



## Trading update

### Trading ahead of expectations, generated first positive cash flow

eve Sleep (“eve”, the “Company”), the direct to consumer sleep wellness brand operating in the UK, Ireland (together the UK&I) and France announces a trading update for the six months ended 30 June 2020 (the period).

#### Highlights

- Group revenue of £12.2 million - ahead of the Board’s expectations following strong trading in May and June
- Positive marketing contribution for the period<sup>1</sup>
- Underlying H1 EBITDA loss reduced year-on-year by c.80% to approximately £1.2 million - ahead of the Board’s expectations
- Cash flow positive in the period
- Net cash at 30 June 2020 of £9.1m (31 December 2019: £8.0m)

#### Trading and market backdrop

Trading since the start of April has continued to build through the period, following some weakness in the latter part of March during the initial stages of lockdown. May and June trading was ahead of the Board’s expectations and this momentum has continued into July, buoyed by a strong homewares market, effective and efficient marketing and eve’s online focused proposition. The benefits of eve’s three pillar rebuild strategy are becoming increasingly evident, with strong brand awareness and the wider product suite drawing new customers to the brand. Sales of premium mattresses and bedframes continue to be strong, supported by wider sales across toppers, pillows and duvets. There has also been a reduction in the breadth of the competitor landscape, with a number of online mattress brands withdrawing from the European market, whilst some store based competitors have reduced the size of their retail estates.

Revenues for the six months are expected to be approximately £12.2 million (30 June 2019: £12.9 million), with 25% growth in Q2 2020 compared to Q2 2019. A year-on-year reduction in revenues was budgeted for as the Company continues to prioritise profitable sales over chasing top-line growth. This disciplined sales strategy has driven a halving in marketing costs as a percentage of revenues in the period to 25% (2019 H1: 51%).

The benefits of the additional cost efficiency measures taken in Q4 of last year, combined with improved marketing efficiency and stronger trading in the period has resulted in underlying EBITDA losses for the half reducing year-on-year by approximately 80% to £1.2 million (2019 H1: £5.9 million EBITDA loss).

eve has been cashflow positive in the period, with the cash balance increasing by approximately £1.1m as at 30 June 2020, the first time the business has generated a positive cashflow in a six month period. While the cash balance is flattered by Government coronavirus support measures, resulting in the deferment of approximately £0.5m of tax payments until after the period end, continued improvements to cash management and stock control have supported an underlying increase in cash of approximately £0.6m.

Although trading since May has been materially ahead of the Board's expectations, the business has historically been second half weighted, with some important trading periods to come. Accordingly and set against a backdrop of ongoing economic uncertainty the Board is leaving its full year expectations unchanged at this time but is increasingly confident in the out-turn for 2020.

**Cheryl Calverley, CEO of eve Sleep commented:**

*“Trading through this complex period has been robust and ahead of our previous expectations, and for the first time we have generated positive cash flow over a sustained period. Our goal of profitability draws ever closer as we continue to deliver our rebuild strategy, underpinned by growth in customer numbers, an increasing contribution from wider sleep categories, and improved marketing efficiency. These achievements have only been made possible by our experienced and highly capable team who have shown remarkable resilience, engagement and commitment throughout.*

*We are well placed to benefit from the accelerated shift to online ordering and the increase in spend on homewares as consumers increase investment in their homes. eve will continue to focus on driving value for our shareholders and building a sustainably profitable business with strong growth potential.”*

Footnote

1. Marketing contribution represents profit after all direct costs including marketing but before central overheads

**For enquiries, please contact:**

**eve Sleep plc**

Cheryl Calverley, Chief Executive Officer

Tim Parfitt, Chief Financial Officer

via M7 Communications  
LTD

**finnCap Ltd - Nominated Adviser and Broker**

Tel: +44 (0)20 7220 0500

Matt Goode / Hannah Boros – Corporate Finance

Alice Lane – Equity Capital Markets

**M7 Communications LTD - PR/IR**

Tel: +44(0)7903 089 543

Mark Reed