

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I	Reporting Issuer
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1 Issuer's name		2 Issuer's employer identification number (EIN)	
Purple Innovation, Inc. (as successor to Advanced Comfort Technologies, Inc.)		47-4078206	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
George Ulrich	801 647-9495	george.u@purple.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
4100 North Chapel Ridge Road, Suite 200		Lehi, Utah 84043	
8 Date of action		9 Classification and description	
August 31, 2022		See attached	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See attached		See attached	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attached.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attached.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attached.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See attached.

18 Can any resulting loss be recognized? ► See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► See attached.

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ► George Ulrich Date ► 10/13/2022

Print your name ► George Ulrich Title ► VP of Accounting & Financial Reporting

**Paid
Preparer
Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Barbi Anderson	<u>Barbi Anderson</u>	10/13/2022		
Firm's name ► Deloitte Tax LLP	Firm's EIN ► 86-1065772			
Firm's address ► 111 S. Main Street, Suite 1500, Salt Lake City, UT 84111	Phone no. 801-328-4706			

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Purple Innovation, Inc.
EIN: 47-4078206
(as successor to Advanced Comfort Technologies, Inc.)
Attachment to Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”),¹ and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations related to the effects of the Merger (as defined below) on the adjusted United States (“U.S.”) tax basis of the securities. The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular persons or categories of persons. You are encouraged to consult your own tax advisor regarding the applicability and effect of all U.S. federal, state, local and foreign tax laws.

Form 8937, Part I, Line 9

Common stock, Series A preferred stock, options and warrants of Advanced Comfort Technologies, Inc. (“ACTI”) (collectively, “ACTI Equity”)

Form 8937, Part I, Line 10

Purple Innovation, Inc.: 74640Y106
ACTI: N/A

Form 8937, Part I, Line 12

Purple Innovation, Inc.: PRPL
ACTI: N/A

Form 8937, Part II, Line 14

On August 31, 2022 (the “Effective Time”), Gelato Merger Sub, Inc. (“**Merger Sub**”), a Utah corporation and wholly owned, direct subsidiary of Intellibed, LLC (formerly known as Gelato Intermediate, LLC) (“**Purchaser**”), a Delaware limited liability company and wholly owned, direct subsidiary of Purple Innovation, Inc. (“**Parent**”) and disregarded as separate from Parent for U.S. federal tax purposes, merged with and into ACTI, with ACTI surviving (the “**First Step Merger**”). The First Step Merger was carried out pursuant to an Agreement and Plan of Merger,

¹ Unless otherwise specified herein, “section” references are to the Code.

dated as of August 31, 2022 (the “**First Step Merger Agreement**”), by and among Parent, Purchaser, Merger Sub, ACTI and D. Scott Peterson.²

On October 3, 2022, and as part of an integrated plan with the First Step Merger, ACTI merged with and into Purchaser with Purchaser surviving (the “**Second Step Merger**,” and together with the First Step Merger, the “**Merger**”). The Second Step Merger was carried out pursuant to an Agreement and Plan of Merger, dated as of October 3, 2022 (the “**Second Step Merger Agreement**”), by and among Purchaser and ACTI.

Each share of ACTI common stock issued and outstanding immediately prior to the Effective Time was converted into 0.1160 of a share of Parent Class A common stock.

Each share of ACTI Series A preferred stock issued and outstanding immediately prior to the Effective Time was converted into 0.2837 of a share of Parent Class A common stock, which is the sum of (A) the number of shares of Parent Class A common stock representing the Per Share Series A Liquidation Payment (or 0.1677 of a share of Parent Class A common stock), plus (B) 0.1160 of a share of Parent Class A common stock.

Each ACTI option outstanding immediately prior to the Effective Time was converted into the right to receive, with respect to each share of ACTI common stock underlying such option, a number of shares of Parent Class A common equal to (A) 0.1160 of a share of Parent Class A common stock less (B) the quotient of the per share exercise price of such ACTI option divided by the Parent Share Price (\$3.09 as of August 31, 2022).

Each outstanding and exercisable ACTI warrant was converted into the right to receive, with respect to each share of ACTI common stock underlying such warrant, a number of shares of Parent Class A common stock equal to (A) 0.1160 of a share of Parent Class A common stock less (B) the quotient of the per share exercise price of such ACTI warrant divided by the Parent Share Price (\$3.09 as of August 31, 2022).

The Parent Share Price was calculated as the volume weighted average price, rounded to four (4) decimal points of a share of Class A common stock in the period starting on the eighth (8th) consecutive full trading day prior to the effective date of the First Step Merger and ending on the fourth (4th) full trading day prior to the effective date of the First Step Merger.

No cash or other property was paid in connection with the Merger. No fractional shares of Parent Class A common stock were issued. The number of shares of Parent Class A common stock issued to each holder of ACTI Equity in connection with the Merger was rounded down to the nearest whole share.

Form 8937, Part II, Line 15

The Merger is intended to qualify as a reorganization under section 368(a) of the Code.

² Unless otherwise defined herein, capitalized terms used in this attachment have the meaning ascribed to them in the First Step Merger Agreement.

No cash or other consideration was issued to holders of ACTI Equity who exchanged their ACTI Equity for Parent Class A common stock. Accordingly, holders of ACTI Equity shall not recognize any gain or loss in connection with the Merger.

Holders of ACTI Equity who exchanged their ACTI Equity for Parent Class A common stock shall have an aggregate tax basis in the Parent Class A common stock equal to their aggregate tax basis in the ACTI Equity exchanged for such Parent Class A common stock.

If holders of ACTI Equity acquired different blocks of ACTI Equity at different times or at different prices, the tax basis of the shares of Parent Class A common stock received in the Merger will be determined separately with respect to each block of ACTI Equity.

Form 8937, Part II, Line 16

Holders of ACTI Equity who exchanged their ACTI Equity for Parent Class A common stock shall have an aggregate tax basis in the Parent Class A common stock equal to their aggregate tax basis in the ACTI Equity exchanged for such Parent Class A common stock.

If holders of ACTI Equity acquired different blocks of ACTI Equity at different times or at different prices, the tax basis of the shares of Parent Class A common stock received in the Merger will be determined separately with respect to each block of ACTI Equity.

Line 17

Sections 368(a), 354(a), and 358(a) of the Code.

Line 18

Holders of ACTI Equity who exchanged their ACTI Equity for Parent Class A common stock will not recognize a loss in connection with the Merger.

Line 19

The U.S. federal income tax consequences of the Merger are taken into account in the tax year of each holder of ACTI Equity that includes August 31, 2022.

The information contained herein does not constitute tax advice and is intended to provide only a general summary and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the transactions described herein. Moreover, the discussion set forth above does not address tax consequences that may vary with, or are dependent on, individual circumstances. Shareholders are urged to consult with

Purple Innovation, Inc.
Attachment to Form 8937

their own tax advisors with respect to the tax consequences of the transactions described herein as applicable to their particular circumstances.