



2nd Quarter Investor Update

August 14, 2023



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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 the novel coronavirus (“COVID 19”) public health crisis on matters including U.S. and local economies, our business operations and continuity, the availability of corporate financing, the health and productivity of our associates, the ability of third-party providers to continue uninterrupted service, and the regulatory environment in which we operate; our ability to sustain recent growth rates in portions of our business; our ability to restructure operations and achieve profitability; our ability to manage the growth of our operations over time; our ability to maintain, grow and enforce our brand and trademark rights; our ability to improve our products and develop new products; our ability to execute on and realize the benefits of our strategic priorities; our ability to obtain, grow and enforce intellectual property related to our business and avoid infringement or other violation of the intellectual property rights of others; our ability to successfully expand operations; 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. 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 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 professional 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 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.



Craft Digital Can Printing

Digital Can Printing is revolutionary for our customers:

- 100% recyclable unlike shrink sleeves and stickers
- Higher resolution graphics
- Lower minimums volumes
- Lower working capital investment

Digitally printed cans elevate marketing and is now a critical tool required to win in a crowded space



How is Digital Can Printing Revolutionary?

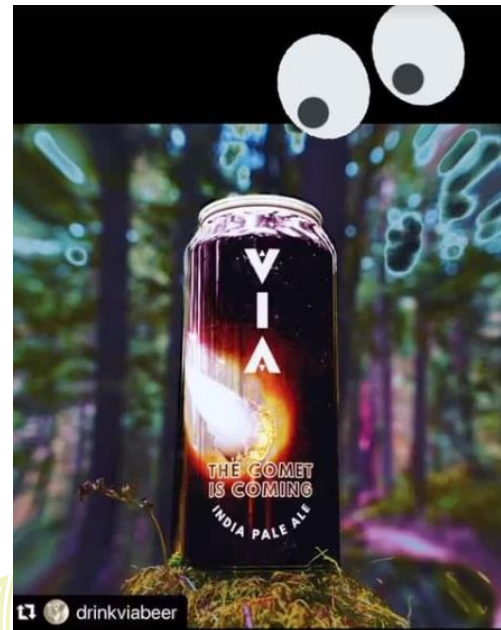
Extensive pallet of design options which allows brands to more effectively tell their story



Tactile packaging brings second sensory element



Shorten product development lead times

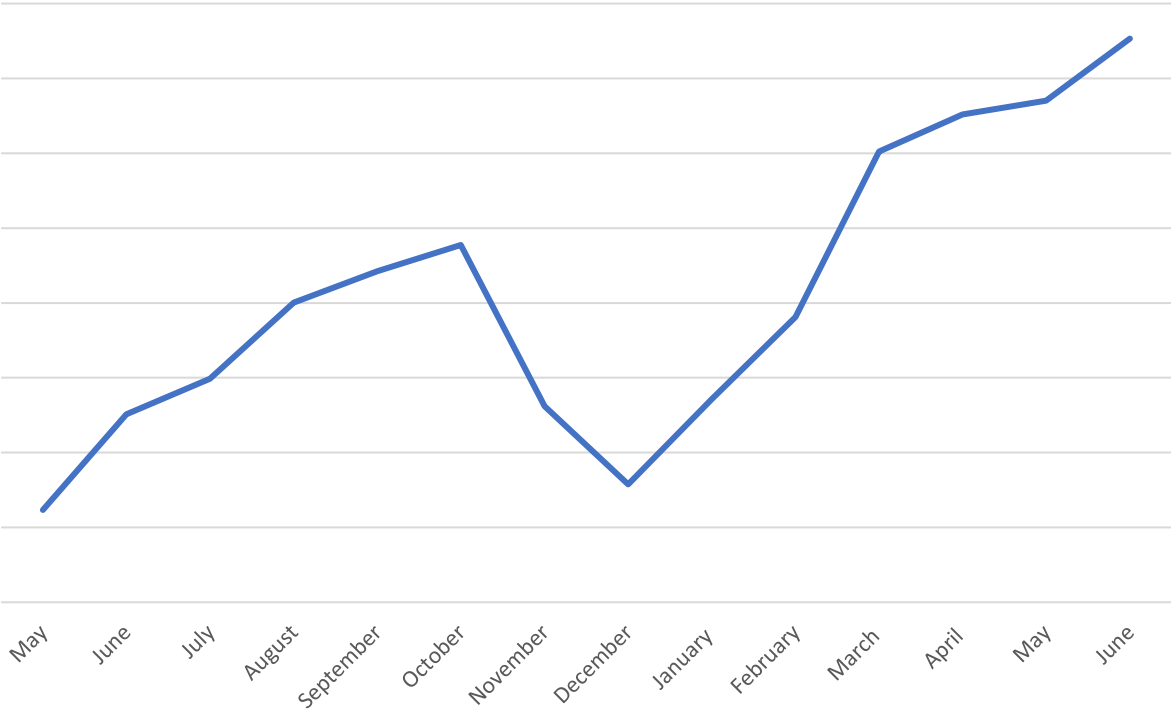


Once and done limited edition elevates price points



Are Customers Adopting?

Monthly Cans Printed Since Inception



12 Million Cans Printed



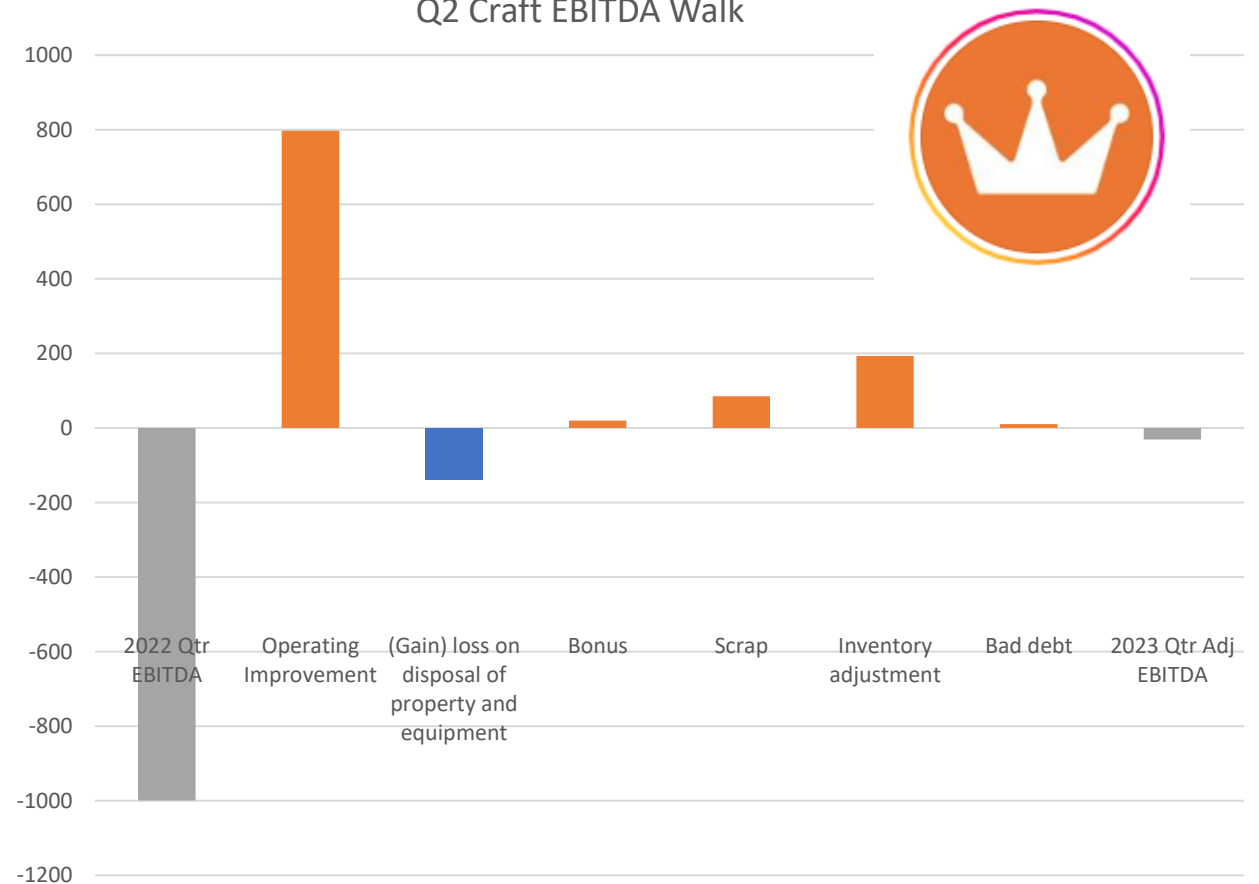
Craft EBITDA Walk

Craft Sales **increased +43%** for the quarter vs the prior year

EBITDA was **-\$201k** for the quarter down from a **-\$1m** EBITDA loss in the prior year

Craft generated **positive EBITDA in the month of June** reaching volume milestones in digital printing; adding back noncash items and unplanned scrap Craft would have generated positive cash flow for the quarter

Q2 Craft EBITDA Walk



Spirits Investment Challenge

History of **large-scale ineffective** investment in branding and marketing

Sales **over-paying for distribution** due to lack of selling tools

Back to basics approach including **sku rationalization** and **testing** individual brand tactics

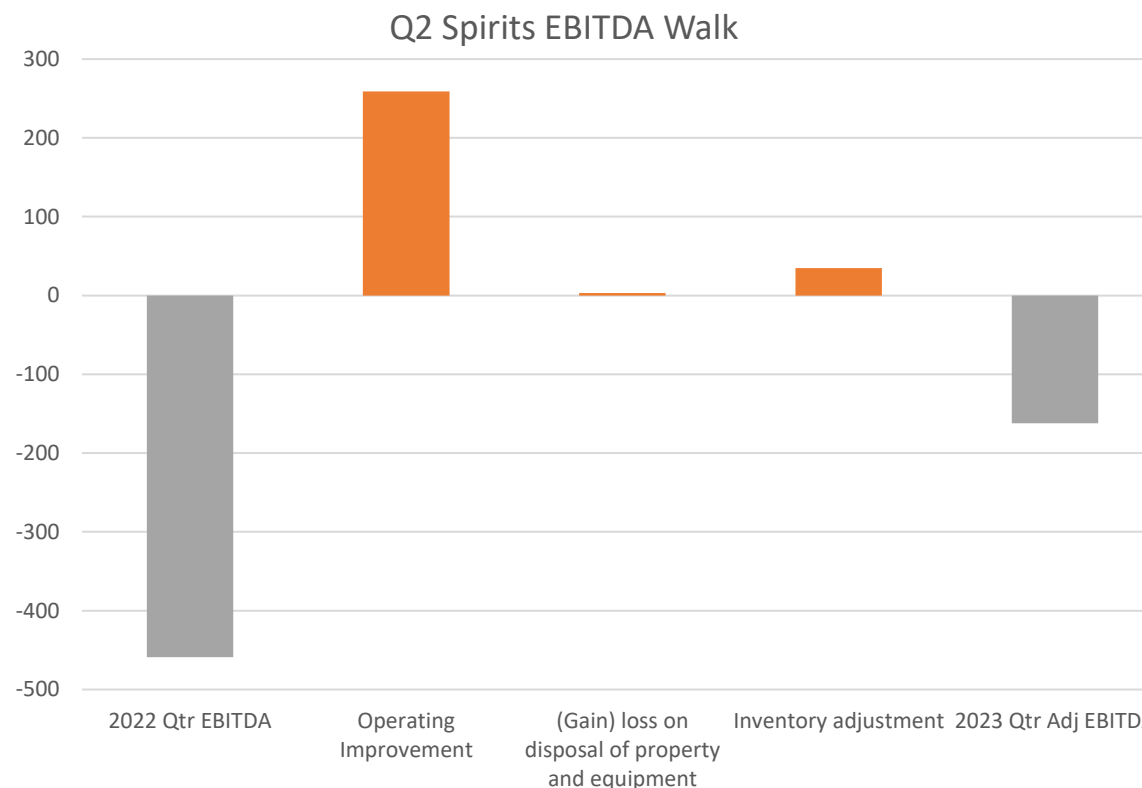


Spirits Q2 Adjusted EBITDA Walk

Spirits improvement in in EBITDA was substantial in Q2 with a 57% improvement vs prior year excluding bulk inventory sales last year

Our goals are:

- 1) Invest in marketing that has been tested and works
- 2) Improve our cost position
- 3) Positive EBITDA for spirits



2nd Quarter Consolidated Financial Review

Consolidated Sales **increased +8%** for the quarter excluding bulk spirit sales in 2022

Net Income and EBITDA losses were **reduced by half** compared to the prior year

EBITDA improved by over \$1.2m in the quarter

Improved liquidity by \$1.3m and engaged debt holders and working to finalize a debt for equity exchange



For Additional Information Please Visit:

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