## **UNITED STATES** SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### **FORM 10-Q**

(Mark	One)
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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES** |X|**EXCHANGE ACT OF 1934** 

For the quarterly period ended September 28, 2024

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

sleep number.

Commission File Number: 000-25121

## **SLEEP NUMBER CORPORATION**

(Exact name of registrant as specified in its charter)

Minnesota

41-1597886

(State or other jurisdiction of incorporation or organization)

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

**1001 Third Avenue South** Minneapolis, Minnesota

55404

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (763) 551-7000

Securities registered pursuant to Sect	ecurities registered pursuant to Section 12(b) of the Act:					
Title of each class	Trading Symbol(s)	Name of each exchange on which registe	ered			
Common Stock, par value \$0.01 per sha	are SNBR	Nasdaq Global Select Market				
,	g 12 months (or for such shorte	uired to be filed by Section 13 or 15(d) of the Section 14 or 15(d) of the Section 15(d)				
	232.405 of this chapter) during	y every Interactive Data File required to be subn the preceding 12 months (or for such shorter pe				
,	n company. See the definitions	an accelerated filer, a non-accelerated filer, a sn of "large accelerated filer," "accelerated filer," "sn e Exchange Act.				
Large accelerated filer □		Accelerated filer	$\boxtimes$			
Non-accelerated filer □		Smaller reporting company				
		Emerging growth company				
0 00 1 7	,	has elected not to use the extended transition pe and pursuant to Section 13(a) of the Exchange Ac				
Indicate by check mark whether the regist	rant is a shell company (as def	ned in Rule 12b-2 of the Exchange Act). Yes $\ \square$	No ⊠			
As of September 28, 2024, 22,371,000 sh	ares of the registrant's Commo	n Stock were outstanding.				

#### SLEEP NUMBER CORPORATION AND SUBSIDIARIES INDEX

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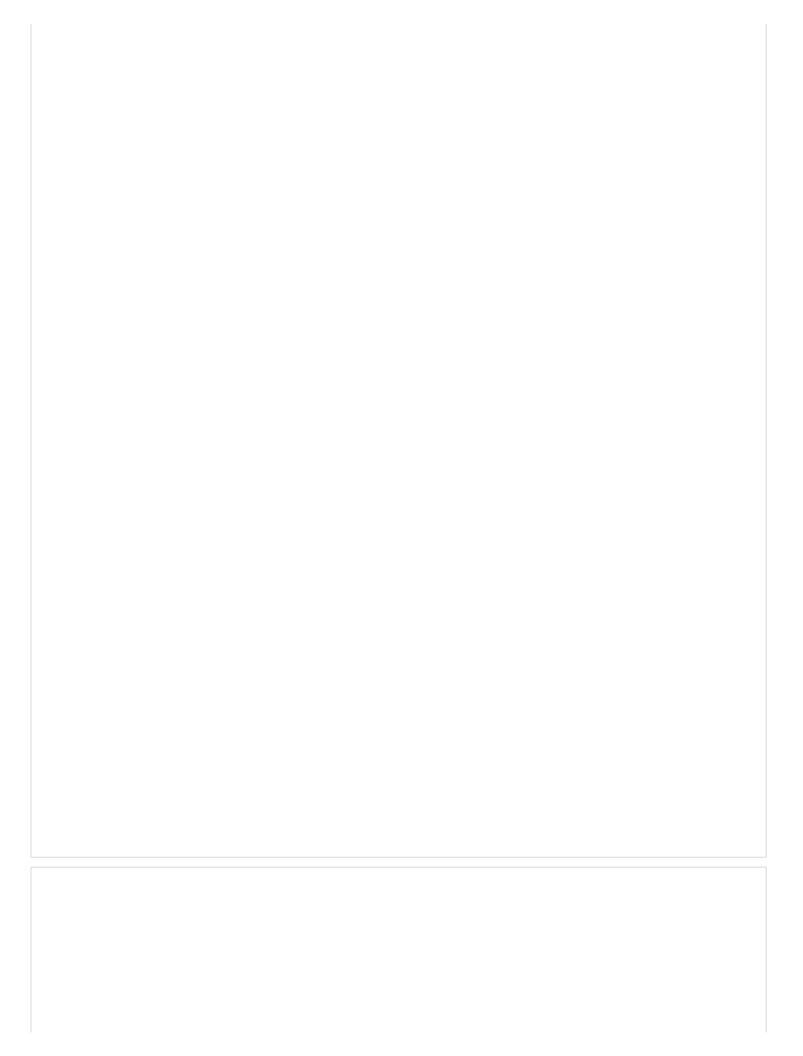
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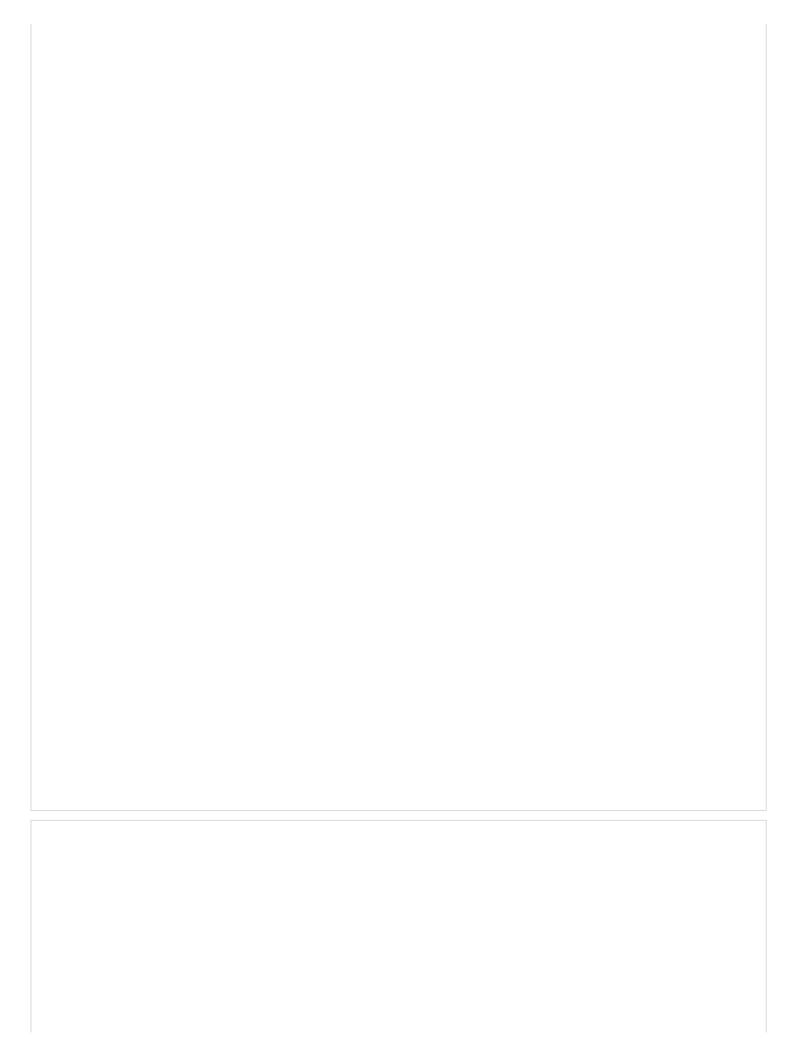
## SLEEP NUMBER CORPORATION AND SUBSIDIARIES

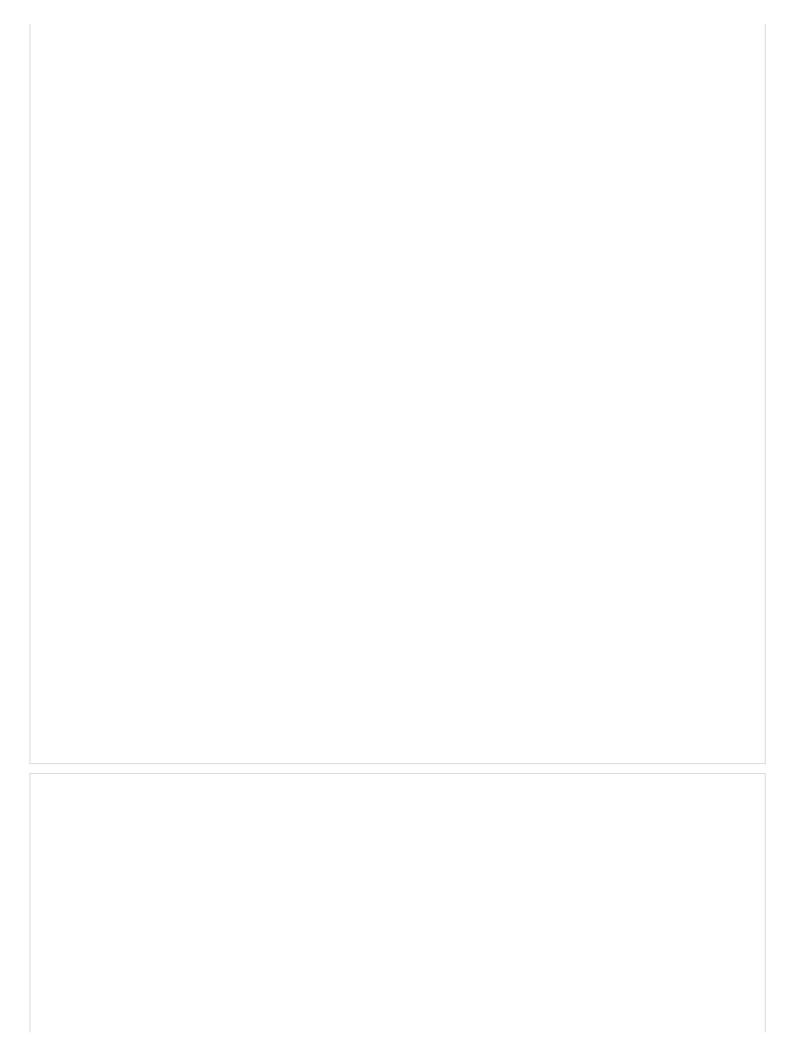
# Condensed Consolidated Balance Sheets (unaudited - in thousands, except per share amounts)

		September 28, 2024		December 30, 2023	
Assets					
Current assets:					
Cash and cash equivalents	\$	1,592	\$	2,539	
Accounts receivable, net of allowances of \$1,134 and \$1,437, respectively		17,026		26,859	
Inventories		93,039		115,433	
Prepaid expenses		17,827		16,660	
Other current assets		40,784		44,637	
Total current assets		170,268		206,128	
Non-current assets:					
Property and equipment, net		140,406		179,503	
Operating lease right-of-use assets		367,133		395,411	
Goodwill and intangible assets, net		66,468		66,634	
Deferred income taxes		27,267		20,253	
Other non-current assets		93,109		82,951	
Total assets	\$	864,651	\$	950,880	
Liabilities and Shareholders' Deficit					
Current liabilities:					
Borrowings under revolving credit facility	\$	516,500	\$	539,500	
Accounts payable		127,990		135,901	
Customer prepayments		43,514		49,143	
Accrued sales returns		19,688		22,402	
Compensation and benefits		28,909		28,273	
Taxes and withholding		17,685		17,134	
Operating lease liabilities		82,488		81,760	
Other current liabilities		57,268		61,958	
Total current liabilities		894,042		936,071	
Non-current liabilities:					
Operating lease liabilities		318,665		351,394	
Other non-current liabilities		100,728		105,343	
Total liabilities		1,313,435		1,392,808	
Shareholders' deficit:					
Undesignated preferred stock; 5,000 shares authorized, no shares issued and outstanding		_		_	
Common stock, \$0.01 par value; 142,500 shares authorized, 22,371 and 22,235 shares issued and outstanding, respectively		224		222	
Additional paid-in capital		25,527		16,716	
Accumulated deficit		(474,535)		(458,866	
Total shareholders' deficit		(448,784)		(441,928	
Total liabilities and shareholders' deficit	\$	864,651	\$	950,880	

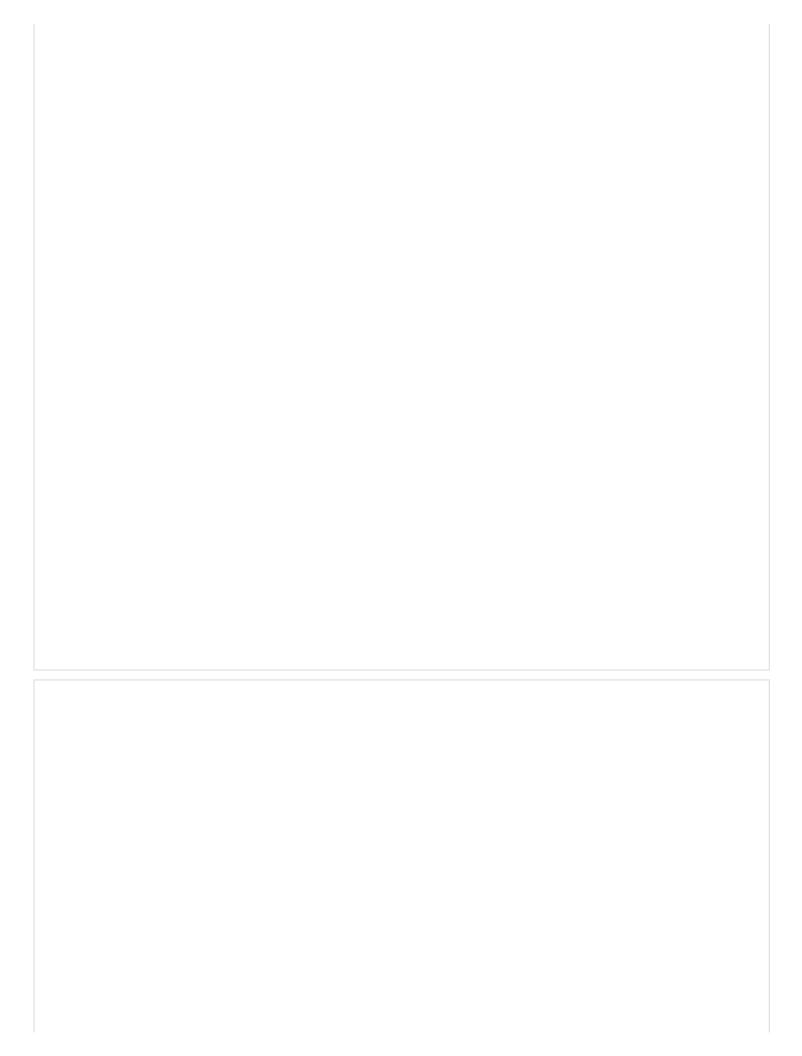
See accompanying notes to condensed consolidated financial statements.

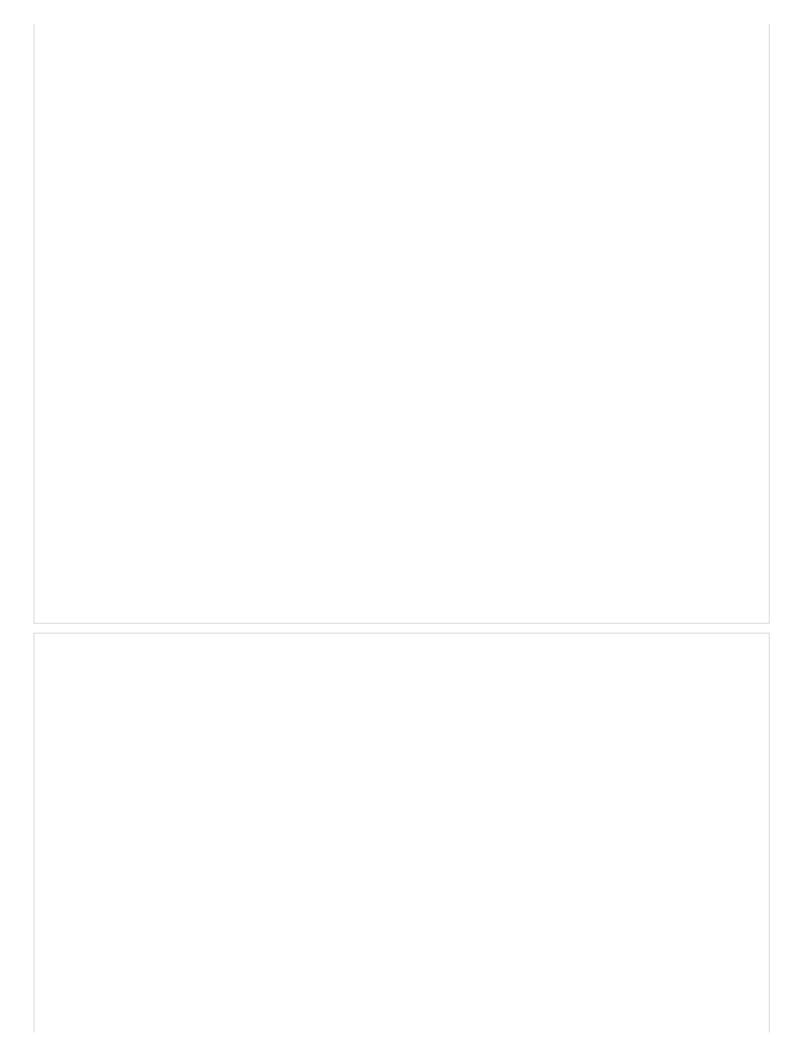


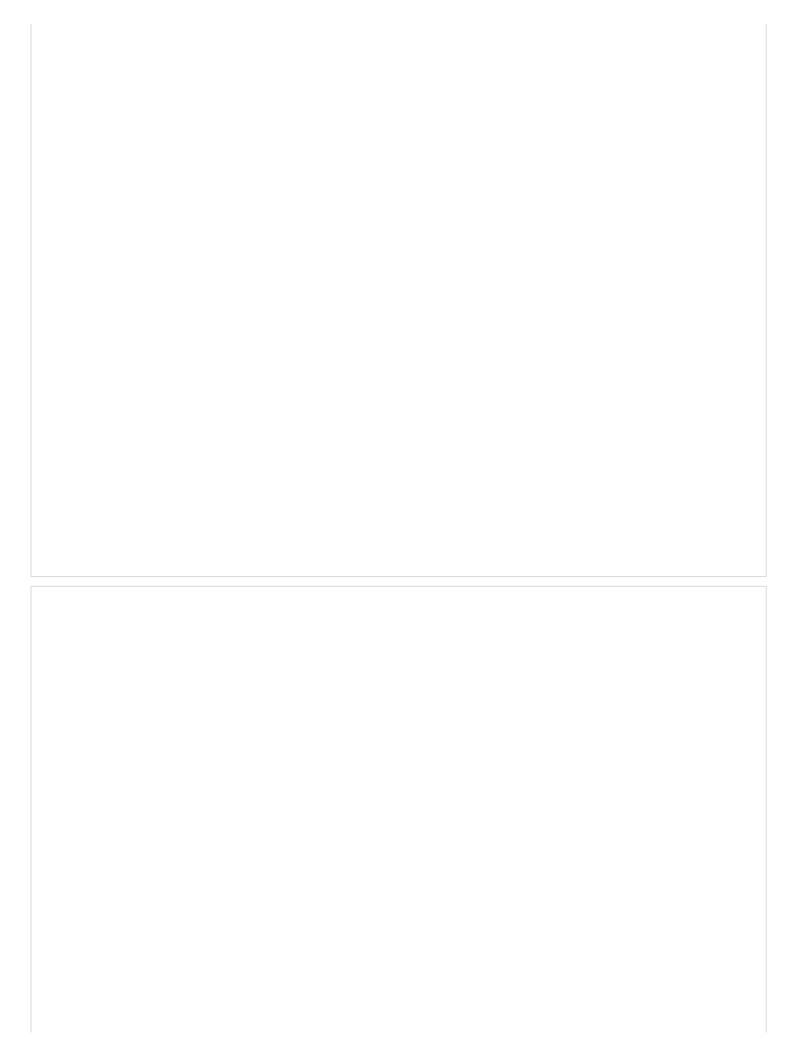


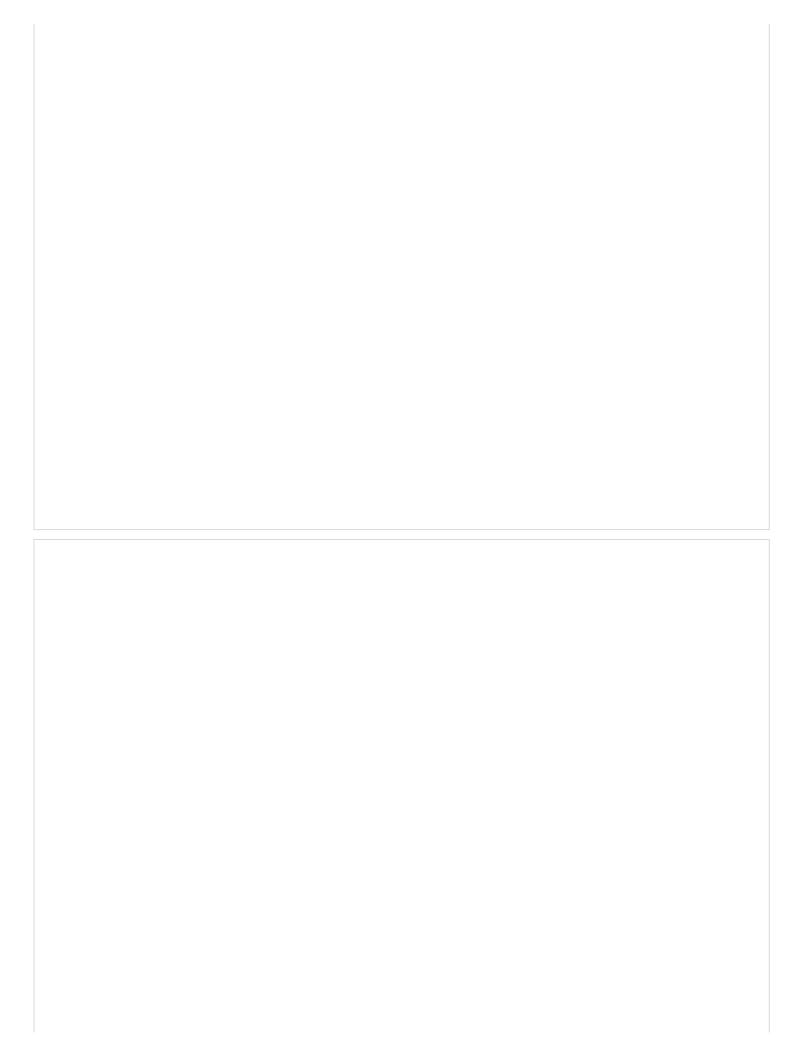


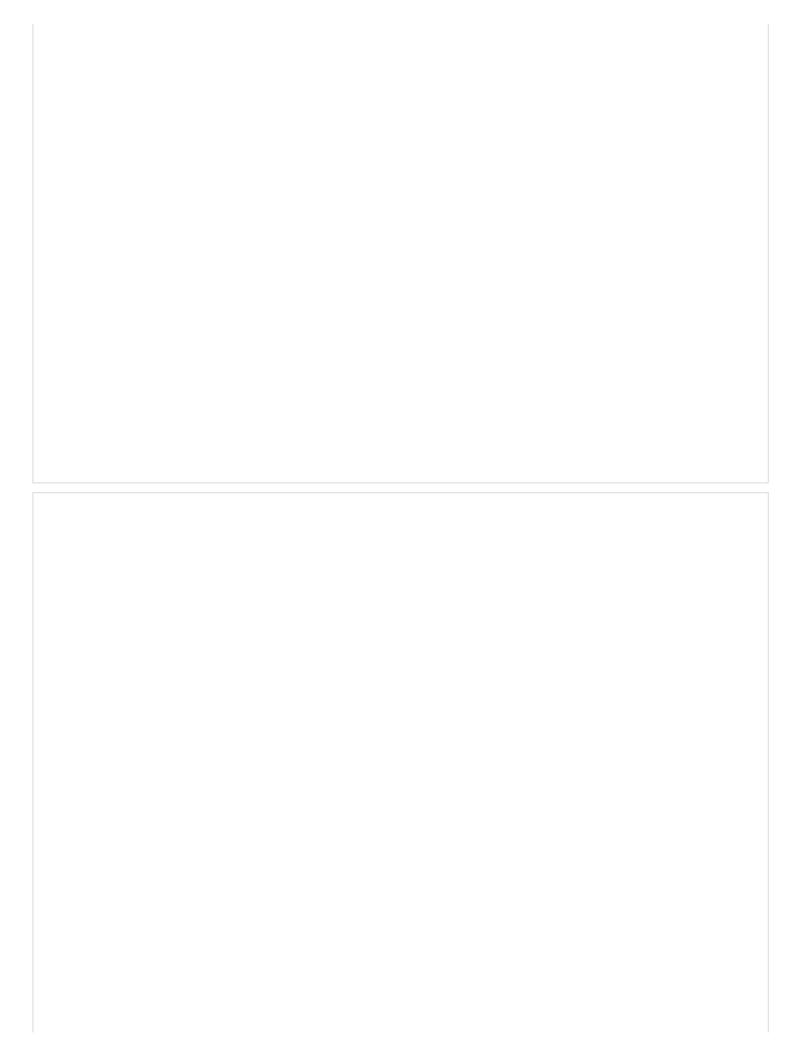


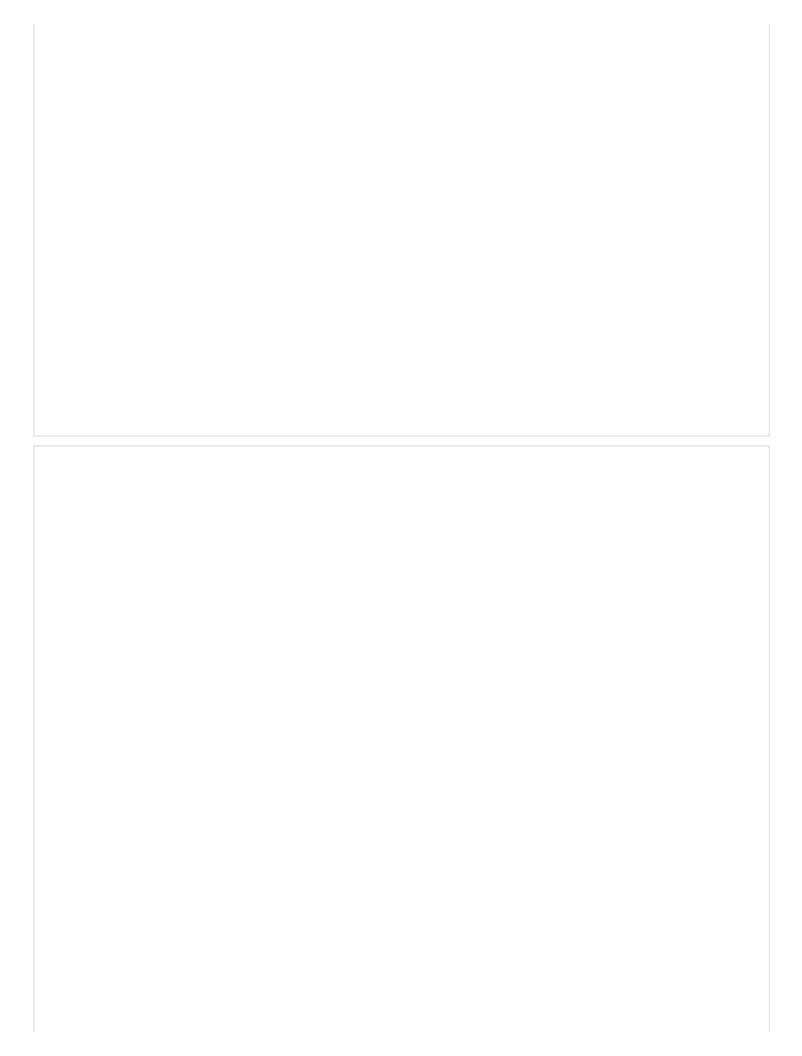


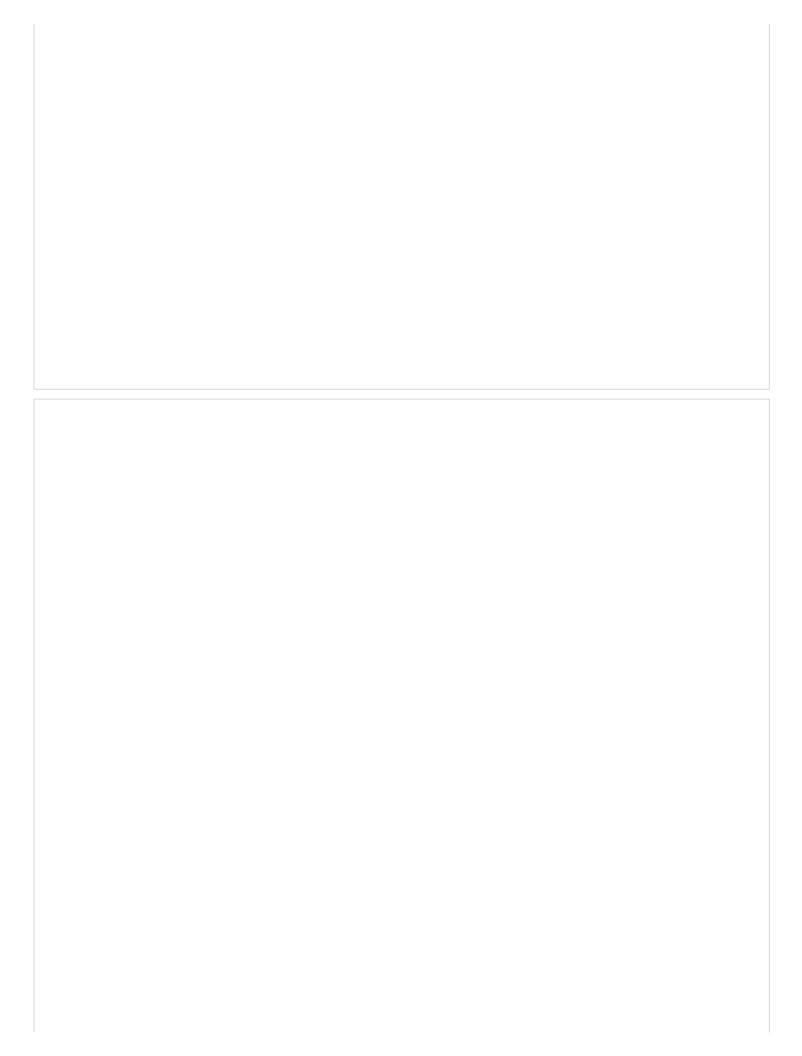


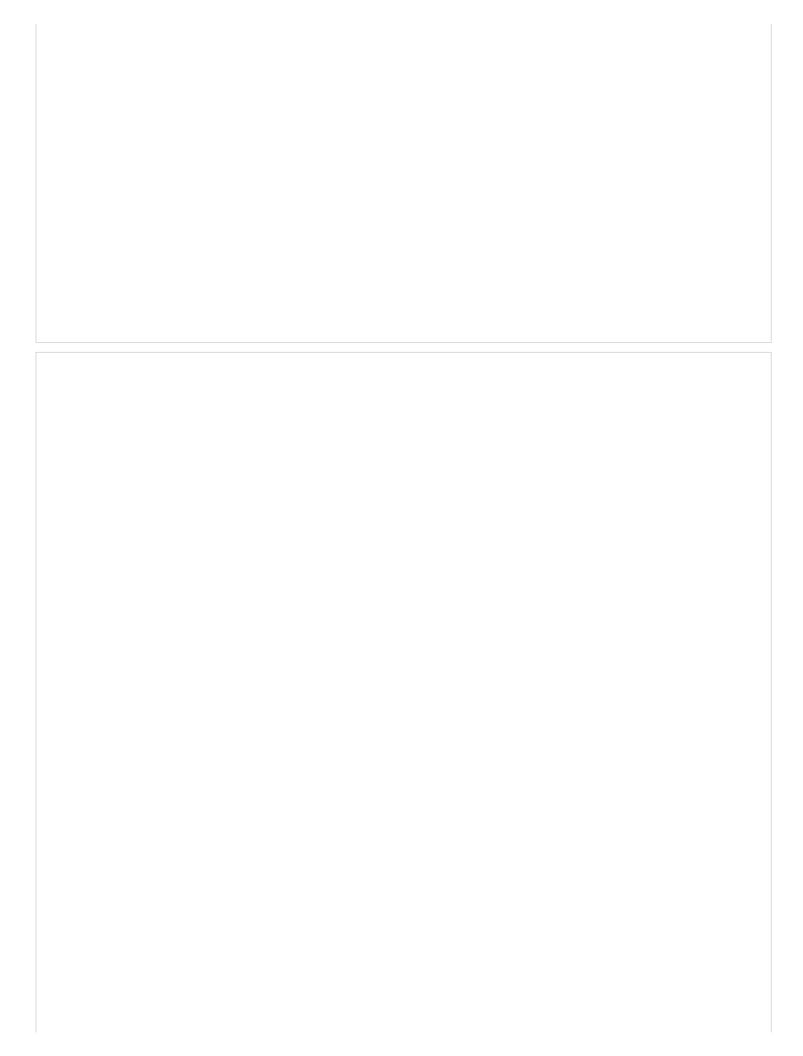


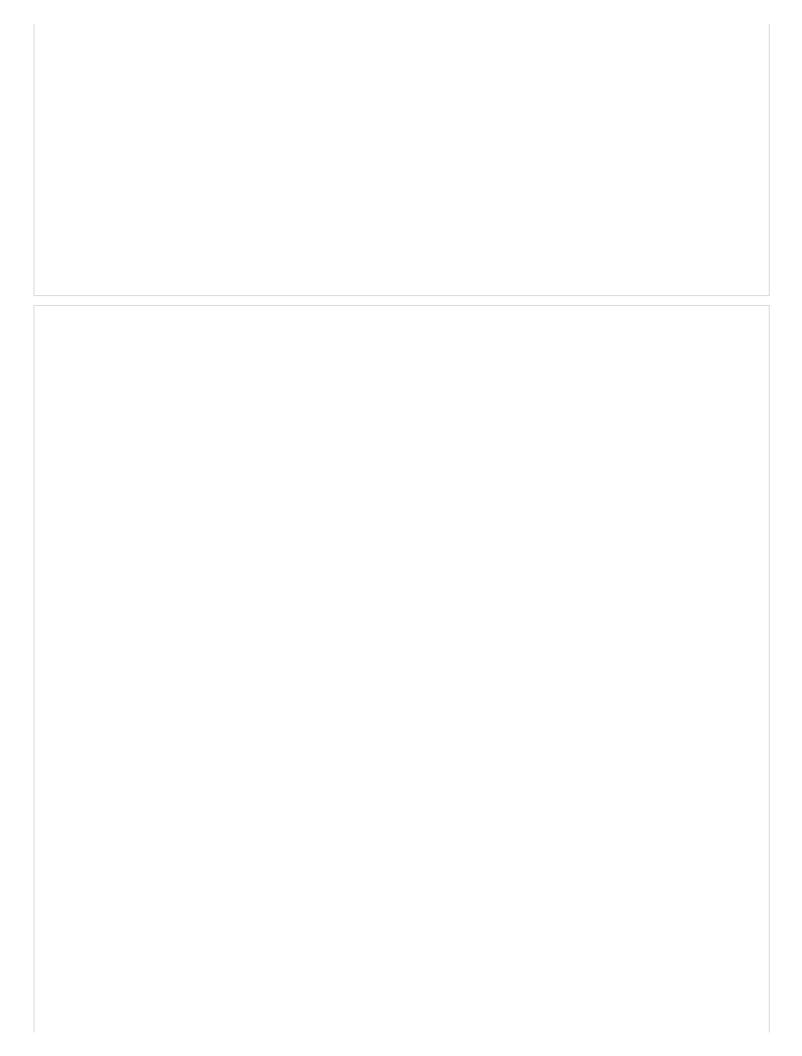


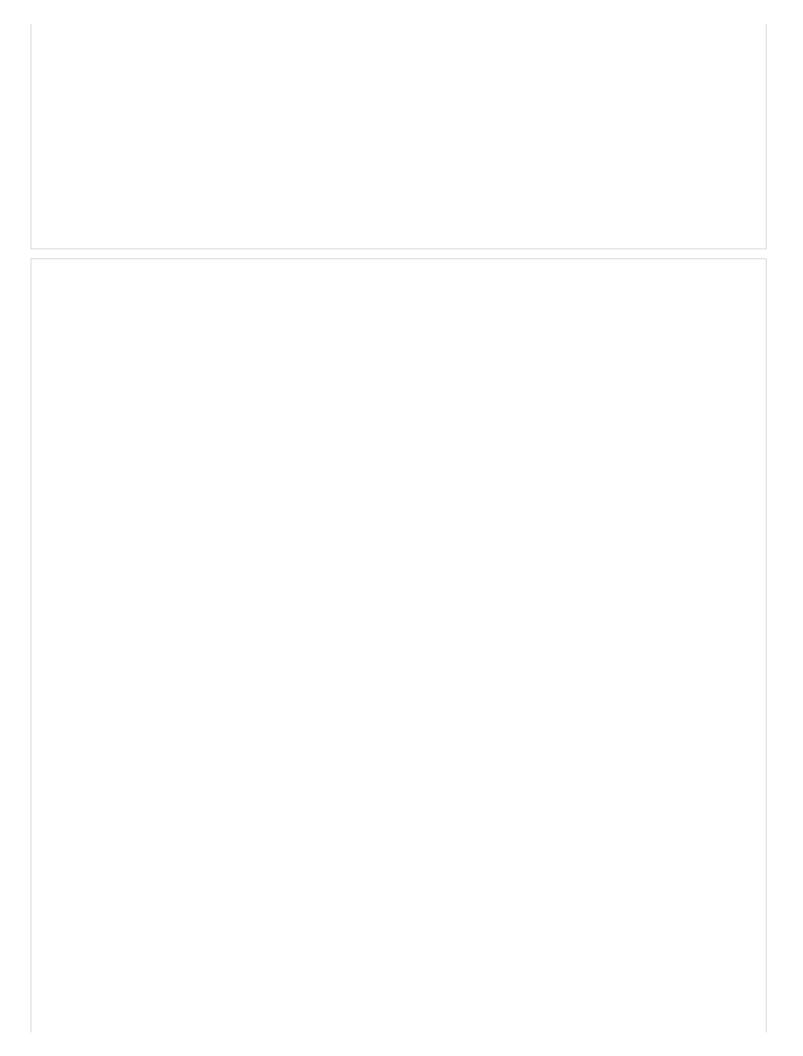


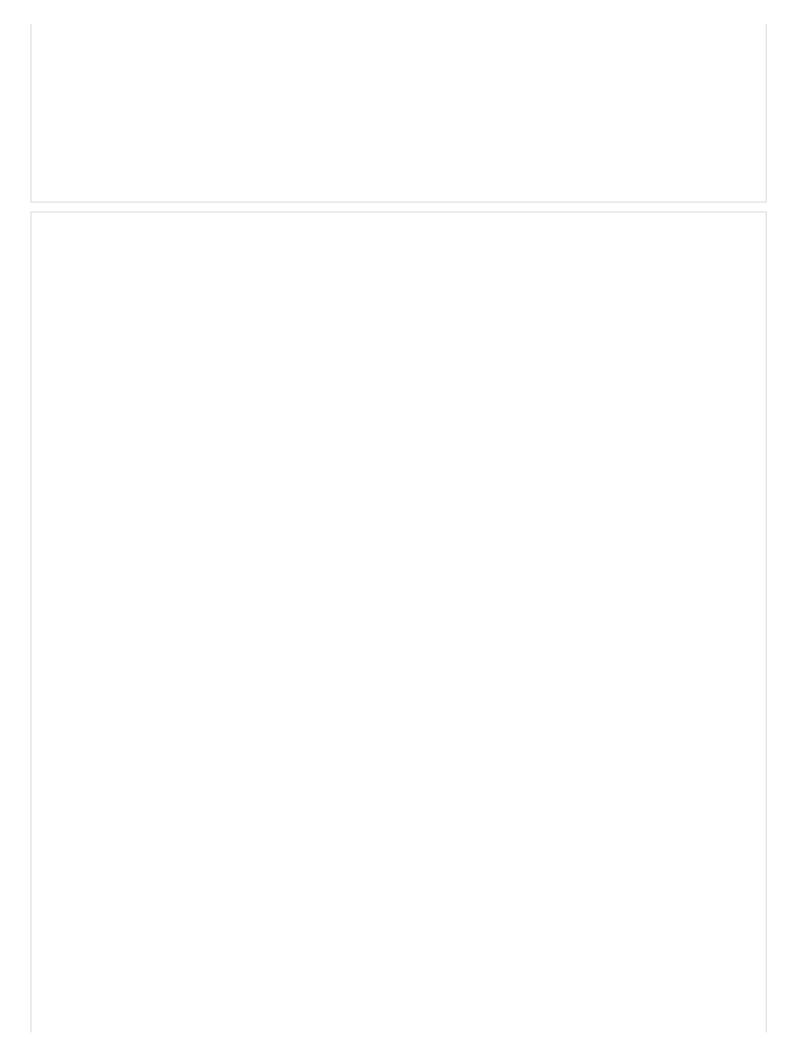


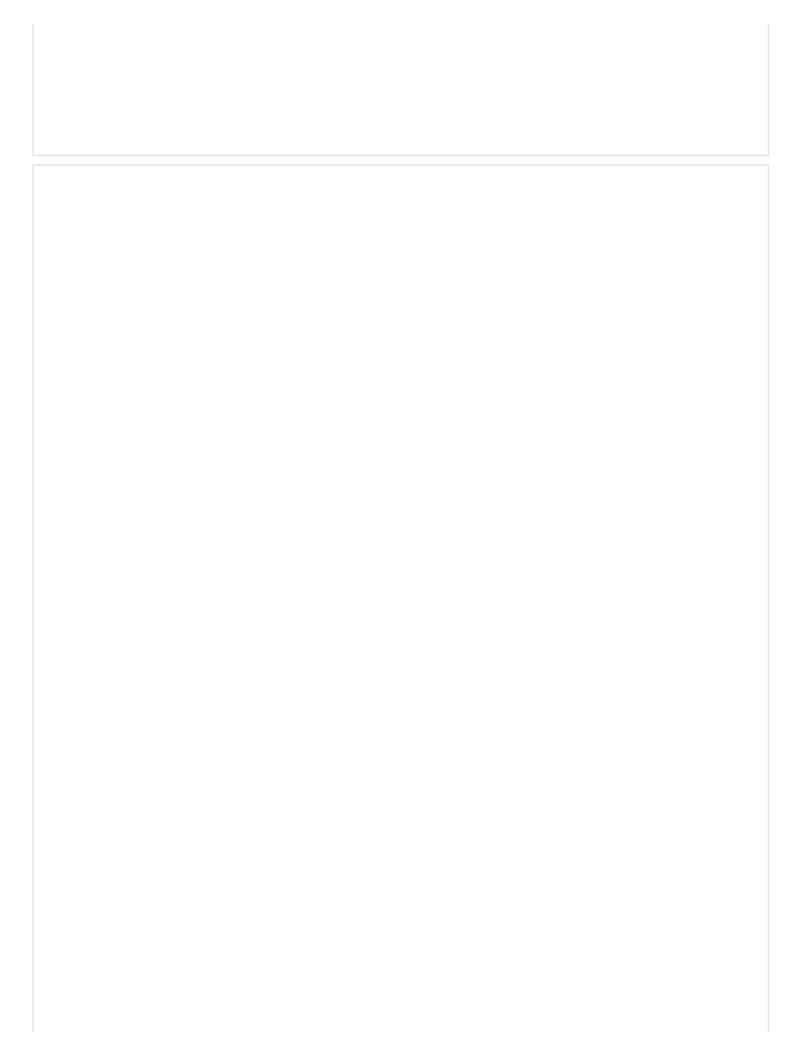


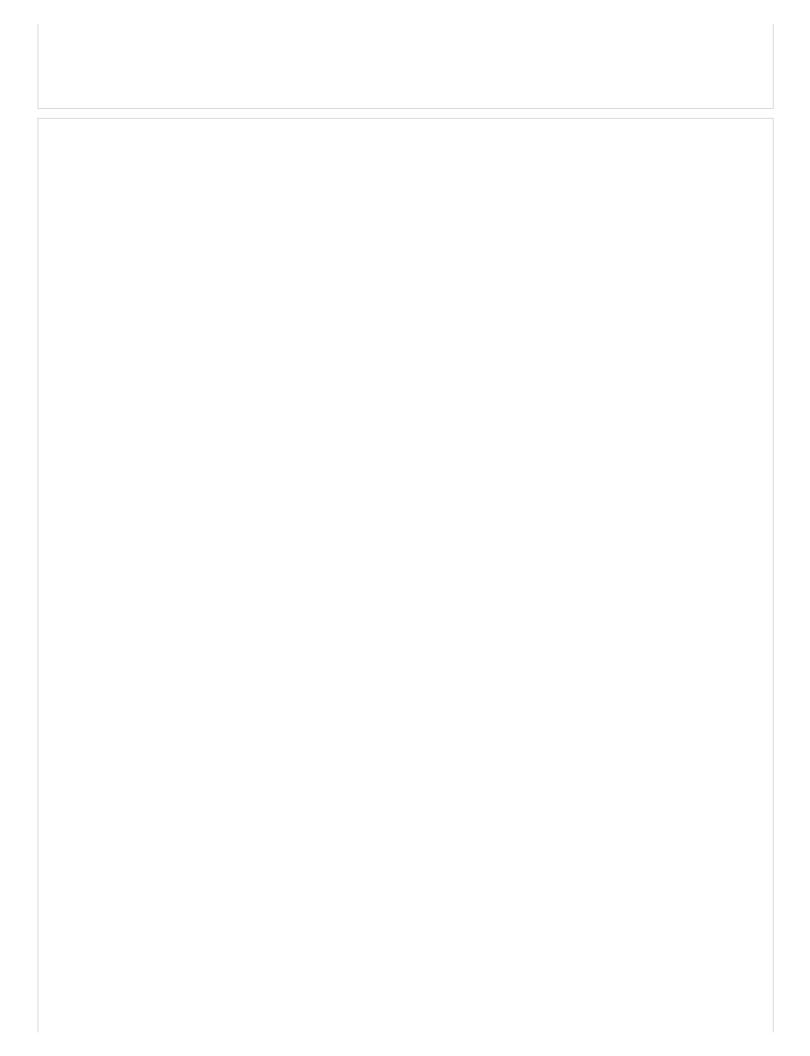


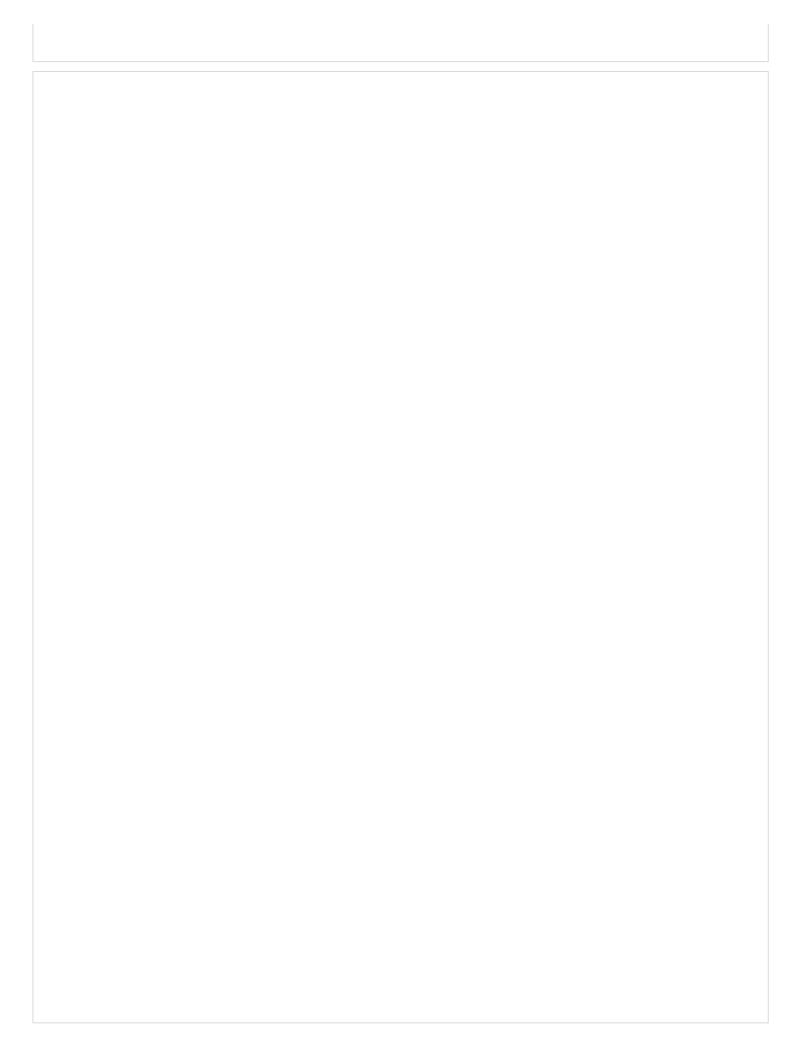


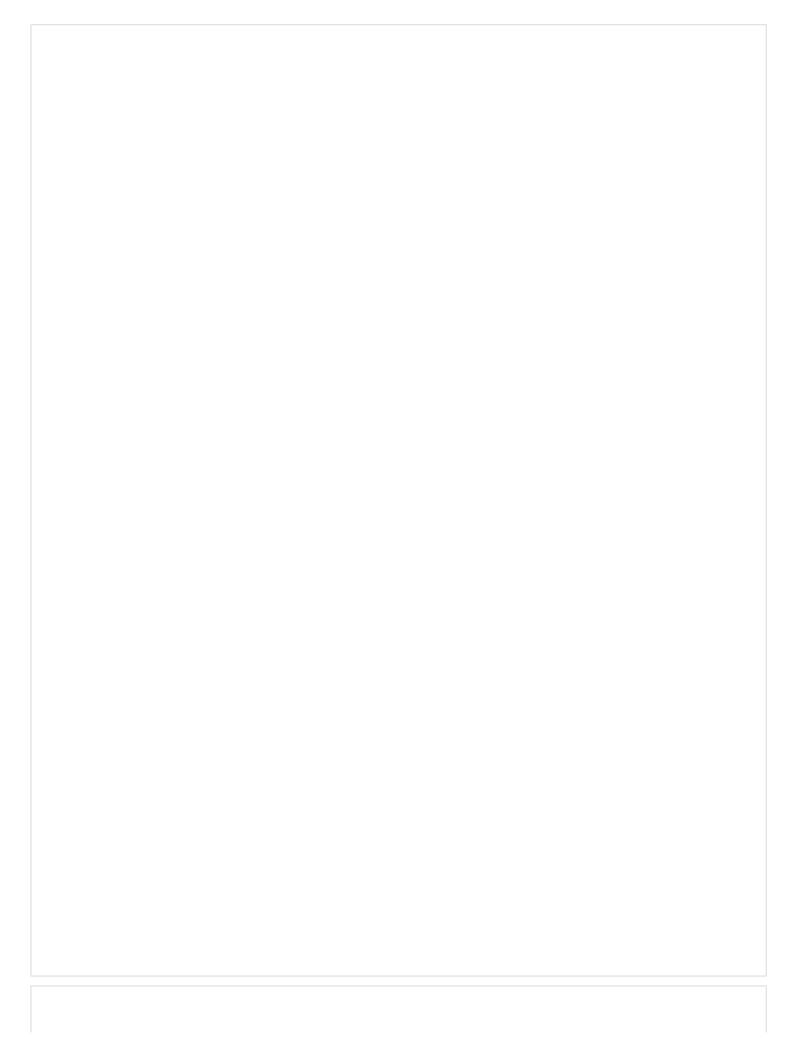


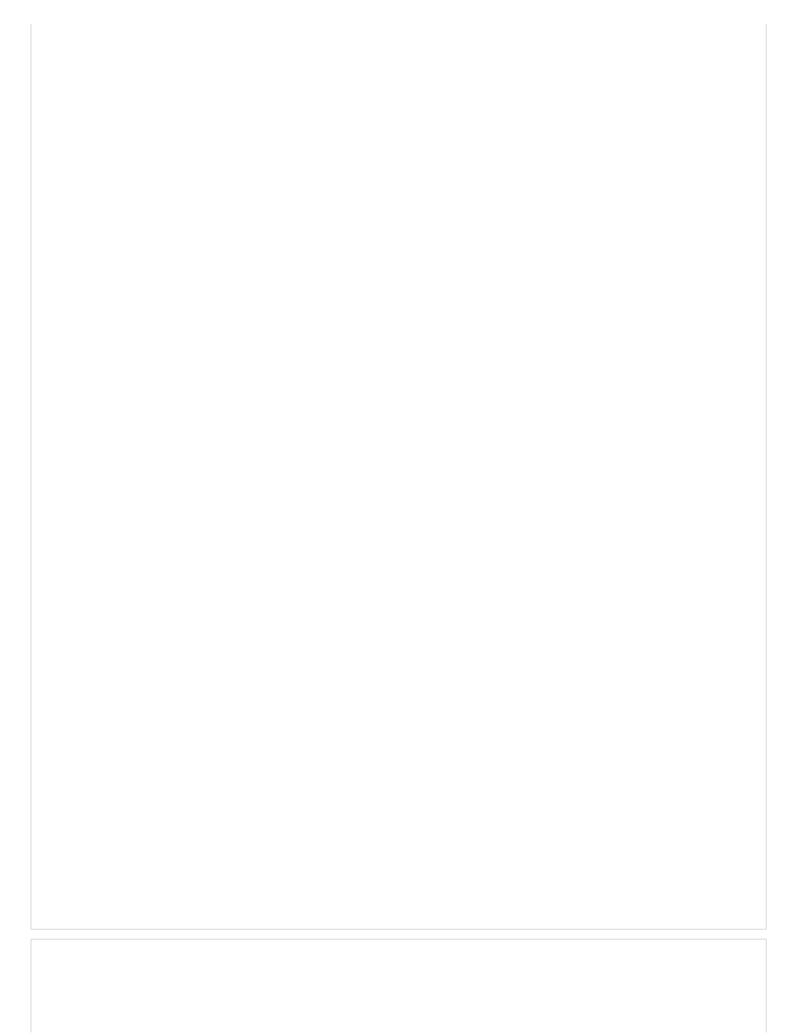


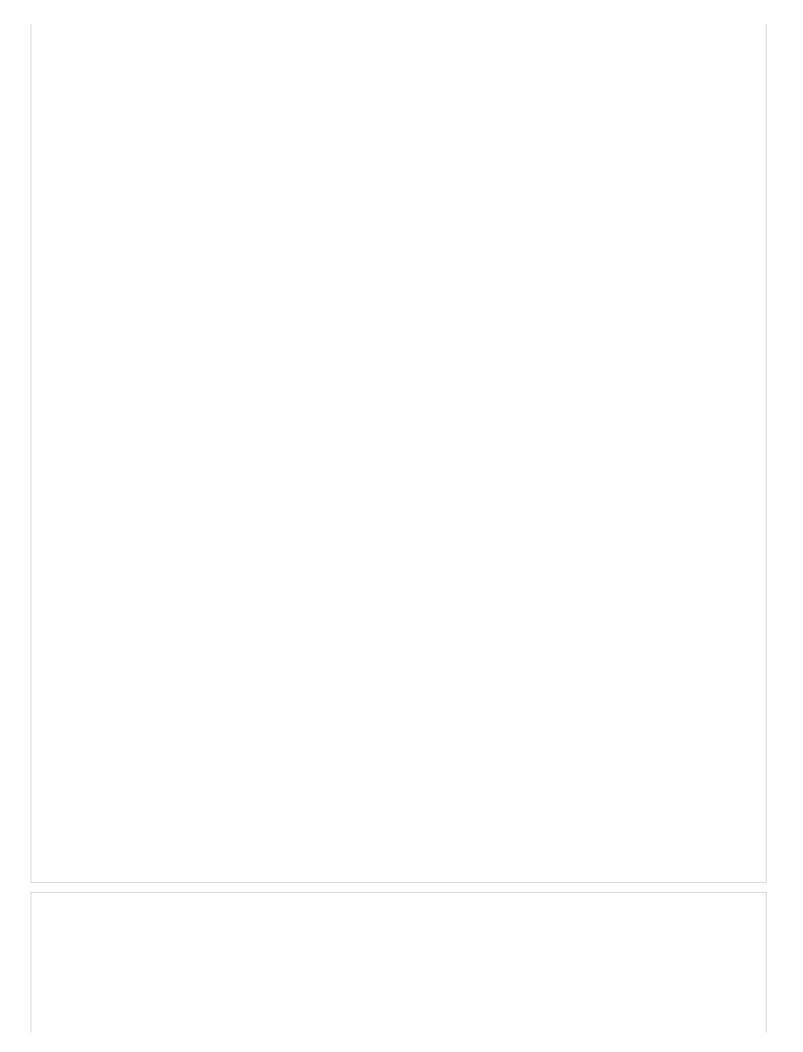




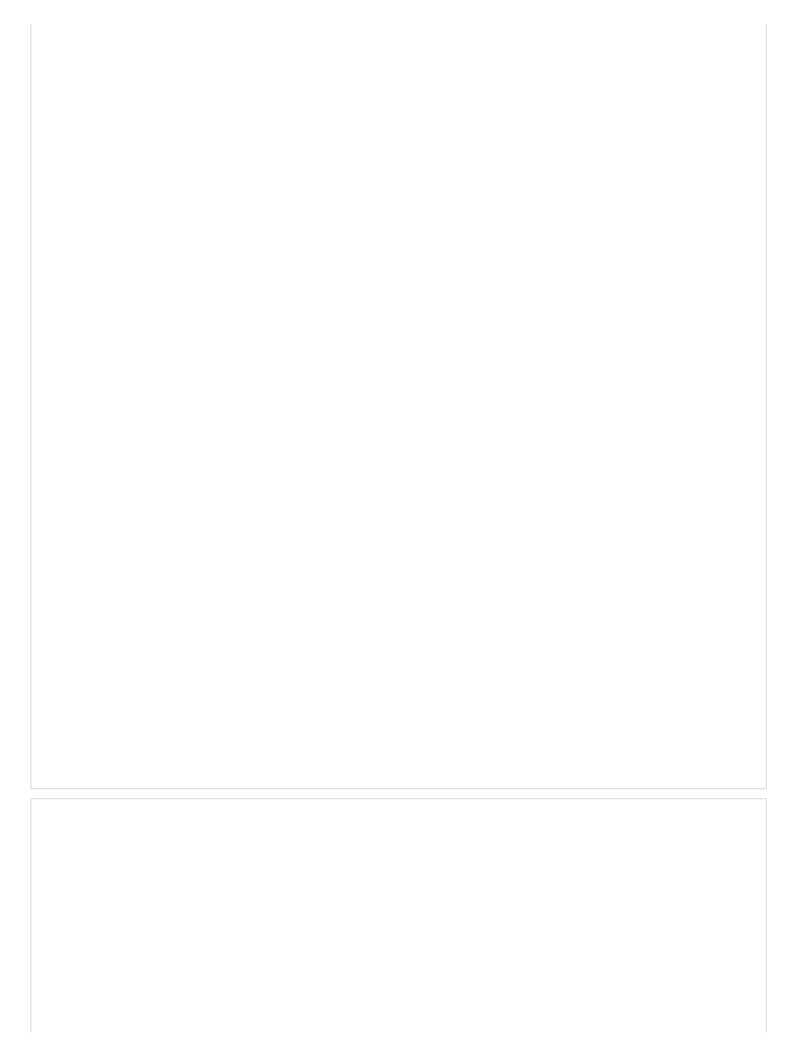


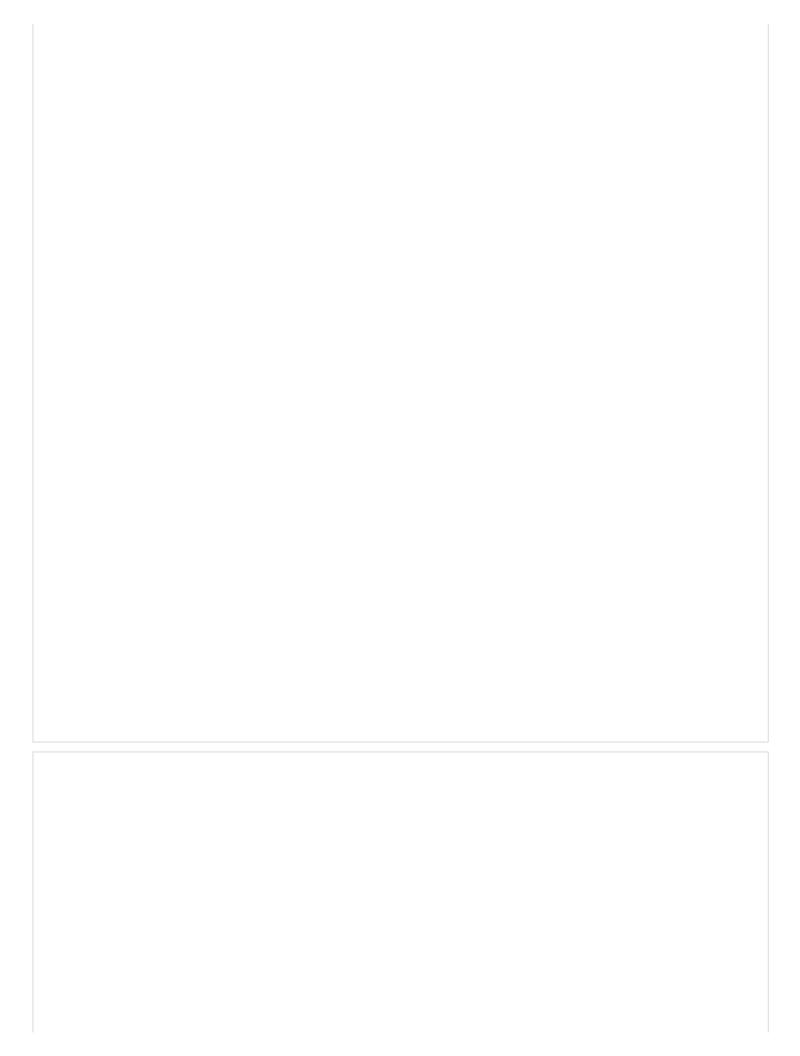


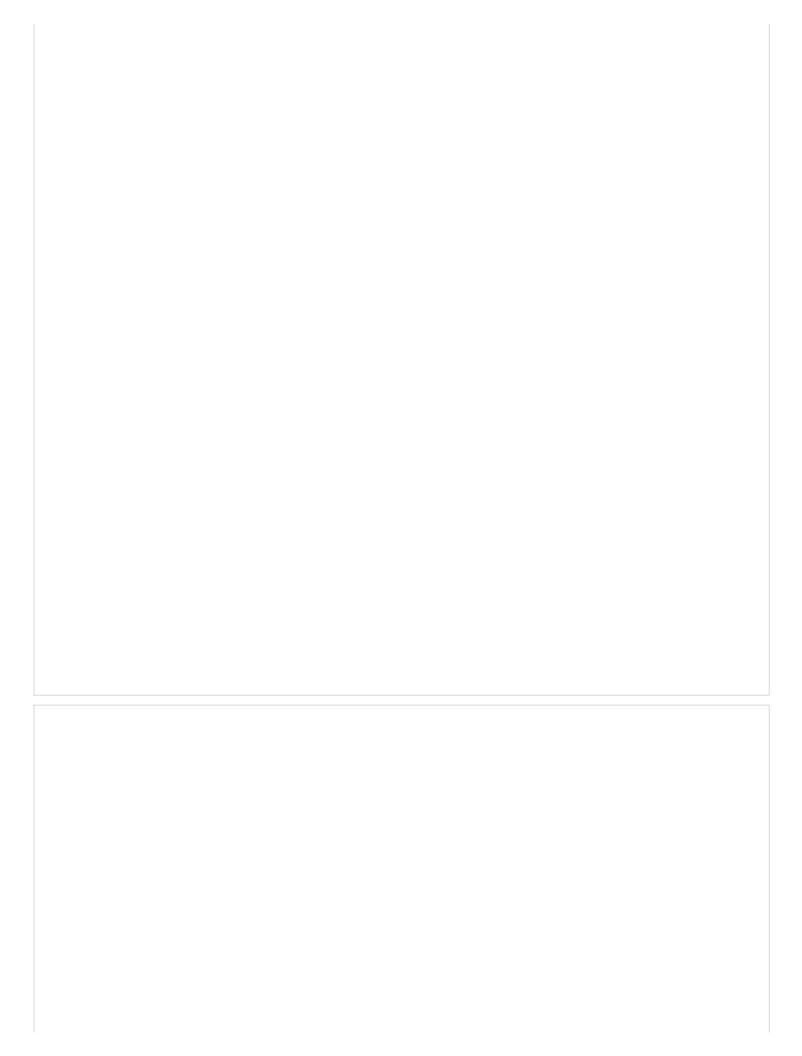


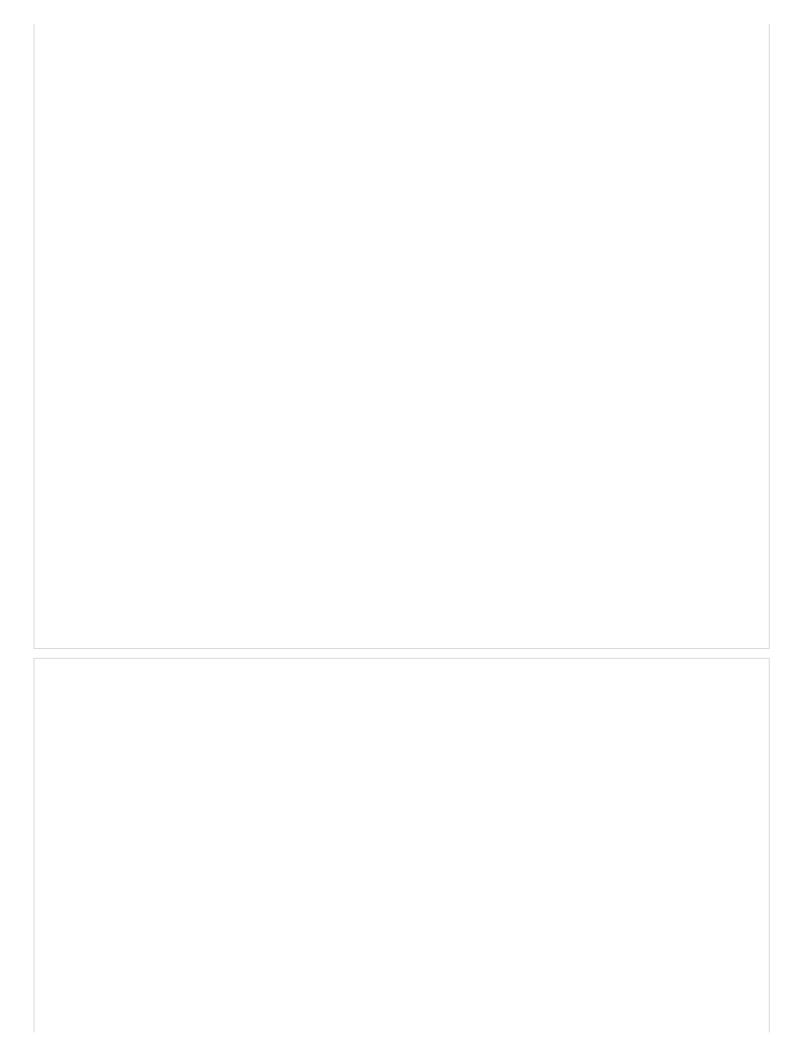


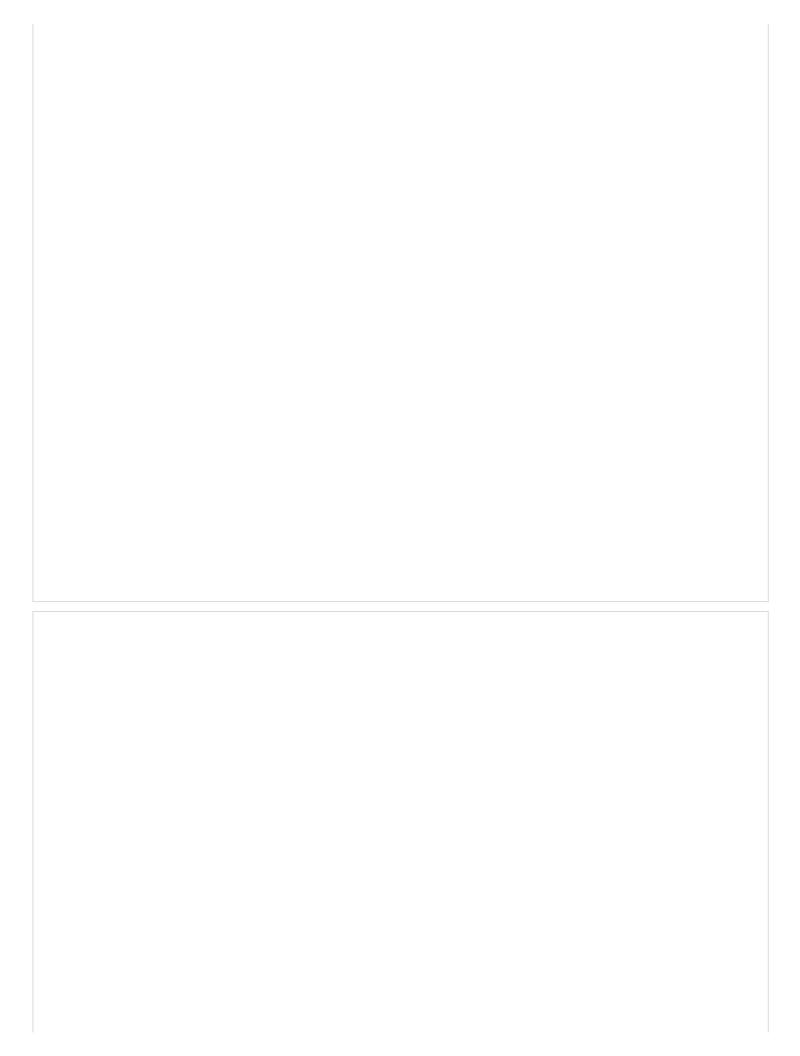


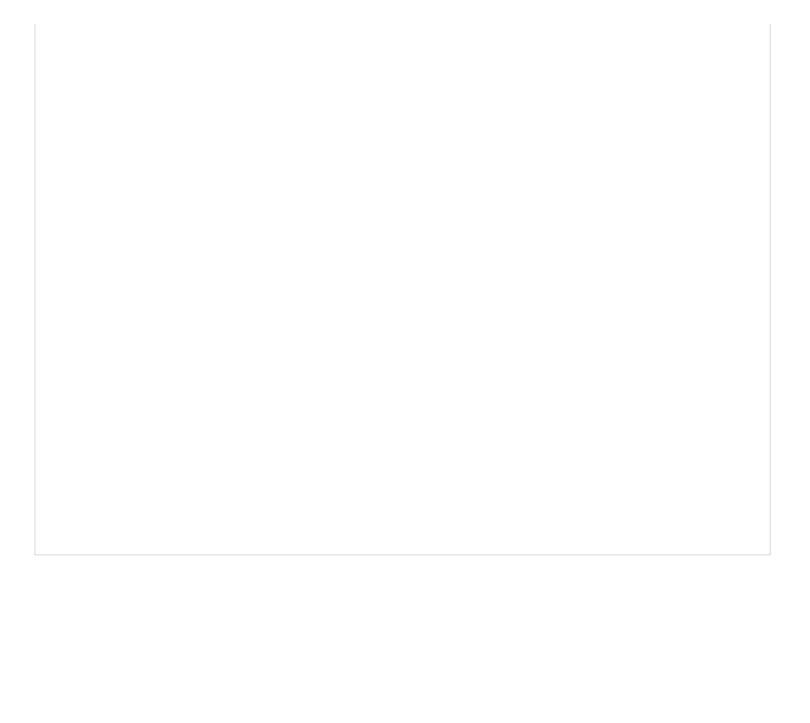












#### **Certification by Chief Executive Officer**

#### I, Shelly R. Ibach, certify that:

- 1. I have reviewed this Quarterly report on Form 10-Q of Sleep Number Corporation;
- 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;
  - 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 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.

Date: November 5, 2024

/s/ Shelly R. Ibach

Shelly R. Ibach Chief Executive Officer

#### **Certification by Chief Financial Officer**

#### I, Francis K. Lee, certify that:

- 1. I have reviewed this Quarterly report on Form 10-Q of Sleep Number Corporation;
- 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 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.

Date: November 5, 2024

/s/ Francis K. Lee

Francis K. Lee

Executive Vice President and Chief Financial Officer

# CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sleep Number Corporation (the "Company") on Form 10-Q for the period ended September 28, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Shelly R. Ibach, Chief Executive Officer of the Company, solely for the purposes of 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, does hereby certify, to her knowledge, that:

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

Date: November 5, 2024

/s/ Shelly R. Ibach

Shelly R. Ibach
Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

# CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sleep Number Corporation (the "Company") on Form 10-Q for the period ended September 28, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Francis K. Lee, Executive Vice President and Chief Financial Officer of the Company, solely for the purposes of 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, does hereby certify, to his knowledge, that:

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

Date: November 5, 2024

/s/ Francis K. Lee

Francis K. Lee

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.