sleep number

INVESTOR PRESENTATION

Nasdaq: SNBR

December 2025

FORWARD LOOKING STATEMENTS

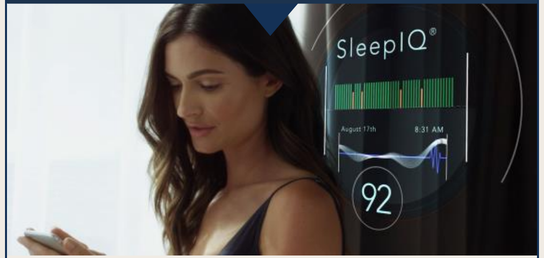
This investor presentation contains statements regarding the company's expectations, future plans, events, financial results or performance, such as the following statements that are forward-looking statements subject to certain risks and uncertainties which could cause the company's results to differ materially: the company has initiated a comprehensive financial and operational transformation, setting a clear vision for growth, new opportunities, and lasting shareholder value; the company's gross margin profile and reduced fixed cost structure is anticipated to result in strong free cash flow as growth returns; the company expects to generate positive free cash flow in 2026 and beyond, creating the opportunity to de-lever the balance sheet; the recently amended and extended credit agreement provides the company with the financial flexibility to execute the business turnaround; with expected improvements in financial results from the turnaround, the company is positioned to restructure the balance sheet with longer-duration debt to drive long-term shareholder value creation; the company's simpler and differentiated product offering in 2026 will improve shop-ability, conversion, margins, and efficiency; and the company has certain expectations for full year 2025 adjusted EBITDA and 2025 exit rate of profitability. The most important risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in Item 1A of the Company's Annual Report on Form 10-K and other periodic reports. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update any forward-looking statement.

USE OF NON-GAAP FINANCIAL MEASURES INFORMATION

The company defines earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) as net income (loss) plus: income tax expense (benefit), interest expense, depreciation and amortization, stock-based compensation, restructuring costs, other non-recurring items, and asset impairments. Management believes adjusted EBITDA is a useful indicator of the company's financial performance and its ability to generate cash from operating activities. The company's definition of adjusted EBITDA may not be comparable to similarly titled definitions used by other companies.

WHY NOW, WHY SLEEP NUMBER | **The company has initiated a comprehensive financial and operational transformation, setting a clear vision for growth, new opportunities, and lasting shareholder value**

UNIQUE POSITION ADVANTAGE



- Sleep is recognized as a key element of overall individual health
- Strong brand awareness and reputation
- Highly differentiated product that offers the most personalized mattress on the market
- 900+ patents and patents pending creates product innovation moat
- Established fleet of 600+ high-quality retail stores

CLEAR VALUE CREATION PATHWAY

- New leadership with deep experience in consumer products and marketing
- Clear focus on the consumer through a simple turnaround strategy – Sleep Number Shifts:
  - Product – simplifying the offering with a focus on consumer benefits
  - Marketing – modernization of tactics and focus on funnel optimization and ROI
  - Distribution – opportunity to expand distribution into both physical and digital channels
- Underpinned by significant reductions to the fixed cost structure and financing secured to support the turnaround

SHAREHOLDER VALUE PROPOSITION

- Gross margin profile and reduced fixed cost structure is anticipated to result in strong free cash flow as growth returns
- Expect to generate positive free cash flow in 2026 and beyond, creating the opportunity to de-lever the balance sheet
- With expected improvements in financial results from the turnaround, the company is positioned to restructure the balance sheet with longer-duration debt to drive long-term shareholder value creation

EXPECTED RETURNS AND TIMELINE

- New CEO and management team in place in Q2 2025 immediately began activating a turnaround plan focused on the consumer
- Modernized marketing engine is already driving efficiency
- Revised loan covenants and maturity extension create space to invest in marketing and product
- A simpler and differentiated product offering in 2026 will improve shop-ability, conversion, margins, and efficiency
- Building on HSN activation, additional distribution pilots to be executed in 2026

Leading with Speed and a Clear Vision

Sleep Number is in a turnaround. Since I joined in April 2025, every part of the business has been impacted by change. We:

- ***Created a more streamlined operation*** *to ensure quicker decision making,*
- ***Reduced costs across the business*** *by more than $135M as compared to 2024, excluding restructuring and other non-recurring costs, and*
- ***Executed an amendment and extension of our bank agreement*** *through the end of 2027.*

We are now in a position where we can implement our strategy to further shareholder, consumer, and team member value.

We call it ***Sleep Number Shifts*** *– a focused, company-wide effort to reposition our brand, expand our reach to new customer groups, and reignite growth.*

We still have a lot of work ahead of us, and I am optimistic about Sleep Number. *This is a powerful brand, with a highly differentiated product. We have more than 3,200 dedicated team members with a renewed passion for fast action and a commitment to our purpose of improving lives by personalizing sleep.*

I believe that our leaner cost structure will stabilize the business and our 2026 plans are achievable. We appreciate your support and will keep you updated as we move forward.

Linda Findley, President and CEO, Sleep Number
December 2025

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Stabilizing the foundation and positioning for growth

Immediate Actions Taken Since April 2025

- Streamlined organization for faster decision-making across all business units
- Achieved >$135M in cost savings in 2025 vs. 2024 (excluding restructuring and non-recurring costs), with more to come
- Successfully amended and extended bank agreement through 2027
- ~3,200 team members with renewed focus on execution speed

Strategic Framework Established: "Sleep Number Shifts"

- Company-wide effort to strengthen market position
- Targeting new customer segments to broaden reach
- Focused initiatives to reignite revenue growth

Set a Path Forward

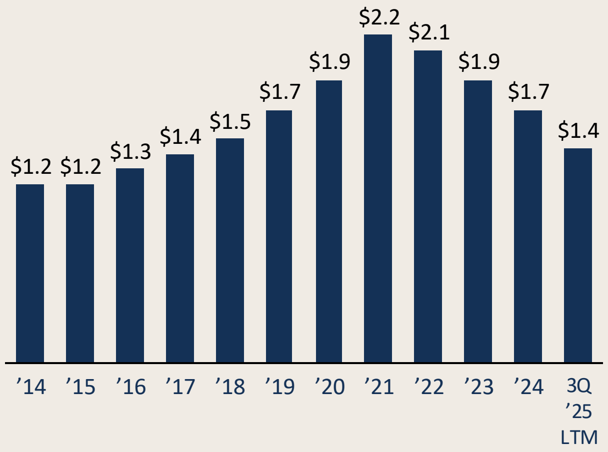
- Build back to profitable growth leveraging brand strength and differentiated technology
- Cash generation focus to reduce debt and strengthen balance sheet
- Value creation for shareholders, customers, and team members

sleep number

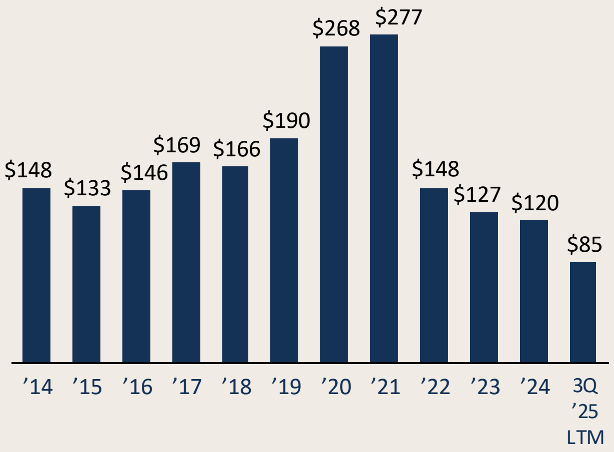
- The leader in **premium personalized sleep** through the design, engineering, manufacturing, distribution and marketing of innovative sleep solutions
- Our beds integrate **physical and digital innovations** for unparalleled comfort; they automatically respond to the needs of each sleeper with ideal firmness, position and temperature benefits
- Our beds with integrated biosignal technology **collect billions of data points nightly from millions of sleepers**, generating comprehensive longitudinal data
- Our products are awarded the industry's top recognitions, including ranked **#1 in customer satisfaction for mattresses purchased in-store and online, including #1 in comfort, by J.D. Power and one of TIME's Best Inventions of 2025**
- By leveraging our data and engagement tools, we deliver **personalized digital sleep and health insights to sleepers, driving greater loyalty, repeat purchases, and referrals**
- We have developed **an industry-leading IP portfolio** supported by 900+ patents and patents pending worldwide
- Our **~3,200 mission-driven team members** seamlessly integrate our digital and physical experiences to achieve a value-added retail experience through our experiential stores, online, phone and chat channels

611 Stores	**2.3M** Average Sales per Store[1]	**$743M** Enterprise Value[2]
$1.4B Net Sales[3]	**$85M** Adjusted EBITDA[3]	**5.0x** Net Leverage Ratio Under RCF[4]
900+ Patent Assets	**3.1M** Smart Sleepers	**16M+** Improved Lives by Higher Quality Sleep

Net Sales ($B)



Adjusted EBITDA[1] ($M)



1. *Trailing-twelve months Total Retail comparable sales per store open at least one year as of September 27, 2025. See Appendix for reconciliations.*
2. *Enterprise value as of September 27, 2025.*
3. *Trailing-twelve months as of September 27, 2025. See Appendix for reconciliations.*
4. *Leverage ratio as of September 27, 2025, under revolving credit facility calculated as total debt including operating lease liabilities / consolidated EBITDAR. Covenant maximum of 5.25x.*

sleep number *shifts*

REPOSITION OUR BRAND	By highlighting our core value proposition: helping people get a great night of sleep, tonight
EXPAND CUSTOMER REACH	By offering what they want most: comfort, value and durability
REIGNITE GROWTH	By ensuring we have the right infrastructure to deliver on our priorities

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THREE FOCUSED INITIATIVES THAT WILL TRANSFORM SLEEP NUMBER

Shift from a traditional retailer into a customer-centric sleep wellness company, positioned for sustainable growth through simplified offerings, smarter marketing, and expanded reach

1 PRODUCT

We are simplifying our offering with the goal of growing our new customer base while building on the demand from our repeat customers

2 MARKETING

We are reshaping our marketing and creative to better connect with today's consumer and drive engagement with a focus on better ROI

3 DISTRIBUTION

While we continue to see benefits in our vertically integrated model, we believe there are opportunities to expand distribution into new channels, both physical and digital

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Product Commitments

- Starting in 2026, we will adapt our offerings to deliver **what consumers want most – comfort, value and durability**
- Leveraging **extensive IP** and staying true to **core differentiators**, while **building value for those new to the brand**
- Moving quickly to take advantage **of improved supply chain efficiency** and **simplified service**, all at a **long-term attractive margin** across the portfolio

Elevate Core Differentiation

Retain leadership and differentiation through customer-centered sleep innovation

- **Get credit for core differentiator** of personalized comfort adjustability (air technology)
- **Leverage digital assets and health expertise** to deliver stronger customer value across price points
- **Target messaging and innovation** around improving health through better sleep

Portfolio Simplification

Simplify product portfolio to deliver superior value

- **Sharpen differentiation and reduce** bed SKUs
- **Enhance marketing** to deliver on value proposition
- **Offer market-leading smart technology** and temperature solutions that solve most pressing sleep needs, encouraging consumer step up

Improve Gross Margin

Optimize for improved operational efficiency and margin uplift

- Improve net product margins through **smarter design, sourcing and promotional discipline**
- Renew focus on manufacturability and serviceability, **reducing supply chain and service complexity**

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Marketing Commitments

- Build on top of strong brand relevance to **attract consumers from a larger addressable market**
- Exploiting on the **correlation between marketing and consumer demand**, deliver **improvements in marketing effectiveness and return on investment at greater scale**
- In parallel, **evolving all aspects of marketing** and creative work, including **deploying a brand refresh focused on target segments**

Optimize Funnel Performance

Retain leadership and differentiation through customer-centered sleep innovation

- **Drive efficiency in marketing spend** by focusing the next dollar on the highest ROI placements that drive cost effective growth
- **Continue to improve Cost Per Acquisition** by ensuring effectiveness of each funnel stage
- **Enhance lead quality** through close collaboration between sales and marketing

Reset Brand Positioning

Reposition the brand to clearly tell the product benefit story

- **Sharpen our positioning and messaging** with a focus on key benefits and value to target new consumers
- **Elevate look and feel** to drive relevance with key target audiences

Customer Engagement

Drive customer advocacy by delivering a quality, seamless and personalized experience across all interactions

- **Increase positive brand mentions** through strategic communications tactics
- **Reimagine customer interactions** with a focus on their priorities to deliver a strong end-to-end experience

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Distribution Commitments

- **Optimizing store footprint** and **leaning into digital** to meet customers where they are, while **exploring selective partnerships and new routes to market**
- **Simplifying the shopping experience** in our retail stores and our website to **better matches our customers' needs and price points**

Store Optimization

Based in economics and consumer shopping behaviors

- **Consolidate underperforming locations** to improve profitability and align with high-traffic markets
- **Leverage data analytics** to identify optimal store size, layouts, and locations for better customer engagement
- **Integrate digital tools** in-store to enhance personalization and reduce operational costs
- Focus on **experiential retail** to differentiate from competitors and drive conversion

New Distribution Channels

Meet consumers where they shop

- **Expand presence on leading and relevant platforms** to capture online demand
- Introduce **pop-up and showroom concepts** in high-density urban areas
- **Enhance website, mobile, and social commerce** capabilities to digitally engage consumers

Partnership Expansions

Leverage consumer points of engagement across expanded set of relevant brands

- **Collaborate with complementary wellness and home brands** to create bundled offerings and cross-promotions
- **Engage influencers and affiliate networks** to amplify brand awareness
- Utilize **co-marketing campaigns to tap into new customer segments** and drive incremental sales

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All members of the executive leadership team report into new President and CEO Linda Findley. We streamlined our leadership and their teams into an agile, cross-functional team by consolidating roles across key functions to enhance operational efficiency, enhance accountability and drive transformation

LINDA FINDLEY

President, Chief Executive Officer

Experience (24+ years)

Led consumer brands, operations management, organizational transformation, marketing strategy, and global expansion with top roles at Blue Apron, Etsy, Evernote, and Alibaba

Ralph Lauren and HeliosX Board Member

AMY O'KEEFE

Executive Vice President, Chief Financial Officer

Experience (30+ years)

Extensive experience as a public-company CFO leading transformations in consumer products, technology, and wellness sectors at Avaya, The Black & Decker Corporation, Weight Watchers, Drive DeVilbiss Healthcare

TruBridge Board Member

AMBER MINSON

Executive Vice President, Chief Marketing Officer

Experience (28+ years)

Specialized experience in building and scaling high performance marketing organizations at Casper, Blue Apron, Intuit, Alibaba, HSN, and Comcast NBCUniversal

MELISSA BARRA

Executive Vice President, Chief Product and Enterprise Strategy Officer

Experience (19+ years)

Brings senior leadership experience in finance, strategy, and corporate development from Best Buy, Grupo Futuro, Citibank, and GE Capital

Blue Cross Blue Shield and Pentair Board Member

CHRISTOPHER KRUSMARK

Executive Vice President, Chief Retail and People Officer

Experience (19+ years)

Oversees retail and people operations, building on prior leadership in human resources, finance, and sales operations, and experience as a CPA with EY and Arthur Andersen

Hired Board Member

SAM HELLFELD

Executive Vice President, Chief Legal and Risk Officer and Secretary

Experience (21+ years)

Heads legal and risk management teams, with a foundation in corporate governance, IP, and litigation as a partner at national law firms and federal court clerkships

TANYA SKOGERBOE

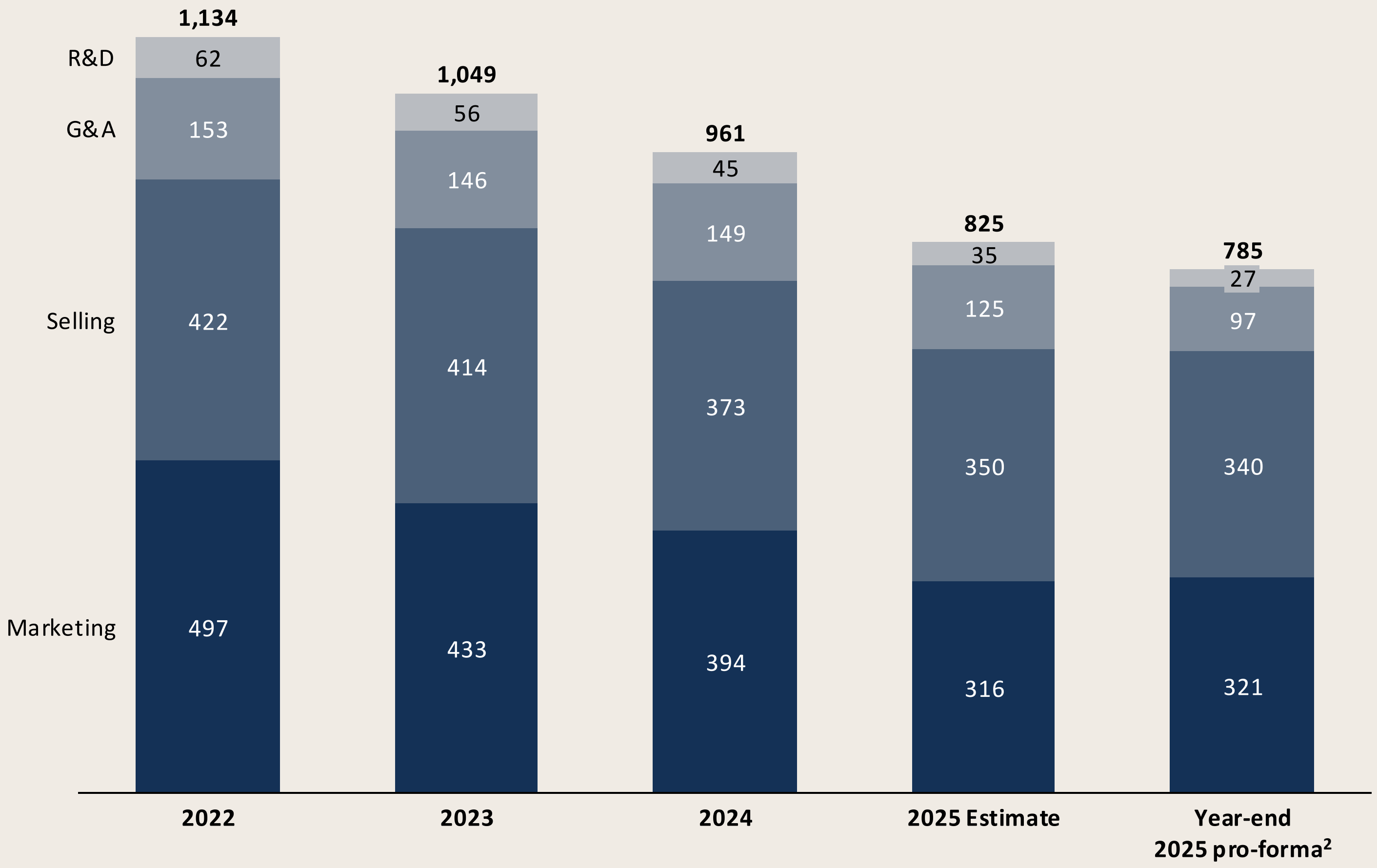
Senior Vice President, Chief Supply Chain and Transformation Officer

Experience (15+ years)

Oversees supply chain operations and held positions in services and strategy, customer experience and commercial channel operations

MAKERS and Think Small Board Member

Operating Expenses[1]



- Recently **amended and extended credit agreement** and a **lower cost structure** bring financial stability in 2026
- **Key cost structure assumptions entering 2026**:
  - Actions have been taken on approximately $40 million of annualized cost reductions, with more to come in 2026, **virtually all of which will be realized in the year**
  - **Some cost headwinds** for standard inflationary items and variable compensation (returning to targeted levels assuming 2026 plan is achieved)
  - Continued **marketing efficiency gains** elevate media ROI as investment levels increase and are optimally deployed throughout the year
- A stabilized top line enables working capital leverage as a source of cash, coupled with consistent gross margins and reductions to the fixed cost structure, drive a return to **meaningful free cash flow generation in 2026**

1. *Source: Company filings. Excludes restructuring and other non-recurring costs.*
2. *Year-end 2025 pro-forma Operating Expenses include cost reductions for actions taken and implemented but not yet fully realized in annualized operating results.*

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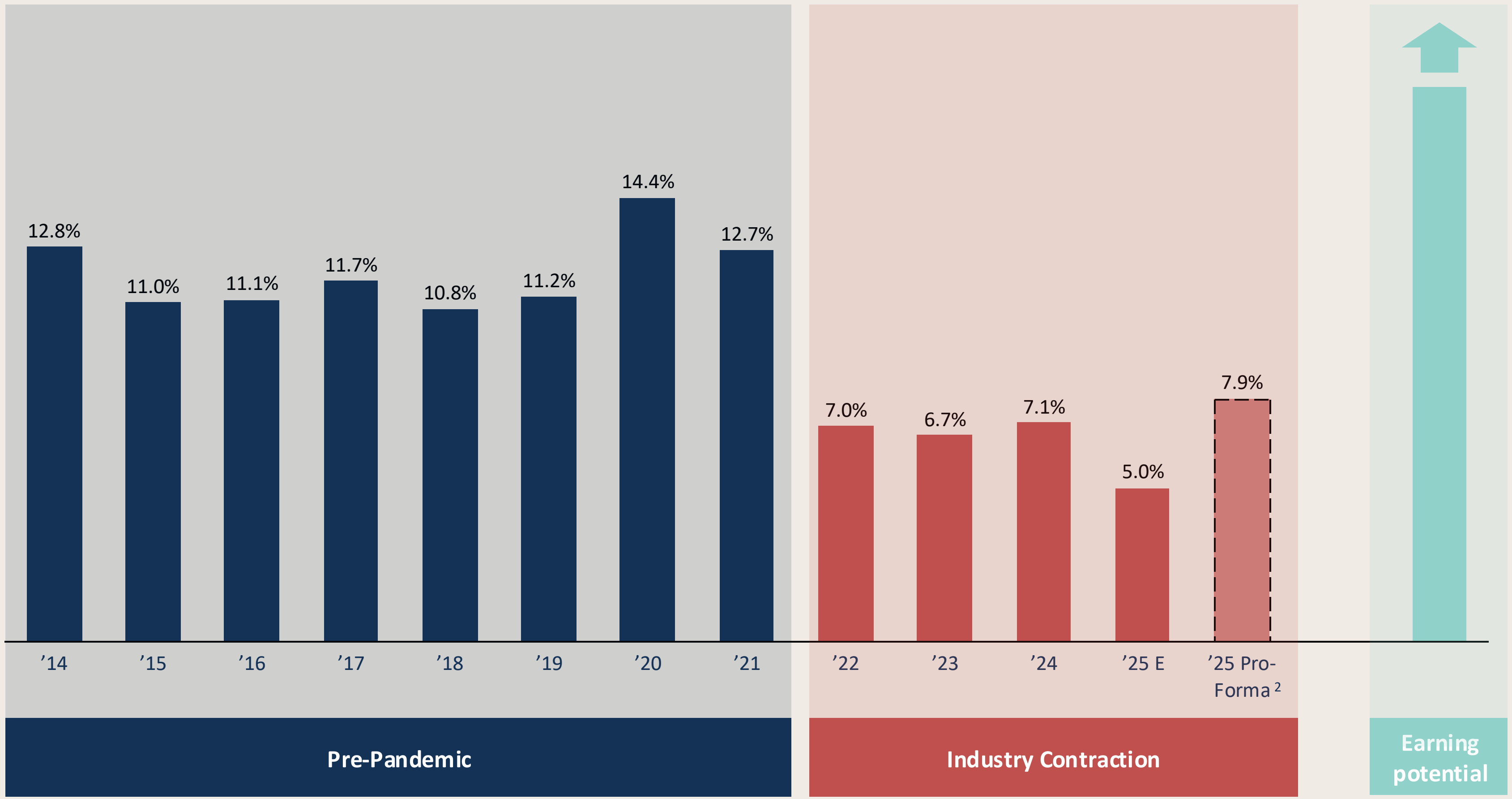
Adjusted EBITDA Margin[1]



- Strong **brand awareness** and a highly **differentiated product** are supported by a **transformed business model**, amplifying the company's earning potential
- **Lower fixed cost structure**:
  - Lower corporate overhead across all functions
  - Fewer retail locations
  - Fewer assembly and distribution centers, consolidated manufacturing footprint
- **Strong gross profit margin** profile
- **Improved marketing efficiency**

1. *Source: Company filings. See Appendix for reconciliations.*
2. *2025 pro-forma adjusted EBITDA margin includes pro-forma cost reductions for actions taken and implemented but not yet fully realized in annualized operating results.*

Why Now, Why Sleep Number

Our leaner cost structure and gross margin profile is expected to create stabilization, regardless of industry trends

Unique Position Advantage

- Strong and recognizable brand
- Unique and innovative product

Clear Value Creation Pathway

- New leadership team driving the business turnaround
- Clear focus on the consumer: product, marketing, and distribution

Shareholder Value Creation

- Gross margin profile and reduced fixed cost structure leads to strong cash flow generation with growth
- New marketing efficiencies will produce return on growth at stable spend
- Free cash flow used to reduce balance sheet leverage

Expected Returns and Timeline

- Modernization of marketing is underway, supported by stabilized investments in demand generation
- Simpler and differentiated product offering launching in 2026, supported by expanded distribution

($ in millions)	Fiscal Year 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Income (Loss)	$ 68.0	$ 50.5	$ 51.4	$ 65.1	$ 69.5	$ 81.8	$ 139.2	$ 153.7	$ 36.6	$ (15.3)	$ (20.3)
Adjustments:											
(+/-) Income Tax Expense (Benefit)	34.1	24.9	24.5	26.0	17.0	18.7	36.8	33.5	12.3	(4.5)	(5.2)
(+) Interest Expense	0.1	0.2	0.8	1.0	5.9	11.6	9.0	6.2	19.0	42.7	48.4
(+) Depreciation and Amortization	38.8	46.9	56.9	61.1	61.6	61.4	60.8	59.8	66.6	72.5	65.0
(+) Stock-based Compensation	6.8	10.3	12.0	15.8	11.4	16.7	21.8	23.2	13.2	14.9	11.4
(+) Restructuring Costs	-	-	-	-	-	-	-	-	-	15.7	18.1
(+) CEO Transition/Proxy Contest Costs	-	-	-	-	-	-	-	-	-	-	1.0
(+) Asset Impairments	0.5	0.3	0.1	0.2	0.1	0.2	0.3	0.2	0.3	0.7	1.2
Adjusted EBITDA	**$148.3**	**$133.1**	**$145.7**	**$169.2**	**$165.5**	**$190.4**	**$267.9**	**$276.6**	**$148.0**	**$126.7**	**$119.6**
Revenue	$ 1,157	$ 1,214	$ 1,311	$ 1,444	$ 1,532	$ 1,698	$ 1,857	$ 2,185	$ 2,114	$ 1,887	$ 1,682
Adjusted EBITDA Margin	*12.8%*	*11.0%*	*11.1%*	*11.7%*	*10.8%*	*11.2%*	*14.4%*	*12.7%*	*7.0%*	*6.7%*	*7.1%*

Note - Our Adjusted EBITDA calculation is considered a non-GAAP financial measure and is not in accordance with, or preferable to, "as reported," or GAAP financial data. However, we are providing this information as we believe it facilitates analysis of the Company's financial performance by investors and financial analysts.

GAAP = generally accepted accounting principles in the United States

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($ in millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Fiscal Year										
Net Cash Provided by (Used in) Operating Activities	$ 144.5	$ 107.9	$ 151.6	$ 172.6	$ 131.5	$ 189.2	$ 279.7	$ 300.0	$ 36.1	$ (9.0)	$ 27.1
Adjustments:											
(-) Purchases of Property and Equipment	(76.6)	(85.6)	(57.8)	(59.8)	(45.5)	(59.2)	(37.1)	(66.9)	(69.5)	(57.1)	(23.5)
Free Cash Flow	**$ 67.9**	**$ 22.3**	**$ 93.8**	**$ 112.8**	**$ 86.0**	**$ 130.0**	**$ 242.6**	**$ 233.1**	**$ (33.4)**	**$ (66.1)**	**$ 3.6**

Note - Our Free Cash Flow data is considered a non-GAAP financial measure and is not in accordance with, or preferable to, "as reported," or GAAP financial data. However, we are providing this information as we believe it facilitates analysis of the Company's financial performance by investors and financial analysts.

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For more information, visit ir.sleepnumber.com