

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
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): January 26, 2024

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 8.01. Other Items.

On January 26, 2024, Tempur Sealy International, Inc. (the "Company") released a supplementary investor presentation (the "Investor Presentation"). The Investor Presentation will be used from time to time in meetings with investors. A copy of the Investor Presentation is furnished herewith as Exhibit 99.1 and is incorporated into this Item 8.01 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Tempur Sealy International, Inc. January 2024 Supplemental Investor Presentation
104	Cover page interactive data file (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 26, 2024

Tempur Sealy International, Inc.

By: /s/ Bhaskar Rao
Name: Bhaskar Rao
Title: Executive Vice President & Chief Financial Officer



TEMPUR SEALY INTERNATIONAL, INC., TPX

“We continue to demonstrate the resilience of our business model as we generate profits, invest in our business, return capital to shareholders, and outperform the global bedding industry.”

TEMPUR+SEALY

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Investment Thesis

The leading vertically integrated global bedding company with iconic brands and extensive manufacturing capabilities

Over the long term, the bedding industry has consistently grown through ASP and unit expansion

History of market share gains across global omnichannel distribution

Legacy of strong value creation via capital allocation including share buybacks and acquisitions

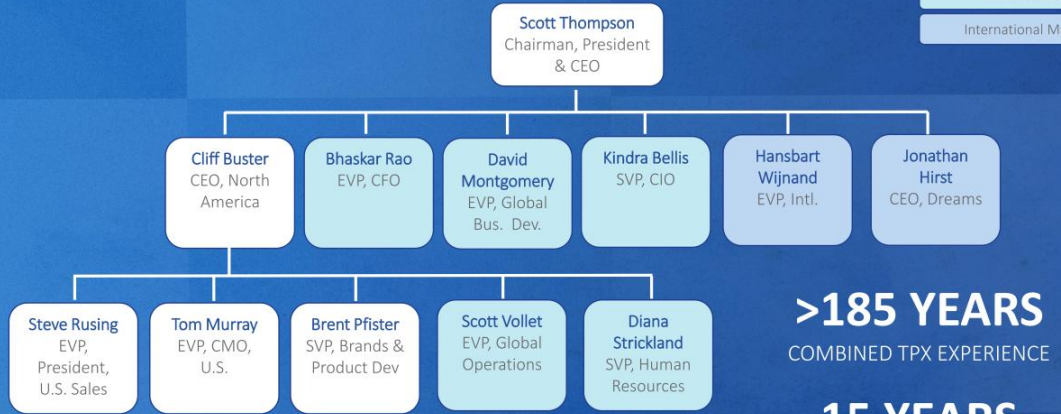
Seasoned, well-aligned management with proven track record

TEMPUR+SEALY

2

Tenured Leadership Team

- U.S. Market
- Shared Services
- International Markets



>185 YEARS
COMBINED TPX EXPERIENCE

15 YEARS
AVERAGE TPX TENURE

TEMPUR+SEALY

Experienced Team's Value Creation

Since management change in 2015, sales have increased 57%, adjusted EBITDA² has nearly doubled, and GAAP EPS has increased more than 7.5x under current leadership

Current TPX Management Track Record Since 2015				
(in millions, except percentages, multiples, and per common share amounts)	Trailing Twelve Months Ended December 31, 2015	Trailing Twelve Months Ended September 30, 2023	CAGR	Total Growth
Net Sales	\$3,151	\$4,942	6%	57%
Net Income	\$65	\$393	26%	509%
Adjusted Net Income²	\$200	\$428	10%	114%
Adjusted EBITDA²	\$456	\$877	9%	92%
GAAP EPS	\$0.26	\$2.21	32%	758%
Adjusted EPS²	\$0.80	\$2.42	15%	203%

Award-Winning Products Spanning Key Retail Price Points



World-Class Manufacturing Capabilities

34 NORTH AMERICAN FACILITIES | 37 INTERNATIONAL FACILITIES



R&D Innovation

- 75,000 square feet of research & development
- 4 state-of-the-art product-testing locations

Leading Manufacturing Capabilities

- 71 manufacturing facilities
- 16 million square feet of manufacturing & distribution operations

TEMPUR+SEALY

Successful Global Omni Distribution Platform

Wholesale

- Third-party retailers are our largest distribution channel
- Significant private label opportunity
- Valued supplier, win-win relationships

Ecommerce

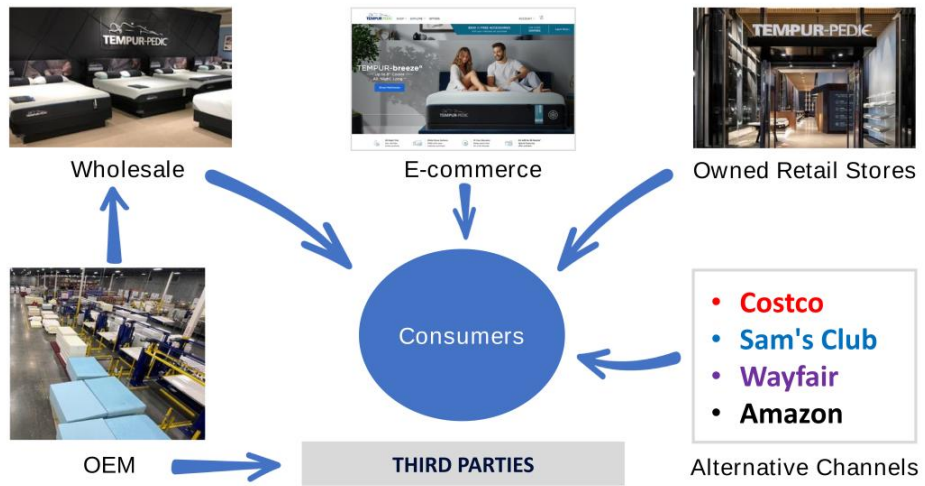
- Significant worldwide sales growth
- Highly profitable and expanding rapidly
- Direct customer relationships

Company-Owned Stores

- Luxury Tempur-Pedic®, Dreams, and multi-branded showroom experiences
- Operate over 750 stores worldwide and expanding direct customer relationships
- Unlocks addressable market, driving incremental profitability



North American Omnichannel Distribution



New Product Initiatives



TEMPUR+SEALY

Stearns & Foster® – What Comfort Should Be™

- Expanding the universe of innerspring customers represents a significant long-term growth opportunity with high ASP and margin opportunity.
- 2023's comprehensive relaunch of products and new brand positioning began our journey to \$1 Billion.
 - New technologies, features and benefits to enhance comfort and solidify our position as a category leader in innersprings
 - Modern, designer-inspired aesthetics differentiated by collection to stand out at retail
 - Innovative and aesthetically appealing products to resonate with both RSAs and consumers



THE STEARNS & FOSTER DIFFERENCE:
EXCEPTIONAL HAND-CRAFTED COMFORT

TEMPUR+SEALY

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Stearns & Foster® – What Comfort Should Be™

Post-launch results across both retail and e-commerce are positive:



- Strong Retailer Advocacy - >20% floor model expansion
- New products delivered strong growth in a challenging macro environment
 - Lux Estate and Reserve models delivered the highest growth
- Investments in advertising to increase brand awareness drove substantial growth in brand search
- Substantial growth in e-commerce revenue following dot-com launch in mid-2022
- 2024 will be a period of optimizing slot mix at retail to maximize revenue opportunities
- Future product line expansion and adjacent categories will further drive long-term growth

Tempur-Pedic®

The most highly recommended brand in America.



- The number two selling mattress brand in America³
- Repeat J.D. Power Award Winner³
 - In-Store Mattress Purchases – 2017, 2019, 2020, 2021, 2022
 - Online Mattress Purchases - 2021, 2022, 2023

TEMPUR+SEALY

Tempur-Pedic® – Deep, Undisturbed Sleep®

- Continued focus on innovating around core consumer needs to drive success.
- Building on over 30 years of innovation, the Tempur line focuses on three key needs:



Aches & Pains

Tempur-Pedic® mattresses are made with one-of-a-kind, infinitely adaptable TEMPUR-Material™ that provides exceptional support and pressure relief to help reduce aches and pains.



Hot Sleep

TEMPUR-Breeze® mattresses with all-night cooling technology are designed to give you a cool and comfortable sleep experience every single night.

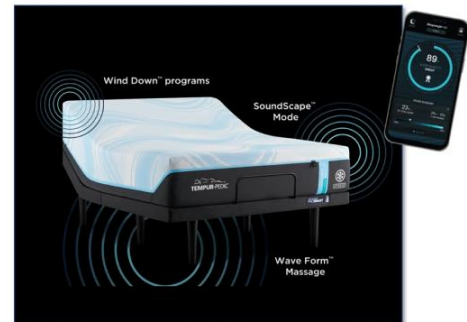


Snoring⁴

Innovative Snore Response™ technology in TEMPUR-Ergo® Smart Bases senses snoring and gently raises your head to a position that may reduce it to support more restful, uninterrupted sleep.

Tempur-Pedic® – Innovation That Performs

- The Tempur-Pedic® product re-launch began in 2023 with the launch of Breeze® and Power Bases
- Products were well received, with Breeze momentum driven by the LuxeBreeze® models
- Power Base attach rate achieved an all time high in 2023 with innovative, industry-first features
- Adapt® will begin our Phase II launch in spring 2024, with over 50,000 floor models anticipated



TEMPUR+SEALY

Tempur-Pedic® – New ADAPT Collection

TEMPUR-PROADAPT®

- Features Advanced Relief® material for up to 20% more pressure relief*
- Our broadest range of feels to capture more consumers



TEMPUR-LUXEADAPT®

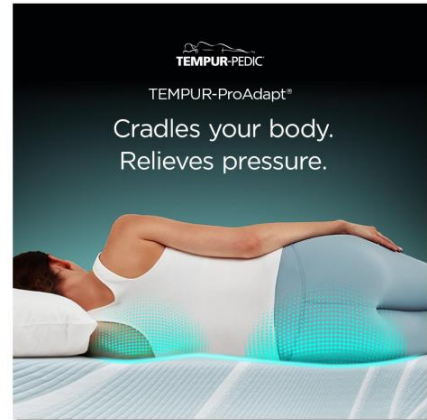
- The ultimate in ache and pain relief
- 20% more TEMPUR® material paired with our new Ergonomic Support Layer
- Enhanced merchandising includes a new Medium Hybrid to broaden appeal



* Advanced Relief® Material when compared to TEMPUR-Material™

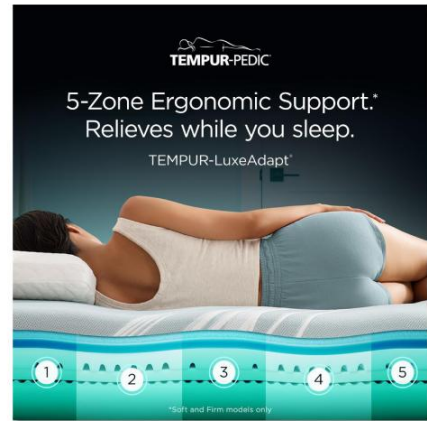
New TEMPUR-PROADAPT®

- Features Advanced Relief® material for up to 20% more pressure relief
- Best selling family
- Our broadest range of feels to capture more consumers



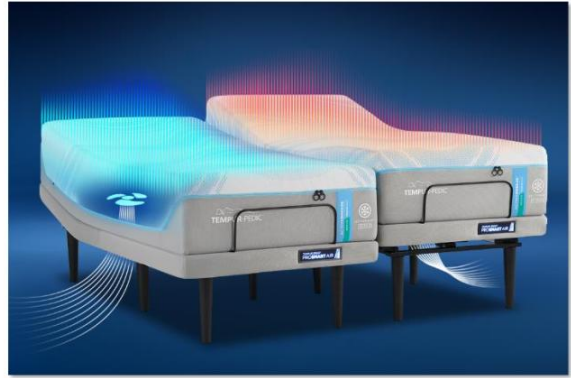
New TEMPUR-LUXEADAPT®

- 20% more TEMPUR® material paired with our new Ergonomic Support Layer
- The ultimate in ache and pain relief
- Enhanced merchandising includes a new Medium Hybrid to broaden appeal



New TEMPUR-ACTIVEBREEZE®

- New “halo” product
- Dual Zone Climate Control allows each sleeper to personalize climate
- ActiveAir Technology®, a patent-pending design that moves air evenly across the entire sleep surface
- Powered by Sleeptracker-AI®



Operations

Operational Initiatives

- **Leveraging Scale to Drive Cost Efficiency and Optionality Through Sourcing**
 - Competitive RFQ efforts to derive savings from key inputs - springs, textiles, foam and chemicals
 - Expanding supply chains globally to increase competition among suppliers
 - Exploring alternative suppliers and products to lower costs, reduce manufacturing complexity and drive new innovation
- **Product cost improvements with existing product changes and new product development initiatives**
 - Component resourcing (supplier and/or location) and minor design changes for quality / cost improvements
 - Cross-functional design for manufacturing (Sealy PosturePedic 2025, Cube)
- **Capitalizing on workforce management to drive manufacturing productivity**
 - Build to stock inventories; partnering with key retailers on peak season demand/production to level load production



Operational Initiatives

- **Driving logistics productivity across Tempur Sealy's fleet, ocean transportation and warehousing**

- Further optimization of Tempur Sealy's transportation fleet, reducing usage of third-party carriers
 - Routing/scheduling optimization to lower fleet miles – cost and environmental impacts
 - Continue emphasis on merged loads (Sealy and Tempur) to drive efficient deliveries to customers
- Partnering with customers to drive efficiencies within the supply chain
 - Reusing pallets; optimizing product return loads and backhauls; customer and plant location optimization
- Significant ocean transport rate decreases realized post-pandemic.
 - Further exploring lane rate optimization





Crawfordsville, Indiana

750,000 sq ft facility to enhance our ability to service our customers by ensuring product availability to meet increased demand in the premium sector, creating shorter lead times and reduced per unit logistics cost in the Northeast market



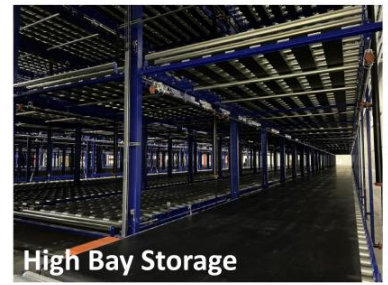
Crawfordsville



Tank Farm



Pour Line



High Bay Storage



Cut Lines



Rail Offload

International Markets – TEMPUR Brand

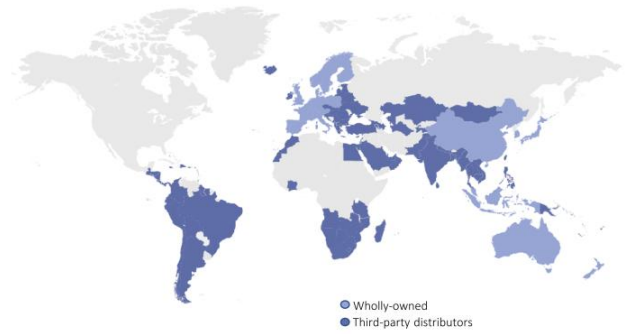
Overview

TEMPUR sold in 90+ countries

- 22 countries served through wholly owned subsidiaries, the rest by third-party distributors

Selling direct via own stores and online channels, and wholesale via furniture and bedding retailers

Key markets include Germany, UK, France, South Korea, Japan, and China



International Markets – TEMPUR Brand

Historical Strategy & Performance

- Focus on price points above \$3,000
- Investments within narrow boundaries
- Highly complex and individualized SKUs, and therefore highly complex and individualized manufacturing process

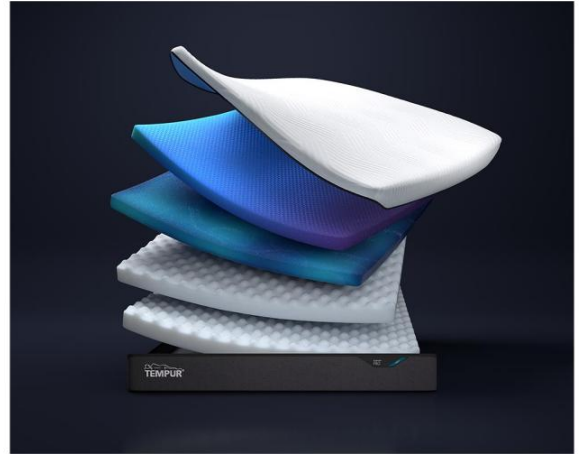
Strategy 2023+

- Continue to grow segment at the cutting edge of sleep technology
- Broadening our product assortment to address a wider range of consumer needs
- Seeding markets for growth with incremental advertising and launch investments
- Simplified SKU build, and therefore simplified manufacturing process

International Markets – TEMPUR Brand

Go-Forward Strategy – Mattresses

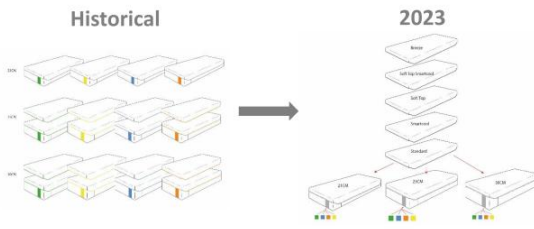
- Leveraging proven innovation that has met with success in the U.S.
- Innovations:
 - Next generation/higher performance Tempur foams
 - Cooling yarns
 - Washable TEMPUR quilting
 - High airflow 3D fabric
- To increase efficiency / reduce cost:
 - Full assortment build on common component platform
 - Using late-stage dedication assembly process



International Markets – TEMPUR Brand

Go-Forward Strategy: Mattresses - Simplified SKU build

Common component platform:



Late dedication:

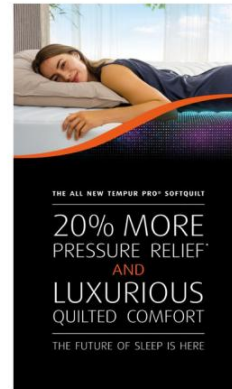


International Markets – Historical Segment



Go-Forward Strategy: Mattresses – Cutting Edge Sleep Technology

- Continue to appeal to historical segment, better channel/customer differentiation



International Markets – Broadening Assortment



Go-Forward Strategy: Mattresses – Wider range of consumer needs

- Targeting new consumers



International Markets – New Pillows

Go-Forward Strategy

- Continue to grow sales of most advanced pillows while broadening product offering



TEMPUR® PILLOWS	
COMFORT PILLOWS	
SOFT	MEDIUM
COMFORT Air	COMFORT Air
COMFORT SmartCool	COMFORT SmartCool
COMFORT PureClean	COMFORT PureClean
COMFORT	COMFORT

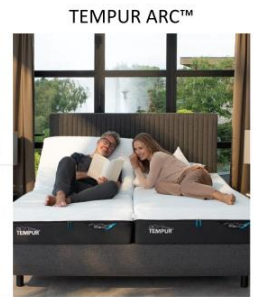
TEMPUR® ERGONOMIC PILLOWS				
ORIGINAL SmartCool	MILLENNIUM SmartCool	OMBRACIO SmartCool	SONATA SmartCool	SYMPHONY SmartCool
ORIGINAL	MILLENNIUM	OMBRACIO	SONATA	SYMPHONY

TEMPUR® PRIMA		TEMPUR® EASE AND ONE	
SOFT	MEDIUM	SOFT	MEDIUM
Prima Cooling	Prima Cooling	ONE Cooling	ONE Cooling
Prima	Prima	ONE	ONE
			EASE

International Markets – New Bed Bases

Go-Forward Strategy

- Continue to grow sales of most advanced bases while broadening product offering



International Markets – New Product Launches

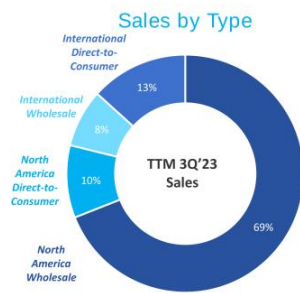
2023/2024 New Product Rollout

- Roll out started Q1 2023
- Subsidiary markets completed Q3 2023
- Distributors completed Q4 2023
- UK launches Q1 2024
- Products well received

2023/2024 Roll Out Timing

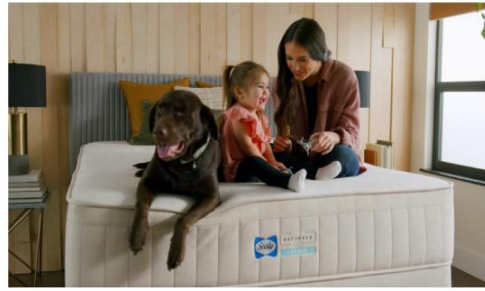


Third Quarter and Trailing Twelve Month Performance



(in millions, except percentages and per common share amounts)	Three Months Ended			Trailing Twelve Months Ended		
	September 30, 2023	September 30, 2022	% Change	September 30, 2023	September 30, 2022	% Change
Net Sales	\$1,277.1	\$1,283.3	-0.5%	\$4,942.3	\$5,093.4	-3.0%
Net Income	\$113.3	\$132.7	-14.6%	\$392.7	\$529.8	-25.9%
Adjusted Net Income²	\$136.8	\$137.8	-0.7%	\$427.9	\$547.6	-21.9%
GAAP EPS	\$0.64	\$0.75	-14.7%	\$2.21	\$2.83	-21.9%
Adjusted EPS²	\$0.77	\$0.78	-1.3%	\$2.42	\$2.93	-17.4%

Environmental, Social, & Governance



Investment Thesis

The leading vertically integrated global bedding company with iconic brands and extensive manufacturing capabilities

Over the long term, the bedding industry has consistently grown through ASP and unit expansion

History of market share gains across global omnichannel distribution

Legacy of strong value creation via capital allocation including share buybacks and acquisitions

Seasoned, well-aligned management with proven track record

TEMPUR+SEALY

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Thank you for your interest in Tempur Sealy International

For more information, please email: investor.relations@tempursealy.com



STEARNS
& FOSTER®

Dreams



SHERWOOD
BEDDING
a TEMPUR+SEALY company



S
SLEEP OUTFITTERS
ESTABLISHED 1982



Forward-Looking Statements

This investor presentation contains statements relating to the Company's share repurchase targets, the Company's expectations regarding net sales and adjusted EPS for 2023 and subsequent periods and the Company's expectations for increasing sales growth, product launches, channel growth, acquisitions, including the pending acquisition of Mattress Firm, cost efficiencies, fleet optimization and commodities outlook, and expectations regarding supply chain disruptions, the macroeconomic environment and COVID-related disruptions. 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, meet its guidance, 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 the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023. 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.

Note Regarding Historical Financial Information:

In this investor presentation we provide or refer to certain historical information for the Company. For a more detailed discussion of the Company's financial performance, please refer to the Company's SEC filings.

Note Regarding Trademarks, Trade Names, and Service Marks:

TEMPUR®, Tempur-Pedic®, the Tempur-Pedic Reclining Figure Design®, TEMPUR-Adapt®, TEMPUR-ProAdapt®, TEMPUR-LuxeAdapt®, TEMPUR-PRObreeze™, TEMPUR-LUXEbreeze™, TEMPUR-Cloud®, TEMPUR-Contour™, TEMPUR-Rhapsody™, TEMPUR-Flex®, THE GRANDBED BY Tempur-Pedic®, TEMPUR-Ergo®, TEMPUR-UP™, TEMPUR-Neck™, TEMPUR-Symphony™, TEMPUR-Comfort™, TEMPUR-Traditional™, TEMPUR-Home™, Sealy®, Sealy Posturepedic®, Stearns & Foster®, COCOON by Sealy™, SealyChill®, and Clean Shop Promise® are trademarks, trade names, or service marks of Tempur Sealy International, Inc., and/or its subsidiaries. All other trademarks, trade names, and service marks in this presentation are the property of the respective owners.

Use of Non-GAAP Financial Measures

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted net income, EBITDA, and adjusted EBITDA, adjusted EPS, 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. 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's 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.

EBITDA and Adjusted EBITDA

A reconciliation of the Company's GAAP net income to EBITDA and adjusted EBITDA per credit facility (which we refer to in this investor presentation as adjusted EBITDA) is provided on the subsequent slides. Management believes that the use of EBITDA and 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 Net Income and Adjusted EPS

A reconciliation of the Company's GAAP net income to adjusted net income and a calculation of adjusted EPS are provided on subsequent slides. Management believes that the use of adjusted net income and adjusted EPS also 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. The Company is unable to reconcile this forward-looking non-GAAP measure to EPS, its most directly comparable forward-looking GAAP financial measure, without unreasonable efforts, because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact EPS in 2023.

QTD Adjusted Net Income² and Adjusted EPS²

(in millions, except per share amounts)	Three Months Ended	
	September 30, 2023	September 30, 2022
Net income	\$ 113.3	\$ 132.7
Transaction costs ⁽¹⁾	15.7	—
Cybersecurity event ⁽²⁾	13.5	—
Operational start-up costs ⁽³⁾	2.3	1.8
ERP system transition ⁽⁴⁾	—	2.3
Restructuring costs ⁽⁵⁾	—	1.2
Loss from discontinued operations, net of tax ⁽⁶⁾	—	0.8
Adjusted income tax provision ⁽⁷⁾	(8.0)	(1.4)
Adjusted net income	\$ 136.8	\$ 137.8
Adjusted earnings per common share, diluted	\$ 0.77	\$ 0.78
Diluted shares outstanding	177.6	177.0

- (1) In the third quarter of 2023, we recorded \$15.7 million of transaction costs, primarily related to legal and professional fees associated with the pending acquisition of Mattress Firm.
- (2) In the third quarter of 2023, we recorded \$13.5 million of costs associated with the cybersecurity event identified on July 23, 2023. Cost of sales included \$9.6 million of manufacturing and network disruption costs incurred to ensure business continuity. Operating expenses included \$3.9 million, primarily related to professional fees incurred for incident response, containment measures and stabilization of our information systems.
- (3) In the third quarter of 2023, we recorded \$2.3 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. In the third quarter of 2022, we incurred \$1.8 million of operational start-up costs. Cost of sales and operating expenses included personnel and facility related costs of \$1.7 million and \$0.1 million, respectively.
- (4) In the third quarter of 2022, we recorded \$2.7 million of charges related to the transition of our ERP system. Cost of sales included \$2.3 million of manufacturing facility ERP system transition costs, including labor, logistics, training and travel. Operating expenses included \$0.4 million, primarily related to professional fees.
- (5) In the third quarter of 2022, we recorded \$1.2 million of restructuring costs primarily associated with headcount reductions.
- (6) Certain subsidiaries in the International business segment were accounted for as discontinued operations and had been designated as unrestricted subsidiaries in the 2019 Credit Agreement. Therefore, these subsidiaries were excluded from our adjusted financial measures for covenant compliance purposes.
- (7) Adjusted income tax provision represents the tax effects associated with the aforementioned items.

²For a reconciliation net income to adjusted net income and adjusted EPS in prior reporting periods, please refer to the Company's SEC filings.

TTM Adjusted Net Income² and Adjusted EPS²

(in millions, except per common share amounts)	Trailing Twelve Months Ended	
	September 30, 2023	
Net income	\$ 392.7	
Transaction costs ⁽¹⁾	31.5	
Cybersecurity event ⁽²⁾	13.5	
Operational start-up costs ⁽³⁾	8.0	
ERP system transition ⁽⁴⁾	6.6	
Restructuring costs ⁽⁵⁾	4.7	
Danish tax matter ⁽⁶⁾	(12.3)	
Adjusted income tax provision ⁽⁷⁾	(16.4)	
Total adjustments	35.6	
Adjusted net income	\$ 428.3	
Adjusted earnings per share, diluted	\$ 2.42	

- (1) In the trailing twelve months ended September 30, 2023, we recognized \$31.5 million of transaction costs associated with the pending acquisition of Mattress Firm.
- (2) In the third quarter of 2023, we recorded \$13.5 million of legal and professional fees associated with the cybersecurity event identified on July 23, 2023.
- (3) In the trailing twelve months ended September 30, 2023, we recognized \$8.0 million of operational start-up costs primarily related to the capacity expansion of our manufacturing and distribution facilities in the U.S., including personnel and facility related costs.
- (4) In the trailing twelve months ended September 30, 2023, we recognized \$6.6 million of charges related to the transition of our ERP system.
- (5) In the trailing twelve months ended September 30, 2023, we recognized \$4.7 million of restructuring costs primarily associated with headcount reductions related to organizational changes.
- (6) The Company recorded an income tax benefit, on a net basis, of \$12.3 million related to its Danish tax matter in the fourth quarter of 2022. In December 2022, the Danish tax authority and the IRS agreed on a preliminary framework to conclude the Company's Danish tax matter for the years 2012 through 2024.
- (7) Adjusted income tax provision represents the tax effects associated with the aforementioned items, excluding the income tax benefit for the Danish tax matter.

TTM Adjusted EBITDA²

(In millions)	Trailing Twelve Months Ended	
	September 30, 2023	
Net income	\$	392.7
Interest expense, net		130.6
Income tax provision		103.0
Depreciation and amortization		185.0
EBITDA	\$	813.3
Adjustments:		
Transaction costs ⁽¹⁾		31.5
Cybersecurity event ⁽²⁾		13.5
Operational start-up costs ⁽³⁾		8.0
ERP system transition ⁽⁴⁾		6.6
Restructuring costs ⁽⁵⁾		4.7
Adjusted EBITDA	\$	877.6
Consolidated indebtedness less netted cash	\$	2,534.7

Ratio of consolidated indebtedness less netted cash to adjusted EBITDA 2.89 times

- (1) In the trailing twelve months ended September 30, 2023, we recognized \$31.5 million of transaction costs associated with the pending acquisition of Mattress Firm.
- (2) In the third quarter of 2023, we recorded \$13.5 million of legal and professional fees associated with the cybersecurity event identified on July 23, 2023.
- (3) In the trailing twelve months ended September 30, 2023, we recognized \$8.0 million of operational start-up costs primarily related to the capacity expansion of our manufacturing and distribution facilities in the U.S., including personnel and facility related costs.
- (4) In the trailing twelve months ended September 30, 2023, we recognized \$6.6 million of charges related to the transition of our ERP system.
- (5) In the trailing twelve months ended September 30, 2023, we recognized \$4.7 million of restructuring costs primarily associated with headcount reductions related to organizational changes.

*For a reconciliation net income to EBITDA and Adjusted EBITDA in prior reporting periods, please refer to the Company's SEC filings.

*For a reconciliation of leverage to consolidated indebtedness less netted cash in prior reporting periods, please refer to the Company's SEC filings.

Leverage² Reconciliation

(In millions)	September 30, 2023
Total debt, net	\$ 2,608.5
Plus: Deferred financing costs ⁽¹⁾	17.8
Consolidated indebtedness	2,626.3
Less: Netted cash ⁽²⁾	91.6
Consolidated indebtedness less netted cash	\$ 2,534.7

(1) We present deferred financing costs as a direct reduction from the carrying amount of the related debt in the Condensed Consolidated Balance Sheets. For purposes of determining total debt for financial covenant purposes, we have added these costs back to total debt, net as calculated per the Condensed Consolidated Balance Sheets.

(2) Netted cash includes cash and cash equivalents for domestic and foreign subsidiaries designated as restricted subsidiaries in the 2023 Credit Agreement.

Footnotes

¹ Management estimates

² Adjusted net income, EBITDA, adjusted EBITDA and adjusted EPS are non-GAAP financial measures. Please refer to the "Use of Non-GAAP Financial Measures" on a previous slide for more information regarding the definitions of adjusted net income, EBITDA, adjusted EBITDA, and adjusted EPS, including the adjustments (as applicable) from the corresponding GAAP information. Please refer to "Forward-Looking Statements" on a previous slide.

³ For J.D. Power 2023 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards). Tempur-Pedic received the highest score among mattresses purchased in-store in the J.D. Power 2019-2022 Mattress Satisfaction Reports, which measures customer satisfaction with their in-store mattress purchase experience. Visit [jdpower.com/awards](https://www.jdpower.com/awards) for more details. Tempur-Pedic received the highest score among mattresses purchased online in the J.D. Power 2021-2023 U.S. Mattress Satisfaction Studies, which measures customers' satisfaction with their online mattress purchase experience. Visit [jdpower.com/awards](https://www.jdpower.com/awards) for more details.

⁴ Bed raises once approximately 12 degrees in response to snoring. This may reduce snoring in otherwise healthy individuals who snore due to body positioning.

