

Sleep Country Canada Closes Acquisition of the Canadian Operations of Casper Sleep Inc.

TORONTO, April 14, 2023 /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 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.

Sleep Country has acquired substantially all of the assets of Casper Sleep Inc.'s Canadian operations for \$20.6 million in cash at close and has invested US\$20 million in five-year convertible notes which will have the option of converting into ~5% of Casper Sleep Inc.'s shares. Sleep Country will 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.

"We are thrilled with the acquisition of 100% of Casper's Canadian business and to add this fantastic brand to our line-up of other leading sleep brands. We look forward to a seamless transition, continuing to build the Casper brand in Canada, executing on their long-term strategic growth plan and making the newest member of our family of brands more accessible to all Canadians," said Stewart Schaefer, President and CEO of Sleep Country.

"We're delighted to close the deal today and expand our partnership with Sleep Country, one of North America's top sleep retailers. With this acquisition, we will accelerate our expertise and rapid growth in the retail omnichannel space, and ensure the Casper brand continues to build its presence in the Canadian market," said Emilie Arel, CEO of Casper Sleep Inc.

Starting today, Casper Sleep Inc.'s retail and digital channels of business in Canada will be fully operated and owned by Sleep Country.

Davies Ward Phillips & Vineberg LLP served as legal counsel for Sleep Country Canada, and for Casper Sleep Inc., Stikeman Elliott LLP served as legal counsel.

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.

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<https://ir.sleepcountry.ca/2023-04-14-Sleep-Country-Canada-Closes-Acquisition-of-the-Canadian-Operations-of-Casper-Sleep-Inc>