Date: 1 December 2020
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc

Half Year Results and Trading Update

Strong revenue growth, substantial improvement in EBITDA losses and acceleration of sales into the autumn

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its financial results for the six months ended 30 September 2020 and an update on trading to the end of November 2020.

Financial Highlights

- Revenue growth of 52% to £4.28m (H1 2020: £2.81m)
- Gross profit of £2.24m, a 48% increase on the prior year (H1 2020: £1.51m)
- Significant improvement in EBITDA loss, narrowing to £1.02m (H1 2020: £2.71m)
- Maintained strong gross margin of 52.3% (H1 2020: 53.6%), with small reduction driven by actions taken during initial lock-down
- Net cash of £4.30m as at 30 September 2020 demonstrating continued careful cost management

Operational and Strategic Highlights

- High levels of customer engagement with repeat orders during the period, up 88% year on year
- Significant improvement in marketing ROI with a 26% increase in new customers despite a 47% decrease in marketing spend
- Rapid expansion of product range into more casual styles with great successes seen in denim, loungewear and knitwear
- Reduction in returns rate from 49% to 42%
- Successful launch on John Lewis and Next websites with good sales across all product categories

Autumn Trading Highlights

- The re-introduction of carefully controlled customer acquisition from September to November has delivered strong results with a record month of revenue in October
- Monthly sales for September to November increased by 115% compared to the average for the prior five months
- New daily record for revenue achieved in November
- 17% growth in revenue vs the same three -month period last year, delivered with a 49% reduction in marketing spend and a reduction in cost of acquisition of 52%
- 28% increase in new email sign ups in just three months has further strengthened the Company's database and should underpin sales for future months
- Strong cash position maintained in excess of £4.0m as at 30 November 2020

H1 FY2021 KPIs

	Six months ended 30 Sept 2020	Six months ended 30 Sept 2019	Change
Sessions	**3,713,318**	2,287,647	+62%
Conversion rate	**2.58%**	2.83%	-25bps
Number of orders	**95,903**	64,709	+48%
AOV	**£87.59**	£97.55	-10%
Active customers	**135,426**	75,056	+80%
Repeat order rate	**1.85**	1.66	+11%

Ali Hall and Julie Lavington, Co-CEOs commented:

"We are delighted to be reporting strong revenue growth and a significant improvement in EBITDA despite one of the most challenging periods ever for the retail industry. It is a real achievement and testament to the fantastic team we have built at Sosandar, that we have delivered increased sales, better cost efficiency, better engagement with customers, grown our database and quickly expanded our product range, whilst at the same time significantly reducing marketing spend.

From September onwards, we cautiously increased expenditure on new customer acquisition and trading has quickly gained momentum. We are very pleased to be exceeding the record highs seen last autumn on half the marketing spend.

As one would expect, we are now selling a much wider range of casual and at-home product than before. However, the Sosandar customer has also not lost a taste for glamour, with sales of sequins, leather, fur coats and knee boots remaining strong.

Looking ahead, whilst there remain short term uncertainties due to Covid-19, our long-term focus has not wavered and continues to be on the development of our product, infrastructure and service, alongside most importantly, further building our customer base. The scale of our opportunity is substantial and we are well placed to deliver on our ambition for Sosandar to be a long-term, sustainable success."

Presentations

Sosandar is hosting a webinar for analysts at 0900 hrs GMT today. If you would like to register please contact sosandar@almapr.co.uk

The Company is also hosting a webinar for retail investors at 1200 hrs GMT today. If you would like to attend please register here: https://bit.ly/SOS_H1_results_webinar_piworld

Enquiries

Sosandar plc Julie Lavington / Ali Hall, Joint CEOs	www.sosandar.com c/o Alma PR
Shore Capital Patrick Castle / James Thomas / Michael McGloin Fiona Conroy (Corporate Broking)	+44 (0) 20 7408 4090
Alma PR Limited (Financial PR) Rebecca Sanders-Hewett / Susie Hudson / Sam Modlin	+44 (0) 20 3405 0205 sosandar@almapr.co.uk

About Sosandar PLC

Sosandar is an online womenswear brand, specifically targeted at a generation of women who have graduated from throwaway fashion and are looking for quality, affordable clothing with a premium, trend-led aesthetic. This is a section of the market that is currently being underserved.

Sosandar was launched in September 2016. The Sosandar business model is built around using trend-led, exclusive designs produced in-house and then manufactured using a variety of global suppliers. Sosandar caters for a growing market of fashion-conscious women, while utilising an outsourced logistics provider that can support its planned growth over the coming years.

Sosandar's founders are Ali Hall and Julie Lavington, who previously launched and ran high street fashion magazine Look, as editor and publishing director respectively. They have a combined experience of over 35 years in the fashion industry, including in the design, manufacture and sale of fashion ranges for some of the UK's high street retailers, including Debenhams, Office, Oasis and JD Williams.

More information is available at www.sosandar-ir.com

Co-CEO'S Statement

We are extremely proud of what we have achieved in the six-month period to 30 September 2020. We have been able to adapt quickly to the unprecedented challenges and uncertainty, continuing to deliver a strong performance, with significant improvements in revenue and EBITDA combined with extensive further diversification of our product range. Despite the logistical challenges that the pandemic caused, we have maintained a fantastic level of service to customers and made great strides forward in the development of the business.

There is strong demand for our unique offering in the market, and as we grow to satisfy that demand we are continually increasing our efficiency, operational expertise and brand value.

Over the past six months, we have all been navigating uncharted territory. We would like to thank our team, partners and suppliers for their commitment and ongoing enthusiasm for the business. Without their hard work, creativity and strong spirit, we would not have been able deliver these great results.

Robust performance in a challenging environment

Total revenue for the period increased 52% to £4.28m, with a 63% reduction in EBITDA losses to £1.02m (H1 2020: £2.71m loss). The revenue growth in the half represents a strong performance in a challenging trading environment, with the benefits of prior investments made in the business being paid back.

The significant improvement in EBITDA reflects the careful cost management strategy implemented over the period, where we significantly reduced marketing spend, focusing on cash preservation and trading from our already established database. Only in September did we begin increasing investment again in carefully controlled customer acquisition. As a result of this strategy, we have been able to maintain a strong cash position, with net cash as at 30 September 2020 of £4.30m, remaining broadly flat from £4.34m at 31 July 2020.

The resilience that the business has shown both operationally and financially demonstrates the strength of our business model and continued demand for our products from our highly engaged customer base.

Covid-19 Response: A one-stop destination for our loyal customers, whatever the situation

Our focus throughout this challenging time has been, and continues to be, on ensuring the health and safety of our colleagues whilst also ensuring that Sosandar remains well placed to deliver on its long-term growth ambitions.

At the initial outbreak of the pandemic, we took the strategic decision to efficiently trade the existing customer database built up successfully over the prior six months whilst pausing aggressive new customer acquisition. We believe the success we had trading off our database shows how engaged our customers are with the Sosandar brand.

The nationwide lockdown had an impact on what women wanted to wear, as they largely prioritised clothing that was comfortable, but also made them feel good. Evidencing this, we saw an increase in sales of loungewear (up 3,500%), denim (up 128%) and tops (up 72%). We are an agile business and our online model and entrepreneurial mindset meant we were able to rapidly change stock in response to demand. Our previous investment in our design capability and widening of the product range was vital in us being able to cater to our customers' needs.

We have continued with our strategy of engaging with celebrities and have also had great coverage on fashion slots on breakfast and daytime TV programmes. High profile presenters, actors, singers and dancers frequently wear Sosandar clothes. Most recently professional dancers from Strictly Come Dancing, one of the UK's biggest TV shows, have worn Sosandar for public appearances.

Increasing strength in operations

Despite the logistical challenges that the pandemic caused, we are pleased to say that we did not experience any significant disruption to our manufacturing or distribution lead times. The importance of a diversified and flexible supply base and having partners with the expertise such as Clipper Logistics were underlined during the Covid-19 pandemic.

We were able to successfully flex our warehousing and fulfilment operations to the changing needs of our customers with customer service levels being maintained throughout the pandemic. Clipper Logistics remained operational throughout, adhering to the guidelines set out by the Government and protecting the welfare of all members of staff.

We see our suppliers as partners and have been working with them to manage and adapt production plans very quickly in line with changes in consumer demand. We have also continued to implement our test and repeat strategy with minimal initial order quantities, helping to reduce stock risk. We would like to thank them all for their support over the recent months.

Pleasing KPI performance

We have built excellent relationships with our customer base, and this has been even more evident during the last six months as they have continued to engage with our brand. We kept community spirit high through quality and relevant communication delivered via email and social channels, and our product offering fresh, resulting in repeat orders increasing 88%, site visits up 62% and our active customer base up 80%. We have also seen a 26% increase in new customers over the period. This robust growth in return customers and increase in new customers, despite a significantly decreased marketing spend, demonstrates the longer-term impact of the acquisition marketing strategy in previous periods, and the benefits of holding a larger database which grew by 93% year on year to 287,860.

Average order value for the period was down 10%, reflecting the change in average unit price due to product mix, however units per basket has marginally increased yoy. Gross margin decreased 130bps to 52.3% (H1 2019: 53.6%) with this small reduction being driven by the tactical promotions used during the initial period of lock-down. Since then, we were able to successfully shift customers back to full price purchases with margin quickly returning to normal and remaining stable through the summer months.

We have also seen returns reduced to 42% from 49% in the same period last year. This has been driven partly by product mix, but also by a shift in customer behaviour across all product categories as customers have become more discerning in their purchasing choices.

Returning to the acceleration of growth

The Autumn range has been resonating well with customers as we benefit from the first full peak trading season of knitwear, denim, loungewear and casual outerwear. This success is a consequence of the significant level of investment in FY20 to broaden the product range. We have already had many sell out styles, such as padded coats with fur hoods, jeans in multiple colours and styles and cosy winter jumpers. Interestingly, sequins and bright colours have continued to sell well, reflecting customers' desires to buy clothes to brighten their mood.

During August, we successfully launched with both John Lewis and Next on their website platforms. Initial trading was pleasing as we saw immediate engagement with their customer base with strong sales across all product categories (dresses, leather, denim and separates) and both are already trading expanded ranges.

Following our robust performance, we carefully increased marketing activity in September in order to enhance customer acquisition activity. We committed to a limited amount of advertising on TV, as well as investment in direct mail brochures, to complement existing social and email marketing campaigns. This investment has proved extremely successful with average monthly revenue for September to November increasing sharply by 115% vs the average for the prior five months of lockdown.

Outlook

Whilst the external environment continues to be uncertain, we are more confident than ever in the immediate and long-term prospects for Sosandar. The agile nature of our business has demonstrated that we are well equipped to react and take advantage of any changes in the marketplace.

The marketing initiatives that we reintroduced in September have delivered very good results and have reaffirmed our belief that there is significant demand for our products within our target market. Since customer acquisition was reintroduced in September, sign ups have been comparable with a year ago, but with only half of the spend. The larger database, built up in the prior six months, helped the business successfully trade through the initial lockdown and we believe we are well placed to manage any further restrictions with a total database that has grown by 75,000 in the last three months alone.

Given this significant increase in database, and to maximise the return on investment from our customer acquisition strategy, we will be focusing on engaging with existing customers as well as prospects through the period from December to February.

In the period ahead, we plan to further enhance our operational capabilities. In the new year, for example, we expect to introduce carbon negative delivery bags to complement the cardboard boxes currently used, reflecting customers' increasing desire to shop sustainably. In addition to this, on an ongoing basis, we are reviewing the capability of our systems to ensure they can keep pace with the growth and developments within the business. Given the early success with John Lewis and Next, we expect to develop our offering on both platforms in 2021.

The scale of our opportunity has not changed, and we are well placed to deliver on our ambition for Sosandar to be a long-term, sustainable success.

FINANCIAL REVIEW

Financial performance

Revenues in the period were up 52% compared to H1 2020, reaching £4.28m. This performance was achieved with a 23% reduction in administrative expenses, driven predominantly by a 47% reduction in marketing spend, resulting in the EBITDA loss being significantly reduced to (£1.02m) which represents a 63% improvement on the period in the prior year.

The growth in revenue has been achieved during a period of significantly reduced customer acquisition, however the investment undertaken during the previous six months has made this possible. In addition, the repeat order frequency increased by 11% compared with H1 2020 to 1.85 which reflects the focus on engaging with our customers and providing an increased range of product which is relevant. Whilst cash was preserved for much of the period, new customer orders still managed to increase by 26% which further underpins the importance of customer acquisition in H2 FY2020, which enabled this to be possible. In September, the business cautiously started to invest again in marketing with TV and direct mail brochures with excellent results with new customer sign ups almost identical to the prior year but with half of the spend.

In addition to the reduction in marketing spend, the rest of the cost base also reduced compared with H1 2020, which includes efficiencies in head office operations and fulfilment. This includes the saving from placing some staff on furlough and using the government's Coronavirus Job Retention Scheme ('CJRS'), reducing and delaying planned new staff recruitment and being creative with 'at home' product photo shoots which in turn meant reduced travel and photography expenditure.

Cashflow

The business prioritised cash preservation throughout H1 FY2021 with a net position as at 30 September 2020 of £4.30m. This cash position is ahead of the internal management projection as prepared in late March and is testament to the work done by the whole team throughout these unprecedented times.

Actions taken to preserve cash

Multiple actions were taken in order to preserve cash whilst at the same time ensuring that funds were channelled into maximising revenue and ensuring the business could still thrive given the changing needs of the customer, particularly with regards to product mix.

Inventory commitments were adjusted including some reductions and switching between product categories in order to maximise the 'work from home' opportunity.

The strategy for the majority of the six month period was engaging with the existing customer database which had been built up over the preceding months and as such marketing expenditure was minimised, particularly with regards to new customer acquisition. Whilst investment was restarted in September, this was in a cautious way to further preserve cash and ensure Return on Investment was maximised.

The government's CJRS helped to subsidise the wages of several members of the team who were placed on furlough. An agreement was made with HMRC to defer and phase PAYE payments.

Financial Position

Inventory has been reduced slightly since the end of H2 FY2020 which incorporates stock held at John Lewis and Next as well as the broader range. Styles which are 'new in' have sold particularly well across growth categories such as denim, loungewear and knitwear. Carry forward stock which would have sold through in more normal times is incorporated into sales planning for Spring and Summer 2021.

Receivables has reduced since H2 FY2020 which included a relatively large repayable VAT position and Payables has reduced whilst also including a larger returns provision following a strong end to the month of September.

Capex remains limited in the business and so the cash available will be used to support working capital required for future growth.

KPI's

	6 months ended 30 September 2020 £'000	6 months ended 30 September 2019 £'000	Change
Revenue	**£4,284**	£2,819	+52%
Gross Profit	**£2,241**	£1,511	+48%
Gross Margin	**52%**	54%	-130bps
Returns rate	**42%**	49%	-700bps
Operating loss	**£(1,098)**	£(2,781)	+61%
EBITDA	**£(1,017)**	£(2,713)	+63%

	6 months ended 30 September 2020	6 months ended 30 September 2019	Change
Sessions	**3,713,318**	2,287,647	+62%
Conversion rate	**2.58%**	2.83%	-25bps
Number of orders	**95,903**	64,709	+48%
AOV	**£87.59**	£97.55	-10%

	As at 30 September 2020	As at 30 September 2019	Change
Customer database	**287,860**	148,884	+93%
Active customer base	**135,426**	75,056	+80%
Order Frequency	**1.85**	1.66	+11%

UNAUDITED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	Notes	6 months to 30 September 2020 £'000	6 months to 30 September 2019 £'000	Year ended 31 March 2020 £'000
Revenue		**4,284**	2,819	9,027
Operational costs		**(2,043)**	(1,308)	(4,646)
Gross profit		**2,241**	1,511	4,381
Administrative expenses		**(3,184)**	(4,161)	(11,662)
Share based payment		**(74)**	(63)	(375)
Depreciation and amortisation		**(81)**	(68)	(151)
Operating (loss)		**(1,098)**	(2,781)	(7,807)
Finance income		**-**	-	3
Finance cost		**(4)**	(5)	(10)
Loss on ordinary activities before taxation		**(1,102)**	(2,786)	(7,814)
Tax on loss on ordinary activities		**-**	-	**-**
Profit/(Loss) for the period		**(1,102)**	(2,786)	(7,814)
Other Comprehensive income		**-**	-	-
Total Comprehensive income for the period		**(1,102)**	(2,786)	(7,814)
Attributable to:				
Equity holders of the parent		**(1,102)**	(2,786)	(7,814)
Non-controlling interests		**-**	-	-
Group loss for the period		**(1,102)**	(2,786)	(7,814)
Exchange translation differences		-	-	-
Total comprehensive loss for the period		**(1,102)**	(2,786)	(7,814)
Loss per share:				
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	5	**(0.57)**	(2.11)	(5.14)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	As at 30 September 2020 £'000	As at 30 September 2019 £'000	As at 31 March 2020 £'000
Assets				
Non-current assets				
Intangible assets		**192**	175	198
Right-of-use assets		**80**	155	117
Property, plant and equipment		**149**	144	165
Total non-current assets		**421**	474	480
Current assets				
Inventories		**3,773**	1,920	3,810
Trade and other receivables		**624**	415	1,001
Cash and cash equivalents		**4,538**	6,875	5,333
Total current assets		**8,935**	9,210	10,144
Total assets		**9,356**	9,684	10,624
Equity and liabilities				
Equity				
Share capital	4	**192**	163	192
Share premium	4	**41,592**	37,298	41,592
Capital Reserves	4	**4,648**	4,648	4,648
Other reserves		**556**	170	482
Reverse acquisition reserve	4	**(19,596)**	(19,596)	(19,596)
Retained earnings		**(20,516)**	(14,386)	(19,414)
Equity attributable to owners of the parent		**6,876**	8,297	7,904
Total equity		**6,876**	8,297	7,904
Current liabilities				
Trade and other payables		**2,391**	1,226	2,594
Lease liability		**89**	30	77
Total current liabilities		**2,480**	1,256	2,671
Non-Current liabilities				
Lease liability		**0**	131	49
Total liabilities		**2,480**	1,387	2,720
Total equity and liabilities		**9,356**	9,684	10,624

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2020

	6 months to September 2020 £'000	6 months to September 2019 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Group loss for the period	**(1,102)**	(2,786)	(7,814)
Share based payments	**74**	63	375
Depreciation and amortisation	**81**	68	151
Net finance costs	**4**	5	7
Adjustment for reverse acquisition	**-**	-	-
Working capital adjustments:			
Change in inventories	**37**	(883)	(2,773)
Change in trade and other receivables	**377**	(49)	(635)
Change in trade and other payables	**(167)**	246	1,614
Net cash flow from operating activities	**(696)**	(3,336)	(9,075)
Cash flow from investing activities			
Addition of property, plant and equipment, and intangibles	**(59)**	(40)	(129)
Bank interest received	**-**	-	3
Net cash flow from investing activities	**(59)**	(40)	(126)
Cash flow from financing activities			
Payment of lease liability			
Net proceeds from issue of equity instruments	**-**	6,642	10,965
Payment of lease liabilities	**(40)**	(36)	(76)
Net cash flow from financing activities	**(40)**	6,606	10,889
Net change in cash and cash equivalents	**(795)**	3,230	1,688
Cash and cash equivalents at beginning of period	**5,333**	3,645	3,645
Cash and cash equivalents at end of period	**4,538**	6,875	5,333

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Share premium	Reverse acquisition reserve	Capital redemption reserve	Retained earnings	Share based payment reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 Sep 2019	163	37,298	(19,596)	4,648	(14,386)	170	8,297
Loss for 6 months	-	-	-	-	(5,028)	-	(5,028)
Share based payments	-	-	-	-	-	312	312
Issue of share capital	29	4,971	-	-	-	-	5,000
Issue Costs	-	(677)	-	-	-	-	(677)
Balance at 31 March 2020	**192**	**41,592**	**(19,596)**	**4,648**	**(19,414)**	**482**	**7,904**
Loss for the 6 months	-	-	-	-	**(1,102)**	-	**(1,102)**
Shares based payments	-	-	-	-	-	**74**	**74**
Issue of share capital	-	-	-	-	-	-	-
Issue Costs	-	-	-	-	-	-	-
Balance at 30 Sep 2020	**192**	**41,592**	**(19,596)**	**4,648**	**(20,516)**	**556**	**6,876**

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.

Share based payments reserve relate 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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General Information

Sosandar Plc is a company incorporated and domiciled in England and Wales. The Company's offices are in Wilmslow. The Company is admitted to trading on the AIM market of the London Stock Exchange (ticker: SOS).

The financial information set out in this Half Yearly report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2020, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498 (3) of the Companies Act 2006.

Copies of the annual statutory accounts and the Half Yearly report can be found on the Company's website at http://www.sosandar-ir.com/content/investors/annual-reports.asp.

2. Basis of preparation and significant accounting policies

This Half Yearly report has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statements for the year ended 31 March 2020.

3. Segmental reporting

In the opinion of the directors, the Group has one class of business, being that of a clothing manufacturer and distributor via internet and mail order. The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4. Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.001)				
Date	**Number of shares**	**Issue Price £**	**Total Share Capital £'000**	**Total Share Premium £'000**
At 31 Mar 2020	192,268,110	0.001	192	41,592
At 30 Sep 2020	192,268,110	0.001	192	41,592

5. Loss per share

Basic 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 period:

	6 months to September 2020	6 months to September 2019	Year ended 31 March 2020
Loss after tax attributable to equity holders of the parent (£'000)	**(1,102)**	(2,786)	(7,814)
Weighted average number of ordinary shares in issue	**192,268,110**	131,917,109	151,961,672
Fully diluted average number of ordinary shares in issue	**192,268,110**	131,917,109	151,961,672
Basic and diluted loss per share (pence)	**(0.57)**	(2.11)	(5.14)

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 share options outstanding as at 30 September 2020 totalled 20,400,000 (2019: 20,400,000) and are potentially dilutive.

6. Post balance sheet events

The company had no post balance sheet events.