

Date: 12 April 2023
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc

Trading Update & Progress on Growth Strategy

A milestone year, delivering revenue up 44% YoY and first full year of profitability

Sosandar PLC (AIM: SOS), one of the fastest growing fashion brands in the UK, creating quality, trend-led products for women of all ages, provides the following trading update for its financial year ended 31 March 2023.

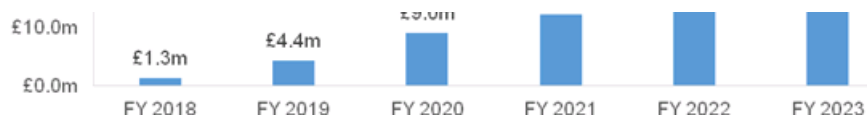
Highlights for the financial year ended 31 March 2023:

- Revenue of £42.5m, up 44% year-on-year (FY22: £29.5m)
- First full year of profitability, delivering PBT of at least £1.6m, a substantial positive swing of £2.2m vs £0.6m loss in FY22
- Gross margin maintained at 56.1% (FY22: 56.0%) despite growth in revenue through lower margin wholesale channel
- Unique product continues to resonate with loyal customer base through Sosandar.com:
 - Number of orders increased by 22% to 620,977 of which 148,382 were from brand new customers and 472,595 were from existing customers
 - Conversion rate increased to 4.1% from 3.9%
 - Average order value up 8% to £97.27 (FY22: £90.39)
 - Number of active customers increased 19% to 264,832
 - Average order frequency increased 3% to 2.34 times per annum
- Performance of third party partners continues to go from strength to strength, and successful launch with Sainsbury's in Q4 FY23 with significant combined contribution expected in the current financial year and beyond
- Ongoing planned investment in inventory to facilitate further growth, following equity fundraise in February 2023
- Accelerated investment in strategic growth initiatives in the final quarter of FY23 to capture further market share focused on:
 - Operations - including key hires
 - Technology platform
 - International strategy
- Net cash of £10.5m as at 31 March 2023 (£4.2m as at 30 September 2022), following the successful equity fundraise of £5.5 million of net proceeds in February

Strong financial performance

Following on from a record Q3, January and February trading at sales and gross margin level was in line with the Board's expectations and as the Spring / Summer product started to land through March, the Company saw increased demand with sales for the month ending 32% up YoY against March FY22.





Sosandar has continued to deliver on its growth strategy, demonstrated by revenue, gross margin, scale economies and profit before taxation ("PBT") all increasing substantially year-on-year. Delivering such strong growth over the year, despite the challenging consumer backdrop, once again proves Sosandar's ability to deliver a unique quality product offering and highly effective marketing strategy, that resonates with its customer base.

Accelerated investment in growth initiatives

In order to capitalise on the strong trading in FY23 and prepare for further momentum in FY24, the Company brought forward investment in some growth initiatives in the latter part of Q4 FY23 that were originally planned for FY24. These investments are centred around operations, technology platforms and international strategy, which will help support and develop the Company's future growth initiatives. FY23 PBT is, as a result, marginally below market consensus*, predominantly due to the bringing forward of people and recruitment costs. The Company is fortunate to have found the right people in the latter part of FY23 and this will enable it to capitalise on the opportunities ahead quicker.

These hires have further strengthened Sosandar's operational capabilities and include the recruitment of an ecommerce Director, Commercial International Director and Head of Operations. Their significant experience will help the Company continue to execute its growth strategy as it enters into its next phase of development and invests for future growth.

To ensure that Sosandar customers can engage with the brand through as many channels as possible and its technology platform is constantly evolving, the Company has commenced the development of a mobile app which is expected to be launched in Q2 FY24. In addition, the Company has also invested in personalisation and segmentation tools for Sosandar.com. Both of these developments will further underpin customer acquisition, retention, order frequency and average order value ("AOV"), as well as build the infrastructure to take advantage of international opportunities.

The Company has been exploring and researching opportunities to serve its targeted international customer base whilst remaining conscious of managing costs and implementation risk. Following this, Sosandar announces that it has signed an agreement with Global-e, the world's leading platform to enable and accelerate global, direct-to-consumer, cross-border ecommerce, that will allow the Company to transact and fulfil orders worldwide in a cost-effective manner. This offering is expected to go live in Q1 FY24. In addition, Sosandar is in active dialogue with a number of potential international third-party partners and expects to be able to provide an update on this in the coming months.

Unique product continues to resonate with loyal customer base

The Company's unique product range continues to resonate with its target audience and has driven resilient growth with both new and repeat customers. The planned fast-tracked development of key product lines was successful, resulting in all identified lines meeting or exceeding management expectations. Across the period, every product category experienced growth, with knitwear, formal tailoring, coats and partywear performing exceptionally well throughout the Winter season. The new launch of categories, such as summer occasion wear and swim and beach wear, have had a positive start and are expected to be some of the fastest growing areas for the Group in H1 FY24.

Third party partners continue to progress from strength to strength

The period under review has seen another robust trading performance across both the Sosandar website and via third party partners. Sosandar.com is the anchor of the Company's success and is the lifestyle hub where customers receive the most diverse choice and constant newness. Trading with our now well-established third party partners, John Lewis, Marks and Spencer, Next, The Very Group and JD Williams, has been extremely strong, with a record quarter for the Company delivered through third parties in Q3 FY23 followed by a strong Q4. Throughout the period, the amount of stock allocated to each partner was increased to meet the rising demand generated through these channels.

Successful launch with Sainsbury's online and progress for in-store launch on track

In January, the Company announced that it had entered into an agreement to sell a curated collection of its products through J Sainsbury ('Sainsbury's'). Through this wholesale agreement, a selected range has begun to be sold online in March with promising results. The in-store launch is on track to commence with our best-selling styles and accessories in selected stores in August 2023, in time for the important Autumn/Winter season, as Sainsbury's increases its collaborations with fashion brands to provide new and existing customers with a broader selection of products. The partnership, which includes the Company's first in-store presence, provides Sosandar with the opportunity to become a truly omnichannel retailer.

Strong cash position

The Company successfully raised £5.5 million (net of expenses) in February 2023, with both existing and new investors showing support for the business and its plans for future growth. The proceeds will enable the Company to:

- accelerate the execution of its omnichannel strategy through further investment in stock;
- increase provision of Sosandar's product range in-store with third party partners;
- create further balance sheet headroom to fast-track other growth initiatives; and
- accelerate investment in the Company's proven customer acquisition model.

* The Board believes that consensus market expectations for the year ended 31 March 2023 are revenues of £42.45m and FBT of £1.9m.

Conference call

Sosandar is hosting a Q&A call for analysts and investors today at 8:30am to discuss the Trading Update. If you would like to register for the call, please follow this link: https://bit.ly/SOS_FY_TU

Ali Hall and Julie Lavington, Co-CEOs commented:

"We are delighted to be reporting a milestone year. Sosandar has grown from a true start-up business just six years ago to a brand which is delivering multi-million-pound revenue and is profitable. This growth has been delivered against a backdrop of highly challenging macro-economic conditions and our sustained performance against this backdrop is testament to how well our product resonates with our customers. We are incredibly proud to have Sosandar clothes now being sold in the UK's biggest retailers, and we have now built the infrastructure to start serving our target customers internationally. We would like to thank all of our team for their hard work and dedication, this performance wouldn't have been possible without them.

We continue to invest in and expand our product range, offering our customers an even greater selection of on-trend, affordable, long lasting, lifestyle appropriate clothes. We are already seeing strong demand for our fast-tracked ranges of summer occasionwear as well as beach and swimwear. In addition, our performance with selected third-party partners continues to go from strength to strength and we were delighted to secure a new partnership with another renowned British retailer, Sainsbury's. This partnership has elevated our strategy from pureplay to an omnichannel brand and will enable us to provide our large but underserved demographic with more opportunities to purchase our unique and diverse products.

While the macro-economic environment remains challenging, and we remain highly vigilant, we continue to demonstrate that our differentiated model is capable of achieving sustained profitable growth. We remain confident in the long-term opportunity for Sosandar, as reflected in Q4 FY23 in the acceleration of our investment in the next stage of our development. We see a number of opportunities for further growth both on our own site and through our third party partners in the coming months and beyond as we continue to move forward with our objective to make Sosandar one of the largest womenswear brands globally."

Enquiries

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This announcement contains inside information for the purposes of the retained UK version of the EU Market Abuse Regulation (EU) 596/2014 ("UK MAR").

About Sosandar plc

Sosandar is one of the fastest growing women's fashion brands in the UK targeting style conscious women who have graduated from price-led alternatives. The Company offers this underserved audience fashion-forward, affordable, quality clothing to make them feel sexy, feminine, and chic. The business sells predominantly own-label exclusive product designed in-house.

Sosandar's product range is diverse, providing its customers with an array of choice for all occasions across all women's fashion categories. The company sells through Sosandar.com and has brand partnerships in place with Next, John Lewis, Marks & Spencer, The Very Group, JD Williams and J Sainsbury.

Sosandar's strategy is to continue growing brand awareness and expand its customer database, whilst also further driving its high levels of customer retention. This is achieved through its exceptional products, seamless customer experience and impactful, lifestyle marketing activities all of which is underpinned by combining innovation with data analysis.

Sosandar was founded in 2016 and listed on AIM in 2017. More information is available at www.sosandar-ir.com

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