

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): May 9, 2023

TEMPUR SEALY INTERNATIONAL, INC.

Delaware
(State or other jurisdiction of incorporation)

(Exact name of registrant as specified in its charter)
001-31922
(Commission File Number)

33-1022198
(I.R.S. Employer Identification No.)

1000 Tempur Way
Lexington, Kentucky 40511
(Address of principal executive offices) (Zip Code)

(800) 878-8889
(Registrant's telephone number, including area code)

N/A
(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:

- 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))

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

Title of each class
Common Stock, \$0.01 par value

Trading Symbol(s)
TPX

Name of exchange on which registered
New York Stock Exchange

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 7.01 Regulation FD Disclosure.

On May 9, 2023, Tempur Sealy International, Inc. (the "Company") and Mattress Firm Group Inc. ("Mattress Firm") issued a joint press release announcing the execution of a definitive agreement (the "Merger Agreement") for a proposed business acquisition in which the Company, through a wholly-owned subsidiary, will acquire Mattress Firm. The Company also furnished an investor presentation (the "Investor Presentation") regarding the proposed transaction. The Investor Presentation will be used from time to time in meetings with investors. A copy of the press release and Investor Presentation are furnished hereto as Exhibits 99.1 and 99.2.

The information furnished pursuant to this Item 7.01 (including Exhibits 99.1 and 99.2 hereto) shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Forward-Looking Statements

This Current Report, including the information incorporated by reference herein, contains statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements might include information concerning the proposed transaction, our plans and other information that is not historical information. When used in this Current Report, the words "assumes," "estimates," "expects," "anticipates," "might," "projects," "predicts," "plans," "proposed," "targets," "intends," "believes," "will," "may," "could," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon our current expectations and beliefs and various assumptions. There can be no assurance that we will realize our expectations or that our beliefs will prove correct.

Important factors that could cause actual results and outcomes to differ materially from those indicated in the forward-looking statements include, among others, the following: (1) the occurrence of any event, change, or other circumstances that could give rise to the termination of the Merger Agreement; (2) the institution or outcome of any legal proceedings that may be instituted against the Company and/or Mattress Firm following the announcement of the Merger Agreement and the transactions contemplated therein; (3) the inability of the parties to complete the proposed transaction, including due to failure to obtain certain regulatory approvals, or satisfy other conditions to closing in the Merger Agreement; (4) the ability to successfully integrate Mattress Firm into the Company's operations and realize synergies from the transaction; (5) the possibility that the expected benefits of the acquisition are not realized when expected or at all; (6) 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; (7) the impact of the macroeconomic environment in both the U.S. and internationally on Mattress Firm and the Company; (8) uncertainties arising from national and global events; industry competition; (9) the effects of consolidation of retailers on revenues and costs; (10) consumer acceptance and changes in demand for Mattress Firm's and the Company's products and (11) the failure to obtain debt financing or obtaining debt financing on terms that are materially unfavorable to the Company. Additional risk factors are 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.

No Offer or Solicitation

This Current Report shall not constitute a solicitation of a proxy, consent, or authorization with respect to any securities or in respect of the proposed transaction. This Current Report shall also not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act or an exemption therefrom.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated May 9, 2023, titled "Leading Global Bedding Company Tempur Sealy to Acquire Mattress Firm, the Nation's Largest Mattress Specialty Retailer"
99.2	Tempur Sealy International, Inc. to Acquire Mattress Firm Investor Presentation
104	Cover page interactive data file (embedded within the Inline XBRL document).

Leading Global Bedding Company Tempur Sealy to Acquire Mattress Firm, the Nation's Largest Mattress Specialty Retailer

- Significantly Expands Consumer Touchpoints and Accelerates U.S. Omni-Channel Strategy
 - Simplifies Consumer Purchase Journey and Facilitates Innovation
 - Streamlines Operations and Drives Adjusted EPS Accretion
- Tempur Sealy to Host Conference Call to Discuss First Quarter 2023 Results and the Transaction at 8:00 a.m. Eastern Time Today, May 9th

LEXINGTON, KY, May 9, 2023 – Tempur Sealy International, Inc. (NYSE: TPX, "Company" or "Tempur Sealy") and Mattress Firm Group Inc. ("Mattress Firm") today announced that Tempur Sealy has signed a definitive agreement to acquire Mattress Firm, the nation's largest mattress specialty retailer, in a cash and stock transaction valued at approximately \$4.0 billion.

The transaction is expected to be funded by approximately \$2.7 billion of cash consideration (subject to adjustments, including the repayment of Mattress Firm's debt and other customary items) and \$1.3 billion in stock consideration issued to Mattress Firm shareholders, reflecting the issuance of 34.2 million shares of common stock based on the closing share price of \$37.62 as of May 8, 2023. The transaction is currently anticipated to close in the second half of 2024, subject to the satisfaction of customary closing conditions, including applicable regulatory approvals. Following the close of the transaction, Mattress Firm is expected to operate as a separate business unit within the Company.

Founded in 1986, Mattress Firm is the largest mattress specialty retailer in the U.S., operating over 2,300 brick-and-mortar retail locations and a growing e-commerce platform. Mattress Firm's more than 6,200 highly trained retail sales associates provide personalized service to help consumers choose the ideal bedding products across their robust assortment of market-leading brands.

This combination will complement Tempur Sealy's extensive product development and manufacturing capabilities with vertically integrated retail. Together, Tempur Sealy and Mattress Firm's combined global footprint will include approximately 3,000 retail stores, 30 e-commerce platforms, 71 manufacturing facilities, and 4 state-of-the-art R&D facilities worldwide. These combined operations will be supported by more than 21,000 best-in-class employees with a collective focus on providing breakthrough sleep solutions to consumers in over 100 countries.

Tempur Sealy Chairman and CEO Scott Thompson said, "This transaction advances all four of our key long-term initiatives: to develop the highest quality bedding products, promote brands with compelling marketing, optimize our diverse omnichannel distribution platform, and drive EPS growth. Consistent with our M&A strategy, this acquisition will make Tempur Sealy more competitive by bringing us closer to consumers and facilitating continued innovation."

Thompson concluded, "We are excited by the long-term growth prospects for our global vertically integrated Company. This combination will accelerate our growth trajectory and enhance operating cash flow. Mattress Firm has been a valued retail partner for more than 35 years, and we look forward to welcoming their talented workforce of more than 8,100 employees to the Tempur Sealy family."

Mattress Firm CEO John Eck said, "We know that every customer has unique needs and wants when it comes to a sleep solution that is perfect for them. As part of Tempur Sealy, our customers will benefit from our combined portfolio of highly recognized brands and products, extensive omni-channel capabilities, industry leading innovation and best-in-class teams. Under Tempur Sealy's leadership, our combined company will be in a unique position to take advantage of our shared values and complementary capabilities to better address consumers' needs and drive growth."

Strategic Rationale

The combination with Mattress Firm is expected to enhance Tempur Sealy's ability to meet consumers' needs, expand growth opportunities, and streamline operations.

We expect to leverage the individual strengths of Tempur Sealy and Mattress Firm to realize six strategic benefits through this acquisition.

1. Expanding Consumer Touchpoints. Mattress Firm's and Tempur Sealy's combined consumer touchpoints will create opportunities to keep pace with consumers' evolving preferences. Being closer to the U.S. bedding consumer will also broaden opportunities to develop lifetime relationships with consumers.
2. Accelerating U.S. Omni-Channel Strategy. Mattress Firm's more than 2,300 brick-and-mortar retail stores, robust e-commerce capabilities, and sleep education and sleep tracking platforms complement Tempur Sealy's direct-to-consumer operations, enabling a seamless omni-channel ecosystem that meets the needs of more consumers nationwide.
3. Simplifying the Consumer Purchase Journey. This combination facilitates targeted marketing efforts to drive incremental brand awareness through blended advertising and share of voice, and enhance consumer understanding of bedding innovation, including health and wellness benefits. Further, the combination brings together Tempur Sealy's and Mattress Firm's highly trained retail sales and customer service teams to expand customer service capabilities, facilitate improved consumer outcomes, and simplify the consumer purchase journey.
4. Facilitating Consumer-Centric Innovation. The alignment of new product development and testing will enable a more targeted, end-to-end innovation approach and enhances opportunities to invest in, test, and refine new sleep technologies.
5. Streamlining Operations and Enhances Supply Chain Management. Enhanced visibility to consumer demand creates opportunities for more agile and fortified supply chain management. Combined scale and vertically integrated infrastructure across the combined company drives operational efficiencies across logistics, transportation, warehousing, supply chain planning, sourcing, and product development, streamlining the order-to-delivery process for all customers.
6. Driving Adjusted EPS Accretion. Tempur Sealy has a strong track record of creating long-term value from highly strategic M&A activities. This acquisition is expected to be accretive to adjusted EPS 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 EPS accretion.

Cost Synergies

Tempur Sealy expects to begin realizing synergies by the end of year two after closing and to realize at least \$100 million in annual run-rate synergies by the end of year four after closing. The Company expects to achieve synergies by leveraging its global scale and vertically integrated infrastructure to drive efficiencies through logistics, product lifecycle management, manufacturing optimization, and sourcing initiatives.

Transaction Overview

Under the terms of the agreement, Tempur Sealy will purchase Mattress Firm for an enterprise value of approximately \$4.0 billion. The transaction is expected to be funded by approximately \$2.7 billion of cash consideration (subject to adjustments including the repayment of Mattress Firm's debt and other customary items.) and \$1.3 billion in stock consideration issued to Mattress Firm shareholders, reflecting the issuance of 34.2 million shares of Tempur Sealy common stock based on the closing price of \$37.62 per share as of May 8, 2023. Following the transaction, Mattress Firm's and Tempur Sealy's shareholders will own approximately 16.6% and 83.4% of the combined company, respectively, based on the Company's shares outstanding at the time of signing. Tempur Sealy expects to expand its existing Board of Directors by appointing two mutually-agreed Mattress Firm directors to the Tempur Sealy Board following the closing of the transaction.

Tempur Sealy plans to fund the cash portion of the transaction using a combination of cash on hand and proceeds from a combination of new secured and unsecured financing, a portion of which will be used to repay Mattress Firm's outstanding debt. The combined company's expected net leverage at closing per the Company's credit agreement after giving effect to the transaction is expected to be between 3.0x and 3.25x adjusted EBITDA. Tempur Sealy expects to return to its net leverage target range of 2.0x to 3.0x adjusted EBITDA in the first 12 months after closing, supported by the increased earnings and free cash flow outlook of the combined company.

Timing and Approvals

The transaction has been approved by the board of directors of Tempur Sealy and Mattress Firm. Mattress Firm shareholders holding more than 80% of Mattress Firm's outstanding shares have signed voting agreements in support of the transaction. The transaction does not require Tempur Sealy shareholder approval.

The transaction is expected to close in the second half of 2024, subject to the satisfaction of customary closing conditions and applicable regulatory approvals, including receipt of clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

The Company has received a request for additional information and documentary material from the Federal Trade Commission ("FTC") in connection with the FTC's review of the transaction. The Company expects to work cooperatively with the FTC to complete the acquisition.

Tempur Sealy Conference Call

In a separate press release issued today, Tempur Sealy released its results for the first quarter 2023. The Company's earnings press release can be found on the Company's investor relations website at investor.tempursealy.com.

Tempur Sealy will host a conference call to discuss the first quarter results and the transaction today at 8:00 a.m. Eastern Time. The call will be webcast and can be accessed on the Company's investor relations website. After the conference call, a webcast replay will remain available on the website for 30 days. Associated presentation materials and an infographic regarding the transaction will also be available on the Company's investor relations website.

Advisors

J.P. Morgan Securities LLC is serving as sole financial advisor and Cleary Gottlieb Steen & Hamilton LLP is serving as legal counsel to Tempur Sealy. Goldman Sachs & Co. LLC, Barclays, and Jefferies LLC are serving as financial advisors and Simpson Thacher & Bartlett LLP is serving as legal counsel to Mattress Firm.

Forward-Looking Statements

This press release 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, guidance, objectives, goals, strategies, and other information that is not historical information. When used in this release, the words "will," "targets," "expects," "anticipates," "plans," "proposed," "intends," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company's expectations regarding its share repurchases, adjusted EPS, net leverage, future performance, cost synergies, funding sources, 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 revenues 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.

About Tempur Sealy International

Tempur Sealy is committed to improving the sleep of more people, every night, all around the world. As a leading designer, manufacturer, distributor, and retailer of bedding products worldwide, we know how crucial a good night of sleep is to overall health and wellness. Utilizing over a century of knowledge and industry-leading innovation, we deliver award-winning products that provide breakthrough sleep solutions to consumers in over 100 countries.

Our highly recognized brands include Tempur-Pedic®, Sealy® and Stearns & Foster® and our popular non-branded offerings consist of value-focused private label and OEM products. At Tempur Sealy we understand the importance of meeting our customers wherever and however they want to shop and have developed a powerful omni-channel retail strategy. Our products allow for complementary merchandising strategies and are sold through third-party retailers, our 700+ Company-owned stores worldwide and our e-commerce channels. With the range of our offerings and variety of purchasing options, we are dedicated to continuing to turn our mission to improve the sleep of more people, every night, all around the world into a reality.

About Mattress Firm

Mattress Firm, the nation's largest omni-channel mattress specialty retailer, has been helping solve America's sleep problems for more than 90 years through our family of brands. Every one of our more than 6,200 passionate Sleep Experts® are driven by a common purpose: to change people's lives through better sleep. Whether browsing online or in one of our 2,300+ stores, our highly trained team provides personalized service and advice to help customers choose the right mattress and bedding products based on their unique needs. Our expertly curated selection of products include leading brands such as Beautyrest®, Nectar®, Sealy®, Serta®, Simmons®, Sleepy's®, Stearns & Foster®, Tempur-Pedic®, Tuft & Needle®, tufo®, and Purple®.

No matter the time of night, Mattress Firm wants to help people get the sleep they deserve. Our Sleep.com website provides expert advice and helps people explore the health benefits of quality sleep, and the Sleep.com app provides free sleep tracking and personalized insights to improve sleep.

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Tempur Sealy International (TPX) to Acquire Mattress Firm

May 9, 2023

Transaction Summary

Consideration	<ul style="list-style-type: none"> Total purchase price of approximately \$4.0B comprising: <ul style="list-style-type: none"> \$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	<ul style="list-style-type: none"> 83.4% TPX shareholders 16.6% Mattress Firm shareholders
Financial Impact	<ul style="list-style-type: none"> Accretive to adjusted EPS² in Year 1 Increased operating cash flow in Year 1 Cost synergies of \$100M by Year 4³
Financing	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Deleveraging driven by expected strong operating cash flow and adjusted EBITDA² growth
Management and Governance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

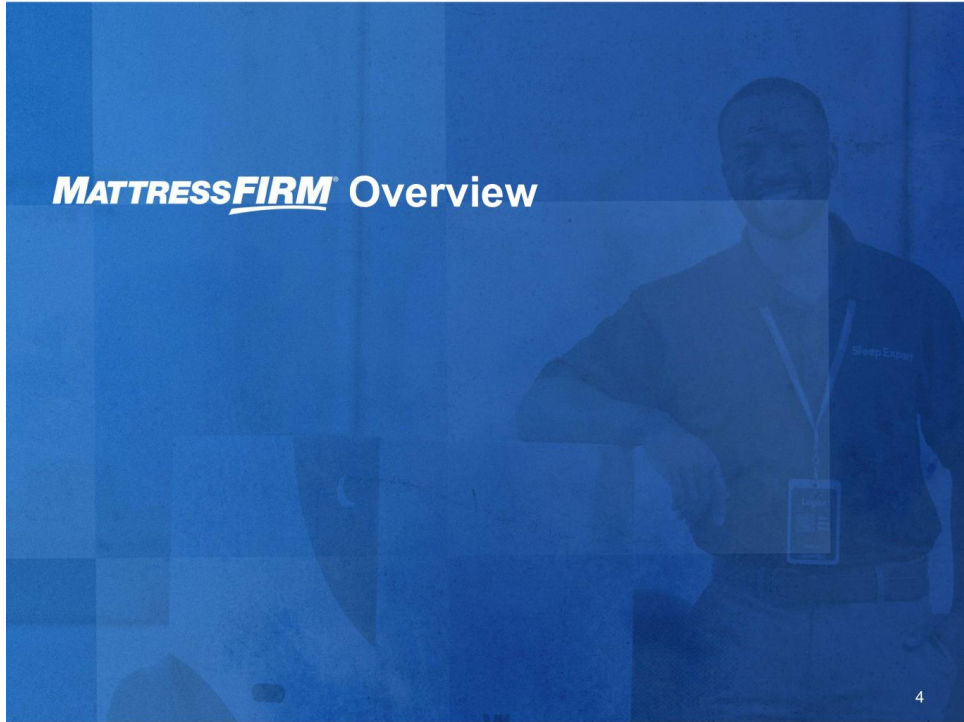
- ✓ Leading, vertically-integrated global company with iconic brands and extensive manufacturing and direct-to-consumer capabilities
- ✓ Serves \$120 billion³ growing bedding market
- ✓ Proven historical growth through organic and inorganic initiatives
- ✓ Proven ability to successfully operate worldwide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

TEMPUR+SEALY

3



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

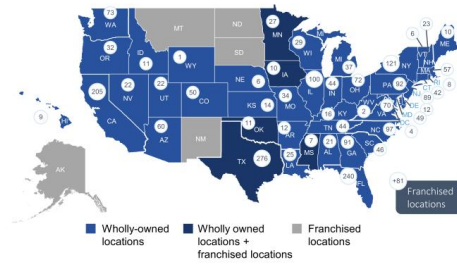
+14% sales CAGR and +53% adjusted EBITDA² CAGR from FY 2019 – FY 2022

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

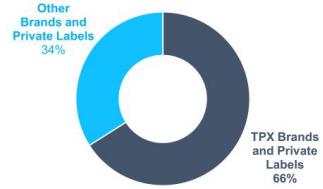
Tempur Sealy Brands and Private Label

- 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 Brand*
TTM 3/31/23



Transaction Rationale

Accelerates Direct Sales Channel Expansion

TPX North America TTM 3/31/23 Sales by Channel	Pre-Acquisition	Post Acquisition ⁷
Wholesale	87%	35%
Direct	13%	65%

TPX Consolidated TTM 3/31/23 Sales by Channel	Pre-Acquisition	Post Acquisition ⁷
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	MATTRESSFIRM	TEMPUR+SEALY MATTRESSFIRM
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 incur \$25M in both Years 2 and 3 to achieve synergies³



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 Sales ⁷	\$4.9B	\$4.2B	\$8.2B
Adjusted EBITDA ²	\$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

	MATTRESS FIRM	
	Pre-Synergies TTM ended 3/28/2023	Post Synergies TTM ended 3/28/2023
Purchase Price	\$4.0B	\$4.0B
Adjusted EBITDA ²	\$432M	\$432M
Run-Rate Synergies	\$0M	\$100M
Pro Forma Adjusted EBITDA ²	\$432M	\$532M
Multiple	9.3x	7.5x

Historical Adjusted EBITDA²



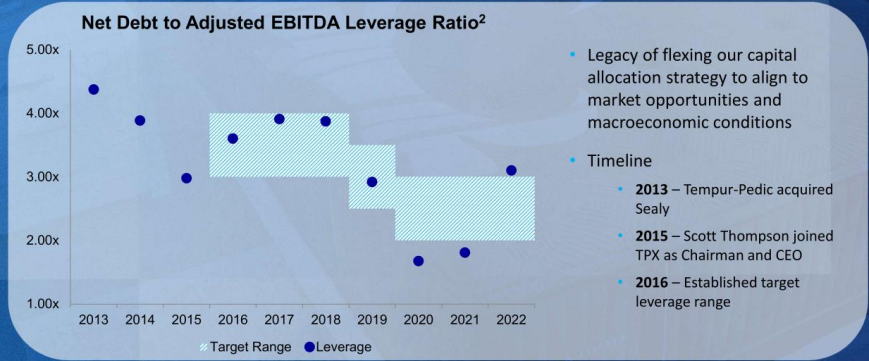
Mattress Firm's fiscal years ended 9/29, 9/28, and 9/27 for FY 2020, FY 2021 and FY 2022, respectively

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

Historical Leverage



Capital Allocation Focus Areas



01
Maintain Ample Liquidity



02
Invest in Organic Growth



03
Deleverage



04
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

TEMPUR+SEALY

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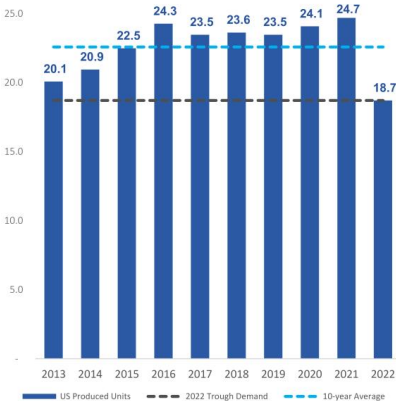




Appendix

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, 9/26, 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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