

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In Re. NATIONAL BEDDING COMPANY L.L.C.

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Debtor(s)

Case No. 23-90022Lead Case No. 23-90020☒ Jointly Administered**Monthly Operating Report**

Chapter 11

Reporting Period Ended: 05/31/2023Petition Date: 01/23/2023Months Pending: 4Industry Classification:

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Reporting Method:

Accrual Basis ☒Cash Basis ☐

Debtor's Full-Time Employees (current):

3,134

Debtor's Full-Time Employees (as of date of order for relief):

3,041**Supporting Documentation** (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☒ Statement of operations (profit or loss statement)
- ☐ Accounts receivable aging
- ☐ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☐ Schedule of payments to professionals
- ☒ Schedule of payments to insiders
- ☒ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ John Linker

Signature of Responsible Party

06/21/2023

Date

John Linker

Printed Name of Responsible Party

2451 Industry Avenue, Doraville, GA 30360
Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

Case No. 23-90022

Part 1: Cash Receipts and Disbursements		Current Month	Cumulative
a.	Cash balance beginning of month	\$153,481,158	
b.	Total receipts (net of transfers between accounts)	\$116,473,504	\$514,450,937
c.	Total disbursements (net of transfers between accounts)	\$143,299,264	\$548,310,689
d.	Cash balance end of month (a+b-c)	\$126,655,398	
e.	Disbursements made by third party for the benefit of the estate	\$0	\$0
f.	Total disbursements for quarterly fee calculation (c+e)	\$143,299,264	\$548,310,689

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)		Current Month
a.	Accounts receivable (total net of allowance)	\$157,415,500
b.	Accounts receivable over 90 days outstanding (net of allowance)	\$2,245,417
c.	Inventory (Book <input type="radio"/> Market <input type="radio"/> Other <input checked="" type="radio"/> (attach explanation))	\$63,306,006
d.	Total current assets	\$440,058,286
e.	Total assets	\$2,325,903,221
f.	Postpetition payables (excluding taxes)	\$706,422,275
g.	Postpetition payables past due (excluding taxes)	\$14,733,347
h.	Postpetition taxes payable	\$3,182,151
i.	Postpetition taxes past due	\$0
j.	Total postpetition debt (f+h)	\$709,604,426
k.	Prepetition secured debt	\$1,926,414,440
l.	Prepetition priority debt	\$0
m.	Prepetition unsecured debt	\$71,464,658
n.	Total liabilities (debt) (j+k+l+m)	\$2,707,483,524
o.	Ending equity/net worth (e-n)	\$-381,580,303

Part 3: Assets Sold or Transferred		Current Month	Cumulative
a.	Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b.	Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c.	Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)		Current Month	Cumulative
a.	Gross income/sales (net of returns and allowances)	\$135,285,493	
b.	Cost of goods sold (inclusive of depreciation, if applicable)	\$85,829,669	
c.	Gross profit (a-b)	\$49,455,825	
d.	Selling expenses	\$0	
e.	General and administrative expenses	\$54,225,158	
f.	Other expenses	\$1,523,686	
g.	Depreciation and/or amortization (not included in 4b)	\$6,739,760	
h.	Interest	\$1,220,376	
i.	Taxes (local, state, and federal)	\$51,616	
j.	Reorganization items	\$19,752,025	
k.	Profit (loss)	\$-34,056,797	\$-59,257,281

Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

Case No. 23-90022

Part 5: Professional Fees and Expenses

a.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>		\$7,228,593	\$9,687,988	\$3,842,696	\$5,929,944
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i	Evercore	Financial Professional	\$174,127	\$341,026	\$174,127	\$341,026
ii	FTI Consulting	Financial Professional	\$991,990	\$2,196,053	\$0	\$1,204,063
iii	Epiq Corporate Restructuring	Other	\$218,938	\$935,223	\$218,938	\$935,223
iv	Weil, Gotshal & Manges LLP	Lead Counsel	\$2,984,923	\$2,984,923	\$2,984,923	\$2,984,923
v	Kelley Drye & Warren LLP	Other	\$1,311,437	\$1,683,584	\$464,709	\$464,709
vi	Force10	Other	\$1,547,179	\$1,547,179	\$0	\$0
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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

Case No. 23-90022

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b.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>		\$59,153	\$63,247	\$59,153	\$63,247
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i	Cantor Colburn, LLP	Other	\$54,988	\$54,988	\$54,988	\$54,988
ii	Wilkinson & Grist	Other	\$4,165	\$7,245	\$4,165	\$7,245
iii	Ricardo Romero-Guzman	Other	\$0	\$1,014	\$0	\$1,014
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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

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All professional fees and expenses (debtor & committees)				\$7,287,746	\$9,751,235	\$3,901,849	\$5,993,191

Part 6: Postpetition Taxes**Current Month****Cumulative**

a.	Postpetition income taxes accrued (local, state, and federal)	\$0	\$347,729
b.	Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c.	Postpetition employer payroll taxes accrued	\$8,378,048	\$23,648,651
d.	Postpetition employer payroll taxes paid	\$7,787,787	\$29,111,406
e.	Postpetition property taxes paid	\$41,667	\$596,277
f.	Postpetition other taxes accrued (local, state, and federal)	\$1,364,781	\$5,206,973
g.	Postpetition other taxes paid (local, state, and federal)	\$925,420	\$3,287,288

Part 7: Questionnaire - During this reporting period:

- a. Were any payments made on prepetition debt? (if yes, see Instructions) Yes ☒ No ☐
- b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) Yes ☐ No ☒
- c. Were any payments made to or on behalf of insiders? Yes ☒ No ☐
- d. Are you current on postpetition tax return filings? Yes ☒ No ☐
- e. Are you current on postpetition estimated tax payments? Yes ☒ No ☐
- f. Were all trust fund taxes remitted on a current basis? Yes ☒ No ☐
- g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) Yes ☒ No ☐
- h. Were all payments made to or on behalf of professionals approved by the court? Yes ☒ No ☐ N/A ☐
- i. Do you have:
- Worker's compensation insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 - Casualty/property insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 - General liability insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes ☒ No ☐
- k. Has a disclosure statement been filed with the court? Yes ☒ No ☐
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☒ No ☐

Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

Case No. 23-90022

Part 8: Individual Chapter 11 Debtors (Only)

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|--|-------|-----|
| a. Gross income (receipts) from salary and wages | _____ | \$0 |
| b. Gross income (receipts) from self-employment | _____ | \$0 |
| c. Gross income from all other sources | _____ | \$0 |
| d. Total income in the reporting period (a+b+c) | _____ | \$0 |
| e. Payroll deductions | _____ | \$0 |
| f. Self-employment related expenses | _____ | \$0 |
| g. Living expenses | _____ | \$0 |
| h. All other expenses | _____ | \$0 |
| i. Total expenses in the reporting period (e+f+g+h) | _____ | \$0 |
| j. Difference between total income and total expenses (d-i) | _____ | \$0 |
| k. List the total amount of all postpetition debts that are past due | _____ | \$0 |
- l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? Yes ☐ No ☒
- m. If yes, have you made all Domestic Support Obligation payments? Yes ☐ No ☐ N/A ☒

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

/s/ John Linker

Signature of Responsible Party

Chief Financial and Operations Officer

Title

John Linker

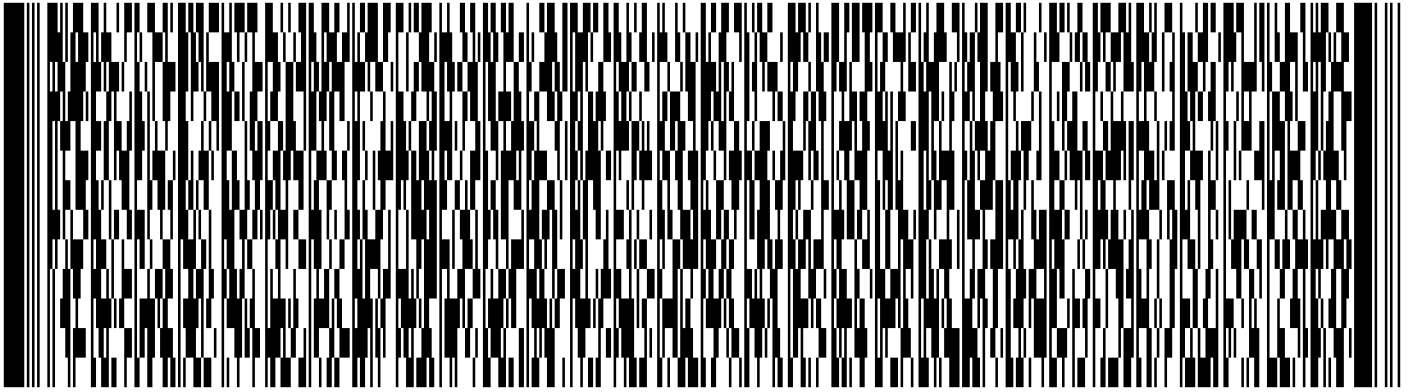
Printed Name of Responsible Party

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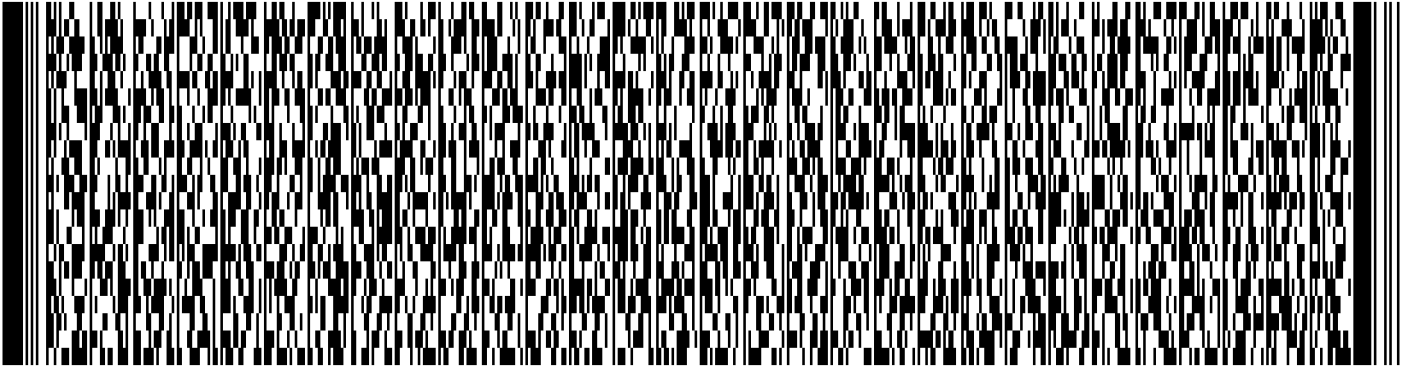
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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

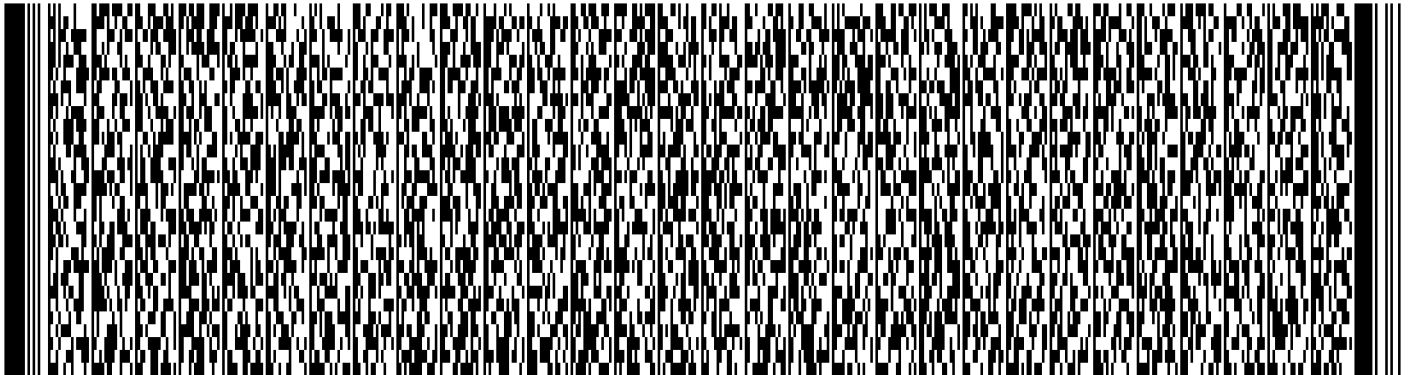
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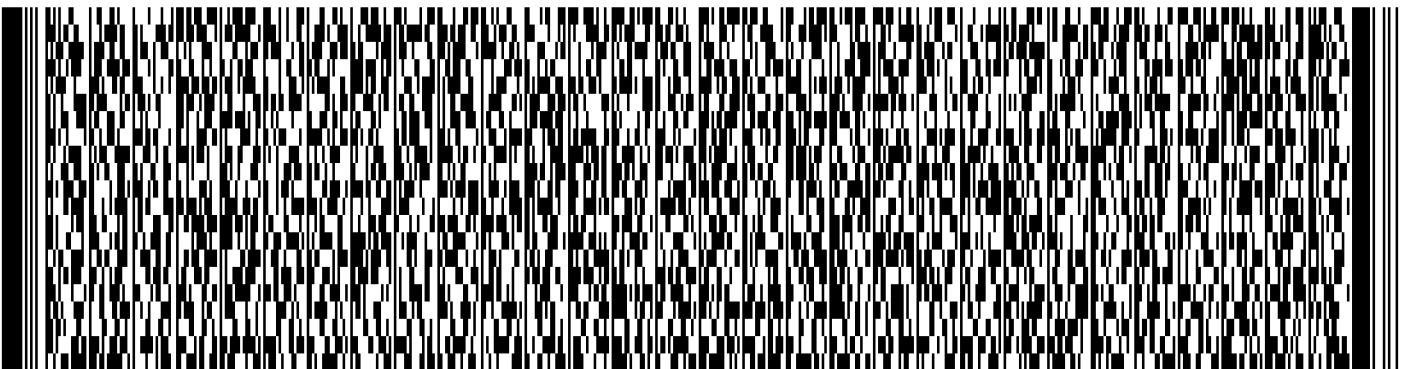
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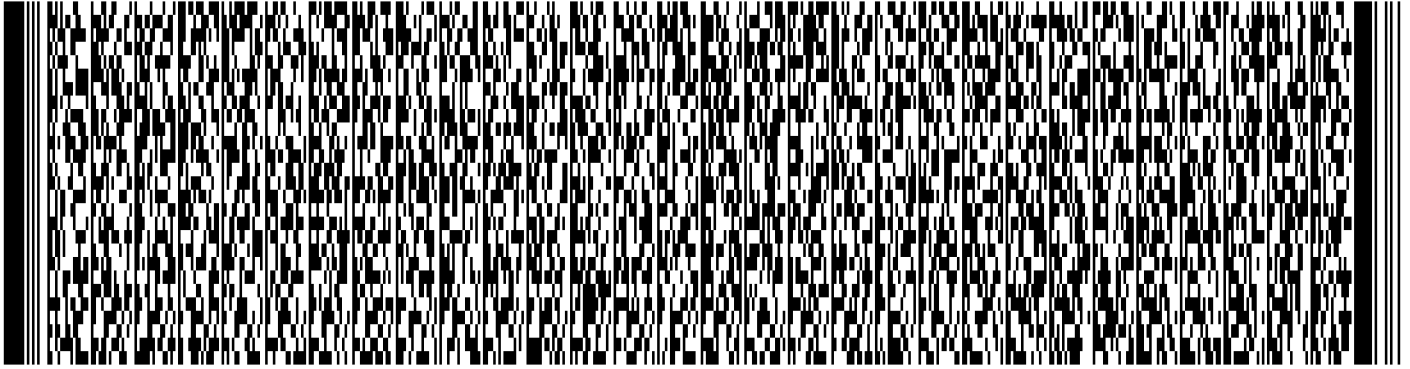
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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

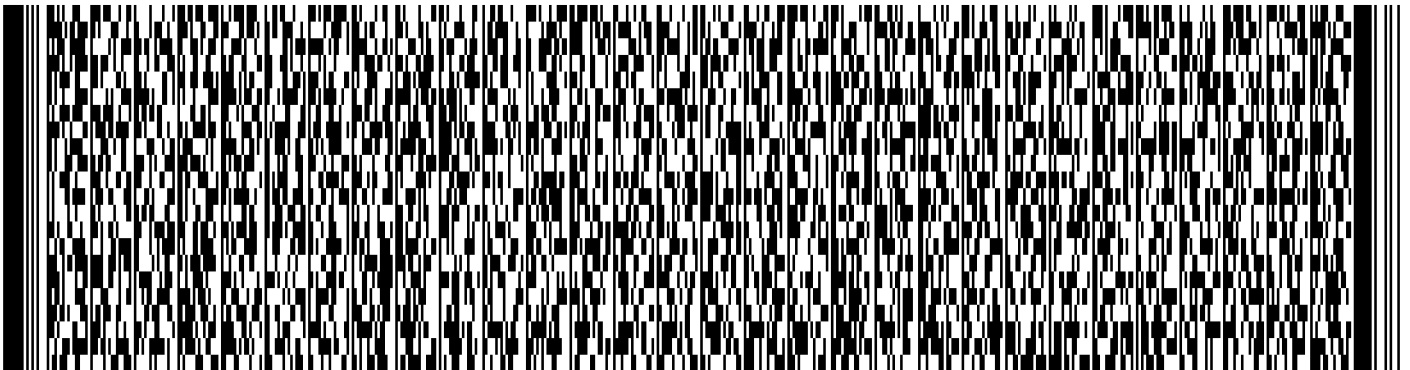
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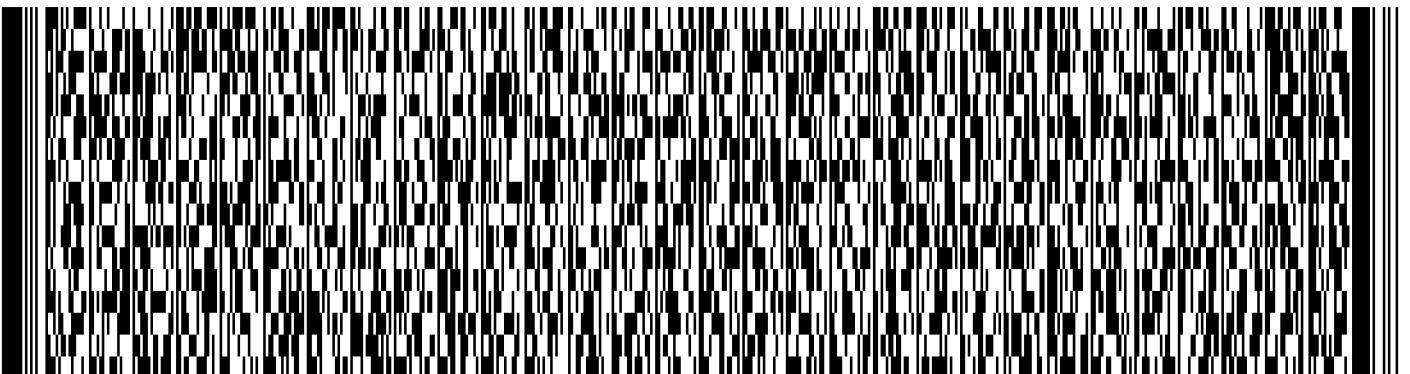
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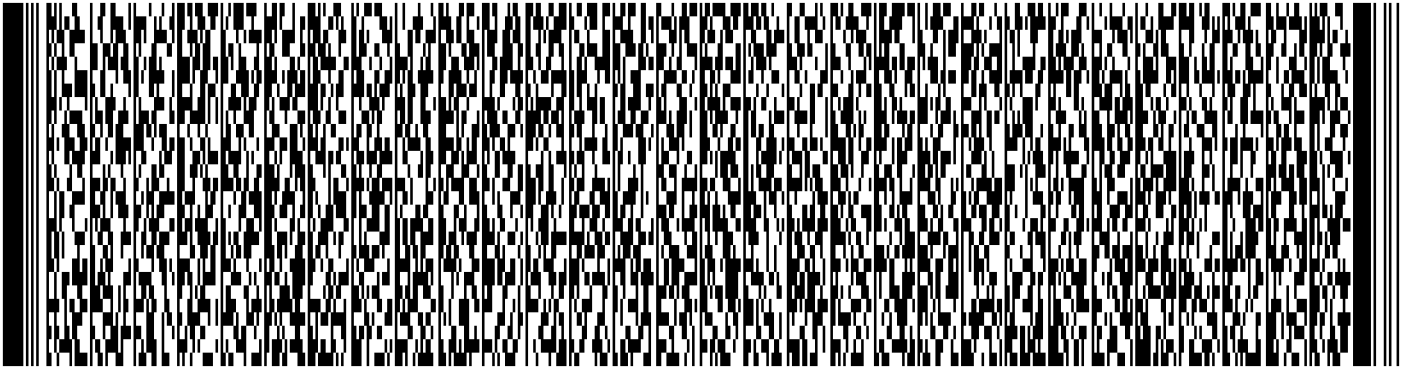
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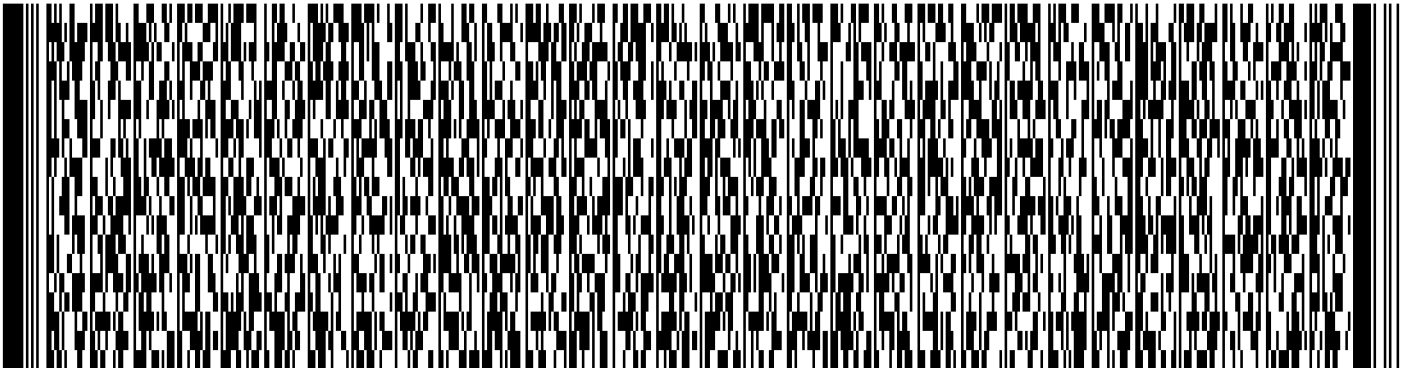
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Debtor's Name NATIONAL BEDDING COMPANY L.L.C.

Case No. 23-90022



PageThree



PageFour

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: SERTA SIMMONS BEDDING, LLC <i>et al.,</i> Debtors.¹	§ § § § § § §	Chapter 11 Case No. 23-90020 (DRJ) (Jointly Administered)
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MONTHLY OPERATING REPORT NOTES MAY 2023

On January 23, 2023 (the “**Petition Date**”), Serta Simmons Bedding, LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**” or the “**Company**”), each commenced a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 1015-1 of the Bankruptcy Local Rules for the United States Bankruptcy Court for the Southern District of Texas (the “**Local Rules**”).

On February 9, 2023, the United States Trustee for Region 7 (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Creditors’ Committee**”) (Docket No. 274), which was reconstituted on February 14, 2023 (Docket No. 321). No trustee or examiner has been appointed in these chapter 11 cases.

The following notes and statements of limitations and disclaimers should be referred to, and referenced in connection with, any review of this monthly operating report (the “**MOR**”).

INTRODUCTION:

This MOR is unaudited, limited in scope, and does not purport to represent financial information prepared in accordance with accounting principles generally accepted in the United States of America (“**U.S. GAAP**”), and is not intended to fully reconcile to the consolidated financial information prepared by the Debtors. Information contained in this MOR is derived from the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Dawn Intermediate, LLC (6123); Serta Simmons Bedding, LLC (1874); Serta International Holdco, LLC (6101); National Bedding Company L.L.C. (0695); SSB Manufacturing Company (5743); The Simmons Manufacturing Co., LLC (0960); Dreamwell, Ltd. (2419); SSB Hospitality, LLC (2016); SSB Logistics, LLC (6691); Simmons Bedding Company, LLC (2552); Tuft & Needle, LLC (6215); Tomorrow Sleep LLC (0678); SSB Retail, LLC (9245); and World of Sleep Outlets, LLC (0957). The Debtors’ corporate headquarters and service address for these chapter 11 cases is 2451 Industry Avenue, Doraville, Georgia 30360.

Debtors' books and records, but does not reflect in all circumstances the presentation for U.S. GAAP or SEC reporting purposes. Additionally, values presented in the financial information herein in accordance with Accounting Standard Codification 852 - Reorganizations ("**ASC 852**") are preliminary and represent the Debtors' understanding of the relevant facts and circumstances at the time of preparing this MOR, and, as such, are subject to change throughout the pendency of these chapter 11 cases. Therefore, to comply with their obligations to provide MORs during these chapter 11 cases, the Debtors have prepared this MOR using the best information presently available to them, which has been collected, maintained, and prepared in accordance with their historical accounting practices, prior to consolidating and eliminating entries. Accordingly, this MOR is true and accurate to the best of the Debtors' knowledge, information, and belief, based on currently available data. The results of operations, financial position, and schedule of receipts and disbursements contained herein are not necessarily indicative of results that may be expected for any period other than the period for the full calendar month ending May 31, 2023 ("**Period End Date**"), and may not necessarily reflect the Debtors' future consolidated results of operations, financial position, and schedule of receipts and disbursements. The Debtors caution readers not to place undue reliance upon this MOR. There can be no assurance that such information is complete, and this MOR may be subject to revision.

RESERVATION OF RIGHTS:

This MOR is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Debtors' chapter 11 cases. The unaudited financial information has been derived from the Debtors' books and records. The information presented herein has not been subject to all procedures that typically would be applied to financial information in accordance with U.S. GAAP. Upon the application of such procedures, the Debtors believe that the financial information could be subject to material change. The information furnished in this MOR includes normal recurring adjustments but does not include all of the adjustments that typically would be made for interim financial information presented in accordance with GAAP.

Given the complexity of the Debtors' business, inadvertent errors or omission may occur. Accordingly, the Debtors hereby reserve all of their rights to dispute the nature, validity, status, enforceability, or executory natures of any claim amount, agreement, representation, or other statement set forth in this MOR. Further, the Debtors reserve the right to amend or supplement this MOR, if necessary, but shall be under no obligation to do so.

The Debtors' management prepared this MOR with the assistance of their advisors, and relied on financial data derived from their books, records, and historical financial statements that were available at the time of this MOR's preparation.

John Linker, the Debtors' Chief Financial and Operations Officer, Treasurer and Assistant Secretary has signed each MOR. Mr. Linker is an authorized signatory for each of the Debtors. In reviewing and signing this MOR, Mr. Linker necessarily has relied upon the efforts, statements, and representations of various personnel employed by the Debtors and their advisors. Mr. Linker has not (and could not have) personally verified the accuracy of each statement and representation contained in each MOR.

NOTES TO COVER PAGE:

Based on guidance received from the Office of the U.S. Trustee in connection with the completion of UST Form 11-MOR, the Debtors have combined financial information for the following primary operating entities (the “**Primary Operating Entities**”), as captioned in the *Order Directing Joint Administration of Chapter 11 Cases Pursuant to Bankruptcy Rule 1015(b) and Bankruptcy Local Rule 1015-1* (“**Joint Administration Order**”) (Docket No. 46):

1. Serta Simmons Bedding, LLC, Case No. 23-90020
2. National Bedding Company L.L.C., Case No. 23-90022
3. SSB Manufacturing Company, Case No. 23-90018
4. The Simmons Manufacturing Co., LLC, Case No. 23-90023
5. Dreamwell, Ltd., Case No. 23-90024
6. Simmons Bedding Company, LLC, Case No. 23-90027
7. Tuft & Needle, LLC, Case No. 23-90028

The remaining Debtors are filing UST Form 11-MOR on an individual entity basis.

NOTES TO SUPPORTING DOCUMENTATION:

For the purposes of filing this MOR, the accompanying Statements of Cash Receipts and Disbursements, Balance Sheets, Statements of Income (Loss), Schedules of Payments to Insiders and Schedules to Reconcile Bank Balances of the Debtors have been prepared and separately presented in consolidating format for only those Debtors for which a MOR has been separately prepared. The financial information for the Primary Operating Entities are not separately presented, but rather are combined for presentation.

Supporting Documentation – Balance Sheet(s)

Liabilities Subject to Compromise (“**LSTC**”): LSTC represent the Debtors’ estimate of prepetition claims to be resolved in connection with the chapter 11 cases. As a result of the chapter 11 filings, the payment of prepetition liabilities is subject to compromise or other treatment under a plan of reorganization. The determination of how such liabilities will ultimately be settled or treated cannot be made until the Bankruptcy Court approves a chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time. Prepetition liabilities that are subject to compromise under ASC 852 are preliminary and may be subject to, among other things, future adjustments depending on Bankruptcy Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events. LSTC are shown consistent with how the Debtors’ liabilities were shown in Schedules D and F of the Debtors’ Schedules of Assets and Liabilities, and as a result, exclude liabilities incurred prior to the Filing Date, where the Debtors have received authority from the Bankruptcy Court to pay such liabilities prior to emergence. The LSTC are valued at the amounts in the Debtors’ books and records. The general bar date for non-governmental entities to file proofs of claims in the above-captioned chapter 11 cases was March 16, 2023, and the bar date for governmental entities to file proofs of claims is July 22, 2023. The

Debtors have not yet completed the claims reconciliation process, which could result in a material change to the LSTC.

Values in the Balance Sheet(s) attached hereto represent rounded numbers. Accordingly, subtotals may not agree to the summation of the rounded numbers presented.

Supporting Documentation – Income Statement(s)

The information in the Statement(s) of Income (Loss) reflect activity for the full calendar month ending on the Period End Date.

Values in the Statement(s) of Income (Loss) attached hereto represent rounded numbers. Accordingly, subtotals may not agree to the summation of the rounded numbers presented.

OTHER NOTES

Part 1

- In accordance with the Instructions for Form 11-MOR, reported cash receipts and disbursements exclude intercompany and debtor-to-debtor transactions. As a result, for those Debtors with net intercompany cash outflows or inflows during the reporting period, the ending cash balances reported on Form 11-MOR Part 1 may not agree with the ending cash balances per the Debtors' bank statements or the Debtors' books and records. For additional information on ending cash balances per the Debtors' books and records, see the attached listing of cash account balances per Schedule MOR-1a.
- The Debtors have included all transactions made between a non-Debtor affiliate and Debtor entity for the purpose of responding to Form 11-MOR Part 1. Furthermore, while the Debtors utilize a centralized cash management system, the Debtors have made all reasonable attempts to allocate all receipts and disbursements based on the entity on behalf of which such amounts were paid.
- Reconciling differences will exist between bank statement balances and balance sheet cash balances due to routine timing differences between payment execution in the Debtors' financial system and the associated disbursements of funds from the Debtors' bank accounts. Further, as the Debtors review their books and records on an ongoing basis, additional adjustments may be made to balance sheet cash to account for reconciling differences to bank statement balances.

Part 2

- Because the Debtors are excluding liabilities incurred prior to the Petition Date, where the Debtors have received authority from the Bankruptcy Court to pay such liabilities prior to emergence from LSTC, these liabilities are included in the line items *Postpetition payables (excl. taxes)* and *Postpetition payables past due (excl. taxes)*. Accordingly, due to the time involved with negotiating the trade agreements as a precursor to paying these liabilities, some of the balances have aged beyond their respective due dates. Additional factors contributing to past-due A/P are (1) delayed receipt of invoices and (2) invoices that are

under further review/dispute. The Debtors continue to pay undisputed postpetition invoices in the ordinary course of business.

- In addition to vendor and accrued wages and salaries, the *Postpetition payable (excl. taxes)* consist of significant balances for future lease obligations (both operating and capital), customer program and warranty obligations, and deferred income tax liabilities. The Debtors have not fully analyzed the impact of their reorganization under Chapter 11 on their tax attributes including deferred income tax liabilities, therefore, no reorganization adjustments have been made to these assets/liabilities, other than certain severance obligations for former employees terminated within the 180-day period preceding the Petition Date. These claims are still in the process of being evaluated.
- The Debtors received authority under the First Day Orders to pay prepetition wages and benefits, including amounts that would be afforded priority status under §507(4) of the Bankruptcy Code, as well as authority to pay prepetition taxes, including amounts that would be afforded priority status under §507(8) of the Bankruptcy Code. Accordingly, the Debtors are not aware of any Prepetition Priority Debt where the Debtors do not have authority to satisfy prior to emergence from these chapter 11 cases.
- The Prepetition Secured Debt includes (1) principal and accrued interest through the Period End Date for the First Lien First Out portion of the Priority Term Loan, (2) principal and accrued interest up to and including the Petition Date for the First Lien Second Out portion of the Priority Term Loan, and (3) principal and accrued interest up to and including the Petition Date for the First Lien Term Loan.
- Prepetition liabilities that the Debtors do not intend to satisfy during the pendency of the chapter 11 cases pursuant to Bankruptcy Court authority are included in Liabilities Subject to Compromise on the Debtors' Balance Sheets as Prepetition Unsecured Debt.

Part 3

- See "Introduction" and "Reservation of Rights" notes above.

Part 4

- The Debtors profit and loss statement represents activity for the full calendar month ending on the Period End Date.
- The reorganization items represent an accrual for professional fees incurred during the full calendar month ending on the Period End Date, plus the impact and estimate of additional claims created from the rejection of certain non-residential real property leases. The Debtors are continuing to evaluate other adjustments pursuant to ASC 852, which could result in additional income/loss recognized in reorganization items.

Part 5

- Payments made to professionals included herein are those made pursuant to various orders of the Bankruptcy Court, including the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* (Docket No. 422) and pursuant to the *Order Authorizing Debtors to Employ Professionals Used in Ordinary Course of Business Effective as of Petition Date* (Docket No. 368).

Part 6

- See “Introduction” and “Reservation of Rights” notes above.

Part 7

- a. The Bankruptcy Court entered orders authorizing, but not directing, the Debtors to, among other things, pay certain prepetition (a) 503(b)(9), lien, and critical vendor claims, (b) insurance and surety obligations, (c) employee wages, salaries, other compensation, and reimbursable expenses, (d) certain taxes, fees, and regulatory obligations, and (e) customer obligations (collectively, the “**First Day Orders**”). Each of the First Day Orders contains certain reporting requirements pursuant to which the Debtors must provide certain parties, including the U.S. Trustee, with schedules of payments made pursuant to such First Day Order (the “**First Day Matrices**”). The First Day Matrices generally include, among other things, detailed information regarding (i) the payment amount, (ii) the date of such payment, and (iii) the recipient’s identity. The First Day Matrices are delivered monthly to the required notice parties on a confidential basis and, as applicable, on a “Professional Eyes Only” basis.
- c. The list of insiders is consistent with public disclosures and other filings associated with the Debtors’ chapter 11 cases. The listing of a party as an insider for purposes of this MOR is not intended to be, nor should be, construed as an admission of any fact, right, claim or defense and all such rights, claims and defenses are hereby expressly reserved. Information regarding the individuals listed as “insiders” in this MOR have been included for informational purposes only, and such information may not be used for: (a) the purposes of determining (i) control of the Debtors, (ii) the extent to which any individual exercised management responsibilities or functions, (iii) corporate decision making authority over the Debtors, or (iv) whether the Debtors or any such insider could successfully argue that he or she is not an “insider” under applicable law, including the Bankruptcy Code and federal securities laws, or with respect to any theories of liability; or (b) for any other purpose.
- g. The Debtors obtained, and the Bankruptcy Court approved, postpetition financing (the “**DIP Facility**”) to fund the costs of implementing the Debtors’ restructuring in the form of a superpriority senior secured debtor-in-possession new money revolving credit facility with aggregate commitments of \$125 million, including a letter of credit sub-facility in an aggregate amount of up to \$35 million to issue new letters of credit. The DIP Facility is described in detail in the Debtors’ motion to approve such financing and in the interim and final orders approving the same (Docket Nos. 11, 109, 406).

- 1. The Debtors believe they are current with respect to the U.S. Trustee's quarterly fees and will work with the U.S. Trustee to resolve any issues that arise.

Part 8

- Not applicable.

Balance Sheet for Debtor Entities (Unaudited)
As of May 31, 2023

(\$ in Millions, unless otherwise noted)

	Primary		Dawn	Serta International		SSB		SSB		SSB		Tomorrow	World of Sleep	
(\$ in Millions, unless otherwise noted)	Operating Entities		Intermediate, LLC	Holdco, LLC		Hospitality, LLC		Logistics, LLC		Retail, LLC		Sleep LLC	Outlets, LLC	
<u>Assets</u>														
Cash and Cash Equivalents	\$	127.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0
Accounts Receivable, Net		157.4		-		-		-		-		0.0		-
Inventory		63.3		-		-		-		-		(0.0)		0.5
Other Current Assets		92.1		-		-		-		-		(0.0)		0.3
Current Assets	\$	440.1	\$	-	\$	-	\$	-	\$	-	\$	(0.0)	\$	0.8
Property, Plant and Equipment		250.7		-		-		-		-		(0.0)		0.1
Intangible Assets		1,071.2		-		-		-		-		-		(0.0)
Other Long Term Assets		563.9		-		-		-		-		-		1.6
Total Assets	\$	2,325.9	\$	-	\$	-	\$	-	\$	-	\$	(0.0)	\$	2.5
<u>Liabilities and Equity</u>														
Accounts Payable	\$	148.8	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	(0.0)
Accrued Expenses		117.4		-		-		-		-		(0.0)		0.0
Current Operating Lease Obligations		14.9		-		-		-		-		-		0.4
Current Capital Lease Obligations		1.6		-		-		-		-		-		-
DIP Financing		11.5		-		-		-		-		-		-
Current Liabilities	\$	294.3	\$	-	\$	-	\$	-	\$	-	\$	(0.0)	\$	0.4
Long Term Operating Lease Obligations		43.7		-		-		-		-		-		1.3
Long Term Capital Lease Obligations		75.8		-		-		-		-		-		-
Deferred Tax Liabilities		269.2		-		-		-		-		-		-
Other Long Term Liabilities		26.6		-		-		-		-		-		-
Long Term Liabilities	\$	415.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.3
Liabilities Subject to Compromise		1,997.9		0.0		-		-		-		32.1		1.1
Total Liabilities	\$	2,707.5	\$	0.0	\$	-	\$	-	\$	-	\$	32.1	\$	2.8
Total Equity		(381.6)		(0.0)		-		-		-		(32.1)		(0.3)
Total Liabilities and Equity	\$	2,325.9	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2.5

Income Statement for Debtor Entities (Unaudited)
Period May 1, 2023 through May 31, 2023

(\$ in Millions, unless otherwise noted)

	Primary		Dawn	Serta International	SSB	SSB	SSB	Tomorrow	World of Sleep	
(\$ in Millions, unless otherwise noted)	Operating Entities	Intermediate, LLC	Holdco, LLC	Hospitality, LLC	Logistics, LLC	Retail, LLC	Sleep LLC	Outlets, LLC		
Gross Profit										
Revenue	\$	135.3	\$	-	\$	-	\$	-	\$	0.5
COGS		(85.8)		-		-		-		(0.3)
Gross Profit	\$	49.5	\$	-	\$	-	\$	-	\$	0.2
Expenses										
Selling, General and Administrative Expenses	\$	54.2	\$	-	\$	-	\$	-	\$	0.2
Other (Income) / Expense		1.5		-		-		-		0.0
Depreciation and Amortization		6.7		-		-		-		0.0
Interest (Income) / Expense		1.2		-		-		-		-
Taxes		0.1		-		-		-		-
Reorganization Expense		19.8		-		-		-		-
Total Expenses	\$	83.5	\$	-	\$	-	\$	-	\$	0.2
Net Income	\$	(34.1)	\$	-	\$	-	\$	-	\$	(0.0)

Cash Receipts and Disbursements for Debtor Entities (Unaudited)
Period May 1, 2023 through May 31, 2023

(\$ in Thousands, unless otherwise noted)	Primary	Dawn	Serta International	SSB	SSB	SSB	Tomorrow	World of Sleep Outlets,
	Operating Entities	Intermediate, LLC	Holdco, LLC	Hospitality, LLC	Logistics, LLC	Retail, LLC	Sleep LLC	LLC
Beginning Cash Balance	\$ 153,481	\$ (0)	\$ (4)	\$ (13)	\$ (13)	\$ (0)	\$ (1)	\$ 1,175
Receipts / Disbursements								
Receipts	\$ 113,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408
Disbursements	(142,796)	-	-	-	-	-	-	(67)
I/C Non-Debtor Affiliate Receipts	2,840	-	-	-	-	-	-	-
I/C Non-Debtor Affiliate Disbursements	(503)	-	-	-	-	-	-	-
3rd Party Disbursements on Behalf of Debtor	-	-	-	-	-	-	-	-
Total Receipts / Disbursements	\$ (26,826)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341
Ending Cash Balance	\$ 126,655	\$ (0)	\$ (4)	\$ (13)	\$ (13)	\$ (0)	\$ (1)	\$ 1,515

Insider Payments for Debtor Entities (Unaudited)
Period May 1, 2023 through May 31, 2023

(\$ in Thousands, unless otherwise noted)

#	Insider	Pay Type	Payment \$
1	Officer #1	Officer Pay	\$ 38
2	Officer #2	Officer Pay	28
3	Officer #4	Officer Pay	92
4	Officer #5	Officer Pay	64
5	Officer #6	Officer Pay	51
6	Officer #7	Officer Pay	43
7	Officer #8	Officer Pay	36
8	Officer #10	Officer Pay	35
9	Officer #15	Officer Pay	42
10	Officer #17	Officer Pay	67
11	Officer #18	Officer Pay	38
12	Officer #20	Officer Pay	39
13	Officer #21	Officer Pay	39
14	Officer #23	Officer Pay	40
15	Officer #24	Officer Pay	57
16	Director #1	Director Fees	42
17	Director #2	Director Fees	27
18	Director #3	Director Fees	25
Total Insider Payments			\$ 800

Bank Account Balances for Debtor Entities (Unaudited)
As of May 31, 2023

(\$ in Thousands, unless otherwise noted)

#	Debtor Name	Account Type	Bank Name	Account No. (Last 4 Digits)	Ending Balance 5/31/2023
(1)	Dreamwell Ltd	Collection	Wells Fargo Bank, National Association	6661	\$ -
(2)	Serta Simmons Bedding, LLC	Collection	Wells Fargo Bank, National Association	2519	-
(3)	SSB Manufacturing Company	Master Concentration	Wells Fargo Bank, National Association	3033	-
(4)	SSB Manufacturing Company	Disbursement	Wells Fargo Bank, National Association	6707	-
(5)	SSB Manufacturing Company	Disbursement	Wells Fargo Bank, National Association	9374	-
(6)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	0051	-
(7)	SSB Manufacturing Company	Master Disbursement	Wells Fargo Bank, National Association	4137	122,963
(8)	SSB Manufacturing Company	Disbursement	Wells Fargo Bank, National Association	4622	-
(9)	SSB Manufacturing Company	Disbursement	Wells Fargo Bank, National Association	4331	-
(10)	The Simmons Manufacturing Co., LLC	Collection	Wells Fargo Bank, National Association	4799	-
(11)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	6249	-
(12)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	4313	-
(13)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	4305	-
(14)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	0211	-
(15)	SSB Manufacturing Company	Collection	Wells Fargo Bank, National Association	2056	-
(16)	Serta Simmons Bedding, LLC	Disbursement	Citibank, N.A.	4924	-
(17)	Serta Simmons Bedding, LLC	Investment	Wells Fargo Securities, LLC	5109	-
(18)	National Bedding Company, LLC	Operating	BMO Harris Bank n.a. (Chicago, Illinois)	9525	3,162
(19)	Tuft and Needle, LLC	Operating	JPMorgan Chase Bank, N.A.	6583	4,591
(20)	Tuft and Needle, LLC	Disbursement	JPMorgan Chase Bank, N.A.	9911	-
(21)	Serta Simmons Bedding, LLC	Utilities Adequate Assurance	Wells Fargo Bank, National Association	6249	490
Total Ending Cash Balance (Bank Basis)					\$ 131,205
Less: Outstanding Checks and ACHs					(3,065)
Total Ending Cash Balance (Net of Outstanding Checks and ACHs)					\$ 128,140