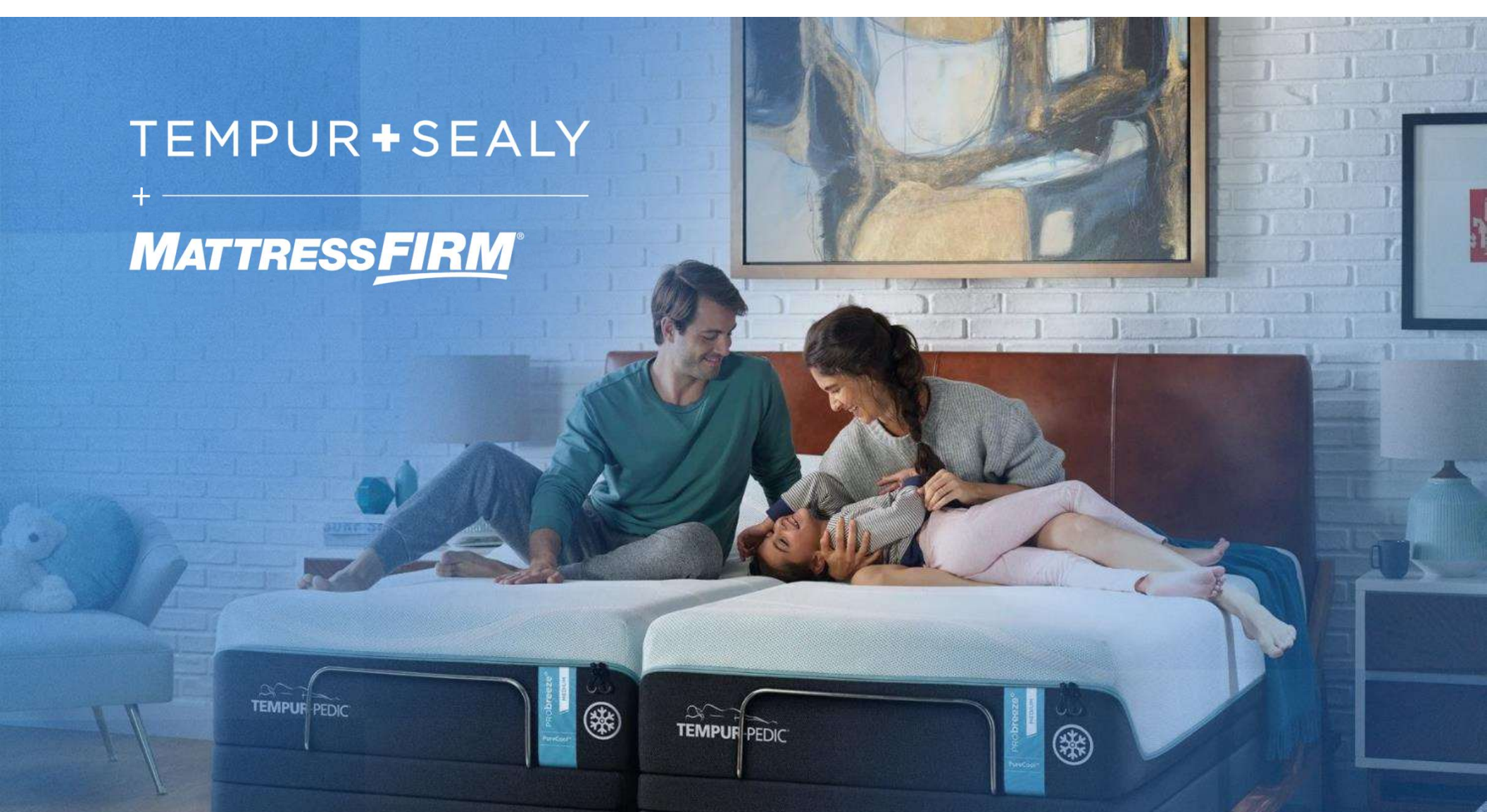


TEMPUR+SEALY
+
MATTRESSFIRM®



Tempur Sealy International (TPX) to Acquire Mattress Firm

May 9, 2023

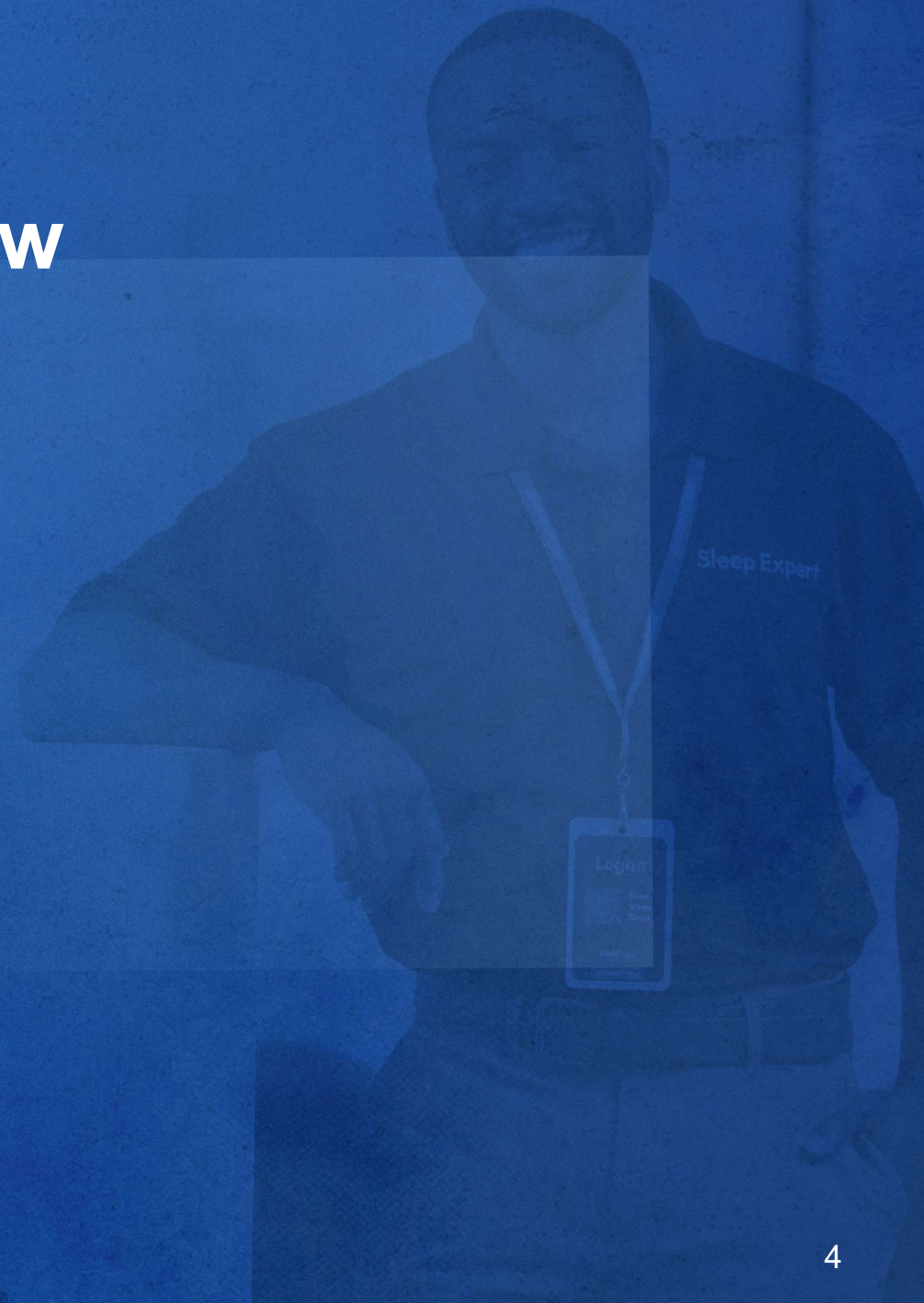
Transaction Summary

Consideration	• Total purchase price of approximately \$4.0B comprising: • \$2.7B of cash consideration • \$1.3B of stock consideration, based on 34.2M shares issued at \$37.62 per share as of the closing share price on May 8, 2023
Pro Forma Ownership¹	• 83.4% TPX shareholders • 16.6% Mattress Firm shareholders
Financial Impact	• Accretive to adjusted EPS² in Year 1 • Increased operating cash flow in Year 1 • Cost synergies of \$100M by Year 4³
Financing	• Expect to fund the cash payment to Mattress Firm shareholders and to repay Mattress Firm's debt using a combination of cash on hand and proceeds from new senior secured and senior unsecured debt • Net leverage to be between 3.0x-3.25x at closing after giving effect to the transaction. Expect to return to target leverage ratio range of 2.0x-3.0x in the first twelve months after closing.³ • Deleveraging driven by expected strong operating cash flow and adjusted EBITDA² growth
Management and Governance	• Mattress Firm to be operated as a separate business unit within the Company • TPX Board to be expanded to include 2 Mattress Firm directors
Timing and Approvals	• Anticipated to close in the second half of 2024 • Subject to the satisfaction of customary closing conditions, including applicable regulatory approvals • Substantially complying with an FTC Second Request and expect to work cooperatively to close the transaction

TPX Go-Forward Investment Thesis

- ✓ Leading, vertically-integrated global company with iconic brands and extensive manufacturing and direct-to-consumer capabilities
- ✓ Serves \$120 billion³ growing bedding market
- ✓ Proven historical growth through organic and inorganic initiatives
- ✓ Proven ability to successfully operate worldwide omni-channel distribution
- ✓ Legacy of disciplined capital allocation, including dividends, share repurchases, and acquisitions
- ✓ Seasoned, well-aligned management team with track record of success

MATTRESSFIRM® Overview



Mattress Firm Business Highlights

+ **Leading Omni-Channel U.S. Retailer**

2,300+ brick-and-mortar retail stores integrated with e-commerce and sleep education platforms to enable a seamless consumer purchase journey

+ **Strong Consumer Engagement**

Robust consumer touchpoints with deep insight into evolving preferences to optimize the consumer purchase journey and sustain consumer loyalty

+ **Exceptional Retail Talent**

6,200+ highly-trained retail sales associates facilitate an educational and effective end-to-end consumer purchase journey

+ **Diversified Product Offering**

Leading brands and complementary private labels provide a range of innovative consumer solutions

+ **History of Sales and Adjusted EBITDA Growth²**

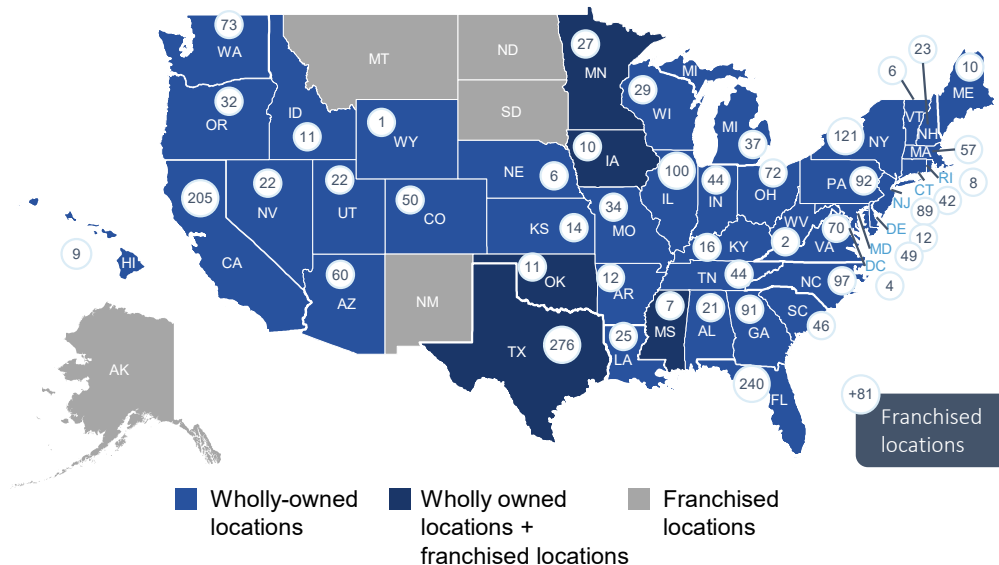
+14% sales CAGR and +53% adjusted EBITDA² CAGR from FY 2019 – FY 2022

Mattress Firm Overview

Company description

- A leading U.S. mattress specialty retailer
- Operates an integrated omni-channel platform that allows consumers to personalize their purchase journey
- #1 retailer of several leading national bedding brands and complementary private labels
- Approximate 8% share of the North America bedding industry³

Geographic footprint⁴



	Ending Store Count	Sales Per Store ⁶	Sales	Adjusted EBITDA ²	Adjusted EBITDA Margin ²	Website Visitors
FY'19 ended 10/1/2019⁵	2,534	1.2M	\$3.0B	\$153M	5.2%	27M
	-205	+0.6M	+\$1.2B	+\$279M	+520 bps	+32M
TTM ended 3/28/2023	2,329	1.8M	\$4.2B	\$432M	10.4%	59M

Trailing twelve-month performance as shown throughout this presentation is for Mattress Firm's four fiscal quarters ended 3/28/2023 and Tempur Sealy's four fiscal quarters ended 3/31/2023.

Mattress Firm's Diversified Product Offerings

Retails broad assortment of leading national brands and complementary private labels, providing a diverse range of innovative consumer solutions at broad price points

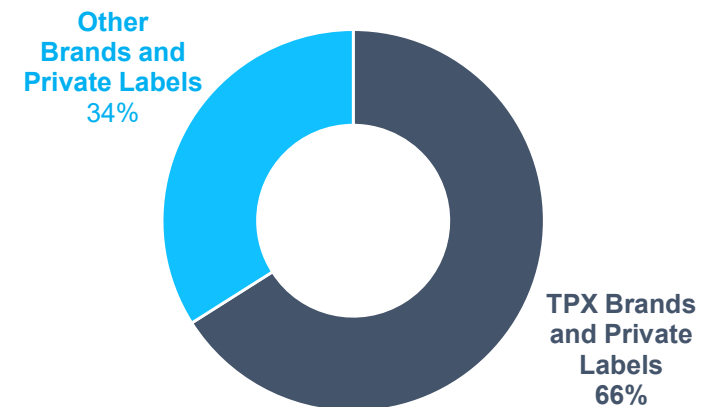
Tempur Sealy Brands and Private Label

- A leading retailer of Tempur-Pedic®, Sealy®, and Stearns & Foster® branded products
- Retails Sleepy's® private label bedding manufactured by Tempur Sealy

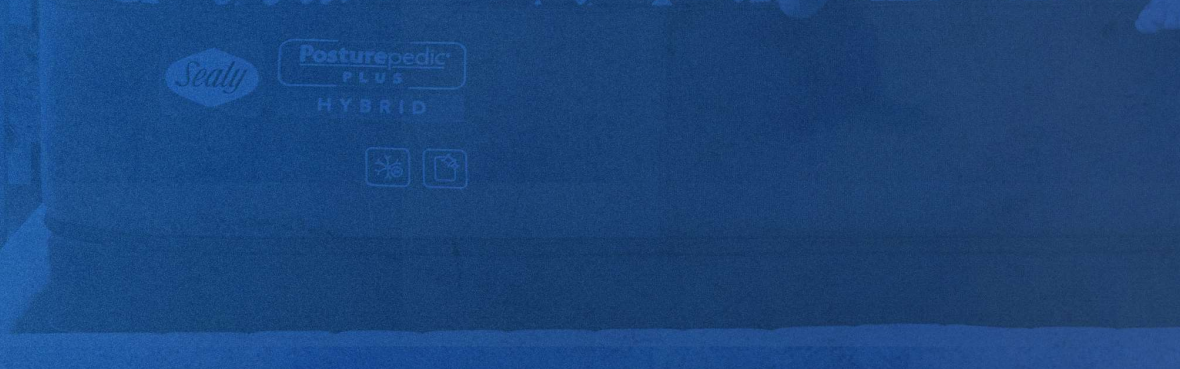
Other Leading Brands and Private Labels

- A leading retailer of Beautyrest®, Nectar®, Serta®, Simmons®, Tuft & Needle®, and Purple® branded products
- Retails Sleepy's® and tulo® private label bedding manufactured by third-party OEM

Tempur Sealy and Mattress Firm Combined Sales by Brand⁷
TTM 3/31/23



Transaction Rationale



Accelerates Direct Sales Channel Expansion

TPX North America TTM 3/31/23 Sales by Channel	Pre-Acquisition	Post Acquisition⁷
Wholesale	87%	35%
Direct	13%	65%
TPX Consolidated TTM 3/31/23 Sales by Channel	Pre-Acquisition	Post Acquisition⁷
Wholesale	77%	35%
Direct	23%	65%

Transaction Rationale

1

Expands consumer touchpoints to enhance ability to keep pace with evolving consumer preferences

2

Accelerates U.S. omni-channel strategy, enabling a seamless consumer experience

3

Simplifies consumer purchase journey, reducing friction at each touchpoint

4

Aligns new product development and testing, facilitating consumer-centric innovation

5

Streamlines operations and enhances supply chain management, resulting in operational efficiencies

6

Drives adjusted EPS² accretion

1 Expands Consumer Touchpoints

Combined consumer touchpoints enhance opportunities to keep pace with evolving consumer preferences, drive brand awareness, and broaden avenues for developing lifetime relationships with consumers



2 Accelerates Omnichannel Retail Strategy

Accelerates TPX's U.S. omni-channel strategy to enable a seamless consumer experience

	TEMPUR+SEALY North America Direct Channel	<i>MATTRESSFIRM</i>	TEMPUR+SEALY <i>MATTRESSFIRM</i>
Direct channel sales TTM 3/31/23	\$491M	\$4.2B	+849%
Brick & mortar stores As of 3/31/23	227	2,329	+1,026%
Retail sales associates As of 3/31/23	558	6,267	+1,123%
Brick- & mortar and e-commerce traffic⁸ TTM 3/31/23	29M	65M	225%

3 Simplifies Consumer Purchase Journey

Highly-trained retail and customer service teams sales associates combined with manufacturing interface, reduce friction along the purchase journey



Pre-Purchase

- **Drives awareness** through blended advertising share of voice
- **Facilitates** more targeted marketing efforts
- **Enhances consumer understanding** of bedding innovation



Point of Purchase

- **Creates an integrated omni-channel ecosystem** that meets consumers where they are
- **Combines over 6,800 retail customer service teams** highly trained to support the consumer purchase journey



Post Purchase

- **Accelerates continuous feedback loop** through sleep tracking and education apps and other platforms to enhance ongoing engagement
- **Expands customer service capabilities** to facilitate improved consumer outcomes

4 Facilitates Consumer-Centric Innovation

Aligns new product development and testing to facilitate a more targeted end-to-end innovation approach

- **Increased consumer touchpoints** drive ability to bring targeted, cutting-edge innovation to market that better aligns to consumer needs
- Provides **opportunity to invest in, test and refine product nationwide**, driving further refinement of new product throughout development process
- Aligns investments in sleep technology to **further innovation in the bedding category**
- Shared operating metrics provide for **incremental investments in innovation**

Key Innovation Focus Areas



Snoring



Support



Climate



Sleep Tracking



Natural

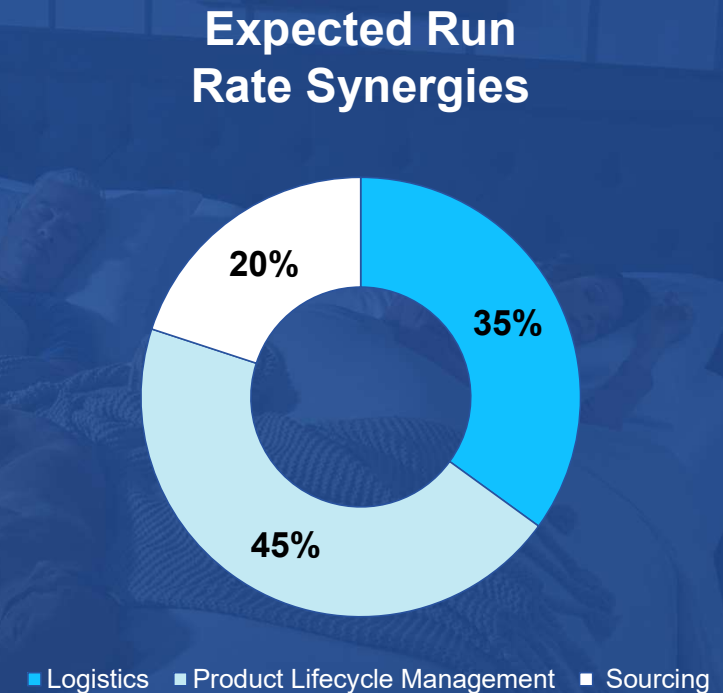


Comfort

5 Streamlines Operations and Enhances Supply Chain Management

Enhanced visibility to consumer demand creates opportunities for agile and fortified supply chain management while expanded scale and vertical integration drive operational efficiencies

- Increases scale and enhances operating metrics to drive **incremental investments in supply chain innovation**
- **Leverages the combined scale and vertically integrated infrastructure** across logistics, transportation, warehousing, supply chain planning, sourcing, and product development to drive operational efficiencies and streamline order-to-delivery



Expect to begin realizing synergies by the end of Year 2* and to achieve

\$100M
of run-rate synergies
by Year 4³

6 Drives Adjusted EPS Accretion



Acquisition expected to be **accretive to adjusted EPS²** before synergies in the first year post close



Adjusted for the impact of run-rate synergies, this acquisition is expected to deliver low **double digit adjusted EPS² accretion**

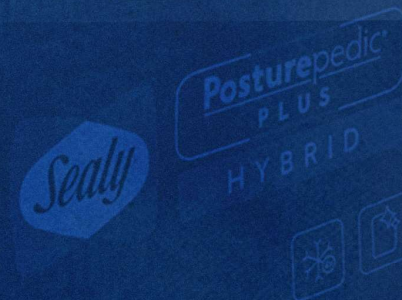


Expect run-rate **cost synergies of \$100M³**

	TEMPUR+SEALY TTM ended 3/31/23	MATTRESSFIRM TTM ended 3/28/23	TEMPUR+SEALY MATTRESSFIRM TTM ended 3/31/23
Consolidated Sales⁷	\$4.9B	\$4.2B	\$8.2B
Adjusted EBITDA²	\$855M	\$432M	\$1,287M
Capex	\$298M	\$106M	\$404M

Accretion is calculated on adjusted EPS², which excludes the impact of transaction amortization and one-time costs.

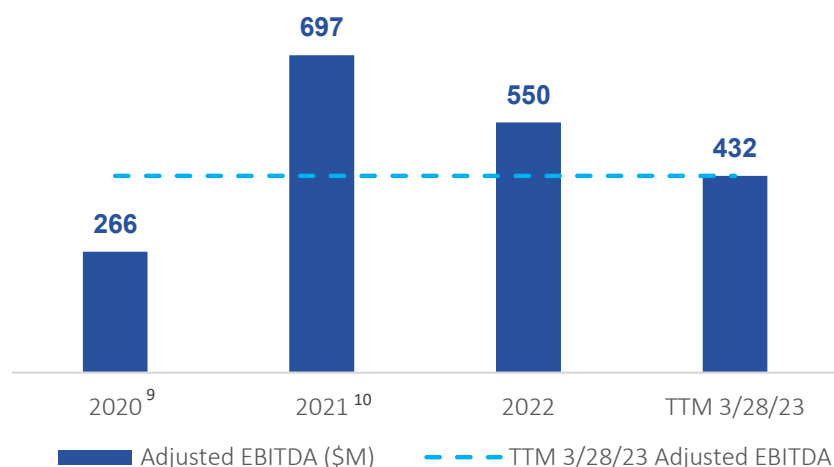
Transaction Valuation & Capital Allocation



Transaction Valuation

	MATTRESSFIRM	
	Pre-Synergies TTM ended 3/28/2023	Post Synergies TTM ended 3/28/2023
Purchase Price	\$4.0B	\$4.0B
Adjusted EBITDA²	\$432M	\$432M
Run-Rate Synergies	\$0M	\$100M
Pro Forma Adjusted EBITDA²	\$432M	\$532M
Multiple	9.3x	7.5x

Historical Adjusted EBITDA²



Pricing

- Acquisition represents 9.3x multiple pre-synergies
- See incremental go-forward opportunity as Mattress Firm moves off trough earnings and returns to growth trajectory

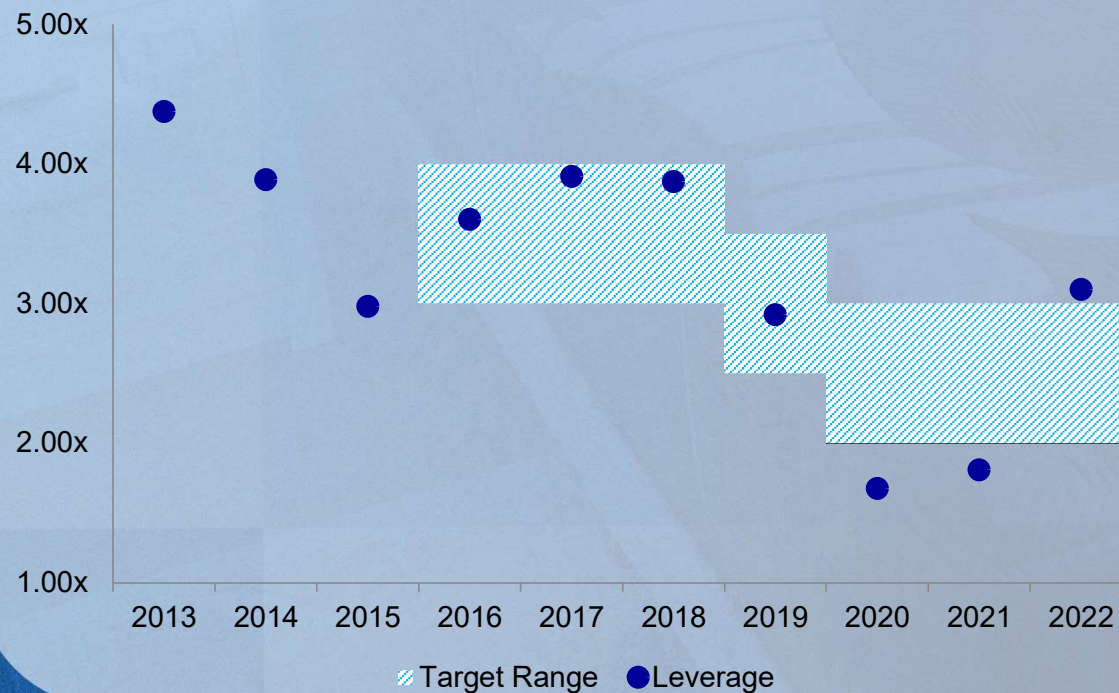


Attractive financially and strategically

Mattress Firm's fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

Historical Leverage

Net Debt to Adjusted EBITDA Leverage Ratio²

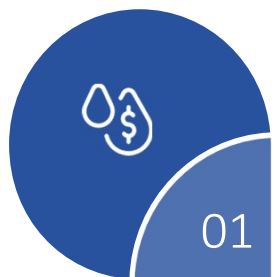


- Legacy of flexing our capital allocation strategy to align to market opportunities and macroeconomic conditions

- Timeline

- **2013** – Tempur-Pedic acquired Sealy
- **2015** – Scott Thompson joined TPX as Chairman and CEO
- **2016** – Established target leverage range

Capital Allocation Focus Areas



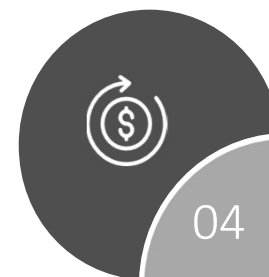
Maintain Ample Liquidity



Invest in Organic Growth



Deleverage



**Share Repurchases/
Cash Acquisitions**



Continued core investment to drive long-term growth objectives



Deleveraging supported by increased earnings and free cash flow outlook

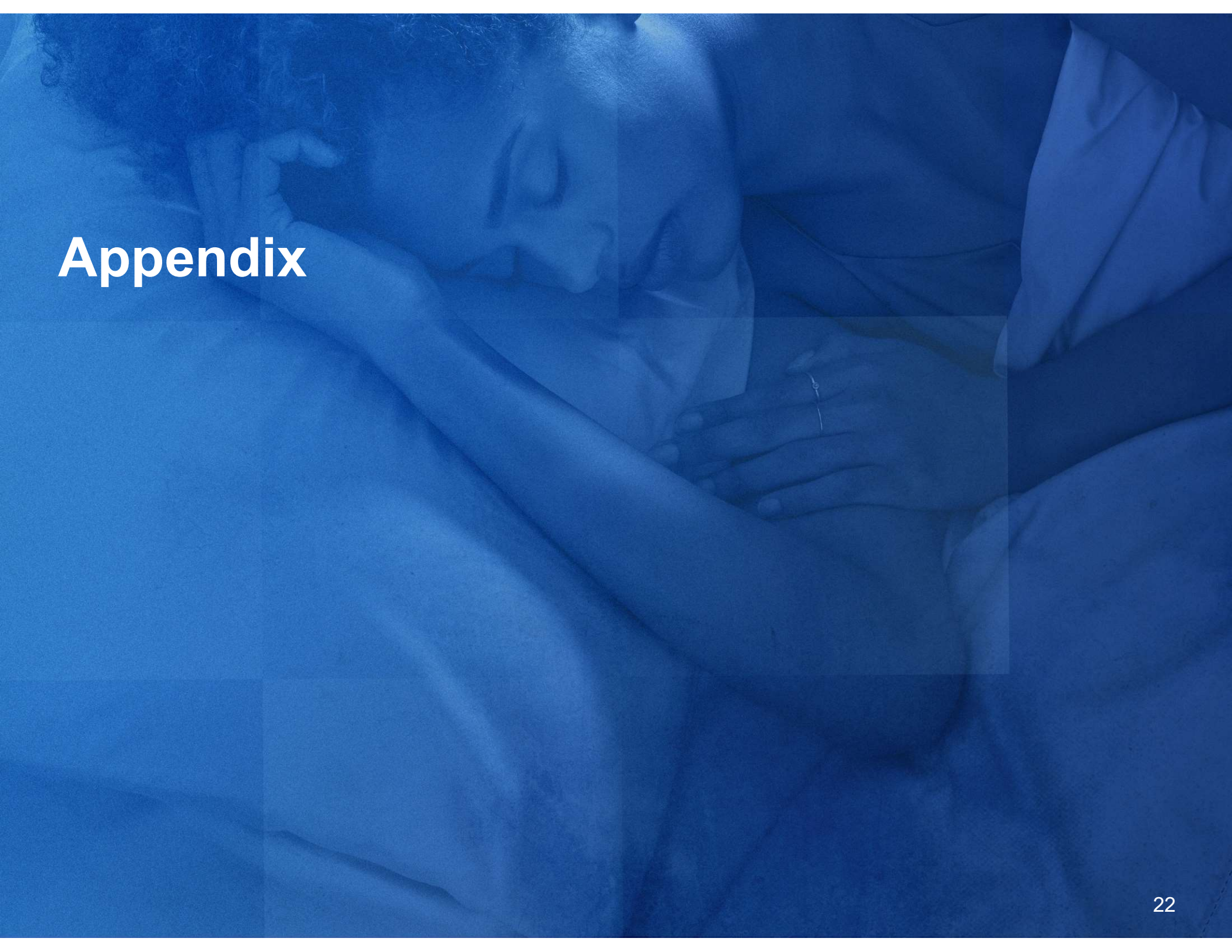


Expect to return to target net leverage range² per TPX credit agreement of 2.0x-3.0x adjusted EBITDA² within 12 months post close

TPX Go-Forward Investment Thesis

- ✓ Leading, vertically-integrated global company with iconic brands and extensive manufacturing and direct-to-consumer capabilities
- ✓ Serves \$120 billion³ growing bedding market
- ✓ Proven historical growth through organic and inorganic initiatives
- ✓ Proven ability to successfully operate worldwide omni-channel distribution
- ✓ Legacy of disciplined capital allocation, including dividends, share repurchases, and acquisitions
- ✓ Seasoned, well-aligned management team with track record of success

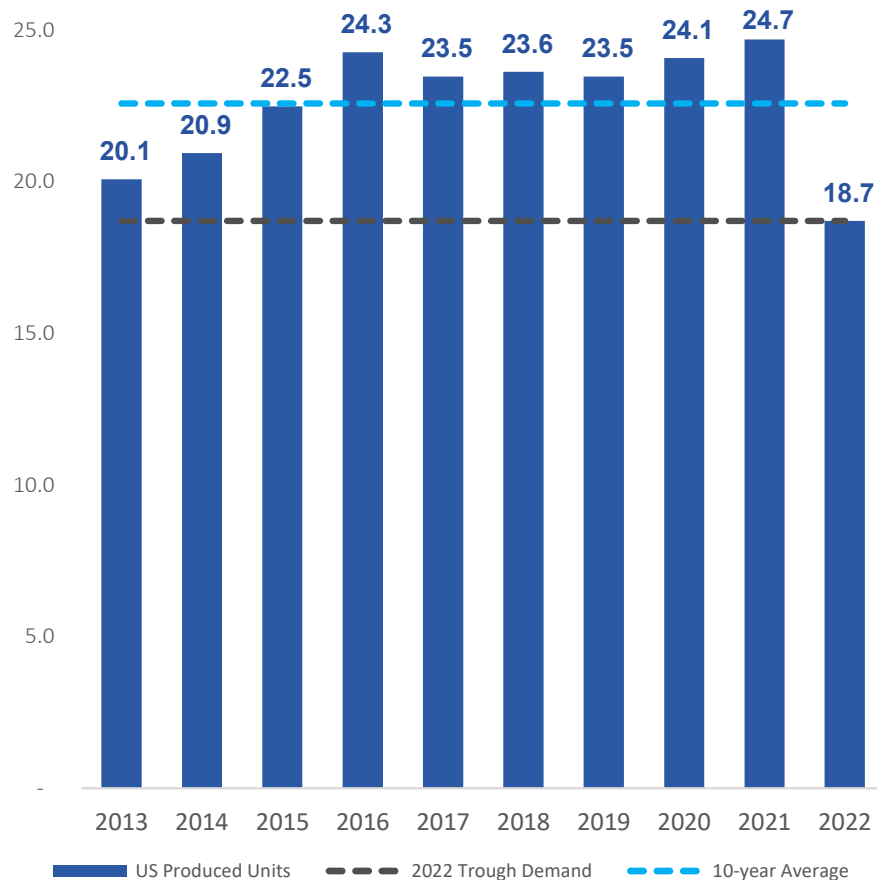


A close-up photograph of a couple embracing and kissing. The image is overlaid with a semi-transparent blue rectangle, which serves as a background for the text. The couple is shown from the chest up, with the woman's face in the foreground and the man's face partially visible behind her. They are both smiling and appear to be in a romantic moment. The lighting is soft and warm, creating a intimate atmosphere. The blue overlay is a solid, medium-blue color, covering the entire image area.

Appendix

U.S. Industry Historical Volume Trends

U.S. Produced Mattress Units (Units in millions)¹¹



- U.S. produced units declined -24% y/y to 18.7M in 2022
- 2022 saw trough unit demand, with units well below the industry 10-year average of 22.6M
- 2022 unit demand is a significant deviation from the U.S. produced mattress unit CAGR of 2.5% between 2011 - 2021
- Tempur Sealy outperformed the broader U.S. produced industry unit trends in 2022
- Anticipate U.S. produced mattress units will resume growth in the second half of 2023
- Tempur Sealy and Mattress Firm are well-positioned to continue to outperform the industry in 2023 and beyond

2022 U.S. Produced Mattress Units Y/Y Trends			
Q1	Q2	Q3	Q4
-14%	-34%	-22%	-27%

Mattress Firm Historical Financial Performance

(in millions)	FY 2020 ¹⁰	FY 2021 ¹¹	FY 2022	Average FY 2020-2022	TTM 3/28/23
Ending Storecount	2,419	2,353	2,342		2,329
Net sales	\$ 3,257	\$ 4,393	\$ 4,379	\$4,010	\$4,171
% Growth	9.9%	34.9%	(0.3%)		(8.9%)
% Comparable Growth	13.0%	36.1%	(0.2%)		(8.2%)
Adjusted EBITDA²	\$266	\$697	\$550	\$504	\$432
% Margin²	8.2%	15.9%	12.6%		10.4%
Capex	\$ 47	\$97	\$ 131	\$92	\$106
% sales	1.5%	2.2%	3.0%		2.5%

Mattress Firm's fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

Mattress Firm Non-GAAP Reconciliations

Mattress Firm Adjusted EBITDA Reconciliation

<i>(in millions)</i>	FY'20	FY'21	FY'22	TTM 3/28/23
Net income (loss)	\$ 125.6	\$ (165.1)	\$ 533.1	\$ 386.7
Interest expense, net	122.3	54.6	71.9	89.6
Remeasurement of embedded derivatives ⁽¹⁾	(131.7)	—	—	—
Loss on extinguishment of debt ⁽²⁾	—	490.3	—	—
Income tax expense (benefit)	45.7	17.6	(172.8)	(186.8)
Depreciation and amortization	70.8	61.0	81.1	86.7
EBITDA	\$ 232.7	\$ 458.4	\$ 513.3	\$ 376.2
Adjustments:				
Impairment of goodwill and intangible assets ⁽³⁾	—	47.2	1.1	1.4
Impairment of property and equipment and operating right-of-use assets and loss on disposal of property and equipment ⁽⁴⁾	15.0	8.6	11.7	21.9
Inventory reconfiguration initiative ⁽⁵⁾	8.6	—	—	—
Special bonus and director fees ⁽⁶⁾	—	151.9	—	—
Offering costs ⁽⁷⁾	—	3.1	6.8	0.6
Strategic initiatives ⁽⁸⁾	7.4	24.7	10.8	21.3
Restructuring costs ⁽⁹⁾	1.8	3.5	3.9	4.1
Legal settlement ⁽¹⁰⁾	—	—	(4.5)	(5.8)
Amortization of cloud computing arrangements ⁽¹¹⁾	—	—	6.0	11.9
Other ⁽¹²⁾	—	—	0.6	0.6
Adjusted EBITDA	\$ 265.5	\$ 697.4	\$ 549.7	\$ 432.2

Mattress Firm's fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

Mattress Firm Non-GAAP Reconciliations

- (1) In 2020, Mattress Firm recorded a \$131.7 million gain for the remeasurement of the fair value of embedded derivatives within their 2018 Term Loan and 2018 PIK Loan. This gain resulted from changes in their assumptions related to the timing of certain future events which impacted prepayment features within the loans, as they expected to refinance these loans in 2021.
- (2) In 2021, Mattress Firm recorded a \$490.3 million loss on extinguishment of debt associated with their 2018 PIK Loan, 2018 Term Loan, 2018 ABL Facility, 2020 Term Loan and 2020 ABL Facility.
- (3) In 2021, Mattress Firm recorded a \$47.2 million goodwill impairment charge related to a decline in the long-term forecast for their Other Business reporting unit. The decline was driven by the prolonged impact of COVID-19, which delayed the return of their events and expositions operations, and the impact of a strategic shift in the reporting unit's operations to align with their omni-channel strategy.
- (4) Mattress Firm recorded impairment charges on property and equipment and operating lease right-of-use assets for underperforming stores, and losses on disposal of property and equipment for store closings. In the aggregate, they recorded \$15.0 million, \$8.6 million, \$11.7 million and \$21.9 million in 2020, 2021, 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (5) In 2020, Mattress Firm recorded \$8.6 million of charges for the reconfiguration of inventory slots in their brick-and-mortar showrooms for new product introductions. Costs incurred included inventory liquidation charges and sales associate incentives.
- (6) In 2021, Mattress Firm recorded a \$151.9 million charge for discretionary performance bonuses paid to their eligible employees and non-employee directors, in lieu of adjustments to their outstanding RSU awards. These bonuses related to the exit of bankruptcy and post-restructuring transformation.
- (7) Mattress Firm incurred direct costs associated with an initial public offering strategy and related S-1 filing. They recorded \$3.1 million, \$6.8 million and \$0.6 million of these costs in 2021, 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (8) Mattress Firm incurred costs related to the exploration and development of strategic initiatives and opportunities. They recorded \$7.4 million, \$24.7 million, \$10.8 million and \$21.3 million in 2020, 2021, 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (9) Mattress Firm recorded restructuring costs associated with headcount reductions. They recorded \$1.8 million, \$3.5 million, \$3.9 million and \$4.1 million in 2020, 2021, 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (10) Mattress Firm recorded gains of \$4.5 million and \$5.8 million for cash received in legal settlements in 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (11) Mattress Firm recorded \$6.0 million and \$11.9 million of amortization expense for capitalized cloud computing implementation costs in 2022 and the trailing twelve months ended March 28, 2023, respectively.
- (12) Mattress Firm recorded \$0.6 million in fair value adjustments to their convertible notes and non-performance warrants in 2022 and the trailing twelve months ended March 28, 2023, respectively.

Mattress Firm's fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

Tempur Sealy Non-GAAP Reconciliations

<i>(in millions)</i>		Trailing Twelve Months Ended
		March 31, 2023
Net income	\$	410.3
Interest expense, net		114.9
Income tax provision		105.4
Depreciation and amortization		182.2
EBITDA	\$	812.8
Adjustments:		
Loss from discontinued operations, net of tax ⁽¹⁾		0.4
ERP system transition ⁽²⁾		18.7
Restructuring costs and other ⁽³⁾		15.2
Operational start-up costs ⁽⁴⁾		8.2
Adjusted EBITDA	\$	855.3
Consolidated indebtedness less netted cash	\$	2,772.7
Ratio of consolidated indebtedness less netted cash to adjusted EBITDA		3.24 times

- (1) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2019 Credit Agreement. Therefore, these subsidiaries are excluded from our adjusted financial measures for covenant compliance purposes.
- (2) In the trailing twelve months ended March 31, 2023, we recognized \$18.7 million of charges related to the transition of our ERP system, including labor, logistics, training and travel.
- (3) In the trailing twelve months ended March 31, 2023, we recognized \$15.2 million of restructuring costs primarily associated with professional fees to explore strategic acquisition opportunities and headcount reductions related to organizational changes.
- (4) In the trailing twelve months ended March 31, 2023, we recognized \$8.2 million of operational start-up costs related to the capacity expansion of our manufacturing and distribution facilities in the U.S., including personnel and facility related costs.

Forward-Looking Statements

This presentation contains statements that may be characterized as “forward-looking” within the meaning of the federal securities laws. Such statements might include information concerning one or more of the Company’s plans, objectives, goals, strategies, and other information that is not historical information. When used in this release, the words “will,” “targets,” “expects,” “anticipates,” “estimates,” and variations of such words or similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company’s expectations regarding its quarterly cash dividend, share repurchases, adjusted EPS, net leverage, future performance, cost synergies, ability to deleverage after the transaction, integration with our business, personnel and the impact of the anticipated acquisition on the Company’s brands, products, customer base, results of operations, or financial position. Any forward-looking statements contained herein are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations or that these beliefs will prove correct.

Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from any that may be expressed herein as forward-looking statements. These potential risks include risks associated with Mattress Firm’s ongoing operations; the ability to successfully integrate Mattress Firm into Tempur Sealy’s operations and realize synergies from the transaction; the possibility that the expected benefits of the acquisition are not realized when expected or at all; general economic, financial and industry conditions, particularly conditions relating to the financial performance and related credit issues present in the retail sector, as well as consumer confidence and the availability of consumer financing; the impact of the macroeconomic environment in both the U.S. and internationally on Mattress Firm and the Company; uncertainties arising from national and global events; industry competition; the effects of consolidation of retailers on sales and costs; and consumer acceptance and changes in demand for Mattress Firm’s and the Company’s products the factors discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. There may be other factors that may cause the Company’s actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Use of Non-GAAP Financial Information – Tempur Sealy

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted EBITDA, adjusted EPS, net debt, and net leverage, which are not recognized terms under U.S. Generally Accepted Accounting Principles (“GAAP”) and do not purport to be alternatives to net income and earnings per share as a measure of operating performance, an alternative to cash provided by operating activities as a measure of liquidity, or an alternative to total debt. The Company believes these non-GAAP measures provide investors with performance measures that better reflect the Company's underlying operations and trends, including trends in changes in margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments management makes to derive the non-GAAP measures include adjustments to exclude items that may cause short-term fluctuations in the nearest GAAP measure, but which management does not consider to be the fundamental attributes or primary drivers of the Company's business.

The Company believes that exclusion of these items assists in providing a more complete understanding of the Company's underlying results from continuing operations and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its consolidated and business segment performance compared to prior periods and the marketplace, to establish operational goals and management incentive goals, and to provide continuity to investors for comparability purposes. Limitations associated with the use of these non-GAAP measures include that these measures do not present all the amounts associated with the Company results as determined in accordance with GAAP. These non-GAAP measures should be considered supplemental in nature and should not be construed as more significant than comparable measures defined by GAAP. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies. For more information regarding the use of these non-GAAP financial measures, please refer to the reconciliations on the following pages and the Company's SEC filings.

Adjusted EBITDA

A reconciliation of the Company's GAAP net income to adjusted EBITDA per credit facility (which we refer to in this investor presentation as adjusted EBITDA) is provided on prior slides. Management believes that the use of adjusted EBITDA per credit facility provides investors with useful information with respect to the Company's operating performance and comparisons from period to period as well as the Company's compliance with requirements under its credit agreement.

Adjusted EPS

Management believes that the use of adjusted EPS provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. Forward-looking Adjusted EPS is a non-GAAP financial measure.

Net Debt

Net Debt is defined as GAAP total short- and long-term debt less cash on hand.

Net Leverage

Consolidated indebtedness less netted cash to adjusted EBITDA per credit facility, which the Company may refer to as net leverage, is calculated by dividing consolidated indebtedness less netted cash, as defined by the Company's senior secured credit facility, by adjusted EBITDA per credit facility. The Company provides this as supplemental information to investors regarding the Company's operating performance and comparisons from period to period, as well as general information about the Company's progress in managing its leverage.

Use of Non-GAAP Financial Information – Mattress Firm

While the presentation of non-GAAP financial measures is not in accordance with, or preferable to, GAAP financial data, Mattress Firm's management, board of directors and major stakeholders, as well as securities analysts and ratings agencies, use various non-GAAP financial measures, including Adjusted EBITDA and Adjusted EBITDA Margin, along with the corresponding GAAP financial measures: to assist in monitoring Mattress Firm's ongoing financial performance; including underlying results and trends; particularly in comparison with prior periods on a consistent basis; by excluding items not considered representative of our ongoing operating performance; to supplement GAAP measures of performance in evaluating the effectiveness of Mattress Firm's business strategies and budgeting and capital allocation and investment decisions; to remove items that can vary substantially from period to period, depending on accounting and tax treatments, the book value of assets and the method by which assets were acquired; to support internal planning and forecasting and establish operational goals; and to assist with executive performance evaluations and compensation.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before interest expense, net, income tax expense (benefit) and depreciation and amortization expense, as further adjusted to exclude impairment of intangible assets, impairment of goodwill, impairment of property and equipment and operating lease right-of-use assets and loss on disposal of property and equipment, loss from debt extinguishments and related adjustments to embedded derivatives, stock and other non-cash compensation, inventory reconfiguration initiative, restructuring costs, net, special bonus and director fees, offering costs, amortization of cloud computing costs, strategic initiatives, and legal settlements.

Adjusted EBITDA margin

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net revenue.

Footnotes

- 1) Pro forma ownership is based on shares outstanding at signing.
- 2) Adjusted EBITDA, adjusted EBITDA margin, adjusted EPS, net debt, and leverage are non-GAAP financial measures. Please refer to the “Use of Non-GAAP Financial Measures Information” on previous slides for more information regarding the definitions of adjusted EBITDA, adjusted EBITDA margin, adjusted EPS, net debt and leverage, including the adjustments (as applicable) from the corresponding GAAP information. Please refer to “Forward-Looking Statements” on a previous slide.
- 3) Management estimates.
- 4) Includes Mattress Firm, Sleep Experts, Mattress Discounters, and Rest & Relax retail locations.
- 5) Tempur Sealy and Mattress Firm resumed their partnership beginning in Mattress Firm’s first quarter of FY’20.
- 6) Sales per store is calculated as Mattress Firm’s consolidated omni-channel sales divided by its ending store count for the period.
- 7) Reflects the elimination of intercompany sales.
- 8) Includes Tempur Sealy’s North American approximate retail traffic for the trailing twelve months ended 03/31/2023, including brick-and-mortar retail traffic of 500k and 28.6M e-commerce visits, and Mattress Firm’s approximate retail traffic for the trailing twelve months ended 03/28/2023, including brick-and-mortar retail traffic of 6.1M and 59.4M e-commerce visits.
- 9) Mattress Firm’s FY’20 performance was impacted by significant store closures related to Covid-19.
- 10) Mattress Firm’s FY’21 performance reflects the first full year of Tempur Sealy and Mattress Firm’s distribution agreement.
- 11) Per the Mattress Industry Reports provided by the International Sleep Products Association (“ISPA”).

Mattress Firm’s fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

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