

Date: 16 April 2024
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc

Full Year Trading Update

Strong H2 with FY24 revenue growth of 9%, continued margin growth and strong cash position to execute store strategy

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 2024.

Full Year Highlights:

- Revenue of £46.3m, up 9% year-on-year (FY23: £42.5m)
- Improved gross margin of 57.6% (up from 56.1% in FY23) reflecting the planned reduction in certain price promotional activity ahead of a selective store roll out in the UK
- As a result of a substantial positive swing in PBT from H1 (£1.3m loss) to an expected profit of £1.1m in H2, FY24 will be broadly in line with market expectations* with a marginal loss of £0.2m expected to be reported for the year overall
- Strong cash generation in H2, resulting in an improved net cash position of £8.3m as at 31 March 2024 (£7.7m as at 31 December 2023)
- Post year-end, April trading has been strong with continued improvement in profitability driven in particular by gross margin

Our brand and unique product range continue to resonate with our customers, as evidenced by the strong growth that we achieved in H2 FY24 despite the challenging market backdrop, where Sosandar has outperformed many peers and wider industry statistics. Our focus on margin improvement is also beginning to deliver, with gross margin in H2 FY24 at 59.6% (H2 FY23: 57.8%). The significant improvement year-on-year reflects our strategic decision to introduce a more targeted approach to price promotional activity ahead of select store openings, resulting in less frequent and less deep discounts. As a result, H2 FY24 saw the Company deliver a substantial upswing in profitability, following a £1.3m loss in H1, demonstrating the impact of improved revenue and gross margin. FY24 trading overall was broadly in line with market expectations*.

Due to ongoing careful working capital management, with ongoing focus on stock purchasing, the cash position as at 31 March 2024 exceeded market expectations at £8.3m. This further strengthens the Company's ability to execute the next stage of growth, including, as planned, the roll out of select physical retail stores during FY25.

Customers continue to interact with the Company through its multiple routes to market. Sosandar.com remains the bedrock of the Sosandar brand and this channel was strengthened with the launch of our app in July, which has performed very well. Trading with the Company's well-established third-party partners has continued to be strong, with the success of our product resulting in Sosandar being one of the top selling brands across all third-party partners including Next and M&S. This has helped to drive further growth in brand awareness and led to increased partner opportunities, such as the collaboration launched with Freemans in September 2023. The Company's first launches internationally, with The Iconic in Australia and The Bay in Canada, have performed in line with our expectations, and following the partnership with Global-e, further validated our expectation that Sosandar's product range will resonate with fashion conscious women across the globe.

Our brand strength and loyal customer base, both domestically and internationally, continues to grow strongly. The Board remains focused on building the Group's addressable market and delivering profitable growth. With over 60% of the +£60bn p.a. clothing market in the UK being transacted in physical stores, we remain confident that the opportunity available to multi-channel retailers far exceeds that of an online pureplay business. As previously disclosed, providing an instore offering will help achieve both these core strategic objectives and is therefore an essential next step in Sosandar's growth journey.

Substantial progress towards opening the Company's first stores has been made, with several shops identified in top tier locations at various stages of progression, including some now reaching the latter stages. Our primary focus is to ensure that Sosandar stores are situated in the right position in affluent, thriving locations where Sosandar customers over-index. The exact timing of first openings will, accordingly, be determined by our disciplined approach to ensuring 'right price, right location' and that all other aspects are in place to deliver a fantastic in-store customer experience. Overall, the Company is on track with all elements to execute the store rollout as expected.

The Company's continued focus on cash generation and its strong balance sheet means that the rollout will be delivered entirely from our existing financial resources.

The planned roll out of our multi-channel model is specifically designed to deliver profitable growth and accelerate delivery of our medium-term target of £100m+ revenues and a 10% margin.

Conference call

Sosandar is hosting a Q&A call for analysts and investors today at 8:15am to discuss the Trading Update. If you would like to register for the call, please follow this link:

https://us02web.zoom.us/webinar/register/WN_wydUlraIRn2bCJW9pgHuRA

** Sosandar believes that market expectations for the year ended 31 March 2024 are currently revenue of £46.8million and PBT of £0.1 million.*

Ali Hall and Julie Lavington, Co-CEOs commented:

"We have delivered a robust financial performance for FY24, delivering a profitable second half, accelerating revenue growth whilst at the same time growing our margin and generating cash. This performance has been achieved against one of the most challenging backdrops our industry has experienced and is testament to how our customers feel about our on-trend, affordable, long lasting, lifestyle appropriate clothes.

The strength of our brand and unique product range remain the key drivers of our success and keep our customers returning to us for their wardrobe needs. We are incredibly proud to see the success that our Sosandar clothes are having in the UK's biggest retailers and through our first partnerships internationally.

We enter the new financial year well placed, with a strong cash position in order to execute the next stage of our growth strategy. April trading has been strong with continued improvement in profitability driven in particular by gross margin. We fully expect that we will deliver more milestones in FY25 as we open our first physical retail stores and continue to take the Sosandar brand to more customers across the UK and worldwide."

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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 lower quality, 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 and tested 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 a number of high value brand partnerships including with Next and Marks & Spencer.

Sosandar's success has been built on an exceptional product range, seamless customer experience and impactful, lifestyle marketing, all of which is underpinned by combining innovation with data analysis. Our growth strategy is focused on continuing to grow brand awareness and expand our addressable market and routes to market, reaching customers wherever they wish to shop. This is achieved both through direct to consumer channels and through chosen third party partners.

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



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