

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-37523



PURPLE INNOVATION, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-4078206

(I.R.S. Employer
Identification No.)

4100 NORTH CHAPEL RIDGE ROAD SUITE 200
LEHI, UTAH

(Address of principal executive offices)

84048

(Zip Code)

Registrant's telephone number, including area code: (801) 756-2600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	PRPL	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404 (b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock outstanding, other than shares held by persons who may be deemed affiliates of the registrant, computed by reference to the closing sales price for the common stock as of June 30, 2025, as reported on NASDAQ, was \$41.2 million.

As of March 30, 2026, there were 108,633,907 shares of Class A common stock, par value \$0.0001 per share, and 163,052 shares of Class B common stock; par value \$0.0001 per share of the registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's definitive proxy statement relating to the Annual Meeting of Stockholders are specifically incorporated by reference in Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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Unless the context otherwise requires, references in this Annual Report on Form 10-K to (i) “Purple,” “the Company,” “our company,” “we,” “our” and “us,” or like terms, refer to Purple Innovation, Inc. and its subsidiaries, currently Purple Innovation, LLC; (ii) “Purple Inc.” refers to Purple Innovation, Inc. without its subsidiary; (iii) “Purple LLC” refers to Purple Innovation, LLC, an entity of which Purple Inc. acts as the sole managing member and of whose common units we own approximately 99.9% as of March 17, 2026; (iv) “Business Combination” refers to the February 2, 2018 reverse recapitalization transaction pursuant to which Purple Inc. acquired Purple LLC; (v) “Global Partner Acquisition Corp.” and “GPAC” refer to the Company prior to the closing of the Business Combination; (vi) “Common Stock” or “Class A Stock” refers to the Company’s Class A common stock, par value \$0.0001 per share; (vii) “Class B Stock” refers to the Company’s Class B common stock, par value \$0.0001 per share; and (viii) “2024 Annual Meeting” refers to the Company’s 2024 annual meeting of stockholders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report, including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. Statements in this report that are not descriptions of historical facts are forward-looking statements that are based on management’s current expectations and are subject to risks and uncertainties that could negatively affect our business, results of operation, financial condition and stock price. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for Purple. Specifically, forward-looking statements may include statements relating to changes in the markets in which Purple competes, expansion plans and opportunities, our restructuring, our expectation of opening additional Purple showrooms, increases in capital, advertising and operational expenses, and other statements preceded by, followed by or that include the words “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target” or similar expressions.

The forward-looking statements contained in this report are made only as of the date hereof. It is routine for our internal projections and expectations to change throughout the year, and any forward-looking statements based upon these projections or expectations may change prior to the end of the next quarter or year. Forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under “Risk Factors” may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

PART I

Item 1. Business

Introduction

Our mission is to deliver the greatest sleep ever invented.

We began as a digitally-native vertical brand founded on comfort product innovation with premium offerings, and have since expanded into brick & mortar stores as a true omni-channel brand. We offer a variety of innovative, branded and premium comfort products, including mattresses, pillows, cushions, bases, sheets and more. Our products are the result of decades of innovation and investment in proprietary and patented comfort technologies and the development of our own manufacturing processes. Our proprietary Hyper-Elastic Polymer gel technology underpins many of our comfort products and provides a range of benefits that differentiate our products from our competitors. Specially engineered to relieve pressure, maintain an ideal body temperature, and provide instantly adaptive support, Purple's patented technology has been tested rigorously within medical and consumer applications for over 30 years. Originally designed for use in hospital beds and wheelchairs, we adapted this unique pressure-relieving material for our mattresses, pillows and other cushion products.

We market and sell our products via our direct-to-consumer channel, which includes Purple.com (our direct-to-consumer e-commerce), Purple showrooms, our customer contact center and online marketplaces (collectively "DTC"), and our wholesale channel through retail brick-and-mortar and online wholesale partners.

Our core competencies in design, development and manufacturing are the foundation of our business. We have integrated our operations to include research and development, marketing and manufacturing. As a result, we have the ability to rapidly test, learn, adapt and scale our product offerings. In order to solve complex manufacturing challenges such as large-format injection molding of our Hyper-Elastic Polymer cushioning material, we designed and produced our own manufacturing equipment including our proprietary and patented molding machinery. These fully customized machines are unique to Purple and, we believe, can handle both our size and scale requirements. We believe our combination of patents and intellectual property, proprietary and patented manufacturing equipment, production processes and decades of acquired knowledge create an advantage over our competitors who rely on commoditized materials, such as foam.

In addition to developing differentiated products and technologies, we have built a brand that we believe has high customer engagement and avid brand advocates. We have an experienced marketing team, providing efficient customer acquisition and brand demand development. Our marketing strategy enables us to market our full product suite to customers, generate frequent interactions online and drive traffic to all channels offering our products.

Our knowledge of and engagement with consumers across digital and brick and mortar retail channels is advantageous and increasing. To complement our DTC efforts, we have developed multiple wholesale relationships with best-in-class retailers in the furniture, mattress specialty, and home décor spaces. Our goal is to provide opportunities for each customer to learn, shop, and buy in the way that works for them. We believe our differentiated products (including differences across price, comfort, benefit, marketing strategies, manufacturing capabilities, branding and technology) position us to drive long-term growth. For the year ended December 31, 2025, our DTC sales accounted for 55.8% of our net revenues, as compared to 58.1% for 2024 and 58.1% for 2023, and wholesale sales accounted for 44.2% of net revenues, as compared to 41.9% for 2024 and 41.9% for 2023.

As of December 31, 2025 we operate 55 Purple showrooms across the United States as compared to 58 Purple showrooms at the end of 2024 and 60 Purple showrooms at the end of 2023. We continue to strategically operate showrooms and anticipate continued expansion of our showrooms in the future.

Industry and Competition

Our portfolio of products is driven by our commitment to innovating real comfort solutions that meaningfully help people sleep, feel and live better. Whether it's getting a better night's rest or elevating everyday life, we design and manufacture innovative, differentiated products that put our customers' comfort first.

Sleep Products

The sleep products category encompasses a variety of products including mattresses, pillows, bases, foundations, sheets, mattress protectors, blankets and duvets. Meaningful innovation in sleep products has remained stagnant and limited over the last 150 years. Coil spring mattresses and memory foam, two of the primary materials underpinning mattress technology today, were invented in the 1860s and 1990s. Latex, water and air mattresses followed, emerging in the latter part of the 20th century. The sleep product industry has generally remained complacent until the introduction of our proprietary Hyper-Elastic Polymer material, which we believe represents a meaningful innovation in pressure relief, temperature neutrality, responsiveness, durability and limited motion transfer. We believe that our proprietary technology solves problems that regular mattresses create and has proven that material innovations can have a positive impact on sleep.

Beginning in 2015, the market for sleep products underwent a fundamental transformation with the rise of e-commerce-based brands and direct-to-consumer distribution. This market change disrupted the traditional category dynamics and drove the majority of category growth (versus traditional mattress companies) for several years. Recently, the U.S. sleep product industry has experienced significant consolidation as manufacturers have acquired both direct-to-consumer companies and brick and mortar retailers to expand profitability through vertical integration and extend their reach to the consumer to capture more market share. Amidst this changing category dynamic, Purple's product differentiation and manufacturing capabilities paired with our strategic mix of showrooms, e-commerce and third-party retailers, has allowed us to gain share and be a leader in the sleep products category.

In 2022, we acquired Advanced Comfort Technologies, Inc., dba Intellibed ("Intellibed"), a premium sleep and health wellness company that was a pre-existing licensee of the founders of some of our technologies. This acquisition resulted in us owning the sole right to use all of our Hyper-Elastic Polymer technologies in our beds. In addition, the acquisition allowed us to immediately expand into the luxury mattress segment. As a result, Purple launched two collections in the second quarter of 2023, giving us three collection offerings: Essentials (including the Purple Flex, The Purple Mattress, and The Purple Plus), Restore (including Restore, RestorePlus, and RestorePremier) and Rejuvenate (including Rejuvenate, RejuvenatePlus and RejuvenatePremier). We re-launched the Rejuvenate collection (Rejuvenate 2.0) in the second quarter of 2025 with a newly innovated grid technology.

In general, direct-to-consumer mattress companies offer convenience, flexible shipping and returns, and low prices, while leveraging third-party manufacturing and distribution. Materials used by online mattress retailers include layers of foam cushioning that are assembled, compressed and folded into a box for distribution. This market is highly fragmented, commoditized and competitive, with customer purchase decisions based primarily on price. Prior to Purple, there has been little recent success disrupting the premium market, where the majority of category revenue and profit is realized. Competitors in the premium market include Tempur Sealy and Sleep Number.

While e-commerce home goods purchases have increased over the past five years, traditional brick-and-mortar retailers command a significant part of the market for mattress products. This part of the retail market is also highly fragmented and competitive. The leading brick-and-mortar specialty mattress retailer in the United States is Mattress Firm and the leading furniture store is Ashley Furniture. These national retailers compete with both regional and local retailers as well as furniture and department stores. Purple has also expanded into many of these regional and local furniture retailers.

Across these channels, some key factors that impact competition in our industry are comfort feel, product features, reliable logistics and manufacturing capabilities, marketing efficacy and efficiency, brand differentiation, expertise of sales associates, customer care, pace of innovation and product roadmap, price of products and services, financial stability and ability to invest in innovation.

What Makes Purple Different?

We believe we have a particular set of competitive strengths that differentiate and position us for continued success:

- ***History of innovation that produced new comfort technology***— We are a company built on innovation and licensing, with more than 30 years of expertise in comfort innovation. Purple is founded upon decades of history-developing innovative comfort solutions, including the invention of our proprietary and patented Hyper-Elastic Polymer technology. Our breakthrough mattress represents what we believe to be the first substantive innovation in the sleep product industry since the introduction of memory foam in 1992. We believe that the unique properties of our technology have resulted in several improvements to existing sleep products that are not addressed by foam, spring or air mattresses.
- ***Pressure Relief***— Our Hyper-Elastic Polymer technology is designed around the science of column buckling which enables our mattresses to be both firm and soft. This offers support across the body’s larger surface areas, such as the back, while providing pressure relief at local areas or points of pressure, such as the hips and shoulders. We believe Purple’s founders were the first to leverage this technology in mattresses after their success in licensing their proprietary Hyper-Elastic Polymer technology to medical manufacturers for use in wheelchairs, critical care beds and hospital beds. The resulting feel is often described as buoyant and responsive.
- ***Temperature Neutral***— The Hyper-Elastic Polymer material itself is temperature neutral, with the surface comprised mostly of air, made from thousands of open-air channels. The channels allow for high airflow and dissipation of heat and vapor. This is the opposite of foam beds, which absorb heat from the body and then radiate the heat back, constantly increasing the temperature. Our technology allows for continual sleeping without waking up hot.
- ***Responsive***— Unlike memory foam, which compresses, gets hard and then takes time to recoil, our Hyper-Elastic Polymer technology is instantly responsive to the body as it moves. It will immediately flex to support the sleeper’s position and spring back into place as the sleeper readjusts during the night.
- ***Durable***— Hyper-Elastic Polymer material is a highly durable gel that we believe is more durable than most foams. The Hyper-Elastic Polymer technology also has numerous applications beyond mattress products including seat cushions and pillows. Hyper-Elastic Polymer technology is only one of numerous innovations we have developed to produce a range of unique and effective comfort products across the sleep, seat cushion and other categories.
- ***Proprietary technologies and manufacturing expertise provide a significant competitive advantage***—We believe the combination of patent protection, proprietary manufacturing equipment and decades of accumulated knowledge creates a competitive advantage through barriers to imitation. We have hundreds of granted or pending patents and hundreds of patent filings that cover current and future products as well as proprietary manufacturing equipment we have designed and fabricated. In addition to intellectual property protection of key products and manufacturing capabilities, our team has in depth experience and unique insights derived from inventing and refining proprietary comfort technologies, machines and products. Our patented and proprietary molding processes and machines allow for large-format injection molding of gels efficiently and at scale.
- ***Growing a brand with a passionate following***— Our brand mirrors our passion for uncompromising performance, quality and durability, and our dedication to improving lives by delivering better sleep and better comfort. We believe our brand awareness rivals category leaders. Our brand has extended beyond awareness of individual products and we have successfully marketed our full suite of products to customers using our omni-channel strategy. We believe our customer satisfaction metrics are amongst the best in the industry, and that our customers’ high satisfaction with our product has continued to drive “word of mouth” recommendations, one of the most persuasive ways consumers learn about our products.

- **Balanced, omni-channel distribution strategy**— We have sought opportunities to expand brand awareness in brick-and-mortar retailers where our beds can be displayed. Our goal is to support the customer wherever and however they want to learn, try, and buy. Whether in wholesale, Purple showrooms or our e-commerce channel, we are a leader in the sleep products market. Our flexible return policies and aggressive expansion into wholesale locations (commonly referred to as “doors”) and our own showrooms allow for more of our targeted customers to feel and experience our products throughout the purchase process. In our wholesale channel, we sell most of our products through select national and regional retailers as well as a variety of independent retail partners throughout the United States. As a result, we believe we will drive accelerated growth in the sleep products industry.
- **Vertical integration enables nimble design, development and execution**— We design and develop our products in-house and we have extensive research and development capabilities led by a team of engineers, industrial designers and marketing specialists. The ability to develop and test products in this manner enables us to not only prototype and deploy new ideas, but also design and develop corresponding manufacturing equipment and processes. In addition, we continuously refine our production methods to improve product quality and enhance efficiency. The resulting real-time feedback cycle is a key differentiator compared to other competitors that outsource many of these functions and lack an integrated approach. Our innovation center is near our headquarters in Utah to support and accelerate our ongoing research and development.

Growth Strategies

- **Knowing Our Customer.** Over the past year, we’ve sharpened our focus on understanding who our customers are, what matters most to them, and how they make their purchase decisions across the channels. Our *Less Pain, Better Sleep* positioning continues to resonate, providing a consistent, consumer-led message that translates across ecommerce, retail, and wholesale channels. Importantly, we are focused on reaching our customers with the right message, in the right place, at the right point in their decision journey. We also saw strong results from the “Sleep Easy” co-marketing campaign with Mattress Firm which drove sales conversion and improved awareness scores.
- **Delivering Better Sleep.** Innovation remains at the core of Purple’s differentiation, and we believe our Rejuvenate 2.0 collection continues to validate that approach. Performance exceeded our expectations in 2025, with strong traction across both showrooms and wholesale as retail partners expanded Rejuvenate 2.0 placement on their floors. We also continued development work on Purple Royale, a new premium offering developed in close partnership with Mattress Firm. We continue to focus on delivering a differentiated end-to-end customer experience, anchored by compelling in-store presentations across our corporate stores and wholesale partners. We are also continuing to strengthen white glove delivery services and service execution to ensure that Purple shows up consistently and credibly wherever the customer chooses to engage. This focus is strengthening the brand and improving conversion by reinforcing the value of our technology across channels.
- **Executing with Financial Discipline.** Last year, our focus was on right sizing the business so we could operate profitably at the current scale. We are increasingly focused on driving growth from a stronger foundation of lower cost structure and improved margins. In owned retail, we plan to open seven new stores this year following the closure of four underperforming stores last year, reflecting a disciplined approach to fleet optimization. Gross margin improvement remains a key focus, and we continue to see the benefits of the actions we’ve taken to simplify the business and improve efficiency across sourcing, operations, fulfillment, and quality improvements. Mix has become an increasingly important tailwind, led by the growth of Rejuvenate 2.0. The shift toward higher-ticket products combined with strong attachment rates for adjustable smart bases and pillows, is driving higher average transaction values and incremental profit dollars. As a result, the operating discipline we put in place over the past year is now showing up in our margins and profitability.

Our Products

Our current product portfolio is as follows:

- **Mattresses**— Our mattresses utilize the unique benefits of our patented Gelflex Grid technology creating a one-of-a-kind sleep solution that regulates body temperature, allowing you to sleep cooler through the night and soft enough to cradle pressure points while also providing support through localized buckling columns. The columns in our Gelflex Grid mattresses instantly adapt to your body to cradle your hips and shoulders while supporting your spine’s natural alignment for uniquely buoyant, supportive comfort. Our Gelflex Grid products are manufactured with non-toxic ingredients that are third-party tested and free from carcinogenic chemicals. Our patented Gelflex Grid technology is used in all Purple mattresses. We back up the quality and durability of our mattress with a 100-night trial and a 10-year warranty. With our Essential, Restore and Rejuvenate collections we offer mattresses in a variety of comfort levels and price points to appeal to a wide range of consumers with high satisfaction and delivering best sleep.
- **Pillows**— We currently sell eight pillow models, all designed to deliver various sleep preferences and needs. The newly launched Purple GridCloud® pillow, the Purple Harmony™ Pillow, the Purple Freeform™ Pillow, the Purple DreamLayer™ Pillow, the Purple Harmony Anywhere™ Pillow, the Purple Pillow®, the Purple Twin Cloud® Pillow and the Purple Cloud® Pillow. The Purple GridCloud® Pillow combines premium down-alt fill with a single side of honeycomb grid for plush, down-like softness enhanced with GelFlex Grid support. The Purple Harmony Pillow is the our first pillow with a full wrap of honeycomb Gelflex® Grid surrounding a soft, responsive latex core for blissfully cool comfort and responsive airy support. The Purple Freeform Pillow features the honeycomb Gelflex Grid with an all-new MicroFlex™ Moon Foam fill interior for luxurious, moldable comfort. It is our first fully adjustable pillow as the MicroFlex Moon Foam and optional neck roll chambers can be adjusted for personalized height, firmness and support. The Purple DreamLayer Pillow uses an all-new version of the Gelflex Grid combined with MicroAir Foam for a dreamy, melt-in comfort that provides contour-hugging support without the heat and delay of a traditional memory foam. The Purple Harmony Anywhere Pillow has all of the advantages and feel of the Purple Harmony Pillow in a portable, take-anywhere travel size. The Purple Pillow is designed entirely of Gelflex Grid for a firmer, no-fluff, ergonomic support with ultimate cooling and adjustable height layers. The Purple Twin Cloud Pillow is a hypoallergenic down-alternative that features our patented cover construction and two chambers of silky, down-like fibers for an extra fluffy, cloud-like comfort with two optional firmness settings. The Purple Cloud Pillow features the same fill as the Purple Twin Cloud Pillow, but a simpler, single chamber design for classic, cloud-like comfort. We believe our pillows are unique and there is a sleep solution for every type of sleeper to get the best sleep of their life, with no other products in the market like them in appearance, design, functionality or comfort. We also back up the quality and durability of our pillows with a 100-night trial and a one-year warranty.
- **Sheets**— Made from stretchy and breathable bamboo-based viscose, our Purple SoftStretch sheets are designed to maximize the functionality of our mattresses and pillows. We developed our own technology to enable customers to experience the full performance potential of our unique Gelflex Grid mattress (or any other mattress). Our sheet sets include pillowcases that also maximize the unique functionality of our pillows and come in both standard and deep pocket sizes.
- **Waterproof Mattress Protector**— Like our sheets, our Purple Waterproof Mattress Protector mattress is designed to optimize the functionality of our Gelflex Grid in our mattress. Our premium mattress protector is stretchy, breathable and waterproof. It is also stain-resistant and machine-washable, making it easy to clean. All features help keep your mattress looking and feeling like-new.
- **Bases**— Our full line-up of smart adjustable bases has been designed to pair with our premium mattresses for the ideal Purple sleep system experience. The Purple Adjustable Base, the Purple Premium Smart Base, and the Purple Premium Plus Smart Base have a wide range of functions, such as adjustable head and foot positions, zero-gravity preset for a near weightless feel, a “sitting” preset, under-bed lighting, adjustable legs and a wireless remote with in-app control. Our platform bed assortment includes the Purple Bed Foundation and the Purple Metal Platform. The Purple Bed Foundation has the look of a stylish upholstered bed frame and is easy to ship and assemble, with no tools required. Our Purple Metal Platform, with its low-profile design, features a sturdy steel frame and extra slats to ensure silent, shake-free support for the lifetime of your mattress.
- **Seat Cushions**— The evolution of our portfolio of seat cushions has resulted from decades of in-house manufacturing experience including development of proprietary machines and trade secrets, extending the benefits of our Gelflex Grid technology. Purple currently sells four types of seat cushions and one back cushion, all in varying sizes and shapes to meet the needs of our customers.

Technology

Technology is key to our unique position within the sleep products industry. The introduction of our proprietary Hyper-Elastic Polymer material was the first major innovation in the consumer mattress category in decades. Mattresses from our competitors are typically manufactured using one or more layers of springs, standard polyurethane foam, memory foam, air chambers or latex foam and are undifferentiated from competitors within their product type.

Proprietary Technologies

The Purple innovation team, through their scientific journey to get to the root causes of pressure sores, designed the Hyper-Elastic Polymer material and other patented and proprietary comfort technologies in order to improve the lives of “every body.” Each different cushioning product line requires unique molding techniques.

Our Hyper-Elastic Polymer material is durable, elastic and can stretch up to 15 times its original size and return without losing its shape. It sleeps and sits temperature-neutral and has good ventilation to inhibit moisture build-up.

Our Hyper-Elastic Polymer material is both soft and supportive. While the columns in this structure provide support where it is needed, they also buckle where it is needed to reduce pressure by allowing shoulders and hips to sink into the cushion with reduced force pushing back on those areas of the body unlike other cushion technologies. The soft and flexible columns also return to their original position as forces lessen and are capable of immediately providing support.

Proprietary Machinery

Internally designed, developed and built, our patented and proprietary molding machines are able to mold our Hyper-Elastic Polymer material into large-format king-sized mattresses at scale. We have modified other molding machines to manufacture additional products containing Hyper-Elastic Polymer material. We also acquired in the Intellibed acquisition the patented manufacturing machine and process that had been licensed by our founders, preventing others from obtaining access to that technology. The process of molding our Hyper-Elastic Polymer material using our molding machinery is proprietary, patent-protected and complex, requiring specific knowledge and expertise to successfully execute manufacturing. We have in-house engineering and fabrication capabilities enabling us to design, manufacture, install and maintain new equipment as well as optimize the performance and efficiency of our existing machinery based on real-time insights gained from our vertically integrated operations.

Marketing

We have developed a brand that resonates with consumers. Our marketing efforts are focused on building awareness of the Purple brand and illustrating the unique way our products deliver better sleep and comfort. We leverage data-driven marketing across all communication channels to engage, acquire, and retain customers. We also amplify the voices of our evangelical product owners, whose word-of-mouth recommendations are one of our most powerful (and ownable) marketing vehicles. Deep engagement with current customers enables us to increase additional product sales across our portfolio of offerings. The success we have achieved through our marketing campaigns has been key to rapidly building our branding and awareness. We believe our elevated brand positioning with our premium brand will allow us to continue to increase our market share of the premium mattress category going forward.

Our Sales Channels

We sell our products via our DTC channel, which includes Purple.com (our direct-to-consumer e-commerce), Purple showrooms, our customer contact center and online marketplaces, and our wholesale channel through retail brick-and-mortar and online wholesale partners.

Direct-to-Consumer Channel

Our e-commerce distribution channel is a critical hub for consumer education and consumer engagement, as well as conversion. We have benefited from the rapid growth of the direct-to-consumer channel in the sleep product industry in addition to our differentiated product offering and unique marketing campaigns. We sell directly to consumers through our website, our customer contact center and online marketplaces. With our website and customer contact center, we help customers easily engage in relevant content, research our solutions, transact online or via our customer contact center, or find the nearest retailer. We believe our online experience expands our brand and connections with consumers, enabling deeper awareness, engagement and brand loyalty. We believe our 100-night trial, 10-year warranty, attractive financing options, strong customer testimonials and excellent service provide confidence to consumers buying a mattress.

We operate 55 Purple showrooms across the United States where consumers can experience our brand, learn and engage with our technology and purchase our products. Over time, we plan to strategically expand our showroom footprint across the United States.

Wholesale Channel

We sell our assortment of products through brick-and-mortar and online wholesale partners. We began selling mattresses and other sleep products through our largest wholesale partner, Mattress Firm, in November 2017 and have continued to expand the number of wholesale partners where our mattresses and other sleep products are sold. We now sell mattresses through Ashley Furniture, Big Sandy, Costco, Denver Mattress, HOM Furniture, Living Spaces, Mathis Brothers, Mattress Firm, Mattress Warehouse and Raymour & Flanigan, among others. We typically have four to five mattress models on the floor. Sales associates have been trained and we believe are effective in educating consumers regarding our unique benefits as well as shifting the mix upward to our more premium and higher-margin mattresses. We expect to continue to grow our placements with wholesale partners to give our customers the opportunity to feel the difference of our Hyper-Elastic Polymer technology for themselves.

Operations

Factories, Supply Chain and Manufacturing

In August 2024, we initiated a restructuring plan to strategically realign our operational focus to achieve operations efficiencies that are expected to improve profitability and provide for reinvesting in technology and marketing initiatives (the “Restructuring Plan”). The Restructuring Plan included the permanent closure of both Utah manufacturing facilities to consolidate mattress production in our Georgia plant. Closure of the two Utah manufacturing facilities was completed in the second quarter of 2025. Our manufacturing facility in McDonough, Georgia provides 844,000 square feet of manufacturing and distribution space where we manufacture our proprietary Hyper-Elastic Polymer cushioning used in our mattress, pillow and seat cushion products. We also have a 198,000 square foot distribution facility in Salt Lake City, Utah, that in addition to the McDonough facility, will assemble, package and ship our products. We continually strive to improve our manufacturing processes and create efficiencies in production through new equipment and process designs and resources. We also manage our production labor and capacity utilization to promote efficient use of our manufacturing facilities. We believe our McDonough factory provides ample room to accommodate our future growth and expansion plans for the near term.

We have a number of contract manufacturers who assemble mattresses and have established a network of third-party logistics providers to help with order fulfillment across the United States. These arrangements help to minimize delivery times and provide white glove service in addition to parcel services.

We outsource and resell other products, including adjustable bases, platform bases, sheets, mattress protectors, blankets and duvets. These products unique to Purple are either designed in-house or in partnership.

We have relationships with multiple suppliers for our outsourced products and components. These suppliers may be interchanged in order to maintain quality, cost and delivery expectations.

Environmental and Governmental Regulation

We are subject to numerous federal, state, local and foreign consumer protection, retail, environmental, health, safety, import/export, marketing, e-commerce, privacy, and other laws and regulations applicable to the sleep product industry. As a manufacturer of mattresses and related products, we handle regulated substances, which subject us to various environmental laws. For example, we are subject to the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation and Liability Act, and related state and local statutes and regulations. Our mattress products are subject to fire-retardant standards developed by the State of California, U.S. Consumer Product Safety Commission and other jurisdictions where we sell these products.

We have made and will continue to make capital and other expenditures necessary to help us comply with these laws and regulations. These expenditures have been immaterial to our financial results. We have not suffered a material adverse effect from non-compliance with federal, state, local or foreign legislation, but there can be no assurance that material costs or liabilities will not be incurred in connection with such legislation in the future.

Research and Development

Our research and development teams are focused primarily on developing new comfort technologies and products. In 2023, we launched our three new premium mattress collections including our new line of luxury mattresses. We have an extensive history of innovation that is core to our culture and key to our continued success. Our inventions have culminated over years of persistent research and development. We intend to continue to develop and introduce new comfort technologies and products. Our vertical integration is a key differentiator that enhances the effectiveness of our research and development capabilities. By gaining real-time feedback, we can integrate these insights into our manufacturing process, digital marketing, products and equipment. In order to facilitate further innovation and development, we have a dedicated 61,000 square foot facility located in Draper, Utah that serves as our innovation center.

Intellectual Property

We rely on patent and trademark protection laws to protect our intellectual property and maintain our competitive position in the marketplace. We hold various domestic and foreign patents, patent applications, trademarks and trademark applications regarding certain elements of the design, manufacturing and function of our products. We also maintain protections over proprietary trade secrets. Our intellectual property portfolio is integral to our continued success in this industry, particularly with respect to our Hyper-Elastic Polymer material as well as our molding processes and machines.

We own or have the exclusive right to use hundreds of granted or pending patents and hundreds of patent filings on inventions and designs pertaining to our machines, processes, mattresses, pillows, seat cushions, packaging techniques and other related existing and future products. Our issued United States patents that are significant to our operations are expected to expire at various dates up to 2042.

We have several trademarks registered with the U.S. Patent and Trademark Office (USPTO). Applications are pending for registration of additional trademarks and some of these listed trademarks for additional classes of goods both in the United States and internationally. Our Purple, No Pressure, Gelflex, the color purple, and Hyper-Elastic Polymer trademarks are also registered and have applications pending for various classes of goods in numerous foreign jurisdictions, some of which include Australia, Canada, China, Europe, United Kingdom, Japan and Korea. We also have several common law trademarks.

Many of the common law marks have registrations pending with the USPTO and other international jurisdictions. Solely for convenience, we may refer to our trademarks in this Annual Report without the TM or [®] symbol, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks.

In addition, we maintain copyrights, many registered, to past and present versions of purple.com, onpurple.com, equapressure.com, wondergel.com, marketing content, blogs, logos, graphics, videos and other marketing and promotional materials promoting our products.

While we may own or have the exclusive rights in this intellectual property it is our responsibility to maintain that exclusivity through intellectual property enforcement efforts when an infringement occurs. We continue to enforce those intellectual property rights and will continue to do so to maintain our success in this industry.

We protect and enforce our intellectual property rights, including through litigation as necessary.

Human Capital

At Purple, our primary focus is fostering the professional development of our employees through collaboration of engaged teams and helping them feel connected to Purple's success. We try to achieve this through maintaining a safe and high-functioning work environment that cultivates an authentic company culture. Our people initiatives are strategically crafted to enhance the professional growth and overall satisfaction of our employees, with the overarching goal of making Purple the best place they've ever worked.

As of March 30, 2026, we had approximately 1,100 employees engaged in manufacturing, research and development, general corporate functions, wholesale, e-commerce, and Purple showrooms.

In 2026, Purple's human resources team is focusing on four pillars that drive our people strategy: (i) acquire, retain, and develop great people; (ii) improve organizational performance; (iii) deliver competitive and meaningful pay and benefits; and (iv) celebrate our people.

Acquire, retain, and develop great people

We attempt to strategically acquire, keep and cultivate a talented, motivated, and high-caliber workforce. We believe this will be achieved by selectively recruiting outstanding talent, tailoring development plans for employees, implementing an accelerated leadership development program for promising individuals, and building cross-functional career maps.

Improve organizational performance

We attempt to drive efficiency, effectiveness, and business success through strategic people initiatives. We will continue to invest in new technology to enhance communication channels and optimize our human resource information system, enabling self-service functionalities for managers and employees. In alignment with our core values, we will place emphasis on creating shared experiences that will facilitate genuine connections and foster strong relationships within our workforce.

Deliver competitive and meaningful pay and benefits

We attempt to provide compensation packages that are both competitive and meaningful, encompassing salary and benefits that align to market standards. We will continue to provide relevant employee perks that connect our employees with our Company's mission and actively contribute to nurturing employee engagement.

Celebrate our people

We attempt to continue to focus on maintaining a culture of recognition where we actively acknowledge and honor the achievements, contributions, and milestones of our people. Through thoughtful and authentic celebration, we not only create a culture of gratitude, but we will also foster a sense of belonging and motivation, ultimately strengthening our team cohesion and morale.

Available Information

Our website address is www.purple.com. We make available, free of charge on our Investor Relations website, investors.purple.com, all of our reports filed with or furnished to the Securities and Exchange Commission ("SEC"). The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC located at <http://www.sec.gov>.

We also use our Investor Relations website, investors.purple.com, as a channel of distribution of additional Purple information that may be deemed material. Accordingly, investors should monitor this channel, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website shall not be deemed to be incorporated herein by reference.

Information About Our Executive Officers

As of the date of this report, our executive officers are as follows:

Name	Age	Title
Robert T. DeMartini	64	Director, Chief Executive Officer
Todd E. Vogensen	57	Chief Financial Officer and Treasurer
Eric S. Haynor	62	Chief Operating Officer
Jeffrey L. Hutchings	59	Chief Innovation Officer
Jeffery S. Kerby	57	Chief of Owned Retail Officer

Executive Officers

Robert T. DeMartini has served as Chief Executive Officer since January 2022. Prior to joining the Company, Mr. DeMartini, served as president and chief executive officer of USA Cycling, Inc., the official U.S. Olympic & Paralympic Committee governing body for all disciplines of competitive cycling in the United States, from 2019 until 2021. He previously served as president and chief executive officer of New Balance Athletic Shoes (U.K.) Ltd., from 2018 to 2019 and as president and chief executive officer of New Balance Athletics, Inc. from 2007 to 2018, each a business unit of New Balance, Inc. a leading manufacturer and retailer of athletic footwear, apparel and accessories. From 1982 through 2007, Mr. DeMartini held various leadership positions with Procter & Gamble, The Gillette Company, and Tyson Foods, Inc. He also currently serves on the board of directors of Welch's Foods and Q30 Innovations/Q30 Sports Canada, and formerly served on the board of directors of Advanced Functional Fabrics of America, The American Apparel & Footwear Association, and Aloha. Mr. DeMartini received a Bachelor of Science degree in Finance from San Diego State University.

Todd E. Vogensen has served as Chief Financial Officer since October 2023. Prior to joining the Company, Mr. Vogensen served as executive vice president and chief financial officer of Party City Holdings Inc. from February 2020 to August 2023. In January 2013, Party City Holdings Inc. filed a voluntary petition for reorganization relief pursuant to Chapter 11 of the U.S. Bankruptcy Code. Previously, Mr. Vogensen served as executive vice president—chief financial officer at Chico's FAS, Inc. from June 2015 to January 2020. He joined Chico's FAS in October 2009, and served in roles of increasing responsibility, including senior vice president – finance, and vice president – investor relations. Previously, Mr. Vogensen served in executive finance roles at Michaels Stores, Inc., Gap, Inc., Hewlett Packard Company and PricewaterhouseCoopers LLP. Mr. Vogensen received a Bachelor of Science degree in Accounting from Arizona State University.

Eric S. Haynor has served as the Chief Operating Officer of the Company since June 2022. Prior to joining the Company, Mr. Haynor spent most of his career with Ecolab, a supplier of cleaning, sanitizing and maintenance products and services for the institutional, hospitality, healthcare and industrial markets, in a variety of end-to-end supply chain roles. From August 2019 until he joined the Company in June 2022, he served as senior vice president, industrial supply chain at Ecolab providing strategic direction for eight industrial business units. Prior to that, he held the role of vice president, global equipment operations and strategy from June 2015 to August 2019 at Ecolab. From August 2009 to June 2015, Mr. Haynor led Ecolab's EMEA supply chain operations and from April 2005 to August 2009, he led Ecolab's Asia Pacific supply chain operations. His early career was spent in a variety of developmental supply chain roles. Mr. Haynor is a graduate of Michigan State University and holds a Bachelor of Science degree in Mechanical Engineering.

Jeffrey L. Hutchings has served as the Chief Innovation Officer of the Company since May 2022. Mr. Hutchings has more than 20 years of experience in strategic business leadership in innovation, new product introduction and quality assurance. Prior to joining the Company, Mr. Hutchings served as chief product officer at Skullcandy Inc., a designer and manufacturer of performance audio and gaming headphones and other accessory related products, from December 2018 to May 2022 and as vice president of product from June 2015 to December 2018. Prior to that, from July 2010 to June 2015, Mr. Hutchings served in various engineering and director roles at HARMAN International. Mr. Hutchings holds a Bachelor of Science degree in Computer Engineering from the University of Utah.

Jeffery S. Kerby has served as the Chief of Owned Retail Officer of the Company since January 2023. Prior to joining the Company, Mr. Kerby served as vice president, head of stores of Sephora, a retailer of personal care and beauty products, since May 2019, responsible for leading 86 stores throughout Canada. From March 2018 to January 2019, he served as the senior regional director of American Eagle, a specialty retailer of clothing, accessories and personal care products, where he led American Eagle/Aerie stores in the Midwest United States and Canada with 225 stores. Prior to joining American Eagle, Mr. Kerby was with L Brands' LaSensa, a Canadian retailer of women's lingerie and apparel, from February 2017 to March 2018. Prior to that, Mr. Kerby was the vice president, head of stores/store operations for L Brands' Victoria's Secret International from June 2015 to September 2016. From October 2008 to June 2015, Mr. Kerby grew from director to associate vice president, head of stores for Bath and Body Works. Mr. Kerby holds a Bachelor of Science degree from Washington State University's School of Communications.

Item 1A. Risk Factors

The risk factors detailed below could materially harm our business, results of operation and/or financial condition, impair our future prospects and/or cause the price of our Common Stock to decline. These are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur.

Risks Relating to Our Business and Our Operations

Our indebtedness, related covenants, and certain prepayment obligations, including make-whole payments, could limit operational and financial flexibility and adversely affect our business if we breach such covenants or default on such indebtedness.

On January 23, 2024, to refinance existing obligations, Purple LLC, Purple Inc. and Intellibed (collectively, the “Loan Parties”) entered into an amended and restated credit agreement (the “Amended and Restated Credit Agreement”), which amended and restated the then existing term loan agreement (“Term Loan Agreement”), with Coliseum Capital Partners (“CCP”) and other lenders (collectively, the “Lenders”) and Delaware Trust Company, as administrative agent. Upon entry into the Amended and Restated Credit Agreement, we received a term loan in the amount of \$61.0 million. The Amended and Restated Credit Agreement imposes various affirmative and negative covenants, including covenants regarding dispositions of property, investments, forming or acquiring subsidiaries, business combinations or acquisitions, incurrence of additional indebtedness, paying dividends or making distributions and transactions with affiliates, among other customary covenants.

These restrictions may prevent us from taking actions that we believe would be in the best interests of the business and complicate our ability to execute our business strategy or compete with less restricted companies. If we fail to comply with the covenants under the Amended and Restated Credit Agreement, we may need to seek future amendments or waivers and/or alternative liquidity sources, such as subordinated debt, which may not be favorable or available. Before taking any action requiring a waiver under the Amended and Restated Credit Agreement, we must first obtain approval from the Lenders, which may cause us to incur additional costs and may not be granted. Non-compliance could lead to defaults, which could materially adversely affect our financial condition and results of operations, including possible acceleration of our debt, as well as other cross-defaulting debt obligations. Additionally, defaults could significantly impair our ability to secure alternative financing and limit our business strategies. Our compliance with these covenants will depend on successfully implementing our business strategies, as breaches could lead to defaults and acceleration of our debt, potentially forcing us into bankruptcy or liquidation.

In addition, on March 12, 2025, the Loan Parties, entered into the First Amendment to the Amended and Restated Credit Agreement (the “2025 Amendment,” and the Amended and Restated Credit Agreement as so amended, the “Amended A&R Credit Agreement”) with CCP and Blackwell Partners LLC – Series A (“Blackwell”) (collectively the “2025 Lenders”), pursuant to which the 2025 Lenders agreed to provide us with an incremental term loan of \$19.0 million pursuant to Section 2.18 of the Amended and Restated Credit Agreement. On May 2, 2025, the Loan Parties entered into a Second Amendment to the Amended and Restated Credit Agreement (the “Second 2025 Amendment”), \$20.0 million pursuant to Section 2.18 of the Amended A&R Credit Agreement. On March 24, 2026, the Loan Parties entered into a Third Amendment to the Amended and Restated Credit Agreement (the “Third Amendment”), which revised the maturity date under the Amended and Restated Credit Agreement from December 31, 2026, to April 30, 2027, and waived certain requirements and events of default relating to the going concern qualification in our December 31, 2025 financial statements. The 2025 Amendment also amended the Amended A&R Credit Agreement to (i) provide for an additional term loan from the 2025 Term Loan Lenders (as defined in the 2025 Amendment) in an aggregate amount not to exceed \$20.0 million, subject to the approval of the Required Lenders in their discretion, (ii) provide for the payment of substantial make-whole payments in the event we prepay the loans prior to their maturity, and (iii) provide that the incremental term loan will be senior in right of repayment to the initial term loan.

Under the Amended and Restated Credit Agreement, we have mandatory prepayment obligations, including upon certain asset dispositions, equity issuances, debt incurrences and extraordinary receipts of cash. As amended by the 2025 Amendment, we may be required to make substantial “make-whole” payments to the Lenders. If required to prepay or pay such make-whole payments, we may lack the liquidity to do so, resulting in default. Prepayments, including make-whole payments, would also divert resources from operating expenses, potentially harming relationships with suppliers, hindering growth strategies, and jeopardizing our business continuity. In addition, such payments could result in holders of our Class A common stock not receiving any consideration in a sale of our business, or if we were to liquidate, dissolve, or wind-up, either voluntarily or involuntarily.

There is substantial doubt about our ability to continue as a going concern, and we may need additional financing to execute our business plan, to fund our operations and to continue as a going concern.

Our independent registered public accounting firm has expressed in its auditors’ report on our 2025 financial statements, included in this Annual Report on Form 10-K, an emphasis of matter paragraph relating to our ability to continue as a “going concern,” meaning that our recurring losses from operations and negative cash flows from operations raise substantial doubt regarding our ability to continue as a going concern. We have prepared our financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our financial statements do not include any adjustment to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Even with our current sources of capital, we may need to raise additional funds to support operations and our business initiatives, and such funding may not be available in sufficient amounts or on acceptable terms to us, or at all. If we are unable to raise additional capital when needed or on acceptable terms, we may be required to:

- reduce, delay, or reprioritize capital expenditures (including manufacturing investments and showroom build-outs);



- scale back growth initiatives or marketing activities;
- seek amendments or waivers under our Amended and Restated Credit Agreement and/or accept more restrictive financing terms (including increased make-whole or prepayment obligations); and
- pursue other measures to address liquidity needs, including restructuring initiatives.

These actions could adversely affect our operations, relationships with suppliers and partners, and our ability to execute our strategy, which would have a material adverse impact on our business, results of operations and financial condition and could ultimately require us to consider broader restructuring alternatives if liquidity becomes insufficient.

We may need additional funds to execute our business plan, maintain our liquidity, repay our debt and fund our operations. We may not be able to obtain such funds on acceptable terms or at all.

We have experienced recurring operating losses and negative cash flows and may continue to generate operating losses and consume significant cash resources in the future. For the years ended December 31, 2025, and 2024, we had negative cash flow from operating activities of \$33.8 million and \$17.9 million, respectively. As of December 31, 2025, we had unrestricted cash and cash equivalents of \$24.3 million and borrowings of \$111.3 million under our Amended and Restated Credit Agreement, which pursuant to the Third Amendment will become due on April 30, 2027.

On March 12, 2025, we borrowed an additional \$19.0 million under the Amended and Restated Credit Agreement pursuant to the 2025 Amendment. On May 2, 2025, we borrowed an additional \$20 million under the Amended and Restated Credit Agreement, pursuant to the Second 2025 Amendment. Pursuant to the Third Amendment these amounts will become due on April 30, 2027. The 2025 Amendment also added certain make-whole payments with respect to our borrowings under the Amended and Restated Credit Agreement, which would require substantial payments in connection with certain prepayments or refinancing of our outstanding borrowings.

In connection with the preparation of our 2025 financial statements, we undertook a going concern assessment and concluded we will have sufficient liquidity for its operations for at least one year from the date those consolidated financial statements were issued. However, there can be no assurance that we will be able to maintain the liquidity necessary to fund our long-term operations and growth strategies, or repay our debt obligations when due. As a result, we may need to secure additional sources of liquidity to fund our long-term operating activities and capital expenditures. However, there can be no assurance that we will be able to obtain additional financing as needed on terms favorable to us, or at all. If we fail to meet liquidity and capital requirements, we may need to scale back or halt our growth plans, risking slower growth, losing suppliers, failing to meet customer demands, and losing employees. We may also need to restructure our obligations or pursue other measures to address any liquidity deficiency. In addition, future equity or debt financings are likely to be dilutive to our existing stockholders, including through the issuance of common stock purchase warrants.

Under the Amended and Restated Credit Agreement, we can request additional loans, but the Lenders may deny requests, limiting our access to future funds and adversely affecting our liquidity, financial condition and results of operations. As a condition to providing future funds, the Lenders may require other revisions to the Amended and Restated Credit Agreement, such as increasing prepayment or make-whole payments or including additional restrictive covenants, which could adversely affect our business and financial condition.

We have in the past experienced and may in the future experience significant fluctuations in our results of operations, which could make our future results of operations difficult to predict or cause our results of operations to fall below analysts' and investors' expectations.

Our quarterly and annual results of operations have fluctuated in the past and we expect our future results of operations will fluctuate due to a variety of factors, many of which are beyond our control. Fluctuations in our results of operations could cause our performance to fall below the expectations of analysts and investors and adversely affect the price of our Common Stock. If we fail to meet or exceed the expectations of analysts and investors or if analysts and investors have estimates and forecasts of our future performance that are unrealistic or that we do not meet, the market price of our Common Stock could decline. In addition, if one or more of the analysts who cover us adversely change their recommendation regarding our stock, the market price of our Common Stock could decline.

Coliseum Capital Management, LLC (“Coliseum”) is our largest stockholder and Lender, and exercises substantial control over our Board of Directors (“Board”) composition, management team members and strategies.

As reported by Coliseum in its Schedule 13D/A filed on May 6, 2025, Coliseum beneficially owns 61.1 million shares of Common Stock (which includes 46.9 million shares of Common Stock currently owned and 14.2 million shares of Common Stock that could be acquired upon exercise of its warrants). Coliseum will only have the right to exercise its warrants to the extent that it (together with its affiliates) would not beneficially own in excess of 49.9% of the shares of Common Stock outstanding immediately after such exercise (the “Beneficial Ownership Cap”). In addition, as of December 31, 2025, Coliseum holds \$81.8 million of our debt, which represents 64.6% of all our debt.

As a result of its significant beneficial ownership of our Common Stock, Coliseum has the ability to influence the outcome of any corporate actions which require stockholder approval, including but not limited to, the election of directors, significant corporate transactions including a merger or other sale of the Company or the sale of all or substantially all of our assets. This concentrated voting control will limit other stockholders’ ability to influence corporate matters, including control of the composition of our Board and management, as well as our corporate strategies, and could adversely affect the market price of our Common Stock or the sale of the Company. In addition, Coliseum exercises substantial control over us as the primary Lender under the Amended and Restated Credit Agreement.

In the past, Coliseum has made an unsolicited bid to acquire the remaining outstanding shares of our Common Stock and has taken other related actions, which resulted in Coliseum and the Company entering into a cooperation agreement (the “Cooperation Agreement”). Under the terms of the Cooperation Agreement, our current Chair of the Board, Mr. Gray, and some of our other current directors were appointed or nominated to serve on our Board. There can be no assurance that Coliseum will not make another unsolicited bid to acquire the remaining outstanding shares of our Common Stock or attempt to nominate additional or replacement members to the Board. Such future actions by Coliseum may require us to devote significant additional resources and time that would otherwise be directed at our business and operations or may demotivate current executives and discourage other executives from joining the Company. In addition, such actions could cause the price of our Common Stock to change based on investors’ perceptions of Coliseum’s actions and Coliseum’s influence over the Company and our Board.

We have engaged in significant related-party transactions with Coliseum and other parties that may give rise to conflicts of interest or otherwise adversely affect our results of operations and the value of our business.

We have engaged in numerous related-party transactions with significant stockholders, directors, and their affiliated entities. For example, under the Amended and Restated Credit Agreement, as amended by the 2025 Amendment, the Second 2025 Amendment, and the Third Amendment, the Lenders, which include Coliseum, have loaned to us an aggregate of \$100.0 million and we have issued Warrants to Coliseum and the other Lenders to purchase an aggregate of 32.8 million shares of our common stock at \$1.50 per share. Coliseum, our largest stockholder, has appointed or nominated a total of five directors to serve on our Board, each of whom continues to serve on our Board, including, Adam Gray, who continues to serve as Chairman. Any future transactions with the Lenders or any other related parties may give rise to conflicts of interest or otherwise adversely affect our business.

Our exploration of potential strategic alternatives may not be successful, which may adversely affect our ability to compete with larger, including combined, competitors.

We regularly engage in dialogue with market participants regarding potential business combinations, partnerships and other strategic alternatives. Based on certain recent preliminary inquiries, the Board has formed a special committee of independent directors and we have engaged a financial advisor to support them in evaluating any indications of interest and exploring other potential strategic alternatives. There can be no assurance that any of such preliminary exploratory activities will result in our engaging in a strategic alternative transaction, or even if we do so, that any such strategic alternative transaction will result in favorable terms and conditions for us or our shareholders.

We may not be able to successfully anticipate consumer trends and demand and our failure to do so may lead to a loss of consumer acceptance of the products we sell.

Our success may depend on our ability to timely anticipate and respond to changing consumer trends. Those changes and resulting changes in our product mix and distribution strategy could adversely affect our business and results of operations. Our gross profit margins for sales through wholesale customers are lower than those in our DTC channel. If we fail to identify and respond to emerging trends, consumer acceptance of the products we manufacture and sell and our image with current or potential customers may be harmed, which could reduce our net sales. If we misjudge market trends, we may significantly overstock inventory and be forced to take significant inventory markdowns, which would have a negative impact on our gross profit and cash flow. Conversely, shortages of inventory or increases in time for fulfillment of our products that prove popular could also reduce our sales.

We operate in the highly competitive sleep products industry, and if we are unable to compete successfully, our results of operations could be adversely affected.

The sleep products industry is highly competitive and fragmented, with competition from manufacturers (including those sourcing from low-cost countries), traditional retailers, and online direct-to-consumer brands. Competition centers on price, quality, brand recognition, availability, and performance across various distribution channels. This competitive environment exposes us to risks of losing market share, significant customers, margins, and new customer acquisition. If we fail to compete effectively with other manufacturers and retailers of our products, our sales, profitability, cash flow, and financial condition may be materially adversely affected.

Many of our significant competitors, including established manufacturers, retailers, and new entrants, offer products directly competing with ours. This increasing competition from both domestic and international sources, including competitors that source from low-cost locations, could adversely affect our business, financial condition and results of operations. Competitors are expanding their distribution channels, with many offering direct-to-consumer sales online. Major retailers like Mattress Firm, Amazon, and Walmart also sell competing products. Additionally, foreign retailers may vertically integrate by acquiring U.S. mattress manufacturers or other retailers. Many of our competitors have greater financial resources, technical expertise, larger customer bases, established industry relationships, and more mature distribution channels. They may aggressively pursue market share with new or existing products, and we cannot guarantee we will have the resources or expertise to compete successfully. Additionally, competitors with better e-commerce platforms could hurt our sales. We have limited ability to predict competitors' actions, such as new product launches, pricing strategies, or marketing campaigns, which could impact our market share and product margins. Competitors may also secure better terms from vendors, adopt more aggressive pricing, and invest more in technology and marketing. With many competitors offering a wide range of products, it may be difficult for us to differentiate through value, style, or functionality. Additionally, our products are often heavier, and some markets may not support affordable delivery, limiting our reach. The retail sleep product industry has low barriers to entry, allowing new or existing retailers to increase competition. This could delay or prevent us from gaining market share and negatively impact our growth and future results of operations.

The Sleep products industry has experienced significant consolidation in recent years, including vertical integrations, with competitors acquiring brands to expand distribution networks, leverage economies of scale to gain market share and lower prices, gain greater bargaining power with suppliers, enhance brand recognition, advance research and development, and extend marketing and retail distribution channels. For example, the industry leader has recently made an offer to purchase one of our important suppliers. Consolidation among retailers may result in fewer sales channels or more restrictive terms for standalone brands. If we are unable to adapt to these industry shifts, our growth, results of operations, and market share could be adversely impacted.

Technological changes, such as advances in artificial intelligence, may render our current technologies obsolete or require costly updates. These new technologies may be superior to the technologies we currently use in our products and services. Adopting new technologies could be hindered by industry standards, regulations, resistance from clients, expense, or third-party intellectual property rights. Our competitiveness may depend on our ability to innovate and adapt to these changes and failure to keep pace may adversely affect our results of operations.

Timely product delivery affects our competitiveness. Failure to maintain or enhance our delivery processes and infrastructure could negatively impact our ability to compete. Disruptions, delays, or increased freight costs with our carriers and freight forwarders could harm sales, increase cancellations, damage our brand, and adversely affect our results of operations and our financial condition. If we fail to deliver products on time, our DTC and wholesale customers may reduce or stop future orders, and we may face late charges from wholesale partners. Production or shipment issues that lead to lower demand could materially impact our business and results of operations

Lack of availability and quality of raw materials, labor, components and shipping services, or increases in the cost of such inputs, have caused and may continue to cause delays in our inability to provide goods to our customers or could increase our costs, either of which could adversely affect our results of operations.

We rely on external suppliers for key raw materials like polyurethane foam, oil, spring units, and our Hyper-Elastic Polymer® ingredients. Any supply issues, quality concerns, or price fluctuations could raise costs and hinder our ability to meet customer demand. Oil price increases from conflicts in the Middle East or elsewhere could increase the cost of freight or raw materials. These issues or concerns may be magnified to the extent we rely on a limited number of suppliers or a sole supplier. Competitive pressures may also limit our ability to pass on price increases, potentially leading to lost sales. Shortages of widely used components like foam and spring units, due to factors like increased demand, weather events, or supply chain issues, could impact our production and operations. If a supplier fails to deliver, we will need to find replacements, potentially on unfavorable terms. Any disruption in component supply could significantly interrupt production and raise costs.

Even with timely access to raw materials, supply chain constraints, inflation, increased duties and tariffs, and other factors will increase shipping, labor, and production costs. Rising costs for materials, transportation, and labor could impact our production efficiency, reduce gross margins, and negatively affect our results of operations. Shipping costs and delays have in the past risen and may again in the future rise due to regional conflicts, port closures, congestion, and shortages of containers and ships. Future disruptions, such as pandemics, geopolitical conflicts, and increased duties and tariffs, could worsen delays and increase material costs. These issues may impact our ability to maintain inventory, meet demand, and affect our operations. Any significant supply chain interruptions or inability to source materials at acceptable prices could harm our business.

Our information technology systems may fail to perform adequately, may be disrupted by natural disasters or other catastrophes, or we may be unable to protect the privacy, integrity and security of our information systems.

Our operations and our revenue rely heavily on information technology systems. Any failure in these systems could disrupt our sales and various functions, including order processing, inventory management, and product delivery. Upgrades or improvements to our systems may require significant capital, time, and resources, potentially causing disruptions. Difficulties with system upgrades or failures, or an inability to adapt our systems to business changes could negatively impact our operations. Our systems may face interruptions or degradation from hardware or software issues, cyberattacks, natural disasters, power losses, fraud, political conflicts, or other events. Some systems may lack sufficient redundancy, and our disaster recovery planning may not cover all scenarios. They are also vulnerable to natural disasters, security breaches, sabotage, and data theft. Any such issues could negatively impact our results of operations.

We collect and store personal information from customers and suppliers, including customer payment details. We may share this information with third parties. Cyberattacks targeting sensitive data are a known threat, and hackers may attempt to breach our systems or those of third parties. Employees, contractors, or business partners could also intentionally or unintentionally compromise security. Future breaches could occur if there are weaknesses in our internal controls over financial reporting related to information technology systems. We and third-party partners have experienced and, in the future, may experience various cyber-attacks, including phishing, malware, and ransomware attacks. We expect continued exposure to similar threats. Additionally, increasing use of artificial intelligence by us and our third-party partners may increase these risks. A breach releasing sensitive data could harm our reputation, result in financial losses, and increase our security costs. Successful ransomware attacks could disrupt our operations, and while our insurance may cover some losses, it may not be sufficient for all liabilities. We are subject to evolving data privacy and breach laws, both at the state level (e.g., the California Consumer Privacy Act), the federal level, and internationally as we expand. These laws' rapid changes and potential inconsistencies increase compliance costs and non-compliance risks. While we aim to comply, failure to do so could result in fines, administrative actions, and reputational damage.

Changes in economic conditions, including the housing market and tariffs, have or will adversely affect our business, results of operations and financial condition.

We have experienced and may continue to experience volatility due to global and U.S. market conditions including the housing market, mortgage interest rates, tariffs, and inflation. These market conditions impact demand for mattresses and related products. We have experienced and may continue to experience a negative impact on our demand as a result of the current housing market. The impact of newly implemented or threatened tariffs is uncertain but will increase our costs and may negatively impact the demand for our products. We may not be able to pass along the costs of such tariffs to our customers, which could adversely affect our results of operations and financial condition. Continued inflation may reduce consumer discretionary spending, negatively affecting demand for our products.

Changes in U.S. trade policy including the impact of tariffs are having and may continue to have a material adverse effect on our business and results of operations.

Our business and results of operations are being and may continue to be adversely affected by uncertainty and changes in U.S. trade policies, including tariffs, trade agreements or other trade restrictions which may be imposed by the U.S. or other governments with little or no advance notice. For example, the recent U.S. Supreme Court ruling invalidating certain IEEPA tariffs resulted in the imposition of new replacement tariffs and created uncertainty with respect to recovering amounts paid for the invalidated tariffs. In the recent past, U.S. trade policy has resulted in retaliatory measures on U.S. goods and may result in further retaliatory measures. Further changes to trade policy may result in additional retaliatory measures. If we are unable to navigate further these unpredictable changes in U.S. or international trade policy, it could have a material adverse impact on our business and results of operations.

Some of our products require materials that may be subject to these recent tariffs, especially our products requiring textiles. In addition, some U.S. manufacturers have asked the U.S. government to extend increased steel tariff protections to mattress springs. Any imposition of or increase in tariffs on imports of these products or components, as well as corresponding price increases for such materials available domestically, could increase our costs. To the extent that we are unsuccessful in finding alternative suppliers that are subject to smaller or no tariffs, negotiating sharing these costs with our suppliers, or failing to pass cost increases on to our customers, such cost increases could adversely affect our business and results of operations. Higher costs could also inhibit our ability to develop new products and innovations.

Tariffs or other trade restrictions may lead to continuing uncertainty and volatility in U.S. and global financial and economic conditions and commodity markets, declining consumer confidence, significant inflation, and diminished expectations for the economy, and ultimately may reduce demand for our products. Such conditions could have a material adverse impact on our business, results of operations and cash flows. Also, disruptions and volatility in the financial markets may lead to adverse changes in the availability, terms and cost of capital. Such adverse changes could increase our costs of capital and limit our access to financing sources, which could in turn reduce our cash flow and limit our ability to pursue growth opportunities.

Disruption of our manufacturing has and could increase our costs of doing business or lead to delays in shipping and could materially adversely affect our business, our results of operations, and our financial condition.

Disruptions to our manufacturing operations, whether from a pandemic, natural disasters, lease issues, or equipment failures, could increase costs, delay production and shipping, and negatively impact our business, operations, and financial condition. Workplace injuries, industrial accidents, or violence could also lead to production suspensions and delays, affecting customer satisfaction, results of operations, financial condition including our cash flow. The consolidation of our manufacturing operations into one plant, may heighten the risk of disruption, particularly from regional economic downturns, hurricanes, pandemics, utility shortages, or other events affecting our Georgia plant, potentially harming our business.

Future growth and profitability may depend on our ability to improve our product line, successfully introduce new products, and effectively and efficiently market our products to attract and retain customers.

The mattress, pillow, bedding, bed base, and cushion industries are highly competitive. Competitors may develop or acquire superior technology. Our ability to grow market share depends on continually improving and expanding our product line and accessories. We invest significantly in research and development to improve and expand our products. If these efforts fail to lead to meaningful improvements or consumer acceptance, our results of operations, financial results, and reputation could suffer, potentially harming our business. A large portion of our gross profit comes from mattress products. If we fail to develop or successfully market new models, such as those introduced in recent years, our results of operations and business could be harmed.

We rely on effective marketing messages and efficient advertising to drive consumer awareness and sales. We continually adjust our strategies, including messaging, budget, and channels. However, we may struggle to adapt to changing consumer preferences, competition, and advertising efficiency. We rely on internet-based advertising through media and e-commerce platforms. If these platforms become less effective, lose users, or fail to target our audience, our advertising may lose effectiveness and adversely affect our business. Advertising costs on social media platforms such as Meta have in the past and may in the future rise significantly, which could reduce efficiency. We rely on relationships with media partners, search engines, social media influencers, and e-commerce platforms to drive traffic and attract customers. If we can't maintain or develop these relationships on favorable terms, or if our reputation suffers, our ability to grow could be impacted. If we can't manage these costs or generate expected sales, our business could be adversely affected.

Our growth may be impacted by the effectiveness of our online experience for targeted audiences, including advertising and search optimization. We also need to manage consumer sentiment, prevent false information about our products, and ensure website stability. The increased presence of direct-to-consumer internet retailers and traditional mattress and furniture retailers and manufacturers has increased competition for search terms, driving up marketing costs. The growing number of third-party review websites gives customers many platforms to review our products, and negative reviews can significantly impact our reputation and brand and may adversely affect our results of operations. If we can't manage relationships with reviewers to ensure accurate feedback, misleading reviews may harm our brand and hinder efforts to improve it. Ineffective marketing messages, inefficient advertising, or poorly targeted programs may harm brand awareness, consumer traffic, and our financial performance. Additionally, failure to prevent misleading information or negative sentiment on social media could also negatively impact our results of operations and financial condition.

Our expansion into sales channels, new products, market segments and geographic regions subjects us to additional business, legal, financial, and competitive risks.

In addition to DTC channels, we continue to expand into wholesale distribution. We cannot guarantee success with wholesale partners. We may struggle to generate additional sales through wholesale channels, and extending credit terms to wholesale partners could expose us to the risk of unpaid or late invoices. Providing fixtures to wholesale partners could also pose challenges in recovery or reuse. Wholesale customers may not purchase at expected volumes, and gross profit from wholesale sales are lower than DTC. If these issues arise, they could harm our reputation, limit growth, and negatively impact our results of operations.

Operating showrooms involves risks such as inventory shrinkage, increased expenses, lease obligations, distribution challenges, and employee management. If we fail to operate these stores profitably or if we close unprofitable stores, it could harm our reputation, limit growth, and negatively impact our business. Expanding into new product offerings through e-commerce, wholesale, and Purple showrooms presents challenges, including potential service disruptions, quality issues, and customer claims. Expanding sales channels may also require new products to avoid conflicts between channels. New products may introduce warranty and return risks. Expanding into new markets or regions could expose us to additional regulations, leading to increased compliance and distribution costs.

Our business could suffer if we are unsuccessful in making, integrating and maintaining commercial agreements, strategic alliances and other business relationships.

We rely on commercial agreements and strategic relationships with suppliers, service providers, and wholesale partners. Disruptions in these relationships or strategic decisions by partners could negatively affect our business. For example, (i) the industry leader has acquired one of our wholesale partners, which could disrupt our relationship or prevent us from continuing to sell our products in favorable placements alongside the competitor's products or at all in the wholesale partner's stores, (ii) the industry leader owns a manufacturing company with which we have a manufacturing relationship, and that competitor could disrupt that relationship to harm our manufacturing efforts, (iii) the industry leader is attempting to purchase one of our key suppliers, and (iv) the industry leader is attempting to get the U.S. Government to place import restrictions on an important international supplier. We may also struggle to maintain or develop these relationships and may not be able to secure new ones on favorable terms,

We sell products through wholesale partnerships and may seek to expand these relationships. However, these wholesale partnerships may not be profitable and could incur additional costs compared to our DTC operations. In addition, an expansion of these relationships may concentrate our business with one customer resulting in greater reliance on that customer, which could adversely affect our ability to grow our business and compete in our industry. Wholesale relationships may be terminated or modified, or wholesale partners may reduce orders or fail to meet their obligations, resulting in lost sales and adversely affecting our financial performance, results of operations and financial condition. Disputes with partners or the termination or amendment of agreements could lead to expenses, delayed payments, liabilities, and distractions from our strategic objectives. If we cannot renew or replace agreements on favorable terms, it could harm our business. Wholesale partners may also compete against us in key channels, harming our business. Maintaining these relationships may require significant resources and could limit our sales channels, adversely affecting other areas of our business.

We are expanding Purple showrooms across the U.S., which may compete with our wholesale partners for customers. This omni-channel strategy carries the risk of diminishing sales in other channels, increasing costs, and the potential loss of wholesale partners. Managing this omni-channel strategy may require significant resources, potentially impacting other areas of our business. If our financial performance falls short of expectations, we may struggle to secure favorable payment terms or obtain credit from commercial partners that have extended credit to us.

We use some third-party manufacturers to assemble certain of our products using Company-made Hyper-Elastic Polymer material. We depend on our third-party manufacturers to maintain high levels of productivity and satisfactory delivery schedules. These third-party manufacturers may experience difficulties assembling our products, particularly in the early stages of their engagement as they develop expertise in assembling our products to our standards. For example, we previously experienced temporary issues with certain third-party manufacturers assembling our mattresses and the occurrence of such issues in the future would materially harm our business. The ability of our suppliers to effectively satisfy our production requirements could also be impacted by their financial difficulty or damage to their operations caused by fire, pandemic, terrorist attack, natural disaster, or other events. The failure of any supplier to meet our expectations could result in supply shortages or delays for certain products and components and harm our business.

A reduction in the availability of credit to consumers or the availability of more favorable credit terms with competitors could adversely affect our results of operations and financial condition.

We offer consumer financing through third-party finance companies, with a significant portion of our sales financed in 2025. Macroeconomic factors and changes in credit lending criteria may reduce available credit, and we may face higher costs to maintain lending approvals. Additionally, federal regulations place restrictions on consumer credit programs, including promotional credit offers. They control financing offers and credit standards and may provide better terms to our competitors or in channels outside our focus. Reduced credit availability from economic changes, regulatory shifts, terminated agreements, or competitors offering better terms could negatively impact our results of operations and financial condition.

Over or under supply of raw material inventory and finished products could leave us vulnerable to shortages or shrinkage that may harm our ability to satisfy consumer demand and could adversely affect our results of operations.

We have in the past accumulated and may again in the future accumulate excess raw material inventory, which is vulnerable to shrinkage, theft, obsolescence, or otherwise becoming unsellable, and excess finished product inventory. Excess inventory uses valuable warehouse space. If our efforts to manage inventory are unsuccessful, excess stock and related inefficiencies could negatively impact our results of operations. On the other hand, failing to maintain adequate inventory levels could lead to supply shortages, harming our ability to meet consumer demand and negatively affecting operations. Lead times for products and components, especially those sourced internationally, can vary. Risks from legal, economic, political, or health issues, as well as disruptions in global trade, including due to tariffs or trade wars, could impact production and result in inadequate inventory levels. Sourcing challenges due to trade tensions, tariffs or other geopolitical factors, will also increase costs and disrupt supply. Any shortages or delays in meeting demand could harm customer satisfaction, results of operations and financial condition.

We rely on key suppliers, some of which are our only source or one of few sources for certain products, materials, or services. While alternative suppliers may be available, disruptions or cost increases in the supply of materials could negatively affect our results of operations and financial condition. Additionally, changes in a supplier's financial condition could delay their product delivery to us. Shipping delays from port closures, congestion, and shortages of containers or ships could disrupt manufacturing, supply of materials, and inventory management. These delays may hinder our ability to meet product demand and deliver on time, negatively impacting our business and results of operations.

If we lose members of the leadership team we may not be able to run our business effectively.

Our success depends on attracting and retaining key personnel in areas like executive leadership, marketing, sales, innovation, and operations. If members of our leadership team leave or additional expertise is needed, finding qualified replacements may be challenging due to competition and potential uncertainties from our ownership structure or stockholder activism. Delays in replacing members of the leadership team could disrupt growth and strategic plans. If we fail to offer competitive compensation and incentives, it may adversely affect our business. For example, due to our recent results of operations and stock price, our short-term incentive plans, long-term incentive plans, and option grants may not be adequate to retain our leadership team and other participating employees. Additionally, we do not have key-person insurance for our executives.

Regulatory and Litigation Risks

Regulatory requirements may require costly expenditures and expose us to liability.

Our products, marketing, and advertising are regulated by various U.S. authorities, including the Federal Trade Commission, as well as consumer protection laws specific to the sleep product industry. These regulations may change or conflict with each other, leading to ongoing compliance costs, such as quality control and compliance processes. We are subject to federal, state, and local environmental, health, and safety regulations, including those related to environmental protection, recycling, and occupational health and safety. While we strive for compliance, past changes to our facilities have been required, and we will continue to invest in meeting these standards. If harmful substances are released or contamination is found on our properties, we may face significant liability. As a manufacturer of mattresses and related products, we handle regulated substances, which subject us to various environmental laws. For example, we are subject to the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation and Liability Act, and related state and local statutes and regulations.

We are subject to federal laws on international shipments, customs, and import controls. Non-compliance may result in penalties or fines, adversely affecting our financial condition and results of operations. We are subject to laws covering the internet, e-commerce, electronic devices, taxation, privacy, data protection, pricing, consumer protection, employment, disabilities, and more. The application of traditional areas of the law to newly developed technologies may be unclear, and unfavorable regulations could reduce demand for our products, increase costs, or limit access to our products. Our ongoing efforts to enhance compliance and regularly test our site, as well as legal challenges we may face, may increase our business costs. Additionally, we are subject to health and environmental regulations like California Proposition 65, which require resources for compliance, and with respect to which we have experienced and may in the future face claims, requiring resources for defense. Laws addressing climate change could impose stricter standards, raise our costs, disrupt our business and negatively impact our financial condition and results of operations. Negative public perception or climate-related litigation could harm our reputation and business.

Regulatory requirements relating to the manufacture and disposal of mattresses may increase our product costs and increase the risk of disruption to our business.

The U.S. Consumer Product Safety Commission (CPSC) and other jurisdictions have fire retardancy standards for the mattress industry, and some jurisdictions may consider stricter regulations. These standards require fire retardant materials, quality assurance programs, random product testing, and documentation retention, which can be costly. If testing or inspections show our products don't meet flammability standards, we could face production halts, recalls, fines, or penalties, negatively impacting our operations and financial condition. New legislation on fire retardancy, bed bug prevention, or mattress recycling could lead to recalls or higher operating costs. Non-compliance may result in penalties, business restrictions, or negative publicity. Conflicting regulations could raise costs, change manufacturing processes, and harm product performance, negatively affecting our business.

We could be subject to additional sales tax or other indirect tax liabilities.

We are subject to sales tax or other indirect tax obligations as imposed by the various states and jurisdictions in the United States. The application of indirect taxes (such as sales and use tax, value-added tax (“VAT”), goods and services tax, business tax and gross receipt tax to applicable e-commerce businesses and to our users is a complex and evolving issue and we may be unable to timely or accurately determine our obligations with respect to such indirect taxes, if any, in various jurisdictions. Many statutes and regulations that impose these taxes were established before the adoption and growth of the internet and e-commerce. States may consider or adopt laws or administrative practices, which impose additional obligations on remote sellers and online marketplaces to collect transaction taxes such as sales, consumption, value added, or similar taxes. Failure to comply or a successful assertion by states requiring us to collect taxes where we did not, could result in substantial tax liabilities for past sales, as well as penalties and interest. If the tax authorities challenge our filings or request an audit, our tax liability may increase. We are currently undergoing routine audits in a few states.

We may be subject to laws and rules that require us to collect information from our customers, vendors, merchants, and other third parties for tax reporting purposes and report such information to government agencies. The scope of such requirements continues to expand, requiring us to develop and implement new compliance systems. Failure to comply with such laws and regulations could result in significant penalties.

Pending or unforeseen litigation and the potential for adverse publicity associated with litigation could adversely affect our business, reputation, results of operations or financial condition.

We may be involved in legal proceedings arising in the ordinary course of business, including commercial, product liability, employment, intellectual property claims, and claims brought by shareholders. Litigation is unpredictable, and it is possible that the outcome of future claims asserted, or adverse publicity resulting from litigation, could adversely affect our business, reputation, results of operations or financial condition.

Risks Relating to our Intellectual Property

We may not be able to adequately protect our product designs, brand and other proprietary rights, which could adversely affect our competitive position, reduce the value of our products and brands, and may result in costly litigation to protect our intellectual property rights.

We focus on strengthening and differentiating our product portfolio through innovation in design and materials. Our intellectual property, including trademarks, patents, and trade secrets, is vital to our success. We rely on intellectual property laws and contractual protections, like confidentiality and non-compete agreements, to safeguard our rights. If we cannot enforce these protections, it could negatively impact our operations. We own U.S. and foreign patents for product designs, function, formulas, materials, and technologies, along with trademarks, trade secrets, trade dress, and copyrights. Our success relies on protecting these intellectual property rights and avoiding infringement on third-party rights.

Despite our efforts, we may not fully protect our intellectual property and proprietary rights. Counterfeit goods and patent/trademark infringements are increasing, leading to higher enforcement costs, including actions with the International Trade Commission seeking general exclusion orders against foreign entities. We expect significant financial and managerial resources to be spent on protecting our intellectual property rights. Even with favorable outcomes, infringement and counterfeits could harm our business and intellectual property value. Laws may not adequately safeguard our trademarks. Licensees could also harm our proprietary rights or reputation. Inadequate protection of our intellectual property could negatively impact our results of operations.

We may be subject to claims that we or the licensors of intellectual property rights licensed to us have infringed on proprietary rights, which could require us and our licensors to obtain a license or change designs.

As we increase our innovations, create new products and technologies, and enter new product categories, we may be limited by the intellectual property rights of others. We respect the intellectual property rights of others but our ability to innovate and increase product offerings may be limited by the intellectual property rights of other parties. We have in the past and may in the future face claims regarding alleged intellectual property infringement, though we believe our products do not infringe others’ rights. However, we cannot guarantee that such claims, including claims of invalidity and indemnification, will not arise or negatively impact our business. Defending against these claims could incur costs and divert resources. Infringement claims could also result in injunctions preventing distribution of our products or forcing us to alter our designs if licensing terms are unavailable or unreasonable.

We previously licensed certain intellectual property to EdiZONE, LLC (“EdiZONE”), for the purpose of enabling EdiZONE to meet its contractual obligations to licensees. Some of those licensees are competitors and have exclusive rights that we may be required to observe.

Before the Business Combination, we entered into an Amended and Restated Confidential Assignment and License Back Agreement with EdiZONE, controlled by our founders, pursuant to which EdiZONE transferred intellectual property to us and licensed back certain intellectual property to meet pre-existing third-party obligations. EdiZONE agreed not to modify, extend, or enter new third-party licenses, with all rights reverting to us as these licenses expire. One of EdiZONE’s prior licenses grants exclusivity to a third party of an earlier technology that could prevent us from selling a mattress made from that earlier technology in the European Union or in the medical industry. This risk could be mitigated by redesigning our Hyper-Elastic Polymer material using existing or new technologies. However, there is no guarantee that any of our future sales in the European Union or in the medical industry won’t be challenged by EdiZONE’s licensee, and any such redesigned mattresses may not succeed. If challenged, we are required to indemnify EdiZONE. We have the right to enforce our intellectual property against licensees who violate their agreements or infringe on our intellectual property. We must indemnify EdiZONE and cover enforcement costs. However, there is no guarantee that such enforcement efforts would succeed, which could negatively impact our business.

Risks Relating to our Common Stock

NASDAQ may delist our securities from its exchange, which could harm our business and limit our stockholders’ liquidity.

Our common stock is currently listed on NASDAQ, which has listing criteria. We cannot assure that our common stock will continue to be listed on NASDAQ in the future. To continue listing our common stock on NASDAQ, we must maintain certain governance, financial, distribution and stock price levels. Generally, we must maintain a minimum amount in stockholders’ equity, a minimum number of holders of our common stock, and a \$1.00 minimum per share bid price for our common stock. If we fail to maintain a \$1.00 minimum per share bid price for a period of 30 consecutive business days, we have 180 calendar days to maintain our common stock at a \$1.00 minimum per share bid price for 10 consecutive trading days. If we do not regain compliance within 180 calendar days, NASDAQ may grant a second compliance period of 180 calendar days or it may determine to delist our common stock, at which point we would have an opportunity to appeal the delisting determination to a hearings panel. On November 5, 2025, we received written notice from NASDAQ that we were not in compliance with Nasdaq minimum share price rule, since the closing price of our Common Stock had been below \$1.00 per share for 30 consecutive business days. We have 180 calendar days, or until May 4, 2026, to regain compliance with the Nasdaq minimum share price rule. To regain compliance, the bid price of our Common Stock must close at \$1.00 or more for a minimum of ten consecutive business days. While we intend to actively monitor the bid price of our Common Stock and will consider available options to regain compliance, there can be no guarantee that we will be able to regain compliance or otherwise comply with NASDAQ’s other continued listing requirements.

If we are unable to comply with NASDAQ’S continued listing requirements, our common stock may be subject to delisting. If NASDAQ delists our common stock from trading on its exchange or if we decide to voluntarily delist from NASDAQ and/or deregister our common stock under the federal securities laws, we could face significant material adverse consequences, including but not limited to (i) a limited availability of market quotations for our common stock; (ii) reduced liquidity for our common stock; (iii) a determination that our common stock is a “penny stock” which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities; (iv) a limited amount of news and analyst coverage, and in the event of deregistration of our common stock, less public disclosure about us; and (v) a decreased ability to issue additional securities or obtain additional financing in the future.

The market price of our Common Stock is volatile and may decline regardless of our results of operations, and Stockholders may not be able to resell shares at or above their purchase price.

The market price of our Common Stock has been highly volatile, and stockholders may not be able to resell shares at or above their purchase price. It can fluctuate significantly due to various factors, some beyond our control and unrelated to our results of operations, including but not limited to:

- actual or anticipated changes or fluctuations in our results of operations or fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes in the expectations of investors or securities analysts, including our results of operations, or the extent to which analysts cover our stock;
- fluctuations in the overall stock market and volatility in the market price and trading volume of companies in our industry, or general or industry economic conditions and trends;
- relevant regulatory developments in any jurisdiction, or litigation involving us or our industry;
- terrorist attacks, trade wars, political upheaval, natural disasters, public health crises, or other major catastrophic events;
- sales of large blocks of our Common Stock, including SEC filings related to such potential sales; or
- an adverse impact on us from any of the other risks cited herein.

Anti-takeover provisions in our Second Amended and Restated Certificate of Incorporation, our Third Amended and Restated Bylaws as well as provisions of Delaware law, contain anti-takeover provisions, any of which could delay or discourage a merger, tender offer, or assumption of control of our Company not approved by our Board of Directors that some stockholders may consider favorable.

Provisions of Delaware law, our Second Amended and Restated Certificate of Incorporation, our Third Amended and Restated Bylaws and the existence of a significant stockholder who is our primary lender, could discourage a third party from attempting to acquire control of us. Stockholders may not have the opportunity to participate in these transactions. These provisions or circumstances could also limit the price that investors might be willing to pay in the future for Common Stock, including the potential to realize a premium for shares pursuant to a change in control transaction. We have amended our bylaws to add requirements relating to stockholder nominations of directors, including that stockholder nominees complete a written questionnaire and make themselves available for interviews by our Board. In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain transactions with stockholders owning 15% or more of our outstanding voting stock or require us to obtain stockholder approval prior to engaging in such transactions.

As reported by Coliseum in its Schedule 13D/A filed on May 6, 2025, Coliseum beneficially owns 61.1 million shares of Common Stock (which includes 46.9 million shares of Common Stock currently owned and 14.2 million shares of Common Stock that could be acquired upon exercise of its warrants). The existence of such a large stockholder may limit the potential for third party offers to acquire the Company.

Significant payment obligations under our Tax Receivable Agreement are accelerated upon a change of control and may discourage the potential acquisition of our Company and adversely affect any potential control premium payable for shares of our Common Stock.

Prior to us being a public company, we entered into the Tax Receivable Agreement with our founders (the “Tax Receivable Agreement”), which provides for our payment to our former founders of 80% of certain tax benefits that we realize as a result of certain increases in our asset tax basis and of certain other tax benefits. If we experience a change of control (as defined under the Tax Receivable Agreement), we could be required to make an immediate lump-sum payment to our former founders under the terms of the Tax Receivable Agreement (as defined herein). We currently estimate the liability associated with this lump-sum payment as of December 31, 2025, to be approximately \$137.5 million on a discounted basis. The acceleration of such a material lump-sum payment obligation under our Tax Receivable Agreement could materially adversely affect a third party’s acquisition, discourage a third party from attempting to acquire control, or materially adversely affect the price payable for our Common Stock pursuant to such a transaction. As a result, stockholders may not have the opportunity to participate in or realize a potential control premium for shares pursuant to such a change of control transaction. These obligations could also limit the price that investors might be willing to pay in the future for our Common Stock.

Our Second Amended and Restated Certificate of Incorporation could make it very difficult for an investor to bring any legal actions against us, our directors, or our officers and may limit our stockholders' ability to obtain a favorable judicial forum.

Our Second Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents. It also provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any (i) derivative action or proceeding brought on our behalf; (ii) any action asserting a claim for or based on a breach of duty or obligation owed by any current or former director, officer or employee of ours to us or to our stockholders, including any claim alleging the aiding and abetting of such a breach; (iii) any action asserting certain claims against us or any current or former director, officer or employee; or (iv) any action asserting a claim related to or involving us that is governed by the internal affairs doctrine. This exclusive forum provision would not apply to certain suits brought to enforce certain liability or duty or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers or employees. Alternatively, if a court were to find the choice of forum provision contained in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition, results of operations.

Future sales of our Common Stock in the public market may depress our share price.

Sales or the perception of future sales of a substantial number of shares of our Common Stock could depress the market price of our Common Stock and impair our ability to raise capital through the sale of additional equity or other convertible securities, regardless of any relationship between such sales and the performance of our business.

In connection with the issuance of warrants pursuant to the Amended and Restated Credit Agreement and the 2025 Amendment, we entered into a Second Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with CCP, Blackwell, Coliseum Capital Co-Invest III, L.P. ("C-3"), Harvest Master, Harvest Partners, and HSCP (the "Holders"), providing for the registration of the warrants, the shares of Common Stock issuable upon the exercise of the warrants, and the Class A Common Stock held by the Holders as of such date (the "Registrable Securities"). The market price of our Common Stock could decline as a result of sales by a few large stockholders, such as Coliseum or the Holders, or the perception that these sales could occur, including as a result of the registration statement. These sales might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate.

Our stockholders may experience substantial dilution in the value of their investment or may otherwise have their interests impaired if we issue additional debt or equity securities or securities convertible into equity securities, as well as due to the exercise of the currently outstanding warrants.

We may attempt to increase our capital by entering additional secured or unsecured debt or debt-like financing, or by issuing additional debt or equity securities, including issuances of secured or unsecured notes, preferred stock, hybrid securities or convertible securities. Our Second Amended and Restated Certificate of Incorporation allows us to issue up to 300 million shares of our common stock, including 210 million shares of Class A common stock and 90 million shares of Class B common stock, and up to five million shares of undesignated preferred stock.

We have previously sold and may in the future sell additional shares of our common stock or convertible securities at prices that are lower than the prices paid by existing stockholders, and investors purchasing shares or other securities could have rights superior to existing stockholders, which could result in substantial dilution of existing stockholders. For example, on January 23, 2024, we issued to the Lenders under the Amended and Restated Credit Agreement the warrants to purchase 20.0 million shares of our common stock at a price of \$1.50 per share (the “2024 Warrants”), subject to adjustments, and on March 12, 2025, we issued to the 2025 Lenders under the 2025 Amendment the 2025 Warrants to purchase 6.2 million shares of our common stock at a price of \$1.50 per share, subject to adjustments. In addition, on May 2, 2025, we issued to the 2025 Lenders under the Second 2025 Amendment additional warrants (the “2025 Additional Warrants”) to purchase 6.6 million shares of our common stock at a price of \$1.50 per share, subject to adjustments and on May 2, 2025, we issued to Somnigroup International, Inc. as partial consideration for their entering into various agreements with Somnigroup International, Inc. entities, warrants to purchase 8.0 million shares of our common stock at a price of \$1.50 per share, subject to adjustments. The exercise of warrants will dilute the value of Class A common stock and stockholder voting power. In addition, the warrants include full-ratchet anti-dilution protections, subject to certain conditions, which could result in the warrants becoming exercisable for a significantly greater number of shares if we engage in a dilutive financing.

In the event of our liquidation, holders of our debt would receive distributions of our assets before distributions to holders of our common stock, including substantial make-whole payments, and holders of securities senior to the common stock would receive distributions of our assets before distributions to the holders of our common stock. Because future debt and equity offerings may be influenced by market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or debt financings. Market conditions could impose less favorable terms for the issuance of our securities in the future.

Our only significant asset is our ownership of Purple LLC and such ownership may not be sufficient to enable us to satisfy our financial obligations.

We are a holding company and do not directly own any operating assets other than our ownership of interests in Purple LLC. We depend on Purple LLC for distributions, loans and other payments to generate the funds necessary to meet our financial obligations, including our expenses as a publicly traded company. The earnings from, or other available assets of, Purple LLC may not be sufficient to allow us to pay our financial obligations.

If we fail to maintain an effective system of internal controls, we may not be able to report our financial results accurately, may make a material misstatement in our financial statements, may experience a financial loss or may face litigation. Any inability to report and file our financial results accurately and timely could adversely affect the value of our Common Stock.

We are required to maintain internal controls over financial reporting and disclosure, as mandated by the Sarbanes-Oxley Act and SEC rules. However, even with these controls, management cannot guarantee that they will prevent all errors or fraud. All control systems have inherent limitations, such as human error, circumvention, or collusion, and cannot provide absolute assurance of detection or prevention. Controls may also become inadequate over time due to changes, new fraudulent schemes, or deteriorating compliance, increasing the risk of undetected misstatements. The accuracy of our financial reporting relies on effective internal controls, which can only provide reasonable assurance and may not detect all misstatements. We have in the past identified material weaknesses in our controls. Any failure in internal controls or disclosure procedures could undermine the accuracy and timeliness of our disclosures, potentially eroding investor confidence, requiring significant resources to fix, and exposing us to legal or regulatory actions.

We continue to evaluate, design and implement controls and procedures designed to avoid material weaknesses. If our efforts are insufficient or if new weaknesses arise, our financial statements may be misstated, potentially requiring restatements, incurring additional accounting, legal costs, and exposing us to shareholder litigation. We cannot guarantee against future material weaknesses in our internal control. Failure to maintain effective internal control could impact the accuracy and timeliness of our financial reporting, potentially leading to sanctions from NASDAQ, the SEC, or other regulators. Failure to timely file will cause us to be ineligible to utilize short form registration statements on Form S-3, which may also impair our ability to raise capital, execute business strategies, or issue shares for acquisitions. Additionally, it could erode investor confidence and negatively affect our stock price.

Tax Risks Relating to our Structure

Obligations under the Tax Receivable Agreement could materially adversely affect our future cash flow if we become profitable and begin paying income taxes. Payments under the Tax Receivable Agreement may be accelerated or significantly exceed the actual benefits we realize.

Our Tax Receivable Agreement with our founders requires us to pay 80% of certain tax benefits realized from increases in asset tax basis and other tax benefits. As of December 31, 2025, our preliminary estimate of liability under the agreement was \$170.5 million. This liability may increase if we realize future tax benefits, face changes in tax rates, or if payments are accelerated. However, since we have not been profitable recently, we determined as of December 31, 2025, that the likelihood of incurring a liability was not probable and no liability was recorded. If we become profitable and realize tax savings covered by the Tax Receivable Agreement, we will incur payment obligations, which could negatively impact our cash flow.

The lump sum payment of \$137.5 million required upon early termination of the Tax Receivable Agreement in the event of a change in control could negatively impact liquidity, delay or prevent business transactions, and reduce the value of our Common Stock. If our cash resources are insufficient, we may need to incur additional debt to meet these obligations, which could materially harm our financial condition. Even without early termination, a change of control, or late payments, our liquidity could be adversely affected if payments under the Tax Receivable Agreement exceed the tax savings we realize, or if distributions from Purple LLC are insufficient to cover payments after taxes and expenses.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited. Future use and amount of our Current NOLs and other tax benefits is uncertain.

Under Section 382 and related provisions of the Internal Revenue Code of 1986, as amended (the “Code”), if a corporation undergoes an “ownership change”, the corporation’s ability to use its pre-change net operating loss carryforwards (“NOLs”) and other pre-change tax attributes to offset its post-change income may be limited. Generally, an ownership change is defined as a change in its equity ownership by certain stockholders over a three-year period of greater than 50 percentage points (by value). If finalized, Treasury Regulations currently proposed under Section 382 of the Code may further limit our ability to utilize our pre-change NOLs or other tax attributes if we undergo a future ownership change. Thus, our ability to utilize carryforwards of our net operating losses, including net operating losses acquired from the Intellibed acquisition, and other tax attributes to reduce future tax liabilities may be substantially restricted. In 2024, we completed a study to assess whether an ownership change has occurred, as defined by IRC Section 382, or whether there have been ownership changes since the Company’s formation. The results of this study indicate that we experienced one ownership change on December 31, 2021. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we generate taxable income, our ability to use our pre-change NOL and tax credits carryforwards to reduce U.S. federal and state taxable income may be subject to further limitations, which could result in increased future tax liabilities to us. Moreover, our federal NOLs from years prior to 2018 can be carried forward for a maximum of 20 years from the year in which the NOL was incurred, and our state NOLs are subject to carryforward limitations that vary from state to state; as a result, all or a portion of those carryforwards could expire before being available to reduce future income tax liabilities.

Use of our Current NOLs and other tax benefits depends on our ability to generate taxable income in the future. We cannot ensure whether we will have future taxable income or, if we do, whether such income or our Current NOLs or other tax benefits at such time will exceed any potential limitation under Code Section 382.

The IRS may challenge our Current NOLs and other tax benefits.

As of December 31, 2025, the amount of our Current NOLs has not been audited or validated by the Internal Revenue Service (the “IRS”). The IRS could challenge the amount of our Current NOLs, which could result in an increase in our future liability for income taxes. In addition, determining whether an ownership change under Code Section 382 has occurred is subject to uncertainty because of the complexity and ambiguity of the provisions of Code Section 382 and because of limits on timely knowledge that any publicly traded company can have about the ownership of and transactions in its securities. We cannot ensure that the IRS or another taxing authority will not claim in the future that we experienced an ownership change under Code Section 382 and attempt to reduce the benefit of our Current NOLs and other tax benefits available, even if the NOL Protective Charter Amendment is in place.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity Risk Management, Strategy, and Governance

In the ordinary course of our business, we receive, process, use, store and share digitally large amounts of data, including user data as well as confidential, sensitive, proprietary and personal information. We depend largely upon our information technology systems in the conduct of all aspects of our operations. Maintaining the integrity and availability of our information technology systems and this information, as well as appropriate limitations on access and confidentiality of such information, is important to our operations and business strategy. To this end, we have implemented processes and systems designed to assess, identify, and manage risks from potential unauthorized occurrences on or through our information technology systems to prevent adverse effects on the confidentiality, integrity, and availability of these systems and the data residing in them.

In 2025, we did not identify any cybersecurity breaches that materially affected, or are reasonably likely to materially affect, our business strategy, results of operations, or financial condition.

Management's Role

Our management team is responsible for monitoring, preventing, detecting, mitigating and remediating cybersecurity incidents. Our Vice President of IT and Systems brings over 13 years of expertise, with a proven track record in various leadership roles, including Director of Software Delivery for the past two years. He has spearheaded the successful implementation and management of multiple website platforms, enterprise resource planning (ERP) systems, retail store infrastructures, and cloud-based enterprise solutions. In his current role, he oversees our cybersecurity team and outsourced managed services, while developing incident response plans and establishing clear communication protocols with internal executives and external vendors. Our Network Systems Associate Director brings over 15 years of expertise in enterprise IT, with a proven track record in various leadership roles, including 13 years in technical leadership roles. His distinguished career includes leading the transition to a managed NOC/SOC, spearheading email security initiatives, architecting the migration to Okta with multi-factor authentication (MFA) and automated user-access auditing, and designing robust showroom network infrastructure. He oversees end-user technology and security operations, encompassing endpoints and Microsoft 365, identity policies, vulnerability management, incident response, SOC and vendor collaboration, telecommunications, and SaaS platforms. He holds a B.S. in Information Technology from Utah Valley University.

We maintain a cybersecurity risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. Our cybersecurity risk management processes are being integrated into our overall risk management processes. We are making efforts to incorporate cybersecurity considerations as a part of our business processes. We engage with external cybersecurity experts, including assessors, consultants, and auditors, to enhance our cybersecurity measures and ensure compliance with industry best practices. For example, a comprehensive cyber risk assessment, both physical and logical, was conducted by a third party, serving as an external penetration test to validate our security posture. We have established processes to oversee and manage cybersecurity risks associated with our use of third-party service providers, ensuring they adhere to our security standards. We review third-party service provider contracts to ensure they contain data privacy and security provisions, aligning with our standards and regulatory requirements. Additionally, we have established a Technology Review Committee ("TRC") tasked with the role of evaluating new software tools and technologies before their implementation. The TRC consists of experts from various domains within our organization, including information technology security, compliance, legal, and operations. The TRC conducts assessments to ensure that any new software tools meet our standards for security, compliance, and operational efficiency.

Board of Directors Oversight

The oversight of our cybersecurity is assigned to the Audit Committee of our Board of Directors. The Audit Committee receives regular reports and briefings from management on our cybersecurity threat risk management and strategy processes, including on topics such as our data security posture, results from third-party assessments, progress towards pre-determined risk-mitigation-related goals, incident response plans, and cybersecurity threat risks or incidents and developments, as well as the steps management has taken to respond to these risks. In addition, management updates the Audit Committee as necessary regarding any material cybersecurity incidents as well as any incidents with lesser impact potential.

Item 2. Properties

We lease a manufacturing facility in McDonough, Georgia with approximately 844,000 square feet. In January 2025, we leased an approximately 198,000 square foot distribution and fulfillment facility in West Valley City, Utah, that opened in April 2025. We also lease a building with approximately 61,000 square feet in Draper, Utah that serves as our innovation center and approximately 30,000 square-feet of office space in Lehi, Utah for our corporate headquarters. The Restructuring Plan included the permanent closure of two Utah manufacturing facilities to consolidate mattress production in our Georgia plant. The closure of the manufacturing facilities in Grantsville, Utah with 574,000 square feet and Salt Lake City, Utah with 67,000 square feet was completed in the second quarter 2025. We are currently subleasing the space in those building to other tenants. As of December 31, 2025, we had 55 Purple showrooms under lease with 11 located in California, six in Texas, four in Utah and 34 located in 22 other states throughout the United States.

Item 3. Legal Proceedings

Information regarding legal proceedings can be found in Note 13, “*Commitments and Contingencies*” and Note 21, “*Subsequent Events*” of the Notes to our Consolidated Financial Statements, included in Part II, Item 8 of this Annual Report, “*Financial Statements and Supplementary Data*,” and is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

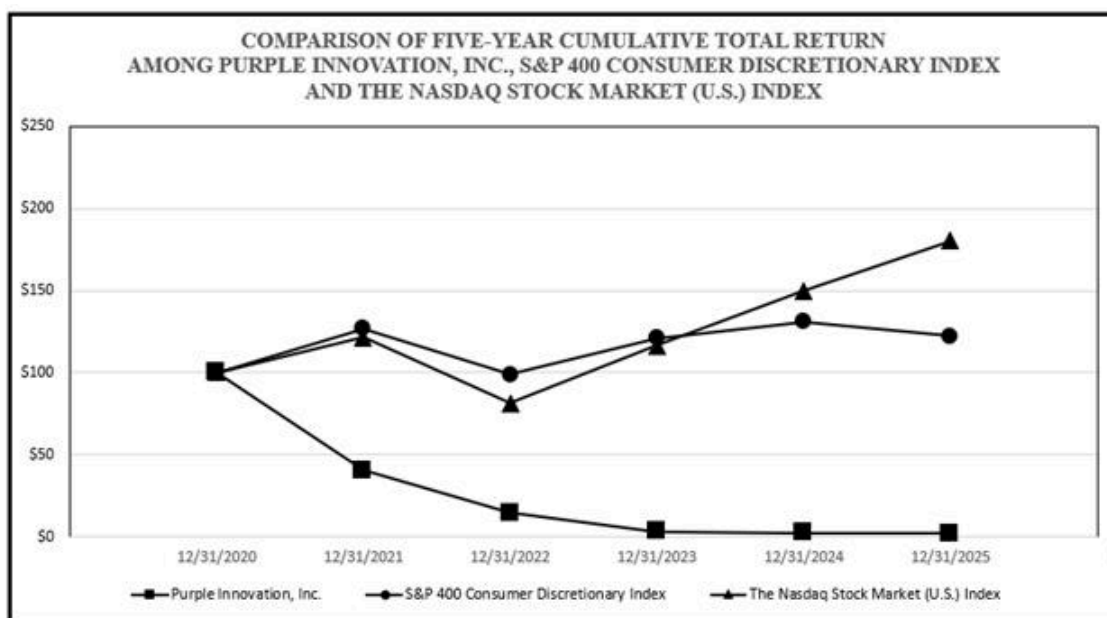
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Our Common Stock is listed on NASDAQ under the symbol “PRPL”. As of March 30, 2026, there were approximately 75 holders of record of shares of our Common Stock and six holders of record of shares of our Class B Stock. Our Class B Stock is not listed or quoted on any exchange and is not transferrable by the holders, subject to certain limited exceptions, including the exchange of Class B Stock for shares of Common Stock. The number of holders of record of our Common Stock does not include stockholders for which shares are held in “nominee” or “street” name.

We have not paid any cash dividends on our Common Stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements, general financial condition, our compliance with restrictive covenants in the Amended and Restated Credit Agreement and other future indebtedness that we may incur, opportunities to invest in future growth initiatives, and the discretion of our Board of Directors at such time. Our Board of Directors is not currently contemplating and does not anticipate declaring any cash dividends on our Common Stock in the foreseeable future.

Comparative Stock Performance

The following graph illustrates the cumulative total return over the last five years from December 31, 2020 through December 31, 2025, for (i) our Common Stock, (ii) the Standard and Poor’s (S&P) 400 Consumer Discretionary Index, and (iii) the NASDAQ Stock Market (U.S.) Index. The graph assumes \$100 was invested on December 31, 2020 in each of our Common Stock, the S&P 400 Consumer Discretionary Index, and the NASDAQ Stock Market (U.S.) Index, and that any dividends were reinvested. The comparisons reflected in the graph are not intended to forecast the future performance of our Common Stock and may not be indicative of our future performance. The graph and related information shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing with the SEC, except to the extent that the Company specifically incorporates it by reference into such filing.



	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
Purple Innovation, Inc.	\$ 100.00	\$ 40.29	\$ 14.54	\$ 3.13	\$ 2.37	\$ 2.09
S&P 400 Consumer Discretionary Index	100.00	126.74	98.73	121.14	131.12	122.28
The NASDAQ Stock Market (U.S.) Index	100.00	121.39	81.21	116.47	149.83	180.30

Recent Sales of Unregistered Securities

On January 23, 2024, in connection with the Amended and Restated Credit Agreement, we issued warrants to the Lenders to purchase 20.0 million shares of our Common Stock. On March 12, 2025, in connection with the 2025 Amendment, we issued warrants to the Lenders to purchase 6.2 million shares of our Common Stock. On May 2, 2025, in connection with the Second 2025 Amendment, we issued warrants the Lenders to purchase 6.6 million shares of our Common Stock, and also on May 2, 2025, in connection with the SGI Agreements (as defined below), we issued warrants to SGI to purchase 8.0 million shares of our Common Stock. The warrants will expire on the 10-year anniversary of their issuance, or earlier upon redemption. The holders do not have the rights or privileges of holders of Common Stock or any voting rights until they exercise their warrants. After the issuance of shares of Common Stock upon exercise of the warrants, each holder will be entitled to one vote for each share of Common Stock held on all matters to be voted on by stockholders generally. A holder of warrants will not have the right to exercise its warrants, to the extent that after giving effect to such exercise, the holder (together with its affiliates) would beneficially own in excess of 49.9% of the shares of Common Stock outstanding immediately after giving effect to such exercise.

We believe that such issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act as privately negotiated, isolated, non-recurring transactions not involving any public solicitation.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Annual Report on Form 10-K, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements regarding future events and our future results that are subject to the safe harbors created under the Securities Act and the Exchange Act. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “momentum,” “seeks,” “estimates,” “continues,” “endeavors,” “strives,” “may,” variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses (including the discussion under the heading “Outlook for Growth”), and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those under “Part I, Item 1A. Risk Factors,” and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

The following discussion is intended to provide a more comprehensive review of our results of operations and financial condition than can be obtained from reading our consolidated financial statements alone. This discussion should be read in conjunction with our consolidated financial statements and the notes thereto included in “Part II Item 8. Financial Statements.”

Overview of Our Business

Our mission is to deliver the greatest sleep ever invented.

We began as a digitally-native vertical brand founded on comfort product innovation with premium offerings, and have since expanded into brick & mortar stores as a true omni-channel brand. We offer a variety of innovative, branded and premium comfort products, including mattresses, pillows, cushions, bases, sheets and more. Our products are the result of decades of innovation and investment in proprietary and patented comfort technologies and the development of our own manufacturing processes. Our proprietary Hyper-Elastic Polymer gel technology underpins many of our comfort products and provides a range of benefits that differentiate our products from our competitors. Specially engineered to relieve pressure, maintain an ideal body temperature, and provide instantly adaptive support, Purple’s patented technology has been tested rigorously within medical and consumer applications for over 30 years. Originally designed for use in hospital beds and wheelchairs, we adapted this unique pressure-relieving material for our mattresses, pillows and other cushion products.

We market and sell our products via our direct-to-consumer channel, which includes Purple.com (our direct-to-consumer e-commerce), Purple showrooms, our customer contact center and online marketplaces (collectively “DTC”), and our wholesale channel through retail brick-and-mortar and online wholesale partners.

Organization

Our business consists of Purple Inc. and its consolidated subsidiary, Purple LLC. As the sole managing member of Purple LLC, Purple Inc., through its officers and directors, is responsible for all operational and administrative decision making and control of the day-to-day business affairs of Purple LLC without the approval of any other member. At December 31, 2025, Purple Inc. had a 99.85% economic ownership interest in Purple LLC while Class B unit holders had the remaining 0.15%.

Recent Developments in Our Business

Operational Developments

During 2025, we continued to build on our Path to Premium Sleep strategy. As a result, we exited 2025 with a lower cost structure and improved margins, which we believe position us to scale as demand improves. We have been realizing efficiencies with our media investments by targeting specific segments most likely to purchase Purple and by focusing more effort on those consumers currently in the market for a sleep product. We are concentrating efforts on driving gross margin improvement through various methods such as selective pricing actions, continued mix shift towards our Restore and Rejuvenate collections, and by driving cost savings through supply chain initiatives and manufacturing efficiency. We have also delivered direct material cost savings from our supplier diversification efforts, improved scrap and yield results from continuous improvements, and our outbound freight costs reflect cost improvements along with improved delivery reliability. While our revenues were down overall from 2024, we are encouraged by our performance in the second half of 2025 as our fourth quarter 2025 revenue increased 9.1% compared to last year, reflecting the continued execution of our strategic priorities. Wholesale revenue grew 39.8% in the fourth quarter compared to last year with our expanded Mattress Firm placements and an expansion with our Costco program, showroom revenue increased 4.5% reflecting the strength of our updated selling model and premium positioning and e-commerce was down 15.3%, reflecting a continuation of trends from earlier in the year. Gross margin for the fourth quarter was 41.9% as we have realized the benefits of the continued improvement in lowering material costs from ongoing sourcing initiatives, plant efficiencies, restructuring benefits and actions to reduce our cost of warranty returns. Operating expenses continue to decline with 2.9% reduction in the fourth quarter 2025 compared to last year as we have improved efficiency, implemented numerous cost reduction efforts and closely managed our expenses with disciplined cost controls.

On May 2, 2025, we entered into the Second Amendment to Master Retailer Agreement with Mattress Firm (the “MRA Amendment”), a business unit of SGI, which provides that SGI, through its Mattress Firm stores, will expand its inventory of our products across its national store network from approximately 5,000 mattress slots to a minimum of 12,000 mattress slots. This rollout is progressing well, with Purple products now being represented in Mattress Firm’s full store network. With the recent launch of Purple Royale, our exclusive Luxe product for Mattress Firm, we have expanded to all 12,000 committed slots. Also on May 2, 2025, we entered into an Amended and Restated Master Vendor Supply and Services Agreement with Tempur Sherwood, LLC, a subsidiary of Tempur Sealy (the “Sherwood Agreement,” and together with the MRA Amendment, the “SGI Agreements”). The Sherwood Agreement provides that Tempur Sherwood, LLC has the exclusive right to assemble certain product lines that we sell to Mattress Firm.

The new Rejuvenate 2.0 collection launched in the second quarter 2025 and is available across all of our showroom locations. Momentum remains strong in our showrooms as Rejuvenate 2.0 mattress sales represented over half of showroom mattress revenue in the fourth quarter 2025. In conjunction with the launch of Rejuvenate 2.0, our slot placement expanded with our other wholesale partners.

We are also seeing strong performance with Costco, where our programs provide an important opportunity to introduce Purple to new customers at scale. Our Costco partnership expanded meaningfully at the beginning of the fourth quarter 2025 to 450 clubs. Early in the period, it performed exceptionally well, driven by the introduction of unrolled beds on the floor, which allowed Costco members to see and feel our differentiated product. This in-store presentation drove strong sales outperformance and ultimately led Costco to expand the program. We are also making progress in alternative channels, including Walmart and Sam’s Club, which are helping us to reach new customers, diversify demand, and drive incremental volume.

Restructuring Activities

In August 2024, we initiated the Restructuring Plan to strategically realign our operational focus to achieve efficiencies in our operations to improve profitability and provide for reinvesting in technology and marketing initiatives. The Restructuring Plan included the permanent closure of both Utah manufacturing facilities to consolidate mattress production in our Georgia plant, and a headcount reduction at our Utah headquarters to drive additional operating efficiencies. Closure of the two Utah manufacturing facilities was completed in the second quarter of 2025 while consolidation into the Georgia facility was finalized in December 2024. The reduction in workforce at our Utah headquarters was completed in August 2024. The Restructuring Plan is now complete. During 2025, we recognized \$12.4 million in costs relating to the Restructuring Plan, of which \$9.5 million related to the write-off of equipment that was determined to have no future use and \$2.9 million in employee-related and other cash charges.

In addition, we implemented additional cost savings measures in 2025 and 2026 beyond those implemented pursuant to our Restructuring Plan.

Debt Financings

On January 23, 2024, Purple LLC, Purple Inc. and Intellibed entered into the Amended and Restated Credit Agreement, which amended and restated the then existing term loan agreement (“Term Loan Agreement”), with the Lenders and Delaware Trust Company, as administrative agent. The Lenders agreed to assume our obligations under the Term Loan Agreement and agreed to refinance our existing obligations. Pursuant to the Amended and Restated Credit Agreement, we borrowed \$61.0 million from the Lenders (the “Related Party Loan”) that was used to repay the \$25.0 million of term loans outstanding, the \$5.0 million of revolving debt outstanding, loan fees, premiums and expenses incurred in connection with this transaction and provided net proceeds to us (after payments of outstanding debt, unpaid accrued interest, and expenses) of approximately \$27.0 million. Interest on the new loan is payable each month and, under the Third Amendment executed in March 2026 (see below), the principal outstanding matures and is due on April 30, 2027. To reduce cash obligations, we have elected for interest to be capitalized and added to the principal amount of the loan. The loan bears interest at a rate equal to (i) the secured overnight financing rate plus 0.10%, with a floor of 3.5% per annum, plus (ii) 8.25% per annum (or, because Purple LLC has elected to pay interest in kind to reduce its cash obligations, 10.25% per annum). Any prepayments of principal on or after August 7, 2024 but before August 7, 2025 are subject to a prepayment penalty of 1.25%, and any prepayments of principal on or after August 7, 2025 are subject to a prepayment penalty of 2.50%. We may request an additional term loan from the Lenders in an aggregate amount not to exceed \$19.0 million on terms requested by us to the extent agreed to by the Lenders at their discretion. The Amended and Restated Credit Agreement also removed restrictions and requirements typically associated with an asset-based loan. In connection with our execution of the Amended and Restated Credit Agreement, all obligations under the previously outstanding term loans and revolving credit facility were paid in full and the respective related agreements (collectively, the “2023 Credit Agreement”) were terminated.

On March 12, 2025, the Loan Parties, entered into the 2025 Amendment with CCP and Blackwell, which amends the Amended and Restated Credit Agreement. The 2025 Amendment, among other things, provides for an increase in the initial principal amount of the Related Party Loan by \$19.0 million (the “First Incremental Loan”) from an initial Related Party Loan principal amount of \$61.0 million to an initial aggregate principal amount of \$80.0 million, and allows the Loan Parties to request one or more additional term loans from CCP, Blackwell and other lenders in an initial aggregate principal amount not to exceed \$20.0 million on terms to be agreed to by the parties and subject to the approval of the Required Lenders (as defined in the Amended and Restated Credit Agreement). The First Incremental Loan will bear interest at the same rate as the Initial Loan, which may be paid in cash or in kind at our option.

The 2025 Amendment also provides that (i) the First Incremental Loan shall be senior in right of repayment to the Related Party Loan and (ii) in any voluntary or mandatory prepayment in part or in full of the First Incremental Loan for any reason, the Company will be required to pay an amount equal to the greater of (i) the Make-Whole Premium (as defined below) and (ii) 2.50% of the aggregate principal amount of the First Incremental Loan so prepaid, replaced or assigned. The “Make-Whole Premium” is determined as follows: on the date of prepayment, the excess of (A) (x) 100% of the principal amount of such First Incremental Loan, plus (y) the present value at such date of all remaining scheduled interest payments due on such First Incremental Loan from the prepayment date through the maturity date, assuming that all such interest accrues at the Make-Whole Premium Rate (as defined in the 2025 Amendment), computed using a discount rate equal to the Treasury Rate as of such prepayment date plus 50 basis points, over (B) the principal amount of such First Incremental Loan on such prepayment date.

In addition, we also paid (i) an amendment fee equal to 2% of the outstanding principal and accrued and unpaid interest under the Related Party Loan held by the 2025 Lenders, paid in kind and (ii) a 2% work fee of the initial aggregate principal amount of the First Incremental Loan paid to the 2025 Lenders, deducted from the proceeds at closing. Total fees and expenses of \$2.1 million were recorded as debt issuance costs in March 2025.

In connection with the 2025 Amendment, we issued to the 2025 Lenders, the 2025 Warrants to purchase 6.2 million shares of our Common Stock at a price of \$1.50 per share, subject to certain adjustments (see Note 11 – *Warrant Liabilities*). The 2025 Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035.

On May 2, 2025, the Loan Parties entered into the Second 2025 Amendment with the 2025 Lenders (as defined in the Second 2025 Amendment), which amends the Amended A&R Credit Agreement. The Second 2025 Amendment, among other things, provides for a commitment increase pursuant to Section 2.18 of the Amended A&R Credit Agreement in the initial principal amount of the senior secured term loan facility by \$20.0 million (the “Second Incremental Loan”) from an aggregate principal amount of up to \$80.0 million (the “Existing Loan”) to an initial aggregate principal amount of up to \$100.0 million and allows the Loan Parties to request one or more additional term loans from the Lenders in an initial aggregate principal amount not to exceed \$20.0 million on terms to be agreed to by the parties and subject to the approval of the Required Lenders (as defined in the Amended A&R Credit Agreement). The Second Incremental Loan will bear interest at the same rate as the Existing Loan, which may be paid in cash or in kind at our option.

The Second 2025 Amendment also provides that (i) the Second Incremental Loan shall be senior in right of repayment to the initial \$61.0 million loan under the Amended and Restated Credit Agreement and pari passu with the First Incremental Loan and (ii) in any voluntary or mandatory prepayment in part or in full of the Second Incremental Loan for any reason, the Company will be required to pay an amount equal to the greater of (a) the Make-Whole Premium (as defined below) and (b) 2.5% of the aggregate principal amount of the Second Incremental Loan so prepaid, replaced or assigned. The “Make-Whole Premium” is determined as follows: on the date of prepayment, the excess of (A) (x) 100% of the principal amount of such Second Incremental Loan, plus (y) the present value at such date of all remaining scheduled interest payments due on such Second Incremental Loan from the prepayment date through the maturity date, assuming that all such interest accrues at the Make-Whole Premium Rate (as defined in the Second 2025 Amendment), computed using a discount rate equal to the Treasury Rate as of such prepayment date plus 50 basis points, over (B) the principal amount of such Second Incremental Loan on such prepayment date.

In addition, we also paid (i) an amendment fee equal to 0.25% of the outstanding principal and accrued and unpaid interest under the Existing Loan, paid in kind to the 2025 Lenders, (ii) a work fee equal to 0.1% of the outstanding principal and accrued and unpaid interest under the Existing Loan, paid in cash to the Required Lenders, (iii) a waiver fee, to induce the Required Lenders to waive certain preemptive and right of first refusal rights, equal to 0.15% of the outstanding principal and accrued and unpaid interest under the Existing Loan, paid in cash to the Required Lenders, and (iv) a commitment fee equal to \$0.2 million, paid in cash to the Required Lenders.

In connection with the Second 2025 Amendment, we issued to the 2025 Lenders, warrants (the “2025 Additional Warrants”) to purchase 6.6 million shares of our Common Stock at a price of \$1.50 per share, subject to certain adjustments. These 2025 Additional Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035.

On March 24, 2026, the Loan Parties entered into the Third Amendment with the Lenders, which revised the maturity date under the Amended A&R Credit Agreement from December 31, 2026, to April 30, 2027 and waived certain requirements and events of default relating to the going concern qualification in our December 31, 2025 financial statements. In connection with the Third Amendment, the Loan Parties agreed to pay to the Lenders an amendment fee in the aggregate amount of \$1.6 million, equal to 1.25% pro rata based on each Lender’s outstanding principal amount (the “Amendment Fee”). Of the Amendment Fee, approximately \$1.3 million is payable-in-kind by adding such amount to such Coliseum Lenders’ outstanding principal amount. The remaining \$0.3 million of the Amendment Fee was paid in cash. In connection with the Third Amendment, the Loan Parties also agreed to reimburse the Coliseum Lenders for certain expenses in the amount of \$0.3 million.

The Company has elected to have interest paid-in-kind and added to the principal amount of the Term Loan Agreement, the First Incremental Loan and the Second Incremental Loan.

Warrants

In connection with the Amended and Restated Credit Agreement, we issued to the Lenders the 2024 Warrants to purchase 20.0 million shares of our Class A Stock. Each 2024 Warrant entitles the registered holder to purchase one share of our Class A Stock at a price of \$1.50 per share, subject to adjustment. The 2024 Warrants will expire on the 10-year anniversary of issuance, or earlier upon redemption. A holder of the 2024 Warrants will not have the right to exercise them, to the extent that after giving effect to such exercise, the holder (together with its affiliates) would beneficially own in excess of 49.9% of the shares of Class A Stock outstanding immediately after giving effect to such exercise. The 2024 Warrants contain certain provisions that do not meet the criteria for equity classification and therefore were recorded as liabilities. The liability for the 2024 Warrants was recorded at a fair value of \$19.6 million on the date of issuance with the offset included in debt issuance costs. This liability is subsequently re-measured to fair value at each reporting date or exercise date with changes in the fair value included in earnings. During 2024, we recognized a gain of \$3.5 million in our consolidated statement of operations for a decrease in the fair value of the 2024 Warrants outstanding at December 31, 2024.

In connection with the 2025 Amendment, we issued to the 2025 Lenders the 2025 Warrants to purchase 6.2 million shares of our Common Stock. Each 2025 Warrant entitles the registered holder to purchase one share of our Common Stock at a price of \$1.50 per share, subject to adjustment with a floor of \$0.6979 and expire on March 12, 2035. The 2025 Warrants contain certain provisions that do not meet the criteria for equity classification and therefore were recorded as liabilities. The liability for the 2025 Warrants was recorded at a fair value of \$5.4 million on the date of issuance with the offset included in debt issuance costs.

In connection with the Second 2025 Amendment, we issued to the 2025 Lenders the 2025 Additional Warrants to purchase 6.6 million shares of our Common Stock. Each 2025 Additional Warrant entitles the registered holder to purchase one share of our Common Stock at a price of \$1.50 per share, subject to adjustment with a floor of \$0.6979 and expire on March 12, 2035. The liability for the 2025 Additional Warrants was recorded at a fair value of \$5.4 million on the date of issuance with the offset included in debt issuance costs.

In connection with the SGI Agreement, we issued to SGI, the SGI Warrants to purchase 8.0 million shares of our Common Stock at a strike price of \$1.50 per share. The SGI Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035. The liability for the 2025 Additional Warrants was recorded at a fair value of \$6.5 million on the date of issuance with the offset recorded as an asset to be amortized as a reduction of revenue over the life of the SGI Agreement.

A holder of the warrants will not have the right to exercise them, to the extent that after giving effect to such exercise, the holder (together with its affiliates) would beneficially own in excess of 49.9% of the shares of Common Stock outstanding immediately after giving effect to such exercise.

The warrant liability is subsequently re-measured to fair value at each reporting date with changes in the fair value included in earnings. During 2025, we recognized a gain of \$17.2 million in our consolidated statement of operations for a decrease in the fair value of the warrants outstanding at December 31, 2025.

Registration Rights Agreements

In connection with the issuance of the Warrants, we entered into the Registration Rights Agreement with holders of the Warrants (the “Holders”), providing for the registration of Registrable Securities (as defined in the Registration Rights Agreement), subject to customary terms and conditions. We are responsible for the payment of the Holders’ expenses in connection with any offering or sale of Registrable Securities by the Holders, including underwriting discounts or selling commissions, placement agent or broker fees or similar discounts, commissions or fees relating to the sale of certain Registrable Securities.

In connection with the issuance of the 2025 Warrants, on March 12, 2025, we entered into a Second Amended and Restated Registration Rights Agreement (the “2025 Registration Rights Agreement”) with CCP, Blackwell, and Coliseum Capital Co-Invest III, L.P., (the “2025 Holders”), providing for the registration under the Securities Act of the 2025 Warrants, the shares issuable upon the exercise of the 2025 Warrants, other warrants held by the 2025 Holders (and shares issuable upon exercise thereof) and the Common Stock held by the 2025 Holders as of such date (the “2025 Registrable Securities”), subject to customary terms and conditions.

In connection with the issuance of the 2025 Additional Warrants, on May 2, 2025, we entered into a Third Amended and Restated Registration Rights Agreement (the “Third Amended Registration Rights Agreement”) with the 2025 Holders, providing for the registration under the Securities Act of the 2025 Additional Warrants, the shares issuable upon the exercise of the 2025 Additional Warrants, other warrants held by the 2025 Holders (and shares issuable upon exercise thereof) and the Common Stock held by the 2025 Holders as of such date (the “2025 Additional Registrable Securities”), subject to customary terms and conditions.

In connection with the issuance of the SGI Warrants, on May 2, 2025, we entered into a Registration Rights Agreement (the “SGI Registration Rights Agreement” and collectively with the 2025 Registration Rights Agreement and the Third Amended Registration Rights Agreement, the “Registration Rights Agreements”) with SGI, providing for the registration under the Securities Act of the SGI Warrants, the shares issuable upon the exercise of the SGI Warrants, and the Common Stock held by SGI as of such date (the “SGI Registrable Securities” and collectively with the 2025 Registrable Securities and 2025 Additional Registrable Securities, the “Registrable Securities”), subject to customary terms and conditions.

The Registration Rights Agreements entitle the investors party thereto to demand registration of the Registrable Securities and also to piggyback on the registration of Company securities by us and other Company securityholders. We will be responsible for the payment of the investors’ expenses in connection with any offering or sale of Registrable Securities, including underwriting discounts or selling commissions, placement agent or broker fees or similar discounts, commissions or fees relating to the sale of certain Registrable Securities.

The registration statement filed on May 23, 2025, which registered the Registrable Securities, was declared effective by the SEC on May 30, 2025.

NOL Rights Plan

On June 27, 2024, our Board adopted, and we entered into, a limited-duration stockholder rights agreement (the “NOL Rights Plan”) with a stated expiration date of June 30, 2025. Our Board approved the NOL Rights Plan to protect stockholder value by attempting to safeguard our ability to use our June 30, 2024, estimated \$238 million of net operating losses (the “Current NOLs”) to reduce potential future federal income tax obligations from becoming substantially limited by future ownership of our Common Stock. Upon adopting the NOL Rights Plan, 0.3 million shares of our authorized shares of preferred stock were designated as Series C Preferred Shares. Pursuant to the NOL Rights Plan, our Board authorized and declared a dividend of one right for each outstanding share of Common Stock to stockholders of record at the close of business on July 26, 2024. Upon a stockholder acquiring greater than a 4.9% ownership percentage threshold (or, if a stockholder has beneficial ownership of in excess of 4.9%, then the ownership percentage that is one-half of one percentage point greater than their current beneficial ownership percentage), the rights will become exercisable to significantly dilute any stockholder who violates the ownership limitations of the NOL Rights Plan. The NOL Rights Plan was ratified at a special meeting of our stockholders on October 15, 2024 (the “Special Meeting”). On May 6, 2025, the Board accelerated the termination of the NOL Rights Plan and the NOL Protective Charter Amendment, to May 7, 2025.

NOL Protective Charter Amendment

In connection with the NOL Rights Plan, our Board adopted a NOL Protective Charter Amendment that adds an additional layer of protection to our Current NOLs until June 30, 2025 by voiding any transfer of Common Stock that results in a stockholder acquiring beyond a 4.9% ownership percentage threshold (or, if a stockholder has current beneficial ownership of in excess of 4.9%, then the ownership percentage that is one-half of one percentage point greater than their current beneficial ownership percentage). The NOL Protective Charter Amendment was approved by our stockholders at the Special Meeting. On May 6, 2025, the Board accelerated the termination of the NOL Rights Plan and the NOL Protective Charter Amendment to May 7, 2025.

Review of Strategic Alternatives

We have engaged with multiple parties about a broad range of opportunities to maximize shareholder value, including, but not limited to, a merger, sale or other strategic or financial transaction. The Board has formed a special committee of independent directors and we have engaged a financial advisor to support them in evaluating a range of options and exploring other potential strategic alternatives. If we are unsuccessful in engaging in a favorable strategic alternative, then our ability to grow our business and compete with larger, including combined, competitors may be adversely affected.

Impact of United States Tariff Policy

We continue to actively manage the impact of recent United States tariff policies. Importantly, all of our mattresses are manufactured in the United States, and about 15% of our cost of goods is tied to products sourced from overseas. This limited exposure is primarily concentrated in the textile side of the business, which includes sheets and mattress covers, but also includes the import of bases and foundations. Tariffs impacted us by approximately \$9.1 million in 2025 due to our mitigation efforts which have reduced the overall impact to our initial expectations. While future changes in tariffs are difficult to predict, we currently estimate the total cost exposure in 2026 to be \$7.7 million. We have shifted sourcing outside of China, and in July 2025, we implemented price increases on select products, including two mattress models. The tariff landscape remains fluid, and we are actively evaluating sourcing alternatives and pricing strategies on a case-by-case basis. We believe that our vertically integrated model and strong vendor relationships give us the flexibility to remain agile and responsive to changes in tariff policies, and we believe that we will be able to mitigate these impacts through a combination of supply chain repositioning, vendor collaborations, and selective pricing actions.

Executive Summary – Results of Operations

Net revenues decreased \$19.2 million, or 3.9%, to \$468.7 million in 2025 compared to \$487.9 million in 2024. This decrease was primarily driven by the industry-wide demand softness for home-related products and softness in the e-commerce channel, partially offset by growth in our Mattress Firm and Costco programs. From a sales channel perspective in 2025, DTC net revenues decreased \$22.3 million, or 7.9%, and wholesale net revenues increased \$3.2 million, or 1.6%, as compared to 2024. Within DTC in 2025, e-commerce net revenues decreased \$23.4 million, or 11.4%, while Purple showroom net revenues increased \$1.1 million, or 1.5%, as compared to 2024. The growth in our wholesale revenues was due primarily to our agreement with Mattress Firm as we expanded the number of stores and slots and the expansion of our Costco program. Purple showroom increase in revenues was primarily due to an increase in average selling prices related to both strategic price adjustments and a sizeable shift in product mix to our higher priced Rejuvenate products.

Gross profit increased \$7.4 million, or 4.1%, to \$188.6 million in 2025 compared to \$181.1 million in 2024 and our gross profit percentage improved to 40.2% in 2025 from 37.1% in 2024. The increase in gross profit is due mainly to the completion of our Restructuring Plan, as we had fewer costs this year, continued improvement in lowering material costs, improved operating efficiency and the recent actions to reduce our cost of warranty returns.

Operating expenses decreased \$41.7 million, or 15.3% to \$231.6 million in 2025 compared to \$273.3 million in 2024. This decrease was driven by a \$24.5 million decrease in restructuring, professional fees and other costs related to our restructuring and other cost reduction efforts, a \$15.2 million decrease in employee related expenses and a \$9.1 million decrease in advertising spend, partially offset by \$7.1 million increase in strategic alternative costs.

Other expense, net increased by \$2.4 million, or 41.4% to \$8.3 million in 2025 compared to \$5.9 million in 2024. This increase was due primarily to an \$11.3 million increase in interest expense associated primarily with the Related Party Loan, a reduction of \$11.6 million in other income related to two insurance payments received in 2024 for full settlement of a previously filed business interruption claim, partially offset by an increase of \$13.7 million in the gain on the change in fair value of the warrant liabilities and a \$6.8 million reduction in all other expenses.

Net loss attributable to Purple Inc. was \$51.4 million in 2025 compared to a net loss of \$97.9 million in 2024. The \$46.5 million improvement in net loss was primarily due to a \$41.7 million decrease in operating expenses and a \$7.4 million increase in gross profit, partially offset by a \$2.6 million increase in all other expenses and offsets.

Our accompanying audited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business. Our audited consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should we be unable to continue as a going concern.

The recurring losses, working capital deficiency, the need for capital to fund our operations and the amount of cash reserves are factors that raise substantial doubt about our ability to continue as a going concern for the twelve-month period from the date the audited consolidated financial statements are made available. See Note 2 – *Liquidity and Going Concern* to our audited consolidated financial statements for the year ended December 31, 2025, included elsewhere in this Annual Report for additional information on our assessment.

We have taken decisive actions over the last year to build a more durable business that we believe is positioned for consistent, profitable growth. The fruits of these efforts are demonstrated by the strength of our recent results. We have also extended our debt maturities to April 2027, demonstrating the support of our lenders and providing additional runway and financial flexibility. Successful execution of our Path to Premium Sleep strategy and cost savings initiatives in 2025 resulted in strong revenue growth, margin expansion, and profitability levels we haven't seen since 2021, and we believe we have a clear plan in place to build on this momentum in the year ahead. We anticipate that these factors will continue to support further improvements in our business, including strengthening long-term liquidity. From this strong foundation, we expect to continue to deliver results.

Outlook for Growth

The way we think about the business today is fundamentally different than a year ago. Last year was about reshaping the business for a tougher market – right sizing our cost structure, strengthening the foundation and restoring profitability. Now, we are focused on growth with our strategic focus areas that build on what is already working and how we are running our business. We believe we are well positioned to grow our business given our new grid innovation, evolved messaging strategy, our new cost structure and other cost saving initiatives. Our Path to Premium Sleep strategy remains focused on the following three priorities to drive growth:

- **Knowing Our Customer.** Over the past year, we’ve sharpened our focus on understanding who our customers are, what matters most to them, and how they make their purchase decisions across the channels. Our *Less Pain, Better Sleep* positioning continues to resonate, providing a consistent, consumer-led message that translates across ecommerce, retail, and wholesale channels. Importantly, we are focused on reaching our customers with the right message, in the right place, at the right point in their decision journey. We also saw strong results from the “Sleep Easy” co-marketing campaign with Mattress Firm which drove sales conversion and improved awareness scores.
- **Delivering Better Sleep.** Innovation remains at the core of Purple’s differentiation, and we believe our Rejuvenate 2.0 collection continues to validate that approach. Performance exceeded our expectations in 2025, with strong traction across both showrooms and wholesale as retail partners expanded Rejuvenate 2.0 placement on their floors. We also continued development work on Purple Royale, a new premium offering developed in close partnership with Mattress Firm. We continue to focus on delivering a differentiated end-to-end customer experience, anchored by compelling in-store presentations across our corporate stores and wholesale partners. We are also continuing to strengthen white glove delivery services and service execution to ensure that Purple shows up consistently and credibly wherever the customer chooses to engage. This focus is strengthening the brand and improving conversion by reinforcing the value of our technology across channels.
- **Executing with Financial Discipline.** Last year, our focus was on right sizing the business so we could operate profitably at the current scale. We are increasingly focused on driving growth from a stronger foundation of lower cost structure and improved margins. In owned retail, we plan to open seven new stores this year following the closure of four underperforming stores last year, reflecting a disciplined approach to fleet optimization. Gross margin improvement remains a key focus, and we continue to see the benefits of the actions we’ve taken to simplify the business and improve efficiency across sourcing, operations, fulfillment, and quality improvements. Mix has become an increasingly important tailwind, led by the growth of Rejuvenate 2.0. The shift toward higher-ticket products combined with strong attachment rates for adjustable smart bases and pillows, is driving higher average transaction values and incremental profit dollars. As a result, the operating discipline we put in place over the past year is now showing up in our margins and profitability.

There is no guarantee that we will be able to effectively execute on these initiatives, which are subject to risks, uncertainties, and assumptions that are difficult to predict, including the risks described under “Part I, Item 1A. Risk Factors” and elsewhere herein. Therefore, actual results may differ materially and adversely from those described above. In addition, we may, in the future, adapt these focuses in response to changes in the market or our business.

Critical Accounting Policies and Estimates

In connection with the preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles (“GAAP”), we are required to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, sales, expenses and the related disclosures. Predicting future events is inherently an imprecise activity and as such requires the use of judgment. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Management believes the accounting estimates discussed below are the most critical because they require management’s most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Our revenue recognition accounting methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the amount and timing of future sales returns, uncollectible accounts and variable consideration. Our estimates of the amount and timing of sales returns, uncollectible accounts and variable consideration are based primarily on historical trends, product return rates and current contract terms. Accrued sales returns decreased from \$6.5 million at December 31, 2024 to \$4.5 million as of December 31, 2025. Our allowance for credit losses decreased from \$1.1 million at December 31, 2024 to \$0.4 million as of December 31, 2025. We do not believe there is a reasonable likelihood that there will be any material changes in our accounting methodology, future estimates or assumptions used to measure our estimated liability for sales returns and exchanges, our allowance for credit losses or variable consideration. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Accrued Warranty Liabilities

We provide a limited warranty on most of the products we sell. Our warranty liability assessment methodology includes estimates in both our DTC and wholesale channels. The estimated warranty costs associated with products sold through DTC channels are expensed at the time of sale and included in cost of revenues. The estimated warranty costs associated with products sold through the wholesale channel are recorded at the time of sale and included as an offset to net revenues. Estimates for DTC warranty costs are based primarily on historical warranty claims, estimated warranty costs and the estimated warranty claim rate. Estimates for wholesale warranty costs are based primarily on the historical warranty claim amounts and the estimated warranty claim rate. We regularly assess and may adjust the estimate of accrued warranty claims for any current or expected trends and changes in projected claim costs. We expect the estimated warranty liability to continue to increase as we have not yet reached the full 10 years of history on our 10-year mattress warranty. We classify as non-current those estimated warranty costs expected to be paid out in greater than one year. As of December 31, 2025, the current and non-current portions of our warranty liabilities were \$7.1 million and \$19.6 million, respectively, compared to \$6.1 million and \$26.1 million, respectively, at December 31, 2024. We do not believe there is a reasonable likelihood that a material change in the estimates or assumptions we use to calculate our warranty liability will occur. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Results of Operations

A discussion regarding our financial condition and results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024 is presented below. A separate discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 can be found under Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 14, 2025.

Results of Operations for the Year Ended December 31, 2025 compared to the year ended December 31, 2024

The following table sets forth for the periods indicated, our results of operations and the percentage of total net revenues represented by each line item in our consolidated statements of operations:

	Years Ended December 31,			
	2025	% of Net Revenues	2024	% of Net Revenues
Revenues, net	\$ 468,725	100.0%	\$ 487,877	100.0%
Cost of revenues:				
Cost of revenues	279,171	59.6	291,303	59.7
Cost of revenues - restructuring related charges	995	0.2	15,442	3.2
Total cost of revenues	<u>280,166</u>	59.8	<u>306,745</u>	62.9
Gross profit	188,559	40.2	181,132	37.1
Operating expenses:				
Marketing and sales	147,040	31.4	171,263	35.1
General and administrative	63,557	13.6	69,117	14.2
Research and development	9,604	2.0	12,962	2.7
Restructuring, impairment and other related charges	11,387	2.4	19,973	4.1
Total operating expenses	<u>231,588</u>	49.4	<u>273,315</u>	56.0
Operating loss	<u>(43,029)</u>	(9.2)	<u>(92,183)</u>	(18.9)
Other income (expense):				
Interest expense	(28,766)	(6.1)	(17,510)	(3.6)
Other income (expense), net	3,289	0.7	11,548	2.4
Loss on extinguishment of debt	—	—	(3,394)	(0.7)
Change in fair value – warrant liabilities	17,202	3.7	3,504	0.7
Total other income (expense), net	<u>(8,275)</u>	(1.8)	<u>(5,852)</u>	(1.2)
Net loss before income taxes	(51,304)	(10.9)	(98,035)	(20.1)
Income tax expense	(207)	—	(63)	—
Net loss	(51,511)	(11.0)	(98,098)	(20.1)
Net loss attributable to noncontrolling interest	(97)	—	(201)	—
Net loss attributable to Purple Innovation, Inc.	<u>\$ (51,414)</u>	(11.0)	<u>\$ (97,897)</u>	(20.1)

Revenues, Net

Net revenues decreased \$19.2 million, or 3.9%, to \$468.7 million in 2025 compared to \$487.9 million in 2024. This decrease was primarily driven by the industry-wide demand softness for home-related products and softness in the e-commerce channel, partially offset by growth in our Mattress Firm and Costco programs. From a sales channel perspective in 2025, DTC net revenues decreased \$22.3 million, or 7.9%, and wholesale net revenues increased \$3.2 million, or 1.6%, as compared to 2024. The growth in our wholesale revenues was due primarily to our agreement with Mattress Firm as we expanded the number of stores and slots and expansion of our Costco program, partially offset by the decrease in wholesale door count in 2024. Within DTC in 2025, e-commerce net revenues decreased \$23.4 million, or 11.4%, while Purple showroom net revenues increased \$1.1 million, or 1.5%, as compared to 2024.

Cost of Revenues

Total cost of revenues decreased \$26.6 million, or 8.7%, to \$280.2 million in 2025 compared to \$306.7 million in 2024. Approximately \$12.2 million of the decrease was due to lower sales volume and \$14.4 million was due to lower costs associated with the Restructuring Plan. Our gross profit percentage, which increased to 40.2% of net revenues in 2025 from 37.1% in 2024, was due primarily to the completion of our Restructuring Plan and improvement in lowering material costs and increased operating efficiency, partially offset by our wholesale revenue mix.

Marketing and Sales

Marketing and sales expense decreased \$24.2 million, or 14.1%, to \$147.0 million in 2025 compared to \$171.3 million in 2024. This decrease was primarily due to a \$9.1 million decrease in advertising spend, \$7.5 million decrease in employee related expenses due to headcount reductions, and a \$7.6 million reduction in all other marketing and sales costs. As a percentage of net revenues, advertising spend was 12.0% in 2025 compared to 13.4% in 2024.

General and Administrative

General and administrative expense decreased \$5.6 million, or 8.0%, to \$63.6 million in 2025 compared to \$69.1 million in 2024. This decrease was primarily due to \$7.1 million decrease in employee related expenses due to headcount reductions and a \$5.6 million reduction of legal, professional and other costs, partially offset by a \$7.1 million increase in strategic alternative costs.

Research and Development

Research and development costs decreased \$3.4 million, or 25.9%, to \$9.6 million in 2025 compared to \$13.0 million in 2024. This decrease is due to a \$0.7 million decrease in employee expenses due to headcount reductions, a \$1.4 million decrease from a loss incurred in 2024 on the write off of a certain project in 2024 and a \$1.3 million decrease in other product development costs.

Restructuring, Impairment and Other Related Charges

Restructuring, impairment and other related charges decreased \$8.6 million or 43.0%, to \$11.4 million in 2025 compared to \$20.0 million in 2024. In August 2024, we initiated a Restructuring Plan to permanently close our two Utah manufacturing facilities and consolidate mattress production in our Georgia plant. The Restructuring Plan also provided for a headcount reduction at our Utah headquarters to drive additional operating efficiencies. The reduction from 2024 is due to the completion of the Restructuring Plan in 2025 and the timing of when the various expenses were recorded. The \$11.4 million of restructuring and impairment charges recorded in operating expense during 2025 included \$9.2 million incurred related to accelerated depreciation, write-down of long-lived assets and impairment of assets and \$2.2 million of employee-related and other cash charges.

Operating Loss

Operating loss decreased \$49.2 million, or 53.3%, to \$43.0 million in 2025 compared to \$92.2 million in 2024. This decrease in our operating loss is the result of the benefits realized through reduced advertising spending, our Restructuring Plan, supply chain initiatives and other cost reduction efforts throughout the Company, partially offset by increased costs due to tariffs, costs related to our manufacturing facility consolidation and the ramp-up costs relating to the Rejuvenate 2.0 launch.

Interest Expense

Interest expense totaled \$28.8 million in 2025 compared to \$17.5 million in 2024. This \$11.3 million increase was primarily due to additional interest incurred on a higher principal balance on the Related Party Loan as a result of the increase in loan funding by \$39.0 million and the Company electing the paid-in-kind option on monthly interest over the past 12 months as well as the increased amortization from additional debt issuance costs.

Other Income (Expense), Net

Other income was \$3.3 million in 2025 compared to \$11.5 million in 2024. Other income in 2024 was primarily comprised of two payments totaling \$11.6 million received in full settlement of a previously filed business interruption claim. Other income in 2025 consisted of \$2.5 million in sub-lease rental income and other income of \$0.8 million.

Loss on Extinguishment of Debt

Loss on extinguishment of debt totaled \$3.4 million in 2024. In January 2024, we entered into the Amended and Restated Credit Agreement that terminated and paid off the outstanding borrowings under our 2023 Credit Agreement. This termination was accounted for as an extinguishment of debt and \$3.4 million of unamortized debt issuance costs were recorded as loss on extinguishment of debt.

Change in Fair Value – Warrant Liabilities

We have 40.8 million warrants outstanding that contain certain provisions that do not meet the criteria for equity classification and therefore are recorded as liabilities with a re-measurement of fair value at each reporting date. For 2025, we recognized a \$17.2 million gain related to the decrease in fair value of the warrant liabilities. The decrease is due mainly to the change in the stock price and the probability and timing of a fundamental transaction. For 2024, we recognized a \$3.5 million gain due to the decrease in the fair value of the warrants from the January 2024 issuance.

Income Tax Expense

We had a \$0.2 million income tax expense for 2025, compared to \$0.1 million income tax expense for 2024. The income tax expense amounts in 2025 and 2024 were related to various state taxes.

Noncontrolling Interest

We calculate net income or loss attributable to noncontrolling interests on a quarterly basis using their weighted average ownership percentage of approximately 0.2%. Net loss attributed to noncontrolling interests was \$0.1 million and \$0.2 million for 2025 and 2024, respectively.

Liquidity and Capital Resources

Our principal sources of funds are cash flows from operations and cash and cash equivalents on hand, supplemented with borrowings made pursuant to various loan agreements. Principal uses of funds consist of capital expenditures, working capital needs, operating lease payment obligations and investing in innovation. In accordance with the terms of our various loan agreements, we have elected to pay interest in kind on our loans to reduce cash obligations. Our working capital needs depend largely upon the timing of cash receipts from product sales, payments to vendors and others, changes in inventories, and operating lease payment obligations. Our cash and cash equivalents and working capital positions were \$24.3 million and \$35.2 million, respectively, as of December 31, 2025 compared to \$29.0 million and \$25.4 million, respectively, as of December 31, 2024. Cash used for capital expenditures increased from \$7.2 million in 2024 to \$8.1 million in 2025. Our capital expenditures in 2025 have primarily consisted of additional investments made in our manufacturing operations and showroom facilities. Additional details regarding our current debt are described above under “*Recent Developments in our Business – Debt Financing*”

Our financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. In connection with the preparation of the consolidated financial statements for the year ended December 31, 2025, we conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to our ability to continue as a going concern within one year after the date of the issuance of such financial statements.

We had cash and cash equivalents of approximately \$24.3 million and an accumulated deficit of \$625.3 million at December 31, 2025. We incurred a net loss of \$51.4 million and net cash used in operating and investing activities was \$33.8 million and \$8.3 million, respectively, for the year ended December 31, 2025. We have a history of recurring net losses and cash used in operations, an accumulated deficit, and requiring additional capital to fund our operations.

The funds we have on hand and any follow-on capital, if needed, will be used to fund our operations and invest in the business to expand sales and marketing efforts, as well as to invest in innovation. As described below, we have implemented plans to both increase our revenues from the sales of our products and to achieve cost savings within the next year, sufficient to generate positive operating cash flow levels. However, we may be adversely impacted by uncertain market conditions and there can be no assurance that we will be successful in this regard. If such plans are not successful, we may need to raise additional capital in order to support operations and business initiatives. Access to additional capital is uncertain and not within our control. Accordingly, there is substantial doubt about our ability to continue as a going concern.

We have taken a number of actions to increase cash flow and support our operations and strategies. In August 2024, we implemented the Restructuring Plan (as defined below) to consolidate manufacturing operations resulting in cost savings. We have realized and plan to continue to realize direct material cost savings by concentrating efforts on driving gross margin improvement through various methods such as selective pricing actions, continued mix shift towards the Restore and Rejuvenate collections, and by driving cost savings through supply chain initiatives and manufacturing efficiency. We have delivered direct material cost savings from our supplier diversification efforts, improved scrap and yield results from continuous improvements, and outbound freight costs reflect cost improvements along with improved delivery reliability. We have been successful in subleasing the two manufacturing facilities that were vacated as part of the Restructuring Plan. We have also taken additional cost-saving initiatives in 2025 and the beginning of 2026 to reduce headcount and streamline responsibilities and reporting structure. Further, our plans include additional actions intended to improve liquidity and reduce costs, including planned optimization of advertising spend, limiting the number of new store openings, efforts to mitigate tariff impacts by managing the country of origin, and other cost-saving initiatives. As disclosed above under “*Recent Developments in our Business – Debt Financing*,” we have elected to have interest paid-in-kind and added to the principal amount of the loans under the Amended and Restated Credit Agreement. On March 24, 2026, we executed the Third Amendment to the Amended and Restated Credit Agreement (the “Third Amendment”) with the Lenders to extend the maturity date of the Amended and Restated Credit Agreement from December 31, 2026 to April 30, 2027. We are currently evaluating potential strategic alternatives and opportunities to achieve additional liquidity through one or more future debt refinancings.

Additionally, in May 2025, we entered into an agreement with Mattress Firm, Inc. (“Mattress Firm”), a business unit of Somnigroup International, Inc. (“SGI”) to expand its inventory of the Company’s products across SGI’s national store network from approximately 5,000 mattress slots to a minimum of 12,000 mattress slots (see Note 13 — *Commitments and Contingencies, SGI Commercial Arrangements*). We are now represented in Mattress Firm’s full store network and with the recent launch of Purple Royale, the exclusive Luxe product for Mattress Firm, we have expanded to all 12,000 committed slots. We have also expanded into more Costco clubs in the fourth quarter of 2025.

The accompanying audited consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

Other Contractual Obligations

Other material contractual obligations primarily include operating lease payment obligations. Refer to Note 7 of our consolidated financial statements for additional information on leases.

Cash Flows for the year ended December 31, 2025 compared to the year ended December 31, 2024

The following summarizes our cash flows for the years ended December 31, 2025 and 2024 as reported in our consolidated statements of cash flows (in thousands):

	Years Ended December 31,	
	2025	2024
Net cash used in operating activities	\$ (33,830)	\$ (17,850)
Net cash used in investing activities	(8,279)	(7,530)
Net cash provided by financing activities	37,443	27,534
Net increase (decrease) in cash	(4,666)	2,154
Cash, beginning of the period	29,011	26,857
Cash, end of the period	<u>\$ 24,345</u>	<u>\$ 29,011</u>

Net cash used in operating activities was \$33.8 million in 2025 compared to \$17.9 million in 2024. Operating activities in 2025 reflected a net loss of \$51.5 million and a working capital decrease of \$24.2 million, offset in part by non-cash adjustments of \$41.9 million. The non-cash adjustments primarily consisted of paid-in-kind and non-cash interest of \$29.2 million, depreciation and amortization totaling \$24.1 million and other non-cash items totaling \$5.8 million, partially offset by \$17.2 million on the gain on the change in fair value of the warrant liabilities. The working capital decrease was primarily comprised of a \$8.2 million increase in accounts receivable and a \$10.5 million increase in accrued warranty and other liabilities and \$5.5 million net decrease from changes in all other operating assets and liabilities. Operating activities in 2024 reflected a net loss of \$98.1 million offset in part by non-cash adjustments of \$75.9 million and working capital changes of \$4.3 million. The non-cash adjustments primarily consisted of depreciation and amortization totaling \$35.4 million, restructuring, impairment and other related charges of \$20.2 million, paid in kind and non-cash interest of \$16.9 million, and losses on the extinguishment of debt of \$3.4 million. The working capital changes were primarily comprised of a \$4.7 million decrease in accounts receivable and a \$6.0 million decrease in inventories, offset in part by a \$6.4 million increase in accounts payable.

Net cash used in investing activities was \$8.3 million in 2025 compared to \$7.5 million in 2024. Capital expenditures of \$8.1 million and \$7.2 million in 2025 and 2024, respectively, consisted primarily of additional investments made to our manufacturing operations and showroom facilities.

Net cash provided by financing activities totaled \$37.4 million in 2025 compared to \$27.5 million in 2024. Financing activities in 2025 included \$39.0 million of proceeds received from two amendments to the Related Party Loan, offset in part by \$1.6 million in payments on debt issuance costs associated with entering into the two amendments. Financing activities in 2024 included \$61.0 million of proceeds received from the Related Party Loan, offset in part by a \$25.0 million payment to pay off the term loan from the 2023 Credit Agreement, \$5.0 million in repayments against the revolving debt outstanding from the 2023 Credit Agreement, and \$3.5 million in payments on debt issuance costs associated with entering into the Amended and Restated Credit Agreement.

Recent Accounting Pronouncements

For a description of accounting standards recently issued or adopted, including the respective dates of adoption and expected effects on our results of operations and financial condition, refer to Note 2 of our consolidated financial statements included in this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our results of operations are subject to risk from interest rate fluctuations on our outstanding borrowings. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors and other factors beyond our control. The Related Party Loan entered into in January 2024 along with the corresponding two amendments bears interest at a variable rate which exposes us to market risks relating to changes in interest rates. As of December 31, 2025, we had \$126.7 million of variable rate debt associated with the Related Party Loan. Based on this debt level, an increase of 100 basis points in the effective interest rate on the outstanding debt amount would result in an increase in interest expense of approximately \$1.3 million over the next 12 months.

We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

Item 8. Financial Statements and Supplementary Data

Reference is made to Pages F-1 through F-44 comprising a portion of this Annual Report on Form 10-K.

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Report of Independent Registered Public Accounting Firm (BDO USA, P.C., Salt Lake City, Utah; PCAOB ID#243)	F-2
Consolidated Balance Sheets as of December 31, 2025 and 2024	F-4
Consolidated Statements of Operations for the years ended December 31, 2025, 2024 and 2023	F-5
Consolidated Statements of Stockholders' Equity (Deficit) for the years ended December 31, 2025, 2024 and 2023	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023	F-7
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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

As a non-accelerated filer, we are exempt from the auditor attestation requirements with respect to internal control over financial reporting under Section 404(b) of the Sarbanes Oxley Act of 2002.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) and together with the CEO, the “Certifying Officers”), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Certifying Officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Based upon this evaluation, and the above criteria, our Certifying Officers concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2025.

Management’s Annual Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act).

The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external reporting purposes in accordance with GAAP. The Company’s internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and the directors of the Company; and,

- Provide reasonable assurance regarding prevention or timely detection of unauthorized use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our Certifying Officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

10b5-1 Trading Arrangements

During the quarter ended December 31, 2025, none of our directors or executive officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as such terms are defined under Item 408 of Regulation S-K.

Amendment to CEO Employment Agreement

On March 30, 2026, the Company and Mr. DeMartini entered into an amendment to Mr. DeMartini’s Amended and Restated Employment Agreement (the “Employment Agreement Amendment”). The Employment Agreement Amendment revises Mr. DeMartini’s Amended and Restated Employment agreement to (i) provide that in the event of a termination of Mr. DeMartini’s employment without Cause (as defined in the Amended and Restated Employment Agreement) during a Change in Control Period (as defined in the Amended and Restated Employment Agreement), then Mr. DeMartini will be entitled to, among other things, an amount of cash severance equal to 1.5 times Mr. DeMartini’s annual Base Salary (as defined in the Amended and Restated Employment Agreement), and (ii) extend the period of the restrictive covenants under Mr. DeMartini’s Amended and Restated Employment Agreement to eighteen months if his employment is terminated without Cause or he resigns for Good Reason during a Change in Control Period. The foregoing summary of the Employment Agreement Amendment does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Employment Agreement Amendment, which will be filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ending March 31, 2026.

Amendment to CFO Equity Awards

On March 14, 2024, the Company granted 129,630 Restricted Stock Units and 240,741 Performance Stock Units to Mr. Vogensen, with a vesting commencement date of March 14, 2024 (the “Prior Awards”). On March 30, 2026, the Company amended the terms of the Prior Awards to correct the vesting commencement date to October 16, 2023 (collectively, the “Award Amendments”). The foregoing summary of the Award Amendments does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Award Amendments, which will be filed as exhibits to our Quarterly Report on Form 10-Q for the quarter ending March 31, 2026.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning our executive officers is included in Part I of this report under the caption “Information About Our Executive Officers.”

We have adopted a Code of Ethics that applies to all officers, directors, employees and contractors. The Code of Ethics is posted on our website at <https://investors.purple.com/governance>. We intend to disclose on our website any amendments, or waiver from a provision to the Code of Ethics by posting the information on our website at the address specified above.

The remaining information required under this item will be included under the captions “Directors and Corporate Governance” and “Delinquent Section 16(a) Reports” in the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the close of the Company’s year ended December 31, 2025, and is incorporated herein by reference thereto.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the close of the Company’s year ended December 31, 2025.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the close of the Company’s year ended December 31, 2025.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference to the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the close of the Company’s year ended December 31, 2025.

Item 14. Principal Accountant Fees and Services

The information required under this item is incorporated herein by reference to the Company’s definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the SEC not later than 120 days after the close of the Company’s year ended December 31, 2025.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements

The following financial statements are included in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm (BDO USA, P.C., Salt Lake City, Utah; PCAOB ID#243)	F-2
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(2) Financial Statements Schedule

All other financial statement schedules are omitted because they are not applicable or the amounts are immaterial and not required, or the required information is presented in our consolidated financial statements and notes thereto in Item 15 of Part IV below.

(3) Exhibits

We hereby file as part of this report the exhibits listed in the attached Exhibit Index.

EXHIBIT INDEX

Exhibit No.	Description
2.5#	<u>Merger Agreement, dated as of August 31, 2022, by and among Purple Innovation, Inc., Gelato Intermediate, LLC, Gelato Merger Sub, Inc., Advanced Comfort Technologies, Inc., and D. Scott Peterson (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on September 1, 2022).</u>
3.1	<u>Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on November 6, 2019).</u>
3.2	<u>Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the Commission on April 21, 2023).</u>
3.3	<u>Certificate of Designation of the Preferred Stock of the Company, dated September 26, 2022 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on September 27, 2022).</u>
3.4	<u>Certificate of Designation of Proportional Representation Preferred Linked Stock of the Company, dated February 14, 2023 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on February 14, 2023).</u>
3.6	<u>Certificate of Elimination of the Series A Junior Participating Preferred Stock, dated April 27, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed April 27, 2023).</u>
3.7	<u>Certificate of Elimination of the Proportional Representation Preferred Linked Stock, dated April 27, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed April 27, 2023).</u>
3.8	<u>Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on October 16, 2024).</u>
3.9	<u>Certificate of Designation of the Preferred Stock of the Company, dated June 28, 2024 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on June 28, 2024).</u>
3.10	<u>Certificate of Elimination of the Preferred Stock of the Company dated May 6, 2025 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on May 6, 2025).</u>
4.1	<u>Form of Class A Common Stock certificate (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on October 16, 2024).</u>
4.2	<u>Description of Registered Securities (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K filed with the SEC on March 14, 2025).</u>
4.3	<u>Stockholder Rights Agreement, dated June 27, 2024, by and between the Company and Pacific Stock Transfer Company, as rights agent (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on June 28, 2024).</u>
10.1+	<u>Form of Option Award Agreement (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on May 15, 2018).</u>
10.2+	<u>Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on May 15, 2018).</u>
10.3+	<u>Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on May 15, 2018).</u>
10.4+	<u>Form of Stock Appreciation Right Award Agreement (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on May 15, 2018).</u>
10.5+	<u>Form of Stock Bonus Award Agreement (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on May 15, 2018).</u>
10.6	<u>Subscription Agreement, dated February 1, 2018, between Global Partner Acquisition Corp., Global Partner Sponsor I LLC, Coliseum Capital Partners, L.P. and Blackwell Partners LLC – Series A (incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on February 8, 2018).</u>
10.7	<u>Exchange Agreement, dated February 2, 2018, by and between Purple Innovation, Inc., Purple Innovation, LLC and InnoHold, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-37523) filed with the SEC on February 8, 2018).</u>

- 10.8 [Registration Rights Agreement, dated February 2, 2018, between Global Partner Acquisition Corp., Coliseum Capital Partners, L.P., Blackwell Partners, LLC and Coliseum Co-Invest Debt Fund, L.P. \(incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on February 8, 2018\).](#)
- 10.9 [Tax Receivable Agreement, dated February 2, 2018, by and between Purple Innovation, Inc. and InnoHold, LLC \(incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on February 8, 2018\).](#)
- 10.10+ [Purple Innovation, Inc. Amended and Restated 2017 Equity Incentive Plan \(incorporated by reference to Exhibit 99.1 to the S-8 \(File No. 333-272712\) filed with the SEC on June 16, 2023\).](#)
- 10.11+ [Form of Restricted Share Unit Agreement pursuant to the Purple Innovation, Inc. 2017 Incentive Plan \(incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on April 19, 2023\).](#)
- 10.12† [Second Amended and Restated Confidential Assignment and License Back Agreement between the Company and EdiZONE \(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on November 14, 2018\).](#)
- 10.13 [Master Retailer Agreement dated September 18, 2018 by and between Purple Innovation LLC and Mattress Firm, Inc. \(incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on May 7, 2019\).](#)
- 10.14+ [Restated and Amended Purple Innovation, Inc. 2019 Long-Term Equity Incentive Plan dated July 12, 2021 \(incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on July 13, 2021\).](#)
- 10.15 [Lease Agreement dated June 10, 2019 between Purple Innovation, LLC and North Slope One, LLC \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on August 13, 2019\).](#)
- 10.16 [First Amendment to Lease dated November 19, 2019 between the Company and North Slope One, LLC \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on November 25, 2019\).](#)
- 10.17 [Amendment to TNT Holdings Amended and Restated Lease Agreement dated April 23, 2020 \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on May 11, 2020\).](#)
- 10.18 [Lease Agreement between Purple Innovation, LLC and PNK S2, LLC dated July 21, 2020 \(incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on August 14, 2020\).](#)
- 10.19 [License Transfer and IP Assignment Agreement between Purple Innovation, LLC and EdiZONE, LLC dated August 14, 2020 \(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on November 10, 2020\).](#)
- 10.20 [Amendment to Lease Agreement between Purple Innovation, LLC and PNK S2, LLC dated March 4, 2021 \(incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on May 17, 2021\).](#)
- 10.21 [Second Amendment to Lease Agreement between Purple Innovation, LLC and PNK S2, LLC dated March 26, 2021 \(incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on May 17, 2021\).](#)
- 10.22+ [Form of Restricted Share Unit Agreement \(incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on July 13, 2021\).](#)
- 10.23+ [Amended and Restated Restricted Share Unit Agreement dated March 15, 2023, between the Company and Robert T. DeMartini \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 21, 2023\).](#)
- 10.24+ [Amended and Restated Restricted Share Unit Agreement \(Reissued\) dated March 15, 2023, between the Company and Robert T. DeMartini \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed March 21, 2023\).](#)
- 10.25+ [Amended and Restated Restricted Share Unit Agreement \(Reissued Excess Subject to Approval\) dated March 15, 2023, between the Company and Robert T. DeMartini \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on March 21, 2023\).](#)

- 10.26+ [Purple Innovation, Inc. 2021 Short-Term Cash Incentive Plan dated July 12, 2021 \(incorporated by reference to Exhibit 99.5 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on July 13, 2021\).](#)
- 10.27+ [Amended and Restated Employment Agreement, dated as of March 19, 2022, by and among Robert T. DeMartini and Purple Innovation, Inc. \(incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on March 22, 2022\).](#)
- 10.28+ [Offer letter dated as of April 29, 2022, signed by Eric Haynor \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No. 001-37523\) filed with the SEC on May 3, 2022\).](#)
- 10.29+ [Amended and Restated Option Grant Agreement dated March 15, 2023, between the Company and Robert T. DeMartini \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 21, 2023\).](#)
- 10.30+ [Amended and Restated Option Grant Agreement \(Reissued Excess Subject to Approval\) dated March 15, 2023, between the Company and Robert T. DeMartini \(incorporated by reference to exhibit 10.6 to the Company's Current Report on Form 8-K filed on March 21, 2023\).](#)
- 10.31+ [Purple Innovation, Inc. 2023 Short-Term Cash Incentive Plan, dated as of April 13, 2023 \(incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on April 19, 2023\).](#)
- 10.32+ [Form of Performance-Based Share Unit Agreement \(incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on April 19, 2023\).](#)
- 10.33 [Cooperation Agreement between Purple Innovation, Inc. and Coliseum Capital Management, LLC, dated April 19, 2023 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 21, 2023\).](#)
- 10.34 [Amended and Restated Credit Agreement, dated January 23, 2024, by and among Purple Innovation, Inc., Purple Innovation, LLC, Intellibed, LLC, Coliseum Capital Partners, L.P., Blackwell Partners LLC – Series A, Harvest Small Cap Partners Master, Ltd., Harvest Small Cap Partners, L.P., HSCP Strategic IV, L.P., and Delaware Trust Company \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on January 23, 2024\).](#)
- 10.35+ [Offer Letter Entered into between Purple Innovation, LLC and Todd E. Vogensen dated September 19, 2023 \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on September 21, 2023\).](#)
- 10.36 [Form of Warrant \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on January 23, 2024\).](#)
- 10.37 [Amended and Restated Registration Rights Agreement, dated January 23, 2024, by and among Purple Innovation, Inc., Coliseum Capital Partners, L.P., Blackwell Partners LLC – Series A, Coliseum Capital Co-Invest III, L.P., Harvest Small Cap Partners Master, Ltd., Harvest Small Cap Partners, L.P., and HSCP Strategic IV, L.P. \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on January 23, 2024\).](#)
- 10.38 [Amended and Restated Pledge and Security Agreement, dated January 23, 2024, by and among Purple Innovation, Inc., Purple Innovation, LLC, Intellibed, LLC, and Delaware Trust Company \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on January 23, 2024\).](#)
- 10.39+ [Amendment to the Amended and Restated Employment Agreement dated January 26, 2024, between the Company and Robert T. DeMartini \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on January 26, 2024\).](#)
- 10.40+ [Offer Letter, dated as of September 21, 2023, between Purple Innovation, LLC and Tricia McDermott, dated September 21, 2023 \(incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 \(File No. 001-37523\) filed with the SEC on March 14, 2024\).](#)
- 10.41‡ [Amendment to Amended and Restated Credit Agreement, dated as of March 12, 2025, by and among Purple Innovation, Inc., Purple Innovation, LLC, Intellibed, LLC, Coliseum Capital Partners, L.P., Blackwell Partners LLC – Series A, and CSC Delaware Trust Company \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on March 13, 2025\).](#)
- 10.42 [Form of Warrant \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on March 13, 2025\).](#)
- 10.43‡ [Second Amended and Restated Registration Rights Agreement, dated as of March 12, 2025, by and among Purple Innovation, Inc., Coliseum Capital Partners, L.P., Blackwell Partners LLC – Series A and Coliseum Capital Co-Invest III, L.P. \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on March 13, 2025\).](#)

- 10.44‡ [Second Amendment to Amended and Restated Credit Agreement, dated as of May 2, 2025, by and among Purple Innovation, Inc., Purple Innovation, LLC, Intellibed, LLC, Coliseum Capital Partners, L.P., Blackwell Partners LLC - Series A, and CSC Delaware Trust Company \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.45 [Form of Loan Warrant \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.46 [Form of SGI Warrant \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.47‡ [Third Amended and Restated Registration Rights Agreement, dated as of May 2, 2025, by and among Purple Innovation, Inc., Coliseum Capital Partners, L.P., Blackwell Partners LLC – Series A, and Coliseum Capital Co-Invest III, L.P. \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.48‡ [Registration Rights Agreement, dated as of May 2, 2025, by and between Purple Innovation, Inc. and Somnigroup International, Inc. \(incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.49 [First Amendment to the Stockholders Right Agreement, dated May 6, 2025 between Purple Innovation, Inc. and Pacific Stock Transfer Company \(incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on May 6, 2025\).](#)
- 10.50+ [Long-Term Incentive Cash Bonus Agreement dated July 22, 2025, between Purple Innovation, Inc. and Robert DeMartini \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 23, 2025\).](#)
- 10.51+ [Long-Term Incentive Cash Bonus Agreement dated July 23, 2025, between Purple Innovation, Inc. and Todd Vogensen \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 23, 2025\).](#)
- 10.52+ [Long-Term Incentive Cash Bonus Agreement dated July 22, 2025, between Purple Innovation, Inc. and Eric Haynor \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 23, 2025\).](#)
- 10.53+ [Agreement dated July 23, 2025, between Purple Innovation, Inc. and Robert DeMartini \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 29, 2025\).](#)
- 10.54+ [Agreement dated July 24, 2025, between Purple Innovation, Inc. and Todd Vogensen \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 29, 2025\).](#)
- 10.55+ [Agreement dated July 24, 2025, between Purple Innovation, Inc. and Eric Haynor \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K \(File No. 001-37523\) filed on July 29, 2025\).](#)
- 10.56+ [Form of Restricted Stock Unit Grant Agreement relating to Special Incentive Bonus Equity Grants \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)
- 10.57+ [Letter Agreement between the Company and Todd E. Vogensen dated March 12, 2025 \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)
- 10.58+ [Letter Agreement between the Company and Eric S. Haynor dated March 12, 2025 \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)
- 10.59+ [Letter Agreement between the Company and John J. Roddy dated March 12, 2025 \(incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)
- 10.60+ [Second Amendment dated March 12, 2025, to Amended and Restated Employment Agreement of Robert T. DeMartini \(incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)
- 10.61^ [Second Amendment dated May 2, 2025, to Master Retailer Agreement between the Company and Mattress Firm, Inc. \(incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q \(File No. 001-37523\) filed with the SEC on July 30, 2025\).](#)

10.62 [^]	<u>Amended and Restated Master Vendor Supply and Services Agreement dated May 2, 2025, between the Company and Tempur Sherwood, LLC. (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 001-37523) filed with the SEC on July 30, 2025).</u>
10.63+	<u>Amendment to Amended and Restated Employment Agreement dated August 7, 2025, between Purple Innovation, Inc. and Robert DeMartini (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37523) filed with the SEC on August 12, 2025).</u>
10.64+	<u>Form of Amendment to the Restricted Share Unit Agreement dated August 7, 2025, between Purple Innovation, Inc. and certain officers of the Company (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-37523) filed with the SEC on August 12, 2025).</u>
19.1*	<u>Insider Trading Policy.</u>
21.1*	<u>List of Subsidiaries of the Registrant.</u>
23.1*	<u>Consent of Independent Registered Public Accounting Firm</u>
24.1*	<u>Power of Attorney (included on signature page).</u>
31.1*	<u>Certification by Robert T. DeMartini, Chief Executive Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification by Todd E. Vogensen, Chief Financial Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification by Robert T. DeMartini, Chief Executive Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification by Todd E. Vogensen, Chief Financial Officer, pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97.1	<u>Compensation Clawback Policy (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K (File No. 001-37523) filed with the SEC on March 12, 2024).</u>
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

Schedules and exhibits to the Merger Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally a copy of any omitted schedules and exhibits to the Securities and Exchange Commission upon request.

+ Indicates management contract or compensatory plan.

† Confidential treatment of certain provisions has been granted by the Securities and Exchange Commission.

‡ Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted exhibit or schedule will be furnished supplementally to the SEC or its staff upon request.

[^] Certain portions of this exhibit have been omitted pursuant to Item 601(b)(10) of Regulation S-K. The Registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.

Item 16. Form 10-K Summary

PURPLE INNOVATION, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Purple Innovation, Inc.
Lehi, Utah

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Purple Innovation, Inc. (the “Company”) as of December 31, 2025 and 2024, the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has a history of recurring net losses and cash used in operations, an accumulated deficit, and access to additional capital is currently outside of the Company’s control, which raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to this matter are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accrued Warranty Liabilities

As described in Note 2 to the consolidated financial statements, the Company's accrued warranty liabilities balance was \$26.7 million as of December 31, 2025. The Company provides a limited warranty on the majority of its products sold. Estimates for direct to consumer ("DTC") warranty costs are based primarily on historical warranty claims, estimated warranty costs and the estimated warranty claim rate, and estimates for wholesale warranty costs are based primarily on the historical warranty claim amounts and the estimated warranty claim rate, which both may be adjusted for expected trends. Estimated warranty costs for the Company's DTC customers are recognized at the time of sale as cost of revenues and estimated warranty costs for the Company's wholesale customers are recognized at the time of sale as an offset to net revenues.

We identified the estimate of accrued warranty liabilities as a critical audit matter because of certain assumptions and inputs used to estimate warranty costs at the time of sale require judgment or significant effort by management, specifically, the historical warranty claims, estimated warranty costs, and estimated warranty claim rate for the DTC estimated warranty costs, and the historical warranty claims amounts and estimated warranty claim rate for the wholesale estimated warranty costs. Auditing these assumptions involved especially challenging and subjective auditor judgment due to the nature and extent of audit evidence and an increased extent of audit effort required to address this matter.

The primary procedures we performed to address this critical audit matter included:

- Evaluating management's ability to estimate future warranty claims by comparing management's prior-year assumption of expected warranty claims to actual warranty claims incurred during the year.
- Testing management's process used to estimate accrued warranty liabilities, including the appropriateness of the methodology, the mathematical accuracy of the calculation, and the sources of data from which certain assumptions were derived.
- Evaluating the reasonableness of the estimated warranty claim rate and the estimated costs to remedy warranty claims by:
 - Testing certain inputs that served as the basis for the DTC estimated warranty costs, including the historical warranty claims made, actual warranty costs incurred, and costs expected to be reimbursed by the customer.
 - Testing the historical warranty claim amounts which served as the basis for the wholesale estimated warranty costs.
 - Inquiring of operational management regarding their knowledge of any existing warranty claims or product issues and evaluating whether management appropriately considered these issues in the estimation of accrued warranty liabilities.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2017.

Salt Lake City, Utah
March 31, 2026

PURPLE INNOVATION, INC.
Consolidated Balance Sheets
(In thousands, except for par value)

	December 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,345	\$ 29,011
Accounts receivable, net	41,272	33,057
Inventories	59,725	56,863
Prepaid expenses	5,487	6,023
Other current assets	5,891	1,414
Total current assets	<u>136,720</u>	<u>126,368</u>
Property and equipment, net	77,961	93,874
Operating lease right-of-use assets	67,271	75,516
Intangible assets, net	6,346	8,890
Other long-term assets	7,961	3,197
Total assets	<u>\$ 296,259</u>	<u>\$ 307,845</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 40,312	\$ 40,639
Accrued compensation	7,673	9,415
Customer prepayments	5,276	6,411
Accrued rebates and allowances	13,416	10,013
Accrued warranty liabilities – current portion	7,141	6,114
Operating lease obligations – current portion	17,366	15,661
Other current liabilities	10,339	12,750
Total current liabilities	<u>101,523</u>	<u>101,003</u>
Related party debt	111,305	55,394
Accrued warranty liabilities, net of current portion	19,570	26,091
Operating lease obligations, net of current portion	75,616	87,072
Warrant liabilities	16,150	16,067
Other long-term liabilities	1,764	2,009
Total liabilities	<u>325,928</u>	<u>287,636</u>
Commitments and contingencies (Note 13)		
Stockholders' equity (deficit):		
Class A common stock; \$0.0001 par value, 210,000 shares authorized; 108,246 and 107,545 issued and outstanding at December 31, 2025 and 2024, respectively	11	11
Class B common stock; \$0.0001 par value, 90,000 shares authorized; 163 and 165 issued and outstanding at December 31, 2025 and 2024, respectively	—	—
Additional paid-in capital	595,582	594,053
Accumulated deficit	(625,280)	(573,866)
Total stockholders' equity (deficit) attributable to Purple Innovation, Inc.	<u>(29,687)</u>	<u>20,198</u>
Noncontrolling interest	18	11
Total stockholders' equity (deficit)	<u>(29,669)</u>	<u>20,209</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 296,259</u>	<u>\$ 307,845</u>

The accompanying notes are an integral part of these consolidated financial statements.

PURPLE INNOVATION, INC.
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended December 31,		
	2025	2024	2023
Revenues, net	\$ 468,725	\$ 487,877	\$ 510,541
Cost of revenues:			
Cost of revenues	279,171	291,303	338,716
Cost of revenues – restructuring related charges	995	15,442	—
Total cost of revenues	<u>280,166</u>	<u>306,745</u>	<u>338,716</u>
Gross profit	188,559	181,132	171,825
Operating expenses:			
Marketing and sales	147,040	171,263	182,313
General and administrative	63,557	69,117	84,446
Research and development	9,604	12,962	11,898
Restructuring, impairment and other related charges	11,387	19,973	—
Loss on impairment of goodwill	—	—	6,879
Total operating expenses	<u>231,588</u>	<u>273,315</u>	<u>285,536</u>
Operating loss	<u>(43,029)</u>	<u>(92,183)</u>	<u>(113,711)</u>
Other (expense) income:			
Interest expense	(28,766)	(17,510)	(1,967)
Other income (expense), net	3,289	11,548	(1,198)
Loss on extinguishment of debt	—	(3,394)	(4,331)
Change in fair value – warrant liabilities	17,202	3,504	—
Total other (expense) income, net	<u>(8,275)</u>	<u>(5,852)</u>	<u>(7,496)</u>
Net (loss) income before income taxes	<u>(51,304)</u>	<u>(98,035)</u>	<u>(121,207)</u>
Income tax expense	(207)	(63)	(8)
Net loss	<u>(51,511)</u>	<u>(98,098)</u>	<u>(121,215)</u>
Net loss attributable to noncontrolling interest	(97)	(201)	(458)
Net loss attributable to Purple Innovation, Inc.	<u><u>\$ (51,414)</u></u>	<u><u>\$ (97,897)</u></u>	<u><u>\$ (120,757)</u></u>
Net loss per share:			
Basic	<u>(0.48)</u>	<u>(0.91)</u>	<u>(1.17)</u>
Diluted	<u>(0.48)</u>	<u>(0.91)</u>	<u>(1.17)</u>
Weighted average common shares outstanding:			
Basic	<u>108,081</u>	<u>107,139</u>	<u>103,602</u>
Diluted	<u>108,245</u>	<u>107,324</u>	<u>103,936</u>

The accompanying notes are an integral part of these consolidated financial statements.

PURPLE INNOVATION, INC.
Consolidated Statements of Stockholders' Equity (Deficit)
(In thousands)

	Class A		Class B		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity attributable to Purple Innovation, Inc.	Noncontrolling Interest	Total Equity
	Common Stock		Common Stock						
	Shares	Par Value	Shares	Par Value					
Balance – December 31, 2022	91,380	\$ 9	448	\$ —	\$ 529,466	\$ (355,212)	\$ 174,263	\$ 908	\$ 175,171
Net loss	—	—	—	—	—	(120,757)	(120,757)	(458)	(121,215)
Stock-based compensation	—	—	—	—	4,875	—	4,875	—	4,875
Exchange of stock	243	—	(243)	—	—	—	—	—	—
Proportional Representation Preferred Linked Stock redemption fee	—	—	—	—	(105)	—	(105)	—	(105)
Issuance of stock upon underwritten offering, net of costs	13,400	2	—	—	56,997	—	56,999	—	56,999
Escrow shares cancelled in connection with Intellibed acquisition	(41)	—	—	—	(118)	—	(118)	—	(118)
Issuance of stock under equity compensation plans	525	—	—	—	—	—	—	—	—
Impact of transactions affecting NCI	—	—	—	—	265	—	265	(265)	—
Balance – December 31, 2023	105,507	\$ 11	205	\$ —	\$ 591,380	\$ (475,969)	\$ 115,422	\$ 185	\$ 115,607
Net loss	—	—	—	—	—	(97,897)	(97,897)	(201)	(98,098)
Stock-based compensation	—	—	—	—	2,815	—	2,815	—	2,815
Exchange of stock	40	—	(40)	—	—	—	—	—	—
Issuance of stock for Intellibed acquisition	1,500	—	—	—	—	—	—	—	—
Issuance of stock under equity compensation plans	498	—	—	—	(115)	—	(115)	—	(115)
Impact of transactions affecting NCI	—	—	—	—	(27)	—	(27)	27	—
Balance – December 31, 2024	107,545	\$ 11	165	\$ —	\$ 594,053	\$ (573,866)	\$ 20,198	\$ 11	\$ 20,209
Net loss	—	—	—	—	—	(51,414)	(51,414)	(97)	(51,511)
Stock-based compensation	—	—	—	—	1,729	—	1,729	—	1,729
Exchange of stock	2	—	(2)	—	—	—	—	—	—
Accrued distributions	—	—	—	—	85	—	85	—	85
Issuance of stock under equity compensation plans	699	—	—	—	(181)	—	(181)	—	(181)
Impact of transactions affecting NCI	—	—	—	—	(104)	—	(104)	104	—
Balance – December 31, 2025	108,246	\$ 11	163	\$ —	\$ 595,582	\$ (625,280)	\$ (29,687)	\$ 18	\$ (29,669)

The accompanying notes are an integral part of these consolidated financial statements.

PURPLE INNOVATION, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net loss	\$ (51,511)	\$ (98,098)	\$ (121,215)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	24,064	35,355	25,106
Non-cash interest	13,416	7,229	1,237
Paid-in-kind interest	15,804	9,679	—
Non-cash restructuring, impairment and other related charges	3,775	20,238	—
Loss on impairment of goodwill	—	—	6,879
Loss on extinguishment of debt	—	3,394	4,331
Loss on disposal of property and equipment	318	770	1,680
Change in fair value – warrant liabilities	(17,202)	(3,504)	—
Stock-based compensation	1,729	2,815	4,875
Changes in operating assets and liabilities:			
Accounts receivable	(8,215)	4,745	(3,651)
Inventories	(2,862)	5,989	5,903
Prepaid expenses and other assets	3,141	2,345	1,574
Operating leases, net	(2,917)	(2,412)	1,404
Accounts payable	61	(6,376)	4,382
Accrued compensation	(1,742)	4,351	(1,627)
Customer prepayments	(1,135)	693	1,266
Accrued rebates and allowances	(97)	(3,230)	3,439
Accrued warranty liabilities	(5,494)	(3,386)	11,128
Other accrued liabilities	(4,963)	1,553	(1,373)
Net cash used in operating activities	<u>(33,830)</u>	<u>(17,850)</u>	<u>(54,662)</u>
Cash flows from investing activities:			
Excess restricted cash returned to acquiree	—	—	(826)
Sale of property and equipment	464	—	—
Purchase of property and equipment	(8,079)	(7,244)	(14,391)
Investment in intangible assets	(664)	(286)	(844)
Net cash used in investing activities	<u>(8,279)</u>	<u>(7,530)</u>	<u>(16,061)</u>
Cash flows from financing activities:			
Proceeds from term loan	—	—	25,000
Proceeds from revolving line of credit	—	—	17,000
Proceeds from related party loan	39,000	61,000	—
Payments on term loan	—	(25,000)	(24,656)
Payments on revolving line of credit	—	(5,000)	(12,000)
Payments for debt issuance costs	(1,557)	(3,466)	(6,143)
Proceeds from stock offering	—	—	60,300
Payments for stock offering costs	—	—	(3,301)
Proportional Representation Preferred Linked Stock redemption fee	—	—	(105)
Tax receivable agreement payments	—	—	(269)
Net cash provided by financing activities	<u>37,443</u>	<u>27,534</u>	<u>55,826</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(4,666)	2,154	(14,897)
Cash, cash equivalents and restricted cash, beginning of the year	29,011	26,857	41,754
Cash, cash equivalents and restricted cash, end of the year	<u>\$ 24,345</u>	<u>\$ 29,011</u>	<u>\$ 26,857</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for interest, net of amounts capitalized	<u>\$ 153</u>	<u>\$ 159</u>	<u>\$ 189</u>
Cash paid during the year for income taxes	<u>\$ 175</u>	<u>\$ 317</u>	<u>\$ 385</u>
Supplemental schedule of non-cash investing and financing activities:			
Property and equipment included in accounts payable	<u>\$ 397</u>	<u>\$ 416</u>	<u>\$ 3,232</u>
Warrants Issued	<u>\$ 17,284</u>	<u>\$ —</u>	<u>\$ —</u>
Amendment fee added to principal of loan	<u>\$ 1,215</u>	<u>\$ —</u>	<u>\$ —</u>
Escrow shares cancelled in connection with Intellibed acquisition	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 118</u>

The accompanying notes are an integral part of these consolidated financial statements.

PURPLE INNOVATION, INC.
Notes to the Consolidated Financial Statements

1. Organization

The mission of Purple Innovation, Inc. (the “Company” or “Purple Inc.”) is to deliver the greatest sleep ever invented.

The Company, collectively with its subsidiary Purple Innovation, LLC (“Purple LLC”) is an omni-channel company that began as a digitally-native vertical brand founded on comfort product innovation with premium offerings, and have since expanded into brick & mortar stores as a true omni-channel brand. The Company offers a variety of innovative, branded and premium comfort products, including mattresses, pillows, cushions, bases, sheets and other products. The Company markets and sells its products through its direct-to-consumer e-commerce channels, retail brick-and-mortar wholesale partners, Purple showrooms, and third-party online retailers.

The Company was incorporated in Delaware on May 19, 2015, as a special purpose acquisition company under the name of Global Partnership Acquisition Corp (“GPAC”). On February 2, 2018, the Company consummated a transaction structured similar to a reverse recapitalization (the “Business Combination”) pursuant to which the Company acquired a portion of the equity of Purple LLC. At the closing of the Business Combination (the “Closing”), the Company became the sole managing member of Purple LLC, and GPAC was renamed Purple Innovation, Inc.

As the sole managing member of Purple LLC, Purple Inc. through its officers and directors is responsible for all operational and administrative decision making and control of the day-to-day business affairs of Purple LLC without the approval of any other member.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies is presented to assist in understanding the Company’s consolidated financial statements. The consolidated financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Purple Inc., its controlled subsidiary Purple LLC, and Intellibed, Purple LLC’s wholly owned subsidiary, from the date of acquisition. All intercompany balances and transactions have been eliminated in consolidation. As of December 31, 2024, Purple Inc. held 99.8% of the common units of Purple LLC and other Purple LLC Class B Unit holders held 0.2% of the common units in Purple LLC. The Company’s consolidated financial statements did not include consolidated statements of comprehensive income since it had no items of other comprehensive income in any of the periods presented.

Liquidity and Going Concern

The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. In connection with the preparation of the consolidated financial statements for the year ended December 31, 2025, the Company conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to its ability to continue as a going concern within one year after the date of the issuance of such financial statements.

The Company had cash and cash equivalents of approximately \$24.3 million and an accumulated deficit of \$625.3 million at December 31, 2025. The Company had a net loss of \$51.4 million and net cash used in operating and investing activities was \$33.8 million and \$8.3 million, respectively, for the year ended December 31, 2025. The Company has a history of recurring net losses and cash used in operations, an accumulated deficit, and requiring additional capital to fund its operations.

The funds the Company has on hand and any follow-on capital, if needed, will be used to fund its operations and invest in the business to expand sales and marketing efforts, as well as to invest in innovation. As described below, management has implemented plans to both increase its revenues from the sales of its products and to achieve cost savings within the next year, sufficient to generate positive operating cash flow levels. However, the Company may be adversely impacted by uncertain market conditions and there can be no assurance that the Company will be successful in this regard. If such plans are not successful, the Company may need to raise additional capital in order to support operations and business initiatives. Access to additional capital is uncertain and not within the control of the Company. Accordingly, there is substantial doubt about the Company’s ability to continue as a going concern.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

The Company has taken a number of actions to increase cash flow and support its operations and strategies. In August 2024, the Company implemented the Restructuring Plan (as defined below) to consolidate manufacturing operations resulting in cost savings. The Company has realized and plans to continue to realize direct material cost savings by concentrating efforts on driving gross margin improvement through various methods such as selective pricing actions, continued mix shift towards the Restore and Rejuvenate collections, and by driving cost savings through supply chain initiatives and manufacturing efficiency. The Company has delivered direct material cost savings from its supplier diversification efforts, improved scrap and yield results from continuous improvements, and outbound freight costs reflect cost improvements along with improved delivery reliability. The Company has been successful in subleasing the two manufacturing facilities that were vacated as part of the Restructuring Plan. The Company has also taken additional cost-saving initiatives in 2025 and the beginning of 2026 to reduce headcount and streamline responsibilities and reporting structure. Further, management's plans include additional actions intended to improve liquidity and reduce costs, including a planned optimization of advertising spend, limiting the number of new store openings, efforts to mitigate tariff impacts by managing the country of origin, and other cost-saving initiatives. As disclosed in Note 10 - *Debt*, the Company has elected to have interest paid-in-kind and added to the principal amount of the loans under the Amended and Restated Credit Agreement and on March 24, 2026, the Company executed the Third Amendment to the Amended and Restated Credit Agreement (the "Third Amendment") with the Lenders to extend the maturity date of the Amended and Restated Credit Agreement from December 31, 2026 to April 30, 2027. The Company is currently evaluating potential strategic alternatives and opportunities to achieve additional liquidity through one or more future debt refinancings.

Additionally, in May 2025, the Company entered into an agreement with Mattress Firm, Inc. ("Mattress Firm"), a business unit of Somnigroup International, Inc. ("SGI") to expand its inventory of the Company's products across SGI's national store network from approximately 5,000 mattress slots to a minimum of 12,000 mattress slots (see Note 13 — *Commitments and Contingencies, SGI Commercial Arrangements*). The Company is now represented in Mattress Firm's full store network and with the recent launch of Purple Royale, the exclusive Luxe product for Mattress Firm, the Company has expanded to all 12,000 committed slots. The Company has also expanded into more Costco clubs in the fourth quarter of 2025.

The consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

Variable Interest Entities

Purple LLC is a variable interest entity. The Company determined that it is the primary beneficiary of Purple LLC as it is the sole managing member and has the power to direct the activities most significant to Purple LLC's economic performance as well as the obligation to absorb losses and receive benefits that are potentially significant. At December 31, 2025, Purple Inc. had a 99.8% economic interest in Purple LLC and consolidated 100% of Purple LLC's assets, liabilities and results of operations in the Company's consolidated financial statements contained herein. The holders of Class B Units held 0.2% of the economic interest in Purple LLC as of December 31, 2025. Refer to Note 15—*Stockholders' Equity* for more information.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) and reflect the financial position, results of operations and cash flows of the Company. The preparation of consolidated financial statements in conformity with GAAP requires the Company to establish accounting policies and to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. The Company regularly makes estimates and assumptions including, but not limited to, estimates that affect revenue recognition, accounts receivable and the allowance for credit losses, valuation of inventories, sales returns, warranty returns, impairment reviews of long-lived assets and definite-lived intangible assets, warrant liabilities, stock based compensation, the recognition and measurement of loss contingencies, the recognition and measurement of restructuring and related charges, estimates of current and deferred income taxes, deferred income tax valuation allowances, and amounts associated with the Company’s tax receivable agreement with InnoHold, LLC (“InnoHold”). Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results could differ materially from those estimates.

Restructuring

Restructuring actions may result in various costs, including employee-related costs, accelerated depreciation expense, write-downs of long-lived assets and inventory, impairment of long-lived and indefinite-lived assets, contract termination costs and other associated costs. Employee-related costs represent one-time termination benefits for severance and other post-employment costs that are recognized as incurred upon communication of the plan to the identified employees. If the employee must provide future service beyond a minimum retention period, the benefits are expensed ratably over the future service period. Accelerated depreciation expense represents additional expense resulting from shortening the useful lives of production and other assets to coincide with the end of production and other activities under an approved restructuring plan. Write-downs of long-lived assets represent losses on assets expected to be disposed of or equipment in progress that will not be put in service. Costs to terminate contracts are recognized upon entering a termination agreement with the provider. Other associated restructuring costs are expensed as incurred. Any impairment or write-down of assets resulting from restructuring activities are recognized immediately in the period the related plan is approved. Refer to Note 3—*Restructuring, Impairment and Other Related Charges* for more information.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturity of those instruments.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded net of an allowance for expected losses and consist primarily of receivables from wholesale customers and receivables from third-party consumer financing partners and credit card processors. The allowance is recognized in an amount equal to anticipated future write-offs over the expected life of the receivables. Management estimates the allowance for credit losses based on historical experience, customer payment practices and current economic trends. Actual credit losses could differ from those estimates. Account balances are charged-off against the allowance when management believes it is probable the receivable will not be recovered.

The Company had the following activity in its allowance for credit losses (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 1,100	\$ 26	\$ 1
Additions charged to expense	804	1,075	25
Reductions to allowance, net	(1,516)	(1)	—
Balance at end of period	\$ 388	\$ 1,100	\$ 26

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Inventories

Inventories are comprised of raw materials, work-in-process and finished goods and are stated at the lower of cost or net realizable value. Manufactured inventory consists of raw material, direct labor and manufacturing overhead costs. Inventory cost is calculated using a method that approximates average cost. The Company reviews the components of its inventory on a regular basis for excess and obsolete inventory and makes appropriate adjustments when necessary. Once established, the original cost of the inventory less the related inventory reserves represents the new cost basis of such products.

Property and Equipment

Property and equipment are stated at cost, net of depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from 1 to 17 years, as follows:

	Years
Equipment	5 - 10
Furniture and fixtures	2 - 7
Office equipment	3 - 5
Leasehold improvements	1 - 17

Major renewals and betterments that increase value or extend useful life are capitalized. The Company records depreciation and amortization in cost of sales for long-lived assets used in the manufacturing process, and within each line item of operating expenses for all other long-lived assets. Leasehold improvements are amortized over the shorter of the useful life of the leasehold improvements or the contractual term of the lease, with consideration of lease renewal options if exercise is reasonably certain. The cost and related accumulated depreciation of assets sold or retired is removed from the accounts with any resulting gain or loss included in the consolidated statement of operations. Estimated useful lives of property and equipment are periodically reviewed and, when appropriate, changes are made and accounted for prospectively. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

As a result of initiating closure of its two Utah manufacturing facilities in August 2024, the Company shortened the estimated useful lives of the production equipment at these two facilities to reflect the remaining period these assets will remain in service. Closure of these two facilities was completed during the first quarter of 2025. Reducing the estimated useful lives of these assets increased both depreciation expense and the Company's net loss by \$5.8 million and \$11.2 million in 2025 and 2024, respectively. Refer to Note 3—*Restructuring, Impairment and Other Related Charges* for more information.

The Company capitalizes interest on borrowings during the active construction period of major capital projects. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. When no debt is specifically identified as being incurred in connection with a construction project, the Company capitalizes interest on amounts expended on the project using the weighted average cost of the Company's outstanding borrowings.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Leases

The Company determines if an agreement contains a lease at the inception of a contract. For leases with an initial term greater than 12 months, a related lease liability is recorded on the balance sheets at the present value of future payments discounted at the estimated fully collateralized incremental borrowing rate (discount rate) corresponding with the lease term. In addition, a right-of-use (“ROU”) asset is recorded as the initial amount of the lease liability, plus any lease payments made to the lessor before or at the lease commencement date and any initial direct costs incurred, less any tenant improvement allowance incentives received. The Company elected not to separate lease and non-lease components for all real estate leases.

The Company calculates the present value of future payments using its incremental borrowing rate when the discount rate implicit in the lease is not known. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. The Company determines the applicable incremental borrowing rate at the lease commencement date based on the rates of its secured borrowings, which is then adjusted for the appropriate lease term and risk premium. In determining the Company’s ROU assets and corresponding lease liabilities, the Company applies these incremental borrowing rates to the minimum lease payments within each lease agreement.

Lease expense is recognized on a straight-line basis over the lease term. Tenant incentive allowances received from the lessor are amortized through the ROU asset as a reduction of rent expense over the lease term. Any variable lease costs are expensed as incurred. Leases with an initial term of 12 months or less (short-term leases) are not recorded as ROU assets and corresponding lease liabilities. Short-term lease expense is recognized on a straight-line basis over the lease term. ROU assets are assessed for impairment as part of long-lived assets, which is performed whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable.

Intangible Assets

Intangible assets include a customer relationship intangible associated with the Intellibed acquisition, developed technologies by Purple and Intellibed, trade names and trademarks, internal-use software, domain name costs, intellectual property and other patent and trademark related costs. Definite-lived intangible assets are being amortized using the straight-line method over their estimated lives, ranging from two to 15 years.

For software developed or obtained for internal use, the Company capitalizes direct external costs associated with developing or obtaining internal-use software. In addition, the Company capitalizes certain payroll and payroll-related costs for employees who are directly involved with the development of such applications. Capitalized costs related to internal-use software under development are treated as construction-in-progress until the program, feature or functionality is ready for its intended use, at which time amortization commences. Capitalized software costs are amortized on a straight-line basis over three years.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Asset Impairment Charges

Long-Lived Assets and Definite-lived Intangible Assets – The Company reviews its long-lived assets and definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When evaluating long-lived assets and definite-lived intangible assets for potential impairment, the Company first determines if there are any indicators of impairment and if the carrying amount of the long-lived assets and definite-lived intangible assets might not be recoverable. If there are indicators of impairment, then the Company performs a recoverability test by comparing the carrying value of the assets to the estimated future cash flows (undiscounted and without interest charges - plus proceeds expected from disposition, if any). If the estimated undiscounted cash flows are less than the carrying value of the assets, the Company calculates an impairment loss. The impairment loss calculation compares the carrying value of its assets to the assets' estimated fair value. When the Company recognizes an impairment loss, the carrying amount of the impaired assets are reduced to estimated fair value based on discounted cash flows, quoted market prices or other valuation techniques. Assets to be disposed of are reported at the lower of the carrying amount of the asset or fair value less costs to sell. If the Company recognizes an impairment loss for a depreciable long-lived asset, the adjusted carrying amount of the asset becomes its new cost basis and will be depreciated (amortized) over the remaining useful life of that asset. The Company concluded there were indicators of impairment that existed at December 31, 2025 and a recoverability test was required. Based on the results of this recoverability test, the Company determined its long-lived and definite-lived assets were not impaired as of December 31, 2025 and no resultant impairment charges were recorded.

In conjunction with a restructuring action initiated in August 2024, the Company recorded impairment charges of \$2.9 million and \$2.5 million in 2025 and 2024, respectively, on various long-lived assets associated with entering into a subleases on the Utah manufacturing facilities that closed during the first quarter of 2025. Refer to Note 3–*Restructuring, Impairment and Other Related Charges* for more information.

Indefinite-lived Intangible Assets – Intangible assets that have indefinite lives are not amortized but are reviewed for impairment annually or when events or changes in circumstances indicate the carrying value of these assets might exceed their current fair values. Impairment testing is based upon the best information available including estimates of fair value which incorporate assumptions marketplace participants would use in making their estimates of fair value. Accounting guidance provides for the performance of either a quantitative assessment or a qualitative assessment before calculating the fair value of an asset. If events or market conditions affect the estimated fair value to the extent that an indefinite-lived intangible asset is impaired, the Company will adjust the carrying value of these assets in the period in which impairment occurs.

The restructuring action initiated by the Company in August 2024 was determined to be a triggering event for potential impairment of intellectual property that was being accounted for as an indefinite-lived intangible asset. The resultant impairment assessment performed by the Company determined this asset no longer had any supportable value and an \$8.5 million impairment charge to write off the entire balance of the asset was recorded in 2024.

Revenue Recognition

The Company markets and sells its products through the DTC channel, which includes Purple.com (direct-to-consumer e-commerce), Purple showrooms, their customer contact center and online marketplaces, and the wholesale channel through retail brick-and-mortar and online wholesale partners. Revenue is recognized when the Company satisfies its performance obligations under the contract which involves transferring the promised products to the customer. This principle is achieved in the following steps:

Identify the contract with the customer: A contract exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the goods to be transferred and identifies the payment terms related to these goods, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for the goods that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company does not have significant costs to obtain contracts with customers.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Identify the performance obligations in the contract. The Company’s contracts with customers do not include multiple performance obligations to be completed over a period of time. The performance obligations generally relate to delivering products to a customer, subject to the shipping terms of the contract. The Company has made an accounting policy election to account for shipping and handling activities performed after a customer obtains control of the goods, including “white glove” delivery services, as activities to fulfill the promise to transfer the goods. The Company does not offer extended warranty or service plans. The Company does not provide an option to its customers to purchase future products at a discount and therefore there are no material option rights.

Determine the transaction price. Payment for sale of products through the direct-to-consumer e-commerce channel and Purple showrooms is collected at point of sale in advance of shipping the products. Amounts received for unshipped products are recorded as customer prepayments. Payment by traditional wholesale customers is due under customary fixed payment terms. None of the Company’s contracts contain a significant financing component. Revenue is recorded at the net sales price, which includes estimates of variable consideration such as product returns, volume rebates, wholesale warranty returns, and other adjustments. The estimates of variable consideration are based on historical return experience, historical and projected sales data, and current contract terms. Variable consideration is included in revenue only to the extent that it is probable that a significant reversal of the revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

Allocate the transaction price to performance obligations in the contract. The Company’s contracts with customers do not include multiple performance obligations. Therefore, the Company recognizes revenue upon transfer of the product to the customer’s control at contractually stated pricing.

Recognize revenue when or as we satisfy a performance obligation. The Company satisfies performance obligations at a point in time upon either shipment or delivery of goods, in accordance with the terms of each contract with the customer. With the exception of third-party “white glove” delivery and certain wholesale partners, revenue generated from product sales is recognized at shipping point, the point in time the customer obtains control of the products. Revenue generated from sales through third-party “white glove” delivery is recognized at the point in time when the product is delivered to the customer. Revenue generated from certain wholesale partners is recognized at a point in time when the product is shipped or when it is delivered to the wholesale partner’s warehouse. The Company does not have service revenue.

Sales Returns

The Company’s policy provides customers up to 100-days to return a mattress, pet bed or pillow and up to 30-days to return all other products (except power bases) for a full refund. Estimated sales returns, which are recorded as a reduction of revenue at the time of sale and recorded in other current liabilities on the consolidated balance sheets, are based on historical trends and product return rates and are adjusted for any current or expected trends as appropriate. Actual sales returns could differ from these estimates. The Company regularly assesses and adjusts the estimate of accrued sales returns by updating the return rates for actual trends and projected costs. The Company classifies the estimated sales returns as a current liability as they are expected to be paid out in less than one year.

The Company had the following activity for accrued sales returns (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 6,515	\$ 5,404	\$ 5,107
Additions that reduced net revenue	27,129	38,913	34,090
Deduction from reserves for current year returns	(29,152)	(37,802)	(33,793)
Balance at end of period	<u>\$ 4,492</u>	<u>\$ 6,515</u>	<u>\$ 5,404</u>

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Accrued Warranty Liabilities

The Company provides a limited warranty on most of the products it sells. The estimated warranty return costs associated with products sold through DTC channels are expensed at the time of sale and included in cost of revenues. The estimated warranty return costs associated with products sold through the wholesale channel are recorded at the time of sale and included as an offset to net revenues. Estimates for DTC warranty costs are based primarily on historical warranty claims, estimated warranty costs and the estimate warranty claim rate. Estimates for wholesale warranty costs are based primarily on the historical warranty claim amounts and the estimated claim rate and may be adjusted for any current or expected trends as appropriate. Actual warranty claim costs could differ from these estimates. The Company regularly assesses and adjusts the estimate of accrued warranty claims by updating claims rates for actual trends and projected claim costs. The Company expects the estimated warranty liability to continue to increase as the Company has not reached a full 10 years of history on its 10-year mattress warranty. The Company classifies estimated warranty costs expected to be paid beyond a year as a long-term liability.

The Company had the following activity for accrued warranty liabilities (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Balance at beginning of period	\$ 32,205	\$ 35,591	\$ 24,463
Additions (deductions) charged to cost of sales	(1,479)	3,291	5,866
Additions that reduced net revenue	5,773	6,288	11,996
Deductions from reserves for current year claims	(9,788)	(12,965)	(6,734)
Balance at end of period	<u>\$ 26,711</u>	<u>\$ 32,205</u>	<u>\$ 35,591</u>

Cost of Revenues

Costs associated with net revenues are recorded as cost of revenues in the same period in which related sales have been recorded. Cost of revenues includes the costs of receiving, producing, inspecting, warehousing, insuring, and shipping goods during the period, as well as depreciation and amortization of long-lived assets used in these processes. Cost of sales also includes shipping and handling costs associated with the delivery of goods to customers.

In conjunction with a restructuring action initiated in August 2024, the Company recorded restructuring charges of \$15.4 million in cost of revenues for accelerated depreciation of production equipment and inventory write-downs. Refer to Note 3—*Restructuring, Impairment and Other Related Charges* for more information.

Cooperative Advertising, Rebate and Other Promotion Programs

The Company enters into programs with certain wholesale partners to provide funds for advertising and promotions as well as volume and other rebate programs. When sales are made to these customers, the Company records liabilities pursuant to these programs. The Company periodically assesses these liabilities based on actual sales to determine whether all the cooperative advertising earned will be used by the customer or whether the customer will meet the requirements to receive rebate funds. Estimates are required at any point in time regarding the ultimate reimbursement to be claimed by the customers. Subsequent revisions to the estimates are recorded and charged to earnings in the period in which they are identified. Rebates and certain cooperative advertising amounts are classified as a reduction of revenue and presented within net revenues in the accompanying consolidated statements of operations. Cooperative advertising expenses that can be identified as a distinct good or service and for which fair value can be reasonably estimated are recorded, when incurred, as components of marketing and sales expense in the accompanying consolidated statements of operations. Marketing and sales expense in 2025, 2024 and 2023 included \$10.9 million, \$2.3 million and \$2.0 million, respectively, related to shared advertising costs that the Company incurred under its cooperative advertising programs.

Advertising Costs

The Company incurs advertising costs associated with print, digital and broadcast advertisements. Advertising costs are expensed when the advertisements are run for the first time and included in marketing and selling expenses in the accompanying consolidated statements of operations. Advertising expense was \$56.1 million, \$65.2 million and \$72.4 million for the years ended December 31, 2025, 2024 and 2023, respectively.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Debt Issuance Costs and Discounts

Debt issuance costs and discounts that relate to borrowings are presented in the consolidated balance sheets as a direct reduction from the carrying amount of the related debt liability and are amortized into interest expense using an effective interest rate over the duration of the debt. Debt issuance costs that relate to revolving lines of credit are carried as an asset in the consolidated balance sheets and amortized to interest expense on a straight-line basis over the term of the related line of credit facility. Refer to Note 10— *Debt* for more information.

Warrant Liabilities

The Company issued warrants to purchase 20.0 million shares of the Company's Common Stock to the lenders associated with a related party credit agreement entered into in January 2024. The Company issued warrants to purchase 6.2 million and 6.6 million shares of the Company's Common Stock to lenders associated with amendments to the related party credit agreement entered into in March 2025 and May 2025, respectively. In May 2025, the Company issued to SGI warrants to purchase 8.0 million shares of the Company's Common Stock. These warrants contain a repurchase provision which, upon the occurrence of a fundamental transaction as defined in the warrant agreement, could give rise to an obligation of the Company to pay cash to the warrant holders. In addition, other provisions may lead to a reduction in the exercise price of the warrants. The fundamental transaction provisions of the warrants resulted in them being recorded as a liability at fair value on their issue date, with the corresponding offset included in debt issuance costs or amortized as a reduction of revenue. The initial liability is subsequently re-measured to fair value at each reporting date or exercise date with changes in the fair value included in earnings. The Company uses a Monte Carlo Simulation model to determine the fair value of the liability associated with these warrants. The model uses various key assumptions and inputs, including exercise price of the warrants, fair market value of the Company's Common Stock, risk free interest rate, warrant life, expected volatility and the probability of a warrant re-price event. Refer to Note 10— *Debt* and Note 11— *Warrant Liabilities* for more information.

Fair Value Measurements

The Company uses the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price, based on the highest and best use of the asset or liability. The levels of the fair value hierarchy are:

Level 1—Quoted market prices in active markets for identical assets or liabilities;

Level 2—Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable, such as interest rate and yield curves, and market-corroborated inputs); and

Level 3—Unobservable inputs in which there is little or no market data, which require the reporting unit to develop its own assumptions.

The classification of fair value measurements within the established three-level hierarchy is based upon the lowest level of input that is significant to the measurements. Financial instruments, although not recorded at fair value on a recurring basis include cash, cash equivalents, accounts receivables, accounts payable, and the Company's debt obligations. The carrying amounts of cash, cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these accounts.

The estimated fair value of the Company's related party debt is based on Level 2 and Level 3 inputs. Level 2 inputs include observable inputs such as market-based expectations for interest rates, credit risk and volatility. The unobservable Level 3 inputs are associated with the required rate of return for the security implied by the May 2025 issuance of debt bundled with warrants, which were valued using a Monte Carlo model and the timing and probability of a warrant reprice event, like a strategic alternative transaction. The estimated fair value of the Company's related party debt was \$115.9 million and \$56.6 million as of December 31, 2025 and 2024, respectively.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

The warrant liabilities (see Note 11 — *Warrant Liabilities* for more information) are Level 3 instruments and use internal models to estimate fair value using certain significant unobservable inputs which require determination of relevant inputs and assumptions. Accordingly, changes in these unobservable inputs may have a significant impact on fair value. Significant inputs, certain of which are unobservable, include risk free interest rate, expected average life, expected dividend yield, expected volatility and the timing and probability of a warrant reprice event. These Level 3 liabilities generally decrease (increase) in value based upon an increase (decrease) in risk free interest rate and expected dividend yield. Conversely, the fair value of these Level 3 liabilities generally increases (decreases) in value if the expected average life or expected volatility were to increase (decrease).

The following table summarizes the Company’s total Level 3 liability activity for the years ended December 31, 2025 and 2024 (in thousands):

	Warrants	Total Level 3 Liabilities
Fair value as of December 31, 2023	\$ —	\$ —
Initial measurement at time of issuance	19,571	19,571
Change in valuation inputs ^(a)	(3,504)	(3,504)
Fair value as of December 31, 2024	\$ 16,067	\$ 16,067
Initial measurement at time of issuance	17,285	17,285
Change in valuation inputs ^(a)	(17,202)	(17,202)
Fair value as of December 31, 2025	<u>\$ 16,150</u>	<u>16,150</u>

(a) Changes in valuation inputs are recognized as the change in fair value – warrant liabilities in the consolidated statement of operations.

Stock Based Compensation

The Company accounts for stock-based compensation under the provisions of ASC 718, *Compensation—Stock Compensation*. This standard requires the Company to record an expense associated with the fair value of stock-based compensation over the requisite service period.

During 2023, the Company granted stock options under the Company’s 2017 Equity Incentive Plan (the “2017 Equity Incentive Plan”) to certain officers, executives and employees of the Company. The fair value for these awards was determined using the Black-Scholes option valuation model at the date of grant. Stock based compensation on these awards is expensed on a straight-line basis over the vesting period. Option pricing models require the input of subjective assumptions including the expected term of the stock option, the expected price volatility of the Company’s Common Stock over the period equal to the expected term of the grant, and the expected risk-free rate. Changes in these assumptions can materially affect the fair value estimate. The Company recognizes forfeitures of stock option awards as they occur. There were no stock options granted in 2025 or 2024.

During 2023, the Company granted stock awards under the 2017 Equity Incentive Plan to independent directors on the Company’s board of directors (the “Board”) for services performed. Since all of these awards vested immediately, stock-based compensation was recorded on the grant date using the publicly quoted closing price of the Company’s Common Stock on that date as fair value. There were no stock awards granted to independent directors in 2025 or 2024.

During 2025, 2024 and 2023, the Company granted restricted stock units under the Company’s 2017 Equity Incentive Plan to certain employees of the Company. A portion of the restricted stock units granted included a market vesting condition. The estimated fair value of the restricted stock units that do not have the market vesting condition is recognized on a straight-line basis over the vesting period. The estimated fair value of the stock units that included a market vesting condition was measured on the grant date using a Monte Carlo Simulation of a Geometric Brownian Motion stock path model and incorporated the probability of vesting occurring. The estimated fair value of these awards is recognized over the derived service period (as determined by the valuation model), with such recognition occurring regardless of whether the market condition is met.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that the deferred tax assets will be realized. Deferred tax assets and liabilities are calculated by applying existing tax laws and the rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the year of the enacted rate change. The Company's effective tax rate is primarily impacted by changes in its valuation allowance.

The Company accounts for uncertainty in income taxes using a recognition and measurement threshold for tax positions taken or expected to be taken in a tax return, which are subject to examination by federal and state taxing authorities. The tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination by taxing authorities based on technical merits of the position. The amount of the tax benefit recognized is the largest amount of the benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The effective tax rate and the tax basis of assets and liabilities reflect management's estimates of the ultimate outcome of various tax uncertainties. The Company recognizes penalties and interest related to uncertain tax positions within the provision (benefit) for income taxes line in the accompanying consolidated statements of operations.

The Company files U.S. federal and certain state income tax returns. The income tax returns of the Company are subject to examination by U.S. federal and state taxing authorities for various time periods, depending on those jurisdictions' rules, generally after the income tax returns are filed.

Tax Receivable Agreement

In connection with the Business Combination, the Company entered into a tax receivable agreement with InnoHold, which provides for the payment by the Company to InnoHold of 80% of the net cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the Closing as a result of (i) any tax basis increases in the assets of Purple LLC resulting from the distribution to InnoHold of the cash consideration, (ii) the tax basis increases in the assets of Purple LLC resulting from the redemption by Purple LLC or the exchange by the Company, as applicable, of Class B Paired Securities or cash, as applicable, and (iii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, payments it makes under the agreement.

As noncontrolling interest holders exercise their right to exchange or cause Purple LLC to redeem all or a portion of its Class B Units, a liability under the tax receivable agreement may be recorded based on 80% of the estimated future cash tax savings that the Company may realize as a result of increases in the basis of the assets of Purple LLC attributed to the Company as a result of such exchange or redemption. The amount of the increase in asset basis, the related estimated cash tax savings and the attendant liability to be recorded will depend on the price of the Company's Common Stock at the time of the relevant redemption or exchange. The estimation of liability under the agreement is imprecise and subject to significant assumptions regarding the amount and timing of future taxable income.

Segment Information

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"). The role of the CODM is to make decisions about allocating resources and assessing performance. The Company's operations are based on an omni-channel distribution strategy that allows the Company to offer a seamless shopping experience to its customers across multiple sales channels. The Company concluded its business operates in one operating segment as all the Company's sales channels are complementary and analyzed in the same manner. Also, the CODM reviews financial information presented on a consolidated basis for the purpose of allocating resources and evaluating financial performance as the Company does not accumulate discrete financial information with respect to separate divisions and does not have distinct operating or reportable segments. Since the Company operates in one operating segment, most of the required financial segment information can be found throughout the consolidated financial statements. The Company's chief executive officer has been identified as its CODM. Refer to Note 19– *Segment Information and Concentrations* for more information.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Net Loss Per Share

Basic net loss per common share is calculated by dividing net loss attributable to common stockholders by the weighted average number of shares of Common Stock outstanding during each period. Diluted net loss per share reflects the weighted-average number of common shares outstanding during the period used in the basic net loss computation plus the effect of Common Stock equivalents that are dilutive. The Company uses the “if-converted” method to determine the potential dilutive effect of conversions of its outstanding Class B Stock, and the treasury stock method to determine the potential dilutive effect of its outstanding warrants and share-based payment awards.

Recent Accounting Pronouncements

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU amends existing income tax disclosure guidance, primarily requiring more detailed disclosures for income taxes paid and the effective tax rate reconciliation. This ASU is effective for fiscal years beginning after December 15, 2024, may be applied prospectively or retrospectively, and allows for early adoption. The Company has adopted ASU 2023-09 prospectively and has enhanced its income tax disclosures included in Note 20 - *Income Taxes*, to comply with the requirements. The adoption did not have a material impact on the Company’s financial statements.

Expense Disaggregation Disclosures

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the consolidated financial statements. The prescribed cost and expense categories requiring disaggregated disclosures include purchases of inventory, employee compensation, depreciation and intangible asset amortization, along with certain other expense disclosures already required by GAAP that would need to be integrated within the new tabular disaggregated expense disclosures. Additionally, the amendments also require the disclosure of total selling expenses and an entity’s definition of those expenses. The guidance is effective for annual reporting periods beginning after December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The guidance is to be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the potential impact this update will have on its expense disclosures in the notes to the consolidated financial statements.

Accounting for Internal-Use Software

In September 2025, the FASB issued ASU No. 2025-06, “Intangible - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software.” The ASU removes all references to prescriptive and sequential software development stages. The ASU requires entities to begin capitalizing software costs when management authorizes and commits to funding the software project, and it is probable that the project will be completed and the software will be used for its intended purpose. The amendments in this ASU are effective for fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact this update will have on its consolidated financial statements and related disclosures.

Accounting for Government Grants Received by Business Entities

In December 2025, the FASB issued ASU 2025-10, “Accounting for Government Grants Received by Business Entities,” to establish guidance on the recognition, measurement, and presentation of government grants received by business entities. This guidance is effective for annual periods beginning after December 15, 2028. Early adoption is permitted. The Company does not expect the adoption of this to have a significant impact on its consolidated financial statements.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

3. Restructuring, Impairment and Other Related Charges

In August 2024, the Company initiated a restructuring plan to strategically realign the Company's focus on the achievement of operational efficiencies that are expected to improve profitability and provide for reinvesting in technology and marketing initiatives (the "Restructuring Plan"). The Company's Restructuring Plan includes the permanent closure of its Grantsville and Salt Lake City, Utah manufacturing facilities to consolidate mattress production in its Georgia plant, and a headcount reduction at the Company's Utah headquarters to drive additional operating efficiencies. The consolidation into the Georgia facility was finalized in December 2024 and the closure of the two Utah manufacturing facilities was completed in May 2025. The reduction in workforce at the Utah headquarters was completed in August 2024. All restructuring activities have now been completed.

The following table summarizes the restructuring, impairment and other related charges the Company has recognized in its consolidated statement of operations for the years ended December 31, 2025 and 2024 (in thousands):

	Years Ended December 31,							
	2025				2024			
	Cost of Revenues	Operating Expenses	Restructuring, Impairment and Other Related Charges	Total	Cost of Revenues	Operating Expenses	Restructuring, Impairment and Other Related Charges	Total
Cash charges:								
Employee-related costs	\$ —	\$ —	\$ 353	\$ 353	\$ 241	\$ 942	\$ 3,098	\$ 4,281
Other costs	688	—	1,886	2,574	—	—	528	528
Total cash charges	688	—	2,239	2,927	241	942	3,626	4,809
Non-cash charges:								
Accelerated depreciation	307	—	5,372	5,679	11,175	—	135	11,310
Inventory write-downs	—	—	—	—	4,026	—	—	4,026
Write-down of long-lived assets	—	—	867	867	—	—	5,245	5,245
Impairment of assets	—	—	2,908	2,908	—	—	10,967	10,967
Total non-cash charges	307	—	9,147	9,454	15,201	—	16,347	31,548
Total restructuring, impairment and other related charges	\$ 995	\$ —	\$ 11,386	\$ 12,381	\$ 15,442	\$ 942	\$ 19,973	\$ 36,357

Accelerated depreciation of \$5.7 million in 2025 and \$11.3 million in 2024 primarily represents increased depreciation expense associated with shortening the useful lives of the production equipment at the two Utah manufacturing facilities that were closed to reflect the remaining period these assets will remain in service.

The write-down of long-lived assets of \$0.9 million in 2025 and \$5.2 million in 2024 represents the write-down to salvage value of other property and equipment located at the two Utah manufacturing facilities that were closed.

Impairment of assets included impairment charges of \$2.9 million in 2025 and \$2.5 million in 2024 associated with the closing and subleasing of the Salt Lake City, Utah and Grantsville, Utah manufacturing facilities and related impairment charges associated with certain leasehold improvements of the property. The fair values of the impaired assets were determined by the Company to be Level 3 under the fair value hierarchy (refer to Note 2— *Fair Value Measurements* for the definition of Level 3 inputs) and were estimated based on internal expertise related to current marketplace conditions and estimated future discounted cash flows. These assets were adjusted to their estimated fair values at the time of impairment. If estimated fair values subsequently decline, the carrying values of the assets will be adjusted accordingly.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Impairment of assets also included the write-off in 2024 of an \$8.5 million indefinite-lived intangible asset. Initiating the Restructuring Plan was determined to be a triggering event for potential impairment of this asset. As a result of the impairment assessment performed, the Company determined this indefinite-lived intangible asset was impaired and recorded an impairment charge to write off the entire \$8.5 million balance.

The lease for the Company's Grantsville, Utah manufacturing facility included a five-year renewal option that was reasonably certain of being exercised and included in the lease term when the ROU asset and lease liability were originally measured. Because of the closure of this facility as part of the Restructuring Plan, the renewal option will not be exercised and a reassessment of the lease terms was completed. As a result, the original lease term was shortened and the Company recorded a \$10.5 million reduction to the ROU asset and corresponding lease liability in the 2024 consolidated balance sheet, using the applicable discount rate at the effective date of the reassessment.

The following table summarizes 2025 activity associated with employee-related and other costs recorded pursuant to the Restructuring Plan, as presented in the indicated line item of the consolidated statement of operations, that were settled in cash (in thousands):

Balance at December 31, 2023	\$	—
Employee-related costs – cost of revenues		241
Employee-related costs – operating expenses		942
Employee-related costs – restructuring charges		3,098
Other costs – restructuring charges		528
Cash paid		(3,816)
Balance at December 31, 2024		993
Employee-related costs – restructuring charges		354
Other costs – restructuring charges		1,991
Cash paid		(3,338)
Balance at December 31, 2025	\$	—

There are no additional restructuring charges expected to be incurred in the future.

4. Revenue from Contracts with Customers

The Company markets and sells its products through direct-to-consumer e-commerce channels, retail brick-and-mortar wholesale partners, Purple showrooms, and third-party online retailers. Revenue is recognized when the Company satisfies its performance obligations under the contract which involves transferring the promised products to the customer, subject to shipping terms, as described in Note 2 – *Summary of Significant Accounting Policies*.

Disaggregated Revenue

The Company classifies revenue into two categories: DTC and wholesale. The DTC category is comprised of the e-commerce channel that sells directly to consumers who purchase online and through the contact center, online marketplaces, and the Purple showrooms channel that sells directly to consumers who purchase at a Company showroom location. The wholesale channel includes all product sales to the Company's retail brick and mortar and online wholesale partners where consumers make purchases at their retail locations or through their online channels.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

The following tables present the Company's revenue disaggregated by sales channel (in thousands):

Channel	Years Ended December 31,		
	2025	2024	2023
e-commerce	\$ 182,842	\$ 206,300	\$ 223,607
Wholesale	207,387	204,214	213,843
Showrooms	78,496	77,363	73,091
Revenues, net	<u>\$ 468,725</u>	<u>\$ 487,877</u>	<u>\$ 510,541</u>

Contract Balances

Payments for the sale of products through the direct-to-consumer e-commerce channel, Purple showrooms and our contact center are collected at point of sale in advance of shipping the products. The amounts received for unshipped products are recorded as customer prepayments. Customer prepayments totaled \$5.3 million and \$6.4 million at December 31, 2025 and 2024, respectively. During 2025 and 2024, the Company recognized all of the revenue that was deferred in customer prepayments at December 31, 2024.

5. Inventories

Inventories consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Raw materials	\$ 23,420	\$ 20,193
Work-in-process	6,355	6,602
Finished goods	29,950	30,068
Inventories	<u>\$ 59,725</u>	<u>\$ 56,863</u>

6. Property and Equipment

Property and equipment consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Equipment	\$ 80,999	\$ 70,900
Equipment in progress	7,218	13,130
Leasehold improvements	58,862	57,936
Furniture and fixtures	30,744	32,699
Office equipment	1,624	1,611
Total property and equipment	<u>179,447</u>	<u>176,276</u>
Accumulated depreciation	<u>(101,486)</u>	<u>(82,402)</u>
Property and equipment, net	<u>\$ 77,961</u>	<u>\$ 93,874</u>

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Equipment in progress reflects equipment, primarily related to mattress manufacturing, which is being constructed and was not in service at December 31, 2025 or 2024. Interest capitalized on borrowings during the active construction period of major capital projects totaled \$0.7 million, \$1.1 million and \$1.5 million during the years ended December 31, 2025, 2024 and 2023, respectively. Depreciation expense was \$20.8 million, \$31.0 million and \$19.7 million for the years ended December 31, 2025, 2024 and 2023, respectively. Included in depreciation expense for the years ended December 31, 2025 and 2024 were \$5.7 million and \$11.3 million of accelerated depreciation recorded in conjunction with the Restructuring Plan, respectively. Refer to Note 3—*Restructuring and Impairment Charges* for more information.

7. Leases

The Company leases its manufacturing and distribution facilities, corporate offices, Purple showrooms and certain equipment under non-cancelable operating leases with various expiration dates through 2036. The Company's office and manufacturing leases provide for initial lease terms up to 16 years, while Purple showrooms have initial lease terms of up to 10 years. Certain leases may contain options to extend the term of the original lease. The exercise of lease renewal options is at the Company's discretion. Any lease renewal options are included in the lease term if exercise is reasonably certain at lease commencement. The Company also leases vehicles and other equipment under both operating and finance leases with initial lease terms of three to five years. The ROU asset for finance leases was \$0.6 million and \$1.0 million as of December 31, 2025 and 2024, respectively.

The following table presents the Company's lease costs (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Operating lease costs	\$ 18,412	\$ 19,460	\$ 19,466
Variable lease costs	4,275	4,338	4,121
Short-term lease costs	264	—	—
Total lease costs	<u>\$ 22,951</u>	<u>\$ 23,798</u>	<u>\$ 23,587</u>

The table below reconciles the undiscounted cash flows for each of the first five years and total remaining years to the operating lease liabilities recorded on the consolidated balance sheet at December 31, 2025 (in thousands):

Year ended December 31,	
2026	\$ 19,996
2027	20,195
2028	19,846
2029	17,024
2030	11,510
Thereafter	24,108
Total operating lease payments	<u>112,679</u>
Less – lease payments representing interest	(19,698)
Present value of operating lease payments	<u>\$ 92,981</u>

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

As of December 31, 2025 and 2024, the weighted-average remaining term of operating leases was 6.3 years and 6.8 years, respectively, and the weighted-average discount rate was 6.79% and 6.09%, respectively, for operating leases recognized on the consolidated balance sheets.

The following table provides supplemental information related to the Company's consolidated statement of cash flows (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Cash paid for amounts included in present value of operating lease liabilities ^(b)	\$ 22,319	\$ 23,033	\$ 20,817
ROU assets obtained in exchange for operating lease liabilities	7,305	8,516	8,435

(b) – Operating cash flows paid for operating leases are included within the change in operating leases, net within the Consolidated Statements of Cash Flows offset by non-cash ROU asset amortization and lease liability accretion.

8. Intangible Assets

The following table provides the components of intangible assets (in thousands, except useful life):

	Useful life (years)	As of December 31, 2025				As of December 31, 2024			Net Carrying Value
		Gross Cost	Accumulated Amortization	Impairment	Net Carrying Value	Gross Cost	Accumulated Amortization	Impairment	
Indefinite-lived non-amortizing:									
Intellectual property		\$ 8,456	\$ —	\$ (8,456)	\$ —	\$ 8,456	\$ —	\$ (8,456)	\$ —
Trademarks		30	—	—	30	30	—	—	30
Definite-lived amortizing:									
Internet domain	15	900	(490)	—	410	900	(430)	—	470
Customer relationships	10	10,876	(6,407)	—	4,469	10,876	(4,492)	—	6,384
Developed technology	2	644	(644)	—	—	644	(644)	—	—
Internal-use software	3	8,410	(6,973)	—	1,437	7,746	(5,740)	—	2,006
Intangible assets, net		<u>\$ 29,316</u>	<u>\$ (14,514)</u>	<u>\$ (8,456)</u>	<u>\$ 6,346</u>	<u>\$ 28,652</u>	<u>\$ (11,306)</u>	<u>\$ (8,456)</u>	<u>\$ 8,890</u>

Amortization expense for intangible assets was \$3.2 million, \$4.2 million and \$5.3 million for the years ended December 31, 2025, 2024 and 2023, respectively.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Estimated amortization expense for definite-lived intangible assets is expected to be as follows for the next five years (in thousands):

Year ended December 31,	
2026	\$ 2,270
2027	1,612
2028	880
2029	570
2030	419
Thereafter	565
Total future amortization for definite-lived intangible assets	<u>\$ 6,316</u>

9. Other Current Liabilities

The Company's other current liabilities consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Accrued sales returns	\$ 4,492	\$ 6,515
Accrued sales and use tax	2,264	2,994
Insurance financing	1,676	1,328
Asset retirement obligation	1,132	1,440
Other	775	473
Total other current liabilities	<u>\$ 10,339</u>	<u>\$ 12,750</u>

10. Debt

Debt consisted of the following (in thousands):

	As of December 31,	
	2025	2024
Related party loan	\$ 126,697	\$ 70,679
Less: unamortized debt issuance costs	(15,392)	(15,285)
Total related party debt	<u>111,305</u>	<u>55,394</u>

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

2024 Credit Agreement

On January 23, 2024, Purple LLC, Purple Inc. and Intellibed (collectively, the “Loan Parties”) entered into an amended and restated credit agreement (the “Amended and Restated Credit Agreement”), which amended and restated the then existing term loan agreement (“Term Loan Agreement”), with Coliseum Capital Partners (“CCP”) and other lenders (collectively, the “Lenders”) and Delaware Trust Company, as administrative agent. The Lenders agreed to assume the Loan Parties’ obligations under the Term Loan Agreement and refinance their existing obligations. A term loan in the amount of \$61.0 million (the “Related Party Loan”) was funded by the Lenders that repaid in full the \$25.0 million of term loans outstanding, repaid in full the \$5.0 million of asset based lending loans outstanding, paid fees, premiums and expenses incurred in connection with this transaction, and provided net proceeds to the Company (after payments of outstanding debt, unpaid accrued interest and expenses) equal to approximately \$27.0 million. Interest on the Related Party Loan is payable each month and the principal outstanding matures and is due on December 31, 2026. The Company has elected for interest to be capitalized and added to the principal amount of the loan. The Related Party Loan bears interest at a rate equal to (i) the secured overnight financing rate as administered by the Federal Reserve Bank of New York plus 0.10%, with a floor of 3.5% per annum, plus (ii) 8.25% per annum (or, if Purple LLC elects to pay interest in kind to reduce its cash obligations, 10.25% per annum). Any prepayments of principal on or after August 7, 2024, but before August 7, 2025, are subject to a prepayment penalty of 1.25%, and any prepayments of principal on or after August 7, 2025, are subject to a prepayment penalty of 2.50%. The Loan Parties may request an additional term loan from the Lenders in an aggregate amount not to exceed \$19.0 million on terms requested by them to the extent agreed to by the Lenders at their discretion. The Amended and Restated Credit Agreement also removed restrictions and requirements typically associated with an asset-based loan. Total fees and expenses of \$3.5 million were recorded as debt issuance costs in the first quarter of 2024 and are being amortized over the life of the loan.

In connection with the Amended and Restated Credit Agreement, the Company issued 20.0 million warrants (the “2024 Warrants”) to the Lenders (see Note 11 – *Warrant Liabilities*). These 2024 Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.8502 with respect to adjustments to the exercise price and expire on January 23, 2034. The 2024 Warrants had a fair value of \$19.6 million upon issuance and were recorded as a debt discount and are being amortized over the life of the loan.

The Amended and Restated Credit Agreement granted a security interest to the Lenders in substantially all of the assets (subject to certain limited exceptions) of the Loan Parties to secure the Loan Parties’ loans and other obligations under the Amended and Restated Credit Agreement, including a security interest in the intellectual property owned by the Loan Parties.

The Loan Parties (other than Purple LLC) provided an unconditional guaranty of the payment of all obligations and liabilities of Purple LLC under the Amended and Restated Credit Agreement.

The Amended and Restated Credit Agreement also provides for standard indemnification of the Lenders and contains representations, warranties and certain covenants of the Loan Parties. While any amounts are outstanding under the Amended and Restated Credit Agreement, the Loan Parties are subject to a number of affirmative and negative covenants, including covenants regarding dispositions of property, investments, forming or acquiring subsidiaries, business combinations or acquisitions, incurrence of additional indebtedness and transactions with affiliates, among other customary covenants. The Loan Parties are also restricted from paying dividends or making other distributions or payments on their capital stock, subject to limited exceptions.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

2025 Amendment

On March 12, 2025, the Loan Parties, entered into the First Amendment to the Amended and Restated Credit Agreement (the “2025 Amendment” and the Amended and Restated Credit Agreement as so amended, the “Amended A&R Credit Agreement”) with CCP and Blackwell Partners LLC – Series A (“Blackwell”) (collectively the “2025 Lenders”), which amends the Amended and Restated Credit Agreement. The 2025 Amendment, among other things, provides for an increase in the initial principal amount of the Related Party Loan by \$19.0 million (the “First Incremental Loan”) from an initial Related Party Loan principal amount of \$61.0 million to an initial aggregate principal amount of \$80.0 million, and allows the Loan Parties to request one or more additional term loans from the 2025 Lenders in an initial aggregate principal amount not to exceed \$20.0 million on terms to be agreed to by the parties and subject to the approval of the Required Lenders (as defined in the Amended and Restated Credit Agreement). The First Incremental Loan will bear interest at the same rate as the Initial Loan (as defined in the Amended and Restated Credit Agreement), which may be paid in cash or in kind at the Company’s option.

The 2025 Amendment also provides that (i) the First Incremental Loan shall be senior in right of repayment to the Related Party Loan and (ii) in any voluntary or mandatory prepayment in part or in full of the First Incremental Loan for any reason, the Company will be required to pay an amount equal to the greater of (i) the Make-Whole Premium (as defined below) and (ii) 2.50% of the aggregate principal amount of the First Incremental Loan so prepaid, replaced or assigned. The “Make-Whole Premium” is determined as follows: on the date of prepayment, the excess of (A) (x) 100% of the principal amount of such First Incremental Loan, plus (y) the present value at such date of all remaining scheduled interest payments due on such First Incremental Loan from the prepayment date through the maturity date, assuming that all such interest accrues at the Make-Whole Premium Rate (as defined in the 2025 Amendment), computed using a discount rate equal to the Treasury Rate as of such prepayment date plus 50 basis points, over (B) the principal amount of such First Incremental Loan on such prepayment date.

The 2025 Amendment requires prepayment from certain amounts of proceeds received by the Company related to asset dispositions, equity issuances, incurrence of indebtedness, and extraordinary receipts. Additionally, upon an event of default, the 2025 Lenders may declare all or any portion of the term loan then outstanding to be accelerated and due and payable, immediately, including the prepayment premium. The Company determined that these features qualify as a derivative and must be bifurcated from the debt, but such value is de minimis. The Company will reassess whether the derivative has more than a de minimis value at each reporting period.

The 2025 Amendment also includes contingent interest upon an event of default at a rate of 2%. Certain non-credit related factors qualify as a derivative and must be bifurcated from the debt, but such value is de minimis.

In addition, the Company also paid (i) an amendment fee equal to 2% of the outstanding principal and accrued and unpaid interest under the Related Party Loan held by the 2025 Lenders, paid in kind and (ii) a 2% work fee of the initial aggregate principal amount of the First Incremental Loan paid to the 2025 Lenders, deducted from the proceeds at closing. Total fees and expenses of \$2.1 million were recorded as a debt discount upon issuance of the Incremental Loan and are being amortized over the life of the loan.

In connection with the 2025 Amendment, the Company issued to the 2025 Lenders, warrants (the “2025 Warrants”) to purchase 6.2 million shares of the Company’s Common Stock at a price of \$1.50 per share, subject to certain adjustments (see Note 11 – *Warrant Liabilities*). These 2025 Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035. The 2025 Warrants had a fair value of \$5.4 million upon issuance and were recorded as a debt discount upon issuance of the Incremental Loan and is being amortized over the life of the loan.

The 2025 Amendment was evaluated and determined to be a modification of debt since the 2025 Lenders did not grant a concession as the effective borrowing rate was not reduced, and the 2025 Amendment terms were not substantially different from the Amended and Restated Credit Agreement.

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Notes to Consolidated Financial Statements

Second 2025 Amendment

On May 2, 2025, the Loan Parties entered into a Second Amendment to the Amended and Restated Credit Agreement (the “Second 2025 Amendment”) with the 2025 Lenders, which amends the Amended A&R Credit Agreement. The Second 2025 Amendment, among other things, provides for a commitment increase in the initial principal amount of the senior secured term loan facility by \$20.0 million (the “Second Incremental Loan”) from an aggregate principal amount of up to \$80.0 million (the “Existing Loan”) to an initial aggregate principal amount of up to \$100.0 million (the “Loan”) and allows the Loan Parties to request one or more additional term loans from the Lenders in an initial aggregate principal amount not to exceed \$20.0 million on terms to be agreed to by the parties and subject to the approval of the Required Lenders (as defined in the Amended A&R Credit Agreement). The Second Incremental Loan will bear interest at the same rate as the Existing Loan, which may be paid in cash or in kind at the Company’s option.

The Second 2025 Amendment also provides that (i) the Second Incremental Loan shall be senior in right of repayment to the initial \$61.0 million loan under the Amended and Restated Credit Agreement and pari passu with the First Incremental Loan and (ii) in any voluntary or mandatory prepayment in part or in full of the Second Incremental Loan for any reason, the Company will be required to pay an amount equal to the greater of (a) the Make-Whole Premium (as defined below) and (b) 2.5% of the aggregate principal amount of the Second Incremental Loan so prepaid, replaced or assigned. The “Make-Whole Premium” is determined as follows: on the date of prepayment, the excess of (A) (x) 100% of the principal amount of such Second Incremental Loan, plus (y) the present value at such date of all remaining scheduled interest payments due on such Second Incremental Loan from the prepayment date through the maturity date, assuming that all such interest accrues at the Make-Whole Premium Rate (as defined in the Second 2025 Amendment), computed using a discount rate equal to the Treasury Rate as of such prepayment date plus 50 basis points, over (B) the principal amount of such Second Incremental Loan on such prepayment date.

In addition, the Company also paid (i) an amendment fee equal to 0.25% of the outstanding principal and accrued and unpaid interest under the Existing Loan held by the Lenders, paid in kind to the 2025 Lenders, (ii) a work fee equal to 0.1% of the outstanding principal and accrued and unpaid interest under the Existing Loan, paid in cash to the Required Lenders, (iii) a waiver fee, to induce the Required Lenders to waive certain preemptive and right of first refusal rights, equal to 0.15% of the outstanding principal and accrued and unpaid interest under the Existing Loan, paid in cash to the Required Lenders, and (iv) a commitment fee equal to \$0.2 million, paid in cash to the Required Lenders.

In connection with the Second 2025 Amendment, the Company issued to the 2025 Lenders, warrants (the “2025 Additional Warrants”) to purchase 6.6 million shares of the Company’s Common Stock at a price of \$1.50 per share, subject to certain adjustments (see Note 11 – *Warrant Liabilities*). These 2025 Additional Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035. The 2025 Additional Warrants had a fair value of \$5.4 million upon issuance and were recorded as a debt discount upon issuance of the Incremental Loan and is being amortized over the life of the loan.

The Second 2025 Amendment was evaluated and determined to be a modification of debt since the 2025 Lenders did not grant a concession, as the effective borrowing rate was not reduced, and the 2025 Amendment terms were not substantially different from the Amended and Restated Credit Agreement.

The Company has elected to have interest paid-in-kind and added to the principal amount of the loans. Interest expense under the Related Party Loan, the First Incremental Loan and the Second Incremental Loan for the year ended December 31, 2025, consisted of paid-in-kind interest of \$15.8 million and debt issuance cost amortization of \$13.4 million. Interest expense under the Related Party Loan for the year ended December 31, 2024, consisted of paid-in-kind interest of \$9.7 million and debt issuance cost amortization of \$7.2 million. The effective interest rate was 14.58% and 15.54% for the years ended December 31, 2025 and 2024, respectively.

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On March 24, 2026, pursuant to the Third Amendment to the Amended A&R Credit Agreement, the Loan Parties waived certain requirements and events of default relating to the going concern qualification in our December 31, 2025 financial statements (see Footnote 21 – Subsequent Events). Accordingly, the Company is now in compliance with all covenants under the Amended and Restated Credit Agreement as amended by the 2025 Amendment and the Second 2025 Amendment.

As of December 31, 2025, the scheduled maturities of debt outstanding for each of the next five years and thereafter are as follows (in thousands):

Year ended December 31,	Total
2026	\$ —
2027	126,679
2028	—
2029	—
2030	—
Thereafter	—
Total	\$ 126,679

11. Warrant Liabilities

On January 23, 2024, in connection with the Amended and Restated Credit Agreement, the Company issued 20.0 million 2024 Warrants to the Lenders, on March 12, 2025, in connection with the 2025 Amendment, the Company issued 6.2 million 2025 Warrants to the 2025 Lenders, on May 2, 2025, in connection with the Second 2025 Amendment, the Company issued 6.6 million 2025 Additional Warrants to the 2025 Lenders, and on May 2, 2025, in connection with the SGI Agreements (as defined above), the Company issued to SGI warrants to purchase 8.0 million shares of the Company’s Common Stock (the “SGI Warrants,” collectively, the “Warrants”). Each Warrant entitles the registered holder to purchase one share of the Company’s Common Stock at a price of \$1.50 per share. The Warrants include full-ratchet anti-dilution protections, subject to a floor price ranging from \$0.6979 to \$0.8502 with respect to adjustments to the exercise price and expire between January 23, 2034 and March 12, 2035. While the Warrants are exercisable, the Company may call the Warrants for redemption in whole and not in part at any time at a price of \$0.01 per share of Common Stock issuable upon exercise of the Warrants upon not less than 45 days’ prior written notice of redemption to each holder, provided that this redemption right is only available if the reported last sale price of the Common Stock equals or exceeds \$24.00 per share on each of 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the holders. The Warrants will expire on the 10-year anniversary of issuance, or earlier upon redemption. The holders do not have the rights or privileges of holders of Common Stock or any voting rights until they exercise their Warrants. After the issuance of shares of Common Stock upon exercise of the Warrants, each holder will be entitled to one vote for each share of Common Stock held on all matters to be voted on by stockholders generally. A holder of the Warrants will not have the right to exercise its Warrants, to the extent that after giving effect to such exercise, the holder (together with its affiliates) would beneficially own in excess of 49.9% of the shares of Common Stock outstanding immediately after giving effect to such exercise. The Warrants contain a repurchase provision which, upon an occurrence of a fundamental transaction as defined in the warrant agreement, could give rise to an obligation of the Company to pay cash to the warrant holders. In addition, other provisions may lead to a reduction in the exercise price of the Warrants. The Company determined the fundamental transaction provisions require the Warrants to be accounted for as a liability at fair value on the date of the transaction, with changes in fair value recognized in earnings in the period of change. As a result, the liability for these Warrants was recorded at fair value on the date of issuance with the offset included in debt issuance costs. This liability is subsequently re-measured to fair value at each reporting date or exercise date with changes in the fair value included in earnings.

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The Company used a Monte Carlo Simulation model to determine the fair value of the liability associated with the Warrants. The model used key assumptions and inputs, certain of which are unobservable, which include exercise price, fair market value of Common Stock, risk free interest rate, warrant life, expected volatility and the probability of a warrant re-price event. The following are the assumptions used in calculating fair value of the Warrants:

	December 31, 2025	December 31, 2024
Trading price of common stock on measurement date	\$ 0.69	\$ 0.78
Exercise price	\$ 1.50	\$ 1.50
Risk free interest rate	3.95 – 4.03%	4.45%
Warrant life in years	8.06 – 9.20	9.06
Expected volatility	88.0%	88.0%
Expected dividend yield	—	—
Probability of an event causing a warrant re-price	70.0%	25.0%
Estimated date of event causing a warrant re-price	May 2026	January 2029

The Warrants had a fair value of \$16.2 million as of December 31, 2025. The Company recognized a gain of \$17.2 million and \$3.5 million in its consolidated statement of operations for the years ended December 31, 2025 and 2024, respectively, related to a decrease in the fair value of the Warrants outstanding at the end of the period compared to the fair value of the Warrants on the previous measurement date or date of issuance.

12. Other Long-Term Liabilities

Other long-term liabilities consist of the following (in thousands):

	December 31, 2025	December 31, 2024
Asset retirement obligations	\$ 1,160	\$ 1,098
Other	604	911
Total other long-term liabilities	\$ 1,764	\$ 2,009

The Company's asset retirement obligations ("ARO") relate to two manufacturing facilities that are leased. One of the properties is the Company's former manufacturing facility in Grantsville, Utah which was closed in the first quarter of 2025 (For further discussion see Note 3— *Restructuring, Impairment and Other Related Charges*). The other property is the Company's current manufacturing facility in McDonough, Georgia. The ARO liabilities represent future estimated costs associated with the restoration of the facilities to their original state at the end of the respective lease terms. The fair value of a liability for an ARO is recorded in the period in which it is incurred, discounted to its present value using a credit-adjusted-risk-free interest rate, with a corresponding amount capitalized by increasing the carrying amount of the related long-lived asset. These liabilities are accreted each period, and the capitalized cost is depreciated over the useful life of the related asset. Revisions to estimated ARO liabilities result in an adjustment to the related capitalized asset and corresponding liability. Because the Company utilizes unobservable inputs in the estimation of its ARO liabilities, the fair values were determined to be Level 3 under the fair value hierarchy (For further discussion regarding the definition of Level 3 inputs see Note 2— *Fair Value Measurements*).

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Notes to Consolidated Financial Statements

The Company had the following activity for its ARO liabilities (in thousands):

	Years Ended December 31,	
	2025	2024
Balance at beginning of period	\$ 2,538	\$ 2,230
Revisions in estimated retirement obligations	—	277
Accretion expense	62	133
Payments	(308)	(102)
Balance at end of period	2,292	2,538
ARO liability classified as other current liabilities	(1,132)	(1,440)
ARO liability classified as other long-term liabilities	\$ 1,160	\$ 1,098

13. Commitments and Contingencies

Chief Executive Officer Cash Bonus Award

On January 26, 2024, the Board approved an amendment to the Chief Executive Officer's employment agreement. Under the amendment, the Company agreed that, among other things, the Chief Executive Officer will be eligible to earn a cash payment of up to \$5.0 million, less tax and other required withholdings, based on the volume weighted average price per share of the Company's Common Stock on NASDAQ during the period from March 16, 2026 through June 30, 2026 subject to his continued employment with the Company. The amount earned will be payable in quarterly installments commencing with the first payroll period following June 30, 2026. The Company determined the provisions surrounding the future bonus payment require it to be accounted for as a liability at fair value on the date of the transaction, with changes in fair value recognized in earnings in the period of change. The Company recorded a de minimis amount of compensation expense in its 2024 and 2025 consolidated statement of operations related to the fair value of the future bonus payment.

Senior Leadership Team Special Recognition Bonus

On January 26, 2024, the Board unanimously approved a special recognition bonus payment to certain members of the Company's senior leadership team. The bonus was awarded to incentivize retention and continued engagement with the Company during these challenging times in the bedding industry. Each participant is eligible to earn a special recognition bonus payment equal to 15 months of their regular salary. The special recognition bonus payment is paid as follows, subject to the employee's continued employment with the Company: 10% was paid in August 2024, 20% was paid in February 2025, and the remaining 70% was to be paid in August 2025. Certain members of the Company's senior leadership team agreed to postpone their August 2025 payment until January 2026 for a 15% premium on the amount that was due to be paid in August 2025. Related to this bonus payment, the Company recorded compensation expense of \$1.6 million and \$3.1 million in its 2025 and 2024 consolidated statement of operations, respectively.

Long-Term Incentive Cash Bonus Award

On July 17, 2025, the Board unanimously approved a long-term incentive cash award to those employees eligible to participate in the Company's 2017 Plan. The incentive award payment is based on a combination of time-based payments over a three-year period and performance-based payments paid in three years if certain financial performance targets are met.

On June 20, 2024, the Board unanimously approved a performance long-term incentive cash award to those employees eligible to participate in the Company's 2017 Plan. The incentive award payment is based on a performance goal of the volume weighted average price per share of the Company's Common Stock on NASDAQ on March 31, 2027. The Company determined the provisions surrounding the performance cash long-term incentive award require it to be accounted for as a liability at fair value at each reporting period, with changes in fair value recognized in earnings in the period of change.

The Company recorded \$0.3 million and \$0.2 million of compensation expense related to these future cash awards in the 2025 and 2024 consolidated statement of operations, respectively.

Settlement of Insurance Claim

In 2024, the Company received two payments totaling \$11.6 million for full settlement of a previously filed business interruption claim which was recorded as other income, net in the 2024 consolidated statement of operations.

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Rights of Securities Holders

On January 23, 2024, in connection with the issuance of the 2024 Warrants, the Company entered into an amended and restated registration rights agreement with holders of the Warrants (the “Holders”), providing for the registration under the Securities Act of 1933, as amended, of the 2024 Warrants, the shares issuable upon the exercise of the 2024 Warrants and Common Stock held by the Holders as of such date, subject to customary terms and conditions.

On March 12, 2025 in connection with the issuance of the 2025 Warrants, the Company entered into a Second Amended and Restated Registration Rights Agreement (the “Registration Rights Agreement”) with the Holders, providing for the registration of the 2025 Warrants, the shares of Common Stock issuable upon the exercise of the Warrants, and the Common Stock held by the Holders as of such date (the “Registrable Securities”).

On May 2, 2025 in connection with the issuance of the 2025 Additional Warrants, the Company entered into a Third Amended and Restated Registration Rights Agreement (the “Third Amended Registration Rights Agreement”) with the Holders, providing for the registration under the Securities Act of the 2025 Additional Warrants, the shares issuable upon the exercise of the 2025 Additional Warrants, other warrants held by the Holders (and shares issuable upon exercise thereof) and the Common Stock held by the Holders as of such date (the “2025 Additional Registrable Securities”), subject to customary terms and conditions.

On May 2, 2025 in connection with the issuance of the SGI Warrants, the Company entered into a Registration Rights Agreement (the “SGI Registration Rights Agreement” and collectively with the 2025 Registration Rights Agreement and the Third Amended Registration Rights Agreement, the “Registration Rights Agreements”) with SGI, providing for the registration under the Securities Act of the SGI Warrants, the shares issuable upon the exercise of the SGI Warrants, and the Common Stock held by SGI as of such date (the “SGI Registrable Securities” and collectively with the 2025 Registrable Securities and 2025 Additional Registrable Securities, the “Registrable Securities”), subject to customary terms and conditions.

The Registration Rights Agreements entitle the investors party thereto to demand registration of the Registrable Securities and also to piggyback on the registration of Company securities by the Company and other Company securityholders. The Company will be responsible for the payment of the Holders’ expenses in connection with any offering or sale of Registrable Securities, including underwriting discounts or selling commissions, placement agent or broker fees or similar discounts, commissions or fees relating to the sale of certain Registrable Securities.

The registration statement filed on May 23, 2025, which registered the Registrable Securities, was declared effective by the SEC on May 30, 2025.

NOL Rights Plan

On June 27, 2024, the Board adopted and the Company entered into a limited-duration stockholder rights agreement (the “NOL Rights Plan”) with a stated expiration date of June 30, 2025. The Board adopted the NOL Rights Plan to protect stockholder value by attempting to safeguard the Company’s ability to use its June 30, 2024 estimated \$238 million of net operating losses (the “Current NOLs”) to reduce potential future federal income tax obligations from becoming substantially limited by future ownership changes in the Company’s Common Stock under Code Section 382. On October 15, 2024, at a special meeting of stockholders (the “Special Meeting”), the Company’s stockholders ratified the NOL Rights Plan. On May 6, 2025, the Board approved the early termination of the NOL Rights Plan, effective May 7, 2025. In conjunction with the termination of the NOL Rights Plan, the Company filed a Certificate of Elimination with the Secretary of State of the State of Delaware eliminating the Series C Junior Participating Preferred Stock, effective May 7, 2025. Refer to Note 15 – *Stockholders’ Equity – NOL Rights Plan* for more information.

NOL Protective Charter Amendment

To further safeguard the Company’s ability to use its Current NOLs, on July 27, 2024, the Board adopted and recommended that the Company’s stockholders approve an amendment to the Company’s Certificate of Incorporation (the “NOL Protective Charter Amendment”) that adds an additional layer of protection of the Current NOLs until June 30, 2025 by voiding certain transfers of Common Stock that could result in an ownership change under Code Section 382. At the Special Meeting, the Company’s stockholders approved the NOL Protective Charter Amendment. On May 6, 2025, the Board approved the early termination of the NOL Protective Charter Amendment, effective May 7, 2025. Refer to Note 15 – *Stockholders’ Equity – NOL Protective Charter Amendment* for more information.

SGI Commercial Arrangements

On May 2, 2025, the Company entered into a Second Amendment to Master Retailer Agreement (the “MRA Amendment”) with Mattress Firm, a business unit of SGI, which provides that SGI, through its Mattress Firm stores, will expand its inventory of the Company’s products across its national store network from approximately 5,000 mattress slots to a minimum of 12,000 mattress slots. The agreement includes a \$3.5 million fee to be paid by the Company to reimburse Mattress Firm for certain costs in transitioning to the product placement required by the agreement. The fee is accounted for under the provisions of ASC 606—*Revenue from Contracts with Customers* as consideration payable to a customer as a reduction of revenue over the life of the contract and is included in accrued rebates and allowances on the audited consolidated balance sheets. The Company recorded \$0.9 million as a reduction of revenue in the 2025 consolidated statement of operations. Also on May 2, 2025, the Company entered into an Amended and Restated Master Vendor Supply and Services Agreement (the “Sherwood Agreement” and together with the MRA Amendment the “SGI Agreements”) with Tempur Sherwood, LLC, a subsidiary of Tempur Sealy. The Sherwood Agreement provides that Tempur Sherwood, LLC will have the exclusive right to assemble certain product lines that the Company sells to Mattress Firm. The SGI Agreements expire on December 31, 2027.



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In connection with the SGI Agreements, the Company issued to SGI the SGI Warrants to purchase 8.0 million shares of the Company's Class A common stock at a strike price of \$1.50 per share. The SGI Warrants include full-ratchet anti-dilution protections, subject to a floor of \$0.6979 with respect to adjustments to the exercise price and expire on March 12, 2035. The Company determined the warrants are required to be accounted for as a liability at the fair value of \$6.5 million on the date of the transaction (see Note 11 – *Warrant Liabilities*). The fair value of the warrants on the date of the transaction is accounted for under the provisions of ASC 606—*Revenue from Contracts with Customers* and deemed to be consideration payable to a customer as a reduction of revenue over the life of the contract. The Company recorded \$1.6 million as a reduction of revenue in the 2025 consolidated statement of operations.

Non-Income Related Taxes

The U.S. Supreme Court ruling in *South Dakota v. Wayfair, Inc.*, No.17-494, reversed a longstanding precedent that remote sellers are not required to collect state and local sales taxes. The Company cannot predict the effect of these and other attempts to impose sales, income or other taxes on e-commerce. The Company currently collects and reports on sales tax in all states in which it does business. However, the application of existing, new or revised taxes on the Company's business, in particular, sales taxes, value-added tax and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of selling products over the internet. The application of these taxes on the Company's business could also create significant increases in internal costs necessary to capture data and collect and remit taxes. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which the Company conducts or will conduct business.

Legal Proceedings

On December 16, 2022, Purple's founders filed a complaint against Purple Inc. in the Fourth Judicial District Court in the State of Utah. In that suit, the plaintiffs alleged that they each entered into employment agreements with Purple LLC in February 2018. The plaintiffs contended that certain corporate transactions reduced their "ownership interest and voting power in Purple" and that, as a result, they should have continued to be paid a salary when they retired from Purple LLC. The plaintiffs calculated that they were each owed "no less than \$500,000" in unpaid salary. In October 2023, the Court granted Purple Inc.'s motion and ordered that the claims brought by the plaintiffs be dismissed in full, with prejudice. The Court entered a final judgment dismissing the case in January 2024. The plaintiffs appealed. After oral arguments, on April 3, 2025, the Utah Court of Appeals ordered the case return to the District Court for further fact finding. The Utah Supreme Court declined to hear the case, sending back for further action at the trial court that will continue into 2026. The Company maintains insurance to cover the costs of defending against claims of this nature and intends to continue to vigorously defend against these claims in the course of the plaintiffs' appeal.

On April 3, 2023, Purple's founders filed a complaint against Purple LLC in the Delaware Court of Chancery. The complaint alleges that Purple LLC breached the limited liability company agreement of Purple LLC by failing to pay the full amount of tax distributions owed under the agreement. The plaintiffs seek damages of approximately \$3.0 million in allegedly unpaid tax distributions as well as legal fees and expenses incurred in connection with the litigation. On June 13, 2023, Purple LLC filed an answer to the complaint denying the plaintiffs' allegations, setting forth its affirmative defenses, and requesting dismissal of all claims and entry of judgment in Purple LLC's favor. A trial date has been set for June 2026. The outcome of the litigation cannot be predicted at this early stage in the proceedings. Purple LLC denies all allegations and intends to vigorously defend against these claims.

On January 17, 2024, two customers filed a punitive class action lawsuit (the "Class Action Lawsuit") against Purple LLC in California Superior Court in the County of San Francisco alleging unlawful marketing and pricing practices, fraud and unjust enrichment. The suit sought damages and other relief on behalf of all persons who purchased Purple LLC products during the applicable statutory periods in California. On July 15, 2024, the Company entered into a settlement agreement (the "Settlement Agreement") with the plaintiffs in connection with the Class Action Lawsuit. On August 16, 2024 the United States District Court for the Northern District of California dismissed the Class Action Lawsuit and approved the Settlement Agreement. Upon receipt of the executed release of all claims by the plaintiffs, the Company made a cash payment pursuant to the Settlement Agreement.

On April 16, 2024, Purple's founders, in their capacity as a former landlord of Purple LLC, brought a lawsuit against Purple LLC, as lessee, for amounts allegedly owed under a real estate lease which the parties terminated effective September 30, 2023. In the suit, the plaintiffs allege approximately \$2.5 million in damages, based primarily on a dispute regarding whether Purple LLC left the premises in the condition required by the lease. The plaintiffs further claim approximately \$0.8 million in holdover rent, as well as unspecified amounts in interest, late fees, liquidated damages, attorney fees and costs. Fact discovery is scheduled to conclude in early 2026. The court has not yet set a date for trial. Purple LLC denies all allegations and intends to vigorously defend against these claims.

On July 24, 2024, a former part-time employee filed a class action lawsuit against Purple LLC in California Superior Court in the County of Alameda alleging failure to pay all wages, failure to pay overtime pay rate, failure to provide all meal periods, and other employment-related causes of action. The suit seeks damages, interest, attorneys' fees, costs and other relief on behalf of all non-exempt California employees of Purple LLC during the applicable statutory periods. On September 30, 2024, the plaintiffs filed an amended complaint adding a claim for penalties under California's Private Attorneys General Act. Purple LLC and the plaintiffs mediated the claims on May 8, 2025, which resulted in the parties agreeing to a settlement. The settlement agreement has been signed by the parties and are currently waiting for the California Superior Court to approve the settlement.

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On February 10, 2025, a shareholder of the Company filed a class action lawsuit in the Court of Chancery of the State of Delaware against Purple Inc. and the individual members of the Board alleging that Section 29 of the NOL Rights Plan violates Delaware General Corporate Law Sections 102(b)(7) and 141(a). The suit sought declaratory relief, attorneys' fees, costs, and other relief on behalf of the class. The NOL Rights Plan expired by its own terms in June 2025, and plaintiff's counsel voluntarily dismissed the lawsuit in September 2025.

The Company is from time to time involved in various other claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any such pending or threatened proceedings, or any amount that the Company might be required to pay by reason thereof, would have a material adverse effect on the financial condition or future results of the Company.

14. Related Party Transactions

Coliseum Capital Management LLC

Immediately following the Business Combination, Adam Gray was appointed to the Board. Mr. Gray is a manager of Coliseum Capital, LLC, which is the general partner of CCP and Coliseum Co-Invest Debt Fund, L.P. ("CDF"), and he is also a managing partner of Coliseum Capital Management, LLC ("CCM"), which is the investment manager of Blackwell and also manages investment funds and accounts. Mr. Gray has voting and dispositive control over securities held by CCP, CDF and Blackwell. In April 2023, Adam Gray was appointed Chairman of the Board of the Company as part of an agreement to resolve litigation that had been brought by Coliseum against the Company. Refer to Note 10—*Debt—2024 Credit Agreement* for more information on the Related Party Loan and amendments.

15. Stockholders' Equity

Class A Common Stock

The Company has 210.0 million shares of Common Stock authorized. Holders of the Company's Common Stock are entitled to one vote for each share held on all matters to be voted on by the stockholders. Holders of Common Stock and holders of Class B Stock voting together as a single class have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders. At December 31, 2025, 108.2 million shares of Common Stock were outstanding.

Class B Common Stock

The Company has 90.0 million shares of Class B Stock authorized. Holders of the Company's Class B Stock will vote together as a single class with holders of the Company's Common Stock on all matters properly submitted to a vote of the stockholders. Shares of Class B Stock may be issued only to InnoHold, their respective successors and assigns, as well as any permitted transferees of InnoHold. A holder may transfer their shares of Class B Stock to any transferee (other than the Company) only if such holder also simultaneously transfers an equal number of such holder's shares of Class B Stock to such transferee. The Class B Stock is not entitled to receive dividends, if declared by the Board, or to receive any portion of any such assets in respect of their shares upon liquidation, dissolution, distribution of assets or winding-up of the Company in excess of the par value of such stock. At December 31, 2025, 0.2 million shares of Class B Stock were outstanding.

Preferred Stock

The Company has 5.0 million shares of preferred stock authorized. The preferred stock may be issued from time to time in one or more series. The Board is expressly authorized to provide for the issuance of shares of the preferred stock in one or more series and to establish from time to time the number of shares to be included in each such series and to fix the voting rights, designations and other special rights or restrictions. At December 31, 2025, there were no shares of preferred stock outstanding. On June 27, 2024, 0.3 million shares of the Company's authorized shares of preferred stock were designated as Series C Junior Participating Preferred Stock, par value \$0.0001 per share ("Series C Preferred Shares"). In conjunction with the termination of the NOL Rights Plan, the Company filed a Certificate of Elimination eliminating the Series C Junior Participating Preferred Stock, effective May 7, 2025. At December 31, 2025, there were no shares of preferred stock outstanding.

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NOL Rights Plan

On June 27, 2024, the Board adopted and the Company entered into the NOL Rights Plan, which is designed to preserve approximately \$238 million of the Company's Current NOLs under Section 382 of the Internal Revenue Code of 1986, as amended ("Code Section 382"). At the Special Meeting, the Company's stockholders ratified the NOL Rights Plan. The Company's ability to use the Current NOLs to offset future taxable income may be significantly limited if the Company experiences an "ownership change" under Code Section 382, which occurs if one or more stockholders or groups of stockholders that is deemed to own at least 5% of the Company's Common Stock increases their aggregate ownership by more than 50 percentage points over its lowest ownership percentage within a rolling three-year period. The NOL Rights Plan is intended to prevent an ownership change by acting as a deterrent to any Person (as such term is defined in the NOL Rights Plan) acquiring 4.9% or more of the outstanding Common Stock of the Company (or, in the case of a Grandfathered Person (as such term is defined in the NOL Rights Plan), an additional one-half of one percentage point of the outstanding Common Stock of the Company above their current ownership percentage). Any Person that acquires shares of the Company's Common Stock in violation of the limitations of the NOL Rights Plan is known as an "Acquiring Person." For purposes of the NOL Rights Plan, "common stock" includes (i) the Common Stock; (ii) the Class B Stock; and (iii) any interest that would be treated as "stock" of the Company pursuant to Treasury Regulation § 1.382-2T(f)(18). Notwithstanding the foregoing, the NOL Rights Plan allows for the exercise of currently outstanding conversion rights, exchange rights, warrants or options, or otherwise, without triggering the NOL Rights Plan. Refer to Note 11 – *Warrant Liabilities* for further discussion of the Company's outstanding warrants.

The NOL Rights Plan provided for the issuance of a dividend of one preferred share purchase right (a "Right") for each share of common stock outstanding on July 26, 2024. Each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series C Preferred Share for a purchase price of \$2.75, subject to adjustment as provided in the NOL Rights Plan. Each Series C Preferred Share is designed to be the economic equivalent of one share of common stock.

The Rights provided that they expire on the earliest to occur of (i) the close of business on June 30, 2025; (ii) the time at which the Rights are redeemed (as discussed below) or exchanged by the Company; (iii) the repeal of Code Section 382, if the Board determines that the NOL Rights Plan is no longer necessary for the preservation of the Current NOLs; or (v) the beginning of a taxable year of the Company to which the Board determines that no Current NOLs may be carried forward.

The initial issuance of the Rights as a dividend had no tax, financial accounting or reporting impact. The fair value of the Rights is nominal, since the Rights were not exercisable when issued and no value is attributable to them. Additionally, the Rights do not meet the definition of a liability under GAAP and therefore were not accounted for as a long-term obligation. Accordingly, the NOL Rights Plan and the Rights issued thereunder have no impact on the Company's audited consolidated financial statements.

On May 6, 2025, the Board approved the early termination of the NOL Rights Plan, effective May 7, 2025.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

NOL Protective Charter Amendment

On June 27, 2024, concurrently with the adoption of NOL Rights Plan, the Board adopted, and recommended that the Company's stockholders approve at the Special Meeting, the NOL Protective Charter Amendment that adds an additional layer of protection of the Current NOLs until June 30, 2025 by voiding any transfer of Common Stock that results in any Person holding 4.9% or more of the outstanding Common Stock of the Company (or, in the case of a Person already holding more than 4.9% of the outstanding Common Stock of the Company as of the date of the NOL Protective Charter Amendment, one-half of one percentage point of the outstanding Common Stock of the Company above their current ownership percentage). At the Special Meeting, the Company's stockholders approved the NOL Protective Charter Amendment. Any acquisition of common stock in violation of the NOL Protective Charter Amendment would be void as of the date it is attempted.

On May 6, 2025, the Board approved the early termination of the NOL Protective Charter Amendment, effective May 7, 2025.

Warrants

The Company issued warrants in connection with various financing transactions and agreements. The Company had the following warrants outstanding at December 31, 2025 and 2024 (in thousands):

	December 31, 2025	December 31, 2024
2024 Warrants	20,000	20,000
2025 Warrants	6,230	—
2025 Additional Warrants	6,557	—
SGI Warrants	8,000	—
Total Warrants	40,787	20,000

The following table provides the exercise price and expiration date for each warrant tranche as of December 31, 2025:

	Warrant Share Equivalent (000's)	Exercise Price^(d)	Expiration Date
2024 Warrants	20,000	\$ 1.50	January 23, 2034
2025 Warrants	6,230	\$ 1.50	March 12, 2035
2025 Additional Warrants	6,557	\$ 1.50	March 12, 2035
SGI Warrants	8,000	\$ 1.50	March 12, 2035

(d) Subject to adjustment.

While the Warrants are exercisable, the Company may call the Warrants for redemption in whole and not in part at any time at a price of \$0.01 per share of Common Stock issuable upon exercise of the Warrants upon not less than 45 days' prior written notice of redemption to each holder. This redemption right is only available if the reported last sale price of the Common Stock equals or exceeds \$24.00 per share on each of 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the holders. A holder of the Warrants will not have the right to exercise its Warrants, to the extent that after giving effect to such exercise, the holder (together with its affiliates) would beneficially own in excess of 49.9% of the shares of Common Stock outstanding immediately after giving effect to such exercise.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Noncontrolling Interest

Noncontrolling interest (“NCI”) is the membership interest in Purple LLC held by holders other than the Company. At both December 31, 2025 and 2024, the combined NCI percentage in Purple LLC was 0.2%. The Company has consolidated the financial position and results of operations of Purple LLC and reflected the proportionate interest held by all such Purple LLC Class B Unit holders as NCI.

16. Net Loss Per Common Share

The following table sets forth the calculation of basic and diluted weighted average shares outstanding and loss per share for the periods presented (in thousands, except per share amounts):

	Years Ended December 31,		
	2025	2024	2023
Numerator:			
Net loss attributable to Purple Innovation, Inc. – basic	\$ (51,414)	\$ (97,897)	\$ (120,757)
Less: Net loss attributable to noncontrolling interest	(97)	(201)	(458)
Net loss attributable to Purple Innovation, Inc. – diluted	<u>\$ (51,511)</u>	<u>\$ (98,098)</u>	<u>\$ (121,215)</u>
Denominator			
Weighted average shares – basic	108,081	107,139	103,602
Add: Dilutive effect of Class B shares	164	185	334
Weighted average shares – diluted	<u>108,245</u>	<u>107,324</u>	<u>103,936</u>
Net loss per common share:			
Basic	\$ (0.48)	\$ (0.91)	\$ (1.17)
Diluted	\$ (0.48)	\$ (0.91)	\$ (1.17)

The Company excludes from the diluted net loss per common share computation potentially dilutive securities related to warrants, equity awards and convertible shares of Class B Stock when their exercise or performance vesting price is greater than the average market price of the Company’s Common Stock or they are otherwise anti-dilutive. Potentially dilutive securities that have been excluded from the calculation of diluted net loss per common share are as follows (in thousands):

	Years Ended December 31,		
	2025	2024	2023
Warrants	40,787	20,000	—
Sponsor warrants	—	—	928
Restricted stock units	3,141	3,808	3,057
Stock options	500	529	863
Class B Stock	—	—	—

17. Equity Compensation Plans

2017 Equity Incentive Plan

The 2017 Equity Incentive Plan provides for grants of stock options, stock appreciation rights, restricted stock and other stock-based awards. Directors, officers and other employees and subsidiaries and affiliates, as well as others performing consulting or advisory services for the Company and its subsidiaries, will be eligible for grants under the 2017 Equity Incentive Plan. The aggregate number of shares of Common Stock which may be issued or used for reference purposes under the 2017 Equity Incentive Plan or with respect to which awards may be granted may not exceed 7.9 million shares. As of December 31, 2024, 2.4 million shares remain available for issuance under the 2017 Equity Incentive Plan. During the years ended December 31, 2025, 2024 and 2023, stock-based compensation associated with equity awards issued under the 2017 Equity Incentive Plan totaled \$1.7 million, \$2.8 million and \$4.9 million, respectively, while the related tax benefits recognized on these awards were \$0.8 million, \$0.9 million and \$1.5 million, respectively.

PURPLE INNOVATION, INC.
Notes to Consolidated Financial Statements

Common Stock Awards

There were no stock awards granted in 2025 or 2024.

Employee Stock Options

There were no employee stock options granted in 2025 or 2024.

The following table summarizes the Company's total stock option activity for the years ended December 31, 2025 and 2024:

	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value \$ (in thousands)
Options outstanding as of December 31, 2023	863	\$ 8.13	2.2	\$ —
Granted	—	—	—	—
Forfeited	—	—	—	—
Expired	(334)	9.67	—	—
Options outstanding as of December 31, 2024	529	\$ 7.17	2.2	\$ —
Granted	—	—	—	—
Forfeited	—	—	—	—
Expired	(29)	13.12	—	—
Options outstanding as of December 31, 2025	500	\$ 6.82	1.3	\$ —

Outstanding and exercisable stock options as of December 31, 2025 are as follows:

	Options Outstanding		Options Exercisable		
	Number of Options Outstanding (in thousands)	Weighted Average Remaining Life (Years)	Number of Options Exercisable (in thousands)	Weighted Average Remaining Life (Years)	Intrinsic Value (in thousands)
Exercise Prices	6.82	500	500	1.3	\$ —

The following table summarizes the Company's unvested stock option activity for the years ended December 31, 2025 and 2024:

	Options (in thousands)	Weighted Average Grant Date Fair Value
Nonvested options as of December 31, 2023	337	\$ 0.41
Granted	—	—
Vested	(170)	0.59
Forfeited	—	—
Nonvested options as of December 31, 2024	167	\$ 0.22
Granted	—	—
Vested	(167)	0.22
Forfeited	—	—
Nonvested options as of December 31, 2025	—	—

The estimated fair value of Company stock options is amortized over the options vesting period on a straight-line basis. For the years ended December 31, 2025 and 2024, stock-based compensation expense related to stock options was de minimis. As of December 31, 2025, all stock options have been expensed and there is no remaining amount of unrecognized stock compensation expense.

PURPLE INNOVATION, INC.
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Employee Restricted Stock Units

In 2025 and 2024, the Company granted 1.2 million and 1.8 million, respectively, of restricted stock units under the 2017 Equity Incentive Plan to certain members of the Company's management team. Of the restricted stock units granted in 2024, 1.2 million, included a market vesting condition. The restricted stock awards granted in 2025, and 2024 that did not have a market vesting condition had weighted average grant date fair values of \$1.76 and \$1.00 per share, respectively. The estimated fair value of these awards is recognized on a straight-line basis over the vesting period.

The restricted stock awards granted in 2024 that did have a market vesting condition had a weighted average grant date fair value of \$1.13 per share. For these awards, the estimated fair value was measured on the grant date and incorporated the probability of vesting occurring. The estimated fair value is recognized over the derived service period (as determined by the valuation model), with such recognition occurring regardless of whether the market condition is met. The Company determined the weighted average grant date fair value of these awards using a Monte Carlo Simulation of a Geometric Brownian Motion stock path model with the following weighted average assumptions:

	Year Ended December 31, 2024
Trading price of common stock on measurement date	\$ 1.50
Risk free interest rate	4.46%
Expected life in years	3.0
Expected volatility	97.1%
Expected dividend yield	—

The following table summarizes the Company's restricted stock unit activity for the years ended December 31, 2025 and 2024:

	Units (in thousands)	Weighted Average Grant Date Fair Value
Nonvested restricted stock units as of December 31, 2023	3,057	\$ 2.97
Granted	1,828	1.03
Vested	(571)	3.57
Forfeited	(506)	3.31
Nonvested restricted stock units as of December 31, 2024	3,808	\$ 1.91
Granted	1,150	0.66
Vested	(919)	2.22
Forfeited	(898)	2.30
Nonvested restricted stock units as of December 31, 2025	3,141	1.25

The Company recorded restricted stock unit expense of \$1.7 million, \$2.8 million and \$3.7 million during the years ended December 31, 2025, 2024 and 2023, respectively.

For restricted stock units outstanding as of December 31, 2025, there was \$1.3 million of total unrecognized stock compensation cost with a remaining recognition period of 1.5 years.

PURPLE INNOVATION, INC.
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Aggregate Non-Cash Stock Compensation

The Company has accounted for all stock-based compensation under the provisions of ASC 718 Compensation—Stock Compensation. This standard requires the Company to record a non-cash expense associated with the fair value of stock-based compensation over the requisite service period. The table below summarizes the aggregate non-cash stock compensation recognized in the statement of operations for stock awards, employee stock options and employee restricted stock units (in thousands).

	Years Ended December 31,		
	2025	2024	2023
Cost of revenues	\$ 355	\$ 398	\$ 285
Marketing and sales	21	489	616
General and administrative	1,104	1,621	3,730
Research and development	249	307	244
Total non-cash stock compensation	\$ 1,729	\$ 2,815	\$ 4,875

18. Employee Retirement Plan

In 2018, the Company established a 401(k) plan that qualifies as a deferred compensation arrangement under Section 401 of the IRS Code. All eligible employees over the age of 18 and with 4 months' service are eligible to participate in the plan. The plan provides for the Company to match employee contributions up to 5% of eligible earnings. Company contributions immediately vest. The Company matching contribution expense was \$3.4 million, \$3.9 million and \$3.8 million for the years ended December 31, 2025, 2024 and 2023, respectively.

19. Segment Information and Concentrations

The Company designs and manufactures a variety of innovative, branded and premium comfort products, including mattresses, pillows, cushions, bases, sheets, and other products. The Company has one reportable segment that operates an omni-channel distribution strategy which allows the Company to offer a seamless shopping experience to its customers across multiple sales channels. The Company's one segment markets and sells products through its direct-to-consumer e-commerce channels, retail brick-and-mortar wholesale partners, Purple showrooms, and third-party online retailers.

The accounting policies for the Company's one segment are the same as those described in Note 2, *Summary of Significant Accounting Policies*. The CODM assesses performance for the segment and decides how to allocate resources based on consolidated net income or loss as reported in the consolidated statement of operations. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. The Company does not have intra-entity sales or transfers.

The CODM uses consolidated net income (loss) to evaluate earnings generated from segment assets (return on assets) in deciding whether to reinvest profits into its single reportable segment or into other parts of the entity, such as for acquisitions. Consolidated net income (loss) is also used to monitor budget versus actual results. The monitoring of budgeted versus actual results are used in assessing the segment's performance and in establishing management's compensation.

PURPLE INNOVATION, INC.
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The following table summarizes segment revenue, significant segment expenses, other segment items and segment profit or loss (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Revenues, net	\$ 468,725	\$ 487,877	\$ 510,541
Reductions (additions):			
Cost of revenues	279,171	291,303	338,716
Cost of revenues – restructuring related charges	995	15,442	—
Advertising expense	56,105	65,198	72,372
Marketing sales expense	27,663	33,778	36,741
Wholesale marketing and sales expense	19,571	20,081	23,016
Showroom marketing and sales expense	43,701	52,206	50,184
General and administrative expense	63,557	69,117	84,446
Research and development expense	9,604	12,962	11,898
Restructuring, impairment and other related charges	11,387	19,973	—
Loss on impairment of goodwill	—	—	6,879
Other segment items, net ^(e)	8,275	5,852	7,496
Income tax expense	207	63	8
Net loss attributable to noncontrolling interest	(97)	(201)	(458)
Segment net loss	<u>\$ (51,414)</u>	<u>\$ (97,897)</u>	<u>\$ (120,757)</u>

(e) Other segment items, net include interest expense, other (income) expense, net, loss on extinguishment of debt, and change in fair value of warrant liabilities.

The Company classifies products into two major categories: sleep products and other. Sleep products include mattresses, platforms, adjustable bases, mattress protectors, pillows and sheets. Other products include cushions and various other products. In 2025, 2024 and 2023, sales of other products accounted for less than 3% of net revenues.

The Company defines international revenues as sales to customers located outside of the United States. In 2025, 2024 and 2023, international customers accounted for less than 2% of net revenues.

The Company had one individual customer that accounted for approximately 39% and 29% of accounts receivable at December 31, 2025 and 2024, respectively, and approximately 16%, 13% and 10% of net revenue during the years ended December 31, 2025, 2024 and 2023, respectively.

The Company currently obtains materials and components used in production from outside sources. As a result, the Company is dependent upon suppliers that in some instances, are the sole source of supply. The Company is continuing efforts to dual-source key components. The failure of one or more of the Company's suppliers to provide materials or components on a timely basis could significantly impact the results of operations. The Company believes that it can obtain these raw materials and components from other sources of supply in the ordinary course of business, although an unexpected loss of supply over a short period of time may not allow for the replacement of these sources in the ordinary course of business.

The Company maintains its cash balances in financial institutions based in the United States that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each financial institution per entity. At times, the Company's cash balance deposited at financial institutions exceed the federally insured deposit limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these deposits.

20. Income Taxes

The Company's (loss) income before income taxes of \$(51.3) million, \$(98.0) million, and \$(121.2) million during the years ended December 31, 2025, 2024 and 2023, respectively, consisted entirely of income earned in the United States.

Income tax expense for the years ended December 31, 2025, 2024 and 2023 consist of the following (in thousands):

	Year ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ —	\$ (114)	\$ (167)
State	207	177	217
Total current	<u>207</u>	<u>63</u>	<u>50</u>
Deferred:			
Federal	—	—	(42)
State	—	—	—
Total deferred	<u>—</u>	<u>—</u>	<u>(42)</u>
Income tax expense	<u>\$ 207</u>	<u>\$ 63</u>	<u>\$ 8</u>

PURPLE INNOVATION, INC.
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The table below provides the updated requirements of ASU 2023-09 for 2025. See Note 2- *Summary of Significant Accounting Policies—Recent accounting pronouncements* for additional details on the adoption of ASU 2023-09.

The effective income tax rate for the year ended December 31, 2025 differs from the statutory federal income tax rate as follows (in thousands, except percentages):

	Year ended December 31, 2025	
	Amount	Percentage
Tax benefit at Federal statutory rate	\$ (10,774)	21.00%
State and local income tax, net of federal (national) income tax effect ^(f)	207	-0.40%
Tax Credits	(211)	0.41%
Change in valuation allowance	13,821	-26.94%
Nontaxable or nondeductible items		
Stock Compensation	573	-1.12%
Change in fair value - warrant liabilities	(3,612)	7.04%
Other	101	-0.20%
Other Adjustments	102	-0.20%
Income tax (benefit) expense	<u>\$ 207</u>	<u>-0.40%</u>

(f) State taxes in Oregon and Texas made up the majority (greater than 50 percent) of the tax effect in this category.

As previously disclosed for the years ended December 31, 2024 and 2023, prior to the adoption of ASU 2023-09, the effective income tax rate differs from the statutory federal income tax rate as follows:

	2024	2023
Tax (provision) benefit at Federal statutory rate	\$ (20,587)	\$ (25,454)
State income tax provision (benefit), net of federal benefit	(5,238)	(6,235)
Noncontrolling interest	44	96
Tax receivable agreement liability	—	—
Change in fair value – warrant liabilities	(736)	—
Change in valuation allowance	26,963	35,592
Remeasurement due to rate change	(586)	(31)
Research and development tax credits	(482)	(1,113)
Remeasurement of investment in Purple LLC	—	(4,028)
Nondeductible compensation	315	281
Stock-based compensation	699	605
Other	(329)	295
Income tax expense	<u>\$ 63</u>	<u>\$ 8</u>

Deferred income taxes at December 31, 2025 and 2024 consisted of the following (in thousands):

	2025	2024
Basis difference in Purple LLC investment	\$ 140,085	\$ 153,872
Tax over book basis in capital contributions	80,123	79,400
Start-up costs	319	361
Stock-based compensation	377	635
Interest carryforwards	12,903	6,503
Research and development tax credits	3,838	3,590
Charitable contribution carryforwards	160	159
Net operating losses	100,982	82,137
Total net deferred income tax asset	<u>338,787</u>	<u>326,657</u>
Less: Valuation allowance	(338,787)	(326,657)
Net deferred income tax asset	<u>\$ —</u>	<u>\$ —</u>

The following table summarizes the Company's change in valuation allowance for the year ending December 31, 2025 and 2024 (in thousands):

	2025	2024
Valuation allowance — beginning of period	\$ 326,657	\$ 303,780
Additions charged to income tax benefit	19,002	27,998
Allowances taken or written off	—	—
Deductions charged to other accounts	(6,872)	(5,121)
Valuation allowance — end of period	<u>\$ 338,787</u>	<u>\$ 326,657</u>

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The Company's sole material asset is Purple LLC, which is treated as a partnership for U.S. federal income tax purposes and for purposes of certain state and local income taxes. Purple LLC's net taxable income and any related tax credits are passed through to its members and included in the members' tax returns, even though such net taxable income or tax credits may not have actually been distributed. While the Company consolidates Purple LLC for financial reporting purposes, the Company will be taxed on its share of earnings of Purple LLC not attributed to the noncontrolling interest holders, which will continue to bear their share of income tax on its allocable earnings of Purple LLC. The primary factors impacting expected tax are tax exempt income from the tax receivable agreement, remeasurement of the deferred taxes associated with the investment in Purple LLC, and the impact of recording a valuation allowance.

During 2022, the Company entered into a three-year cumulative loss position and determined that it would not be able to generate sufficient taxable income to utilize its deferred tax assets. Based on this and other negative evidence, the Company concluded it was more likely than not that its deferred tax assets would not be realized and that a full valuation allowance for its deferred tax assets was required. At both December 31, 2025 and 2024, the Company continued to maintain a full valuation allowance on its deferred tax assets based on its three-year cumulative loss position.

In connection with the Business Combination, the Company entered into a tax receivable agreement with InnoHold, which provides for the payment by the Company to InnoHold of 80% of the net cash savings, if any, in U.S. federal, state and local income tax that the Company actually realizes (or is deemed to realize in certain circumstances) in periods after the Closing as a result of (i) any tax basis increases in the assets of Purple LLC resulting from the distribution to InnoHold of the cash consideration, (ii) the tax basis increases in the assets of Purple LLC resulting from the redemption by Purple LLC or the exchange by the Company, as applicable, of Class B Paired Securities or cash, as applicable, and (iii) imputed interest deemed to be paid by the Company as a result of, and additional tax basis arising from, payments it makes under the agreement.

As noncontrolling interest holders exercise their right to exchange or cause Purple LLC to redeem all or a portion of their Class B Units, a liability may be recorded based on 80% of the estimated future cash tax savings that the Company may realize as a result of increases in the basis of the assets of Purple LLC attributed to the Company as a result of such exchange or redemption. The amount of the increase in asset basis, the related estimated cash tax savings and the attendant liability to be recorded will depend on the price of the Company's Common Stock at the time of the relevant redemption or exchange.

During 2022, the Company concluded that the tax receivable agreement liability was not probable and correspondingly reduced its tax receivable agreement liability to zero. There was no tax receivable agreement liability recorded during 2025 or 2024.

As of December 31, 2025, the Company estimates it will have approximately \$79.9 million of tax-affected U.S. net operating loss carryforwards ("NOLs"), of which \$79.4 million do not have an expiration date and \$0.5 million expire in 2037. The Company also had approximately \$21.1 million of tax-affected NOL carryforwards to reduce future state taxable income at December 31, 2025, which have various carryforward periods and begin to expire in 2026, if unused. Under Section 382 and related provisions of the Internal Revenue Code of 1986, as amended (the "Code"), if a corporation undergoes an "ownership change", the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. Generally, an ownership change is defined as a change in its equity ownership by certain stockholders over a three-year period of greater than 50 percentage points (by value). If finalized, Treasury Regulations currently proposed under Section 382 of the Code may further limit our ability to utilize our pre-change NOLs or other tax attributes if we undergo a future ownership change. Thus, our ability to utilize carryforwards of our net operating losses, including net operating losses acquired from the Intellibed acquisition, and other tax attributes to reduce future tax liabilities may be substantially restricted. As of December 31, 2025, we completed a study to assess whether an ownership change has occurred, as defined by IRC Section 382, or whether there have been ownership changes since the Company's formation. The results of this study indicate that we experienced one ownership change on December 31, 2021. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we generate taxable income, our ability to use our pre-change NOL and tax credits carryforwards to reduce U.S. federal and state taxable income may be subject to further limitations, which could result in increased future tax liabilities to us. Moreover, our federal NOLs from years prior to 2018 can be carried forward for a maximum of 20 years from the year in which the NOL was incurred, and our state NOLs are subject to carryforward limitations that vary from state to state; as a result, all or a portion of those carryforwards could expire before being available to reduce future income tax liabilities. Refer to Note 15 – *Stockholders' Equity – NOL Rights Plan* for information on plan adopted by the Board to preserve Current NOLs.

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The Company estimates federal research and development (“R&D”) tax credit carryforwards will be approximately \$2.9 million as of December 31, 2025, which begin to expire in 2042, if unused. The Company also had approximately \$1.9 million of state tax credit carryforwards to reduce future state tax liability at December 31, 2025, which have various carryforward periods and begin to expire in 2030, if unused.

On July 4, 2025, the U.S. enacted tax legislation referred to as the One Big Beautiful Bill Act (“OBBBA”). The OBBBA includes significant changes to U.S. income tax laws, including tax cut extensions and modifications to the international tax framework with certain provisions effective in 2025 and others effective in 2026 and afterward. The OBBBA did not have a material impact on the Company’s effective tax rate.

The effects of uncertain tax positions are recognized in the consolidated financial statements if these positions meet a “more-likely-than-not” threshold. For those uncertain tax positions that are recognized in the consolidated financial statements, liabilities are established to reflect the portion of those positions it cannot conclude “more-likely-than-not” to be realized upon ultimate settlement. The Company’s policy is to recognize interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties would be included on the related tax liability line in the consolidated balance sheets. There are no material interest and penalties relating to uncertain tax positions as of December 31, 2025. As of December 31, 2025, there are \$0.2 million of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

The following table summarizes the Company’s unrecognized tax benefits for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Unrecognized Tax Benefits
Unrecognized tax benefits as of December 31, 2023	946
Increase due to current year tax positions	111
Increase due to prior year tax positions	109
Decrease due to lapse of statute of limitations	(114)
Unrecognized tax benefits as of December 31, 2024	\$ 1,052
Increase due to current year tax positions	41
Increase due to prior year tax positions	21
Decrease due to lapse of statute of limitations	—
Unrecognized tax benefits as of December 31, 2025	\$ 1,114

As of December 31, 2025, there are \$0.2 million of unrecognized tax benefits that if recognized would affect the annual effective tax rate. The Company remains subject to income tax examinations for its U.S. federal income taxes for 2019 through 2025. The Company also remains subject to income tax examinations for U.S. state and local income taxes generally for 2019 through 2025.

21. Subsequent Events

Tariff Refund Legal Proceedings

On February 20, 2026, the U.S. Supreme Court issued a decision invalidating tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”). The Company estimates that approximately \$5.3 million of its previous tariff payments are subject to this ruling. On March 6, 2026, the Company filed a lawsuit in the U.S. Court of International Trade against the U.S. Customs and Border Protection (“CBP”), the CBP commissioner, and the United States of America seeking a full refund of all IEEPA tariffs that the Company has paid to the United States. The financial impact of these events is uncertain, as it is unclear to what extent duties will be refunded by CBP, what processes will govern such refunds, or if the Company can fully collect related amounts receivable by the Company. The Company is evaluating the impact of these developments on its business and financial statements. No adjustments have been recorded in the accompanying audited consolidated financial statements as the Company cannot reasonably estimate the financial impact; however, it is reasonably possible that it could be material.

Third Amendment to the Amended A&R Credit Agreement

As previously disclosed, on January 23, 2024, the Loan Parties, entered into Amended A&R Credit Agreement with Coliseum Capital Partners, L.P. (“CCP”), Blackwell Partners LLC – Series A (“Blackwell” and together with CCP, the “Coliseum Lenders”) and other lenders (collectively, the “Lenders”) and CSC Delaware Trust Company, as administrative agent, which was amended on March 12, 2025, and May 2, 2025.

On March 24, 2026, the Loan Parties entered into a Third Amendment to the Amended A&R Credit Agreement with the Lenders, which revised the maturity date under the Amended A&R Credit Agreement from December 31, 2026, to April 30, 2027 and waived certain requirements and events of default relating to the going concern qualification in our December 31, 2025 financial statements. In connection with the Third Amendment, the Loan Parties agreed to pay to the Lenders an amendment fee in the aggregate amount of \$1.6 million, equal to 1.25% pro rata based on each Lender’s outstanding principal amount (the “Amendment Fee”). Of the Amendment Fee, approximately \$1.3 million is payable-in-kind by adding such amount to such Coliseum Lenders’ outstanding principal amount. The remaining \$0.3 million of the Amendment Fee was paid in cash. In connection with the Third Amendment, the Loan Parties also agreed to reimburse the Coliseum Lenders for certain expenses in the amount of \$0.3 million.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Purple Innovation, Inc.

March 31, 2026

By: /s/ Robert T. DeMartini
Name: Robert T. DeMartini
Title: Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert T. DeMartini and Tricia S. McDermott-Spikes, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her, and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Robert T. DeMartini</u> Robert T. DeMartini	Chief Executive Officer and Director (Principal Executive Officer)	March 31, 2026
<u>/s/ Todd E. Vogensen</u> Todd E. Vogensen	Chief Financial Officer (Principal Financial Officer)	March 31, 2026
<u>/s/ George T. Ulrich</u> George T. Ulrich	Vice President, Accounting and Financial Reporting (Principal Accounting Officer)	March 31, 2026
<u>/s/ Adam L. Gray</u> Adam L. Gray	Chairman of the Board of Directors	March 31, 2026
<u>/s/ S. Hoby Darling</u> S. Hoby Darling	Director	March 31, 2026
<u>/s/ Gary T. DiCamillo</u> Gary T. DiCamillo	Director	March 31, 2026
<u>/s/ McNeil S. Fiske, Jr.</u> McNeil S. Fiske, Jr.	Director	March 31, 2026
<u>/s/ Claudia Hollingsworth</u> Claudia Hollingsworth	Director	March 31, 2026
<u>/s/ R. Carter Pate</u> R. Carter Pate	Director	March 31, 2026
<u>/s/ D. Scott Peterson</u> D. Scott Peterson	Director	March 31, 2026
<u>/s/ Erika Serow</u> Erika Serow	Director	March 31, 2026

Insider Trading Policy

Revisions Effective as of March 13, 2026

This policy applies to all officers, directors, employees, and contractors of Purple Innovation, Inc. and its subsidiaries (collectively “Purple”) that are exposed to material nonpublic information of Purple and supersedes all prior insider trading policies.

Under the federal securities laws, it is illegal to trade in Purple’s securities while in possession of material nonpublic information (“material information” is defined below in the Material Information section) about Purple. It is also illegal to disclose or give material nonpublic information to others who may trade on the basis of that information or to advise others how to trade while in possession of material nonpublic information. Any person who possesses material nonpublic information about Purple is deemed to be an “insider.” The category of insiders is NOT limited to officers and directors and may not necessarily be the same as what is defined to be an “insider” in Regulation O of the Federal Reserve (12 C.F.R. Part 215).

Insider trading violations are pursued vigorously by the Securities and Exchange Commission (the “SEC”) and the U.S. Attorneys and such violations are punished severely. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other controlling persons if they fail to take reasonable steps to prevent insider trading by company personnel. Both the SEC and The NASDAQ Stock Market are very effective at detecting and pursuing insider trading cases. The SEC has successfully prosecuted cases against employees trading through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

Purple has adopted this Insider Trading Policy (the “Policy”) both to satisfy Purple’s obligation to prevent insider trading and to help Purple personnel avoid the severe consequences associated with violations of the insider trading laws. This Policy is also intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with Purple (not just the officers or directors of Purple).

This Policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers, employees, and contract personnel of Purple and the second part imposes special additional trading restrictions and applies to all (i) directors of Purple, (ii) executive officers of Purple and (iii) any other persons designated by the Chief Financial Officer and Chief Executive Officer as being subject to Purple’s pre-clearance procedures, together with their family members (collectively, “Covered Persons”).

PART I**I. APPLICABILITY**

This Policy applies to all trading or other transactions in (i) Purple’s securities, including any class of common stock, options and any other securities that Purple may issue, such as preferred stock, notes, bonds, and convertible securities, as well as to derivative securities relating to any of Purple’s securities, whether or not issued by Purple and (ii) the securities of certain other companies, including common stock, options, and other securities issued by those companies as well as derivative securities relating to any of those companies’ securities, where the person trading used information obtained while working for Purple.

This Policy applies to all employees of Purple, all officers of Purple and all members of Purple’s board of directors.

II. STATEMENT OF POLICY

It is the policy of Purple that no director, officer, or other employee (this includes contractors of Purple for this Policy) of Purple who is aware of material nonpublic information relating to Purple may, directly or through family members or other persons or entities, (a) buy or sell securities of Purple (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1 and Part I, Section III below regarding 10b5-1 plans), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside Purple, including family, friends, and acquaintances. In addition, it is the policy of Purple that no director, officer, or other employee of Purple who, in the course of working for Purple, learns of material nonpublic information about a company with which Purple does business, including a customer or supplier of Purple, may trade in that company's securities until the information becomes public or is no longer material.

No Exception for Emergencies. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from this Policy. If the employee, officer, or director has material, nonpublic information, the prohibition still applies. The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve Purple's reputation for adhering to high standards of conduct.

Disclosure of Information to Others. Purple is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material nonpublic information. Purple has established procedures, contained in Purple's Fair Disclosure and Corporate Communications Policy, for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not disclose such information to anyone outside Purple, including family members and friends, other than in accordance with those procedures. You may not pass on to others any inside information about Purple or recommend the purchase or sale of Purple's securities while in possession of material nonpublic information (even if that information itself is not disclosed). This includes all mediums of communication, including, but not limited to, verbal, written, or electronic communications or all other communications via the Internet, including Internet chat rooms or similar Internet-based forums.

Contract Personnel (Non-Employees). Purple may from time to time utilize the services of contract personnel who are not employees of Purple. As such, non-employee personnel may have access to material nonpublic information about Purple. Purple expects all such contract personnel to comply with this Policy to the same extent as employees are required to comply with this Policy. Purple will take appropriate action against any such personnel and the organizations at which they are employed if there is a failure to comply with the policies of Purple.

Material Information. Insider trading restrictions come into play only if the information you possess is "material." Materiality, however, involves a relatively low threshold. Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect Purple's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are set forth below, but this list is not exhaustive—other information may be deemed material based upon the circumstances:

- Financial information, including, but not limited to, revenue results, operating income or loss, or net income or loss;
- All earnings, regardless of whether they are consistent or inconsistent with the consensus expectations of the investment community or other earnings guidance, projections, or budgets;
- News about a significant contract or cancellation of an existing significant contract;

- News about significant new services, products, or lines of business;
- The gain or loss of a significant supplier or customer;
- A pending or proposed merger, acquisition, joint venture, or tender offer;
- A pending or proposed acquisition or disposition of a significant asset(s) or facility;
- A change in Purple's dividend policy or the declaration of a stock split;
- The implementation, change in, or results of a Purple stock buy-back;
- A public or private offering of additional securities, borrowings, credit facilities, or other financing transactions;
- A change in the Board of Directors, senior management, or any other major personnel changes;
- Regulatory enforcement actions;
- Significant legal exposure due to actual, pending, or threatened litigation; or
- Impending bankruptcy or the existence of financial or liquidity problems.

If you are unsure whether information is material, you should consult with an attorney in the Legal Department before making any decision to disclose such information or to trade in or recommend securities to which that information relates or assume that the information is material.

When Information is "Public". Insider trading prohibitions come into play only when you possess information that is material and "nonpublic." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. Nonpublic information may include:

- Information available to a select group of analysts or brokers or institutional investors;
- Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
- Information that has been entrusted to Purple on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information.

If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, **information should not be considered fully absorbed by the marketplace until after the second full trading day after the information is released.** If, for example, Purple were to make an announcement after the close of the market on a Monday, a director, officer, or other employee of Purple should not complete a trade in Purple's securities until after the market closes on Wednesday. If an announcement was made before the market opens on a Friday, Monday after the market closes generally would be the first eligible trading time after the announcement.

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with an attorney in the Legal Department or assume that the information is nonpublic and treat it as confidential.

Twenty-Twenty Hindsight. Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of 20/20 hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

Transactions by Family Members. This Policy also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Purple securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Purple securities). You are responsible for the transactions of these other persons, and therefore should make them aware of the need to confer with you before they trade in Purple's securities.

Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option, or to the exercise of a tax withholding right pursuant to which you elect to have Purple withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Additional Prohibited Transactions. Purple considers it improper and inappropriate for any director, officer, or other employee of Purple to engage in short-term or speculative transactions in Purple's securities. **It therefore is Purple's policy that directors, officers, and other employees may NOT engage in any of the following transactions:**

- A. **Short Sales.** Short sales of Purple's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in Purple or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve Purple's performance. For these reasons, short sales of Purple's securities are prohibited by this Policy. In addition, Section 16(c) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") prohibits officers and directors from engaging in short sales.
- B. **Publicly Traded Options.** A transaction in options is, in effect, a bet on the short-term movement of Purple's stock, and therefore creates the appearance that the director, officer, or employee is trading based on inside information. Transactions in options also may focus the director's, officer's, or employee's attention on short-term performance at the expense of Purple's long-term objectives. Accordingly, transactions in puts, calls, or other derivative securities involving Purple, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions".)
- C. **Margin Accounts and Pledges.** Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Purple securities, directors, officers, and other employees are prohibited from holding Purple securities in a margin account or pledging Purple securities as collateral for a loan.

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow a director, officer, or employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director, officer, or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director, officer, or employee may no longer have the same objectives as Purple's other stockholders. Therefore, Purple discourages you from engaging in such transactions. Any person wishing to enter into such an arrangement must first pre-clear the proposed transaction with the Board of Directors. Any request for pre-clearance of a hedging or similar arrangement must be submitted to the Legal Department for approval at least one week prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.

Post-Termination Transactions. This Policy continues to apply to your transactions in Purple securities even after you have terminated service as a director, officer, or employee of Purple. If you are in possession of material nonpublic information when your service terminates, you may not trade in Purple securities until that information has become public or is no longer material.

Quarterly Blackout Periods. Purple's announcement of its quarterly financial results almost always has the potential to have a material effect on the market for Purple's securities. Therefore, to avoid even the appearance of trading while aware of material nonpublic information, employees who are or may be expected to be aware of Purple's financial information are not allowed to trade in Purple's securities during the period beginning on the 1st calendar day following each fiscal quarter and ending after the second full trading day following the earlier of Purple's (1) issuance of its applicable earnings release, or (2) filing of its Form 10-Q or Form 10-K. Persons subject to these quarterly blackout periods include all directors and executive officers, all other employees working in the Finance, Accounting and Legal Departments, and all other persons who are informed by the Legal Department that they are subject to the quarterly blackout periods. The Chief Financial Officer and the Chief Executive Officer shall meet at least annually or at such more frequent intervals as they deem advisable to establish those employees subject to this trading window requirement.

Purple may on occasion issue interim earnings guidance or other potentially material information by means of a press release, a Form 8-K filed with the SEC or by other means designed to achieve widespread dissemination of the information. You should anticipate that trades are unlikely to be pre-cleared while Purple is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

Event Specific Blackouts; Cancellation of Existing Orders. From time to time, an event may occur that is material to Purple and is known by only a few directors or employees. So long as the event remains material and nonpublic, directors, executive officers, and such other persons as are designated by Legal Department may not trade in Purple's securities. Purple reserves the right to enforce a trading blackout window, and, in its sole discretion, may prohibit you from trading in Purple stock during such transaction or event. As such, Purple may require you to cancel existing orders (including good until cancelled orders) and also may instruct your broker to cancel any such orders.

The existence of an event-specific blackout will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in Purple's securities during an event-specific blackout, the Legal Department will inform the requester of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the Legal Department to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

You are not to assume that Purple will notify you when it believes you are in possession of inside information. The law states that no one may trade while in the possession of material nonpublic information. **Ultimately, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual employee, officer, or director.**

Hardship Exceptions. A person who is subject to a quarterly earnings blackout period and who has an unexpected and urgent need to sell Purple stock in order to generate cash may, in appropriate and very limited rare circumstances, be permitted to sell Purple stock even during the blackout period. A hardship exception may be granted only by the Audit Committee, at its sole discretion, and such exception must be requested at least two business days in advance of the proposed trade. A hardship exception may be granted only if the Audit Committee concludes that Purple's earnings information for the applicable quarter does not constitute material nonpublic information or if Purple does not have sufficient insight as to Purple's earnings information as of that time. It is highly unlikely that a hardship exception will be granted, and under no circumstance will a hardship exception be granted during an event-specific blackout period.

III. 10B5-1 PLANS

Approved 10b5-1 Plan Exception. The trading restrictions in this Policy do not apply to transactions under a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934 (an "**Approved 10b5-1 Plan**") that meets the requirements described in Rule 10b5-1 and the following requirements:

- It has been reviewed and approved by the Legal Department at least five business days in advance of being entered into (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Legal Department at least five business days in advance of being entered into);
- It provides that no trades may occur thereunder until expiration of the applicable cooling-off period specified in Rule 10b5-1(c)(ii)(B), and no trades occur until after that time. The appropriate cooling-off period will vary based on the status of the Covered Person. For directors and officers, the cooling-off period ends on the later of (x) ninety days after adoption or certain modifications of the 10b5-1 plan; or (y) two business days following disclosure of Purple's financial results in a Form 10-Q or Form 10-K for the quarter in which the 10b5-1 plan was adopted. In no case will the cooling-off period for directors and officers exceed 120 days. For all other Covered Persons, if a cooling-off period is required under Rule 10b5-1, the cooling-off period ends 30 days after adoption or modification of the 10b5-1 plan;
- It is entered into in good faith by the Covered Person, and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, at a time when the Covered Person was not in possession of material nonpublic information about Purple; and, if the Covered Person is a director or officer, the 10b5-1 plan must include representations by the Covered Person certifying to that effect;
- It gives a third party the discretionary authority to execute such purchases and sales, outside the control of the Covered Person, so long as such third party does not possess any material nonpublic information about Purple; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions; and
- It is the only outstanding Approved 10b5-1 Plan entered into by the Covered Person (subject to the exceptions set out in Rule 10b5-1(c)(ii)(D)).

No Approved 10b5-1 Plan may be adopted during a blackout period.

If you are considering entering into, modifying or terminating an Approved 10b5-1 Plan or have any questions regarding Approved 10b5-1 Plans, please contact the Legal Department. You should consult your own legal and tax advisors before entering into, or modifying or terminating, an Approved 10b5-1 Plan. A trading plan, contract, instruction or arrangement will not qualify as an Approved 10b5-1 Plan without the prior review and approval of the Legal Department as described above.

IV. The Penalties

Penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties, and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material nonpublic information can be sentenced to a substantial jail term (up to 20 years) and required to pay a criminal penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippers to whom he or she has disclosed material nonpublic information. Tipsters can be subject to the same penalties and sanctions as the tippers, and the SEC has imposed large penalties even when the tipster did not profit from the transaction.

The SEC can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to Purple and/or management and supervisory personnel. Even for violations that result in a small or no profit, the SEC can seek substantial penalties from a company and/or its management and supervisory personnel as control persons.

Company-Imposed Sanctions. Compliance with the policies of Purple is a condition of continued employment or service with Purple of each employee, officer and director. An employee's failure to comply with Purple's insider trading policy will subject the employee to Purple-imposed sanctions, which may include dismissal for cause, whether or not the employee's failure to comply results in a violation of law. Purple reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Policy has been violated. Purple may also determine that specific conduct violates this Policy whether or not the conduct also violates the law. It is not necessary for Purple to wait for the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

V. GENERAL

Purple Assistance. Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from Purple's Legal Department. In addition, if a director, officer, or other employee has any doubt as to whether they are in possession of material nonpublic information or whether a trade may otherwise violate this Policy, they should contact the foregoing person before trading any securities of Purple.

Other Procedures. Purple may change these procedures or adopt such other procedures in the future as Purple considers appropriate or advisable in order to carry out the purposes of this Policy or to comply with the federal securities laws. Wherever this Policy refers to or calls for action by or involving Purple's Legal Department, such reference shall include such other persons as Legal Department may designate from time to time, if an attorney in the Legal Department is unavailable or otherwise unable to act for any reason.

Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual director, officer, or employee.

No Third-Party Rights. This Policy is not intended to create any rights in third parties with respect to any violation of its terms and is also not intended to create any legal liability for Purple or any employee, officer, or director beyond those for which they are already responsible under applicable securities laws.

Certifications. All employees, officers, and directors must certify their understanding of, and intent to comply with, this Policy. A copy of the certification that all employees, other than executive officers and certain employees identified by the Legal Department, must sign is attached to this Policy as Exhibit A. Please return an executed copy of the attached certification immediately. Directors, executive officers, and certain employees identified by the Legal Department are subject to additional restrictions on their transactions in Purple securities, which are described in Part II of this Policy. Directors, executive officers, and such identified employees subject to the additional restrictions in Part II should sign the certification attached to this Policy as Exhibit B.

PART II

VI. Pre-Clearance Procedures

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, no Covered Persons may engage in any transaction involving Purple's securities (including a stock plan transaction such as an option exercise, gift, loan or pledge or hedge, contribution to a trust, or any other transfer) without first obtaining pre-clearance of the transaction from the Legal Department. **A request for pre-clearance should be submitted to the Legal Department at least two business days in advance of the proposed transaction, unless earlier notice is otherwise required by the Policy (e.g., one week for hedging transactions).** The Legal Department is under no obligation to approve a trade submitted for pre-clearance, and may in the Legal Department's sole discretion, determine not to permit the trade.

Any person subject to the pre-clearance requirements who wishes to implement a trading plan under SEC Rule 10b5-1 must pre-clear the plan with the Legal Department and comply with Part I, Section III above regarding Approved 10b5-1 Plans. Transactions effected pursuant to a pre-cleared trading plan will not require further pre-clearance at the time of the transaction if the plan complies with the requirements of SEC Rule 10b5-1 and Part I, Section III above, including specifying the dates, prices, and amounts of the contemplated trades, or establishes a formula for determining the dates, prices, and amounts.

VII. Broker Interface Procedures

The accelerated reporting obligations for Section 16 reports require tight interface with brokers handling transactions for Purple's directors and officers. In the event a director or officer has requested and authorized Purple to file Section 16 reports on that person's behalf, Purple requires that such directors and officers provide a copy of this Policy to their broker and such broker must agree that he or she:

- (a) Will not enter any orders for you (except for orders under an Approved Rule 10b5-1 Plan) without first:
 - (1) verifying with Purple that your transaction was pre-cleared; and
 - (2) complying with the brokerage firm's compliance procedures (e.g., Rule 144).
- (b) Will report any transactions immediately to the Legal Department of Purple via:
 - (1) telephone; and
 - (2) in writing via e-mail to the Legal Department, describing the details of every transaction involving Purple stock, including gifts, transfers, pledges, and all 10b5-1 transactions.

Exhibit A

CERTIFICATION

I hereby certify that:

1. I have read and understand Purple’s Insider Trading Policy dated October 31, 2023 (the “**Policy**”). I understand that the attorneys in the Legal Department of Purple Innovation, Inc. (“**Purple**”) are available to answer any questions I have regarding the Policy.
2. I agree that I will comply with the Policy for as long as I am subject to the Policy.
3. I agree that Purple may at any time and in its sole discretion issue a prohibition on trading in Purple securities and that Purple shall have full power and authority to cancel any outstanding orders, including “good until cancelled” orders, that I may place, but I understand that I have the sole responsibility for compliance with the Policy. I further agree and represent that I will never trade in Purple securities while I am in possession of material nonpublic information regarding Purple.
4. This certification constitutes consent for Purple to issue any necessary stop-transfer orders to Purple’s transfer agent to enforce compliance with this Policy.

Signature: _____
Print Name: _____
Date: _____

Exhibit B

CERTIFICATION

(For Directors, Executive Officers, and Certain Key Employees)

I hereby certify that:

1. I have read and understand Purple's Insider Trading Policy dated October 31, 2023 (the "**Policy**"). I understand that the attorneys In the Legal Department of Purple Innovation, Inc. ("**Purple**") are available to answer any questions I have regarding the Policy.
2. I agree that I will comply with the Policy for as long as I am subject to the Policy.
3. I understand that all of my trades must be pre-cleared by Purple's Legal Department or such other person as Purple may designate from time to time.
4. I agree that Purple may at any time and in its sole discretion issue a prohibition on trading in Purple securities and that Purple shall have full power and authority to cancel any outstanding orders, including "good until cancelled" orders, that I may place, but I understand that I have the sole responsibility for compliance with the Policy. I further agree and represent that I will never trade in Purple securities while I am in possession of material nonpublic information regarding Purple.
5. This certification constitutes consent for Purple to issue any necessary stop-transfer orders to Purple's transfer agent to enforce compliance with this Policy.

Signature: _____
Print Name: _____
Date: _____

Subsidiaries of Purple Innovation, Inc.

Subsidiary Name	Jurisdiction of Formation
Purple Innovation, LLC	Delaware
Intellibed, LLC	Delaware

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-223030, 333-230522, 333-234186, 333-237045, 333-248507, 333-263621, 333-278143, and 333-287560) and Form S-8 (Nos. 333-224220, 333-231282, 333-265449, 333-268323, 333-272712, and 333-277952) of Purple Innovation, Inc. (the Company) of our report dated March 31, 2026, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

/s/ BDO USA, P.C.
Salt Lake City, Utah
March 31, 2026

CERTIFICATIONS

I, Robert T. DeMartini, certify that:

1. I have reviewed this Annual Report on Form 10-K of Purple Innovation, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2026

/s/ Robert T. DeMartini

Robert T. DeMartini, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Todd E. Vogensen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Purple Innovation, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2026

/s/ Todd E. Vogensen

Todd E. Vogensen, Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

In connection with the Annual Report on Form 10-K of Purple Innovation, Inc. (the “Corporation”) for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Robert T. DeMartini, Chief Executive Officer of the Corporation, hereby certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: March 31, 2026

/s/ Robert T. DeMartini

Robert T. DeMartini, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

In connection with the Annual Report on Form 10-K of Purple Innovation, Inc. (the “Corporation”) for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Todd E. Vogensen, Chief Financial Officer of the Corporation, hereby certifies, pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: March 31, 2026

/s/ Todd E. Vogensen

Todd E. Vogensen, Chief Financial Officer
(Principal Financial Officer)