UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2025

OR

☐ 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	**47-4078206**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4100 NORTH CHAPEL RIDGE ROAD SUITE 200 LEHI, UTAH	**84043**
(Address of principal executive offices)	**(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
Preferred Stock Purchase Rights	N/A	The NASDAQ Stock Market LLC

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 Date 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 Rule12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 July 28, 2025, 108,243,946 shares of the registrant's Class A common stock, $0.0001 par value per share, and 164,982 shares of the registrant's Class B common stock, $0.0001 par value per share, were outstanding.

PURPLE INNOVATION, INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PURPLE INNOVATION, INC.
Condensed Consolidated Balance Sheets
(unaudited – in thousands, except for par value)

	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 34,248	$ 29,011
Accounts receivable, net	21,083	33,057
Inventories	60,903	56,863
Prepaid expenses	4,017	6,023
Other current assets	5,680	1,414
Total current assets	125,931	126,368
Property and equipment, net	87,374	93,874
Operating lease right-of-use assets	73,313	75,516
Intangible assets, net	7,577	8,890
Other long-term assets	9,593	3,197
Total assets	$ 303,788	$ 307,845
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 25,963	$ 40,639
Accrued compensation	6,632	9,415
Customer prepayments	8,490	6,411
Accrued rebates and allowances	10,941	10,013
Accrued warranty liabilities – current portion	7,774	6,114
Operating lease obligations – current portion	16,274	15,661
Other current liabilities	8,362	12,750
Total current liabilities	84,436	101,003
Related party debt	94,539	55,394
Accrued warranty liabilities, net of current portion	24,945	26,091
Operating lease obligations, net of current portion	84,651	87,072
Warrant liabilities	28,925	16,067
Other long-term liabilities	1,871	2,009
Total liabilities	319,367	287,636
Commitments and contingencies (Note 13)		
Stockholders' equity (deficit):		
Class A common stock; $0.0001 par value, 210,000 shares authorized; 108,244 issued and outstanding at June 30, 2025, and 107,545 issued and outstanding at December 31, 2024	11	11
Class B common stock; $0.0001 par value, 90,000 shares authorized; 165 issued and outstanding at June 30, 2025, and at December 31, 2024	—	—
Additional paid-in capital	594,698	594,053
Accumulated deficit	(610,348)	(573,866)
Total stockholders' equity (deficit) attributable to Purple Innovation, Inc.	(15,639)	20,198
Noncontrolling interest	60	11
Total stockholders' equity (deficit)	(15,579)	20,209
Total liabilities and stockholders' equity (deficit)	$ 303,788	$ 307,845

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

PURPLE INNOVATION, INC.
Condensed Consolidated Statements of Operations
(unaudited – in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues, net	$ 105,100	$ 120,271	$ 209,271	$ 240,304
Cost of revenues:				
Cost of revenues	67,340	71,331	129,547	149,644
Cost of revenues - restructuring related charges	77	—	995	—
Total cost of revenues	67,417	71,331	130,542	149,644
Gross profit	37,683	48,940	78,729	90,660
Operating expenses:				
Marketing and sales	30,616	41,377	67,242	82,839
General and administrative	14,991	18,117	29,478	37,845
Research and development	2,178	3,986	4,630	7,652
Restructuring, impairment and other related charges	4,137	—	6,097	—
Total operating expenses	51,922	63,480	107,447	128,336
Operating loss	(14,239)	(14,540)	(28,718)	(37,676)
Other income (expense):				
Interest expense	(7,457)	(4,161)	(12,221)	(8,635)
Other income, net	1	53	70	4,447
Loss on extinguishment of debt	—	—	—	(3,394)
Change in fair value – warrant liabilities	4,378	18,693	4,427	(4,906)
Total other income (expense), net	(3,078)	14,585	(7,724)	(12,488)
Net income (loss) before income taxes	(17,317)	45	(36,442)	(50,164)
Income tax expense	(54)	(54)	(95)	(113)
Net loss	(17,371)	(9)	(36,537)	(50,277)
Net loss attributable to noncontrolling interest	(26)	(36)	(55)	(87)
Net income (loss) attributable to Purple Innovation, Inc.	$ (17,345)	$ 27	$ (36,482)	$ (50,190)
Net income (loss) per share:				
Basic	$ (0.16)	$ 0.00	$ (0.34)	$ (0.47)
Diluted	$ (0.16)	$ (0.00)	$ (0.34)	$ (0.47)
Weighted average common shares outstanding:				
Basic	108,230	107,489	107,915	106,755
Diluted	108,230	107,779	107,915	106,755

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

PURPLE INNOVATION, INC.
Condensed Consolidated Statements of Stockholders' Equity (Deficit)
(unaudited – in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)	Noncontrolling Interest	Total Equity (Deficit)
	Shares	Par Value	Shares	Par Value					
Balance – December 31, 2024	107,545	$ 11	165	$ —	$ 594,053	$ (573,866)	$ 20,198	$ 11	$ 20,209
Net loss	—	—	—	—	—	(19,137)	(19,137)	(29)	(19,166)
Stock-based compensation	—	—	—	—	368	—	368	—	368
Issuance of stock under equity compensation plans	410	—	—	—	(81)	—	(81)	—	(81)
Impact of transactions affecting NCI	—	—	—	—	(8)	—	(8)	8	—
Balance – March 31, 2025	107,955	$ 11	165	$ —	$ 594,332	$ (593,003)	$ 1,340	$ (10)	$ 1,330
Net loss	—	—	—	—	—	(17,345)	(17,345)	(26)	(17,371)
Stock-based compensation	—	—	—	—	477	—	477	—	477
Issuance of stock under equity compensation plans	289	—	—	—	(100)	—	(100)	—	(100)
Accrued Distribution True-up	—	—	—	—	85	—	85	—	85
Impact of transactions affecting NCI	—	—	—	—	(96)	—	(96)	96	—
Balance – June 30, 2025	108,244	$ 11	165	$ —	$ 594,698	$ (610,348)	$ (15,639)	$ 60	$ (15,579)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
	Shares	Par Value	Shares	Par Value					
Balance – December 31, 2023	105,507	$ 11	205	$ —	$ 591,380	$ (475,969)	$ 115,422	$ 185	$ 115,607
Net loss	—	—	—	—	—	(50,217)	(50,217)	(51)	(50,268)
Stock-based compensation	—	—	—	—	492	—	492	—	492
Issuance of stock for Intellibed acquisition	1,500	—	—	—	—	—	—	—	—
Issuance of stock under equity compensation plans	473	—	—	—	(115)	—	(115)	—	(115)
Impact of transactions affecting NCI	—	—	—	—	(33)	—	(33)	33	—
Balance – March 31, 2024	107,480	$ 11	205	$ —	$ 591,724	$ (526,186)	$ 65,549	$ 167	$ 65,716
Net income (loss)	—	—	—	—	—	27	27	(36)	(9)
Stock-based compensation	—	—	—	—	825	—	825	—	825
Issuance of common stock under equity compensation plans	23	—	—	—	—	—	—	—	—
Impact of transactions affecting NCI	—	—	—	—	(8)	—	(8)	8	—
Balance – June 30, 2024	107,503	$ 11	205	$ —	$ 592,541	$ (526,159)	$ 66,393	$ 139	$ 66,532

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

PURPLE INNOVATION, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited – in thousands)

	Six Months Ended June 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (36,537)	$ (50,277)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	9,881	12,821
Non-cash interest	5,656	3,372
Paid-in-kind interest	6,797	4,375
Non-cash restructuring, impairment and other related charges	3,816	—
Loss on extinguishment of debt	—	3,394
Loss on disposal of property and equipment	224	112
Change in fair value – warrant liabilities	(4,427)	4,906
Stock-based compensation	845	1,317
Changes in operating assets and liabilities:		
Accounts receivable	11,974	5,719
Inventories	(4,040)	(2,779)
Prepaid expenses and other assets	2,671	4,665
Operating leases, net	(1,018)	(1,340)
Accounts payable	(17,111)	(9,522)
Accrued compensation	(2,783)	4,122
Customer prepayments	2,079	(986)
Accrued rebates and allowances	(2,572)	(4,608)
Accrued warranty liabilities	514	(159)
Other accrued liabilities	(3,031)	(862)
Net cash used in operating activities	(27,062)	(25,730)
Cash flows from investing activities:		
Sale of property and equipment	363	—
Purchase of property and equipment	(5,222)	(5,142)
Investment in intangible assets	(285)	(111)
Net cash used in investing activities	(5,144)	(5,253)
Cash flows from financing activities:		
Proceeds from related party loan	39,000	61,000
Payments on term loan	—	(25,000)
Payments on revolving line of credit	—	(5,000)
Payments for debt issuance costs	(1,557)	(3,466)
Net cash provided by financing activities	37,443	27,534
Net increase (decrease) in cash and cash equivalents	5,237	(3,449)
Cash and cash equivalents, beginning of the year	29,011	26,857
Cash and cash equivalents, end of the period	$ 34,248	$ 23,408
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest, net of amounts capitalized	$ 81	$ 203
Cash paid during the period for income taxes	$ 165	$ 293
Supplemental schedule of non-cash investing and financing activities:		
Property and equipment included in accounts payable	$ 435	$ 375
Warrants issued	$ 17,284	$ 19,571
Amendment fee added to principal of loan	$ 1,215	$ —

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

PURPLE INNOVATION, INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

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

Basis of Presentation and Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Purple Inc., its controlled subsidiary Purple LLC, and Purple LLC's wholly owned subsidiary Advanced Comfort Technologies, Inc., dba Intellibed ("Intellibed"). All intercompany balances and transactions have been eliminated in consolidation. As of June 30, 2025, Purple Inc. held 99.85% of the common units of Purple LLC and Purple LLC Class B Unit holders held 0.15% of the common units in Purple LLC.

The accompanying unaudited condensed 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") regarding interim financial reporting and reflect the financial position, results of operations and cash flows of the Company. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024. The unaudited condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments (all of which were considered of normal recurring nature) considered necessary to present fairly the Company's financial results. The results of the three and six months ended June 30, 2025, are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2025, or for any other interim period or other future year.

Liquidity

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 its preparation of the unaudited condensed consolidated financial statements for the three and six months ended June 30, 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 $34.2 million and an accumulated deficit of $610.3 million at June 30, 2025, a net loss of $36.5 million and net cash used in operating and investing activities of $32.2 million for the six months ended June 30, 2025. During the first six months of 2025, the Company entered into the 2025 Amendment (as defined below) and the Second 2025 Amendment (as defined below) of the Amended and Restated Credit Agreement, pursuant to which it received an aggregate of $39.0 million in additional term loan proceeds.

The Company has also taken a number of other actions to increase cash flow. In August 2024, the Company implemented the Restructuring Plan (as defined below) to consolidate manufacturing operations to create efficiencies and cost savings. The Company has realized and plans to continue to realize direct material cost savings through supply chain initiatives and supplier diversification efforts. The Company has taken additional cost-saving initiatives in the first half of 2025 to maintain liquidity to support its operations and strategies. Additionally, 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).*

Accordingly, the Company concluded that it will have sufficient liquidity to fund its operations for at least one year from the date of this Quarterly Report on Form 10-Q.

Although the Company currently expects its sources of capital to be sufficient to meet its near-term liquidity needs, there can be no assurance that such sources will be sufficient to satisfy its liquidity requirements in the future, including the related party loan due December 31, 2026 (see Note 10 — *Debt*). If the Company cannot generate or obtain needed funds, it might be forced to make substantial reductions in its operating and capital expenses or pursue restructuring

plans, which could adversely affect its business operations and ability to execute its current business strategy.

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 June 30, 2025, Purple Inc. had a 99.85% economic interest in Purple LLC and consolidated 100% of Purple LLC's assets, liabilities and results of operations in the Company's unaudited condensed consolidated financial statements contained herein. The holders of Class B Units of Purple LLC ("Class B Units") held 0.15% of the economic interest in Purple LLC as of June 30, 2025. For further discussion see Note 15 — *Stockholders' Equity*.

Use of Estimates

The preparation of the unaudited condensed 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 disclose contingent assets and liabilities as of the date of the unaudited condensed 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.

Segment Information

The Company operates in one operating segment. This is consistent with the organizational structure and internal reporting evaluated regularly by the Company's Chief Executive Officer who is our chief operating decision maker ("CODM") when making operational decisions and allocating resources. For additional information regarding the Company's segment reporting, refer to Note 20 – *Segment Information and Concentrations*.

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.* This 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 guidance was effective for the Company as of January 1, 2025, and the new disclosure requirements will be effective in the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2025. Other than the new disclosure requirements, this guidance is not expected to have an impact on the Company's consolidated 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.

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.

The following table summarizes the restructuring, impairment and other related charges the Company has recognized since the restructuring announcement in 2024 through the second quarter of 2025 in its consolidated statement of operations (in thousands):

	Cost of Revenues	Operating Expenses	Restructuring, Impairment and Other Related Charges	Total
Cash charges:				
Employee-related costs	$ 241	$ 942	$ 3,451	$ 4,634
Other costs	688	—	2,250	2,938
Total cash charges	929	942	5,701	7,572
Non-cash charges:				
Accelerated depreciation	11,482	—	135	11,617
Inventory write-downs	4,026	—	—	4,026
Write-down of long-lived assets	—	—	6,112	6,112
Impairment of assets	—	—	13,916	13,916
Total non-cash charges	15,508	—	20,163	35,671
Total restructuring, impairment and other related charges	$ 16,437	$ 942	$ 25,864	$ 43,243

Of the $7.6 million of employee-related and other cash charges incurred since inception of the restructuring activities, the Company recognized $0.8 million and $2.8 million during the three and six months ended June 30, 2025. Similarly, of the combined charges incurred related to accelerated depreciation, write-down of long-lived assets and impairment of assets of $31.6 million since the inception of the restructuring activities, the Company recognized $3.4 million and $4.3 million during the three and six months ended June 30, 2025. Finally, of the inventory write-downs recognized since inception of the restructuring activities of $4.0 million, no charges were recorded during the three and six months ended June 30, 2025.

Accelerated depreciation primarily represents $11.6 million of increased depreciation expense associated with shortening the useful lives of the production equipment and leasehold improvements at the two Utah manufacturing facilities that were closed to reflect the remaining period these assets will remain in service.

The $6.1 million write-down of long-lived assets 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 $5.4 million 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 properties. The fair values of the impaired assets were determined by the Company to be Level 3 under the fair value hierarchy (refer to Note 4— *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.

Impairment of assets also included the write-off 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 was included in the lease term when the Right of Use ("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 activity for the six months ended June 30, 2025 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 will be settled in cash and are included in accounts payable or accrued compensation on the unaudited condensed consolidated balance sheets (in thousands):

Liability balance at December 31, 2024	$ 993
Employee-related costs – restructuring charges	354
Other costs – restructuring charges	1,779
Cash paid	(2,800)
Liability balance at June 30,2025	$ 326

The following table summarizes the estimated restructuring and other related charges associated with the Restructuring Plan to be recognized in the future (in thousands):

	Cost of Revenues	Operating Expenses	Restructuring, Impairment and Other Related Charges	Total
Cash charges	$ —	$ —	$ 400	$ 400
Non-cash charges	—	—	500	500
Total estimated charges to be recognized in future [(a)]	$ —	$ —	$ 900	$ 900

(a) These charges include certain estimates that are provisional and include management judgments and assumptions that could change materially as the Company completes the execution of the Restructuring Plan. Actual results may differ from these estimates, and the completion of the plan could result in additional restructuring, impairment or other related charges not reflected above.

4. 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 (i.e., 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 and cash equivalents, receivables, accounts payable and the Company's debt obligations. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of these accounts.

The estimated fair value of the Company's debt arrangements 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. As of June 30, 2025, the estimated fair value of the Company's debt arrangements was $90.3 million.

The significant inputs to the valuation model were as follows:

	June 30, 2025
Interest rate volatility	8 - 21%
Risk free interest rate	3.84%
SOFR interest rate	4.36%
Discount rate	39 – 43%

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. Such inputs 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 six months ended June 30, 2025 (in thousands):

Fair value as of December 31, 2024	$ 16,067
Initial measurement at time of issuance[(1)]	17,285
Change in valuation inputs[(2)]	(4,427)
Fair value as of June 30, 2025	$ 28,925

(1) The Company issued 6.2 million warrants on March 12, 2025, and 14.6 million warrants on May 2, 2025. See Note 11 – Warrant Liabilities.

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

5. Revenue from Contracts with Customers

The Company markets and sells its products through direct-to-consumer e-commerce channels, Purple showrooms, retail brick-and-mortar wholesale partners, 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.

Disaggregated Revenue

The Company classifies revenue as either direct-to-consumer ("DTC") or wholesale revenue. DTC revenues include the e-commerce channel which sells directly to consumers who purchase online, through the contact center, and through online marketplaces and the showrooms channel that sells directly to consumers who purchase at a Purple 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
Sales Category	**2025**	**2024**	**2025**	**2024**
e-commerce	$ 43,084	$ 48,666	$ 88,481	$ 98,140
Showrooms	15,769	18,197	33,755	34,938
Wholesale	46,247	53,408	87,035	107,226
Revenues, net	$ 105,100	$ 120,271	$ 209,271	$ 240,304

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 $8.5 million and $6.4 million at June 30, 2025, and December 31, 2024, respectively. During the six months ended June 30, 2025, the Company recognized all of the revenue that was deferred in customer prepayments at December 31, 2024.

6. Inventories

Inventories consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Raw materials	$ 19,316	$ 20,193
Work-in-process	4,333	6,602
Finished goods	37,254	30,068
Inventories	$ 60,903	$ 56,863

7. Property and Equipment, Net

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

	June 30, 2025	December 31, 2024
Equipment	$ 73,216	$ 70,900
Equipment in progress	13,086	13,130
Leasehold improvements	58,674	57,936
Furniture and fixtures	30,025	32,699
Office equipment	1,624	1,611
Total property and equipment	176,625	176,276
Accumulated depreciation	(89,251)	(82,402)
Property and equipment, net	$ 87,374	$ 93,874

Equipment in progress reflects equipment, primarily related to mattress manufacturing, which is being constructed and was not in service at June 30, 2025, or December 31, 2024. Interest capitalized on borrowings during the active construction period of major capital projects totaled $0.1 million and $0.3 million during the three and six months ended June 30, 2025, respectively, and totaled $0.3 million and $0.7 million during the three and six months ended June 30, 2024, respectively. Depreciation expense was $4.1 million and $8.3 million during the three and six months ended June 30, 2025, respectively, and was $5.1 million and $10.3 million during the three and six months ended June 30, 2024, respectively. Included in depreciation expense for the three and six months ended June 30, 2025, was $0.1 million and $0.4 million, respectively, related to accelerated depreciation associated with the Restructuring Plan. See Note 3— *Restructuring and Impairment Charges* for further discussion.

8. 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 totaled $0.9 million and $1.0 million at June 30, 2025, and December 31, 2024, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Operating lease costs	$ 4,569	$ 5,178	$ 9,349	$ 9,964
Variable lease costs	1,162	1,173	2,204	2,042
Short term lease cost	63	—	105	—
Sublease income	(637)	—	(932)	—
Total lease costs	$ 5,157	$ 6,351	$ 10,726	$ 12,006

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 unaudited condensed consolidated balance sheet at June 30, 2025 (in thousands):

2025 (excluding the six months ended June 30,2025)[(a)]	$ 10,860
2026	22,242
2027	19,702
2028	19,525
2029	16,820
Thereafter	34,270
Total operating lease payments	123,419
Less – lease payments representing interest	(22,494)
Present value of operating lease payments	$ 100,925

(a) Amount consists of $11.2 million of undiscounted cash flows offset by $0.3 million of tenant improvement allowances which are expected to be fully utilized in fiscal 2025.

As of June 30, 2025, and December 31, 2024, the weighted-average remaining term of operating leases was 6.6 years and 6.8 years, respectively, and the weighted-average discount rate of operating leases was 6.18% and 6.09%, respectively.

The following table provides supplemental information related to the Company's unaudited condensed consolidated statement of cash flows for the six months ended June 30, 2025, and 2024 (in thousands):

	Six Months Ended June 30,	
	2025	2024
Cash paid for amounts included in present value of operating lease liabilities [(b)]	$ 7,318	$ 8,388
Right-of-use assets obtained in exchange for operating lease liabilities	7,305	2,981

(b) Operating cash flows paid for operating leases are included within the change in operating leases, net within the unaudited condensed consolidated statement of cash flows offset by non-cash ROU asset amortization and lease liability accretion.

9. Other Current Liabilities

Other current liabilities consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Accrued sales returns	$ 3,066	$ 6,515
Accrued sales and use tax and property tax	2,579	3,059
Insurance financing	820	1,328
Asset retirement obligation	1,132	1,440
Other	765	408
Total other current liabilities	$ 8,362	$ 12,750

10. Debt

Debt consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Related party loan	$ 117,691	$ 70,679
Less: unamortized debt issuance costs	(23,152)	(15,285)
Total debt	94,539	55,394
Current portion of debt and unamortized issuance costs	—	—
Debt, net of current portion	$ 94,539	$ 55,394

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 it 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.

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 Class A 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.

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 $150,000, 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 Class A 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 three and six months ended June 30, 2025, consisted of paid-in-kind interest of $4.0 million and $6.8 million, respectively, and debt issuance cost amortization of $3.5 million and $5.7 million, respectively. Interest expense under the Related Party Loan for the three and six months ended June 30, 2024, consisted of paid-in-kind interest of $2.5 million and $4.4 million, respectively, and debt issuance cost amortization of $1.9 million and $3.3 million, respectively. The effective interest rate was 14.67% and 14.68% for the three and six months ended June 30, 2025, respectively, and 15.68% and 15.78% for the three and six months ended June 30, 2024, respectively.

As of June 30, 2025, the Company was in compliance with all covenants under the Amended and Restated Credit Agreement as amended by the 2025 Amendment and the Second 2025 Amendment.

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 below), the Company issued to SGI warrants to purchase 8.0 million shares of the Company's Class A common stock (the "SGI Warrants," collectively, the "Warrants"). Each Warrant entitles the registered holder to purchase one share of the Company's Class A 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 Class A 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 Class A 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 Class A common stock or any voting rights until they exercise their Warrants. After the issuance of shares of Class A common stock upon exercise of the Warrants, each holder will be entitled to one vote for each share of Class A 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 Class A 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.

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, such as 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:

	June 30, 2025	December 31, 2024
Trading price of common stock on measurement date	$ 0.73	$ 0.78
Exercise price	$ 1.50	$ 1.50
Risk free interest rate	4.03 – 4.13%	4.45%
Warrant life in years	8.57 – 9.70	9.06
Expected volatility	88.0%	88.0%
Expected dividend yield	—	—
Probability of an event causing a warrant re-price	30.0%	25.0%
Estimated date of event causing a warrant re-price	June 2026	January 2029

The Warrants had a fair value of $28.9 million as of June 30, 2025. The Company recognized a $4.4 million gain in its unaudited condensed consolidated statement of operations for the three and six months ended June 30, 2025 related to a net decrease in the fair value of the Warrants outstanding at the end of the period compared to the fair value of the Warrants at previous measurement dates. The Company recorded a gain of $18.7 million for the three months ended June 30, 2024 and a loss of $4.9 million for the six months ended June 30, 2024 related to the change in fair value of the 2024 Warrants outstanding at the end of the period compared to the fair value of the warrants at previous measurement dates.

12. Other Long-Term Liabilities

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

	June 30, 2025	December 31, 2024
Asset retirement obligations	$ 1,128	$ 1,098
Other	743	911
Total other long-term liabilities	$ 1,871	$ 2,009

13. Commitments and Contingencies

Warranty Liabilities

The Company provides a limited warranty on most of the products it sells. 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 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 warranty costs are based on the results of product testing, industry and historical trends and warranty claim rates incurred, and are 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 classifies estimated warranty costs expected to be paid beyond a year as a long-term liability. The Company has accrued $32.7 million and $32.2 million in estimated future warranty costs as of June 30, 2025, and December 31, 2024, respectively.

Chief Executive Officer Cash Bonus Award

On January 26, 2024, the Company's board of directors (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 Class A 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 compensation expense reduction in its unaudited condensed consolidated statement of operations for the three and six months ended June 30, 2025. The Company recorded a compensation expense reduction of $0.2 million for the three months ended June 30, 2024, and a $0.2 million compensation expense for the six months ended June 30, 2024, in its unaudited condensed consolidated statement of operations related to 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% is to be paid in August 2025. Related to this bonus payment, the Company recorded a $0.8 million compensation expense for the three and six months ended June 30, 2025, and $0.9 million and $1.5 million compensation expense for the three and six months ended June 30, 2024, in its unaudited condensed consolidated statement of operations.

Performance Cash Long-Term Incentive Award

On June 20, 2024, the Board unanimously approved a performance cash long-term incentive award to those employees eligible to participate in the Company's Long-Term Incentive Plan. The incentive award payment is based on a performance goal of the volume weighted average price per share of the Company's Class A 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 a de minimis amount of compensation expense in the unaudited consolidated statement of operations for the three and six months ended June 30, 2025, and 2024 related to this future award payment.

Settlement of Insurance Claim

In January 2024, the Company received a $4.3 million payment for partial settlement of a previously filed business interruption claim which was recorded during the first quarter of 2024 as other income, net in the unaudited condensed consolidated statement of operations.

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 (the "Registration Rights Agreement") with holders of the 2024 Warrants (the "2024 Holders"), providing for the registration under the Securities Act of 1933, as amended (the "Securities Act"), of the 2024 Warrants, the shares issuable upon the exercise of the 2024 Warrants and Class A common stock held by the 2024 Holders as of such date (the "2024 Registrable Securities"), subject to customary terms and conditions. The Registration Rights Agreement entitles the 2024 Holders to demand registration of the Registrable Securities and to piggyback on the registration of securities by the Company and other Company security holders. The Company will be responsible for the payment of the 2024 Holders' expenses in connection with any offering or sale of Registrable Securities by the 2024 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. The Registration Rights Agreement provided further that the Company was required to prepare and file with the SEC a registration statement to register the resale of the Registrable Securities. The registration statement filed by the Company on March 21, 2024, registering the Registrable Securities, became effective on June 4, 2024.

In connection with the issuance of the 2025 Warrants, on March 12, 2025, the Company 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 Class A common stock held by the 2025 Holders as of such date (the "2025 Initial Registrable Securities"), subject to customary terms and conditions. The 2025 Registration Rights Agreement entitles the 2025 Holders to demand registration of the 2025 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 2025 Holders' expenses in connection with any offering or sale of the 2025 Registrable Securities by the 2025 Holders, including underwriting discounts or selling commissions, placement agent or broker fees or similar discounts, commissions or fees relating to the sale of certain 2025 Registrable Securities.

In connection with the issuance of the 2025 Additional Warrants and the SGI Warrants, on May 2, 2025, the Company entered into a Third Amended and Restated Registration Rights Agreement (the "Third Registration Rights Agreement") with the 2025 Holders and Coliseum Capital Co-Invest III, L.P., and a Registration Rights Agreement (the "SGI Registration Rights Agreement") with SGI (together with the Second Amendment Term Loan Lenders), providing for the registration under the Securities Act of 1933, as amended (the "Securities Act") of the 2025 Additional Warrants and the SGI Warrants, and the shares issuable upon the exercise of such warrants, as well as other warrants held by the 2025 Holders (and shares issuable upon exercise thereof) and the Class A common stock held by the 2025 Holders as of such date (together with the 2025 Initial Registrable Securities, the "2025 Registrable Securities"), subject to customary terms and conditions. The Third Registration Rights Agreement and SGI Registration Rights Agreement entitle the 2025 Holders and SGI to demand registration of the 2025 Registrable Securities. The Registration Rights Agreement and SGI Registration Rights Agreement also entitle the 2025 Holders and SGI 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 2025 Holders' and SGI's expenses in connection with any offering or sale of 2025 Registrable Securities by them, 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 by the Company on May 23, 2025, which registered the 2025 Registrable Securities, was declared effective by the SEC on May 30, 2025.

NOL Rights Plan

On June 27, 2024, the Board approved the adoption of a limited-duration stockholder rights agreement (the "NOL Rights Plan") with a stated expiration date of June 30, 2025. The Board approved 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. See Note 15 – *Stockholders' Equity – NOL Rights Plan* for further discussion of 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.

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. See Note 15 – *Stockholders' Equity – NOL Protective Charter Amendment* for further discussion of the NOL Protective Charter Amendment.

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 unaudited condensed consolidated balance sheets. The Company recorded $0.2 million as a reduction of revenue for the six months ended June 30, 2025. 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.

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 $0.4 million as a reduction of revenue for the six months ended June 30, 2025.

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 have filed an appeal to the Utah Court of Appeals. After oral arguments, on April 3, 2025, the Utah Court of Appeals ordered that the case return to the District Court for further fact finding. Purple Inc. has petitioned the Utah Supreme Court to hear the case and affirm dismissal in full. If a hearing is granted by the Utah Supreme Court, the parties would argue before the Utah Supreme Court in the second half of 2025. 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 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. 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 is being finalized by the parties, thereafter, the California Superior Court is expected to approve the settlement.

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 seeks declaratory relief, attorneys' fees, costs, and other relief on behalf of the class. The Company denies all allegations and intends to vigorously defend against these claims.

On February 26, 2025, a consumer filed a class action lawsuit in the U.S. District Court, Eastern District of New York, against Purple LLC alleging website accessibility violations under the ADA and state law. The lawsuit sought declaratory relief, class certification, attorneys' fees, costs, and other relief on behalf of the class. On May 7, 2025, the company entered into a settlement agreement for the release of all claims by the plaintiff.

On April 15, 2025, a consumer filed a class action lawsuit in the U.S. District Court, District of Minnesota, against Purple LLC alleging website accessibility violations under the ADA and state law. The lawsuit sought declaratory relief, class certification, attorneys' fees, costs, and other relief on behalf of the class. On May 7, 2025, the company entered into a settlement agreement for the release of all claims by the plaintiff.

The Company and Purple LLC are 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

The Company has engaged in various transactions with entities or individuals which are considered related parties.

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 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. Lenders under the Amended and Restated Credit Agreement and 2025 Lenders under the 2025 Amendment and Second 2025 Amendment included CCP and Blackwell. See Note 10— *Debt* for further discussion. 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.

15. Stockholders' Equity

Class A Common Stock

The Company has 210.0 million shares of Class A common stock authorized. Holders of the Company's Class A common stock are entitled to one vote for each share held on all matters to be voted on by the stockholders. Holders of Class A common stock and holders of Class B common 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 June 30, 2025, 108.2 million shares of Class A common stock were outstanding.

Class B Common Stock

The Company has 90.0 million shares of Class B common stock authorized. Holders of the Company's Class B common stock will vote together as a single class with holders of the Company's Class A common stock on all matters properly submitted to a vote of the stockholders. Shares of Class B common 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 common stock to any transferee (other than the Company) only if such holder also simultaneously transfers an equal number of such holder's Class B Units to such transferee. The Class B common 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 June 30, 2025, 0.2 million shares of Class B common 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. 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 June 30, 2025, there were no shares of preferred stock outstanding.

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 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 Class A common stock; (ii) the Class B common 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. See 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.

Unless the Board determines to effect an exchange (as discussed below), each Right will become exercisable on the "Distribution Time," which is the earlier to occur of (i) the tenth day following a public announcement, or the public disclosure of facts indicating, that a Person has become an Acquiring Person or (ii) the tenth business day (or such later date as may be determined by action of the Board prior to such time as any Person becomes an Acquiring Person) following the commencement of a tender offer or exchange offer the consummation of which would result in a Person becoming an Acquiring Person. After the Distribution Time, any Rights held by an Acquiring Person will be void and will not be exercisable. As a result, any Acquiring Person will be subject to significant dilution upon the occurrence of the Distribution Time. At any time after a Person becomes an Acquiring Person, but before such Acquiring Person holds more than 50% of the common stock, the Board, in its sole discretion, may instead extinguish the Rights by exchanging one share of Class A common stock for each Right, other than Rights held by the Acquiring Person.

The Rights will 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. At any time prior to the expiration of the NOL Rights Plan, the Company may redeem the Rights in whole, but not in part, at a price of $0.0001 per Right (subject to adjustment and payable in cash, Class A common stock or other consideration deemed appropriate by the Board). Immediately upon the action of the Board authorizing any redemption or at a later time as the Board may establish for the effectiveness of the redemption, the Rights will terminate and the only right of the holders of Rights will be to receive the redemption price.

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 are not being accounted for as a long-term obligation. Accordingly, unless the Rights become exercisable upon the occurrence of the Distribution Time as discussed above, the NOL Rights Plan and the Rights issued thereunder have no impact on the Company's unaudited consolidated financial statements.

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

NOL Protective Charter Amendment

Concurrently with the adoption of NOL Rights Plan, on June 27, 2024, 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 will be void as of the date it is attempted. Upon the Company's written demand, the purported acquiring stockholder must transfer the excess acquired common stock to the Company's transfer agent (along with any dividends or other distributions paid with respect to such excess acquired common stock). The Company's transfer agent is then required to sell such excess acquired common stock in an arm's-length transaction (or series of transactions) that would not constitute a violation under the NOL Protective Charter Amendment. The net proceeds of the sale together with any other distributions with respect to such excess acquired common stock received by the Company's transfer agent, after deduction of all costs incurred by the transfer agent, will be transferred first to the purported transferee in an amount, if any, up to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess securities on the date of the prohibited transfer) incurred by the purported transferee to acquire such excess securities, and the balance of the proceeds, if any, will be transferred to a charitable beneficiary. Further, the Company may hold any stockholder liable, to the fullest extent of the law, for any intentional violation of 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.

Warrants

The Company issued warrants in connection with various financing transactions and agreements. The Company had the following warrants outstanding at June 30, 2025, and December 31, 2024 (in thousands):

	June 30, 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 June 30, 2025:

	Warrant Share Equivalents (000's)	Exercise Price [(a)]	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

(a) 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 Class A 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 Class A 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 Class A common stock outstanding immediately after giving effect to such exercise.

Noncontrolling Interest

Noncontrolling interest ("NCI") is the membership interest in Purple LLC held by holders other than the Company. At June 30, 2025, and December 31, 2024, the combined NCI percentage in Purple LLC was 0.15%. 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. Income Taxes

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 are 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 income tax burden on the earnings taxed to the noncontrolling interest holders is not reported by the Company in its consolidated financial statements under GAAP.

The Company reported $0.1 million in various state tax expenses on a pretax loss of $36.4 million for the six months ended June 30, 2025, as compared to various state taxes of $0.1 million on a pretax loss of $50.2 million for the six months ended June 30, 2024. This resulted in an effective tax rate of (0.26%) for the six months ended June 30, 2025, as compared to (0.22%) for the six months ended June 30, 2024. The Company's effective tax rate for the six months ended June 30, 2025, differs from the statutory federal rate of 21% primarily due to the impact of the full valuation allowance recorded against the Company's deferred tax assets at June 30, 2025.

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 tax receivable agreement 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 Class A common stock at the time of the relevant redemption or exchange.

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 sheet. As of June 30, 2025, the Company had unrecognized tax benefits of $1.1 million.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. We are currently assessing its impact on our consolidated financial statements.

17. Net Loss Per Common Share

Basic net income (loss) per common share is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of Class A common stock outstanding during each period. Diluted net income (loss) per share reflects the weighted-average number of common shares outstanding during the period used in the basic net income (loss) computation plus the effect of common stock equivalents that are dilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss) attributable to Purple Innovation, Inc. – basic	$ (17,345)	$ 27	$ (36,482)	$ (50,190)
Less – net loss attributed to noncontrolling interest	—	(36)	—	—
Net income (loss) attributable to Purple Innovation, Inc. – diluted	$ (17,345)	$ (9)	$ (36,482)	$ (50,190)
Denominator:				
Weighted average shares—basic	108,230	107,489	107,915	106,755
Add – dilutive effect of Class B common stock	—	205	—	—
Add – dilutive effect of equity securities	—	85	—	—
Weighted average shares—diluted	108,230	107,779	107,915	106,755
Net loss per common share:				
Basic	$ (0.16)	$ 0.00	$ (0.34)	$ (0.47)
Diluted	$ (0.16)	$ (0.00)	$ (0.34)	$ (0.47)

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 common 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Warrants	40,787	20,000	40,787	20,000
Restricted stock units	3,188	2,128	3,188	4,270
Stock options	500	554	500	554
Class B common stock	165	—	165	205

18. Equity Compensation Plans

2017 Equity Incentive Plan

The Purple Innovation, Inc. 2017 Equity Incentive Plan (the "2017 Plan") provides for grants of stock options, stock appreciation rights, restricted stock units and other stock-based awards. Directors, officers and other employees, as well as others performing consulting or advisory services for the Company and its subsidiaries, are eligible for grants under the 2017 Plan. As of June 30, 2025, an aggregate of 1.8 million shares remain available for issuance or use under the 2017 Plan.

Employee Stock Options

The following table summarizes the Company's total stock option activity for the six months ended June 30, 2025:

	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value (in thousands)
Options outstanding as of January 1, 2025	529	$ 7.17	2.2	$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(29)	13.12	—	—
Options outstanding as of June 30, 2025	500	$ 6.82	1.8	$ —

Outstanding and exercisable stock options as of June 30, 2025, are as follows:

	Options Outstanding		Options Exercisable		
Exercise Prices	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)
$ 6.82	500	1.8	500	1.8	$ —

The estimated fair value of Company stock options is amortized over the options vesting period on a straight-line basis. Stock option expense was de minimis for the three and six months ended June 30, 2025, and 2024.

As of June 30, 2025, all outstanding stock options have been expensed and there is no remaining amount of unrecognized stock compensation cost. There were no stock options that vested during the six months ended June 30, 2025.

Employee Restricted Stock Units

During the six months ended June 30, 2025, the Company granted 1.2 million restricted stock units under the 2017 Plan to certain members of the Company's management team. The restricted stock awards had a grant date fair value of $0.8 million or $0.66 per share. The estimated fair value of these awards is recognized on a straight-line basis over the vesting period.

The following table summarizes the Company's restricted stock unit activity for the six months ended June 30, 2025:

	Number Outstanding (in thousands)	Weighted Average Grant Date Fair Value
Nonvested restricted stock units as of January 1, 2025	3,808	$ 1.91
Granted	1,150	0.66
Vested	(919)	2.22
Forfeited	(851)	2.33
Nonvested restricted stock units as of June 30, 2025	3,188	$ 1.26

The Company recorded restricted stock unit expense of $0.4 million and $0.8 million during the three and six months ended June 30, 2025, respectively, and $0.8 million and $1.3 million during the three and six months ended June 30, 2024, respectively.

For restricted stock units outstanding as of June 30, 2025, there were $2.3 million of total unrecognized stock compensation costs with a remaining recognition period of 1.6 years.

Aggregate Non-Cash Stock-Based 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 following table summarizes the aggregate non-cash stock-based compensation recognized in the statement of operations for stock awards, employee stock options and employee restricted stock units (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Cost of revenues	$ 100	$ 103	$ 203	$ 190
Marketing and sales	66	128	(109)	224
General and administrative	246	514	608	755
Research and development	65	80	143	148
Total non-cash stock-based compensation	$ 477	$ 825	$ 845	$ 1,317

19. Employee Retirement Plan

In July 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's matching contribution expense was $0.7 million and $1.9 million for the three and six months ended June 30, 2025, respectively, and $1.0 million and $2.1 million for the three and six months ended June 30, 2024, respectively.

20. 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues, net	$ 105,100	$ 120,271	$ 209,271	$ 240,304
Reductions (additions):				
Cost of revenues	67,340	71,331	129,547	149,644
Cost of revenues – restructuring related charges	77	—	995	—
Advertising expense	7,672	15,823	22,274	28,729
Marketing sales expense	6,481	8,001	13,666	17,994
Wholesale marketing and sales expense	4,980	4,716	9,304	10,879
Showrooms marketing and sales expense	11,483	12,837	21,998	25,237
General and administrative expense	14,991	18,117	29,478	37,845
Research and development expense	2,178	3,986	4,630	7,652
Restructuring, impairment and other related charges	4,137	—	6,097	—
Other segment items, net [(d)]	3,078	(14,585)	7,724	12,488
Income tax expense	54	54	95	113
Net loss attributable to noncontrolling interest	(26)	(36)	(55)	(87)
Net reductions	122,445	120,244	245,753	290,494
Segment net loss	$ (17,345)	$ 27	$ (36,482)	$ (50,190)

(d) 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 the three and six months ended June 30, 2025, and 2024 sales of other products accounted for approximately 3.0% of net revenues.

The Company defines international revenues as sales to customers located outside of the United States. In the three and six months ended June 30, 2025, and 2024 international customers accounted for less than 1.0% of net revenues.

The Company had one individual customer that accounted for approximately 19.3% and 29.4% of accounts receivable at June 30, 2025 and December 31, 2024, respectively, and approximately 14.8% and 13.4% of net revenue during the three and six months ended June 30, 2025, respectively, and approximately 14.9% and 14.3% of net revenue during the three and six months ended June 30, 2024, 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to provide a review of the operating results and financial condition of Purple Innovation, Inc. The discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in "Part I. Item 1. Financial Statements." Capitalized terms used in this "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and not otherwise defined shall have the meanings set forth in "Part I. Item. 1 Financial Statements."

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (this "Quarterly Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended ("the "Exchange Act"), that represent our current expectations and beliefs. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws. In some cases, you can identify these statements by forward-looking words such as "believe," "expect," "project," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," "may," "might," the negative of these words and other similar words.

All forward-looking statements included in this Quarterly 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. 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.

We caution and advise readers that these statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict, including those included in the "Risk Factors" section of this Quarterly Report and in our Annual Report on Form 10-K filed with the SEC on March 14, 2025 and our Quarterly Report on Form 10-Q filed with the SEC on May 6, 2025. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements and investors are cautioned not to place undue reliance on any such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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 June 30, 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

Our second quarter 2025 revenue decreased compared to last year due to the impact of longer delivery times of Rejuvenate 2.0, softness in e-commerce and 2024 reductions in Wholesale door count. Gross profits were down due mainly to increased tariffs, costs related to our manufacturing facility consolidation and ramp-up costs relating to the Rejuvenate 2.0 launch, partially offset by continued improvement in lowering material costs as we realize the benefits from ongoing sourcing initiatives. Operating expenses continue to decline as we have improved advertising 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, 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. We expect that this increased retail presence in Mattress Firm stores will generate approximately $70 million in annualized incremental net revenue beginning in 2026. This rollout is well underway and we expect to be in their full store network during the third quarter 2025. In partnership with Mattress Firm, we are developing an exclusive Luxe product for Mattress Firm, scheduled to launch early next year, which will increase our total slot count to the contractual minimum. Also on May 2, 2025, we entered into the Sherwood Agreement 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 we sell to Mattress Firm.

The new Rejuvenate 2.0 collection launched in the second quarter 2025 and is now available across all of our showroom locations. Since the launch, we've sold over 1,300 Rejuvenate 2.0 units through our direct channels with approximately 80% of those sales coming through our showrooms. This is more than twice the number of units sold as our Rejuvenate 1.0 in the prior year through our direct channels. Slot commitments across wholesale have also been strong, with an increase in non-Mattress Firm slots of over 60%. Demand from consumers and partners has temporarily outpaced our ability to fulfill orders on a timely basis. While Showroom revenue in the second quarter 2025 reflects the Rejuvenate 2.0 demand being primarily shipped in the third quarter 2025, underlying sales orders in the second quarter 2025 for Showrooms open for more than a year showed 5.5% growth as compared to the second quarter last year. Wholesale revenue would have been reported slightly higher in the second quarter 2025 if the Rejuvenate 2.0 orders had been timely fulfilled during the second quarter 2025.

Restructuring Activities

In August 2024, we initiated the Restructuring Plan to strategically realign our operational focus to achieve efficiencies in our operations that are expected to improve profitability and provide for reinvesting in technology and marketing initiatives. The Restructuring Plan includes 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. During the three months ended June 30, 2025, we recognized $4.2 million in costs relating to the Restructuring Plan, which included $2.9 million of impairment on leases and leasehold improvements, $0.6 million of moving and transition related costs, $0.2 million related to disposal of equipment in progress that will not be put in service, $0.2 million in employee related costs, and $0.2 million in accelerated depreciation. We expect to record additional restructuring and other related charges in the amount of $0.9 million in the third quarter of 2025. These charges include certain estimates that are provisional and include management judgments and assumptions that could change materially as we complete the execution of our plans. Actual results may differ from these estimates, and the completion of our plan could result in additional restructuring, impairment or other related charges not reflected.

In addition, we continue to implement additional cost savings measures in 2025 beyond those implemented pursuant to our 2024 Restructuring Plan.

Debt Financings

On March 12, 2025, Purple LLC, Purple Inc. and Intellibed (collectively, the "Loan Parties"), entered into an Amendment to the Amended and Restated Credit Agreement (the "2025 Amendment") with Coliseum Capital Partners ("CCP") and Blackwell Partners LLC – Series A ("Blackwell") (collectively the "2025 Lenders"), which amends the Amended and Restated Credit Agreement. The 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 (collectively, 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 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, warrants (the "2025 Warrants") to purchase 6.2 million shares of our Class A common stock at a price of $1.50 per share, subject to certain adjustments (see Note 11 – *Warrant Liabilities*). These 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 a Second Amendment to the Amended and Restated Credit Agreement (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 (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 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 $150,000, 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 Class A 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.

Warrants

In connection with the 2025 Amendment, we issued to the 2025 Lenders the 2025 Warrants to purchase 6.2 million shares of our Class A common stock. Each 2025 Warrant entitles the registered holder to purchase one share of our Class A 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 Class A common stock. Each 2025 Additional Warrant entitles the registered holder to purchase one share of our Class A 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, warrants to purchase 8.0 million shares of our Class A common stock at a strike price of $1.50 per share (the "SGI Warrants"). 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 Class A 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 the three and six months ended June 30, 2025, we incurred a gain of $4.4 million due to the decrease in the fair value of the warrants outstanding at June 30, 2025.

Registration Rights Agreements

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 Class A 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 Class A 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 Class A 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 of Directors ("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. While future changes in tariffs are difficult to predict, we currently estimate the total cost exposure in 2025 to be less than our previous $10 million estimate, due to a combination of our mitigation efforts and changes to the underlying tariff rates. We have begun shifting sourcing outside of China, and in July, we implemented price increases on select product, 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 $15.2 million, or 12.6%, to $105.1 million for the three months ended June 30, 2025, compared to $120.3 million for the three months ended June 30, 2024. The drop in revenue was primarily driven by the impact of longer delivery times of Rejuvenate 2.0, reductions in Wholesale door count in 2024 and softness in e-commerce. From a sales channel perspective, e-commerce net revenues decreased $5.6 million, or 11.5%, showrooms net revenue decreased $2.4 million or 13.3% and wholesale net revenues decreased $7.2 million, or 13.4%.

Gross profit decreased $11.2 million, or 23.0%, to $37.7 million for the three months ended June 30, 2025, compared to $48.9 million for the three months ended June 30, 2024. Our gross profit percentage decreased to 35.9% of net revenues in the second quarter of 2025 from 40.7% in the second quarter of 2024. The decrease in gross profit is due mainly to increased tariffs, costs related to the ramp-up of both the Mattress Firm roll-out and Rejuvenate 2.0 launch, partially offset by continued improvement in lowering material costs as we realize the benefits from ongoing sourcing initiatives. We believe that the lower gross profit percentage in the second quarter 2025 is not indicative of future trends. With mitigation plans underway to reduce the impact of tariffs, improvements in manufacturing efficiencies and continued direct material cost savings, we believe that we will exit 2025 with a gross profit over 40.0%. However, the evolving tariff landscape and continued softness in demand may adversely affect our gross profit.

Operating expenses decreased $11.6 million, or 18.2% to $51.9 million for the three months ended June 30, 2025, compared to $63.5 million for the three months ended June 30, 2024. This decrease was driven by a $8.2 million reduction in advertising spend, $4.7 million decrease in employee related expenses, $2.2 million decrease in research and development project write-offs and $0.7 million decrease in all other operating expenses, partially offset by an increase of $4.2 million in restructuring related costs. These decreases are the result of restructuring efforts, the in-sourcing of certain functions in marketing and finance and other cost reduction efforts.

Other income (expense), net decreased $17.7 million, or 121.1% to other income (expense), net of $(3.1) million for the three months ended June 30, 2025, compared to other income (expense), net of $14.6 million for the three months ended June 30, 2024. The other income (expense), net in the second quarter of 2025 consists of interest expense of $7.5 million, partially offset by a $4.4 million gain on the change in fair value of warrants. The other income (expense), net in the second quarter of 2024 consists of $18.7 million gain on the change in fair value of warrants and all other income, net of $0.1 million, partially offset by $4.2 million in interest expense.

Net loss attributable to Purple Inc. was $17.3 million for the three months ended June 30, 2025 compared to a break even position attributable to Purple Inc. for the three months ended June 30, 2024. The $17.3 million increase in net loss was primarily due to lower sales, decreased gross profit and the change in fair value of warrant liabilities, partially offset by reduced operating expenses as we are realizing the benefits from our Restructuring Plan, supply chain initiatives, operational efficiency improvements and other cost reduction efforts.

Outlook for Growth

We believe we are well positioned to grow our business in this challenging market given our new grid innovation, evolved messaging strategy, the Restructuring Plan and other cost saving initiatives. We believe we are entering the second half with significant momentum that we believe will continue building through the end of the year, with third quarter to date revenues up in the mid-single digits percentage range versus the same period last year. We are seeing validation of our brand and innovation strategy through the success of Rejuvenate 2.0, which has sold more than twice as many units as our Rejuvenate 1.0 in the prior year through our direct channels, the growing momentum behind our Mattress Firm expansion, which is rolling out across the country, the deepening partnership with Costco as we prepare to launch in 450 clubs for their year-end furniture show and the strong interest from other traditional and non-traditional partners. Our Path to Premium Sleep strategy remains focused on the following three key initiatives to drive sustainable and profitable market share:

- ***Pioneer new technologies to maintain our competitive advantage.*** Our strategy focuses on offering a differentiated product that we believe provides unique benefits and higher customer satisfaction, all fueled by our proprietary flexible gel technology. Advancements and innovation in our grid technology have led to a new grid technology marking a significant advancement in our product lineup. Our new DreamLayer grid, stacked with our original grid, creates a unique combination that further differentiates us in the market while driving superior comfort and support for an even more premium sleep experience. This advancement resulted in a refresh of our current Rejuvenate line. The new Rejuvenate 2.0 collection launched in the second quarter 2025 and we believe that we are seeing validation of our brand and innovation strategy through the initial success of Rejuvenate 2.0 as it is outperforming expectations across both our direct and wholesale channels. We believe this favorable mix shift will be a key margin driver moving forward. In addition, we have significantly expanded our distribution of pillows by launching our renowned DreamLayer and Freeform pillows into our wholesale channel. In the second quarter 2025, we also introduced our new Grid Cloud pillow, designed to bring the benefits of our grid technology to a broader audience.

- ***Promote our product differentiation to drive sales.*** We started as a brand built on differentiation. In recent years, the category has relied extensively on discount messaging to attract customers, with less focus on product benefits. As part of our evolved messaging strategy, our efforts are focused on reinforcing the strength of our brand, clearly communicating the “Less Pain, Better Sleep” benefits of our technology and supporting premium positioning across all channels. We intend to effectively articulate the unique qualities of sleeping on our gel grid layer and optimize our messaging to drive engagement, education and conversion. In our selling channels, we believe refocusing our messaging will drive more and better-quality traffic while improving conversion both online and in stores, and increase our share of retailer sales in our wholesale channel.

- ***Prioritize gross profit improvements.*** We believe continued gross margin gains to come from driving cost savings through plant consolidation efficiency gains, supplier diversification efforts, and improved scrap and yield results from continuous improvements efforts. We are also ramping up in-house pillow production, changing vendors for key mattress components and improving our delivery program to drive cost improvements and better deliveries. We believe our sourcing, manufacturing and consolidation efforts are delivering meaningful structural improvements and positioning us for sustained gross profit expansion.

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 in the “Risk Factors” section of this Quarterly Report and in our Annual Report on Form 10-K filed with the SEC on March 14, 2025 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.

Operating Results for the Three Months Ended June 30, 2025, and 2024

The following table sets forth for the periods indicated, our results of operations and the percentage of total revenue represented in our unaudited condensed consolidated statements of operations (dollars in thousands):

	Three Months Ended June 30,			
	2025	% of Net Revenues	2024	% of Net Revenues
Revenues, net	$ 105,100	100.0%	$ 120,271	100.0%
Cost of revenues:				
Cost of revenues	67,340	64.1	71,331	59.3
Cost of revenues - restructuring related charges	77	0.07	—	—
Total cost of revenues	67,417	64.1	71,331	59.3
Gross profit	37,683	35.9	48,940	40.7
Operating expenses:				
Marketing and sales	30,616	29.1	41,377	34.4
General and administrative	14,991	14.3	18,117	15.1
Research and development	2,178	2.1	3,986	3.3
Restructuring, impairment and other related charges	4,137	3.9	—	—
Total operating expenses	51,922	49.4	63,480	52.8
Operating loss	(14,239)	(13.5)	(14,540)	(12.1)
Other income (expense):				
Interest expense	(7,457)	(7.1)	(4,161)	(3.5)
Other income, net	1	0.0	53	—
Loss on extinguishment of debt	—	—	—	—
Change in fair value – warrant liabilities	4,378	4.2	18,693	15.5
Total other income (expense), net	(3,078)	(2.9)	14,585	12.1
Net loss before income taxes	(17,317)	(16.5)	45	—
Income tax expense	(54)	—	(54)	—
Net loss	(17,371)	(16.5)	(9)	—
Net loss attributable to noncontrolling interest	(26)	—	(36)	—
Net income (loss) attributable to Purple Innovation, Inc.	$ (17,345)	(16.5)	$ 27	—

Revenues, Net

Net revenues decreased $15.2 million, or 12.6%, to $105.1 million for the three months ended June 30, 2025, compared to $120.3 million for the three months ended June 30, 2024. This decrease was primarily driven by the impact of longer delivery times of Rejuvenate 2.0, reductions in Wholesale door count in 2024 and softness in e-commerce. From a sales channel perspective, e-commerce net revenues decreased $5.6 million, or 11.5%, showrooms net revenues decreased by $2.4 million, or 13.3%, and wholesale net revenues decreased $7.2 million, or 13.4%.

Total Cost of Revenues

Total cost of revenues decreased $3.9 million, or 5.5%, to $67.4 million for the three months ended June 30, 2025, compared to $71.3 million for the three months ended June 30, 2024. This decrease was due primarily to reduced sales volumes and lower material costs attributable to supply chain initiatives, partially offset by increased costs due to tariffs, costs related to our manufacturing facility consolidation and ramp-up costs relating to the Rejuvenate 2.0 launch. Our gross profit percentage decreased to 35.9% of net revenues in the second quarter of 2025 from 40.7% in the second quarter of 2024, due mainly to increased tariffs, costs related to the ramp-up of both the Mattress Firm roll-out and Rejuvenate 2.0 launch, partially offset by continued improvement in lowering material costs as we realize the benefits from ongoing sourcing initiatives. During the three months ended June 30, 2025, we incurred $0.1 million in cost of revenues associated with the Restructuring Plan.

Marketing and Sales

Marketing and sales expense decreased $10.8 million, or 26.0%, to $30.6 million for the three months ended June 30, 2025, compared to $41.4 million for the three months ended June 30, 2024. This decrease primarily consisted of $8.2 million in reduced advertising spend, and a $2.7 million decrease in employee related costs due to headcount reductions, partially offset by a $0.1 million increase in all other marketing and sales expense.

General and Administrative

General and administrative expense decreased $3.1 million, or 17.3%, to $15.0 million for the three months ended June 30, 2025, compared to $18.1 million for the three months ended June 30, 2024. This decrease was due to a $1.7 million decrease in employee related costs from headcount reductions, a $0.7 million reduction in professional services mainly from certain consulting services that have been discontinued, and $0.8 million reductions in all other general and administrative expenses.

Research and Development

Research and development expense decreased $1.8 million, or 45.4%, to $2.2 million for the three months ended June 30, 2025, compared to $4.0 million for the three months ended June 30, 2024. The decrease is due to the loss incurred in 2024 on the write-off of a certain project in 2024, lower employee related costs, and other product development costs.

Restructuring, Impairment and Other Related Charges

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 $4.1 million of restructuring and impairment charges recorded in operating expense during the second quarter of 2025 included $2.9 million of impairment related to leases and leasehold improvements, $0.6 million of moving and transition related costs, $0.2 million related to disposal of equipment in progress that will not be put in service, $0.2 million in employee related costs, and $0.2 million in accelerated depreciation. We expect to record additional restructuring and other related charges in the amount of $0.9 million in the third quarter of 2025.

These charges include certain estimates that are provisional and include management judgments and assumptions that could change materially as we complete the execution of our plans. Actual results may differ from these estimates, and the completion of our plan could result in additional restructuring, impairment or other related charges not reflected.

Operating Loss

Operating loss decreased $0.3 million, or 2.1%, to $14.2 million, for the three months ended June 30, 2025, compared to $14.5 million for the three months ended June 30, 2024. This decrease in our operating loss is the result of improved advertising efficiency, the benefits realized through our Restructuring Plan, supply chain initiatives, and other cost reduction efforts throughout the Company, partially offset by increased costs due to tariffs and ramp up costs tied to our manufacturing facility consolidation and the Rejuvenate 2.0 launch.

Interest Expense

Interest expense totaled $7.5 million for the three months ended June 30, 2025, compared to $4.2 million for the three months ended June 30, 2024. This increase was primarily due to additional interest incurred on a higher principal balance on the Related Party Loan as the Company elected the paid-in-kind option on monthly interest over the past 12 months and increased the loan funding by $39.0 million.

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 the three months ended June 30, 2025, we recognized a $4.4 million gain related to the decrease in fair value of the warrant liabilities as of June 30, 2025, as compared with the previous measurement date. The decrease is due mainly to the change in the probability and timing of a fundamental transaction. For the three months ended June 30, 2024, we recognized a $ 18.7 million gain related to the decrease in the fair value of the warrants from the January 2024 issuance date.

Income Tax (Expense) Benefit

We had a $0.1 million income tax expense for the three months ended June 30, 2025, compared to $0.1 million income tax expense for the three months ended June 30, 2024. The income tax expense amounts in both the second quarter of 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. Net loss attributed to noncontrolling interests was negligible for the three months ended June 30, 2025, and 2024.

Operating Results for the Six Months Ended June 30, 2025, and 2024

The following table sets forth for the periods indicated, our results of operations and the percentage of total revenue represented in our unaudited condensed consolidated statements of operations (dollars in thousands):

	Six Months Ended June 30,			
	2025	% of Net Revenues	2024	% of Net Revenues
Revenues, net	$ 209,271	100.0%	$ 240,304	100.0%
Cost of revenues:				
Cost of revenues	129,547	61.9	149,644	62.3
Cost of revenues - restructuring related charges	995	0.5	—	—
Total cost of revenues	130,542	62.4	149,644	62.3
Gross profit	78,729	37.6	90,660	37.7
Operating expenses:				
Marketing and sales	67,242	32.1	82,839	34.5
General and administrative	29,478	14.1	37,845	15.7
Research and development	4,630	2.2	7,652	3.2
Restructuring, impairment and other related charges	6,097	2.9	—	—
Total operating expenses	107,447	51.3	128,336	53.4
Operating loss	(28,718)	(13.7)	(37,676)	(15.7)
Other income (expense):				
Interest expense	(12,221)	(5.8)	(8,635)	(3.6)
Other income, net	70	—	4,447	1.9
Loss on extinguishment of debt	—	—	(3,394)	(1.4)
Change in fair value – warrant liabilities	4,427	2.1	(4,906)	(2.0)
Total other income (expense), net	(7,724)	(3.7)	(12,488)	(5.2)
Net loss before income taxes	(36,442)	(17.4)	(50,164)	(20.9)
Income tax expense	(95)	—	(113)	—
Net loss	(36,537)	(17.4)	(50,277)	(20.9)
Net loss attributable to noncontrolling interest	(55)	—	(87)	—
Net loss attributable to Purple Innovation, Inc.	$ (36,482)	(17.4)	$ (50,190)	(20.9)

Revenues, Net

Net revenues decreased $31.0 million, or 12.9%, to $209.3 million for the six months ended June 30, 2025, compared to $240.3 million for the six months ended June 30, 2024. This decrease was primarily driven by the industry-wide demand softness for home-related products in the first quarter 2025, the impact of longer delivery times of Rejuvenate 2.0, reductions in Wholesale door count in 2024 and softness in e-commerce. From a sales channel perspective, e-commerce net revenues decreased $9.6 million, or 9.8%, showrooms net revenues decreased $1.2 million, or 3.4%, and wholesale net revenues decreased $20.2 million, or 18.8%.

Total Cost of Revenues

Total cost of revenues decreased $19.1 million, or 12.8%, to $130.5 million for the six months ended June 30, 2025, compared to $149.6 million for the six months ended June 30, 2024. This decrease was due primarily to reduced sales volumes coupled with lower material costs that were largely attributable to supply chain initiatives implemented over the last 12 months, partially offset by increased costs due to tariffs and costs related to the ramp-up of both the Mattress Firm roll-out and Rejuvenate 2.0 launch. Our gross profit percentage decreased slightly to 37.6% of net revenues for the first six months of 2025 from 37.7% in the first six months of 2024 due primarily to lower material costs partially offset by increased costs due to tariffs, costs related to the ramp-up of both the Mattress Firm roll-out and Rejuvenate 2.0 launch.

Marketing and Sales

Marketing and sales expense decreased $15.6 million, or 18.8%, to $67.2 million for the six months ended June 30, 2025, compared to $82.8 million for the six months ended June 30, 2024. This decrease was due mainly to reduced advertising spend of $6.5 million, a $4.9 million decrease in employee related costs due to headcount reductions, a $2.5 million reduction in professional services and a $1.7 million reduction in all other marketing expenses.

General and Administrative

General and administrative expense decreased $8.4 million, or 22.1%, to $29.5 million for the six months ended June 30, 2025, compared to $37.8 million for the six months ended June 30, 2024. This decrease was primarily due to a $4.0 million decrease in employee related expenses due to headcount reductions, a $3.2 million reduction in professional services mainly from certain consulting services that have been discontinued and a $1.1 million reduction in all other expenses.

Research and Development

Research and development expense decreased $3.0 million, or 39.5%, to $4.6 million for the six months ended June 30, 2025, compared to $7.7 million for the six months ended June 30, 2024. This decrease is due to the loss incurred in 2024 on the write off of a certain project in 2024 and lower employee related costs and other product development costs.

Restructuring, Impairment and Other Related Charges

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 $6.1 million of restructuring and impairment charges recorded in operating expense during the first six months of 2025 included $2.9 million of impairment related to leases and leasehold improvements, $1.8 million of moving and transition related costs, $0.9 million related to disposal of equipment in progress that will not be put in service, $0.4 million in employee related costs and $0.1 million in accelerated depreciation. We expect to record additional restructuring and other related charges in the amount of $0.9 million in the third quarter of 2025.

These charges include certain estimates that are provisional and include management judgments and assumptions that could change materially as we complete the execution of our plans. Actual results may differ from these estimates, and the completion of our plan could result in additional restructuring, impairment or other related charges not reflected.

Operating Loss

Operating loss decreased $9.1 million, or 23.8%, to $28.7 million, for the six months ended June 30, 2025, compared to $37.8 million for the six months ended June 30, 2024. This decrease in our operating loss is the result of the benefits realized through improved advertising efficiency, the benefits realized through 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 $12.2 million for the six months ended June 30, 2025, compared to $8.6 million for the six months ended June 30, 2024. This increase was primarily due to additional interest incurred on a higher principal balance on the Related Party Loan as the Company elected the paid-in-kind option on monthly interest over the past 12 months and increased the loan funding by $39.0 million.

Loss on Extinguishment of Debt

In January 2024, we entered into the Amended and Restated Credit Agreement that terminated and paid off our 2023 credit agreements. This termination was accounted for as an extinguishment of debt and $3.4 million of unamortized debt issuance costs relating to the 2023 credit agreements were recorded as loss on extinguishment of debt in the first quarter of 2024.

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 the six months ended June 30, 2025, we recognized a $4.4 million gain related to the decrease in fair value of the warrant liabilities. The decrease is due mainly to the change in the probability and timing of a fundamental transaction. For the six months ended June 30, 2024, we recognized a $4.9 million loss related to the increase in the fair value of the warrants from the January 2024 issuance.

Income Tax (Expense) Benefit

We had a $0.1 million income tax expense for the six months ended June 30, 2025, compared to $0.1 million income tax expense for the six months ended June 30, 2024. The income tax expense amounts in the six months ended June 30, 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. Net loss attributed to noncontrolling interests was $0.1 million for the six months ended June 30, 2025, and $0.1 million for the six months ended June 30, 2024.

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 and operating lease payment obligations. In accordance with the terms of our various 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 $34.2 million and $41.5 million, respectively, as of June 30, 2025, compared to $29.0 million and $25.4 million, respectively, as of December 31, 2024. Cash used for capital expenditures totaled $5.1 million and $5.3 million for the six months ended June 30, 2025, and 2024, respectively. Our capital expenditures in the first half of 2025 have primarily consisted of additional investments made in our manufacturing operations. Additional details about our loan agreements 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 our preparation of our unaudited condensed consolidated financial statements for the three and six months ended June 30, 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 $34.2 million and an accumulated deficit of $610.3 million at June 30, 2025, a net loss of $36.5 million and net cash used in operating and investing activities of $32.2 million for the six months ended June 30, 2025. We entered into the 2025 Amendment and the Second 2025 Amendment, pursuant to which we received an aggregate of $39.0 million in additional term loan proceeds from the 2025 Lenders.

We have also taken a number of other actions to increase cash flow. In August 2024, we implemented the Restructuring Plan to consolidate manufacturing operations to create efficiencies and cost savings. We have realized and plan to continue to realize direct material cost savings through supply chain initiatives and supplier diversification efforts. We have taken additional cost-saving initiatives in the first half of 2025 to maintain liquidity to support our operations and strategies. Additionally, we entered into an agreement with Mattress Firm, a business unit of SGI to expand its inventory of our products across SGI's national store network from approximately 5,000 mattress slots to a minimum of 12,000 mattress slots.

Accordingly, we concluded that we will have sufficient liquidity to fund our operations for at least one year from the date of this Quarterly Report on Form 10-Q.

Although we currently expect our sources of capital to be sufficient to meet our near-term liquidity needs, there can be no assurance that such sources will be sufficient to satisfy our liquidity requirements in the future, including the related party loan due December 31, 2026 (see Note 10 — *Debt*). If we cannot generate or obtain needed funds, we might be forced to make substantial reductions in our operating and capital expenses or pursue restructuring plans, which could adversely affect our business operations and ability to execute our current business strategy.

Other Contractual Obligations

Other material contractual obligations primarily include operating lease payment obligations. See Note 8 - *Leases* of the unaudited condensed consolidated financial statements for additional information on leases.

Cash Flows for the Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2024

The following summarizes our cash flows for the six months ended June 30, 2025, and 2024 as reported in our unaudited condensed consolidated statements of cash flows (in thousands):

	Six Months Ended June 30,	
	2025	**2024**
Net cash used in operating activities	$ (27,062)	$ (25,730)
Net cash used in investing activities	(5,144)	(5,253)
Net cash provided by financing activities	37,443	27,534
Net increase (decrease) in cash	5,237	(3,449)
Cash, beginning of the period	29,011	26,857
Cash, end of the period	$ 34,248	$ 23,408

Cash used in operating activities was $27.1 million and $25.7 million for the six months ended June 30, 2025, and 2024, respectively. Significant components of the $1.4 million year-over-year increase in in cash used in operating activities included a $7.6 million increase in cash used from the changes in operating assets and liabilities and $7.5 million increase in cash used due to a decrease in the net noncash adjustments, partially offset by a $13.7 million decrease in net loss.

Cash used in investing activities reflected net capital expenditures of $5.1 million and $5.3 million for the six months ended June 30, 2025, and 2024, respectively. Capital expenditures in the first six months of 2025 primarily consisted of additional investments made in our manufacturing operations.

Cash provided by financing activities was $37.4 million during the six months ended June 30, 2025, compared to $27.5 million during the six months ended June 30, 2024. Financing activities during the first six months of 2025 included $39.0 million of proceeds from the additional financing offset in part by $1.6 million in payments for debt issuance costs. Financing activities during the first six months of 2024 included $61.0 million of proceeds received from the Related Party Loan under the Amended and Restated Credit Agreement, offset in part by a $25.0 million payment to pay off the term loans from the 2023 credit agreement, a $5.0 million payment to pay off the ABL Loans from the 2023 credit agreement, and payments of $3.5 million for debt issuance costs associated with entering into the Amended and Restated Credit Agreement.

Critical Accounting Estimates

We discuss our critical accounting policies and estimates in *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2024 Annual Report on Form 10-K filed with the SEC on March 14, 2025. There have been no significant changes in our critical accounting policies since the end of fiscal 2024.

Available Information

Our website address is www.purple.com. We make available free of charge on the Investor Relations portion of our website, investors.purple.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The inclusion of our website address in this report does not include or incorporate by reference into this report any information on our website.

We also use the Investor Relations portion of our website, investors.purple.com, as a channel of distribution of additional Company 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on the 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 proceeds we received from the Related Party Loan entered into in January 2024 and amended by the 2025 Amendment and the Second 2025 Amendment, bears interest at a variable rate which exposes us to market risks relating to changes in interest rates. As of June 30, 2025, we had $117.1 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 $1.2 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 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO" and together with the CEO, the "Certifying Officers"), 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 June 30, 2025, at the reasonable assurance level.

(b) Changes in Internal Controls Over Financial Reporting.

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. Please refer to Note 13 — *Commitments and Contingencies* to the unaudited condensed consolidated financial statements contained in this report for certain information regarding our legal proceedings.

ITEM 1A. RISK FACTORS

Except as described below, there have been no material changes from the risk factors previously disclosed in our 2024 Annual Report on Form 10-K filed with the SEC on March 14, 2025. The disclosure of risks identified below does not imply that the risk has not already materialized.

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 U.S. government recently imposed tariffs on product imports from almost all countries. Some tariff announcements have been followed by the granting of limited exemptions and temporary pauses causing substantial uncertainty and volatility in financial markets. Current U.S. trade policy has and may continue to result in retaliatory measures on U.S. goods. 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. 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.

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, we entered into the Amended and Restated Credit Agreement. 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, we entered into the 2025 Amendment, 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, we entered into the 2025 Second Amendment, pursuant to which the 2025 Lenders agreed to provide us with an incremental term loan of $20.0 million pursuant to Section 2.18 of the Amended A&R Credit Agreement. 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.

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, 2024, and 2023, we had negative cash flow from operating activities of $18.0 million and $54.7 million, respectively. As of December 31, 2024, we had unrestricted cash and cash equivalents of $29.0 million and borrowings of $70.7 million under our Amended and Restated Credit Agreement, which will become due on December 31, 2026.

On March 12, 2025, we borrowed an additional $19.0 million under the Amended and Restated Credit Agreement pursuant to the 2025 Amendment, which will also become due on December 31, 2026. On May 2, 2025, we borrowed an additional $20 million under the Amended and Restated Credit Agreement, pursuant to the 2025 Second Amendment. 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 pre-payments or refinancing of our outstanding borrowings.

In connection with the preparation of our 2024 financial statements, we undertook a going concern assessment and concluded the Company 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.

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.

Future equity or debt financings may involve issuing securities likely to be dilutive to our existing stockholders, such as warrants, as we did on January 23, 2024 when we issued to the Lenders, as partial consideration for their entering into the Amended and Restated Credit Agreement, warrants (the "2024 Warrants") to purchase 20.0 million shares of our common stock (approximately 19% of our currently outstanding common stock) at a price of $1.50 per share, subject to certain adjustments. In addition, on March 12, 2025, we issued to the 2025 Lenders, as partial consideration for their entering into the 2025 Amendment, warrants to purchase 6.2 million shares of our common stock, and on May 2, 2025 we issued to the 2025 Lenders, as partial consideration for their entering into the Second 2025 Amendment, warrants to purchase 6.6 million shares of our common stock and on May 2, 2025 we issued to SGI as partial consideration for their entering into the SGI Agreement, warrants to purchase 8.0 million shares of our common stock at a price of $1.50 per share, subject to certain adjustments. The exercise of such warrants and/or any additional similar securities in the future would dilute the value and amount of our common stock. Similarly, any new securities we may issue may carry preferences, superior voting rights, or additional terms that could adversely affect shareholders of our common stock. Future capital raising efforts may incur substantial costs, such as investment banking, legal, and accounting fees, and could lead to non-cash expenses that negatively impact our financial condition.

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) one of our competitors 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, and (ii) one of our competitors owns a manufacturing company with which we have a manufacturing relationship, and that competitor could disrupt that relationship to harm our manufacturing efforts. 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 recently increased our use of 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 have experienced temporary issues with third-party manufacturers assembling our mattresses. Though such issues were quickly resolved, in the future if we do not remedy such problems our business could be harmed. 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 perform to our expectations could result in supply shortages or delays for certain products and components and harm our business.

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 April 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 October 1, 2025, 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.

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, in February 2023 we issued 13.4 million shares of common stock pursuant to a public offering, on January 23, 2024, we issued to the Lenders under the Amended and Restated Credit Agreement the 2024 Warrants to purchase 20.0 million shares of our common stock at a price of $1.50 per share, 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 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 SGI as partial consideration for their entering into the SGI Agreement, 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 the 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.

ITEM 5. OTHER INFORMATION

10b5-1 Trading Plans

During the second quarter of 2025, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Number	Description
3.1	Certificate of Elimination of the Preferred Stock of the Company, dated May 6, 2025 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 6, 2025).
4.1	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 filed with the SEC on May 6, 2025).
4.2	Form of Loan Warrant (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on May 6, 2025).
4.3	Form of SGI Warrant (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on May 6, 2025).
4.4#	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 filed with the SEC on May 6, 2025).
10.1#	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 filed with the SEC on May 6, 2025).
10.2#	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 filed with the SEC on May 6, 2025).
10.3*+	Form of Restricted Stock Unit Grant Agreement relating to Special Incentive Bonus Equity Grants
10.4*+	Letter Agreement between the Company and Todd E. Vogensen dated March 12, 2025
10.5*+	Letter Agreement between the Company and Eric S. Haynor dated March 12, 2025
10.6*+	Letter Agreement between the Company and John J. Roddy dated March 12, 2025
10.7*+	Second Amendment dated March 12, 2025, to Amended and Restated Employment Agreement of Robert T. DeMartini
10.8*‡	Second Amendment dated May 2, 2025, to Master Retailer Agreement between the Company and Mattress Firm, Inc.
10.9*‡	Amended and Restated Master Vendor Supply and Services Agreement dated May 2, 2025, between the Company and Tempur Sherwood, LLC.
31.1*	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.
31.2*	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.
32.1**	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.
32.2**	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.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Link base 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—the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.
** Furnished herewith.
\+ Indicates management contract or compensatory plan
\# 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.

SIGNATURE

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

PURPLE INNOVATION, INC.

Date: July 29, 2025

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

Date: July 29, 2025

By: /s/ Todd E. Vogensen
Todd E. Vogensen
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2025

By: /s/ George T. Ulrich
George T. Ulrich
VP Accounting and Financial Reporting
(Principal Accounting Officer)

Exhibit 10.3

Purple Innovation, Inc.

2017 EQUITY INCENTIVE PLAN

Restricted Share Unit Agreement

Purple Innovation, Inc., a Delaware corporation (the "Company"), hereby grants to Participant identified below, as of the below Date of Grant, the right to receive shares of Class A Common Stock, par value $0.0001 per share, in an amount equal to the Number of Shares specified below on the terms and conditions contained in this Restricted Share Unit Agreement and the Company's Amended and Restated 2017 Equity Incentive Plan (the "Plan"), a copy of which have been provided to Participant. Any capitalized term used but not defined in this Agreement shall have the meaning given to the term in the Plan as it currently exists or may hereafter be amended.

1. Name of Participant: [*]

2. Number of Shares: [*] shares (the "Restricted Shares") of Class A Common Stock of Purple Innovation, Inc.

3. Date of Grant: March [*], 2025

4. Vesting Period: Except as provided in Sections 5 and 6 of this Agreement, the Restricted Shares to be issued under this Agreement shall be subject to three-year cliff vesting with 100% of the grant vesting on March [*], 2028, with fractional numbers rounded down to the nearest whole number (the "Vesting Period"). Vesting during the Vesting Period is subject to the Participant continuing to be employed by the Company. Subject to this Agreement and the Plan, the shares to be distributed under this Agreement shall be issued and distributed as soon as administratively practicable after the restriction is lifted upon vesting (the "Distributed Shares") during the Vesting Period.

5. Termination of Employment: Except as described in this Section, in the event Participant's employment is terminated prior to the end of the Vesting Period for any reason, Participant's rights to vesting that has not occurred shall be immediately and irrevocably forfeited; provided, however, if Participant's termination occurs by reason of involuntary termination by the Company without Cause (as defined below) and not due to the Participant's Disability (as defined below) and Participant executes and do not revoke a general release of claims in the form provided by the Company no later than 60 days following Participant's last day of employment (or such earlier time as set forth in the general release), a pro-rata portion of the Participant's Restricted Shares shall vest and become payable upon such termination of employment. The pro-rata portion shall equal the product of the Restricted Shares multiplied by the ratio of the number of full calendar days the Participant was employed by the Company during the Vesting Period over 1096. For purposes of this Agreement, "Cause" means the Participant's (i) failure to perform reasonable duties assigned to the Participant by the Participant's supervisor, or violation of any lawful rule, policy or handbook established by the Company and such failure or violation continues uncured for a period of thirty (30) days after written notice from the Company to Participant specifying the failure or violation; (ii) conviction or plea of guilty/nolo contendere to a felony, or perpetration of a serious dishonest act against the Company or any affiliates; (iii) willful misconduct, including (a) conduct which does or which could reasonably be expected to bring the Company or its affiliates into public disgrace or embarrassment; (b) misappropriation of funds, (c) personal profit or attempted personal profit in connection with a Company transaction, (d) misrepresentation of the financial results, financial condition or other material business results of the Company, or (e) violation of law or regulations on Company premises; (iv) an act of moral turpitude, fraud, dishonesty, theft, or unethical business conduct, any of which is or could reasonably be expected to be materially injurious to the Company's reputation; (v) aiding a competitor which adversely affects Company; (vi) misappropriation of a Company opportunity for personal benefit; (vii) material compromise of Company trade secrets or other confidential and proprietary information of the Company or its affiliates; or (viii) alcoholism or drug abuse. For purposes of this Agreement, "Disability" means Participant qualifies for disability benefits under the Company's long-term disability insurance policy, if such a policy is then in effect, or, if no such policy is then in effect, then Participant is unable to perform the essential functions of Participant's position at the Company, after reasonable accommodation by the Company, for a period of at least 120 consecutive days or 180 days in the aggregate during any period of 365 calendar days.

6. Change in Control: In the event of a Change in Control (defined below) during the Vesting Period, 100% of the Restricted Shares shall become 100% vested and distributed in coincident with the closing of the Change in Control. For purposes of this Agreement, "Change in Control" means (i) the acquisition by any person or "persons acting as a group" (as defined below) of capital stock of the Company representing more than 50% of the total voting power of outstanding capital stock of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger, consolidation, reorganization, or business combination involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company, as applicable, immediately prior to such merger, consolidation, reorganization, or business combination; or (iv) a circumstance in which the Incumbent Directors (as defined below) cease for any reason to constitute a majority of the Board. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if (x) its sole purpose is to change the state of the Company's incorporation; (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (z) as for (i) above, following the transaction the Company remains publicly traded with a Board consisting of at least 80% "independent directors" (within the meaning of laws and regulations governing the Company) and 80% directors who "beneficially own" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), if any, no more than 15% of the total voting power of outstanding capital stock of the Company. For purposes of this Agreement, "persons acting as a group" shall mean owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock (or assets), or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock (or assets), or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering, or purchase assets of the same corporation at the same time. For purposes of this Agreement, "Incumbent Directors" shall mean for any period of twelve (12) consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the twelve (12)-month period or whose election or nomination for election was previously so approved.

7. Income Taxes: Participant is solely liable and responsible for any federal and state income or other taxes applicable upon the distribution to Participant of any Distributed Shares or other payments under this Agreement, the Company has no duty or obligation to minimize the tax consequences of this grant, vesting or distributions under this Agreement to the Participant and will not be liable to Participant for any adverse tax consequences to Participant in connection with this Agreement, and Participant acknowledges that he or she should consult Participant's own tax advisor regarding the applicable tax consequences. Upon the distribution of Distributed Shares, Participant shall promptly pay to the Company in cash, or in previously acquired shares of the Company common stock having a fair market value equal to the amount of all applicable taxes required by the Company to be withheld or collected upon the distribution of the Distributed Shares. In the alternative, prior to vesting, Participant may direct the Company to withhold from the Distributed Shares otherwise to be distributed the number of shares having a fair market value equal to the amount of all applicable taxes required by the Company to be withheld upon the distribution of the Distributed Shares. Participant acknowledges that no shares will be distributed to Participant, notwithstanding any vesting, unless and until Participant has satisfied any obligation for withholding taxes as provided in this Agreement.

8. Policies & Guidelines: This Agreement, the Restricted Shares, the Distributed Shares, and any equivalent replacement securities shall be subject to the Company's clawback policy and equity ownership guidelines approved by the Board of Directors as they may be amended from time to time.

9. Restrictions. Participant's rights in any Restricted Shares, Distributed Shares, or any equivalent securities covered by this Agreement shall be subject to the following restrictions before and after the above Vesting Period: (a) Until any Distributed Shares are distributed to Participant under Section 4, neither Participant nor anyone claiming through Participant shall have any rights as a shareholder under this Agreement, including the right to vote or to receive dividends, stock dividends or other non-cash distributions; and (b) Participant may not transfer, sell, assign, or pledge the right to receive the Restricted Shares or Distributed Shares, other than by will or the laws of descent and distribution, or as otherwise permitted by the Committee pursuant to the Plan, and any such attempted transfer shall be void.

The Participant hereby acknowledges receipt of a copy of the Plan as presently in effect. The text and all of the terms and provisions of the Plan are incorporated herein by reference, and this grant is subject to these terms and provisions in all respects. This grant also is subject to Participant's compliance with all other agreements between Participant and the Company, including but not limited to those agreements entered into at the beginning of Participant's employment.

PURPLE INNOVATION, INC.

By _____ _____

[NAME] Dated
[POSITION]

Agreed to and Accepted by:

By _____ _____

[NAME] Dated

Exhibit 10.4

March 12, 2025

Todd E. Vogensen

Re: Special Recognition Bonus

Dear Todd:

Purple Innovation, Inc. ("Company") is pleased to inform you that if a "Change in Control" (as defined below) occurs prior to August 1, 2025 and you remain employed by the Company until the consummation of the Change in Control, your unpaid Special Recognition Bonus of $525,000 set forth in that certain Special Recognition Bonus letter agreement by and between you and the Company dated January 26, 2024 ("Special Recognition Bonus Agreement") will be paid to you upon the consummation of the Change in Control.

Change in Control means (i) the acquisition by any person or "persons acting as a group" (as defined below) of capital stock of the Company representing more than 50% of the total voting power of outstanding capital stock of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger, consolidation, reorganization, or business combination involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company, as applicable, immediately prior to such merger, consolidation, reorganization, or business combination; or (iv) a circumstance in which the Incumbent Directors (as defined below) cease for any reason to constitute a majority of the Board. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if (x) its sole purpose is to change the state of the Company's incorporation; (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (z) as for (i) above, following the transaction the Company remains publicly traded with a Board consisting of at least 80% "independent directors" (within the meaning of laws and regulations governing the Company) and 80% directors who "beneficially own" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), if any, no more than 15% of the total voting power of outstanding capital stock of the Company. For purposes of this Change in Control definition, "persons acting as a group" shall mean owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock (or assets), or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock (or assets), or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering, or purchase assets of the same corporation at the same time. For purposes of this Change in Control definition, "Incumbent Directors" shall mean for any period of twelve (12) consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the twelve (12)-month period or whose election or nomination for election was previously so approved.

All other terms and conditions of the Special Recognition Bonus and the Special Recognition Bonus remain in full force in effect.

Yours sincerely,

By: /s/ Robert T. DeMartini
Robert T. DeMartini, CEO

Date: March 12, 2025

Exhibit 10.5

March 12, 2025

Eric S. Haynor

Re: Special Recognition Bonus

Dear Eric:

Purple Innovation, Inc. ("Company") is pleased to inform you that if a "Change in Control" (as defined below) occurs prior to August 1, 2025 and you remain employed by the Company until the consummation of the Change in Control, your unpaid Special Recognition Bonus of $436,406 set forth in that certain Special Recognition Bonus letter agreement by and between you and the Company dated January 26, 2024 ("Special Recognition Bonus Agreement") will be paid to you upon the consummation of the Change in Control.

Change in Control means (i) the acquisition by any person or "persons acting as a group" (as defined below) of capital stock of the Company representing more than 50% of the total voting power of outstanding capital stock of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger, consolidation, reorganization, or business combination involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company, as applicable, immediately prior to such merger, consolidation, reorganization, or business combination; or (iv) a circumstance in which the Incumbent Directors (as defined below) cease for any reason to constitute a majority of the Board. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if (x) its sole purpose is to change the state of the Company's incorporation; (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (z) as for (i) above, following the transaction the Company remains publicly traded with a Board consisting of at least 80% "independent directors" (within the meaning of laws and regulations governing the Company) and 80% directors who "beneficially own" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), if any, no more than 15% of the total voting power of outstanding capital stock of the Company. For purposes of this Change in Control definition, "persons acting as a group" shall mean owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock (or assets), or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock (or assets), or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering, or purchase assets of the same corporation at the same time. For purposes of this Change in Control definition, "Incumbent Directors" shall mean for any period of twelve (12) consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the twelve (12)-month period or whose election or nomination for election was previously so approved.

All other terms and conditions of the Special Recognition Bonus and the Special Recognition Bonus remain in full force in effect.

Yours sincerely,

By: /s/ Robert T. DeMartini
Robert T. DeMartini, CEO

Date: March 12, 2025

Exhibit 10.6

March 12, 2025

John J. Roddy

Re: Special Recognition Bonus

Dear John:

Purple Innovation, Inc. ("Company") is pleased to inform you that if a "Change in Control" (as defined below) occurs prior to August 1, 2025 and you remain employed by the Company until the consummation of the Change in Control, your unpaid Special Recognition Bonus of $355,994 set forth in that certain Special Recognition Bonus letter agreement by and between you and the Company dated January 26, 2024 ("Special Recognition Bonus Agreement") will be paid to you upon the consummation of the Change in Control.

Change in Control means (i) the acquisition by any person or "persons acting as a group" (as defined below) of capital stock of the Company representing more than 50% of the total voting power of outstanding capital stock of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger, consolidation, reorganization, or business combination involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the stockholders of the Company, as applicable, immediately prior to such merger, consolidation, reorganization, or business combination; or (iv) a circumstance in which the Incumbent Directors (as defined below) cease for any reason to constitute a majority of the Board. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if (x) its sole purpose is to change the state of the Company's incorporation; (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (z) as for (i) above, following the transaction the Company remains publicly traded with a Board consisting of at least 80% "independent directors" (within the meaning of laws and regulations governing the Company) and 80% directors who "beneficially own" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended), if any, no more than 15% of the total voting power of outstanding capital stock of the Company. For purposes of this Change in Control definition, "persons acting as a group" shall mean owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock (or assets), or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock (or assets), or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of the same public offering, or purchase assets of the same corporation at the same time. For purposes of this Change in Control definition, "Incumbent Directors" shall mean for any period of twelve (12) consecutive months, individuals who, at the beginning of such period, constitute the Board together with any new director(s) whose election or nomination for election to the Board was approved by a vote of at least a majority (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director without objection to such nomination) of the directors then still in office who either were directors at the beginning of the twelve (12)-month period or whose election or nomination for election was previously so approved.

All other terms and conditions of the Special Recognition Bonus and the Special Recognition Bonus remain in full force in effect.

Yours sincerely,

By: /s/ Robert T. DeMartini
Robert T. DeMartini, CEO

Date: March 12, 2025

Exhibit 10.7

March 12, 2025

Robert D. Martini

Re: Special Recognition Bonus

Dear Rob:

With respect to your unpaid Special Recognition Bonus of $595,000 ("Unpaid Special Recognition Bonus") set forth in your Amended and Restated Employment Agreement dated March 19, 2022 by and between you and Purple Innovation, Inc. ("Company") (as amended by the amendment dated January 26, 2024, your "Employment Agreement"), you and the Company agree that if a Change in Control (as defined in the Employment Agreement") occurs prior to August 1, 2025, you remain continuously employed by the Company until the consummation of the Change in Control, and neither you nor the Company have given notice of your termination of employment at any time prior to the consummation of the Change in Control, then:

(i) such Unpaid Special Recognition Bonus will be paid to you upon the consummation of the Change in Control, and

(ii) the requirement in your Employment Agreement that you immediately repay to the Company the full amount of the Special Recognition Bonus (as defined in your Employment Agreement) if prior to June 30, 2026 your employment with the Company ends for any reason (other than as a result of the Company's termination of your employment without Cause (as defined in the Employment Agreement)) or you or the Company have given notice of your termination of employment before then (but excluding a notice by the Company of your termination without Cause or a notice by you of a Good Leaver Retirement Notice (as defined in the Employment Agreement)) will no longer be applicable upon the consummation of the Change in Control.

All other terms and conditions of the Special Recognition Bonus and the Employment Agreement remain in full force in effect.

Yours sincerely,

By: /s/ Todd E. Vogensen
Todd E. Vogensen, Chief Financial Officer Date: March 12, 2025

Accepted and Agreed to by:

By: /s/ Robert T. DeMartini
Robert T. DeMartini Date: March 12, 2025

Exhibit 10.8

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

SECOND AMENDMENT TO MASTER RETAILER AGREEMENT

This Second Amendment to Master Retailer Agreement (this "Amendment") is made effective this May 2, 2025 (the "Amendment Effective Date"), between Purple Innovation, LLC ("Purple"), a Delaware limited liability company, and Mattress Firm, Inc., a Delaware corporation ("Retailer").

WHEREAS, Purple and Retailer are parties to that certain Master Retailer Agreement dated effective as October 1, 2021, and amended March 24, 2022 (together, the "Agreement"), and that certain First Merchandising Program established thereunder (the "Program") relating to the purchase and sale of Purple's products by Retailer; and

WHEREAS, Purple and Retailer desire to modify certain terms and conditions of the Agreement and the Program, as applicable, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement and the Program, and intending to be legally bound hereby, the parties agree to the following:

1. Defined Terms. Terms not defined herein shall have the meanings set forth in the Agreement.

2. Store and Slot Counts. Section 2.2 of the Agreement is hereby amended and restated as follows:

"2.2 a. Store and Slot Counts. During the Term, Retailer shall, by the dates set forth herein, offer to sell the Products through a minimum of 12,000 slots in Stores operated by Retailer in which Purple's Products are displayed; provided, however, Retailer may offer to sell the Products through less than this number of slots during any Sell-Off Period after the Termination Date and in exercise of its right set forth in Section 2.2 (b) below. [***]. The placement of any remaining quantity of Products required to be offered for sale in Retailer's stores pursuant to this Section 2.2(a) shall be completed by approximately January 1, 2026, provided that Purple has completed development (including quality assurance testing) of the Unique Luxe Product by September 15, 2025 and has sufficient inventory of such Product to meet Retailer's forecasted need and early January 2026 launch date.

b. Product Performance. Vendor and Retailer will cooperate in good faith to establish and agree to key performance indicators comparable to third-party products sold by Retailer (e.g., total contribution margin, AUSP, rate of return, etc.) ("KPIs") for each Product. Retailer may reduce a Product's slots (or remove such Product from Retailer's stores) if such Product fails to meet applicable KPIs, but only if Retailer has first notified Vendor in writing of the failure, has cooperated in good-faith with Vendor to remedy such failure without reducing slots or removing the Product from Retailer's stores, and despite such cooperation, the failure continues for 90 days or more following the notice date. Vendor and Retailer will meet quarterly to review current KPIs and share and discuss KPIs for any agreed to future Product-lines.

c. [***]

3. Floor Samples. Section 2.6 of the Agreement is hereby amended and restated in its entirety as follows:

Retailer may purchase Products for use as floor samples for (1) new slots, (2) replacement of damaged floor samples, or (3) floor samples replaced by mutual agreement of Purple and Retailer, at a [***] discount off then-current Prices. All other replacement floor samples shall also be purchased at full retail cost unless otherwise agreed to by Purple.

4. Luxury Product Development. The Agreement is hereby amended to add a new Section 2.16 that reads as follows:

"2.16 Unique Luxe Products. Purple and Retailer will cooperate in good faith to develop for Retailer a line of unique luxury mattresses (the "*Unique Luxe Products*") [***]

5. Prices. Section 3.1 of the Agreement is hereby amended and restated as follows:

"3.1 Pricing. Retailer shall purchase the Products from Purple at the prices set by Purple (the "*Prices*"), which shall be standard wholesale pricing as adjusted pursuant to this Section 3.1 and consistently applied to Products purchased by Retailer across all Retail Channels, and which shall not increase, notwithstanding anything in this Agreement to the contrary, prior to January 1, 2026 except that Purple may charge a surcharge for tariff-related increase to Purple's material costs. Effective March 7, 2022, Purple will lower the Prices charged to Retailer on the Purple 2, Purple 3 and Purple 4 mattress models to improve Retailer's gross margin on such Products by 300 basis points from the prices charged before that date. Thereafter, during the Term, Purple will ensure that Retailer's total contribution margin on the Products is better than the total contribution margin received by other third-party retailers of the Products, so long as Retailer's volumes are larger than any other retailer on a net revenue basis. Purple may change Prices, subject to the Margin Commitment, ninety (90) days after giving notice to Retailer that Purple intends to change Prices on the Products specifically identified in the notice, and provided that such change is due to an actual change in Purple's direct costs (e.g., raw materials, etc.) respecting the applicable Product(s) and such change, as a percentage change in Prices, does not exceed the corresponding percentage change in Purple's direct costs. This notice provided by Purple can be in any written form (e.g., email) and need not state the new prices, but if not stated in the notice, the new prices must be stated in a new cost sheet or other documentation provided to Retailer sixty (60) days before the change takes effect; *provided*, *however*, if the ninety (90) day-notice does not state new prices it must state Purple's commitment that the new prices will not lower Retailer's gross margin on the Products for which Prices will be changed (the "*Margin Commitment*"). Purple shall take all actions necessary to implement and give effect to the Margin Commitment. If a Product does not meet sales performance expectations as reasonably determined by Retailer and Purple, Purple may authorize commercially reasonable markdown strategies in its sole discretion. For any promotional mattress pricing by Purple from the Prices set by Purple that are subject to the Pricing Policies, if Retailer chooses to participate in such promotion, Purple shall provide to Retailer a credit (the "*Promotion Credit*") in the amount that will maintain, during the promotion, Retailer's margin percentage on such Products subject to the promotion. [***]. Purple shall provide to Retailer a promotional and advertising 6-month calendar on a rolling monthly basis detailing all anticipated promotions, advertised pricing changes, and events for Purple.com during such upcoming 6-month period and shall notify Retailer of any changes to such calendar or anticipated promotions or events at least thirty (30) days in advance. If Purple fails to provide the required 30-day notice, the parties shall agree upon an appropriate resolution. Additionally, Purple shall attempt in good faith to provide to Retailer a detailed notice of all sponsored or otherwise planned promotions of Purple Products (each, a "*Vendor Directed Promotion*"), including any offered MAPP discount, at least ninety (90) days in advance of promotion launch."

6. Payment Terms. Beginning on the Amendment Effective Date and through September 30, 2025, Retailer shall remit payment for invoices from Purple for Products purchased by Retailer within ten (10) days after receipt of such purchased Products. From October 1, 2025 through December 31, 2025, Retailer shall remit payment for invoices from Purple for Products purchased by Retailer within thirty (30) days after receipt of such purchased Products. Thereafter, payment terms shall revert to the terms and conditions set forth in Section 3.6 of the Agreement as were in effect between Purple and Retailer immediately prior to the effective date of this Amendment.

7. Term. Section 4.1 of the Agreement is hereby amended and restated as follows:

"This Agreement will commence on the Effective Date and will continue through December 31, 2027, unless terminated earlier pursuant to the terms of this Agreement (the "*Term*"). Upon the conclusion of the Term, this Agreement shall automatically renew for successive twelve (12) month terms starting on January 1st and ending on December 31st (which successive periods shall be deemed included as part of the Term for purposes of this Agreement and any Merchandising Program hereunder), unless either party declines to renew by providing written notice to the other party at least ninety (90) days prior to the expiration of the Term."

8. Assignment. Section 9.2 of the Agreement is hereby amended and restated in its entirety as follows:

"Assignment. Neither party may assign this Agreement without the prior consent of the other party, except that either party may assign this Agreement to an affiliate without the other party's prior consent. The merger or direct change of control of either party, including pursuant to bankruptcy, shall constitute an assignment of this Agreement in violation of this Section; provided, however, that a change of control shall not include any transaction or series of transactions involving a party hereto following which (A) the board of directors of the party immediately prior to such transaction continues to constitute at least a majority of the board of directors of the entity surviving such transaction or, if the surviving entity is a subsidiary, the ultimate parent thereof, (B) the voting securities immediately prior to such transaction continue to represent or are converted into more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the entity resulting from such transaction or, if the surviving entity is a subsidiary, the ultimate parent thereof, (C) the record holders of the shares of stock of the party immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares or other equity of, an entity which owns all or substantially all of the assets of the party immediately following such transaction or series of transactions, or (D) the party is the surviving entity and its common stock continues to be registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1943, as amended. Any purported assignment of rights in violation of this Section is void. The Agreement, and all covenants, terms, provisions, and agreements contained herein, shall be binding upon, and shall inure to the benefit of, the parties' successors and permitted assigns."

9. Volume Rebate. Section 4 (Volume Rebate) of the Program is hereby amended and restated as follows:

"4. Volume Rebate. The Volume Rebate set forth in Section 3.2 of the Agreement shall be accrued and paid at an amount of [***] of total Net Purchases by Retailer during the Rebate Period. The Volume Rebate shall be paid by Purple in the form of a merchandise credit memorandum within 30 days after the end of each calendar month. Notwithstanding anything to the contrary in this Program or the Agreement, Retailer may use the Volume Rebate funds in and at its sole discretion."

10. [***]

11. Confidentiality. The firewall policy attached to this Amendment as Exhibit B (the "*Somnigroup Firewall Policy*") is incorporated by reference into the Agreement as a new Exhibit B thereto and applies to the sharing of Confidential Information thereunder. In the event of any conflict between any term(s) of the Somnigroup Firewall Policy and any other term(s) of the Agreement, the Somnigroup Firewall Policy shall control. Each party hereto or Retailer's affiliate, Somnigroup International Inc. ("*Somnigroup*"), may issue a press release announcing the parties' entry into this Amendment provided that each party and Somnigroup has approved (such approval not to be unreasonably withheld, conditioned or delayed) the final version of the press release to be publicly issued and the timing of such release.

12. Entire Agreement. Except as expressly amended as set forth herein, the Agreement and the Program shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been entered into effective as of the Amendment Effective Date.

Mattress Firm, Inc.		Purple Innovation, LLC	
By:	/s/ Philip Busker	By:	/s/ Robert T. DeMartini
Name:	Philip Busker	Name:	Robert T. DeMartini
Title:	Chief Merchandising Officer	Title:	Chief Executive Officer

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) IS OF THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

MASTER VENDOR SUPPLY AND SERVICES AGREEMENT

This Master Vendor Supply and Services Agreement and all attachments incorporated by reference (collectively the "Agreement") by and between Purple Innovation, LLC ("Customer"), a Delaware limited liability company, and Tempur Sherwood, LLC (together with all of its subsidiaries collectively, the "Seller") is made and entered into as of May 2, 2025 (the "Effective Date"). Customer and Seller are sometimes referred to herein individually as a "Party" and together as the "Parties".

RECITALS

WHEREAS, this Agreement amends and restates that certain Master Vendor Supply and Services Agreement dated February 10, 2024 between Customer and Seller (the "Original Agreement");

WHEREAS, Seller is a manufacturer and seller of mattresses and mattress foundations on a wholesale basis to the trade and the public under its brand names and the brand names of its customers;

WHEREAS, Customer manufactures and sells and/or engages subcontractors to manufacture consumer mattresses and certain other related products;

WHEREAS, Customer desires to engage Seller for the manufacture and supply of wholly assembled and packaged mattresses and mattress foundations ("Products"), including exclusive manufacture of certain Products as more specifically described in the Exclusive Product SKU Releases ("Exclusive Price Lists") and non-exclusive manufacture of Products to supplement Customer's manufacturing capacity on Incremental Additional Volume (as defined herein) of the Products more specifically described in the Non-Exclusive Product SKU Releases ("Non-Exclusive Price Lists," the Exclusive Price Lists and Non-Exclusive Price Lists collectively, the "Price Lists")which are now or may hereafter be attached or appended hereto. "Incremental Additional Volume" is defined herein as the quantity of units of Non-Exclusive Product SKU Releases in a Contract Year (as defined herein) in excess of [***] the number of Cool Touch units Customer sold to Mattress Firm in 2024;

WHEREAS, Seller is engaged in the business of manufacturing consumer goods similar to the Products and represents to Customer that Seller is ready, willing and able to manufacture and supply the Products; and

WHEREAS, Seller desires to sell Products to Customer, and in reliance on Seller's representations about its ability to deliver Products to Customer's Specifications (as defined below), Customer desires to purchase Products from Seller, subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the Parties contained herein, the Parties agree as follows:

ARTICLE I

SALE AND PURCHASE

1.1 **Sales Commitment**. Seller will sell and deliver to Customer's specified destinations as defined in Paragraph 1.4; and Customer will purchase from Seller, the Products assembled and manufactured in compliance with specifications ("Specifications") mutually agreed upon by Customer and Seller and the Price Lists agreed upon by Customer and Seller. Customer has no obligation to order or purchase Products, and Seller has no obligation to produce Products (other than as specified in this Agreement for prototype and testing purposes), unless and until Customer issues a Purchase Order and Seller accepts the Purchase Order and agrees to an Order Schedule. Seller shall acknowledge receipt of all Purchase Orders in writing, and if Seller can reasonably provide the Products ordered subject to the Order Schedule, Seller shall accept the Purchase Order.

1.2 **Price Lists**. The Price Lists in effect upon the date of execution of this Agreement are attached hereto as Exhibit 1. New or revised Price Lists for current Products or Specifications for new or revised Product models to be supplied hereunder shall be mutually agreed to by Seller and Customer, and each such new or revised Price List shall be deemed to be incorporated herein when signed by the Parties.

1.3 **Conformance to Specifications**. Seller covenants that all Products produced and delivered under this Agreement shall be faithful reproductions of prototypes that conform to the applicable Specifications with no material variation from approved prototypes.

1.4 **Exclusivity**. For the term of this Agreement, Seller shall be Customer's exclusive manufacturer for all orders of items included in the attached Exclusive Price List Customer receives from Mattress Firm (and its affiliates, subsidiaries, franchisees, and divisions) ("Mattress Firm"), but only so long as (i) Seller has the capacity to fill such orders in a timely manner, in accordance with the production Specifications, and (ii) Seller remains in compliance with all of its obligations under this Agreement; and notwithstanding anything to the contrary in Sections 1.2, 1.4 or elsewhere in this Agreement, so long as Customer is not in default of its payment or other obligations, Seller agrees that it will accept and fill all Purchase Orders placed by Customer for Products, in accordance with the terms of such Purchase Order and this Agreement. Notwithstanding, if Seller rejects a Purchase Order from Customer for any order(s) received by Customer from Mattress Firm, Customer may procure Products for Mattress Firm, but only to the extent necessary to satisfy the Products' amounts reflected in the rejected Purchase Order, from Customer's own manufacturing or from a third party at Customer's discretion.

1.5 **Purchase Orders and Delivery Scheduling**. Customer may issue its purchase order ("Purchase Order"), which shall be subject to the terms and conditions of this Agreement, to order Products from Seller. Each Purchase Order will be binding on Seller when accepted by Seller. Purchase Orders that are in compliance with this Agreement and are not rejected by Seller in writing within one business day of receipt shall be deemed accepted. If Customer is over the Credit Limit (as hereinafter defined), or has a late payment, or is otherwise in breach of the Agreement, Seller may, at its option, withhold shipment of Purchase Orders until Customer is under the Credit Limit or late payment is made. Seller will cause Products to be produced and delivered in accordance with Purchase Orders. Seller and Customer will make reasonable accommodations to institute an electronic data interchange ("EDI") order process with requisite audit checks in place throughout the order and delivery process.

1.6 **Order Schedules**. Customer shall furnish to Seller with each Purchase Order a schedule of deliveries specifying the quantity of each SKU or model of Product to be delivered to Customer under the Purchase Order (the "Order Schedule"). The Purchase Order shall not establish a firm commitment until accepted by the Seller. Purchase Orders that are not rejected by Seller in writing within one business day of receipt shall be deemed to be accepted. Lead times for fulfillment of all Purchase Orders shall conform with the Lead Time Schedule included in Exhibit 1. If the original Purchase Order is accepted by Seller, the Order Schedule shall establish firm delivery commitments for Products for Seller and Customer, which neither Party can alter unilaterally. Except in a force majeure event as set forth in Section 10.1 herein, Seller agrees that it will meet or exceed a [***] on time order fill rate each calendar month during the term of this Agreement. Seller's fill rate for a given month is calculated by dividing the total number of units delivered on time (without material defect and in conformance with the Specifications) in accordance with the delivery requirements of this Agreement by the total number of units ordered for such Product during such month.

1.7 **Delivery**. The Purchase Order that Customer provides to the Seller shall specify the delivery location, model or SKU numbers and/or quantity of completed Products that Customer wants shipped from each Order Schedule. Seller will arrange for delivery of the Products to the destination(s) specified by Customer in Purchase Orders. There will be no additional delivery fees or other shipping costs beyond the agreed upon Price List, charged to the Customer regardless of Product quantity on Purchase Order. Unless done at Customer's request, where Products ship from an alternative originating location, Seller shall bear any additional shipping costs in excess of those included in the Price Lists. Both Parties agree that the Purchase Orders may be provided by EDI or other electronic means of transmitting such information; provided, however, that Seller shall not be liable to Customer for shipping charges for misdirected shipments of Products that comply with the Purchase Order transmitted by Customer even if such transmission was unauthorized. Both Parties shall work together in good faith to develop and execute security measures for EDI or other electronic transmissions of the Purchase Orders. Seller shall also deliver to Customer, within a reasonable time period following each shipment of Products, a copy of the bill of lading or other proof of shipment associated with each such shipment.

1.8 **Time of Delivery**. All Purchase Orders are placed with the lead times for delivery set forth in the Lead Time Schedule. Except in a force majeure event as set forth in Section 10.1 herein, it is expected that Seller will meet these order due dates at a [***] rate for all orders. For those orders where the delivery date will be missed, Seller will make every reasonable effort to notify Customer as soon as possible with respect to the expected delay. Notwithstanding anything herein, Products ordered by Mattress Firm not delivered on time shall incur chargeback liquidated damages (the "Late Delivery Damages") in the amount necessary to reimburse Customer for any late delivery damages levied by Mattress Firm against Customer for such late deliveries. The Late Delivery Damages shall not exceed [***] of the cost to Mattress Firm of the late Products; provided, however, no Late Delivery Damages shall be owed if it is: (i) delivered in conformance with the Lead Time Schedule; or (ii) delivered after the delivery date because the delay is caused either by Customer, Mattress Firm or by carriers outside of Seller's control.

1.9 **Forecasts**. Customer shall provide Seller weekly with a four (4) month rolling forecast for each Product.

1.10 **Risk of Loss**. Title to and risk of loss for each unit of Product shall pass to Customer when Seller delivers the Product to the Customer's specified destination. Seller retains all transportation and insurance costs, risks of loss and damage after Factory loading until Products are landed to Customer's specified destination. Seller assumes responsibility for delivering Products in a new condition, free from exterior blemishes, mold and mildew, scuff marks, grease stains, loose threads, or any materially adverse condition, including beds with excessive moisture or mold, which would cause the Product to be in less than like new condition. Should Product(s) arrive at Customer's specified destination in a less than new condition, Seller will credit back invoiced cost of Product as well as a [***] damage fee per Product to Customer. In addition, Seller will return such rejected Product to the Seller's factory at Seller's expense or, at Seller's discretion, destroy such rejected Product.

ARTICLE II

PRICING AND PAYMENT TERMS

2.1 **Initial Pricing**. Each Price List will set the prices and lead times for Products described therein ("Unit Prices"). Unit Prices include the landed wholesale price, inclusive of the shipping cost included in the Price List (as such list may change from time to time), of the Product properly packed in shipping boxes and palletized when specified for shipment as outlined in paragraph 1.4.

2.2 **Subsequent Pricing**. Once Seller and Customer agree on a Price List and therefore a price for a SKU, either Party may initiate a proposed price change on at least [***] days prior notice based on cost changes for the SKU if the aggregate adjustments to raw material and labor (inclusive of benefit costs on labor) result in an increase or decrease of [***] or more of the current wholesale price for a SKU; provided, however, price changes due to cost changes resulting from tariffs, duties and similar charges shall be effective immediately upon receipt of notice. Either Party may initiate the price change at any time by giving notice of proposed price change (a "Price Change Notice") in substantially the form attached as Exhibit 2. The submitting Party shall accompany each Price Change Notice with reasonable supporting documentation for the proposed price change. If the receiving Party objects to the suggested price change, the Parties will use the [***] notice period to negotiate a mutually agreeable price change. If the Parties cannot agree on a price change and the documentation provided by the submitting Party reasonably supports the proposed price change, the price change as stated in the Price Change Notice shall go into effect [***] days after the date of the Price Change Notice. Price changes shall not be effective in respect of any pending Product orders. During the [***] notice period, Customer may only order in the normal course of business based on confirmed orders from Mattress Firm.

2.3 [***]

2.4 **Cost Savings Sharing**. During the term of this Agreement, the Parties may organize cross functional teams to pursue and jointly develop improved product designs, changes to specifications and changes to material formulation to achieve a reduction in manufacturing costs. The Seller also may be able to obtain significant cost reductions or productivity gains due to its significant market purchasing power. Customer may support efforts to identify, evaluate and implement cost reduction/productivity improvements with Seller. Any cost reductions or savings resulting from the work of such cross functional teams or cost reductions or savings separately negotiated by Seller, will be shared by the Customer and the Seller based on an agreement of the Parties. [***] Seller and Customer agree to keep abreast of major developments and cost savings opportunities in the industry and to promptly advise each other of any developments which might affect the cost of materials under this Agreement.

2.5 **Invoices**. Seller shall issue an invoice to Customer for Products following the date of Seller's actual delivery of said Products to the destination designated by Customer. All such invoices shall be payable by Customer, within the time set forth in the payment terms of Section 2.5. If Customer fails to timely pay any invoice, then Seller may suspend further shipments until the invoice is paid or require payment in advance when Seller notifies Customer that an Order is ready to ship.

2.6 **Payment Terms**. Customer credit terms will be net [***] days from delivery of the Products. Payments will be made by ACH or Wire Transfer.

2.7 **Pricing**. Seller quotes all Unit Prices under this Agreement and Customer must pay all invoices in U.S. dollars, or in such other currency as the Parties may agree.

2.8 **Credit Limit**. Customer will have an initial credit limit of [***] (the initial credit limit and any subsequent credit limits shall be referred to herein as the "Credit Limit") which may be outstanding at any point in time. Seller may, at its sole discretion and without prior notice, increase or decrease the Credit Limit based on Customer's creditworthiness, payment history, and changes in economic conditions. Any such change to the Credit Limit will be effective upon notice to Customer. If a Purchase Order will cause the Customer to reach or exceed the Credit Limit, the Purchase Order will be rejected. Customer may resubmit at such time as Customer's balance plus open purchase orders, including accounting for the applicable Purchase Order, is again below the Credit Limit or Customer chooses to prepay for the Purchase Order.

ARTICLE III

SPECIFICATION REVISIONS, PRODUCT AND COMPONENT CHANGES, TECHNICAL DATA, PRINTED MATERIALS, IDENTIFICATION AND CODES

3.1 **Specification Revisions**. Either Seller or Customer may recommend revisions to the Specifications, but no such revision shall be incorporated into the manufacture of any Products supplied hereunder unless and until agreed in writing by both Customer and Seller. Any such revision shall be set forth in a revised Price List or a "Product Change Request" approved by both Customer and Seller. In the event of any revision to the Specifications, Customer, at its option, may direct Seller to issue a new model or SKU number for Products affected by such revision to be effective on a date mutually agreed upon by the Parties. If requested by Customer, Seller will promptly notify Customer of the effective date for the first Product manufactured for Customer hereunder incorporating any such revision in the Specifications. Seller shall also communicate immediately to Customer any material internal Standard Operating Procedure changes incorporated into Seller's manufacturing process and any proposed pricing adjustments relating thereto.

3.2 **Product and Component Changes**. Product, material, component or part changes proposed by Seller that may affect design, performance, functionality, quality or service interchangeability, shall be submitted by Seller to Customer on a Product Change Request Form and must have Customer's written approval prior to implementation. This includes any changes proposed by a component supplier to Seller. Either Party may propose changes in Specifications, provided that: (i) Customer shall be consulted and must approve in advance all material Specification changes, including, but not limited to, changes that alter the Product appearance, design, materials, functionality, comfort and feel, ease of use, size, weight, serviceability, performance, packaging or quality, (ii) Seller shall be consulted on and must approve any change that may increase costs of labor, materials, supplies, production, handling, packaging and storage, and (iii) the Parties will mutually determine the advisability of Product model or SKU changes and/or Service Part number changes. Such approval shall not relieve Seller of any warranty obligations. Seller reserves the right to make temporary safety changes without Customer approval to address any actual or potential safety defect in any Product. Seller shall provide notice to Customer of any safety change at the time of change and the Parties shall confer and mutually agree upon any permanent Specifications changes to address any safety issue. Seller shall use best efforts and shall incorporate the appropriate manufacturing processes, technology, equipment or drying time and drying processes to ensure that Product is not shipped to Customer's retail customers with an inappropriate or excess level of moisture that would result in "wet" or "moldy" Product. Also, in the event that modifications or changes in Specifications are the result of Regulatory Notices or inquiries of governmental agencies or such modifications or changes are the result of specific requirements communicated to Seller from governmental or regulatory agencies, Seller shall provide notice to Customer of any such changes immediately upon receipt of any such notice or inquiry and the Parties shall confer and mutually agree upon any permanent Specification or manufacturing changes needed to conform to such Regulatory Notices. Pricing changes pursuant to this Article 3.2 shall take effect at such time as the modifications listed in Article 3.2(i)-(iii), or any governmental or regulatory-related action(s) described in the prior sentence, take effect or are required. The provisions of this Article 3.2 shall be notwithstanding the time periods and procedures listed in Article 2.2.

3.3 **Technical and Other Data**. Seller shall furnish to Customer within 2 business days following Customer's request technical data, test data, and any other data (specifically including any fire/burn test results) concerning Products as shall be readily available to Seller and reasonably required by Customer for review.

3.4 **Inventory Control**. Customer will ship gel components [***] to Seller and Seller will receive gel components and store such components in inventory in a secure manner that protects the integrity and product quality of the gel components. Customer and Seller will determine the quantity of components to ship to Seller based on current and anticipated demand for Products. Customer will work with Seller to develop a process such that each gel segment will have a bar-code applied to it that is compatible with Seller's inventory/QC system already in place. No less than monthly, Seller will take a physical inventory of gel components on hand and reconcile gel component inventory to perpetual records and receiving/production records and report any discrepancies immediately to Customer. Seller also, with no less than five (5) business days' notice, will allow Customer to periodically inspect and perform an on-site physical inventory of gel component inventory, subject to the conditions set forth in Article 5 herein relating to the hours and manner of such inspection. Seller shall be responsible to insure the gel components and to replace shortages or damaged gel components in inventory at Customer's fully burdened replacement cost. In the event that this Agreement is terminated for any reason, Seller shall return the remaining unused gel components in inventory to Customer, at Customer's designated location, using a mutually agreed transportation modality and at Seller's cost.

ARTICLE IV

LIMITED WARRANTY

4.1 **Product Warranty and Assignment of Component Warranties**. Seller warrants that the Products, including the manufacture of and components for, excluding Gel components supplied by Customer to Seller, are new and shall be free from all defects in material or workmanship for a period of [***] from the date of delivery and that the Products sold and delivered to Customer hereunder (a) shall comply substantially with applicable Specifications, and accurately conform to the prototypes and production samples and descriptions provided to Customer; (b) shall be manufactured, sold and delivered to Customer or its designees in compliance with all applicable federal, state and local laws, rules, ordinances and regulations, whether presently in force or hereinafter enacted including those of the United States Consumer Product Safety Commission; and (c) Customer or its designees shall receive good and marketable title to the Products that is free and clear of any liens, security interests, encumbrances and any actual or claimed patent, copyright or trademark infringement (the "Warranty"). All warranties shall survive Customer's reviews, approvals, inspections, testing, acceptance of parts and expiration or termination of this Agreement. Seller assigns to Customer the warranties provided by the suppliers of the components used in the Products such that Customer shall pursue any claims and liabilities associated with such components directly against the warrantor. Customer shall warrant that the Gel component supplied to Seller is free from defects for the warranty period. The procedure for inspection of warranty claims shall be mutually agreed upon between Seller, Customer and retail customer. For example, it is anticipated that certain retail accounts may handle their warranties in exchange for a warranty allowance.

4.2 **Warranty Claims Process**. The Parties shall develop a warranty claims verification and settlement process. In the event any consumer returns or exchanges a Product manufactured by Seller in accordance with Mattress Firm's or Customer's mattress warranty policies, Customer shall collect supporting documentation of a warranted defect, including law tags and photographs, and Customer's costs to credit, repair, or replace a defective or non-conforming Product under the applicable warranty. Not less than quarterly, the Parties shall determine the contributory defect(s) for each warranty claim and Seller shall reimburse Customer for any costs, damages, or liabilities incurred on warranty returns or exchanges resulting from manufacturing defects or defects of non-Gel components in any returned mattress Product. For avoidance of doubt, Seller shall not be liable for design defects, defective gel components or comfort returns and Seller's obligation to reimburse Customer in accordance with this Section 4.2 [***]. If Seller's defect rate for the Non-Exclusive Product SKU Releases is materially higher than Customer's defect rate for the same models Customer supplies to Mattress Firm, or if Seller's defect rate for the Exclusive Product SKU Releases is materially higher than Customer's defect rate for similar models or industry norms, the Parties agree to cooperate to improve the warranty outcomes for such models.

4.3 **Trademark Warranty**. Customer warrants to Seller that, to Customer's knowledge, the use or publication of the trademarks provided by Customer to Seller (the "Marks") to mark, label, describe, advertise or otherwise identify the Products shall not infringe any third-party trademark or copyright and Customer shall indemnify and hold harmless Seller from any action, claim or alleged claim specifically against Seller related to the Marks, but only to the extent that such Marks are used in accordance with Customer's specifications and instructions. Seller agrees that the disclosures on the Product's law tags conform to the requirements of the various regulatory agencies. Seller agrees not to attach any additional trademarks, trade names or service marks to the Products or law tags and not to affix any of the Marks to any product not produced for Customer.

4.4 **Exclusions**. SELLER MAKES NO WARRANTIES, GUARANTEES, CONDITIONS, OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS SOLD HEREUNDER EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, AND ALL OTHER SUCH WARRANTIES ARE HEREBY EXPRESSLY WAIVED AND EXCLUDED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE V

INSPECTIONS

5.1 **Incoming Inspection Failures**. Unless otherwise set forth in an applicable Purchase Order, Seller shall inspect Products based on the following minimum acceptable quality level ("AQL") levels (as described under ISO 2859-1) and shall maintain records of such inspection to be made available within 2 business days of a request from Customer for the lot and/or lots in question. AQL sample inspection shall be performed at a 0.65 AQL Level II inspection for all critical to quality ("CTQ") parameters communicated to Seller by Customer. All other parameters shall be inspected by Seller at a 1.5 AQL Level II on a lot-by-lot basis. Alternate AQL may be approved through written authorization from Customer and is subject to change based on Seller performance. Customer or Customer's Agent may, but has no obligation to, perform incoming inspection and acceptance testing of Products delivered hereunder at Customer's facility, or at such other location(s) designated by Customer. Should Products fail to meet Specifications or Warranty, Customer may, within 30 business days of delivery of such Products and with notice to Seller during such period, reject such nonconforming Products. Customer has the right to return all rejected Products to Seller at Seller's expense after Customer notifies Seller of the rejection. If Seller inspects rejected products upon return to Seller's facility and determines that the Products do not deviate from Specifications or Warranty, Customer may be charged round trip transportation and storage costs. Customer may perform, in its sole discretion, corrective actions on rejected Products suggested by Seller at Customer's location. Such corrective action actions may affect Seller warranties of the affected Products.

5.2 **Plant Inspections**. Seller hereby grants to Customer the right to inspect (during normal business hours and in such a manner as to not disrupt normal business operation) the production and quality control records of the Seller at a mutually agreeable time after reasonable prior notice to ensure compliance with all of the terms and conditions of this Agreement. Subject to the conditions in the previous sentence, Seller also hereby grants to Customer the right to physically inspect the production, storage and shipping facilities and processes of Seller to determine whether the Products are manufactured in accordance with Customers Specifications. Customer shall give Seller reasonable prior notice of any planned inspection and, in all events, such prior notice shall be delivered no less than 3 business days prior to any inspection.

ARTICLE VI

INDEMNIFICATION AND LIABILITY FOR BREACH OF WARRANTIES

6.1 **Seller's Indemnity**. Seller shall, at its own expense, defend, indemnify and hold harmless Customer, including Customer's officers, directors, shareholders, subsidiaries, affiliates, agents, trade customers and their respective successors and assigns (collectively, the "Indemnified Customer Parties") from and against any and all claims, allegations, demands, actions, lawsuits, judgments, decrees, losses, damages, liabilities, fines, costs and expenses, and any amounts paid in defense or settlement, which may arise out of or be made in connection with (a) any actual or alleged death or injury to any person or damage to property, resulting or claimed to result in whole or in part from an actual or alleged defect in the assembly of the Products, or breach of warranty, contract negligence, recklessness or willful misconduct on the part of Seller or a contractor, subcontractor, employee, vendor, agent, or affiliate of Seller; (b) any recall, repair or replacement of Products required by the United States Consumer Product Safety Commission or any other United States governmental body, based on the failure of such Products to comply with consumer safety provisions and laws, unless such alleged failure is a result of materials provided or Specifications made by Customer; (c) any actual or alleged infringement by the Products of any U.S. patent, copyright, other intellectual property right or unfair competition by reason of the manufacture, use or sale of any Products, unless such alleged infringement is a result of materials or licenses provided or Specifications made by Customer; (d) technical data disclosed by Seller to Customer or the use of such data by Customer pursuant to this Agreement; (e) Seller's negligence, willful misconduct or violation of applicable law, including all applicable labeling laws; (f) any failure of the Products to comply with Specifications or with any warranties herein of Seller; or (g) any claim that the Products are in violation of Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq ("Proposition 65"). Seller shall assume the defense of such claim, suit, action or proceeding, shall retain reputable counsel at Seller's own expense, and shall pay any damages assessed against or otherwise payable by the Indemnified Customer Party as a result thereof, provided the Indemnified Customer Party, upon receiving notice thereof, promptly notifies Seller in writing of such claim, suit, action or proceeding and thereafter reasonably cooperates with Seller in the resolution thereof. Seller shall have full power to control, manage, litigate and/or settle all claims and/or suits assumed hereunder; provided that the Indemnified Customer Party shall have the right to approve any settlement that involves any change to any Product or other nonmonetary undertakings, terms and conditions. Seller shall have no obligation to indemnify Customer for any losses, penalties, claims or investigations relating to the marketing of the Products, except to the extent that such losses, penalties, claims or investigations were directly caused by Seller's failure to reasonably conform the Products to the Specifications.

6.2 **Customer's Indemnity**. Customer shall, at its own expense, defend, indemnify and hold harmless Seller, including Seller's officers, directors, shareholders, subsidiaries, affiliates, agents, trade customers and their respective successors and assigns (collectively, the "Indemnified Seller Parties") from and against all actual or alleged claims, demands, actions, lawsuits, judgments, decrees, losses, damages, liabilities, costs and expenses, including attorneys' fees and amounts paid in defense or settlement, which may arise out of or be made in connection with (a) any actual or alleged death or injury to any person or damage to property, resulting or claimed to result in whole or in part from the materials provided or Specifications made by Customer (b) any recall, repair or replacement of Products required by the United States Consumer Product Safety Commission or any other United States governmental body, based on the failure of such Products to comply with consumer safety provisions and laws, whereby such alleged failure is a result of materials provided or Specifications made by Customer; (c) any actual or alleged death or injury to any person or damage to property, resulting, or claimed to have resulted from any actual or alleged defect in Products caused by Customer's improper final assembly, installation, servicing or repair of the Products against instructions provided by Seller to Customer in advance or the unreasonable modification, alteration, or misuse of the Products by Customer; (d) any actual or alleged infringement resulting from use of the Marks in accordance with Customer's instructions; (e) any alleged patent, trademark, copyright or other infringement by the Products arising from any unreasonable modification, addition or accessory added by Customer; (f) Customer's negligence, willful misconduct or violation of applicable law; (g) alleged patent infringement of the Product resulting from the Specifications made by Customer to Seller; (h) the invalidity or inadequacy of any license or sublicense, including to any Customer Technology or Customer Proprietary Technology, relating to the Specifications or Products; (i) any actual or alleged violation of marketing or advertising standards, but only to the extent such actual or alleged violation was not caused by Seller's failure to reasonably conform Products to the Specifications; or (j)any case alleging infringement of U.S. Patent Nos. 7,666,341 or 7,964,664. Customer shall assume the defense of any claim, suit, action or proceeding, shall retain reputable counsel at Customer's expense, and shall pay any damages assessed against or otherwise payable by an Indemnified Seller Party, provided Seller or the Indemnified Seller Party, promptly after receiving notice, notifies Customer in writing of such claim, suit, action or proceeding, and reasonably cooperates with Customer in the defense or resolution of such a claim, suit, action or proceeding. Customer shall pay any costs and expenses, including reasonable attorneys' fees, that the Indemnified Seller Parties incur in connection with any indemnified claim, suit, action or proceeding made or brought against an Indemnified Seller Party (including, for the avoidance of doubt, costs and expenses incurred by Indemnified Seller Parties directly in responding to subpoenas for documents or testimony or to other third-party discovery requests directed to an Indemnified Seller Party in an action or suit where Customer is a party and the subject matter of the subpoena(s) or other third-party discovery request(s) is related to the contractual relationship of Seller and Customer). The Indemnified Seller Parties shall be reimbursed by Customer for the costs and expenses described in the previous sentence within 60 days of submitting any invoice. Customer shall have full power to control, manage, litigate and/or settle all claims and/or suits assumed; provided that the Seller shall have the right to approve any settlement that involves any admission of liability on the part of an Indemnified Seller Patty or other non-monetary undertakings, terms and conditions that may affect the Seller.

6.3 **Limitation of Liability**. To the maximum extent permitted by law, neither Party shall have liability to the other Party (or, as the case may be, to any Indemnified Seller Party or Indemnified Customer Party), except in case of a Party's gross negligence or willful misconduct, for (a) lost profits, loss of business or loss of use or (b) consequential, indirect, incidental, or other special damages of any kind (and regardless of whether the relevant Party was advised by the other Party of the possibility of the losses described above in (a) and (b)) whether in law or equity and irrespective of the causes of action thereof. Except for obligations for payments for Products or claims or alleged claims relating to infringement of intellectual property rights or advertising-related matters, a Party's total aggregate liability in contract, tort or any other theory to the other Party (or, as the case may be, to an Indemnified Customer Party or an Indemnified Seller Party) during any 12-month period shall be limited to [***]. The 12-month period referenced in the previous sentence shall be the 12-month period prior to the date of the occurrence for which liability or indemnity is meant to be affixed, regardless of when claims relating to such occurrence are asserted.

ARTICLE VII

INSURANCE

7.1 **Insurance Coverage**. Customer and Seller each shall maintain during the term of this Agreement insurance policies and coverages, including applicable deductibles and/or selfretentions, as would normally and customarily be maintained by companies of a similar size and responsibility and which shall protect the Parties' own interest from claims or losses suffered as a result of any performance under this Agreement. Notwithstanding the above, Customer and Seller each agree to obtain and maintain, at its expense, occurrence-based Product Liability Insurance relating to Products, with a broad form Vendor's Endorsement naming the other Party as additional insured with a combined single limit of [***] for bodily injury, death and property damage liability. Such limits may be allocated between the primary policy and an excess liability umbrella policy as Customer shall determine, provided that the single limit of the primary policy is [***]. Such insurance shall be written by a reputable insurance company with a Best's Credit Rating of at least A- or better, as most recently rated by A.M. Best Company.

7.2 **Insurance Certificates**. Each Party agrees to have its insurance carrier furnish the other Party with a Certificate of Insurance and a copy of the aforesaid broad form Vendor's Endorsement documenting the existence of the coverage specified herein, such document to be provided:

7.2.1 On each anniversary date of this Agreement; or

7.2.2 At the time of any material change in insurance coverage; or

7.2.3 At any change of insurance carrier; or

7.2.4 At such other time as either Party may reasonably request.

7.3 **Other Insurance**. Customer and Seller represent and warrant to each other that any applicable statutory insurance, such as Worker's Compensation, shall be the responsibility of such Party. Neither Customer nor Seller shall take any responsibility, or be in a position, to advise the other Party as to compliance with any statutory requirements or as to the adequacy of any insurance maintained or not maintained by the other Party.

ARTICLE VIII

CONFIDENTIALITY

8.1 **Confidential Information**. Seller and Customer may disclose to each other certain information relating to each Party's Technology, marketing and sales plans, financial information, customer and supplier information, pricing information, software, hardware, and trade secrets ("Information"). Each Party agrees to keep the Information of the other Party in confidence, not intentionally communicate the Information to any third party and use commercially reasonable efforts to prevent inadvertent disclosure of the Information to any third party, which efforts shall be at least consistent with the degree of care used by such Party to protect its own confidential and proprietary information. Internal access to the other Party's Information shall be limited to a "need to know" basis solely for the purpose set forth in this Agreement and solely to persons bound by obligations of confidentiality consistent with this Agreement. For avoidance of doubt, the receiving Party shall take every commercially reasonable step to ensure that it does not share the disclosing Party's Information – including, costs or other financial information – with a third party, its parent company or any other affiliate entity that directly competes with the disclosing Party.

8.2 **Allowable Disclosure**. The obligations of Section 8.1 shall not apply with respect to any portion of the Information if the Information (i) is in or becomes in the public domain through no wrongful act of the receiving Party; (ii) was in the receiving Party's possession free of any obligation of confidence prior to disclosure, as evidenced by receiving Party's files existing at the time of disclosure; (iii) was lawfully received from a third party other than the disclosing Party without an obligation of confidence; (iv) is disclosed by the receiving Party with the disclosing Party's prior written approval; or (v) is independently developed by the receiving Party without any use of or access to Information of the disclosing Party.

8.3 **Disclosure by Law**. If required by law, the receiving Party may disclose Information of the disclosing Party but, if allowable, will give immediate prior written notice to the disclosing Party to permit the disclosing Party to intervene and to request protective orders or confidential treatment therefor. To the extent not protected from disclosure, the receiving Party agrees to limit its disclosure to only that Information which is required by law to be disclosed.

8.4 **Return/Destruction**. Upon the expiration or termination of this Agreement, all of the Information of the disclosing Party will be returned or destroyed at the disclosing Party's discretion within five business days and the receiving Party will make no further use of such materials.

8.5 **Remedies**. Each of the Parties hereto acknowledges and agrees that the other Party would be damaged irreparably in the event that any of the provisions of Section 8 are breached or violated. Accordingly, notwithstanding any other provision of this Agreement, each of the Parties hereto agrees that, without posting bond or any other undertaking, the other Party will be entitled to an injunction or injunctions to prevent breaches or violations of the provisions of Section 8 in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter in addition to any other remedy to which it may be entitled, at law or in equity. Each Party hereto further agrees that, in the event of any action for specific performance in respect of such breach or violation, it will not assert the defense that a remedy at law would be an adequate remedy.

8.6 **Survival**. Except in the case of trade secret information, which shall be kept confidential by the receiving Party until such time as the Information is no longer considered a trade secret under applicable law, obligations in this Section 8 with respect to maintaining the confidentiality of the Information shall extend until the earlier of: (i) three (3) years after the termination of this Agreement or (ii) until such time as such information is no longer confidential.

ARTICLE IX

INTELLECTUAL PROPERTY

9.1 **Additional Definitions**. For the purposes of this Agreement, the following definitions shall apply:

"Affiliate" means with respect to any person or entity, another person or entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person or entity specified.

"Copyrights" means copyrightable works, copyrights, whether or not registered, and registrations and applications for registration thereof.

"Customer Proprietary Technology" means any Patents or Proprietary Information owned by, developed by, or licensed to Customer or any of its Affiliates.

"Customer Technology" means the Technology (including Customer Proprietary Technology) and Enhancements owned by, developed by, or licensed to Customer or any of its Affiliates related to or necessary for the manufacture, production, assembly, quality control, components development, testing, procurement, use or after-sales repair and service of Products.

"Design" means all designs and technical, performance and other specifications of Products, as may be modified from time to time in accordance with this Agreement.

"Enhancement" means with respect to any subject matter, any derivative based thereon (including, any "derivative work" within the meaning of such term as defined in the U.S. Copyright Act (17 U.S.C. § IOI et seq.)), or by law in the Territory, and/or all enhancements, improvements, modifications, or adaptations of such subject matter which would be of commercial interest to either Party in the design, manufacture, method of use, repair, service or sale of the Products.

"Intellectual Property" means: (i) Patents, (ii) Trademarks, (iii) Copyrights, (iv) Licenses and (v) Proprietary Information.

"Manufacturing Location" means any country where Seller shall manufacture Products after notice to Customer under this Agreement.

"Patents" means patents and patent applications, including reissues, divisions, continuations, continuations in part, renewals, extensions and reexaminations thereof, and all patents that may be issued on such applications.

"Patent and Copyright Filings" means (i) patents or patent applications for Patents owned by Customer or licensed to Customer, and (ii) registrations or applications for registration for Copyrights owned by Customer, or licensed to Customer, in each case, that are incorporated into and material to the Design.

"Proprietary Information" means confidential and proprietary information, including trade secrets, processes, know-how, inventions, methods of manufacture, ideas, designs, formulae, data and databases.

"Technical Information" means all technical information and technical product documentation on designs, methods, processes, practices, techniques, procedures, systems, files and the like used in manufacturing, production, assembly, quality control, components development, testing, procurement, use or after-sales services.

"Seller Proprietary Technology" means any Patents or Proprietary Information owned or developed by Seller or any of its subsidiaries.

"Seller Technology" means the Technology (other than Customer Technology) and Enhancements related to or necessary for the manufacture, production, assembly, quality control, components development, testing, procurement, use or after-sales repair and service of the Products.

"Technology" means Patents, Copyrights, Proprietary Information, Technical Information, computer programs (including all source codes and related documentation), and manufacturing, engineering and technical drawings.

"Third-Party Technology" means Technology owned by a party other than Seller or Customer or any of their Affiliates.

"Trademarks" means trademarks, service marks, trade dress, logos, slogans, domain names, brand names or other names or source identifiers similar to any of the foregoing, any and all common law rights thereto, and registrations and applications for registration thereof.

"Unregistered Copyright" means an unregistered Copyright owned by Customer that is incorporated into and material to the Design.

9.2 Ownership.

9.2.1 Seller represents and warrants to Customer that it owns or has the right to use the Seller Technology used or incorporated in the Design and manufacture of the Products except for the Third-Party Technology used in components purchased for inclusion in the Products.

9.2.2 Seller hereby acknowledges and agrees that, as between the Parties, the use of any Customer Technology by Seller under this Agreement shall not create in or give to Seller any right, title or interest in or to the Customer Technology.

9.2.3 Customer hereby acknowledges and agrees that, as between the Parties, that the use of any Seller Technology by Customer in connection with this Agreement shall not create any right, title or interest in or to Seller Technology.

9.2.4 Customer and Seller represent and warrant to each other that neither has received any notice alleging that the Customer Technology or the Seller Technology, respectively, infringes on the Intellectual Property rights or ownership of any third party.

9.2.5 Customer represents and warrants that it has the right to use all Technology, Marks and Trademarks or other intellectual property rights relating to the Specifications and the Products and that it shall maintain the right to use such Technology, Marks and Trademarks.

9.3 Grants of Licenses.

9.3.1 Customer hereby grants to Seller a non-exclusive, non-transferable and revocable license and privilege during the term of this Agreement in any Manufacturing Location to use the Customer Technology in the manufacture, wholesale sale, repair, service and distribution of the Products to Customer under this Agreement.

9.3.2 Seller hereby grants to Customer a non-exclusive, non-transferable and revocable license and privilege to use the Seller Technology during the Term solely in the Design and manufacture of the Products manufactured and sold by Seller to Customer under this Agreement, and. to sell the Products incorporating such Seller Technology through Customer's distribution channels. Seller does not grant Customer any right to use the Trademarks of Seller or any of its Affiliates. Customer shall, to the fullest extent permitted by law, refrain from referring to Seller's Affiliates (except for Seller's subsidiaries) in any materials that Customer disseminates without the express written authorization from Seller's relevant Affiliate. Seller or its relevant Affiliate shall have complete and absolute discretion whether to grant or deny such authorization.

9.3.3 Except as specifically referenced herein, to the extent necessary to manufacture, assemble and sell the Products with parts and components supplied by other parties, Seller will obtain and maintain any licenses and authorizations from such parties during the Term of this Agreement. For the avoidance of doubt, the previous sentence shall not require Seller to obtain or maintain licenses, sublicenses or authorizations from third parties where such license, sublicense or authorization has been maintained or obtained (or to give effect to the terms of this Agreement must be maintained or obtained) by the Customer.

9.3.4 Customer Property. In the event Customer and Seller mutually agree that Seller will use any equipment, tooling, or materials owned by Customer (collectively, the “Customer Property”) in the manufacturing of the Products, Seller shall clearly label and identify it as Customer Property at all times. Seller hereby agrees to cooperate with Customer in the execution and filing of any documents necessary to evidence Customer’s ownership of the Customer Property and authorizes Customer to file Uniform Commercial Code financing statements on its behalf. Seller shall immediately return the Customer Property to Customer upon request or upon the termination of this Agreement, whichever is earlier. In the case of equipment or tooling, it shall be returned by Seller at Seller’s expense in the same condition as when such Customer Property was originally received by Seller, ordinary wear and tear excepted.

9.3.5 Customer Intellectual Property. Seller acknowledges that all intellectual property rights (including, without limitation, all Specifications, names, trademarks, copyrights, patents, mask works, trade secrets, know-how, technology, computer software and related documentation and source code) owned or licensed from a third party by Customer now or in the future, are and shall remain the property of Customer and nothing in this Agreement shall be deemed to grant to Seller a license to use or any other right or interest of any kind in Customer’s Intellectual Property. Upon the termination or expiration of this Agreement, Seller shall immediately discontinue all use of Customer’s intellectual property rights except as may otherwise be agreed in writing by Seller and Customer.

9.3.6 Use of Customer’s Trademarks. Seller shall not use the "Purple" name or any Customer Trademarks except as provided herein, or as otherwise agreed in writing by the Parties. Upon termination of this Agreement or upon the request of Customer, Seller will discontinue the use of the name “Purple” and thereafter will not use Customer’s name or Trademarks in any manner unless otherwise agreed in writing by the Parties.

9.4 Enforcement Against Unauthorized Uses.

9.4.1 Seller and Customer shall promptly provide each other with written notice if they become aware of any actual or potential unauthorized use, infringement, misappropriation or unfair competition by any person or entity of the Customer Technology or the Seller Technology, as the case may be (each, an "Unauthorized Use"). Once a Party has commenced any enforcement action against an Unauthorized Use, such Party shall pursue such action diligently and the other Party shall reasonably cooperate and assist if requested.

9.4.2 Customer shall be solely responsible for (i) making any decisions regarding the protection of the Customer Technology from any Unauthorized Use of the Customer Technology, and (ii) any legal or administrative costs (including legal fees) or costs incurred by Seller and its Affiliates in its reasonable cooperation to protect against any Unauthorized Use of the Customer Technology; provided that the Unauthorized Use was not caused by Seller's negligence, gross negligence, or willful misconduct.

9.4.3 Seller shall be solely responsible for (i) making any decisions regarding the protection of the Seller Technology from any Unauthorized Use of the Seller Technology, and (ii) any legal or administrative costs (including legal fees) or costs incurred by Customer in its reasonable cooperation to protect against any Unauthorized Use of the Seller Technology; provided that the Unauthorized Use was not caused by the Customer's negligence, gross negligence or willful misconduct.

ARTICLE X

CONSUMER PRODUCT SAFETY

10.1 **Notice of Non-Compliance**. Each Party agrees to give prompt notice to the other if a Party knows, or has reason to know, that any of the Products delivered by Seller to Customer hereunder (i) fail or are alleged to have failed to comply with the Specifications or applicable consumer product safety rules or standards promulgated by the United States Consumer Product Safety Commission, or any other Federal, State or local governmental body; (ii) are not reasonably safe for their intended uses in accordance with the instructions included in the Printed Materials or constitute a substantial risk of injury to the public; or (iii) contain a defect which could create a substantial risk of death, injury, or property damage to the public. Seller acknowledges the substantial investments of time and money in building and maintaining the consumer goodwill attached to the Marks of Customer that would be adversely affected by a safety defect of any Products, and the necessity of safety and quality vigilance that must attend design, manufacture, and packaging of consumer durable goods such as the Products.

10.2 **Product Recalls**. Seller shall reimburse Customer or Customer's Agent for the reasonable out-of-pocket costs and expenses incurred by Customer or Customer's Agent in connection with any recall, repair, replacement or refund program (such costs and expenses shall include, without limitation, the cost of locating, identifying and notifying Customer's trade customers and their retail customers, the cost of repairing, repurchasing or replacing the recalled Product, any costs of packing and shipping the recalled Product, and the cost of media notification, if such form of notification is ordered) which is (i) deemed necessary by Seller and Customer or (ii) is mandated by an order of, or is requested by, a governmental agency to correct a manufacturing defect affecting the safety of Products sold after notification by either Party to such governmental agency; provided, that, (a) Customer cooperates with Seller, at Seller's cost and expense, in the implementation and administration of any program of recall, repair, replacement or refund, (b) Customer shall furnish to Seller such records regarding any program of recall, repair, replacement or refund as are reasonable and (c) recall is not a result of Customer's Specifications, materials provided by Customer or Customer negligence or misconduct. It is understood and agreed that Customer will notify Seller in a timely manner of any condition known to it that may affect the safety of such Products and that, to the extent it is legally permissible, Customer shall consult with Seller about any such condition prior to notifying any governmental agency. In no event shall reimbursement under this Section of reasonable out-of-pocket costs include any amounts for lost profits or business goodwill or any other special, punitive or indirect damages. Nothing in this Agreement shall constitute a waiver or limitation by Seller of any constitutional, statutory or other right to administrative or judicial review of any request, demand or order of any governmental agency or body.

10.3 **Suspension of Deliveries**. In addition to any other right provided in this Agreement, Customer and Seller shall each have the right, at its sole option, to immediately suspend all deliveries under and/or to terminate this Agreement if (i) either Party or the Consumer Product Safety Commission concludes that any of the Products or, Service Parts provided by Customer or Seller fail to comply with Specifications or consumer product safety rules or standards, constitute a substantial risk of injury to the public, or contain a defect which could create a substantial risk of injury to the public.

ARTICLE XI

EXCUSABLE DELAY

11.1 **Force Majeure**. Any delay or failure of either Party to perform its obligations shall be excused if it is caused by an extraordinary event or occurrence beyond the control of the nonperforming Party and without the nonperforming Party's fault or negligence, such as acts of God, pandemics, fires, floods, windstorms, explosions, natural disasters, wars and sabotage, labor stoppages, job actions, strikes and unrest, failure of suppliers to deliver, and acts of terrorism. Written notice of any anticipated delays in performance, including the anticipated duration of the delay must be given within two business days after the onset of the force majeure event. Should a force majeure event continue for sixty (60) days, the affected Party may immediately cancel this Agreement without any liability. No force majeure event shall apply to delay or excuse any payment obligation except an unanticipated bank holiday or the suspension or cessation of wire transfer services by the United States Federal Reserve.

ARTICLE XII

EXCLUSIVITY

12.1 **Sales of Similar Products**. Seller and its Affiliates may sell products similar to the Products throughout the world to any other manufacturer, marketer, seller or customer so long as such products do not incorporate the Marks or Customer Technology.

ARTICLE XIII

TERM AND TERMINATION

13.1 **Length of Term**. Unless terminated as provided for in Section 13.2 herein, the term of this Agreement shall commence on the date first written above and shall expire on December 31, 2027 (the "Initial Term"). This Agreement shall automatically renew for successive one-year terms thereafter (each, a "Renewal Term") unless either Party provides at least 120 days' written notice to the other Party prior to the renewal date of its intent not to renew. The Initial Term and any Renewal Term may be referred to herein as the "Term". Each 12-month period during the Term shall be referred to as a "Contract Year".

13.2 **Termination**. This Agreement may be terminated by:

13.2.1 Mutual written agreement of the Parties at any time;

13.2.2 Either Party, provided that such Party delivers written notice of termination to the other Party at least 120 days prior to the soonest, upcoming Renewal Term, whereby the expiration date of the current Term shall be deemed the proposed termination date of this Agreement;

13.2.3 Either Party, provided that such Party delivers written notice of termination to the other Party at least 120 days prior to the proposed termination date;

13.2.4 Either Party upon notice if the other Party:

(i) Materially breaches this Agreement or fails to substantially comply with its obligations set forth in this Agreement and does not cure such breach within thirty (30) days after receiving written notice of such breach from the other Party;

(ii) Takes action, or suffers action taken by its board of directors or owners, toward dissolution, winding up or termination of its existence, or suffers revocation of its charter or a similar authorization of its existence; or

(iii) Becomes insolvent, makes a general assignment for the benefit of creditors or becomes involved in a bankruptcy that is not dismissed within sixty (60) days after its commencement. If a bankruptcy or reorganization proceeding is filed, the debtor Party agrees to waive its automatic stay protection and shall not oppose or object to a motion for relief from the automatic stay, and further agrees that the interest of the non-debtor Party will not be adequately protected. If the Court requires the Seller to remain as a vendor in Customers bankruptcy, Customer agrees to name Seller as a critical vendor in the bankruptcy proceeding. Neither Party shall have any liability to the other for exercising its termination rights under this paragraph.

Seller shall remain obligated to deliver on all accepted Purchase Orders up through the date of termination. Customer remains obligated to pay all invoices appropriately issued up through the date of termination. In the event Customer terminates this Agreement pursuant to Section 13.2.3, Customer agrees to purchase from Seller any remaining raw material inventory in Seller's possession on the termination date, at Seller's cost, F.O.B. Seller's warehouses, provided the inventory as of the date termination notice is received does not exceed (1) quantities corresponding to the most recent forecast by Customer provided to Seller as set forth in Section 1.9 for domestically purchased items, and (2) six months for imported items (e.g. zipper covers and vinyl bags). In all cases the Parties shall cooperate during the notice period to resolve supply shortages without creating excess inventory burdens on either Party.

ARTICLE XIV

NOTICE

14.1 **Notices**. Any notice or other communication required or permitted to be delivered under this Agreement to either Party shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the Party to be notified; (b) when sent by electronic mail if sent during normal business hours of the recipient, if not, then on the next business day; (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt, to the address or email address set forth beneath the name of such Party below (or to such other address or email address as such Party may designate by advance written notice to the other Party).

Seller	Customer
Tempur Sherwood, LLC [***]	Purple Innovation, LLC [***]

With a copy to:
Tempur Sealy International, Inc.
[***]

ARTICLE XV

MISCELLANEOUS

15.1 **Integration**. This Agreement, together with the Exhibits that are incorporated herein by reference, encompasses the entire understanding and agreement between the Parties, and hereby supersedes any and all prior or contemporaneous agreements, oral or written, made between the Parties, including the Original Agreement, with respect to the subject matter of this Agreement and the transactions herein contemplated.

15.2 **Modifications**. No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing signed by both Parties.

15.3 **Severability**. The invalidity or unenforceability of any provision of this Agreement pursuant to any applicable law shall not affect the validity or enforceability of the remaining provisions hereof, but this Agreement shall be construed as if not containing the provision held invalid or unenforceable.

15.4 **Preprinted Form Documents**. For their convenience, the Parties may use their standard Purchase Order, Specification Sheet, Order Schedule, acknowledgement, invoice and other similar preprinted forms. However, any preprinted contractual terms on such forms shall be null and void and of no effect and the terms of this Agreement shall override and exclusively govern the contractual relations between the Parties.

15.5 **Relationship of the Parties**. The Parties are independent contractors and under no circumstances are either to be deemed a legal representative, express or implied agent, employee or officer of the other Party. Nothing contained in this Agreement shall be deemed to establish a relationship of principal and agent between Seller and Customer, nor any of their agents or employees for any purpose whatsoever. No act of either Party, or no assistance given by one Party to the other, shall be construed to alter this independent contractor relationship.

15.6 **Representations and Warranties**. Seller and Customer hereby represent and warrant to each other as follows:

15.6.1 Such Party is duly organized, validly exists and is in good standing under the laws of its jurisdiction of organization,

15.6.2 Such Party is authorized to execute and perform this Agreement and any applicable programs established thereunder,

15.6.3 Such Party has had the opportunity to retain independent counsel regarding its obligations and commitments hereunder,

15.6.4 The performance in this Agreement of any provision of this Agreement by each Party will not conflict with or violate any material agreement, arrangement or commitment, whether written or oral, with any third party; and

15.6.5 Customer represents, warrants and covenants to Seller that Customer has, and shall retain during the term of this Agreement, such legal rights to the Marks, Customer Technology and Customer Proprietary Technology as are necessary to allow Seller to perform under this Agreement.

15.7 **Delay and Waiver**. Neither Party's delay in exercising or such Party's acquiescence in or waiver of a breach of any term, provision or condition of this Agreement, shall be deemed or construed to operate as a waiver of such Party's rights hereunder, except for the specific instance of delay, failure, acquiescence, or waiver. No waiver of any term or condition of this Agreement shall be effective or binding unless such waiver is in writing and is signed by the waiving Party, nor shall this Agreement be changed, modified, discharged or terminated other than in accordance with its terms, in whole or in part, except by a writing signed by both Parties.

15.8 **Survival**. The provisions contained in this Agreement, which by their nature would go beyond the termination, cancellation or expiration of this Agreement, including but not limited to Warranty, Service Parts, Indemnity and Insurance shall survive its termination, cancellation or expiration.

15.9 **Assignment/Delegation**. Neither Party may assign or subcontract any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any assignment or delegation in violation of this section shall be null and void. Notwithstanding the foregoing, (i) Seller may subcontract the manufacturing of components and subassemblies of the Products so long as Seller assembles the Products and packages the same within its own manufacturing facilities, and (ii) either Party may assign this Agreement directly or indirectly without the consent of the other Party (a) to any Affiliate or (b) in any transaction that constitutes the sale of that Party's business as a whole, or the business segment for which the Products are supplied, regardless of the form of the transaction.

15.10 **Governing Law and Venue**. This Agreement shall be deemed made and entered into pursuant to, and in the event of any dispute hereunder, this Agreement shall be governed by and construed in accordance with, the laws of the State of New York, notwithstanding the conflicts of laws principles of any other jurisdiction.

15.11 **Dispute Resolution**. All disputes, except as set forth below, arising out of or relating to this Agreement shall be finally settled by arbitration in accordance with the American Arbitration Association Commercial Arbitration Rules by an independent and impartial arbitrator, selected in accordance with the above-referenced Rules. Judgment upon the award rendered may be entered in any court having personal jurisdiction over the Party against which enforcement is sought. Arbitration shall be held in New York, New York and conducted in the English language. The Parties each consent to the non-exclusive personal jurisdiction of the United States District Court for the Southern District of New York for all actions that may relate to enforcement of the arbitration provisions of this Agreement. Either Party may seek injunctive relief in said Court to enjoin a pending or threatened violation of the Mutual Non-Disclosure Agreement attached as Exhibit 3 or Articles 8 or 9 of this Agreement, until such time as the matter can be determined by arbitration.

15.12 **Counterparts**. This Agreement shall be executed in one or more counterparts, each of which shall be considered to be an enforceable original instrument.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the Effective Date.

PURPLE INNOVATION, LLC

By: /s/ Eric Haynor
Eric Haynor, COO

TEMPUR SHERWOOD, LLC

By: /s/ Kevin Sirop
Kevin Sirop, Executive VP. CFO

Exhibit 1 – Price List, Lead Times and Component Pricing
Exhibit 2 – Form of Price Change Notice
Exhibit 3 – Gel Inventory Count Sheet

Exhibit 31.1

CERTIFICATIONS

I, Robert T. DeMartini, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: July 29, 2025

/s/ Robert T. DeMartini

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

Exhibit 31.2

CERTIFICATIONS

I, Todd E. Vogensen, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: July 29, 2025

/s/ Todd E. Vogensen

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

Exhibit 32.1

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Purple Innovation, Inc. (the "Corporation") for the quarter ended June 30, 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: July 29, 2025

/s/ Robert T. DeMartini

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

Exhibit 32.2

CERTIFICATION

In connection with the Quarterly Report on Form 10-Q of Purple Innovation, Inc. (the "Corporation") for the quarter ended June 30, 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: July 29, 2025

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