

Sleep Country to Acquire the Canadian Operations of Casper Sleep Inc.

TORONTO, April 10, 2023 /CNW/ - Sleep Country Canada Holdings Inc. ("Sleep Country" or the Company) (TSX: ZZZ), Canada's leading omnichannel specialty sleep retailer, today announced its intention to acquire 100% ownership of the Canadian assets of Casper Sleep Inc. ("Casper"), the original disruptor of the mattress industry in North America and award-winning mattress retailer.

"We are very excited to acquire 100% of Casper's Canadian retail business, who invested over \$1 billion globally to build a leading brand that elevated the importance of a good night's sleep for all. With their omnichannel business, and their mission to deliver a frictionless and elevated sleep retail experience, they align perfectly with our strategic omnichannel journey that began 4 years ago," said Stewart Schaefer, President and CEO of Sleep Country.

"Casper, combined with our entire house of other leading brands like Tempurpedic, Sealy, Kingsdown, Endy, and many others, reinforces our 29-year brand statement of "Why buy a mattress anywhere else?," said Schaefer.

"We look forward to growing Casper's brand in Canada to make the newest member of our family of brands more accessible to all Canadians in a seamless manner that will exceed our growing customer expectations. We are excited to continue working with Casper Sleep Inc. as they continue executing their long-term strategic growth plan," added Schaefer.

"We are thrilled to expand upon our retail journey by partnering up with one of North America's top sleep retailers," said Emilie Arel, CEO of Casper Sleep Inc. "Sleep Country has been a retail mattress legacy for almost 3 decades, and sharing best practices with this leading retailer only helps accelerate our expertise and rapid growth in the retail omnichannel space," added Arel.

Transaction details

Sleep Country has agreed to acquire from Casper Sleep Inc. substantially all of its Canadian assets. Sleep Country will pay US\$20.6 million at close, receive a cumulative US\$4.5 million marketing transition fee from Casper Sleep Inc. over the next four years and receive three-year warrants which would convert into a ~1% stake in Casper Sleep Inc. upon exercise. In addition, Sleep Country invested US\$20 million in five-year convertible notes which will have the option of converting into ~5% of Casper Sleep Inc.'s shares.

About Sleep Country

Sleep Country is Canada's leading specialty sleep retailer with a purpose to transform lives by awakening Canadians to the power of sleep. Sleep Country operates under the retailer banners; Sleep Country Canada, Dormez-vous, Endy, Hush and most recently acquired, Silk & Snow. The Company has omnichannel and ecommerce operations including 290 corporate-owned stores and 20 warehouses across Canada. Recognized as one of Canada's Most Admired Corporate Cultures in 2022 by Waterstone Human Capital, Sleep Country is committed to building a company culture of inclusion and diversity where differences are embraced and valued. The Company actively invests in its sleep ecosystem, innovative products, world-class customer experience, communities and its people. For more information about Sleep Country, please visit sleepcountry.ca.

About Casper Sleep Inc.

Casper believes everyone should sleep better. The company has a full portfolio of obsessively engineered sleep products—including mattresses, pillows, bedding, and furniture—designed in-house by the Company's award-winning R&D team at Casper Labs. In addition to its e-commerce business, Casper owns and operates Sleep Shops across North America and its products are available at a growing list of retailers.

For more information about Sleep Country Canada, visit ir.sleepcountry.ca

Non-IFRS and Other Measures

This news release refers to certain measures that are not recognized under IFRS and do not have a standardized meaning prescribed by IFRS, including "Same Store Sales" or "SSS", "EBITDA", "Operating EBITDA", "Operating EBITDA margin", "Adjusted net income attributable to the Company", "Basic adjusted EPS" and "Diluted adjusted EPS". For more information on these Non-IFRS and other measures as well as a reconciliation to the most comparable IFRS measure, refer to "Non-IFRS and Other Measures" in the Company's MD&A for Q4 2022 which is available on SEDAR at www.sedar.com.

Forward-Looking Information

Certain information in this news 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 indications of whether, or the times at which, such events, performance or results will be achieved. All of the information in this news 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 below under the sections "Risk Factors" and those described in the Company's 2022 annual information form (the "**AIF**") filed on March 2, 2023. 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.

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

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<https://ir.sleepcountry.ca/2023-04-10-Sleep-Country-to-Acquire-the-Canadian-Operations-of-Casper-Sleep-Inc>