

Date: 30 November 2021
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc

Half Year Results

Half year revenue growth +184%, record autumn trading, with October and November the Company's first EBITDA positive months

*Trading ahead of full year market expectations**

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its financial results for the six months ended 30 September 2021 and an update on current trading.

Half Year Financial Highlights

- Revenue growth of 184% to £12.2m (H1 FY2021: £4.3m), higher than the entirety of FY2021
- Gross profit of £6.9m, a 207% increase on the same period in the prior year (H1 FY2021: £2.24m)
- EBITDA improved to a £0.99m loss against a comparative period in the prior year where spending was significantly reduced in response to the pandemic (H1 FY2021: £1.02m loss, H2 FY2021: £1.9m loss)
- Increase in gross margin to 56.5% (H1 FY2021: 52.3%)
- Net cash of £7.4m as at 30 September 2021 (30 Sept 2020: £4.5m, 30 June 2021: £9.1m) reflecting the equity fundraise in May 2021, and subsequent investment in inventory in order to meet growing demand from all customers including third parties

Half Year Operational and Strategic Highlights

- Ever increasing levels of customer engagement with all KPIs increasing YoY:
 - Active customers increased by 41% to 191k
 - Conversion Rate of 3.91%, up from 2.58% in H1 FY2021
 - Average order frequency increased by 19% to 2.21 times per annum
 - Average order values maintained at £86, alongside 153% increase in orders
- Maintained a strong return on investment from marketing, with Cost per Acquisition (CPA) continuing at half the pre-pandemic level
- Continued expansion of the product range across all categories offering a broader choice to the customer with rapid sell through across all channels
- Strong trading with third parties M&S, Next and John Lewis across all product categories

Post-period Trading Highlights

- Revenue for 1 October to 29 November up 120% on the same period in 2020, reflecting consecutive record months
- EBITDA positive in both October and November, demonstrating the Group's trajectory towards annual profitability
- Record number of website visits, orders and a conversion rate of 4.0% in October
- Increase in stock purchased for autumn executed to plan
- Strong revenue from new and repeat customers as well as through third parties
- Product across all categories selling through rapidly with partywear, knitwear and outerwear particularly strong

- No material impact from supply chain disruption experienced to date, with a constant flow of stock to meet demand
- Cash at 30 October 2021 of £7.6m, demonstrating strong cash generation
- Trading ahead of market expectations for the full year

H1 FY2022 KPIs (Own Site)

	Six months ended 30 Sept 2021	Six months ended 30 Sept 2020	Change
Sessions	6,212,484	3,713,318	67%
Conversion rate	3.91%	2.58%	51%
Number of orders	242,991	95,903	153%
AOV	£85.86	£87.59	-2%
Active customers	191,424	135,426	41%
Average Order Frequency	2.21	1.85	19%

Ali Hall and Julie Lavington, Co-CEOs commented:

“We are delighted to be reporting such strong revenue and active customer growth as well as reaching a significant milestone in delivering two EBITDA positive months in October and November. This pivotal achievement reflects customer engagement KPIs being substantially ahead of the prior year, including the increase in our number of active customers, repeat customers and conversion rates, highlighting the effectiveness of our marketing strategy, diverse product range and operational excellence.

Anticipating high demand as restrictions were eased, we decided to bring in stock early for autumn, including partywear, coats, boots, and knitwear. This decision has allowed us to meet the exceptionally strong demand for our product with sequins, Christmas jumpers and fur coats emerging as best sellers.

Looking ahead, whilst we are cognisant of ongoing supply chain challenges, we continue to mitigate the impact and our long-term growth strategy remains unchanged. The Company is trading ahead of market expectations for the full year and we look forward to a successful second half and beyond.”

* Sosandar believes that market expectations for the year ending 31 March 2022 prior to publication of this announcement are currently revenue of £24.4 million and an EBITDA loss of £1.2 million.

Presentations

Sosandar is hosting a webinar for analysts at 1100 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 1300 hrs GMT on Wednesday 1 December 2021. If you would like to attend, please register here: https://bit.ly/SOS_HY_R

Enquiries

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

About Sosandar plc

Sosandar provide a one-stop online shop for style-conscious women who have graduated from price-led alternatives. The Company offers this underserved audience fashion-forward, affordable, quality clothing to make them feel sexy, feminine, and chic. The business sells predominantly own label exclusive product designed in-house.

Sosandar's offers product across all womenswear categories, ensuring all wardrobe needs can be fulfilled. The Company has brand partnerships in place with Next, John Lewis and Marks & Spencer.

Sosandar's growth strategy is to build brand awareness and expand its customer base through developing exceptional products, providing a seamless customer experience and using impactful, lifestyle marketing activity. This is underpinned by combining innovation with data analysis, which drives successful product development and new customer targeting.

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

Co-CEOs' Statement

We are very proud of what our team has achieved in the six-month period to 30 September 2021. The success of our strategy and the agility of our business has enabled us to build momentum, leading to the delivery of a very strong performance overall with a substantial improvement in revenue. This has also positively impacted our EBITDA performance, meaning that we are trading ahead of market expectations for the full year.

We have achieved sustained progress against all elements of our growth strategy including cultivating partnerships, broadening our product range and continuing to grow levels of customer engagement through impactful marketing activity.

We would like to thank our incredible team, partners and suppliers for their commitment and ongoing passion for the business.

Strong financial performance, benefitting from increased economies of scale

Total revenue for the period increased 184% to £12.2m, with a reduction in EBITDA losses to £0.99m (H1 FY2021: £1.02m loss). The revenue growth in the period was driven by both a larger customer base and an increased frequency of purchases, whilst maintaining average order values. The EBITDA movement represents another step forward on our road to profitability and the fact it has improved against a comparative period where marketing activities were significantly curtailed due to Covid-19, is pleasing. Further progress has been made post-period end, with EBITDA positive months recorded in October and November for the first time since Sosandar was established.

We retain a robust cash position (net cash as at 30 September 2021 of £7.4m) following the fund raise undertaken in May 2021, allowing us to invest in stock for H2 FY2022 and positioning us well for sustained growth for the future.

Great momentum with third parties

Trading with our third party partners (M&S, Next and John Lewis) has been exceptionally strong in the period, with Sosandar product resonating very well across all types of product category. Revenue has stepped up each month throughout the period following additional stock being allocated to each partner.

As intended, the funds raised through the equity placing in May 2021 have enabled us to further increase our ability to meet the proven and growing demand from our third-party partners. We began to accelerate the increase in inventory levels during September with autumn revenue stepping up substantially. We intend to continue with this strategy over the second half of the financial year.

Having proven the third party model with our current partners, we are now actively engaged in exploring new opportunities with other partners where there is a strong strategic fit with the Sosandar brand.

Continued operational strength

During the period the business did not experience any material impact from logistical challenges as a result of the pandemic, including the country-wide supply chain disruption currently impacting many industries. As a result of starting to scale the business and an increase in order quantities we have benefited from margin growth, which has offset the small degree of upwards pressure experienced by supply chain costs. However, we remain very mindful of the wider market disruption, and are constantly reviewing the situation and will take mitigating actions as appropriate.

The importance of a diversified, flexible supply base and having partners with the expertise in this area, such as Clipper Logistics, continues to be very important to us. Our operational set-up, alongside the fact that we are an agile, online-only business, allows us to continually adjust our product offering, warehousing and fulfilment operations in line with the ever-changing needs of our customers. We have worked closely with our suppliers to successfully increase purchases of stock to meet consumer demand and we would like to thank them all for their support over the recent months.

Operating responsibly continues to flow through all aspects of our business. We are continually evaluating opportunities to further improve our practices and reduce our impact on the environment.

KPIs trending well

KPIs in the business are trending well, reflecting the Company's continued growth and development as we become increasingly able to capitalise on economies of scale, exploit data-led learnings and cater to the needs of the Sosandar customer.

Our expanded product range and effective communication to our customers have resulted in repeat orders increasing 14% in the period, with site visits up 67% and our active customer base up 41%.

We have maintained a strong return on investment from marketing, as we continue to capitalise on the learnings from previous years, with Cost per Acquisition (CPA) now at half the pre-pandemic level.

Gross margin increased to 56.5% (H1 FY2021: 52.3%) reflecting a higher proportion of full price sales compared with the comparative period which was impacted by actions taken as a consequence of Covid 19. In addition, the expansion of the product range has enabled us to meet the needs of our customer.

Average Order Value for the period has been maintained at £86 as the product mix matures representing a step up versus H2 FY2021 (£80).

Very strong autumn trading

We have had very strong autumn trading with record revenues in both October and November, which has resulted in each month trading EBITDA positive and generating net cash. Whilst we expect that seasonality will mean that not every month will be profitable in H2 FY2022, this is an excellent indication of the development of the business and we look forward to reporting sustained profitable growth before long.

The autumn range has been resonating extremely well with customers, with rapid sell through across all key categories including knitwear, dresses, leather, coats, and denim. This has resulted in continued strong levels of conversion, order frequency and repeat order rates on our own site whilst also executing on the growth plan with third parties.

Whilst we have seen demand swing back to office-wear and 'going out' outfits, we have retained a more equitable mix across all of our product segments compared to pre-pandemic, increasing our resilience and reflecting a step forward towards our vision of being a global one-stop online shop for fashion forward women.

Outlook

Following the strong first half and subsequent autumn performance, we are now trading ahead of current market expectations for the full year.

We are more optimistic than ever about the future prospects for Sosandar. The half year results in addition to our autumn trading demonstrate that our business model is working and is now delivering the benefits of increased scale which is leading us towards sustainable profitability.

Our focus has been on continuing to make fantastic products that customers want to buy whilst constantly refining our marketing strategy based on data driven learnings. The growth in active customers along with ever increasing levels of customer engagement reflect this work, however, we have still only scratched the surface of the full opportunity.

In addition, our existing third party partnerships continue to go from strength to strength and there remains considerable growth potential as we increase the product range available on their websites. This has started in autumn with plans to expand even more through H2 FY2022, as well as to explore opportunities with new partners, going forward.

Whilst we are trading well and have not had any material disruption to date, we remain vigilant to the external challenges across global supply chains and believe our agile approach positions us well.

We believe Sosandar is well on the road to becoming a substantial business and a sustained success.

FINANCIAL REVIEW

KPIs

	6 months ended 30 September 2021 £'000	6 months ended 30 September 2020 £'000	Change
Revenue	12,177	4,284	+184%
Gross Profit	6,880	2,241	+207%
Gross Margin	56.5%	52.3%	+420bps
Operating loss	(1,076)	(1,098)	+2%
EBITDA	(991)	(1,017)	+2%

	6 months ended 30 September 2021	6 months ended 30 September 2020	Change
Sessions	6,212,484	3,713,318	+67%
Conversion rate	3.91%	2.58%	+133bps
Number of orders	242,991	95,903	+153%
AOV	£85.86	£87.59	-2%
Active customer base	191,424	135,426	+41%
Order Frequency	2.21	1.85	+19%

H1 FY2022 has been a period of substantial growth with revenue up by +184% reflecting the strength and agility of the Group in maximising the opportunity as restrictions from the pandemic started to lift. Customer engagement KPIs have stepped up significantly including visits, conversion, order frequency and active customers. This reflects investment in both product and marketing, which has delivered revenue during the period in excess of the entirety of FY2021.

EBITDA losses improved by 2% to (£991k) against a comparative period where spending was significantly reduced in response to the pandemic as cash preservation and engaging with existing customers was prioritised. The trajectory towards profitability is highlighted by the first two months post period trading EBITDA positive and significantly ahead yoy (H2 FY2021: £1.9m loss).

The gross margin increased substantially to 56.5% (H1 FY2021: 52.3%). The comparative period was impacted by actions as a consequence of the pandemic with the current period having a higher proportion of full price sales.

Economies of scale and the continued management focus on ensuring strong return on investment across all spend categories resulting in administrative expenses continuing to drop as a percent of revenue, to 64% (H1 FY2021: 74%). In particular the growth in active customers has been driven by the cost effective customer acquisition activity where the CPA has been maintained at half the level pre- pandemic.

Cash flow

As at 30 September 2021 the cash position was £7.4m (H1 FY2021: £4.5m) with the balance increasing to £7.6m as at 31 October 2021.

In May 2021 the cash position was strengthened through an oversubscribed equity placing and Primarybid offer which raised gross proceeds of £5.77m. Since the fundraise, the Group has executed its plan and invested in stock to broaden the number of styles and increase the number of units per style to capitalise on the proven growth opportunities. In particular this has allowed us to ensure we can meet the increasing demand with our third parties and now have the cash headroom to drive sustained growth into the future.

**UNAUDITED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2021**

	Notes	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year ended 31 March 2021 £'000
Revenue		12,177	4,284	12,163
Operational costs		(5,297)	(2,043)	(6,319)
Gross profit		6,880	2,241	5,844
Other operating income		-	-	135
Administrative expenses		(7,770)	(3,184)	(8,729)
Share based payment		(101)	(74)	(175)
Depreciation and amortisation		(85)	(81)	(163)
Operating (loss)		(1,076)	(1,098)	(3,088)
Finance income		-	-	-
Finance cost		(1)	(4)	(10)
Loss on ordinary activities before taxation		(1,077)	(1,102)	(3,098)
Tax on loss on ordinary activities		-	-	-
Profit/(Loss) for the period		(1,077)	(1,102)	(3,098)
Other Comprehensive income		-	-	-
Total Comprehensive income for the period		(1,077)	(1,102)	(3,098)
Attributable to:				
Equity holders of the parent		(1,077)	(1,102)	(3,098)
Non-controlling interests		-	-	-
Group loss for the period		(1,077)	(1,102)	(3,098)
Exchange translation differences		-	-	-
Total comprehensive loss for the period		(1,077)	(1,102)	(3,098)
Loss per share:				
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	5	(0.51)	(0.57)	(1.61)

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Notes	As at 30 September 2021 £'000	As at 30 September 2020 £'000	As at 31 March 2021 £'000
Assets				
Non-current assets				
Intangible assets		200	272	198
Property, plant and equipment		99	149	165
Total non-current assets		299	421	363
Current assets				
Inventories		6,005	3,773	2,866
Trade and other receivables		1,100	624	728
Cash and cash equivalents		7,351	4,538	3,928
Total current assets		14,456	8,935	7,522
Total assets		14,755	9,356	7,885
Equity and liabilities				
Equity				
Share capital	4	221	192	192
Share premium	4	47,044	41,592	41,592
Capital Reserves	4	4,648	4,648	4,648
Other reserves		758	556	657
Reverse acquisition reserve	4	(19,596)	(19,596)	(19,596)
Retained earnings		(23,589)	(20,516)	(22,512)
Equity attributable to owners of the parent		9,486	6,876	4,981
Total equity		9,486	6,876	4,981
Current liabilities				
Trade and other payables		5,269	2,391	2,855
Lease liability		-	89	49
Total current liabilities		5,269	2,480	2,904
Non-Current liabilities				
Lease liability		-	-	-
Total liabilities		5,269	2,480	2,904
Total equity and liabilities		14,755	9,356	7,885

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	6 months to September 2021 £'000	6 months to September 2020 £'000	Year ended 31 March 2021 £'000
Notes			
Cash flows from operating activities			
Group loss for the period	(1,077)	(1,102)	(3,098)
Share based payments	101	74	175
Depreciation and amortisation	85	81	163
Net finance costs	1	4	10
Adjustment for reverse acquisition	-	-	-
Working capital adjustments:			
Change in inventories	(3,139)	37	944
Change in trade and other receivables	(372)	377	273
Change in trade and other payables	2,365	(167)	261
Net cash flow from operating activities	(2,036)	(696)	(1,272)
Cash flow from investing activities			
Addition of property, plant and equipment	13	(59)	(34)
Addition of intangibles	8	-	(12)
Bank interest paid	-	-	(5)
Bank interest received	-	-	-
Net cash flow from investing activities	21	(59)	(51)
Cash flow from financing activities			
Payment of lease liability			
Net proceeds from issue of equity instruments	5,481	-	-
Payment of lease liabilities	(43)	(40)	(82)
Net cash flow from financing activities	5,438	(40)	(82)
Net change in cash and cash equivalents	3,423	(795)	(1,405)
Cash and cash equivalents at beginning of period	3,928	5,333	5,333
Cash and cash equivalents at end of period	7,351	4,538	3,928

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	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 2020	192	41,592	(19,596)	4,648	(20,516)	556	6,876
Loss for 6 months	-	-	-	-	(1,996)	-	(1,996)
Share based payments	-	-	-	-	-	101	101
Issue of share capital	-	-	-	-	-	-	-
Issue Costs	-	-	-	-	-	-	-
Balance at 31 March 2021	192	41,592	(19,596)	4,648	(22,512)	657	4,981
Loss for the 6 months	-	-	-	-	(1,077)	-	(1,077)
Shares based payments	-	-	-	-	-	101	101
Issue of share capital	29	5,739	-	-	-	-	5,768
Issue Costs	-	(287)	-	-	-	-	(287)
Balance at 30 Sep 2021	221	47,044	(19,596)	4,648	(23,589)	758	9,486

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 listed 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 2021, 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 2021.

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.

4. Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.001)					
Date	Details	Number of shares	Issue Price £	Total Share Capital £'000	Total Share Premium £'000
At 31 Mar 2021		192,268,122	0.001	192	41,592
25 May 2021	Share placing	28,840,210	0.001	29	5,452
At 30 Sep 2021		221,108,332	0.001	221	47,044

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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 30 September 2021	6 months to 30 September 2020	Year ended 31 March 2021
Loss after tax attributable to equity holders of the parent (£'000)	(1,077)	(1,102)	(3,098)
Weighted average number of ordinary shares in issue	212,504,070	192,268,110	192,268,110
Fully diluted average number of ordinary shares in issue	212,504,070	192,268,110	192,268,110
Basic and diluted loss per share (pence)	(0.51)	(0.57)	(1.61)

Where a loss is incurred the effect of outstanding share options and warrants is considered antidilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 30 September 2021 totalled 27,760,897 (2020: 20,400,000) and are potentially dilutive.

6. Post balance sheet events

The company had no post balance sheet events.