

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

Sosandar plc

Full Year Results and Trading Update

Robust FY24 performance with continued focus on margin, profitability and cash generation. First two store leases signed

Sosandar PLC (AIM: SOS) one of the fastest growing fashion brands in the UK, creating quality, trend-led products for women of all ages, is pleased to announce its financial results for the year ended 31 March 2024.

As the Company transitioned to becoming a true multi-channel retailer, through the planned opening of its own stores, the second half of FY24 saw the prioritisation of margin enhancement and profitability, the result of which can be seen in the FY24 margin uptick and upswing in pre-tax profit in H2 FY24.

FY24 Financial Highlights

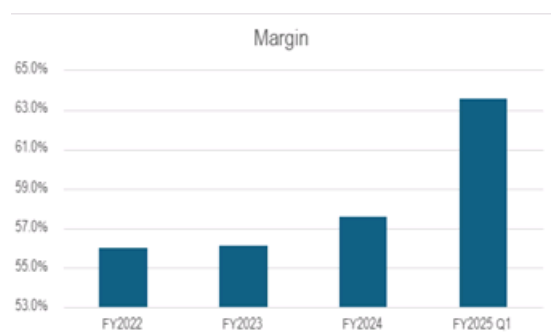
- Net revenue growth of 9.0% to £46.3m (FY23: £42.5m)
- Improved gross margin of 57.6% (FY23: 56.2%) (H2 FY24: 59.6%)
- Loss of £0.3m for FY24 following an upswing in PBT in H2 to £1.0m (H1 loss of £1.3m)
- Strong cash generation in H2, resulting in an improved net cash position of £8.3m as at 31 March 2024 (£7.7m as at 31 December 2023)

Post-period Trading (Q1 FY25)

- Continued focus on prioritising margin enhancement and profitability
- 80% reduction in price promotional activity on Sosandar.com vs the same quarter last year
- 670bps improvement in gross margin to 63.4% (Q1 FY24: 56.7%)
- Substantial positive swing from (£0.8m) pre-tax loss in Q1 FY24 to (£0.2m) pre-tax loss in Q1 FY25
- Net revenue of £8.2m (Q1 FY24: £11.4m) reflecting prioritisation of increasing gross margins to improve profitability
- Balance sheet remains robust with cash position remaining flat at £8.3m as at 30 June 2024 vs. 31 March 2024, allowing us to self-fund the planned store roll out

Our Q1 FY25 results at the gross margin and pre-tax profit level have been highly encouraging and reflect our prioritisation of margins with reduced discounting ahead of planned store launches. As such, whilst it is early in the year to predict a full year outturn, we have taken the decision not to drive revenue growth at the detriment of margins in FY25. The 670bps increase in gross margin to 63.4% means pre-tax profit levels are expected to remain in-line with expectations*, despite lower revenues, which are now likely to be in-line with the prior year.

Looking further ahead, we expect that our enhanced brand presence and sales mix will, once again, deliver revenue growth in the years ahead, driven by growth through our own website, the rollout of stores and the compounding positive effect that the shops will have across all of our channels.



FY 24 Operational and Strategic Progress

- Product continues to resonate with customers with party wear, dresses, tailoring, knitwear and denim being standout items
- Trading with well-established third-party partners has continued to be strong
- Built on strong existing capabilities with the hiring of a Head of Retail and Head of Retail Operations
- Set out the components that will shape our decision making over the coming years as we become a true multichannel retailer:
 - To drive sustainable profitable growth with a prioritisation on margin and profitability
 - Leverage our brand equity

- Remain agile on marketing spend, predominantly leveraging stores as a marketing channel
- Grow the store portfolio with a focus on 'right price, right location'

Post-period Operational and Strategic Progress (Q1 FY25)

- First two Sosandar stores signed for, located in Marlow and Chelmsford. The Marlow store is on Marlow High Street and the Chelmsford store is in the heart of Chelmsford, on Bond Street.
- These locations were highly sought after given both stores fit our criteria of being positioned in top tier locations, located in the right position in affluent locations and are where Sosandar customers over-index.
- Both shops are expected to open in September, whilst other prospective stores are at a late stage of negotiation with a broader set of store locations identified for roll-out over the medium term.

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 a testament to how our customers feel about our on-trend, affordable, long lasting, lifestyle appropriate clothes."

"The transition to becoming a true multi-channel retailer, with our products being sold on our own site, our mobile app, through our own stores and via highly reputable third-party partners, is well underway. To meet our strategic goal of delivering a pre-tax profit margin of at least 10% in the medium term and £100m+ revenues, we have refined our focus and built a roadmap that will shape our decision making over the coming years. The core ingredients to this include prioritising margin and sustainable profitable growth rather than revenue growth through promotional activity. In doing so, we will leverage our brand equity, creating our own marketing ecosystem through our stores which will enable us to own our customers directly."

"We are excited to announce the first locations for our Sosandar stores. These stores fit our criteria of being positioned in top tier locations, located in the right position in affluent, thriving locations where Sosandar customers over-index. Throughout the process we have remained disciplined in our approach to ensuring 'right price, right location'. We look forward to the official opening of them over the next few months, and with others to come."

"Looking ahead, FY25 is focused primarily on delivering sustainable growth in our gross margin, pre-tax profit, cash generation and maintaining a strong balance sheet. Nonetheless, we do expect revenue growth from on our own site, further third party partnerships, opening shops and the compounding positive effect that the shops will have across all our channels. We believe that the future is very bright as we take the Sosandar brand to more customers across the UK and worldwide, as we move forward towards reaching our strategic goal in the medium term."

** Sosandar believes that, prior to publication of this announcement, market expectations for the year ending 31 March 2025 are currently revenue of £54.6 million and PBT of £1.0 million.*

Presentations

Sosandar is hosting a webinar for analysts at 08:30 hrs BST today. If you would like to register, please contact sosandar@almastrategic.com

The Company is also hosting a webinar for retail investors at 12:00 today. If you would like to attend, please register here: https://bit.ly/SOS_FY24_results_webinar

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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

CHAIRMAN'S STATEMENT

Introduction

I'm pleased to be reporting on another strong year of progress for Sosandar, delivering an increase in revenues and improved gross margins. The results for the year reflect management's strategic decision to implement a more targeted approach to price promotion to improve margins and enable us to be better placed to deliver long-term, sustainable profitable growth as we continue our transition towards becoming a multi-channel retailer.

Sosandar has rapidly grown from a start-up into one of the fastest growing fashion brands in the UK and FY24 saw the business continue to evolve as it looks to achieve its goal of becoming one of the world's largest womenswear brands globally.

The strength of Sosandar's brand and unique product range continues to drive its success. Our product is reaching more women globally, more regularly and through more channels than ever before.

Delivering on our growth strategy

Following the over-subscribed equity fundraise in February 2023, we were able to accelerate the execution of our multi-channel strategy and other growth initiatives.

We have further invested in the functionality of our own site in order to enable more customers to buy directly from us, have more ways to shop and provide a more personalised experience. In addition, we successfully launched our mobile app in July 2023.

Trading with third-party partners, across which we sell at full Recommended Retail Price (RRP), has continued to be strong and has further increased our brand awareness, with Sosandar consistently being one of the top selling brands across all third-party partners, including Next and Marks & Spencer.

We expanded our global reach through our first international launches, and have launched with Global-e, enabling Sosandar to transact and fulfil orders to over 60 countries in a cost-effective manner and substantially broadening our potential customer reach.

We have now taken the first strides towards becoming a true multi-channel retailer with the planned opening of our own UK stores, a logical next step as we look to reach more of our customer demographics by offering more ways to engage and shop with Sosandar.

In addition to the greater reach and scale stores offer, they will also help to further expand Sosandar's brand awareness and presence, benefitting all channels.

Our reduced use of price promotion through on-line channels is an important precursor to our store openings, expected later this year, as it enables price parity between our on and off-line offerings. We are progressing well with our plans to establish our first stores, with multiple locations in high profile, affluent areas where Sosandar customers over-index at various stages of the pipeline. Our priority is situating the stores in the right location and for the right cost.

Our people are our greatest asset

Behind Sosandar's success is our team of hard working and passionate people. From the initial product designs through to sourcing, logistics, customer service and all aspects of retailing, it is only possible because of our excellent team working to create clothing that meets our customers' wants and needs.

Throughout the year, we strengthened our capabilities across the business. In particular, as we gear up to opening our stores, we have enhanced the extensive experience already within the team by appointing a Head of Retail, Head of Retail Operations and Visual Merchandiser.

I would like to thank all our team members for their continued dedication and hard work.

Governance and responsibility

Maintaining and enhancing our corporate governance framework remains a priority for the Sosandar Board. We have processes in place to ensure adherence to our high standards and the effectiveness of our committees, and our Board is adept at making executive decisions in a considered and timely manner.

Sosandar is underpinned by responsible and scalable business practices. Throughout our business operations, company culture, and interactions with our community and customers, we strive to have a positive impact on society. We uphold responsible fashion practices and will continue to review and improve our activities to deliver them and to increase Sosandar's positive impact on the fashion industry.

Outlook

FY25 is set to be another year of progress for Sosandar. We remain steadfast in our focus on growing margins and profitability, whilst also increasing Sosandar's brand awareness and reach both internationally and in the UK with the opening of our first physical retail stores. We remain highly committed to offering a seamless customer experience through all our sales channels and to returning value to all our stakeholders.

Nicholas Mustoe
Chairman

15 July 2024

CO-CEO'S STATEMENT

A year of significant progress

FY24 has been a year of continued progress at Sosandar. We have delivered a robust financial performance, with a profitable second half, accelerating revenue growth whilst at the same time growing our margin and generating cash.

In addition, we have made significant steps on our journey to become a multi-channel retailer whilst also expanding the reach of the Sosandar brand. We launched new partnerships with third-party partners, both in the UK and internationally, and made significant strides towards opening our first stores.

This has all 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.

Robust financial performance

We generated revenue of £46.3m, an increase of 9% versus the prior year (FY23: £42.5m). Our focus on driving long-term profitable growth has resulted in our gross margin increasing, with gross margin for the full year being 57.6%, up from 56.2% in FY23. The second half comparisons paint a clearer picture of the strategic decision to introduce a more targeted approach to price promotional activity ahead of select store openings, with discounts purposefully offered much less frequently. Gross margin for the second half was 59.6%, up from 57.8% in the prior year. Post-period end by Q1 FY25 gross margin has continued to improve and has increased to 63.4% (Q1 FY24: 56.7%).

Demonstrating the impact of increased revenue and gross margin, H2 FY24 saw the Group deliver a substantial uplift in profitability, of £1.0m, following a £1.3m loss in H1 FY24. Combined, this resulted in a loss before tax of £0.3m for the full year.

Throughout the period we have continued to deploy careful working capital management, resulting in a cash position at 31 March 2024 of £8.3m (31 March 2023: £10.6m). This further strengthens our ability to execute the next stage of our growth journey, including, as planned, the roll out of select physical retail stores during FY25 and beyond funded entirely from existing financial resources.

Our vision and purpose

Our vision is to become one of the largest womenswear brands globally. Our purpose is to empower women of all ages to feel good in the clothes they wear, catering to the burgeoning 'ageless' generation. Our continued growth is evidence of the success of our strategy to allow women of all ages to feel sexy and chic through our unique and diverse range of products.

There is an ongoing shift in the consumer mindset towards fashion; women are leaving behind dated ideas of what they must wear at what age, and instead are embracing clothes that make them feel good, work in their everyday lives and reflect their individual personalities. Our offering is ideally placed to cater to this trend.

While our products are trend-led, they are designed to be kept and loved for years. This is why we invest so highly in quality and fit, which is reflected in our price point.

Our unique brand

As a clothing brand, our product is everything. The strength of our brand and unique product range are the key drivers of our success and keep our customers returning to us for their wardrobe needs.

Throughout the year, we have seen major successes across key styles with party wear, dresses, tailoring, knitwear and smart trousers being standout items.

smart trousers being standout items.

As Sosandar continues to grow, we are committed to developing our product range to offer our customers an ever-growing variety of on-trend, affordable, long lasting, lifestyle appropriate clothes. The success of our range has been consistently strong across all our different routes to market.

Through the success of our own website and third-party partnerships with some of the largest retailers in the UK and now internationally, the Sosandar brand is now widely recognised as on-trend, affordable and high quality, providing us with opportunities to leverage our strong brand in the future.

Our routes to market

1. Our own site

Sosandar.com and our app is the anchor of our offering. Through this channel, our customers get the whole Sosandar lifestyle experience and can access the full extent of our diverse product range. The site is continually updated with new products and content, and we are constantly working and investing to ensure we maintain a seamless customer experience through this channel.

Since its launch in July 2023, our app has performed well, and is enabling us to provide mobile first technology to our customers, giving them more avenues to engage with the Sosandar brand.

Within the year we also launched with Global-e, the world's leading platform to enable and accelerate global, direct-to-consumer, cross-border ecommerce. This enabled us to transact and fulfil orders worldwide to over 60 countries in a cost-effective manner and allowed us to build our knowledge to inform our future international strategy. We have seen demand from across the globe, with initial sales in line with our expectations, with Ireland, Australia and the Middle East in particular getting off to a good start.

2. Third party partners

Trading with our 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 Marks & Spencer. Alongside our existing relationships, we were pleased to form new third-party partnerships with J Sainsbury's and Freemans, part of the Otto Group.

In the period, we launched with The Iconic in Australia and The Bay in Canada. The Iconic has performed incredibly well and we are extremely excited by the success we have had to date in a previously untapped market for Sosandar brand. Shortly after launching with The Bay, their marketplace went down due to technical issues which they have been unable to resolve. We therefore made the decision to stop working with them and withdraw our stock. Our performance in Australia validates our belief that the Sosandar product range will resonate with fashion conscious women across the globe.

Post period-end we were delighted to announce a new partnership with Arnotts, the oldest and largest department store in Ireland, as we have seen strong demand from customers in Ireland since our inception. Initially, the Sosandar range will be sold online, followed by an in-store concession.

Third party partnerships, both domestically and internationally, remain a key facet of our higher margin multi-channel model and we believe this channel will play an important role in growing and strengthening our loyal customer base.

3. The rollout of our own stores

With over 60% of the +£60bn p.a. clothing market in the UK being transacted in physical stores, we are confident that the opportunity available to multi-channel retailers far exceeds than if we were to remain an online pureplay business.

As a reminder, we believe that having our own stores will:

- Deliver multiple benefits both to our total addressable market, profitability and to the brand as a whole;
- Bring increased brand awareness;
- Drive higher margins, both at the gross and operating level;
- Result in more efficient marketing; and
- Deliver overall lower returns rates

We are delighted to confirm that we have signed for, and have commenced the fit out of, our first two stores located in Marlow and Chelmsford which are expected to open in September. As previously disclosed, these are the first of several stores that we expect to sign this calendar year, with a number of others currently in the latter stages of legal process.

Marlow is a vibrant and affluent riverside town, with 32,000 visitors daily. The store is on Marlow High Street, home to various boutiques and cafés, including The White Company, Sweaty Betty and Toast. Located in Buckinghamshire, Marlow attracts visitors from London and the Home Counties. Marlow is distinct in that shoppers can visit major high street retailers, as well as Michelin-star restaurants and historic monuments, whilst enjoying the charm of a market town.

Chelmsford is located within the London commuter belt and has a population of nearly 200,000 people. The city's proximity to London, along with the quality of its shops, elegant city centre and idyllic surrounding countryside, makes Chelmsford a vibrant and affluent city. The store is in the heart of the city, on Bond Street, which boasts a variety of top high street brands, such as Mint Velvet, The White Company and Tag Heuer.

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 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.

As part of our rollout, we have hired a Head of Retail, Head of Retail Operations and Visual Merchandiser to build on the extensive retail experience within our existing teams. In addition, we have selected an EPOS system to ensure that the customer journey is seamless and we are now working on the integration.

Our roadmap

The transition to becoming a true multi-channel retailer, with our product being sold on our own site, through our own

The transition to becoming a true multi-channel retailer, with our product being sold on our own site, through our own stores and via highly reputable third-party partners, is well underway. Alongside our strategic goal of delivering a pre-tax profit margin of at least 10% and £100m+ revenues in the medium term, we have defined the focus that will shape our decision making over the coming years:

- Drive sustainable profitable growth with a focus on margin;
- Leverage our growing brand awareness, with a focus on further broadening its reach and continuing to drive brand equity;
- Remain agile on marketing spend, predominantly leveraging stores as a marketing channel, and selectively using marketing campaigns as an additional tool; and
- Grow the store portfolio and review opportunities to broaden the shop formats and locations from standalone shops, maintaining a low risk approach

Outlook

Our robust performance in FY24 is a testament to the strength of our brand, the quality of our product offering and our ability to provide our customers with a diverse range of clothes and accessories for all their wardrobe needs. We have also made some key advances operationally and strategically, all of which position us to provide our growing customer base with more opportunities to interact with the Sosandar brand.

We have set out our roadmap to deliver on our medium-term objectives, designed to drive profitable growth and generate improved shareholder returns. Our Q1 FY25 results at the gross margin and pre-tax profit level have been highly encouraging and reflect our prioritisation of margins with reduced discounting ahead of planned store launches. As such, whilst it is early in the year to predict a full year outturn, we have taken the decision not to drive revenue growth at the detriment of margins in FY25. The significant increase in gross margin to 63.4% means pre-tax profit levels are expected to remain in-line with expectations, despite lower revenues, which are now likely to be in-line with the prior year.

Looking further ahead, we expect that our enhanced brand presence and sales mix will, once again, deliver revenue growth in the years ahead, driven by growth through our own website, the rollout of stores and the compounding positive effect that the shops will have across all of our channels.

We are incredibly excited about the future, as we open our first physical retail stores, continue to take the Sosandar brand to more customers across the UK and worldwide, and move further towards reaching our strategic goals of delivering a pre-tax profit margin of at least 10% and £100m+ revenues in the medium term.

Ali Hall & Julie Lavington
Co-CEO's

15 July 2024

FINANCIAL REVIEW

KPI's

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000	Change
Revenue	£46,277	£42,451	9%
Gross Profit	£26,650	£23,837	12%
Gross Margin	57.6%	56.2%	140bps
Administrative Expenses	£26,984	£22,200	22%
Profit / (Loss) before tax	(£332)	£1,597	-121%
EBITDA*	(£18)	£1,872	-101%

*EBITDA is calculated as profit before tax less interest, depreciation and amortisation

	Year ended 31 March 2024	Year ended 31 March 2023	Change
Sessions	15,090,432	15,091,247	0%
Conversion rate	3.43%	4.11%	-68bps
Number of orders	518,108	620,977	-17%
AOV**	£102.25	£97.27	5%
Active customers ***	253,566	264,832	-4%
Average Order Frequency ****	2.08	2.34	-11%

** Average Order Value is calculated on own site sales only, inclusive of shipping charges and VAT

*** Active customers is the number of individual customers who purchased from Sosandar.com in the last 12 months

**** Average Order Frequency is the total number of orders in the last 12 months divided by the number of active customers

The Group has delivered a robust financial performance in the year whilst laying the foundations for a period of significant strategic growth commencing in FY25. FY25 will include the milestone of opening the first Sosandar physical retail store, and the performance in FY24 reflects certain actions that we took to shift our focus from revenue growth to margin enhancement, with a view to the long-term success of the business. The most significant of these has been the managed reduction in price promotional activity on our own website in the second half of FY24 in order to move to a full RRP model which will be aligned across all sales channels. As a result of this, revenue growth in FY24 was reduced compared with previous years, and pre-tax profit was impacted, however, gross margin was significantly up against last year due to this managed change.

The non-financial KPIs shown above also reflect this managed change away from revenue growth as the overriding priority

and therefore show a reduction.

The performance in the year was delivered against a backdrop of ongoing challenges presented by the macro environment which has included wars, supply chain issues and high inflation. The agility and ongoing approach to managing risk in all aspects of the how the business is led, allowing us to deliver such a robust performance once more.

The cash balance is particularly strong and we continue to expect to fund the store opening programme entirely from existing cash resources.

Revenue up +9% to £46.3m

The growth in revenue reflects the continued demand for Sosandar product across all sales channels which now includes own website, third-party concessions and third-party wholesale partners.

We had by far our largest quarter of revenue ever in Q3, with revenue up 23% against Q3 FY23, as our range of occasion and party wear resonated well with consumers. Q4 was also strong, resulting in H2 being well ahead of last year despite the reduction during the period in price promotional activity which drives incremental revenue.

Gross Margin +140bps to 57.6%

Gross Margin improved when compared with the prior year to 57.6%. This growth is inclusive of the growth in revenue generated from the wholesale channel which has a lower margin. On a like-for-like basis excluding the proportional increase in the wholesale channel, the gross margin increased by 250bps to 59.8%.

In the year, there has been significant focus on reducing the levels of price promotional activity on our own website. This has included reducing the frequency of promotions and the average level of discount per promotion. This strategic change resulted in the gross margin in H2 being 420 bps higher than H1 at 59.6%.

Other actions that have been taken to improve gross margins have included improved supplier cost prices and further efficiencies in inbound freight costs. There have been no increases to RRP's during the year, however there is a small amount of positive rollover benefit from price increases implemented in the previous year.

Further benefits have been delivered with regards to inbound freight costs during the year. A higher proportion of product has been delivered using sea freight although there remains a balanced approach using all methods (sea, rail, road, air). Furthermore, we have started to do more full container loads when using sea freight which is cheaper than partial loads. This increased further as a result of the red sea issues, enabling us to guarantee space on specific vessels and routes.

Administrative Expenses

Total administrative expenses increased by 22% to £27.0m (FY23 £22.2m) compared to a 9% increase in revenue.

Administrative expenses as a percentage of revenue increased to 58% (FY23 52%), in part reflecting the change in our promotional strategy partway through the year as we shifted our primary focus away from revenue growth towards margin enhancement. The increase also reflects investment in the business ahead of opening our own physical stores and further international growth.

Spend on marketing increased slightly compared with the previous year. The strategy on marketing remains broadly similar with investment being focused on TV, social and brochures with peak months of investment being where the return on investment is greatest. During the year we also invested in the launch of the Sosandar App which has performed ahead of expectations with strong sign ups, conversion and retention stats being reported.

The cost of fulfilment which includes warehousing and customer order delivery costs remained flat compared to the previous year despite revenue growing by 9%. As a result the cost as a percentage of revenue reduced from 13% to 12%.

From a warehousing perspective, our 3PL partner, GXO (Clipper) has continued to deliver for our multi-channel customers as have our two delivery partners, Evri and Royal Mail. Onboarding Evri as a second delivery partner option during FY2022 has been an important step enabling us to offer the consumer a choice to use their preferred delivery company. The average cost per order has been reduced as a result of this change.

The largest increase in administrative expenses is from third party commissions (increased by 43% on the prior year) which reflects the growth in revenue through our concession partners (notably NEXT & Marks and Spencer). The commission is retained by the concession partner and is reported within overheads covering all costs of the operation including warehousing and fulfilment, returns handling, marketing and other operational costs. The revenue and gross profit figures are therefore undiluted when compared with trading through our own site Sosandar.com.

Other administrative expense which includes staff costs increased by £1.7m (28%) compared to the previous year. Headcount increased by 19 during the year to an average of 97 with a closing headcount of 103 as at March 2024. The investment in people has been across all functions of the business and has including pivotal roles to equip us to deliver the growth plans in FY25 and beyond including for the retail channel.

Statement of Financial Position

The statement of financial position is robust. As at 31 March 2024, the Group had net assets of £18.2m (FY23 £18.4m) and a net current asset position of £16.7m (FY23 £17.2m).

The cash balance at 31 March 2024 is £8.3m and there remains no bank indebtedness. The Group was cash generative in H2 FY24, increasing the available balance by £1.3m (30 Sept 2023 £7.0m) which will allow for the opening of physical retail stores to be self-funded from existing cash reserves.

Within the year, the cash balance reduced by £2.3m (31 March 2023 £10.6m) which reflects timing of payments in Q1 FY24, in particular for stock. In addition, investment has been made in capital projects including for the launch of the Sosandar App and ongoing costs for the new ERP which is anticipated to go-live in 2025.

Inventory has reduced in the year, from £12.4m in FY23 to £10.9m in FY24. The reported inventory balances includes stock on hand at both the main warehouse and at third-party concession partners, stock in transit and the right to return asset which covers post year end returns. The reduction in inventory has been intentional, as product purchased in the year has been supported by carry over lines from previous seasons to create the overall product range.

Subsequently, stock cover has reduced with further opportunity to improve in FY25 which will increase the cash available to deliver the store roll out programme. Within inventory, the right to return stock, covering the post year end returns, reduced to £0.6m (FY24 £1.1m) which reflects the reduced average number of days it takes for our customers to return product. As a result, the provision is lower as actual refunds have been processed quicker than in the previous year.

Trade and other payables reduced to £5.1m (FY23 £8.4m) which reflects a lower trade creditor balance, particularly for inventory and lower provision for post year end customer refunds.

Trade payables have reduced to £2.1m (FY23 £3.7m) which reflects lower outstanding stock invoices, partly due to timing but also due to lower quantity of stock being purchased reflecting the carry-over from the previous year. Having

significantly increased creditor payment days over the last two years, the average agreed terms are now /5 days for stock and 30 days for non-stock. It is not anticipated that this will improve further in FY25. Contract liabilities reduced to £1.4m (FY23 £2.6m) which reflects the lower provision required for post year end refunds for orders fulfilled within the year. This reflects the timing of actual refunds being much closer to the original order date, meaning customers are returning items more quickly than the previous year. Liability for VAT reduced to £0.5m (FY23 £1.1m) due to higher on account payments to HMRC each month and therefore reducing the liability to be paid at the quarter end.

Trade and other receivables increased to £2.8m (FY23 £2.7m) which includes amounts owing from concession and wholesale customers. No change to payment terms were made during the year and all payments have been received on time and in full.

Non-current assets increased to £1.9m (FY23 £1.7m). Investment in fixed assets remained relatively low, with spend primarily on replacement IT equipment which has a useful of life of no more than four years. In the year, investment was focused on software with two significant projects of note. The development and launch of the Sosandar App with the highly respected partner Poq has been successful with sign ups and KPI's being in line with our expectations. In addition, work is ongoing to implement an ERP system for the Group.

This project commenced a year ago with the main build taking place during FY25 for go-live anticipated early in 2025. The chosen system is Microsoft Business Central with implementation partners chosen who have significant experience executing with fashion and multi-channel retailers. The costs for the ERP project are held as assets under construction with depreciation commencing when the software goes live.

Cashflow

The Group had a net cash position as at 31 March 2024 of £8.3m (FY23 £10.3m). As highlighted already, the Group's cash position improved in H2 FY24 by £1.3m (H1 FY24 £7.0m).

The movement in the year reflects the reduction in payables and investment in software (ERP and App) partially offset by the reduction in inventory. The strong cash balance is particularly important as we invest in opening our first physical retail stores in FY25 which will incur a significant amount of capital expenditure compared with previous years. This investment will be self-funded from existing cash resources.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		Year ended 31 March 2024	Year ended 31 March 2023
	Notes	£'000	£'000
Revenue	3	46,277	42,451
Cost of sales		(19,627)	(18,614)
Gross profit		26,650	23,837
Administrative expenses		(26,984)	(22,200)
Operating profit/(loss)		(334)	1,637
Finance income		38	-
Finance costs	5	(36)	(40)
Profit/(loss) before taxation		(332)	1,597
Income tax credit/ (expense)	7	(91)	284
Profit/(loss) for the year		(423)	1,881
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		(423)	1,881
Earnings/(loss) per share:			
Earnings/(loss) per share - basic, attributable to ordinary equity holders of the parent (pence)	8	(0.17)	0.84
Earnings/(loss) per share - diluted, attributable to ordinary equity holders of the parent (pence)		(0.17)	0.74

The notes on pages 51 to 77 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

		As at 31 March 2024	As at 31 March 2023
	Notes	£'000	£'000
Assets			
Non-current assets			
Intangible assets	9	391	-
Property, plant and equipment	10	909	991
Deferred income tax asset	1,7	605	696
Total non-current assets		1,905	1,687
Current assets			
Inventories	12	10,920	12,361
Trade and other receivables	14	2,768	2,730
Cash and cash equivalents	15	8,313	10,576
Total current assets		22,001	25,667

Total assets		23,906	27,354
Equity and liabilities			
Equity			
Share capital	16	248	248
Share premium	16	52,619	52,619
Capital Reserves		4,648	4,648
Other reserves		1,485	1,223
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings		(21,196)	(20,773)
Total equity		18,208	18,369
Current liabilities			
Trade and other payables	18	5,076	8,355
Lease liability	19	194	148
Total current liabilities		5,270	8,503
Non current liabilities			
Lease liability	19	428	482
Total non current liabilities		428	482
Total liabilities		5,698	8,985
Total equity and liabilities		23,906	27,354

The financial statements were approved and authorised for issue by the Board of Directors on 15 July 2024 and were signed on its behalf by:

Steve Dilks
Director

Company Number: 05379931

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
	Notes		
Cash flows from operating activities			
Group profit/(loss) before tax		(332)	1,597
Adjustments for:			
Share based payments	17	262	311
Depreciation and amortisation	9, 10	316	235
Finance costs		36	40
Finance income		(38)	-
Disposal of intangibles		80	-
Working capital adjustments:			
Change in inventories		1,441	(5,054)
Change in trade and other receivables		(38)	(235)
Change in trade and other payables		(3,279)	1,594
Net cash flow from operating activities		(1,552)	(1,512)
Cash flow from investing activities			
Purchase of property, plant and equipment	10	(81)	(400)
Purchase of intangibles	9	(458)	-
Initial direct costs on right of use asset		-	-
Bank interest paid	5	-	-
Net cash flow from investing activities		(539)	(400)
Cash flow from financing activities			
Gross proceeds from issue of equity instruments	16	-	5,900
Costs from issue of equity instruments			(343)
Finance income		38	-
Lease payment	19	(210)	(117)
Net cash flow from financing activities		(172)	5,440
Net change in cash and cash equivalents		(2,263)	3,528
Cash and cash equivalents at beginning of year	15	10,576	7,048
Cash and cash equivalents at end of year	15	8,313	10,576

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

		Share capital	Share premium	Reverse acquisition reserve	Capital redemption reserve
	Notes	£'000	£'000	£'000	£'000
Balance at 31 March 2022		221	47,089	(19,596)	4,611
Loss for the year		-	-	-	-
Share-based payments	17	-	-	-	-
Issue of share capital	16	27	5,873	-	-
Costs on issue of share capital	16	-	(343)	-	-
Balance at 31 March 2023		248	52,619	(19,596)	4,611
Profit for the year		-	-	-	-
Share-based payments	17	-	-	-	-
Issue of share capital	16	-	-	-	-
Costs on issue of share capital	16	-	-	-	-
Balance at 31 March 2024		248	52,619	(19,596)	4,611

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Other reserve relates to the charge for share-based payments in accordance with International Financial Reporting Standard 2.

Retained earnings represent the cumulative loss of the Group attributable to equity shareholders.

Reverse acquisition reserve relates to the effect on equity of the reverse acquisition of Thread 35 Limited.

Capital redemption reserve represents the aggregate nominal value of all the deferred shares repurchased and cancelled by the Company. The reserve is non-distributable.

COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2024

		As at 31 March 2024 £'000	As at 31 March 2023 £'000
	Notes		
Assets			
Non-current assets			
Investments	11	7,694	7,432
Loans to subsidiaries	13	-	-
Total non-current assets		7,694	7,432
Current assets			
Trade and other receivables	14	8	23
Cash and cash equivalents	15	4,534	5,119
Total current assets		4,542	5,142
Total assets		12,236	12,574

Total assets		12,236	12,574
Equity and liabilities			
Equity			
Share capital	16	248	248
Share premium	16	52,619	52,619
Other reserves		1,485	1,223
Capital redemption reserve		4,648	4,648
Retained earnings		(46,825)	(46,220)
Total equity		12,175	12,518
Current liabilities			
Trade and other payables	18	61	56
Total current liabilities		61	56
Total liabilities		61	56
Total equity and liabilities		12,236	12,574

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's loss for the year was £605k (2023: £3,859k loss).

The financial statements were approved and authorised for issue by the Board of Directors on 15 July 2024 and were signed on its behalf by:

Steve Dilks
Director

Company Number: 05379931

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		Restated
	Year ended 31 March	Year ended 31 March
	2024	2023
Notes	£'000	£'000
Cash flows from operating activities		
Profit/(loss) before tax	(605)	(3,859)
Adjustments for:	-	-
Impairment of intercompany loan	201	3,423
Share based payments	17	7
Finance income	(12)	-
Working capital adjustments:		
Change in trade and other receivables	15	11
Change in trade and other payables	5	4
Net cash flow from operating activities	(396)	(414)
Cash flow from investing activities		
Loans to subsidiaries	(201)	(3,423)
Net cash flow from investing activities	(201)	(3,423)
Cash flow from financing activities		
Net proceeds from issue of equity instruments	16	5,557
Finance income	12	-
Net cash flow from financing activities	12	5,557
Net change in cash and cash equivalents	(585)	1,720
Cash and cash equivalents at beginning of year	15	3,399
Cash and cash equivalents at end of year	15	5,119

Following a review by the FRC, the comparative year has been re-presented. Please refer to note 2 on page 51.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

		Share capital	Share premium	Other reserves	Capital redemption reserve	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Restated Balance at 31 March 2022		221	47,089	912	4,648	(42,361)	10,509
Loss for the year		-	-	-	-	(3,859)	(3,859)
Share-based payments	17	-	-	311	-	-	311
Issue of share capital	16	27	5,873	-	-	-	5,900
Costs on issue of share capital	16	-	(343)	-	-	-	(343)
Balance at 31 March 2023		248	52,619	1,223	4,648	(46,220)	12,518
Loss for the year		-	-	-	-	(605)	(605)
Share-based payments	17	-	-	262	-	-	262
Issue of share capital	16	-	-	-	-	-	-
Costs on issue of share capital	16	-	-	-	-	-	-
Balance at 31 March 2024		248	52,619	1,485	4,648	(46,825)	12,175

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Other reserves relate to the charge for share-based payments in accordance with International Financial Reporting Standard 2. The cumulative share-based payment expense recognised in the consolidated statement of comprehensive income is £262k. The cumulative share payment expense recognised in the parent company statement of comprehensive income is nil (2023: £7k).

Retained earnings represent the cumulative loss of the Company attributable to the equity shareholders.

Capital redemption reserve represents the aggregate nominal value of all the deferred shares repurchased and cancelled by the Company. The reserve is non-distributable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Sosandar Plc (the 'Company') is a public company limited by shares incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information page at the end of this report. The Company is listed on the AIMmarket of the London Stock Exchange (ticker: SOS).

The principal activity of the Group in the year under review was that of a clothing manufacturer and distributor via internet and mail order.

The principal activity of the company is that of a holding company.

2 Significant accounting policies

Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiary (together the 'Group' or 'Sosandar'). The consolidated financial statements of the Group and the individual financial statements of the Company are prepared in accordance with applicable UK law and UK adopted international accounting standards (IFRSs) and as applied in accordance with the provisions of the Companies Act 2006.

The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the year, in conformity with IFRS.

Prior period adjustments and FRC review

In February 2024, the Group received a letter from the Corporate Reporting Review Department of the Financial Reporting Council (FRC) advising that they had selected the FY23 Annual Report and Accounts for review. As a result of the review, it came to light that there was a presentational error in the Statement of Cashflows for the company. Loans made to subsidiaries of £3,423k in 2023 and £4,681k in 2022 were omitted from the cash flow statement when they should have been included as an investing cash outflow with a corresponding adjustment to operating cash flows relating to the subsequent impairment. This has been adjusted in the company cash flow statement. The error had no impact on the company statement of financial position.

The review conducted by the FRC was a limited scope review performed solely on the Group's Annual Report and Accounts for FY23 and does not provide any assurance that the annual report and accounts are correct in all material respects. The FRC's role is not to verify the information provided to it but to consider the compliance with reporting requirements. As such the FRC accepts no liability for reliance on their review by any stakeholder of the company, including but not limited to investors and shareholders.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Chairman's Statement on pages 2-3. The financial position of the Group, its cash flows and liquidity position are described in the financial statements and associated notes. In addition, note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

In order to assess the going concern of the Group, the directors have reviewed the Group's bank balances, cash flows, the annual budgets and forecasts, including assumptions concerning revenue growth, marketing spend, returns and repeat customers and expenditure commitments and their impact on cash flow. These cash flow and profit and loss forecasts show the Group expect an increase in revenue based on the assumptions set out in note 11 of the financial statements. This will have sufficient headroom over available banking facilities. Management continue to monitor costs and manage cashflows against these forecasts.

At 31 March 2024, the Group had a cash balance of £8.3m and is therefore in a strong position, with sufficient working capital to take advantage of opportunities in FY25. This substantiates the view that the Group is a going concern.

The directors continue to monitor the Group's going concern basis against the backdrop of significant external events. During the financial year, rising inflation and increased interest rates led to a 'cost of living crisis' in the UK. Whilst at a macro level, these changes are expected to impact consumer spending, the Group has not experienced a material downturn in activity with gross margin remaining stable. Therefore, despite these events, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

Should the underlying assumptions of the working capital model prove invalid, and the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classifications of recorded asset amounts or liabilities that may be necessary should the Group and Company be unable to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings; all subsidiaries have a reporting date of 31 March.

Subsidiaries are all entities which fall within the definition of control under IFRS 10; an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In November 2017, Sosandar Plc ('Company') acquired the entire issued share capital of Thread 35 Ltd ('legal subsidiary') for a consideration of £6,281,618, satisfied by the issue of shares of £1,603,422 and cash of £4,678,196.

As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquiree, does not meet the definition of a business under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'.

Any difference in the fair value of the shares deemed to have been issued by the Thread 35 Ltd (accounting acquirer) and the fair value of Sosandar Plc's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

Although the consolidated financial information has been issued in the name of Sosandar Plc, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary.

The assets and liabilities of the legal subsidiary are recognised and measured in the Group financial statements at the pre-combination carrying amounts and not restated at fair value.

The retained earnings and other reserves balances recognised in the Group financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before the business combination and the results of the period from 1 April 2017 to the date of the business combination are those of the legal subsidiary only.

The equity structure (share capital and share premium) appearing in the Group financial statements reflects the equity structure of Sosandar Plc, the legal parent. This includes the shares issued in order to affect the business combination.

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in pounds sterling (£), which is the Group's presentation currency and the Company's functional currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent throughout the financial period. Standards and amendments to UK adopted international accounting standards (IFRSs) effective as of 1 April 2023 have been applied by the Group.

Adoption of new and revised standards

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Amendment to IFRS 16 - Leases on sale and leaseback	1 January 2024
Amendment to IAS 1 - Non-current liabilities with covenants	1 January 2024

The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Group and will be incorporated in the preparation of the Group Financial Statements from the effective dates noted above.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the group.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement nor a statement of comprehensive income for the Company alone.

Calculation of share-based payment charges

The charge related to equity-settled transactions with employees is measured by reference to the fair value of

the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions. Please see note 17.

Depreciation of property, plant and equipment and amortisation of other intangible assets

Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. Please see notes 9 and 10.

Revenue recognition

Revenue is recognised at the point where legal title in the goods passes from the Group to the customer. This includes the price paid for the goods as well as any delivery charge where applicable. Typically, legal title is passed when the goods are despatched from the warehouse and as the invoice is created. It is impractical to recognise on delivery, and the difference due to this timing is immaterial. The point of recognition and the point of return is the same for both direct and third-party sales.

Revenue is reported after making deduction for actual and anticipated returns, relevant vouchers and sales taxes.

Revenue is generated both on Sosandar's own website, and through third party partners.

Intangible assets

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Costs are capitalised where the expenditure will bring future economic benefit to the company. Intangible assets have finite useful lives.

Amortisation is recognised within administrative expenses in the Statement of Comprehensive Income so as to write off the cost of assets less their residual values over their useful economic lives.

The following annual rates are used:

Website	20% Straight line
Trademark	20 % Straight line
Software	33% Straight line

Assets Under Construction will be depreciated when the assets are in use.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line and reducing balance methods to write off their cost over their estimated useful lives at the following annual rates:

Plant and Machinery	15% Straight line
Computer Equipment	33.33% Straight line
Fixture and Fittings	15% Reducing balance
Office Equipment	25% Reducing balance
Leasehold Improvements	20% Straight line
Right of Use Asset	20% Straight line

Equity

Equity instruments issued by the Group are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

Inventories

Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and other attributable costs, less trade discounts.

Taxation

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

The Group contributes to a defined contribution scheme for employees. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules.

Investments

Investments in subsidiary companies are stated at cost less any provision for impairment. Investments are accounted for at cost unless there is evidence of a permanent diminution in value, in which case they are written down to their estimated realisable value. Any such provision, together with any realised gains and losses, is included in the statement of comprehensive income.

losses, is included in the statement of comprehensive income.

Impairment of investments

The impairment of the carrying value of the investment in subsidiaries is calculated using forward-looking assumptions of profit growth rates, discount rates and timeframe which require management judgement and estimates that cannot be certain. Note 11 contains the assumptions made by management.

Provisions

Provisions are recognised when the Group and Company has a present obligation as a result of a past event, and it is probable that the Group and Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the effect is material.

Financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group and Company at the statement of financial position date approximated their fair values, due to the relatively short-term nature of these financial instruments.

Trade payables and other non-derivative financial liabilities

Trade payables and other creditors are non-interest bearing and are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade and other receivables are recognised initially at transaction price and subsequently measured at their cost when the contractual right to receive cash or other financial assets from another entity is established.

Trade receivables are considered past due when they have passed their contracted due date. Trade receivables are assessed for impairment based upon the expected credit losses model. The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure, expected credit losses on a collective basis are grouped based on similar credit risk and aging.

Financial assets and liabilities

The Group classifies its financial assets at inception as measured at amortised cost. The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, are added to the fair value of the financial asset and deducted from the fair value of the financial liability.

Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all of the risks and rewards of ownership.

In a transaction in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The group derecognises financial liability when its contractual obligations are discharged, cancelled or expire.

Impairment losses from contracts with customers

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired, in line with IFRS 9. All financial instruments are initially measured at

fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Any measurement of expected credit losses under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money.

Impairment losses from contracts with customers

The Group considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. The amount of loss is recognised in the Statement of Comprehensive Income.

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture less than £5k.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas identified by the Group are as follows:

Contract liabilities - refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for refunds totalled £1,365k (2023: £2,617k) and a right to returned goods asset recognised of £555k (2023: £1,113k). A performance obligation is deemed for returns and refunds. A 14 day return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites.

Critical accounting judgements and key sources of estimation uncertainty

Contract liabilities - refund accruals

Whilst not a key source of estimation uncertainty, the directors believe it is relevant to disclose the impact of changes to the estimate. A difference of 1%pt in the sales returns rate have an impact of +/- £124k (2023: +/- £134k) on the refund provision, and +/- £53k (2023: +/- £60k) on the right to returned goods asset.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £541k at 31 March 2024 (2023: £384k). Whilst not a key source of estimation uncertainty, the directors believe it is relevant to disclose the impact of changes to the estimate. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £109k in gross profit (2021: +/- £124k).

Investments

In order to assess the impairment of the investment in the subsidiary, the Directors use a value in use calculation.

The key assumptions used for the value in use calculation for the year ended 31 March 2024 were as follows:

	2024	2023
	%	%
Discount rate	6.4	11
Compound annual revenue growth rate	10	20

The Directors assessment of the estimates on future revenues and EBITDA growth in future years is a key source of estimation uncertainty. The estimations are based on the budgeted investment and expansion of our clothing and footwear ranges, increased stocking levels and continued investment in marketing channels to acquire new customers.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projections and associated headroom used for the Group is sensitive to the EBITDA growth assumptions that have been applied.

Impairment of non-financial assets

At each statement of financial position date, the Group reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the

impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment of non-financial assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Share-based compensation

The Group has issued equity-settled share-based payments to employees. The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to other reserves within equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement taking into account conditions attached to the vesting and exercise of the equity instruments.

The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities on a net basis.

3 Revenue

The directors have considered the requirement of IFRS 15 with regards to disaggregation of revenue and do not consider this to be required as the group only has one operating segment which is retail sales.

The income recognition for delivery receipts, commissions on partner-fulfilled sales and wholesale revenue are in line with that of retail sales and linked to dispatch/delivery to customers.

Due to the nature of its activities, the group is not reliant on any individual major customers.

During the year, the Group expanded into international markets. The major geographical market remains the UK.

	Year ended	Year ended
	31-Mar	31-Mar
	2024	2023
	£'000	£'000
UK	46,177	42,451
Rest of World	100	-

Total	46,277	42,451
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4 Operating loss

	31 March 2024 £'000	31 March 2023 £'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	121	86
Auditors' remuneration:		
Audit fee - group and company	64	54
Legal and other fees	242	155
Foreign currency loss	13	190
Share based payment	262	311

5 Finance cost

	31 March 2024 £'000	31 March 2023 £'000
Interest on the lease	36	40
Total	36	40

6 Employees

	31 March 2024 £'000	31 March 2023 £'000
Aggregate Directors' emoluments including consulting fees	819	752
Wages and salaries	3,621	2,571
Social security costs	433	353
Pension costs	221	148
Share-based payments	262	311
Total	5,356	4,135

	31 March 2024 £'000	31 March 2023 £'000
Directors	8	8
Staff	89	70
Total	97	78

Directors' remuneration

Details of emoluments received by Directors of the Group for the year ended 31 March 2024 are shown in the table below.

Details of the share options held by each Director can be found in the Group Directors' Report on page 28. The key management personnel are deemed to be the directors.

The share-based payment charge related to directors was £240k (2023: £279k).

	2024 Base Salary	2024 Pension	2024 Other Benefits	2024 Total	2023 Total
	£	£	£	£	£
Alison Hall	235,000	28,200	9,361	272,561	222,567
Julie Lavington	235,000	28,200	7,902	271,102	222,921
Steve Dilks	171,000	13,680	7,651	192,331	151,778
Bill Murray *	-	-	-	-	38,019
Nicholas Mustoe **	45,000	-	-	45,000	30,692
Adam Reynolds	30,000	-	-	30,000	30,000
Mark Collingbourne ***	-	-	-	-	25,000
Andrew Booth	30,000	-	-	30,000	30,000
Jonathan Wragg ****	28,654	-	-	28,654	29,230
Lesley Watt *****	30,000	-	-	30,000	17,500
Total	804,654	70,080	24,914	899,648	797,707

* Passed away 4 February 2023

** Became Interim Chair 15 March 2023

*** Resigned 1 September 2022

**** Appointed 14 April 2022/ Resigned 15 December 2023

***** Appointed 1 September 2022

7 Income tax

a) Analysis of charge in the period

	31 March 2024 £'000	31 March 2023 £'000
--	---------------------------	---------------------------

Deferred tax		
Origination and reversal of timing differences	91	(284)
Total deferred tax charge/(credit)	91	(284)

b) Factors affecting the tax charge for the period

	31 March 2024 £'000	31 March 2023 £'000
Loss on ordinary activities before taxation	(332)	1,597
Tax at the UK corporation tax rate of 25% (2023: 19%)	(83)	303
Expenses not deductible for tax purposes	66	60
Fixed asset differences	(13)	(15)
Remeasurement of deferred tax for changes in tax rates	(4)	(63)
Movement in deferred tax not recognised	125	(569)
Tax on loss on ordinary activities	91	(284)

On 1 April 2023 the rate of corporation tax increased to 25%. The deferred tax asset recognised in the accounts has been calculated using the current year tax rate of 25% (2023: 19%). The unrecognised deferred tax asset amounts to £3,425,906 (2023: £3,444,393) and has been recognised at the tax rate of 25%.

The deferred tax asset has been recognised due to the expectation that it will be reversed in future years.

8 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year:

	31 March 2024	31 March 2023
Profit / (Loss) after tax attributable to equity holders of the parent (£'000)	(423)	1,881
Weighted average number of ordinary shares in issue	248,226,513	224,738,344
Fully diluted average number of ordinary shares in issue	248,226,513	252,499,241
Basic earnings/(loss) per share (pence)	(0.17)	0.84
Diluted earnings/(loss) per share (pence)	(0.17)	0.74

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The prior year calculations of basic earnings per share is based on the weighted average number of ordinary shares and the diluted earnings per share calculation includes the effect of outstanding share options.

9 Intangible Assets

	Website £'000	Trademark £'000	Software £'000	Assets under Construction £'000	Total £'000
Cost					
At 1 April 2022	228	2	-	-	230
Additions	-	-	-	-	-
At 31 March 2023	228	2	-	-	230
Amortisation					
At 1 April 2022	228	1	-	-	229
Charge for the year	-	1	-	-	1
At 31 March 2023	228	2	-	-	230
Carrying value 31 March 2023	-	-	-	-	-
Cost					
At 1 April 2023	228	2	-	-	230
Additions	-	8	191	259	458
Transfers	-	-	-	52	52
Disposals	-	-	(50)	(30)	(80)
At 31 March 2024	228	10	141	281	660
Amortisation					
At 1 April 2023	228	2	-	-	230
Charge for the year	-	-	39	-	39
Disposals	-	-	-	-	-
At 31 March 2024	228	2	39	-	269
Carrying value 31 March 2024	-	8	102	281	391

Assets under construction are costs relating to the ERP implementation project and thus were transferred into intangible assets from property, plant and equipment. Refer to note 10.

10 Property, plant and equipment - Group

Computer Fixtures and Right of Assets under

	Computer Equipment	fittings equipment	right of use asset	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	123	312	556	-	991
Additions	68	280	380	52	780
At 31 March 2023	191	592	936	52	1,771
Accumulated depreciation					
At 1 April 2022	85	256	204	-	545
Charge for year	34	53	148	-	235
At 31 March 2023	119	309	352	-	780
Carrying value 31 March 2023	72	283	584	52	991
Cost					
At 1 April 2023	191	592	936	52	1,771
Additions	50	31	166	-	247
Transfers	-	-	-	(52)	(52)
At 31 March 2024	241	623	1,102	-	1,966
Accumulated depreciation					
At 1 April 2023	119	309	352	-	780
Charge for year	45	61	171	-	277
At 31 March 2024	164	370	523	-	1,057
Carrying value 31 March 2024	77	253	579	-	909

Assets under construction are costs relating to the ERP implementation project and thus were transferred into intangible assets from property, plant and equipment. Refer to note 9.

11 Non-current assets

Investments in subsidiaries:

	Company	
	2024	2023
	£'000	£'000
Cost at 1 April	7,432	7,127
Additions during the year	262	305
Cost at 31 March	7,694	7,432
Impairment at 1 April	-	-
Disposals during the year	-	-
Impairment at 31 March	-	-
Carrying value as at 31 March	7,694	7,432

The additions during the year are in respect of the share-based payment expense which was issued in the Parent Company on behalf of its subsidiary, Thread 35 Limited and therefore represents a capital contribution during the year. More information can be found in note 17.

Investments are tested for impairment at the balance sheet date, where indicators of impairment exist. Indicators were identified including the reduction in profit in the subsidiary and the write off of the intercompany loan balance with the subsidiary. The recoverable amount of the investment in Thread 35 Ltd as at 31 March 2024 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

The key assumptions in the calculation to access value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and forecast approved by management were for the next 5 years and included terminal value. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The key assumptions used for the value in use calculation for the year ended 31 March 2024 are disclosed in note 2, Critical accounting judgements and key sources of estimation uncertainty on page 59.

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding 2024	% Holding 2023
Thread 35 Ltd	UK	Direct	Ordinary shares	100	100
Sosandar (Europe) Limited	Ireland	Direct	Ordinary shares	100	-

The registered office of Thread 35 Limited is 40 Water Lane, Wilmslow, SK9 5AP and the registered office of Sosandar (Europe) Limited is 5th Floor, 40 Mespil Road, Budlin 4, Ireland, D04 C2N4.

There were no other investments held by the Group.

12 Inventories - Group

	31 March 2024	31 March 2023
	£'000	£'000
Stock - finished goods	10,365	11,251
Right to returned stock	555	1,110
Total	10,920	12,361

The cost of inventories charged in the year as an expense equated to £19,627k (2023: £18,416k). Right to returned stock relates to the cost of products sold in the financial year but expected to be returned after the

financial period.

13 Loans to subsidiaries

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Loan to subsidiary	-	-	-	-

The loan made to Thread 35 Ltd by Sosandar Plc of £26,671k (2023: £26,470k) was fully impaired at the year end. The loan was not formalised during FY24. It does not bear interest and is repayable on demand. Post year end, the loan agreements between Sosandar PLC and Thread 35 Ltd and Sosandar (Europe) Limited were formalised.

14 Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade receivables	2,160	1,973	-	-
VAT recoverable	8	23	8	23
Other receivables	100	86	-	-
Prepayments	500	648	-	-
Trade and other receivables	2,768	2,730	8	23

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade receivables are considered past due when they have passed their contracted due date. Trade receivables are assessed for impairment based upon the expected credit losses model. The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure, expected credit losses on a collective basis are grouped based on similar credit risk and aging. The Group does not have any non-current receivables.

At 31 March 2024 there were 3 customers who owed in excess of 80% of the total trade debtor balance. These customers were operating within their credit terms and the directors do not foresee an increased credit risk associated with these customers. None of the trade receivables have been subject to a significant increase in credit risks since initial recognition and as such no impairment provision has been recognised on trade receivables.

Expected credit losses have been recognised in the parent company on the loan to the subsidiary.

31/03/2024	Note	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
					£'000	£'000	£'000
Loans to subsidiaries	13	N/A	Doubtful	Lifetime	26,671	(26,671)	-

15 Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash at bank	8,313	10,576	4,534	5,119

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

	Ordinary Shares (£0.01)			
	Number of shares issued and fully paid	Issue Price £	Total Share Capital	Total Share Premium
			£'000	£'000
At 31 Mar 2023	248,226,513	0.001	248	52,619
At 31 Mar 2024	248,226,513	0.001	248	52,619

17 Share based payments

Share option plans

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. On 2nd November 2017 share options over ordinary shares of 15.1p were issued with a further issue over ordinary shares of 29.1p issued on 25th February 2019. On 21 June 2021 the Group announced the establishment of a new Long Term Incentive Plan in which it granted new nil cost options totalling 21,431,942 ordinary shares of 0.1 pence each to its executive directors and members of the senior management team. Some of the existing options granted, totalling 13,888,742 ordinary shares, were modified as part of these

arrangements. There was no incremental fair value because of this modification.

The options are settled in equity once exercised. If the options remain unexercised for a period after ten years from the date of grant, the options expire.

Details of the number of share options and the weighted average exercise price ("WAEP") outstanding during the period are as follows:

	31 March 2024		31 March 2023	
	Number ('000)	WAEP £	Number ('000)	WAEP £
Outstanding at 31 March 2023	27,761	0.035	27,761	0.035
Modifications in the year	0	0.000	-	-
	0	0.000	-	-
Issuances in the year	135	0.000	-	-
Cancellations in the year	(135)	0.000	0	0
Outstanding at 31 March 2024	27,761	0.035	27,761	0.035
Exercisable at 31 March 2024	18,118	0.054	18,118	0.054

The options outstanding at 31 March 2024 had a weighted average exercise price of £0.035 and a weighted average remaining contractual life of 6.59 years.

The fair values of options granted prior to 2021 were calculated using the Black Scholes pricing model. The fair values of the options granted in June 2021 and May 2023 were calculated using the Monte Carlo model. The Group used historical data to estimate expected period to exercise, within the valuation model. Expected volatilities of options outstanding granted prior to the Company's admission to AIM were based on implied volatilities of a sample of listed companies based in similar sectors. The risk-free rate for the expected period to exercise of the option was based on the UK gilt yield curve at the time of the grant.

The Group recognised a charge of £262k (2023: £311k) related to equity-settled share-based payment transactions during the year. Of this, the charge recognised in the subsidiary, Thread 35 Ltd, was £262k (2023: £305k).

The assumptions used in the valuation of the options at the grant date are as follows. There were no new share issues in the year.

	Share options FY24	Share options FY22	Share options FY19	Share options FY18
Exercise price	0.0p	0.0p	29.2p	15.1p
Share price at date of grant	27.00p	23.75p	29.2p	15.1p
Risk-free rate	0.25%	0.25%	0.25%	0.25%
Volatility	70%	42%	25%	25%
Expected Life	3 years	5 years	10 years	10 years
Fair Value	0.20	0.13	0.07	0.05

For options exercisable at year end, the exercise price ranged from 0.0p to 29.2p.

18 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade payables	2,111	3,694	-	20
Accruals	692	549	61	36
Other payables	323	384	-	-
VAT payable	535	1,077	-	-
Contract liabilities	1,365	2,617	-	-
Deferred income	50	34	-	-
Trade and other payables	5,076	8,355	61	56

19 Leases

The Group have property lease contracts which are used in its day-to-day operations.

	31 March 2024	31 March 2023
	£'000	£'000
Lease liability brought forward	630	327
Additions	166	380
Finance cost	36	40
Lease payments	(210)	(117)
Lease liability recognised in statement of financial position	622	630
	31 March 2024	31 March 2023
	£'000	£'000
Of which		

Current lease liabilities	194	148
Non-current lease liabilities	428	482
Lease liability recognised in statement of financial position	622	630

On 1 April 2022, the Group entered into a second property lease in Wilmslow, England in order to expand its office space. Both property leases have a term of five years with a break clause after three years.

20 Related party transactions

The intercompany loan balance between the Company and its subsidiary, Thread 35 Ltd, increased by £201k during the year (2023: £3,423k).

21 Financial instruments - risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The Group's activities expose it to a range of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

These methods include sensitivity analysis in the case of foreign exchange and other price risks, and ageing analysis for credit risk. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

Credit risk

The Group faces low credit risk as own site customers pay for their orders in full on order of the goods. There are credit terms with third party concession and wholesale customers.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is recognised on trade receivables if the Group deem there to be expected credit losses. The amount of expected credit losses is calculated using the simplified approach under IFRS 9 and is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset.

Losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses. The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, the Group may still choose to pursue enforcement in order to recover the amounts due.

The types of customers that the Group trades with have strong credit ratings and a robust payment history with the Group with no aged balances and as such the Group have not identified any expected credit losses from trade receivables during the period. The Group does not deem credit risk a material risk to the business.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that attractive rates of interest are received for the available funds but without affecting the working capital flexibility the Group requires.

The Group is not at present exposed to cash flow interest rate risk on borrowings as it has no debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

Foreign exchange risk

Foreign exchange risk may arise because the Group purchases stock in currencies other than the functional currency.

The Group monitors whether there is a requirement for foreign currency on a monthly basis. The Group considers this policy minimises any unnecessary foreign exchange exposure.

Liquidity risk

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The principal obligations of the Group arise in respect of committed expenditure in respect of its stock purchases and design. The Group's

Group arise in respect of committed expenditure in respect of its stock purchases and design. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they become due.

To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements and to raise new equity finance if required for future development or expansion.

The Board receives cash flow projections on a monthly basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its ongoing commitments prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

For cash and cash equivalents, the Group only uses recognised banks with medium to high credit ratings.

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

	Group		Company	
	Within 1 year	1-2 years	Within 1 year	1-2 years
	£'000	£'000	£'000	£'000
As at 31 March 2024				
Trade and other payables	18 5,076	-	61	-
Lease liabilities	19 194	428	-	-
Total	5,270	428	61	-

	Group		Company	
	Within 1 year	1-2 years	Within 1 year	1-2 years
	£'000	£'000	£'000	£'000
As at 31 March 2023				
Trade and other payables	18 8,073	-	56	-
Lease liabilities	19 148	485	-	-
Total	8,221	485	56	-

Financial assets

At the reporting date, the Group held the following financial assets, all of which were classified as financial assets at amortised cost:

	Amortised cost		Amortised cost	
	Group		Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	8,313	10,576	4,534	5,122
Trade & other receivables*	2,270	2,081	8	23
Total	10,583	12,657	4,542	5,145

*excluding prepayments

Financial liabilities

At the reporting dates, the Group held the following financial liabilities, all of which were classified as other financial liabilities at amortised cost:

	Amortised cost		Amortised cost	
	Group		Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000	£'000	£'000	£'000
Trade payables	2,111	3,694	-	20
Accruals	692	549	61	36
Other payables*	323	384	-	-
Contract liabilities	1,365	2,617	-	-
Lease liabilities	622	633	-	-
Trade and other payables	5,113	7,877	61	56

*excluding VAT

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

22 Net cash

The below table shows the Group's cash position less lease liabilities.

	At 1 April 2023 £'000	Cash flow £'000	Additions £'000	Accrued interest charges £'000	At 31 March 2024 £'000
Cash and cash equivalents	10,576	(2,263)	-	-	8,313
Lease liabilities	(630)	210	(166)	(36)	(622)
Net cash (excluding lease liabilities)	9,946	(2,053)	(166)	(36)	7,691

23 Post balance sheet events

Post year end, the loan agreements between the parent, Sosandar PLC, and the subsidiaries, Thread 35 Ltd and Sosandar (Europe) Limited were formalised. The loans bear interest of 6% and are repayable on demand. Management considers this a non-adjusting event.

24 Contingent liabilities

The Company and Group has no contingent liabilities.

25 Ultimate controlling party

There is no ultimate controlling party of the Company.



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