



## **Eve Sleep plc ("eve" or the "Company")**

### **Year-end trading update**

#### **Strategic and operational progress, losses and cash burn reduced in-line with plan**

eve Sleep, the direct to consumer sleep wellness brand operating in the UK, Ireland (together the 'UK&I') and France announces a trading update for the year ended 31 December 2019.

#### **Operational and strategic highlights**

- eve's premium hybrid product announced as the top scoring mattress by Which? in December 2019;
- Product and range expansion in-line with the rebuild strategy, with the contribution of non-mattress sales<sup>1</sup> increasing by 200 bps in the UK and 600 bps in France;
- Customer repeat rates<sup>1</sup> up 230 bps in the UK&I and 360 bps in France;
- Signed and launched retail partnerships with Argos, Homebase and Dunelm;
- Landing of new brand campaign featuring the eve sloth – increasing unprompted awareness by 50%.

#### **Financial highlights**

- Group revenues in core markets of £23.8 million (2018: £29.3m);
- 43% year-on-year reduction in full year EBITDA losses (£10.8m), ahead of expectations;
- 51% full year reduction in cash burn;
- Net funds at 31 December 2019 of £8.1m, consisting of £7.8m of net cash and £0.25m of advertising credits with Channel 4<sup>2</sup>;
- Overheads for the year have reduced by 27% with further run-rate savings in Q4.

## 2019 Trading

The Company has continued to progress its rebuild strategy, prioritising long term profitability and cash generation over short-term sales growth and market share gains. Notwithstanding the year on year decline in revenue, the Company has delivered a reduction in EBITDA losses ahead of its plans, along with a halving in the cash burn. This shift towards more efficient marketing and higher quality traffic, coupled with a more streamline cost base has driven a reduction in EBITDA losses for the full year of 43% to approximately £10.8m (2018: £19.2m). This translated into a 51% reduction in cash burn to £10.3m (2018: £20.9m) and a year-end net cash balance of £7.8m, plus £0.25m of advertising credits with Channel 4.

## 2020 outlook

In Q4 2019 the Company made significant further cost reductions, which is flowing through to an improving cash-burn and bottom line performance compared to Q1-Q3 2019. Accordingly, management considers that its trading in the last four months of the year is more indicative of its prospects for 2020. In the last four months of the year, the Company has for the first time broken even at the operating level (positive margin contribution after all direct and marketing costs but before overheads).

eve plans to publish its full year audited results on 24 March 2020.

### **James Sturrock, CEO of eve Sleep commented:**

*"We are delivering on our priorities of reducing losses and stemming cash burn as we prioritise profitability over sales growth at any cost. We continue to create award winning products to improve customer's sleep wellness, as evidenced by our latest Which? Best Buy award for our premium hybrid mattress, while removing unprofitable sales and marketing.*

*We are well placed to make further significant progress in 2020, with a differentiated brand position, a broader product range than peers and ongoing improvements to the customer experience, supported by a lower cost base, a substantial cash balance and no debt."*

21 January 2020

## Footnote

<sup>1</sup> The split of non-mattress revenues and the customer repeat rate calculations are based on sales made through the eve website, excluding sales made through other channels such as retail partnerships

<sup>2</sup> As part of the fund raise in February 2019, the Group raised £0.9m of advertising credits with Channel 4, of which £0.25m is remaining at 31 December 2019

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014.

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