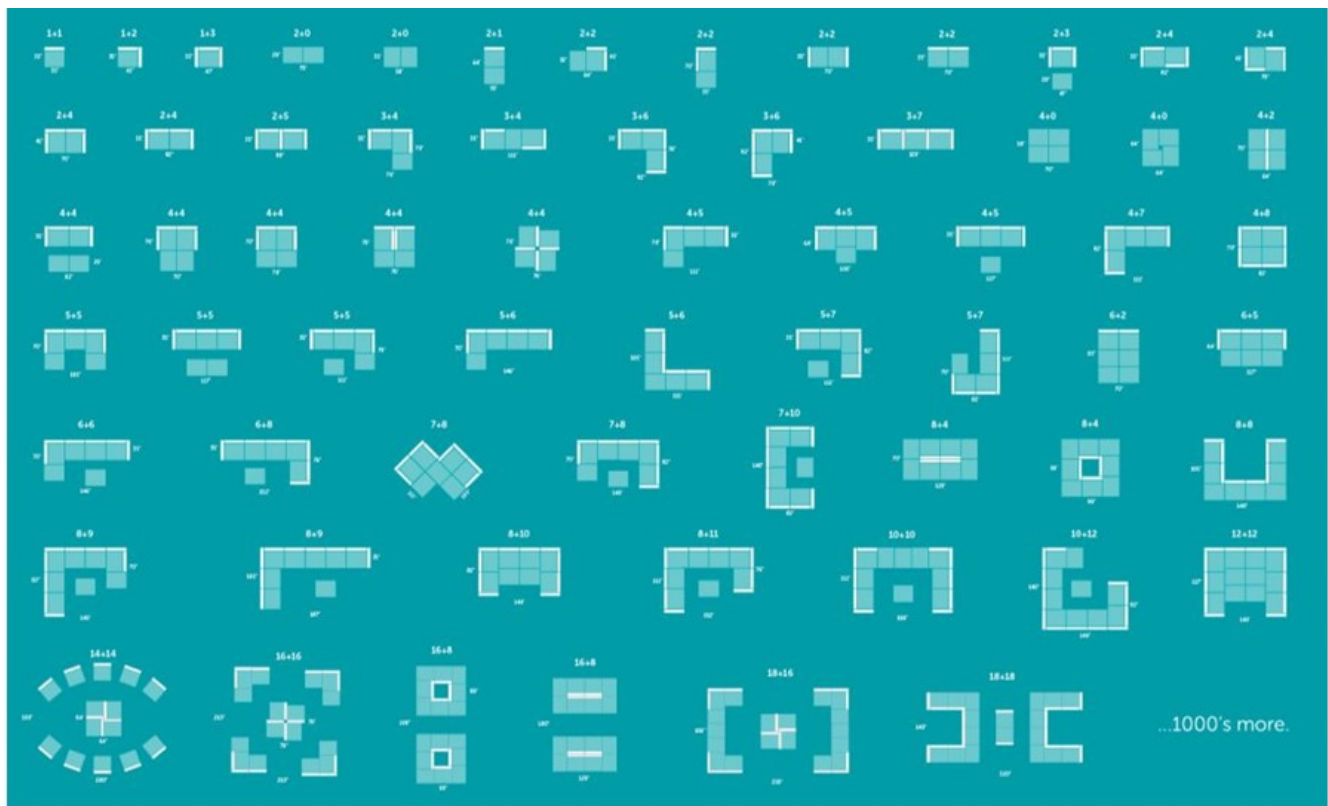
- Next-gen premium modular couch
- Patented modular system makes it easy to assemble & changeable over time
- Create endless permutations of a sectional couch with just two standardized pieces, "Seats" and "Sides"
- Over 250 customizable, machine washable removable covers that fit like upholstery
- Designed for Life: Built to last a lifetime, designed to evolve



2 Simple Pieces – Seats and Sides

LOVESAC







Beautiful, Changeable, Washable & Comfortable

LOVESAC



- 19 quick-ship covers constitute more than 85% of all covers sales
- 250+ custom covers offer broad choice with zero inventory



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



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

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



Last year alone, Lovesac repurposed more than
17 million plastic water bottles to make Sactionals

Comfort



Drink Holder



Seat Table



Footsac Blanket

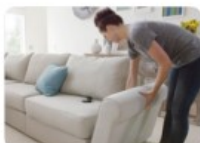


Coaster & Couch Bowl

Decor



Custom Covers & Dec Pillows



Roll Arm

Function / Upgrade



Power Hub²



Guest Rest Bedding Kit

Platform Extension



Outdoor Sactionals



38% of Lovesac transactions are from repeat customers¹

¹ % Transactions that are repeat is calculated by dividing transactions from existing customers over total transactions for FY2019. We based this on our internal data relating to customers purchasing in fiscal 2019.

See It



Social Media



Advertising

Touch It



Showroom / Shop
in Shops



Friend / Neighbor

Buy It



Lovesac.com



Showroom / Shop
in Shops

Physical retail locations and other direct marketing efforts drive conversion

LOVESAC

1000 2345 6000 7890
1000 2345 6000 7890
1000 2345 6000 7890



Easy to Purchase

- Mobile & Lovesac App purchases are easy
- In-showroom checkout via iPad technology—never leave the couch
- 42.1% of sales through in-house financing facilitated by a leading third party consumer financing¹ company; Drives larger purchases
- 19.9% of revenue through eCommerce channel¹

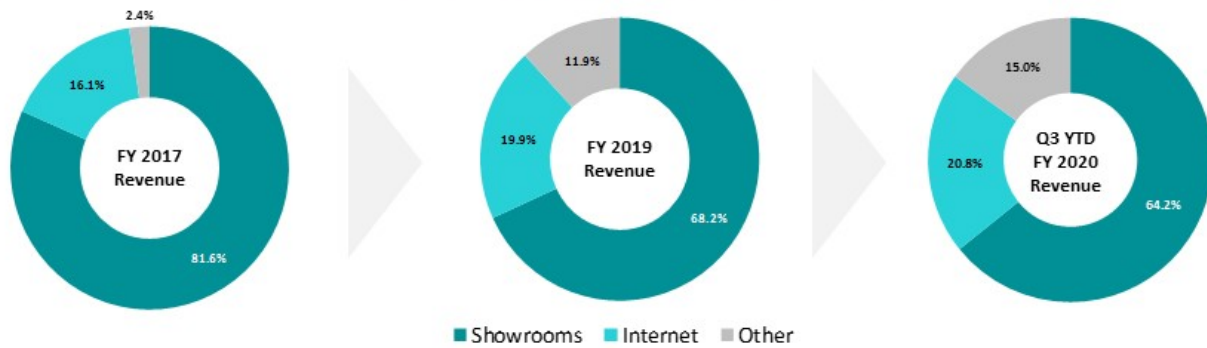
Easy to Ship

- 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 Fiscal year ended February 3, 2019.

Diversifying Channel Mix



Showrooms

- Small-footprint retail locations in high-end malls to create an environment where consumers can touch, feel, read and understand the products

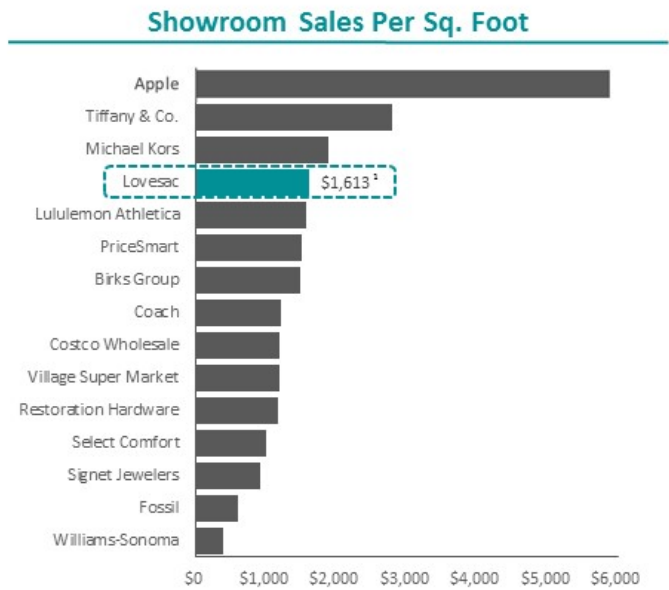
Pop-up shops ("Other")

- Pop-up shops provide lower cost retail footprint that enables the Company to extend brand reach
- 553 Costco pop-ups in FY 2019
- 697 Planned for FY 2020 (this year)

Internet

- Mobile and eCommerce channel drives deeper brand engagement and loyalty

- Opened 13 new showrooms in fiscal 2019
- Opened 17 showrooms in fiscal 2020
- Completed showroom remodels in fiscal 2020
- Collaborated with leading design firm, Prophet NYC, for re-branding effort
- Turns product inside-out to reveal construction & technology
- Minimal merchandising, aesthetic, seasonality and inventory risk



Source: External retailer data from companies' latest available 10K and eMarketer.com. Store Productivity for latest available fiscal year.

Source: Lovesac S/sqft data from our internal data.

¹ For the fiscal year ended February 3, 2019.

- **Opened 17 new showrooms in FY20 or 20% year-over-year growth**
- **Economics of new showroom model are favorable with strong returns on investment:**
 - Target net sales of \$1.5 to \$1.6 million in the first year
 - Positive four-wall Adjusted EBITDA in the first year
 - Net Investments – incl. floor model inventory, Capex and preopening expenses = \$365K
 - The average payback of our showroom investments is under two years*
- **Expect to open 20 new showrooms in FY21 or 18% year-over-year growth**

*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

R.O.A.S. is High, and is Amplified Each Year By....

LOVESAC



Additional Showrooms



New Product Innovation



More Shop In Shop
Partners



(Eventual) International
Expansion

Awareness* Marketing



National TV

Focused around major buying holidays; driving positive ROI's across both showroom and non-showroom markets.

**Awareness unaided is currently < 2% nationally*

Conversion Marketing






Social and Search

Focused around tent pole events to drive awareness or capitalize on heightened demand due to TV campaign, with room to continue to scale ROI + spend in FYE 2020

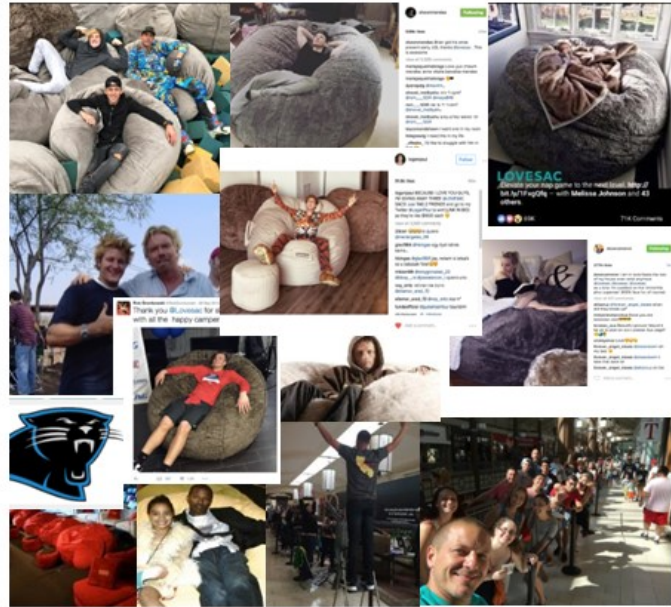
Large and Growing Social Media Presence

LOVESAC






Social Engagement Metrics

		<i>FY2019 vs. Prior Year</i>
 facebook	733,000 active followers	+ 30%
 Instagram	323,000 followers	+ 88%
 YouTube	42+ million views in 24 hours ¹ & 202 million views in total	

- Unsolicited celebrity endorsements and promotion
- Lovesac's founder has a strong online following
- One of the most viewed viral videos in the first 24 hours after posting involves a Sac¹



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

Showroom Technology	<ul style="list-style-type: none">Large format motion screens and interactive touchpads to enhance CX	
Data Warehouse-CRM	<ul style="list-style-type: none">Scalable foundation for ERP and CRM	
Logistics Optimization	<ul style="list-style-type: none">Concentrated inventory without shelf-life, at high carry to facilitate growth and flex	
Supply Chain	<ul style="list-style-type: none">Easily scalable with existing suppliers, and to other countries, due to uniformity and flexibility of the 2 core SKUs	
Shipping	<ul style="list-style-type: none">Most advantaged shipping solution for mid-high-end upholstery in the market; Fast & Free (FedEx), or paid white glove delivery set-up available	

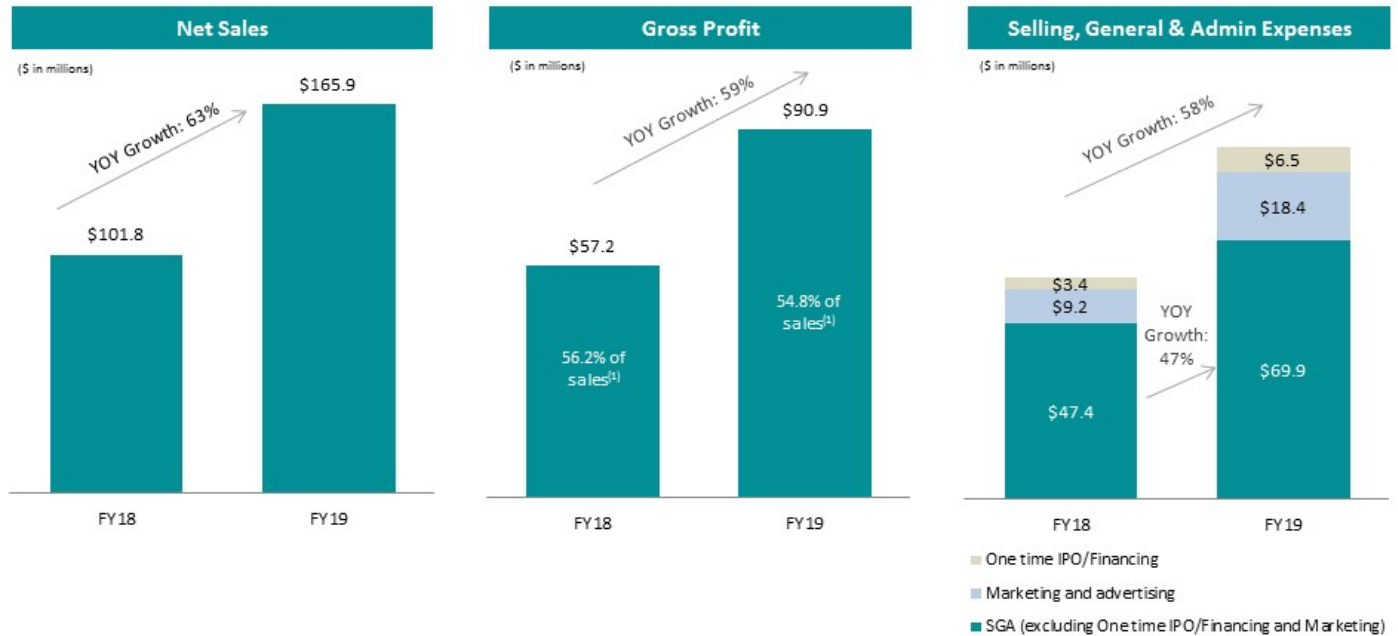
- Large TAM: Significant opportunity to disrupt a huge, and transitioning home furnishing market
- Unique Product: Products are shippable, durable, washable and easily changeable with a focus on sustainability given our Designed For Life philosophy
- Patent Portfolio: Patent portfolio helps drive differentiation
- Product Innovation: Brand and portfolio of products, including new product introductions, centered around innovation
- Disruptive Omni-channel Approach: Multi-channel distribution through showrooms, shop in shops and online, expands brand reach and drives customer engagement



Financials

Fiscal 2018 and Fiscal 2019 Metrics

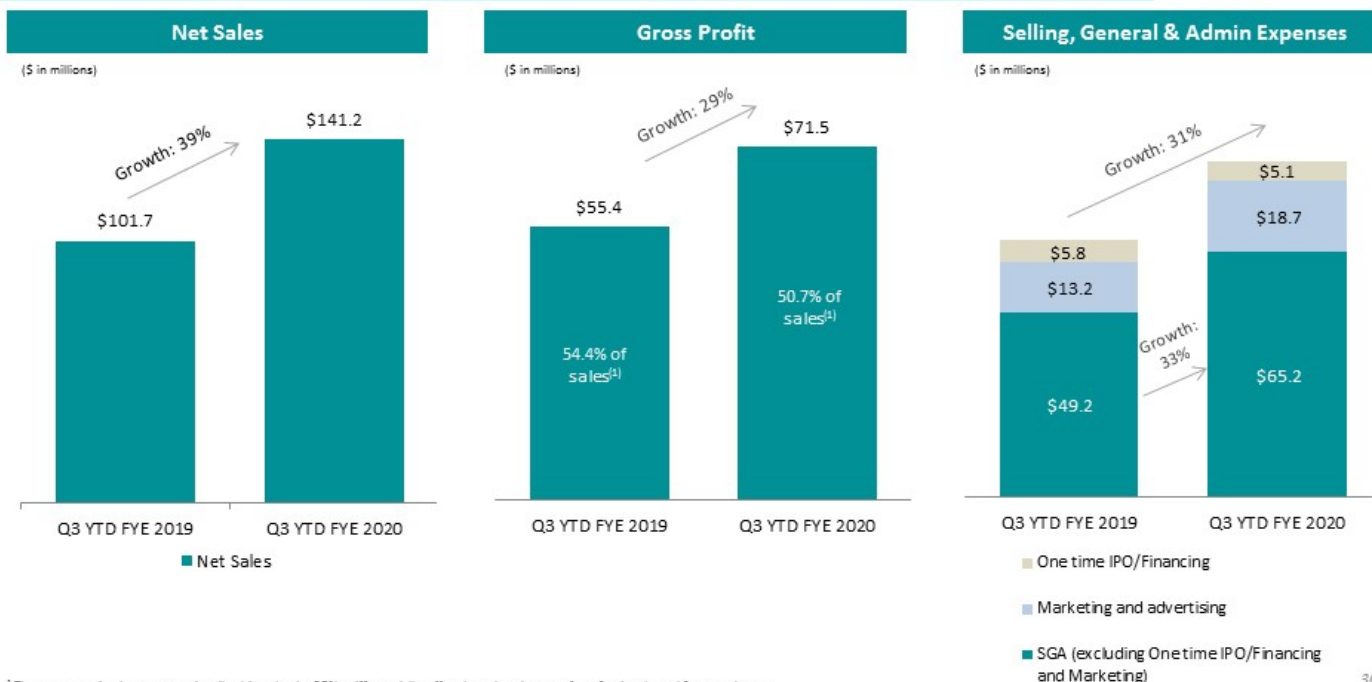
LOVESAC



⁽¹⁾ The gross margin change was primarily due to higher freight expense and channel mix shift toward shop-in-shop locations and growth in Sectional products, which carry a slightly lower margin than Sacs. Although shop-in-shops carry a lower gross margin, they generate positive operating margin.

Q3 YTD Fiscal 2019 and Q3 YTD Fiscal 2020 Metrics

LOVESAC



- Fiscal 2020 net sales growth is expected to be approximately 40% versus the previous range of 40% to 42%
- Fiscal 2020 Adjusted EBITDA* is expected to be a loss of \$3.0 million to \$4.0 million versus prior guidance of positive Adjusted EBITDA
- Adjusted EBITDA* impacted by increased SG&A investments, primarily in marketing as we continue to innovate, test and learn on the marketing front
- Fiscal 2020 GAAP Net Loss is expected to be between \$15.4 and \$16.4 million and Adjusted Net Loss* is expected to be between \$14.9 million to \$15.9 million

*Adjusted Net Loss and Adjusted EBITDA are non-GAAP measures and defined under "Non-GAAP Information" in the company's press release on January 13, 2020. Adjusted EBITDA Non-GAAP reconciliation table provided on slide 32

FY 2020 Adjusted EBITDA Non-GAAP Reconciliation

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(\$ in 000's)

(dollars in thousands)	Preliminary estimate for the fiscal year ended February 2, 2020	Actual for the fiscal year ended February 3, 2019
Net Loss	\$ (16,400)	\$ (6,704)
Interest income	(600)	(355)
Depreciation and amortization	5,100	3,134
Taxes	50	16
EBITDA	(11,900)	(3,909)
Management fees	600	1,177
Deferred rent	1,200	531
Equity-based compensation	5,800	3,310
Net (gain)/loss on the disposal of property and equipment	(166)	255
Other non-recurring expenses	500	2,020
Adjusted EBITDA	\$ (3,966)	\$ 3,384

Q3 YTD FYE 2020 Income Statement & Non-GAAP Reconciliation

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	FY		Q1		Q2		Q3		Q3 YTD	
	FY 2018	FY 2019	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020
Net Sales (\$ in 000's)										
Showrooms	\$ 77,837	\$ 113,105	\$ 18,549	\$ 26,925	\$ 23,023	\$ 31,262	\$ 28,043	\$ 32,474	\$ 69,616	\$ 90,661
Internet	18,859	33,024	4,566	8,459	5,515	9,457	7,729	11,416	17,811	29,331
Other	5,114	19,752	3,653	5,574	4,710	7,428	5,914	8,208	14,277	21,210
Total Net Sales	\$ 101,810	\$ 165,881	\$ 26,769	\$ 40,958	\$ 33,249	\$ 48,146	\$ 41,686	\$ 52,097	\$ 101,704	\$ 141,202
% growth		62.9%		53.0%		44.8%		25.0%		38.8%
Cost of merchandise sold	\$ 44,593	\$ 75,000	\$ 12,122	\$ 19,966	\$ 15,410	\$ 23,861	\$ 18,799	\$ 25,844	\$ 46,331	\$ 69,671
Gross Profit	\$ 57,217	\$ 90,881	\$ 14,647	\$ 20,992	\$ 17,839	\$ 24,285	\$ 22,887	\$ 26,254	\$ 55,373	\$ 71,531
% margin	56.2%	54.8%	54.7%	51.3%	53.7%	50.4%	54.9%	50.4%	54.4%	50.7%
Selling, general and administrative expenses	\$ 50,848	\$ 76,427	\$ 15,195	\$ 23,862	\$ 20,454	\$ 21,956	\$ 19,329	\$ 24,485	\$ 54,978	\$ 70,303
Advertising and marketing	\$ 9,192	\$ 18,363	\$ 4,408	\$ 5,389	\$ 3,595	\$ 6,070	\$ 5,165	\$ 7,258	\$ 13,167	\$ 18,718
Depreciation and amortization	\$ 2,214	\$ 3,134	\$ 670	\$ 1,066	\$ 759	\$ 1,206	\$ 1,084	\$ 1,378	\$ 2,513	\$ 3,649
Operating Loss	\$ (5,038)	\$ (7,044)	\$ (5,625)	\$ (9,324)	\$ (6,969)	\$ (4,947)	\$ (2,691)	\$ (6,867)	\$ (15,286)	\$ (21,138)
% margin	-4.9%	-4.2%	-21.0%	-22.8%	-21.0%	-10.3%	-6.5%	-13.2%	-15.0%	-15.0%
Other Income (Expense)										
Interest (Expense) Income	(438)	355	(58)	235	(0)	169	201	134	142	538
Income taxes	(26)	(16)	-	(12)	-	7	-	(16)	-	(21)
Net Loss	\$ (5,502)	\$ (6,704)	\$ (5,683)	\$ (9,102)	\$ (6,970)	\$ (4,771)	\$ (2,490)	\$ (6,748)	\$ (15,143)	\$ (20,621)
% margin	-5.4%	-4.0%	-21.2%	-22.2%	-21.0%	-9.8%	-6.0%	-13.0%	-14.8%	-14.6%
Net Loss per common share (basic and diluted)	\$ (1.12)	\$ (3.28)	\$ (1.25)	\$ (0.67)	\$ (3.71)	\$ (0.33)	\$ (0.22)	\$ (0.46)	\$ (4.51)	\$ (1.45)
Adjusted Net (Loss) / Income per common share	\$ (0.35)	\$ 0.32	\$ (0.41)	\$ (0.67)	\$ (0.63)	\$ (0.31)	\$ (0.15)	\$ (0.46)	\$ (1.16)	\$ (1.43)
Adjusted EBITDA Reconciliation:										
Net Loss	\$ (5,502)	\$ (6,704)	\$ (5,683)	\$ (9,102)	\$ (6,970)	\$ (4,771)	\$ (2,490)	\$ (6,748)	\$ (15,143)	\$ (20,621)
Interest expense	438	(355)	58	(235)	-	(169)	(201)	(134)	142	(538)
Taxes	26	16	-	12	-	(7)	-	16	-	21
Depreciation and Amortization	2,359	3,134	670	1,066	759	1,206	1,084	1,378	2,513	3,649
EBITDA	\$ (2,679)	\$ (3,909)	\$ (4,955)	\$ (8,259)	\$ (6,211)	\$ (3,741)	\$ (1,607)	\$ (5,488)	\$ (12,488)	\$ (17,489)
Sponsor fees	\$ 484	\$ 1,177	\$ 125	\$ 164	\$ 742	\$ 133	\$ 125	\$ 141	\$ 992	\$ 438
Equity-based compensation expense	951	3,310	295	3,223	2,039	171	516	628	2,850	4,021
Write-off of property and equipment	197	255	6	47	-	(214)	-	-	6	(167)
Deferred rent	360	531	123	12	128	77	131	816	382	904
Other expenses	1,959	2,021	216	150	1,292	275	444	174	1,982	598
Adjusted EBITDA	\$ 1,272	\$ 3,385	\$ (4,190)	\$ (4,663)	\$ (2,010)	\$ (3,299)	\$ (991)	\$ (3,729)	\$ (6,276)	\$ (11,695)
% margin	1.2%	2.0%	-15.7%	-11.4%	-6.0%	-6.8%	-0.9%	-7.2%	-6.2%	-8.3%



Appendix

Balance Sheet

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	As of November 3, 2019	As of February 3, 2019
Current Assets		
Cash and cash equivalents	\$ 27,896,406	\$ 49,070,952
Trade accounts receivable	8,581,102	3,955,124
Merchandise inventories	50,206,326	26,154,314
Prepaid expenses and other current assets	8,415,638	5,933,872
Total Current Assets	95,099,472	85,114,262
Property and Equipment, Net	21,838,589	15,595,079
Other Assets		
Goodwill	143,562	143,562
Intangible assets, net	1,200,274	942,331
Deferred financing costs, net	164,303	219,071
Total Other Assets	1,508,139	1,304,964
Total Assets	\$ 118,446,200	\$ 102,014,305
Current Liabilities		
Accounts payable	\$ 18,971,289	\$ 16,836,816
Accrued expenses	5,120,624	3,701,090
Payroll payable	3,385,340	2,269,834
Customer deposits	3,427,184	1,059,957
Sales taxes payable	898,917	750,922
Total Current Liabilities	31,798,354	24,618,619
Deferred Rent	2,498,124	1,594,179
Line of Credit	-	31,373
Total Liabilities	34,296,478	26,244,171
Stockholders' Equity		
Preferred Stock	-	-
Common Stock	145	136
Accumulated paid-in capital	168,028,472	141,727,807
Accumulated deficit	(83,578,895)	(62,957,809)
Total Stockholders' Equity	84,449,722	78,770,134
Total Liabilities and shareholders' Equity	\$ 118,746,200	\$ 105,014,305

FY 18/19 Income Statement & Non-GAAP Reconciliation

LOVESAC

(\$ in 000's)	Q1		Q2		Q3		Q4		FY	
	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019
Net Sales										
Showrooms	\$ 13,993	\$ 18,549	\$ 16,242	\$ 23,023	\$ 19,042	\$ 28,043	\$ 28,560	\$ 43,490	\$ 77,837	\$ 113,105
Internet	3,051	4,566	3,221	5,515	3,986	7,729	8,601	15,214	18,859	33,024
Other	588	3,653	1,282	4,710	1,363	5,914	1,881	5,475	5,114	19,752
Total Net Sales	\$ 17,632	\$ 26,768	\$ 20,745	\$ 33,249	\$ 24,391	\$ 41,686	\$ 39,042	\$ 64,178	\$ 101,810	\$ 165,881
% growth		51.8%		60.3%		70.9%		64.4%		62.9%
Cost of merchandise sold	\$ 8,544	\$ 12,122	\$ 9,214	\$ 15,410	\$ 10,734	\$ 18,799	\$ 16,111	\$ 28,669	\$ 44,593	\$ 75,000
Gross Profit	\$ 9,088	\$ 14,646	\$ 11,531	\$ 17,839	\$ 13,657	\$ 22,887	\$ 22,931	\$ 35,509	\$ 57,217	\$ 90,881
% margin	51.5%	54.7%	55.6%	53.7%	56.0%	54.9%	58.7%	55.3%	56.2%	54.8%
Selling, general and administrative expenses	\$ 10,905	\$ 15,195	\$ 11,575	\$ 20,454	\$ 12,095	\$ 19,329	\$ 16,129	\$ 21,449	\$ 50,848	\$ 76,427
Advertising and marketing	1,024	4,408	1,953	3,595	2,798	5,165	3,417	5,196	9,192	18,363
Depreciation and amortization	347	670	339	759	836	1,084	838	621	2,214	3,134
Operating (Loss) Income	\$ (3,188)	\$ (5,626)	\$ (2,336)	\$ (6,969)	\$ (2,062)	\$ (2,691)	\$ 2,547	\$ 8,243	\$ (5,038)	\$ (7,044)
% margin	-18.1%	-21.0%	-11.3%	-21.0%	-8.5%	-6.5%	6.5%	12.8%	-4.9%	-4.2%
Other Income (Expense)										
Interest (Expense) Income	(150)	(58)	(79)	0	(115)	201	(94)	213	(438)	355
Income taxes	-	-	-	-	-	-	(26)	(16)	(26)	(16)
Net (Loss) Income	\$ (3,338)	\$ (5,684)	\$ (2,415)	\$ (6,969)	\$ (2,177)	\$ (2,490)	\$ 2,427	\$ 8,440	\$ (5,502)	\$ (6,704)
% margin	-18.9%	-21.2%	-11.6%	-21.0%	-8.9%	-6.0%	6.2%	13.2%	-5.4%	-4.0%
Net (Loss) Income per common share (basic and diluted)	\$ (0.56)	\$ (1.25)	\$ (0.45)	\$ (3.71)	\$ (0.43)	\$ (0.22)	\$ 0.31	\$ 0.62	\$ (1.12)	\$ (3.28)
Adjusted Net (Loss) Income per common share	\$ (0.28)	\$ (1.76)	\$ (0.16)	\$ (0.27)	\$ (0.13)	\$ (0.03)	\$ 1.00	\$ 0.74	\$ (0.55)	\$ 0.32
Adjusted EBITDA Reconciliation:										
Net (Loss) Income	\$ (3,337)	\$ (5,683)	\$ (2,415)	\$ (6,969)	\$ (2,177)	\$ (2,490)	\$ 2,427	\$ 8,440	\$ (5,502)	\$ (6,704)
Interest expense	150	58	79	0	115	(201)	94	(213)	438	(355)
Taxes	-	-	-	-	-	-	26	16	26	16
Depreciation and Amortization	347	670	339	759	836	1,084	838	621	2,214	3,134
EBITDA	\$ (2,840)	\$ (4,955)	\$ (1,997)	\$ (6,209)	\$ (1,226)	\$ (1,607)	\$ 3,384	\$ 8,863	\$ (2,679)	\$ (3,909)
Sponsor fees	108	125	125	742	125	125	125	185	484	1,177
Equity-based compensation expense	-	295	-	2,039	15	516	935	460	951	3,310
Write-off of property and equipment	-	6	-	-	-	-	194	249	197	255
Deferred rent	67	123	72	128	103	131	118	148	360	531
Other expenses	249	216	239	1,292	205	444	1,265	70	1,959	2,021
Adjusted EBITDA	\$ (2,416)	\$ (4,190)	\$ (1,561)	\$ (2,008)	\$ (778)	\$ (392)	\$ 6,022	\$ 9,975	\$ 1,272	\$ 3,385
% margin	-13.7%	-15.7%	-7.5%	-6.0%	-3.2%	-0.9%	15.4%	15.5%	1.2%	2.0%