

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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): June 13, 2025

THE LOVESAC COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-38555
(Commission File Number)

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

421 Atlantic Street, Suite 200,
Stamford, CT 06901
(Address of Principal Executive Offices, and Zip Code)

(888) 636-1223
Registrant's Telephone Number, Including Area Code

Not Applicable
(Former name or former address, if changed since last report)

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 communications 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 communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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 8.01. Other Events.

On June 3, 2025, the United States District Court for the District of Connecticut (the "District Court") issued an order granting preliminary approval of the proposed settlement of the consolidated derivative actions captioned *In re the Lovesac Company Derivative Action*, Case No. 3:24-cv-01260-VAB (D. Conn.), on the terms set out in the Stipulation of Settlement dated May 19, 2025 ("Stipulation of Settlement" and, with its exhibits, the "Settlement Agreement"). On June 6, 2025, the District Court amended the order granting preliminary approval to adjust certain dates in the prior June 3 order.

Pursuant to the District Court's amended order granting preliminary approval of the settlement, copies of the (i) Notice of Proposed Settlement of Shareholders Derivative Action and of Hearing (the "Notice") and (ii) the Summary Notice of Proposed Settlement of Shareholder Derivative Action (the "Summary Notice") are attached hereto as Exhibits 99.1 and 99.2, respectively. These exhibits are substantially in the forms of the proposed Notice and Summary Notice filed with the District Court as Exhibits D and E to the Stipulation of Settlement.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Notice of Proposed Settlement of Shareholders Derivative Action and of Hearing
99.2	Summary Notice of Proposed Settlement of Shareholder Derivative Action
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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.

Dated: June 13, 2025

THE LOVESAC COMPANY

By: /s/ Megan C. Preneta
Name: Megan C. Preneta
Title: Vice President, General Counsel and Secretary

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

IN RE THE LOVESAC COMPANY
DERIVATIVE LITIGATION

Lead Case No. 3:24-cv-01260-VAB

This Document Relates to:

ALL ACTIONS

**NOTICE OF PROPOSED SETTLEMENT
OF SHAREHOLDER DERIVATIVE ACTION AND OF HEARING**

TO: ALL PERSONS OR ENTITIES WHO HOLD OR BENEFICIALLY OWN, DIRECTLY OR INDIRECTLY, COMMON STOCK OF THE LOVESAC COMPANY AS OF MAY 19, 2025

THIS NOTICE CONCERNS A PROPOSED SETTLEMENT OF THE ABOVE-CAPTIONED SHAREHOLDER DERIVATIVE LAWSUIT AND CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS. THIS NOTICE DOES NOT EXPRESS THE COURT'S OPINION ABOUT THE MERITS OF ANY CLAIMS OR DEFENSES IN THE LAWSUIT. THE STATEMENTS IN THIS NOTICE ARE NOT FINDINGS OF THE COURT.

THIS ACTION IS NOT A "CLASS ACTION." THUS, THERE IS NO COMMON FUND TO WHICH YOU CAN APPLY FOR A MONETARY PAYMENT.

All securities holders of The Lovesac Company ("Lovesac") are hereby notified that a settlement (the "Settlement") has been reached as to claims asserted in the above-captioned consolidated shareholder derivative action pending in a federal court in Connecticut (the "Derivative Action") on behalf of Lovesac against certain of its current or former directors and officers. The terms of the proposed Settlement, which is subject to court approval, are set out in a Settlement Agreement¹ that has been filed with the Court.²

If the Settlement is approved (and if the approval becomes final and no longer subject to appeal), it will release and eliminate all claims that were or could have been asserted in the Derivative Action.

¹ "Settlement Agreement" means the Stipulation of Settlement dated May 19, 2025 ("Stipulation of Settlement") and the exhibits thereto.

² Unless otherwise defined herein, all defined terms shall have the same meaning as set forth in the Stipulation of Settlement.

A hearing on the Settlement has been scheduled for October 1, 2025, at 10:00 a.m. ET (the "Fairness Hearing"), before U.S. District Judge Victor A. Bolden, in the United States District Court for the District of Connecticut, 141 Church Street, New Haven, CT, 06510, in Courtroom 2.

At the Fairness Hearing, the Court will determine (i) whether to approve the proposed Settlement as fair, reasonable, and adequate and in the best interest of Lovesac and its shareholders, and (ii) whether to dismiss the Derivative Action on the merits and with prejudice, enjoin the prosecution of all related claims, and release the Defendants and their related individuals and entities (defined in the Settlement Agreement as "Releasees") from all claims of the type asserted in the Derivative Action.

The Court may, in its discretion, change the date and/or time of the Fairness Hearing without further notice to you. The Court also has reserved the right to hold the Fairness Hearing by videoconference or telephonically without further notice to you. If you intend to attend the Fairness Hearing, please consult the Court's calendar for any change in date, time, or format of the Fairness Hearing.

SUMMARY OF THE LITIGATION

The Derivative Action alleges breaches of fiduciary duty and other misconduct by Lovesac officers and directors arising out of, *inter alia*, Lovesac's restatement of certain of its financial statements, its admission of weaknesses in internal controls, and the publication of allegedly false or misleading statements about the company's financial results.

The Derivative Action seeks damages on behalf of Lovesac against Shawn Nelson, Andrew R. Heyer, Jack A. Krause, John Grafer, Sharon M. Leite, Vineet Mehra, Walter F. McLallen, Shirley Romig, and Donna Dellomo (collectively, the "Defendants"). The Defendants deny that the claims made in the Derivative Action have any merit.

This Notice is intended to provide only a summary of the Plaintiffs' claims in three related lawsuits that have now been consolidated into the Derivative Action. For a more detailed statement of the matters involved in the Derivative Action, reference is made to them in the Settlement Agreement, copies of which may be reviewed and downloaded at the Investor Relations page of the Company's website, <https://investor.lovesac.com>.

REASONS FOR SETTLEMENT

Subject to the completion of due-diligence discovery, Plaintiffs and their counsel believe that the proposed Settlement is fair, reasonable, and adequate and in the best interests of Lovesac and its shareholders. They reached this conclusion after considering: (i) the claims asserted against the Defendants and the potential defenses to those claims, (ii) the substantial benefits that Lovesac would receive from the Settlement, and (iii) documents and other information concerning the facts and circumstances that gave rise to the claims.

Defendants expressly deny that Plaintiffs' claims have any merit or that pursuit of such claims would be in the best interests of Lovesac or its shareholders. They expressly deny all assertions of wrongdoing or liability arising out of any of the conduct, statements, acts, or omissions that were, could have been, or could be asserted against them in the Derivative Action.

Lovesac considers the terms of the proposed Settlement to be in the best interests of Lovesac and its shareholders. As discussed below, the proposed Settlement confers substantial benefits on Lovesac.

PRINCIPAL SETTLEMENT TERMS

Settlement Relief

Subject to the terms and conditions discussed in the Settlement Agreement, Lovesac will adopt, implement, and maintain certain corporate governance reforms (the “Reforms”) for at least four years. The Reforms include, subject to the terms and conditions in the Settlement Agreement, (i) creation of a Disclosure Committee, (ii) improvements in internal controls and compliance functions, (iii) executive reporting requirements, (iv) improvements to financial reporting, (v) establishment of a management-level Enterprise Risk Management Committee, (vi) enhancements to the Company’s evaluation of corporate governance, (vii) improvements to director education and employee training in risk assessment and compliance, and (viii) enhancements to the positions of Chief Financial Officer and General Counsel and the roles of the Audit Committee and Internal Audit. You can review the full set of Reforms, which are set out in Exhibit F of the Settlement Agreement, on the Investor Relations page of Lovesac’s website, <https://investor.lovesac.com>. If the Court grants final approval to the Settlement, the Reforms will confer substantial benefits on Lovesac and its shareholders. Plaintiffs’ efforts were substantial and material factors in causing Lovesac to agree to the Reforms.

Release

The Settlement Agreement, if approved and no longer subject to appeal, will result in a release of all claims that (i) arise directly or indirectly from the Operative Facts and were, could have been or could be asserted by or on behalf of Lovesac and/or (ii) all claims that were, could have been, or could be asserted in the Derivative Action through the date of final approval of the Settlement against Defendants (and related persons and entities defined in the Settlement Agreement as “Releasees”). Court approval of the settlement will also result in an injunction and order barring the prosecution of any such claims against any of the Releasees. The full release provisions (including all of their relevant definitions) are set out the Settlement Agreement, which is available on the Investor Relations page of Lovesac’s website, <https://investor.lovesac.com>.

STATUS OF SETTLEMENT

The Court preliminarily approved the proposed Settlement on June 3, 2025, finding that it is within the range of possible approval and that notifying Lovesac’s shareholders and scheduling a Fairness Hearing for final approval of the proposed Settlement were warranted.

The Court has not made (and will not make in connection with its consideration of the proposed Settlement) any determination about the merits of any of the claims or defenses in the Derivative Action. This notice does not imply that any Defendant (or any other Releasee) would be found liable or that relief would be awarded if the Derivative Action were not being settled.

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ATTORNEYS’ FEES AND EXPENSES

In consideration of the substantial benefits conferred upon Lovesac and its shareholders, and subject to the Court’s approval, Lovesac has agreed to pay or cause its insurers to pay \$335,000 in attorneys’ fees and expenses to Co-Lead Counsel, out of which sum \$2,500 will be paid to each of the three Plaintiffs.

YOUR RIGHT TO OBJECT AND TO APPEAR AT THE FAIRNESS HEARING

If you agree that the proposed Settlement should be approved as fair, reasonable, and adequate and in the best interests of Lovesac and its shareholders, you do not need to do anything. However, if you wish to object to any aspects of the proposed Settlement, you may submit a written objection on your own (or through an attorney you hire at your own expense), and you (or your attorney, if you have hired one) may appear at the Fairness Hearing. **YOUR OBJECTION MUST BE RECEIVED BY THE COURT AND THE COUNSEL IN THE CASE BY NO LATER THAN SEPTEMBER 5, 2025 AS FOLLOWS:**

File with the Court:

Clerk of Court
United States District
Court for the District of
Connecticut
141 Church Street
New Haven, CT 06510

Serve on Co-Lead Counsel for Plaintiffs:

Seth D. Rigrodsky
Timothy J. MacFall
Vincent A. Licata
Samir Aougab
Rigrodsky Law, P.A.
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Timothy Brown
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The Brown Law Firm P.C.
767 Third Ave., Suite 2501
New York, NY 10017
(516) 922-5427
tbrown@thebrownlawfirm.net
shashmi@thebrownlawfirm.net

Serve on Counsel for Lovesac and Defendants:

Stephen D. Hibbard
Brooke G. Gottlieb
Proskauer Rose LLP
11 Times Square
New York, NY 10036
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shibbard@proskauer.com
bgottlieb@proskauer.com

The Preliminary Approval Order sets out the procedures that you must follow if you want to object and if you want to appear at the hearing.

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PRELIMINARY INJUNCTION

Pending final determination of whether to approve the Settlement Agreement, the Court has preliminarily barred and enjoined holders of Lovesac's common stock and other equity securities and individuals and entities related to them (including anyone purporting to act on behalf of or derivatively for any of them) from filing, commencing, prosecuting, intervening in, participating in or receiving any benefits or other relief from, any other lawsuit, arbitration or administrative, regulatory or other proceeding against any Releasees in any forum based on or relating to claims that will be released or barred by the Settlement Agreement if the Court approves it (including all claims that may be brought in a derivative capacity on behalf of Lovesac).

QUESTIONS REGARDING THE PROPOSED SETTLEMENT

Please do not write or telephone the Court or Defendants about the proposed Settlement. If you have any questions, you should contact the Plaintiffs' Co-Lead Counsel: Vincent A. Licata at Rigrodsky Law, P.A., 825 East Gate Boulevard, Suite 300, Garden City, NY 11530, Telephone: (516) 683-3516, or Timothy Brown at The Brown Law Firm, P.C., 767 Third Avenue, Suite 2501, New York, NY 10017, Telephone: (516) 922-5427.

June 6, 2025

BY ORDER OF THE COURT:

THE HONORABLE VICTOR A. BOLDEN

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

IN RE THE LOVESAC COMPANY
DERIVATIVE LITIGATION

Lead Case No. 3:24-cv-01260-VAB

This Document Relates to:

ALL ACTIONS

**SUMMARY NOTICE OF
PROPOSED SETTLEMENT OF
SHAREHOLDER
DERIVATIVE ACTION**

TO: ALL PERSONS OR ENTITIES WHO HOLD OR BENEFICIALLY OWN COMMON STOCK OF THE LOVESAC COMPANY AS OF MAY 19, 2025 (“SECURITIES HOLDERS”).

PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED BY THIS LAWSUIT.

YOU ARE HEREBY NOTIFIED that the parties to the above-caption consolidated shareholder derivative action (the “Derivative Action”) have reached an agreement to settle the Derivative Action on the terms set out in the Stipulation of Settlement dated May 19, 2025 (“Stipulation of Settlement” and, with its exhibits, the “Settlement Agreement”). The agreement is subject to approval by the United States District Court for the District of Connecticut (the “Court”).

The Derivative Action asserts claims against the Defendants¹ for breach of fiduciary duty and other violations of law in connection with, *inter alia*, Lovesac’s restatement of certain of its financial statements, its admission of weaknesses in certain internal controls, and the publication of allegedly false or misleading statements about the company’s financial results. This Action is different from the separate securities class action because the securities class action seeks relief for certain shareholders who bought Lovesac stock, while this Action seeks relief for Lovesac itself.

Defendants deny all claims that Plaintiffs have asserted and deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions that were or could have been alleged in the Derivative Action. Nevertheless, Defendants have concluded that it is desirable for all concerned that the Derivative Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Settlement Agreement.

Under the proposed Settlement, Lovesac agrees to implement and maintain certain corporate governance reforms outlined in Exhibit F to the Settlement Agreement (the “Reforms”). Lovesac will maintain the Reforms for at least four years, subject to certain conditions in the Settlement Agreement. The Settling Parties agree that Plaintiffs’ efforts, demands, and actions were substantial and material factors in Lovesac’s agreement to implement and maintain the Reforms and that the Reforms confer a substantial benefit on Lovesac and its shareholders.

¹ All capitalized terms not otherwise defined here have the definitions as set forth in the Settlement Agreement.

Lovesac also agrees to pay or cause its insurers to pay attorneys’ fees and expenses to Plaintiffs’ Co-Lead Counsel in the total amount of \$335,000 (the “Attorneys’ Fees and Expenses Award”), subject to the Court’s approval. As part of the Settlement, Plaintiffs will each receive a Service Award of \$2,500, to be paid out of the Attorneys’ Fees and Expenses Award, again subject to the Court’s approval.

On October 1, 2025, at 10:00 a.m., the Honorable Victor A. Bolden, United States District Judge for the District of Connecticut, will hold a hearing (the “Fairness Hearing”) at the United States District Court, 141 Church Street, New Haven, CT 06510, in Courtroom 2, to determine whether to approve the proposed Settlement as fair, reasonable, and adequate and whether to approve the proposed Attorneys’ Fees and Expenses Award. The Court might change the date or format of the hearing and could decide to hold it by videoconference or telephone. Please check the Court’s website for any updates if you plan to attend the hearing.

Because the Derivative Action is not a class action, no Securities Holder is entitled to receive any individual compensation from the Settlement (except as provided in connection with the Service Award to Plaintiffs).

This Summary Notice provides only a summary of certain provisions of the Settlement Agreement. It is not a complete statement of the events underlying the Derivative Action or the terms of the Settlement. This Summary Notice should be read in conjunction with, and is qualified by reference to, the full text of the Settlement Agreement, including the full Notice. For additional information about the claims in the Derivative Action and the terms of the proposed Settlement, you may inspect the Settlement Agreement and other papers at the Clerk’s office at the Court during regular business hours or through the Court’s electronic filing system. The Settlement Agreement is also posted on the Investor Relations page of Lovesac’s website, <https://investor.lovesac.com>. You can obtain additional information about the Settlement and the Settlement Agreement by contacting Plaintiffs’ Co-Lead Counsel: Vincent A. Licata at Rigrodsky Law, P.A., 825 East Gate Boulevard, Suite 300, Garden City, NY 11530, Telephone: (516) 683- 3516, or Timothy Brown at The Brown Law Firm, P.C., 767 Third Avenue, Suite 2501, New York, NY 10017, Telephone: (516) 922-5427.

You may enter an appearance before the Court, at your own expense, individually or through counsel of your choice, but you are not required to do so. If you want to object to any aspect of the Settlement at or before the Fairness Hearing, you must be a Securities Holder and you must comply with the procedures for objecting as set forth in the Settlement Agreement and the full Notice. **Any objection to the Settlement must be filed with the Clerk of Court and received by Co-Lead Counsel and Defendants’ Counsel no later than September 5, 2025**, in accordance with the procedures set forth in the Settlement Agreement. Any notices of appearance by you or your personal counsel must also be filed and received by **July 16, 2025**.

Any Securities Holder who fails to object in accordance with those procedures will be bound by the Order and Final Judgment if the Court grants final approval to the Settlement and the release of claims, will be deemed to have waived the right to object (including the right to appeal), and will be forever barred, in this or any other proceeding, from raising such objections.

PLEASE DO NOT CALL THE COURT OR DEFENDANTS WITH QUESTIONS ABOUT THE SETTLEMENT.
