Sosandar Plc

Annual Report

For the year ended

31 March 2024

Company Registration Number: 05379931

Contents

CHAIRMAN'S STATEMENT

For the year ended 31 March 2024

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 out 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.

CHAIRMAN'S STATEMENT

For the year ended 31 March 2024

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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2024

AT A GLANCE

Sosandar provide a one-stop online shop for style conscious women who have graduated from price led alternatives. We offer 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.

Investment case

Huge and relatively untapped target market

- Sosandar creates fashion-forward products for a generation of women overlooked by existing fashion brands, offering a significant untapped opportunity – a demographic that spends £3.7bn per year on fashion and forming part of the overall £60bn womenswear market.
- Estimate around 20 million women over the age of 35 and 13 million within our core demographic of 35-64.
- As age no longer determines how women dress, whatever age the Group recruits a customer, it provides an opportunity to dress them for the rest of their life.
- These numbers represent only the UK and, this same societal shift and the opportunity it represents exists in all developed countries across the world, giving the Group the opportunity to dress women across the globe.

A unique and broad product range

- All products are sold at a mid-price point and are increasingly designed with sustainable materials - offering customers on-trend, affordable, long lasting, lifestyle appropriate clothes with high fashion credibility.
- A unique aesthetic empowering women of all ages to feel chic, sexy and on-trend.
- Offers customers clothing for all occasions with the product range including areas such as knitwear, formal tailoring, partywear, summer occasion wear and swim wear.
- Able to adapt quickly to changes in consumer demand thanks to the broad range of product categories.

Multi-Channel strategy

- Sosandar.com remains the bedrock of the brand, offering the customer the full product range and exceptional service (TrustPilot score rated as Excellent).
- Established partnerships with several of the UK's largest fashion retailers, being a top selling brand including through NEXT and Marks and Spencer.
- Sosandar stores to open for the first time in FY25, enabling the brand to extend its reach to customers spending in stores which accounts for 60% of womenswear spend.
- Further expansion into International markets following launches with third-party partners in Australia and Canada and the internationalisation of Sosandar.com during FY24.
- Drives further brand awareness across the target market, whilst driving incremental sales and accelerating improvement in profitability.

Experienced and driven founder-led management team

- Highly experienced management team with many years in the fashion and retail industries.
- Proven success previously taking a business from concept to market leader.

Investment case (continued)

Underpinned by responsible and scalable business operations

- 'Responsible fashion business' framework embedded within the business which covers the following key areas:
  - Ethical Operations which covers the commitment to sourcing product from suppliers who share common values and beliefs
  - Environmental sustainability which includes sourcing product from sustainable sources and packaging which is 'green' and recyclable; and
  - Fabulous Sosandar reflects the inclusive and uplifting workplace for all employees
- Mobile-first website built on leading Magento platform, with the Sosandar App launched to further enhance the options available to the customer in how they chose to interact with Sosandar.
- Best in class third-parties chosen to deliver logistics services including GXO for warehousing and Royal Mail / Evri for consumer deliveries.
- A new ERP to be implemented in FY25 to ensure Sosandar can scale with robust and efficient back office systems to support all business functions.

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.

CO-CEO'S STATEMENT (continued)

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.

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 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.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 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*

FINANCIAL REVIEW (continued)

	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.

FINANCIAL REVIEW (continued)

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 75 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.

FINANCIAL REVIEW (continued)

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.

Risk Factors

There are a number of risks and uncertainties associated with the business. The Board believes the following are the principal risks along with the mitigating actions being applied.

External Risks		
Risk Factor	Impact	Mitigating Actions
Economic - Inflation	• Inflation and relatively high interest rates are having a negative impact on consumers in terms of reducing their disposal income. As a consequence, consumer spending could be lower on clothing which could lead to a reduction in revenue.	• The typical customer of the business tends to have a higher level of disposable income and therefore able to withstand economic turbulence. Therefore, the business is able to trade well through periods of high inflation or wider economic downturn. • The product range and price points are diverse covering all main wardrobe needs of the target demographic and can be agile to manage any situation.
Route to Market (Channel)	• Currently, the vast majority of revenue is generated online which makes up 40% of consumer spending on clothing. Therefore, a	• Whilst the channel mix is currently online only, there is risk mitigation in so far as trading through multiple third party platforms in addition to Sosandar.com. This includes some of the UK's largest

	proportion of the spending in physical retail stores is not being capitalised on. • If consumers increase their proportional spending in physical stores, revenue could reduce as a result.	retailers, such as NEXT and Marks & Spencer. • Opening physical retail stores would reduce the risk profile of proportional spending moving between online and offline whilst also reaching more customers and increasing brand awareness. This is the plan for FY25.
Route to Market (Geographical)	• The vast majority of revenue is generated in the UK therefore a deterioration of the UK economy specifically could have an adverse impact on revenue if consumer confidence and spending reduce.	• Expansion into new international markets commenced in FY24 with third party partnerships in Australia and Canada plus being able to deliver to 100 countries from Sosandar.com through the tie-up with Global-e. Further expansion into international markets would reduce the risk of the majority of revenue being generated in the UK.
Fashion	• As trends change there is a risk that design does not keep up with customer requirements for the latest fashion.	• The business operates a model whereby product is landing into the warehouse daily. Working to tight lead times that allow the design team to track the latest catwalk and commercial fashion trends. These are then fed into the product development cycle to ensure that customers have access to the latest trends at affordable prices.
Competition	• From new or existing competitors. • Loss of revenue • Reduction in margin and profitability if competitors increase discounting resulting in consumers shopping elsewhere	• The business is agile and can adjust its strategy according to all external factors including those of its competitors. • The business has an increasingly loyal and growing active customer database which allows the business to engage with them regularly through e-mail and brochures.
Foreign exchange	• The business buys a relatively small proportion of product in foreign currency. Adverse currency rate movements could impact margins.	• A detailed forward-looking purchase plan to identify any potential currency exposure. • RRP’s can be increased to offset any significant pressure on cost prices • Forward contracts would fix the rate with key currencies (USD and EUR) allowing for clarity and to guarantee margins on current RRP’s. Forward contracts are planned to be used in FY25.

Negative online reviews	• Negative comments on social platforms could influence purchasing decisions for new visitors.	• A dedicated customer service team, led by a highly experienced leader are able to support customers with any questions or issues that they have. The TrustPilot score is currently 'Excellent' which provides customers with the confidence to purchase from Sosandar.
Internal risks		
Risk Factor	Impact	Mitigating Actions
Suppliers	• The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply. • Non-compliance with labour or environmental requirements could interrupt supply chain and cause reputational damage. • Product supplied could be of insufficient quality for sale.	• Purchases are spread over a number of suppliers to avoid over dependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening. • All design is done in-house with detailed specification packs provided for each product which helps on-board new suppliers quickly. • All suppliers are asked to confirm adherence with the business code of conduct. • Independent supplier audits are conducted at least once every two years, ensuring compliance with working practices and ethics. • Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.

Systems – security and availability	• System outages would prevent the business from operating and therefore would see a reduction in revenue during this time. • GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. • Data breaches could impact reputation and business continuity.	• The business has agreements with external partners to manage and support its systems and they would ensure that any outage is minimised. • The main website is hosted in the cloud, allowing for automatic scaling to maintain speed and robustness in periods of high demand. • Restricted access to sensitive data which is only held in systems which have MFA (Multi-Factor Authentication) enabled with any sharing of such information being through secure means. • Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber-attacks.
Key employees	• The loss of one or more of our key employees could have an adverse impact on the business and inhibit its ability to grow as planned	• The remuneration committee ensure that key employees are rewarded sufficiently to retain and motivate on an ongoing basis. • There is a Long Term Incentive Plan in place for the board plus the other members of the senior leadership team in the form of share options team to further ensure that they are rewarded and incentivised appropriately.
Working capital	• As the Group requires working capital to further invest to grow the business. This will include investment in inventory, customer acquisition, product development and operations.	• The business has detailed forecasting models including sensitivity scenarios so that robust decisions can be made, balance growth potential with risk mitigation. • Marketing spend efficiencies have been made over the past two years. The relatively low cost of acquisition is expected to be maintained, which reduces the risk as the return on investment is strong when investment is being made. • Weekly and monthly cash flow projections are reviewed by senior management and actions taken where necessary, with all key members of staff aware of the cash flow objective.

Sosandar: A responsible fashion business

As a responsible business, we are conscious of the impact our operations have on our diverse network of employees, customers, suppliers, manufacturers, shareholders and the communities in which they work.

We are committed to having an increasingly positive impact through every aspect of our business as we progress against our three key areas of focus. These consist of:

- Ethical Operations

  A fair, transparent and collaborative supply chain

- Environmental Sustainability

  Minimising the footprint left on the natural world

- Fabulous Sosandar

  An inclusive and uplifting workplace

Ethical Operations

As we continue to scale as a business, we remain committed to working with suppliers who share our core values of social responsibility and ethical operations. This remains a central tenet of our strategy and we are focused on constantly improving how we work to ensure that our levels of corporate governance consistently improve. In this regard, we routinely review ethical operations within our supply chain at Board level, overseen by our Head of Sourcing, to ensure that our high standards are maintained across all levels of our business, our partners and those within our supply chain.

Transparency in our supply chain

As part of our commitment to ethical sourcing within our supply chain, we continue to work in line with our robust "Code of Conduct" which encompasses essential aspects of ethical and social compliance. Amongst others, this includes stringent policies on child labour, which all of our 80 global suppliers are required to adhere to.

This commitment reflects our dedication to ensuring the highest standards of ethics and social responsibility throughout our supply chain are both maintained and advanced as we grow as a business.

At Sosandar, we hold social responsibility at the very core of our ethos and, as we challenge ourselves to be a more conscientious and socially impactful business, accountability around our progress is important. In order to enhance transparency and ensure better accountability, we continue to utilise independent audits through organisations including SMETA (Sedex Members Ethical Trade Audit) and BSCI (Business Social Compliance Initiative), which serve as robust measures to verify and maintain compliance within our global supply chain. By employing these review processes, we reinforce our commitment to upholding our own high standards and ensuring the integrity of our operations.

Third Party Partners

Working with third party partners is an essential element of our sales strategy and as a business, we implement a high level of criteria to ensure that our own social values are aligned with any potential partner.

We currently work with multiple third party partners including NEXT and Marks and Spencer. Each of these partners maintain their own stringent ESG policies and we are proud to continue working with them as we grow our brand.

GXO

Sosandar continues to outsource its product storage, packing and returns logistics to GXO, a leading retail logistics specialist. Throughout our growth journey, we have developed a strong collaborative relationship with GXO and it has always been vital that our values are aligned with regards to being responsible businesses. GXO has a robust Corporate Social Responsibility programme, which can be found on its website at https://gxo.com/esg/

Environmental Sustainability

Reducing our environmental impact is a key focus area for Sosandar. We regularly examine the raw materials and components used in our products, seeking opportunities to source and produce them in a more sustainable manner. Our ongoing commitment to sustainability drives us to explore ways to enhance the sourcing and production processes for greater environmental responsibility and we will continue to do so as we progress on our growth journey.

Minimising the use of air freight in favour of more environmentally friendly methods of transporting stock remains part of our ongoing agenda.

We are committed to amending our practices to find the right balance of transportation methods while taking into consideration cost, lead time and environmental impact. Having increased the amount of our stock that is now being transported via sea freight shipping, we have also increased the consolidation of inbound shipments which further reduces our impact.

Minimising waste

Since foundation, we have been determined to create clothing that is long-lasting and minimises waste within the fashion industry. Sosandar products are made to the highest standards, using quality materials that ensure durability and longevity.

We are proud to continue working with Smart Works, a charity which delivers an invaluable service to women across Greater Manchester, delivering high quality and sustainable clothing to women in need. Through this partnership, we seek to combat clothing waste and make a tangible difference within the fashion industry.

Recycling

As part of our ongoing environmental strategy, we remain committed to minimising waste by utilising recyclable, carbon neutral and sustainable consumer packaging where possible. In this regard we are pleased to report that 100% of our inbound polybags have now been migrated to fully recycled materials and in addition to this, our consumer bags are now being made from sugar cane.

We continue to use a dedicated packaging supplier for all of our product suppliers to order from, ensuring full transparency and ensuring that all packaging is made from recycled materials.

Fabulous Sosandar

Our team

At Sosandar, our people are at the centre of everything we do and we would like to take this opportunity to sincerely thank all of them for their continued diligence and dedication.

We have worked hard to make Sosandar an open and enjoyable workplace for all of our staff and we are very proud of the inclusive and open culture we have created. It is the commitment and hard work of our people that has allowed us to become the company we are today and they will continue to be the backbone of our business as we scale.

We are pleased to be an equal opportunity employer, recruiting from a varied pool of talent and we are dedicated to ensuring that all applicants and employees are treated with fairness and equality, without any form of preferential treatment. Promoting this inclusivity is very important to us as a business and it will continue to be so in the future.

Looking forward

As a business we are committed to having a positive impact on our society, the environment, and our team. We acknowledge there is increasing interest from a wide range of stakeholders on the various positive impacts that the business has and what we are doing to improve outcomes. As we continue on our growth journey, we will further expand our activity, with an ambition to increase the positive, lasting impact Sosandar has on the fashion industry.

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. They must make decision in good faith that they believe will most likely promote the success of the Group for the benefit of its shareholders. In making these decisions the Directors must consider, amongst other things:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the reputation for a high standard of business conduct; and
- the need to act fairly between members of the Company.

Key Stakeholders	How we engage
Employees	The team remains relatively small with 103 employees in total as at March 2024. The culture of the company places a high emphasis on communication, engagement and collaboration which includes an open-door policy from the co-CEO's and wider senior management team. All employees are in the office at least three days per week with many in four or five days. We recruit employees who want to be in the office as they share our values that we are a stronger business for the benefits that collaborative working brings. On a daily basis there will be multiple meetings, many of which are cross functional in nature. In addition the leadership team regularly present to all staff progress and strategic changes being made by the business. Our Human Resources team play a pivotal role in supporting all members of staff, including helping with personal and collective development. In addition, an annual anonymous staff survey is conducted which has a very high response rate, with themes and actions presented back to staff afterwards. A new initiative in the year has been the Appreciation Station which allows the whole business to celebrate successes, teamwork or acts of kindness periodically throughout the year.
Shareholders	As an AIM listed business, we have a dedicated investor website, which was relaunched in 2023, and contains all key information and RNS updates. We also conduct regular presentations with investors, both institutional and retail around the time of key trading updates. Presentations are made available online for those who did not have the opportunity to attend in a live capacity. Throughout the year, the management term attend forums to interact with shareholders including attendance at Mello and inviting institutional shareholders to the offices to gain a greater depth of understanding about the business, including having the opportunity to meet employees that otherwise they would not meet.
Suppliers	We have a dedicated and recently expanded Sourcing team, whose role it is to ensure ongoing assessment and onboarding of new suppliers. In addition, we have personal relationships with suppliers from all levels and across multiple departments within our business. In terms of stock suppliers, multiple visits have been made to their premises throughout the year and key suppliers have also visited our UK head office which further cements the strong relationships that we have. Regular internal communication takes place to update key stakeholders of all matters relating to our suppliers.
Customers	Our customers are at the heart of everything we do. We use email and social platforms to update them about new products and our customer service team provide feedback on the direct interactions that they have with our customers. Our TrustPilot score is rated as 'Excellent' with frequent 5 star reviews being posted for the ways in which we service the customer on a daily basis.

Significant events/decisions 2024

Event/Decision	Key Stakeholders	Actions & Impact
Inflation	All stakeholders	• Inflation has remained high in FY24, with the cost of everyday items being much higher, coupled with interest rates reaching 15 year highs which has affected mortgage rates. • Disposable income for consumers has been reduced, resulting in spending on non-essential items being reduced • Consumers have continued to be more discerning in their spending habits, ensuring that any products being purchased are absolutely the ones that they want. • The Sosandar consumer tends to have a higher level of disposable income and therefore able to withstand economic turbulence. Therefore, the business is able to trade well through periods of high inflation or wider economic downturn. • The average price point of a Sosandar product is mid-market and therefore items remain affordable for the target customer. • The product range is diverse in terms of both category mix and price point which means the consumer remains well served by Sosandar
Growing revenue through UK third-party retailers	All stakeholders	• Sales have continued to accelerate throughout the year • Partnerships with most of the key retailers in the UK remain strong, with Sosandar being one of the top selling brands in each • Selling through third parties increase in brand awareness for Sosandar through association with such well known UK retailers who each have multi-million number of e-commerce customers has further accelerated visits and sales through Sosandar.com • Increase in revenue and profitability as a result of these agreements with accelerated economies of scale
Product range development	All stakeholders	• The product range continues to evolve with new styles landing frequently in order to ensure the customer continues to see fresh and relevant product. • The product mix is highly diverse with an equitable balance across many categories, including dresses, denim, knitwear and footwear. The customer has choice across all main womenswear categories • Key developments during the year have included the growth in the party and occasionwear range,

		increasing the number of soft separate styles (trousers and jackets) and the development of a petite range

Julie Lavington

Signed by:
D53581906EBD444...

Director
15 July 2024

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Corporate governance

The Directors recognise the importance of robust corporate governance and, following admission, have undertaken to take account of the requirements of the Quoted Companies Alliance Corporate Governance Code (QCA) to the extent that they consider it appropriate, having regard to the Group's size, board structure, stage of development and resources.

The QCA Code recommends that the Board of Directors should include a balance of Executive and Non-Executive Directors, such that no individual or small company of individuals can dominate the board's decision making.

Board membership

Name	Role	Classification	Membership during the year to 31 March 2024	Membership as at the date of the Annual Report
Nicolas Mustoe	Chairman	Non-Executive	No Change	No Change
Alison Hall	Co-CEO	Executive	No Change	No Change
Julie Lavington	Co-CEO	Executive	No Change	No Change
Stephen Dilks	CFO	Executive	No Change	No Change
Adam Reynolds	Non-Executive	Non-Executive	No Change	No Change
Andrew Booth	Non-Executive	Non-Executive	No Change	Chair Remuneration Committee
Jonathan Wragg	Non-Executive	Non-Executive	Resigned 15 December 2023	None
Lesley Watt	Non-Executive	Non-Executive	No Change	Chair Audit Committee

The Group has an Audit Committee and a Remuneration Committee. The Group does not have, or need, a Nomination Committee at this time. As the Group grows, the Board will actively consider adding additional Directors.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Directors Responsibilities

Introduction
The Board of Sosandar Plc seeks to follow best practice in corporate governance as appropriate for a Group of our size, nature and stage of development. As a public company listed on AIM, we are cognisant of the trust placed in the Board by institutional and retail investors, employees and other stakeholders. We recognise the importance of an effectively operating corporate governance framework.

The Board has adopted the principles of the 2018 Quoted Companies Alliance Corporate Governance Code to support the Group's governance framework. The Directors acknowledge the importance of the ten principles set out in the QCA Code and this statement briefly sets out how we currently comply with the provisions of the QCA Code. The Board considers that it does not depart from any of the principles of the QCA code.

Principle
How we comply with the QCA Code:

1. Establish a strategy and business model which promotes long-term value for shareholders
Sosandar intends to build long-term shareholder value by targeting an underserved market of women looking for trend-led, affordable, quality clothing with a premium aesthetic. We design and manufacture clothing and footwear for all occasions with fashion forward styles designed to flatter. Our strategy is to build a loyal customer base, focusing on customer growth and retention, by reaching the customer in whatever way they wish to shop, including both online and in store.

2. Seek to understand and meet shareholder needs and expectations
The Directors recognise the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. The executive team meet with both institutional and retail shareholders regularly, and this has included hosting shareholders at meetings at the Head Office where other members of the leadership team are available to meet. In addition, all shareholders are welcome at the Annual General Meeting which is held in person.

The Joint CEOs and CFO regularly present at private investment events during the year.

Investors may contact the Group directly through the investor enquiries email address noted on the Group's website sosandar@almastrategic.com. Investors may also receive Investor Email Alerts from the Group by signing up at https://www.sosandar-ir.com/investors/regulatory-news/ .

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
The Directors recognise their responsibility not only to shareholders and employees, but to a wider group of stakeholders (including, inter alia, customers and suppliers) and the communities in which we operate.

Sosandar Plc is committed to the highest standards of corporate social responsibility in its activities, as outlined in more detail in the annual report and accounts.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Suppliers

We outsource manufacturing to more than 50 subcontractors around the world including Turkey, China, India, Brazil, Romania and Spain. All suppliers are asked to confirm they adhere to the ethical trade guidelines. The breadth of strong supplier relationships mitigates the risk of over reliance on a small number of specific contacts. The output from suppliers is regularly reviewed to ensure continued success.

Customers

We provide frequent new product ranges to ensure constant newness for our customers. Our in-house designers react quickly to changing customer demand to ensure the Group is on the cutting edge of fashion, while tailoring garments to fit customers.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has identified what we believe to be a sensible approach to risk management for a group of our size. We outline the Group's approach to risk management and the principal risks we face, along with what we do to mitigate those risks, in detail on pages 11 to 14 of our Annual Report and Accounts.

This area is subject to regular review as our business and the risks we face evolve.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board includes a balance of Executive and Non-Executive Directors, with four Non-Executive Directors, two of whom are judged to be independent, and three Executive Directors.

The Board's activities are supported by both Audit and Remuneration Committees.

All the Directors have appropriate skills and experience for the roles they perform at the Group, including as members of Board Committees.

Directors are subject to re-election at least every three years in accordance with the Articles of Association.

The Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non-Executive Directors as the Group fulfils its growth objectives.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board members have diverse and relevant skills and experience. This includes the appropriate balance of sector, financial and public market experience to shape the strategic direction and corporate governance of the Group.

In addition the Board has access to external advisors where necessary.

The Board and Committees receive training as appropriate. In particular, the members of the Audit Committee receive technical communications from appropriate bodies to keep them abreast of the latest accounting, auditing, tax and reporting developments.

The Directors also receive regular briefings and updates from the Group's NOMAD in respect of continued compliance with, inter alia, the AIM Rules and the Market Abuse Regulation.

More details of the skills and experience of the Directors are provided in the Annual Report on page 29 as well as the website.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Evaluation of the performance of the Group's Board has historically been implemented in an informal manner.

The chairman reviews Board and Director performance during the year, which includes but is not limited to: financial targets; adherence to Group policies, effectiveness of management as well as attendance and contribution at Group meetings.

On an ongoing basis, Board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current Board members.

8. Promote a corporate culture that is based on ethical values and behaviours

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value.

The Group carefully assesses each of the companies it works with to ensure the requisite standards and values are in place. All new suppliers must confirm in writing that they adhere to a specific code of conduct before commencing to trading with Sosandar.

The Group's policies set out its zero tolerance approach towards any form of modern slavery, discrimination or unethical behaviour relating to bribery, corruption or business conduct.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The roles and responsibilities of specific Directors and Board Committees are available on our website.

The Board formally meets multiple times per year including at least four times per year in person.

Each sub-Committee has terms of reference outlining the specific responsibilities delegated to it. The terms of reference of each Committee can be found on in the corporate governance section of the Group website.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Group communicates progress throughout the year through Regulatory News Service announcements and in more detail when releasing its interim financial statements and Annual Report and Accounts. All historical Annual Reports and other governance related material, including notices of all general meetings, since the Group's formation, are available on the Group's website.

Results of shareholder votes are made public on the Group's website after the meetings concerned.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Board meeting attendance

The Group holds a combination of in person Board meetings and regular virtual update calls which works well to ensure there is a frequent flow of communication between the Directors. The Directors are responsible for formulating, reviewing and approving the Group's strategy, budget and major items of capital expenditure.

	Board	Audit	Remuneration
Total In Year	**24**	**4**	**2**
Alison Hall	21	-	2
Julie Lavington	19	-	2
Stephen Dilks	22	4	-
Nicolas Mustoe	24	4	-
Adam Reynolds	21	-	-
Andrew Booth	19	-	2
Jonathan Wragg*	17	3	-
Lesley Watt	22	4	2

* Resigned on 15 December 2023

Sub Committees

Audit Committee

The Audit Committee, comprising Lesley Watt (chairwoman) and Nick Mustoe, met four times during the year. Jonathan Wragg was also a member of the audit committee up until his resignation on 15 December 2023. The committee has met four times during the year.

The committee has the following key responsibilities:

- Reviewing and monitoring financial reporting;
- Evaluating the internal control environment
- Leading the relationship with the external auditors.

During year ended 31 March 2024 and up to the date of the Annual Report, the specific actions taken by the audit committee have included:

- Reviewing and approving the 2024 Annual Report and financial statements. As part of this review, the Audit Committee received a report from the external auditors and had a follow up meeting where matters relating to the report and statements were discussed.
- Advised the Board on matters relating to the Annual Report and financial statements and provided answers to any questions that were asked.
- Review of the external auditors planning document, with particular focus on the timetable, audit approach, materiality and assessment of significant risks.
- Appraising the suitability of the external auditors and subsequently recommending their appointments and the associated fees. Auditors will be rotated at least every 10 years in line with current regulations. The current auditors, Saffery LLP, have been in place for 2 financial years.
- Assessing recommendations and audit findings from the prior year Audit Committee Report
- Reviewing and supporting on the review conducted by the FRC relating to the 2023 Annual Report, which had nil impact on Group financial statements.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

FRC

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. The letter had specific questions with regards to the relevant reporting requirements in relation to the intercompany loan from Sosandar PLC to Thread 35 Ltd and the company cash flow statement. The audit committee had oversight of the response provided by management to the FRC enquiries. Management have engaged fully to address the points raised and have sought advice and
technical input from appropriately qualified third party specialists as part of the process. The committee thanks the FRC for its co-operation, and its contribution towards to our continual efforts to improve the quality of our Annual Report and Accounts. More details can be found in note 2 on page 51.

Remuneration Committee

The Remuneration Committee, which comprises Andrew Booth (chairman) Lesley Watt, Julie Lavington and Ali Hall. The committee has met twice during the financial year.
During year ended 31 March 2024 and up to the date of the Annual Report, the specific actions taken by the remuneration committee have included:

- Reviewing the remuneration of the Executive Directors
- Making recommendations to the Board on bonus scheme, long term incentive plans, benefits and employee retention strategies
- Monitoring and recommending on matters relating to remunerations at all levels of the organisation

Directors' remuneration

The Group operates a remuneration policy with the remuneration committee taking responsibility for all matters relating to Executive, Non-Executive and Senior Management.

Executive Directors
The remuneration policy on executive director remuneration is designed to ensure that there is alignment between shareholder and executive interests. The desire to sufficiently retain and motivate the executive is achieved through a combination of a competitive base salary and long term incentives.

Basic Salary
The remuneration committee review basic salaries annually. In October 2023 the basic salaries for Julie Lavington and Alison Hall increased by 14% to £250,000 and have remained at this level for the remainder of the financial year. The basic salary for Stephen Dilks also increased in October 2023, by 14% to £185,000 and has remained at this level for the remainder of the financial year.

Annual Bonus
Currently there are no short term bonus plans in place however this remains under review by the remuneration committee.

Pension
The Group operates a defined contribution pension scheme which is available to all employees following successful completion of the probationary period. The assets of the scheme are held separately from those of the Group in independently administered funds.

The pension contributions made to Julie Lavington and Alison Hall during the year ending 31 March 2024 were 12% of basic salary.

The pension contributions made to Stephen Dilks during the year ending 31 March 2024 was 8% of basic salary.

Long Term Incentive Plan

The Group has a share ownership compensation scheme for Directors and senior employees of the Group to further align their interests with those of the shareholders. There has been no change in the share option granted to the directors in the year. The share options granted will vest at various future dates based on agreed commercial criteria and are detailed in the table on page 28 and in note 17.

Non-Executive Directors

The remuneration policy on Non-Executive Director remuneration is determined by the Remuneration Committee. The remuneration is set according to the level of contribution, relevant experience and specialist knowledge. For the year ending 31 March 2024, the Non-Executive remuneration was maintained at £45,000 per annum for the Chairman and £30,000 for all the remaining Non-Executive Directors.

The Directors of the Group held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2024 and 31 March 2023:

		Share Options			
31-Mar-24	**Ordinary shares of 0.01p each**	**Ordinary shares of 0.01p each**	**Option exercise Price £**	**Expiry**	**Share based payment P&L charge**
Alison Hall	5,309,343	1,655,629	0.151	01/11/2027	0
		9,725,971	0.000	18/06/2031	110,105
Julie Lavington	5,309,343	1,655,629	0.151	01/11/2027	0
		9,725,971	0.000	18/06/2031	110,105
Nicholas Mustoe	4,905,981	400,000	0.151	01/11/2027	0
Adam Reynolds	2,419,901	800,000	0.151	01/11/2027	0
Andrew Booth	150,000	-	N/A	N/A	-
Lesley Watt	43,184	-	N/A	N/A	-
Steve Dilks	-	720,000	0.000	18/06/2031	19,819

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

31-Mar-23	Ordinary shares of 0.01p each	Share Options			
		Ordinary shares of 0.01p each	Option exercise Price £	Expiry	Share based payment P&L charge
Alison Hall	5,309,343	1,655,629	0.151	03/11/2027	3,894
		9,725,971	0.000	18/06/2031	125,667
Julie Lavington	5,309,343	1,655,629	0.151	03/11/2027	3,894
		9,725,971	0.000	18/06/2031	125,667
Nicholas Mustoe	4,905,981	400,000	0.151	03/11/2027	941
Adam Reynolds	2,431,390	800,000	0.151	03/11/2027	1,882
Mark Collingbourne	928,919	400,000	0.151	03/11/2027	941
Bill Murray	345,107	400,000	0.151	03/11/2027	941
Andrew Booth	150,000	-	N/A	N/A	-
Jonathan Wragg	126,750	-	N/A	N/A	-
Lesley Watt	43,184	-	N/A	N/A	-
Steve Dilks	-	720,000	0.000	18/06/2031	19,765

Further details with regards to Executive and Non-Executive remuneration is detailed in note 6.

Biographical details of the Directors

Nick Mustoe - Non-Executive Chairman

Nick started his career in 1981 working in advertising for agencies Foote Cone and Belding and Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wickes, Weetabix, Bauer Publishing and Hanson Group Companies.

In 1993 Nick led a breakaway start up agency called Mustoe Merriman Levy which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national Hakuhodo. During this time the agency managed client accounts including Kia Cars, Danone, Lloyds Pharmacy, Doctor Marten, Bauer Publishing, Coca Cola and Unilever.

In 2008, Mustoe Merriman Levy merged with a leading PR agency Geronimo to form Kindred Agency Limited, a PR and social media agency. Nick subsequently led an MBO of Kindred in 2010 and continues to lead the company as Chairman.

Nick also holds several non-executive positions including Chairman of Sandown Park Racecourse and Strata Create events agency.

Alison Hall – Co CEO and Founder

Former fashion magazine editor, Alison Hall, is co-founder and joint CEO of Sosandar.

Prior to founding Sosandar in 2015, Alison was editor of Look magazine. After its launch in 2007, Alison helped it grow to become a leading fashion magazine title. Alison has been a highly influential fashion editor and has twice been awarded the Editor of the Year (Women's Magazines (weekly or fortnightly)) accolade by the British Society of Magazine Editors. During her tenure at Look, Alison designed successful clothing ranges for several of the UK's top retailers.

Biographical details of the Directors (continued)

Alison started out her career as a newspaper journalist, before holding editor positions on magazine brands such as Slimming, Bliss and More. She successfully implemented major relaunches of various titles, creating growing businesses, reinvigorating the brands and increasing circulations. Alison has also been a fashion contributor to both local and national radio and TV shows.

Julie Lavington – Co CEO and Founder

Former fashion magazine publishing director, Julie Lavington, is co-founder and joint CEO of Sosandar.

In 2007, Julie launched Look magazine, a leading UK women's fashion publication. During her tenure, Julie steered Look to have a multi-platform presence with a wide social media reach. She diversified into producing successful Look branded clothing ranges with leading UK fashion retailers. Julie was awarded the prestigious Publisher of the Year Award in 2010 by the Professional Publishers Association. From August 2014, Julie was also publishing director of UK InStyle magazine, a global fashion brand published in 17 countries worldwide.

Prior to her role at Look and InStyle, Julie was publishing director of the TV portfolio at H. Bauer from 2001 to 2006, where she took TV Choice from fledgling brand to the biggest selling magazine on UK newsstands. She has also held publishing roles on numerous women's brands, including Marie Claire, after starting her career in advertising sales following a modern languages degree at Durham University.

Stephen Dilks – Chief Financial Officer

Steve joined Sosandar from Regatta, the outdoor apparel business in September 2020 as Finance Director and was appointed Chief Financial Officer in May 2021. Steve is CIMA qualified and has a broad skillset gained across a number of roles in highly complex organisations with a blend of financial, commercial and strategic experience.

During his eleven years at Regatta, the last four as Finance Director, Steve supported the Group’s consistent double-digit growth across multiple brands, countries and channels including wholesale, own retail, concessions and online. He was also the finance lead for several key strategic projects including the Group's Brexit planning and the implementation of group wide new IT systems.

Prior to his tenure at Regatta, Steve held a broad range of financial and commercial roles in retail and FMCG organisations including Kraft Foods and The Co-Operative Group.

Adam Reynolds – Non-Executive Director

Adam began his career in the City in 1980 with stockbrokers Rowe Rudd. He later joined Public Relations business Basham & Coyle heading their Investor Relations Division. In 2000, he established his own PR/IR and Corporate Finance firm, which listed on AIM in November 2000 and was then sold in 2004.

Adam was approached in 2005 to become Non-Executive Chairman of International Brand Licensing Plc. In 2009, Adam brought David Evans and Julian Baines - the two leading diabetes specialists in the UK - into the company and the business changed direction. Today it is known as EKF Diagnostics Plc.

In 2012, Adam was introduced to Autoclenz Plc through an institutional fund manager. In November 2012, Adam launched a successful agreed bid with the management for the business to be taken private. Adam is a director and shareholder of this business.

Adam is currently Chairman of Belluscura Plc, OTAQ Plc, ProBiotix Plc and MyHealthChecked Plc.

Biographical details of the Directors (continued)

Andrew Booth - Non-Executive Director

Andrew is a 20 year digital marketing veteran working with hypergrowth companies, starting with gettyimages in 1999 developing his career throughout the rise from Aim to Nasdeq, to NYSE becoming Vice President of Marketing. Following the sale of gettyimages in 2008 for $2.4BN to Hellman and Friedman, Andrew joined Time Out as Group Marketing Director leading the migration of digital with the customers and growth of the worldwide brand prior to stock market listing. Thereafter he became Chief Marketing Officer for the Hut Group spanning all brands, all customer facing activity globally.

In 2014 Andrew joined Laterooms.com, part of TUI PLC as Chief Marketing Officer / Chief Revenue officer, working also as part of the sale team. Andrew remains within the plural environment focused on brands that are utilising technology to significantly drive change and growth with customers. In addition to Sosandar Andrew works with Rolls Royce, JCB, Hyundai and a number of North West based private equity companies on digital / omni channel customer growth.

Lesley Watt - Non-Executive Director

Lesley chairs the Audit Committee of Sosandar and is also a member of the Remuneration Committee. She holds a number of Non-Executive Director positions including Tatton Asset Management plc where she is a member of the Audit and Remuneration Committees and chairs the ESG Committee. She qualified as a Chartered Accountant with PwC and has held numerous Board and senior finance positions over the last 30 years including Scottish & Newcastle plc and has significant experience with high growth start-up companies.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Directors Report

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2024.

Principal activity
The principal activity of the Group is the sale of womenswear fashion, footwear and accessories through its own website; Sosandar.com and through selected third-party partners.

Business review and future outlook
The performance for the financial year as well the Group's strategy, business model and future intentions is covered in the Chairman's and CEO statements on pages 2 to 8.

Financial results
The Group's financial performance and position is covered in the financial review on pages 8 to 12 and in the consolidated financial statements on pages 44 to 47.

Going concern
After making appropriate enquires, the Directors consider that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed cash forecasts for the Group and Company's operations for the 12 months from the date of approval of the financial statements. The Group and Company has adequate cash to cover its corporate overheads and management costs over this year but management continues to monitor these costs and manage cashflows. Refer to note 2 for further information.

Dividends

The Board is focused on reinvesting all surplus cash generated in continuing to grow the business in its stated strategic objectives including the opening of physical retail stores. Therefore, the Directors do not recommend a dividend payment for the year ended 31 March 2024 (2023: £nil).

Directors
The Directors who served on the Board during the year and to the date of this report are as follows:

Alison Hall
Julie Lavington
Stephen Dilks
Nicolas Mustoe
Adam Reynolds
Andrew Booth
Jonathan Wragg (resigned 15th December 2023)
Lesley Watt

Details of Director shareholders are contained in the corporate governance report.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Substantial shareholdings

As at 21 June 2024 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 21-Jun-24	% Issued Capital
1	Octopus Investments	28,530,783	11.37%
2	Schroder Investment Mgt	23,926,013	9.64%
3	Lombard Odier Asset Mgt	21,276,265	8.57%
4	Hargreaves Lansdown Asset Mgt	19,573,017	7.89%
5	Canaccord Genuity Wealth Mgt	15,411,600	6.21%
6	Amati Global Investors	12,480,000	5.03%
7	EdenTree Investment Mgt	11,520,909	4.64%
8	Interactive Investor	9,339,202	3.76%

Based on 248,226,513 ordinary shares on 21 June 2024.

As at 28 March 2024 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 28/03/2024 *	% Issued Capital
1	Octopus Investments	28,230,783	11.37%
2	Schroder Investment Mgt	23,575,463	9.50%
3	Hargreaves Lansdown Asset Mgt	20,742,627	8.36%
4	Lombard Odier Asset Mgt	20,377,434	8.21%
5	Canaccord Genuity Group Inc	16,626,601	6.70%
6	Amati Global Investors	12,480,000	5.03%
7	EdenTree Investment Mgt	11,520,909	4.64%
8	Interactive Investor	9,683,123	3.90%
9	Mr William Currie	8,724,058	3.51%
10	Raymond James Investment Services	8,543,154	3.44%

Based on 248,226,513 ordinary shares on 28 March 2024.

* 28 March 2024 is the last trading date prior to the year-end date

Events after the reporting period

Further information on events after the reporting period is set out in note 22.

Disclosure in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of information on research and development, environmental actions and future developments.

Principal risks and uncertainties

The principal and uncertainties of the business are discussed in the Strategic Report and in note 21.

Overseas legal entities

The Group has one overseas subsidiary; Sosandar (Europe) Limited which was incorporated in February 2024. No activity has taken place in the year ended 31 March 2024**.**

Auditor

A resolution for the reappointment of Saffery LLP as auditor of the Group is to be proposed at the next Annual General Meeting.

Streamlined Energy and Carbon Reporting

Sosandar is committed to reducing its energy and greenhouse gas emissions in line with our corporate targets. The Group is developing a strategy to ensure that energy efficiency is at the heart of each area of the business. For the financial year ending 31st March 2024, the Group is reporting under the Streamlined Energy and Carbon Reporting legislation (SECR) for the first time.

Sosandar PLC is submitting this SECR report at a group level for all UK entities.

In the reporting year, the reporting entities consumed 60,469 kWh of energy associated with Scope 1 and 2 greenhouse gas emissions. Electricity consumption accounted for all of the reported energy use, and this is classified as Scope 2 emissions.

The greenhouse gas emissions associated with the above supplies have been calculated to be 12,522 tonnes of CO2e. Scope 2 emissions were 100% of this and were entirely associated with electricity purchases. The reporting entities consumed 4,405 kg/CO2e from Scope 3 emissions and were associated with employee travel in where the Group is responsible for the fuel costs.

SECR regulations require the Group to report an energy intensity metric, and we have chosen to use annual turnover as the divisor for our intensity metric. Our CO2e per million pounds of gross turnover were 366 kg per million pounds.

Our energy consumption has been calculated based upon metered kWh consumption states on invoiced supplies in all instances.

Our reporting incorporates all Scope 1 and 2 supplies, and the Group's greenhouse gas emissions have been calculated using the relevant conversion factor published by the UK Government in their GHG Conversion Factors for Company Reporting and is based on HM Government Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019).

DIRECTORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

	Unit of measurement	FY24
Energy consumption used to calculate emissions - electricity	kWh	Kg CO2e
Scope 1 - direct emissions from controlled/ own sources (combustion of gas)	-	-
Scope 2 - indirect energy emissions from purchased electricity, heat, steam and cooling	60,469	12,522
	Miles	Kg CO2e
Scope 3 – other indirect emissions from energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel	16,374	4,405
Total emissions		16,927
Revenue (£'m)		46.277
Intensity ratio (CO2e/£m revenue)		365.776

During FY24 the Group implemented the following key initiatives to reduce energy use and emissions;

- Creation of an ESG working group representing all areas of the business, to bring focus to environmental issues
- Investigating the use of alternative freight methods, such as rail
- Continuing to work with suppliers to reduce carbon emissions by reducing consumption and exploring alternative options
- Assessing the recycling process for waste at both head office and our warehouse
- Working with SmartWorks, a local charity, to donate clothing thereby avoiding waste and associated emissions

Future goals the company have undertaken are:

- Aiming to streamline all processes, from source to customer to reduce emissions
- Through continuous development and responsible business practices, we aim to contribute to a sustainable future for both our stakeholders and the communities where we operate

Directors' responsibilities

The Directors are responsible for preparing the strategic report, directors' report and financial statements in accordance with applicable law and UK adopted international accounting standards.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (IFRS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and the profit or loss of the company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group and Company financial statements have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

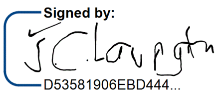
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the UK-adopted international accounting standards Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Disclosure of information to the auditors

At the date of approving this report, each Director confirms that, so far as that he is aware, there is no relevant audit information of which the Group and Company's auditors are unaware and she/he has taken all the steps that he ought to have taken as a Director in order to make her/himself aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

For and on behalf of the Board:



Julie Lavington
Director
Date: 15 July 2024

INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Opinion

We have audited the financial statements of Sosandar Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity as well as the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 31 March 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We tailored the scope of the audit work to ensure we obtained sufficient, appropriate evidence to support our opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls and the industry in which the group operates.

The group consists of three legal entities, two incorporated and operating in the UK, and one newly incorporated in the Republic of Ireland. The results of these components are consolidated in the group financial statements. Sosandar PLC and Thread 35 Limited have been subject to a full scope audit by the group audit team, whilst Sosandar (Europe) Limited was deemed a non-significant and non-material component. The components within the scope of our audit work covered 100% of the group's revenue, profit and net assets. We also tested the consolidation process and related adjustments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed risk of management override of internal controls, including evaluating whether there was any indication of bias or override of controls by the Directors that represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Inventory valuation At 31 March 2024, the group held inventory of £10,920k (2023: £12,361k), net of provisions of totalling £541k (2023: £388k). The nature of the industry that the group operates in carries a higher inherent risk of inventory becoming obsolete due to changing fashion tastes and trends. There is significant judgement involved in determining whether a provision for impairment is required to reflect the reduced net realisable value of obsolete inventory. Due to the significance of inventory to the group and other users of the financial statements, we consider this to be a key audit matter.	Our audit procedures included the following: • We obtained an understanding of management's provisioning policy which is based on the last goods received note and the percentages of inventory purchased that were converted to sales • We assessed the obsolescence percentages applied and determined it was appropriate with reference to sales and purchases made during the year, returned stock salvage rates, and any indicators of potentially damaged stock arising from our attendance at a stocktake. • We tested the mathematical integrity of management's provision calculation by recalculation. We validated the inputs into the model, including verifying the quantity and values for various elements making up the overall inventory provision and confirmed the accuracy of the data used with references to purchase and sales reports • We carried out testing on a sample of inventory lines to ensure that inventory is held at the lower of cost or selling price less costs to sell with reference to future orders Based on our audit procedures we have not identified any material misstatements arising from the valuation of inventory.

Key Audit Matter	How our scope addressed this matter
Carrying value of investment in the subsidiary At 31 March 2024 the parent company holds an investment in the subsidiary of £7,692k (2023: £7,432k). The directors' assessment of indicators of impairment includes significant estimates and assumptions around identifying future cash flows and rates of future growth. Due to the significance of the carrying value of the investment in the subsidiary to the parent company, we consider this to be a key audit matter.	Our audit procedures included the following: • We considered management's annual review for indicators of impairment, identifying the reduced PBT and impairment of intercompany loans as further indicators of potential impairment. We evaluated the subsequent impairment review by comparing the calculated net present value of the investment based on forecast revenue and EBITDA to the carrying value recorded within the financial statements. • We challenged the weighted average cost of capital estimated by management, and performed a recalculation based on industry data. We confirmed that when the updated WACC was applied to the sensitivity assessment the conclusions of the impairment assessment remained appropriate • We verified that management's impairment assessment has used consistent cash flows that adequately represented forecast trading performance Based on our audit procedures we have not identified any material misstatements arising from the carrying value of investment in the subsidiary.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider materiality to be magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, as set out below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

We determined group materiality to be £605,000 (2023: £530,000), based on 1.25% of group revenue. The materiality of the parent company was determined to be £165,000 (2023: £91,000) based on 1.5% of gross assets of the company.

Performance materiality is used to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds over materiality. Performance materiality was set at 75% of planning materiality for both the group and the individual entity. We also set a level of triviality based on 5% of planning materiality; any uncorrected audit differences below these levels were not reported to the Audit Committee, unless warranted under qualitative grounds.

Materiality was determined at the planning stage based upon unaudited management accounts. This was reviewed throughout the audit process to ensure it remains appropriate for the financial statements as a whole. A final review was performed with reference to these financial statements of the group and individual components; planning materiality was deemed to still be appropriate, thus no changes were made.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining, critically appraising and assessing for arithmetical accuracy the directors' formal going concern assessment, including the group's cash flow forecasts for the period to 31 March 2026 and considering the completeness and accuracy of the future cash flows assessed against historical results and existing contractual arrangements;
- considering the reasonableness of assumptions used by the directors in the preparation of the cash flow forecast which included comparing the 2024 actual results to the forecasts made in the prior year;
- understanding the assumptions applied in the directors' sensitivity analysis applied to the base case scenario to derive their blended downside scenario, including assumptions around revenue growth, funding options and cost management opportunities, and comparing these to historical trends and market data, applying further sensitivities where appropriate;
- reviewing the adequacy of disclosures made within the financial statements on the going concern basis of preparation; and
- discussing events after the reporting date with the directors to assess their impact on the going concern assumption.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 31 MARCH 2024

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, the AIM Rules for Companies and UK Tax legislation.

In addition, the group is subject to other laws and regulations that do not have a direct effect on the financial statements, but compliance with which maybe fundamental to its ability to operate or avoid a material penalty. These include anti-bribery legislation and employment law.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business.

We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
DP Laurent
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…………………………………..

Diane Petit-Laurent FCA (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

15 July 2024

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

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'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

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'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:

DocuSigned by:
Steve Dilks
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Steve Dilks
Director

Company Number: 05379931

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

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

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
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**

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

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

	Notes	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Other reserves £'000	Total £'000
Balance at 31 March 2022		**221**	**47,089**	**(19,596)**	**4,648**	**(22,654)**	**912**	**10,620**
Loss for the year		-	-	-	-	1,881	-	1,881
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**	**(19,596)**	**4,648**	**(20,773)**	**1,223**	**18,369**
Profit for the year		-	-	-	-	(423)	-	(423)
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**	**(19,596)**	**4,648**	**(21,196)**	**1,485**	**18,208**

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.

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

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

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000
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**
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:

DocuSigned by:
Steve Dilks
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Steve Dilks
Director

Company Number: 05379931

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

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

	Notes	Year ended 31 March 2024 £'000	Restated Year ended 31 March 2023 £'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	5,119	3,399
Cash and cash equivalents at end of year	15	**4,534**	**5,119**

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

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

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

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 AIM market 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 distributer 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.

2 Significant accounting policies (continued)

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.

<u>Consolidation</u>

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.

2 Significant accounting policies (continued)

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

2 Significant accounting policies (continued)

- 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 *Insurance Contracts*	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2 Significant accounting policies (continued)

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.

Pension costs

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.

2 Significant accounting policies (continued)

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.

2 Significant accounting policies (continued)

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.

2 Significant accounting policies (continued)

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.

2 Significant accounting policies (continued)

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 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.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than it's 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.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Deferred tax (continued)
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 31-Mar 2024 £'000	**Year ended 31-Mar 2023 £'000**
UK	46,177	42,451
Rest of World	100	-
Total	**46,277**	**42,451**

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	2024	2024	2024	2023
	Base Salary	**Pension**	**Other Benefits**	**Total**	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**

8 Earnings/(loss) per share (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

10 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Right of use asset £'000	Assets under Construction £'000	Total £'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 £'000	**2023 £'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.

11 Non-current assets (continued)

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 £'000	**31 March 2023 £'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 £'000	2023 £'000	2024 £'000	2023 £'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 £'000	2023 £'000	2024 £'000	2023 £'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 £'000	Loss allowance £'000	Net carrying amount £'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 £'000	Total Share Premium £'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:

17 Share based payments (continued)

	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.

21 Financial instruments – risk management (continued)

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.

21 Financial instruments – risk management (continued)

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 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:

21 Financial instruments – risk management (continued)

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

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

21 Financial instruments – risk management (continued)

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 £'000	**31 March 2023 £'000**	**31 March 2024 £'000**	**31 March 2023 £'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

21 Financial instruments – risk management (continued)

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 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'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.

COMPANY INFORMATION

Registered office	40 Water Lane Wilmslow Cheshire SK9 5AP
Registered number	05379931, England and Wales
Directors	Nicholas Mustoe – Non-Executive Chairman Alison Hall – Joint CEO Julie Lavington – Joint CEO Stephen Dilks - CFO Adam Reynolds – Non-Executive Director Andrew Booth – Non-Executive Director Lesley Watt – Non-Executive Director
Secretary	Stephen Dilks
Auditors	Saffery LLP Trinity 16 John Dalton Street Manchester M2 6HY
Nominated advisor	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Broker	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Registrars	Share Registrars Limited 3 The Millenium Centre Crosby Way Farnham GU9 7XX
Solicitors	Irwin Mitchell LLP One St Peter's Square St Peter's Square Manchester M2 3AF
Public Relations	Alma Strategic Communications 71-73 Carter Lane London EC4V 5EQ