

Sleep Country Canada Closes Acquisition of Hush Blankets

TORONTO, Oct. 22, 2021 /CNW/ - Sleep Country Canada Holdings Inc. ("Sleep Country" or the "Company") (TSX: ZZZ), Canada's leading omnichannel specialty sleep retailer, today announced the closing of its acquisition of a 52% stake in Hush Blankets Inc. ("Hush") for \$25 million (implied valuation of \$48 million). The completion of this deal marks Hush's next phase of growth and the expansion of Sleep Country's sleep ecosystem.

"This is an exciting day for Sleep Country as we welcome Hush into our portfolio of innovative sleep brands," said Stewart Schaefer, President of Sleep Country Canada. "Together, this is a powerful partnership that will drive even more digital opportunities and further build out our portfolio of innovative sleep products," added Schaefer.

"Today is an incredible milestone for our company as we join forces with Sleep Country, Canada's leading omnichannel sleep retailer," said Lior Ohayon, Co-Founder of Hush. "We are eager to start our next chapter, expand our product line and keep pushing the boundaries of the sleep industry for the benefit of customers around the world," Ohayon added.

"We are excited to close the deal today and solidify this partnership with Sleep Country, a best-in-class Canadian brand," said Aaron Spivak, Co-Founder of Hush. "We're optimistic and enthusiastic to continue our growth trajectory and deliver superior experiences to our dedicated Hush community," added Spivak.

Hush will continue to operate as an independent entity led by Ohayon and Spivak in their respective roles. Hush's board will be comprised of the senior management of Sleep Country and Hush.

PwC acted as exclusive accounting services advisor to Sleep Country Canada, with Davies Ward Philips & Vineberg LLP serving as legal counsel. DLA Piper (Canada) LLP served as legal counsel for Hush.

About Sleep Country

Sleep Country is Canada's leading Omni channel specialty sleep retailer with a national retail store network and robust eCommerce platforms. The Company operates under three retail banners: "Sleep Country Canada", with Omni channel operations in Canada excluding Québec; "Dormez-vous?" with Omni channel operations in Québec and "Endy", Canada's leading direct-to-consumer online sleep solutions retailer. As of October 22, Sleep Country has 287 stores, 17 fulfillment centres and two storage hubs across Canada. Sleep Country is a purpose-led company dedicated to transforming lives by awakening Canadians to the power of sleep. The company is committed to meaningfully and positively supporting its environment, people and communities including operating a comprehensive Mattress Recycling Program and working closely with Canadian charities to donate new and gently used mattresses to families and children in need.

About Hush

Hush is a Canadian-based sleep improvement brand that was started in 2018 by Aaron Spivak and Lior Ohayon. Hush started with a product now considered to be Canada's Most Popular (and Reviewed) weighted blanket - designed to help those with sleep, anxiety, insomnia, ADHD, and more. Within its first 24 months, Hush has grown to an 8-figure brand. Since the beginning, Hush has been committed to giving back by donating 1 blanket for every 10 sold. The company launched a successful Kickstarter campaign that raised \$1.5M+ in 30 days - making it the Top 10 most raised Canadian Campaign ever. In 2019, Hush also appeared on Canadian hit TV show Dragons' Den and earned "Most Epic Pitch" of the season securing a bidding war between all 6 dragons. The company has since expanded their product line to include mattresses and sleep accessories, furthering their mission of helping Canadians achieve a better night's rest.

For more information about Sleep Country Canada, visit www.sleepcountryir.ca

For more information about Hush, visit www.hush.ca

Non-IFRS Measures and Retail Industry Metrics

The Company prepares its consolidated financial statements in accordance with IFRS. In order to provide additional insight into the business, to provide investors with supplemental measures of its operating performance and to highlight trends in its business that may not otherwise be apparent when relying solely on IFRS financial measures, the Company uses certain non-IFRS measures, including "Same Store Sales" or "SSS", "EBITDA", "Operating EBITDA", "Operating EBITDA Margin", "Adjusted Net Income" and "Adjusted EPS". These measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS

measures in the evaluation of issuers.

Readers are cautioned that these non-IFRS measures are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similarly titled measures presented by other publicly traded companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

Forward-looking Information

This release contains forward-looking information and forward-looking statements which reflect the current view of management with respect to the Company's objectives, plans, goals, strategies, outlook, results of operations, financial and operating performance, prospects and opportunities. Wherever used, the words "may", "will", "anticipate", "intend", "estimate", "expect", "plan", "believe" and similar expressions identify forward-looking information and forward-looking statements. Forward-looking information and forward-looking statements should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indicators of whether, or the times at which, such events, performance or results will be achieved. All of the information in this release containing forward-looking information or forward-looking statements is qualified by these cautionary statements.

Forward-looking information and forward-looking statements are based on information available to management at the time they are made, underlying estimates, opinions and assumptions made by management and management's current good faith belief with respect to future strategies, prospects, events, performance and results, and are subject to inherent risks and uncertainties surrounding future expectations generally. Such risks and uncertainties include, but are not limited to, those described in the Company's 2020 Annual Information Form (the "**AIF**") filed on March 2, 2021. A copy of the AIF can be accessed under the Company's profile on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the Company or that the Company currently believes to be less significant may also adversely affect the Company.

The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and that should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual strategies, prospects, events, performance and results may vary significantly from those expected. There can be no assurance that the actual strategies, prospects, results, performance, events or activities anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and forward-looking statements and are cautioned not to place undue reliance on such information and statements. The Company does not undertake to update any such forward-looking information or forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws.

SOURCE Sleep Country Canada Holdings Inc. Investor Relations

<https://ir.sleepcountry.ca/2021-10-22-Sleep-Country-Canada-Closes-Acquisition-of-Hush-Blankets>