

# LOVESAC<sup>®</sup>

Designed for Life<sup>™</sup> Furniture Co.

February 24, 2020

Naperville City Council  
400 South Eagle Street  
Naperville, IL 60540

RE: The Lovesac Company

Dear City Council,

This letter is in regard to our proposed variance approval for adding a store in the first floor retail space at 12 West Jefferson Street. While we were unanimously approved at the city planning commission hearing, I want to provide additional commentary on our business and ability to generate meaningful tax revenue for the City of Naperville.

The Lovesac Company is a publicly traded (NASDAQ: LOVE) of sectional, modular couches and foam-filled beanbags in addition to other home furnishing accessories such as blankets, pillows, coasters and technology hubs which can be source power for electronics. Based on recent SEC filings, the company derives 80% of its business from stores and 20% from ecommerce. Our stores are typically located in the best shopping venues in the U.S. as can be noted on our website.

The stores range from 1,000-1,500 square feet and generate seven-figure sales, on average, making them highly sought after by landlords and developers. Sales are generated in-store as our managers are incentivized to achieve sales targets which are directly tied to their personal bonus. The average ticket is \$2,000, and the reported fiscal 2019 same-store-sales through the third quarter were +27.1%, driven largely by the first national television advertising campaign. As such, the City of Naperville stands to benefit directly from the meaningful tax revenue derived from the Lovesac location for years to come.

Finally, there is an environmental ethos that guides the company. We believe that we should preserve the Earth for our children, and our studies show that the average household in the U.S. will buy and dispose of four couches during their lifetime, many of which are deposited into landfills. Our couches are designed for life whereby consumers can wash the covers, purchase new ones, and add sections over time as their needs change. Furthermore, the average size couch contains upholstery comprised of over 1,000 recycled plastic bottles, and we are working toward designing fabric covers that are, as well.

We appreciate the Council's review of this letter and our brand, and we look forward to a positive outcome from the meeting.

Best regards,



Clary H. Groen  
Vice President of Real Estate