

SOSANDAR



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FY 2020 Review and Current Trading Update



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Introduction

FY 2020 In Summary

- A year of strong growth - revenue up 103%
- Successful investment in:
 - People
 - Supply Chain
 - Product
 - Marketing
- Accelerated customer acquisition
- Highly engaged customers
- Robust infrastructure in place to drive continued growth and pave way to profitability with future economies of scale
- Industry recognition winning multiple industry awards



2020 Emerging Retailer *RETAIL WEEK*
2020 Best Digital Retailer Finalist *DRAPERS DIGITAL*
2020 Digital Team Of The Year Finalist *DRAPERS DIGITAL*
2019 Best New Online Business *DRAPERS DIGITAL*
2019 Digital Team of the Year *DRAPERS DIGITAL*
2019 Best Fashion Brand *DC AWARDS*





Covid-19 Swift Actions

- Agile business model enabled immediate switch from acquisition to cash preservation strategy
- Substantial reduction in marketing spend to focus on repeat orders from existing database
- Flexible supply base allowed careful management of stock to match demand and reduce risk
- Warehousing and fulfilment at Clipper successfully flexed to match changing needs
- All discretionary spend frozen



Successful Trading Year to Date

- Q1 revenue up 54% yoy with 71% reduction in operating costs
- Keen understanding of rapidly evolving customer needs and products they want
- Strength of product has continued to grow customer acquisition at reduced CPA
- Highlights the agility of the business model and the benefits of investing in customer acquisition for longer term growth

A woman with long brown hair, wearing a vibrant green leopard-print dress, is sitting on a wide stone step. She is looking back over her shoulder towards the camera. The background features a large, light-colored stone building with many windows and arches, suggesting a historic or Mediterranean setting. The lighting is warm and golden, indicating it might be late afternoon or early morning.

Financial Review

**CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

		Year ended 31 March 2020	Year ended 31 March 2019
	Notes	£'000	£'000
Revenue from contracts with customers		9,027	4,440
Operational costs		(4,646)	(1,975)
Gross profit		4,381	2,465
Administrative expenses		(11,662)	(5,874)
Share based payment		(375)	(76)
Depreciation and amortisation		(151)	(61)
Operating loss	4	(7,807)	(3,546)
Finance income	5	3	-
Finance costs	20	(10)	-
Loss on ordinary activities before taxation		(7,814)	(3,546)
Tax on loss on ordinary activities	7	-	-
Loss for the year		(7,814)	(3,546)
Other Comprehensive income		-	-
Total Comprehensive loss for the year		(7,814)	(3,546)

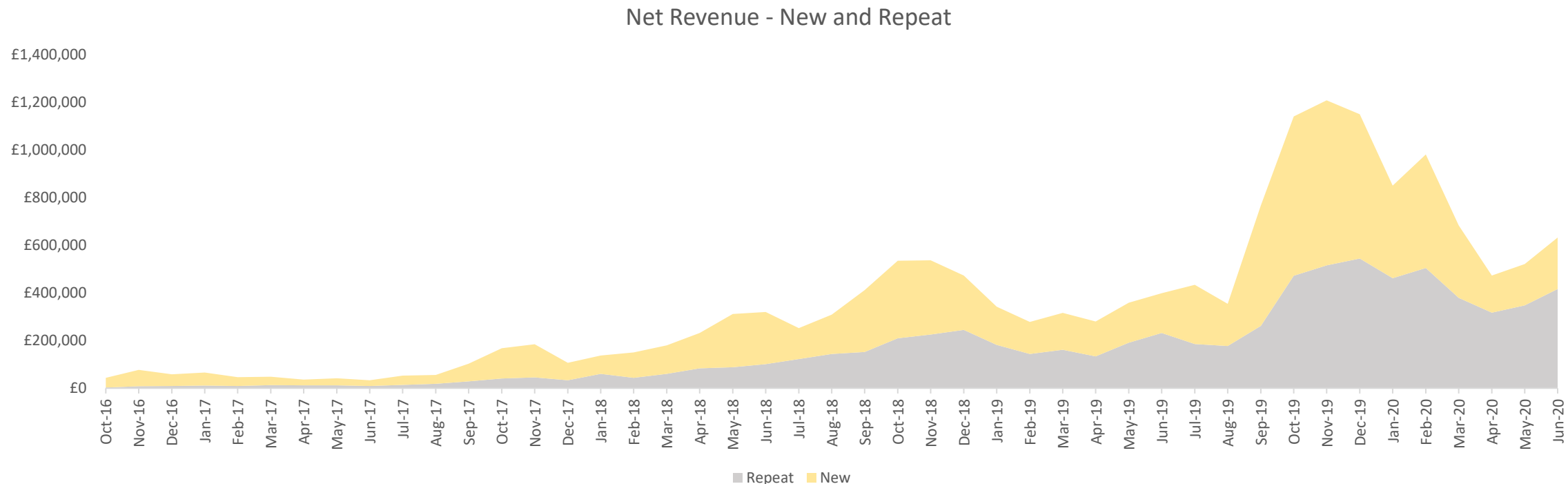
- Loss linked to acquisition of customer database which has been critical during Covid-19.
- Significant reduction in losses post period which shows the agility of the business to flex strategy in changing marketing conditions.
- Post period results helped significantly by investment in FY 2020.
- Share based payment – non cash

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	Notes	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Assets			
Non-current assets			
Intangible assets	9	198	163
Property, plant and equipment	10	282	147
Total non-current assets		480	310
Current assets			
Inventories	11	3,810	1,037
Trade and other receivables	14	1,001	366
Cash and cash equivalents	15	5,333	3,645
Total current assets		10,144	5,048
Total assets		10,624	5,358
Equity and liabilities			
Equity			
Share capital	16	192	116
Share premium	16	41,592	30,703
Capital redemption reserve	16	4,648	4,648
Other reserves	17	482	107
Reverse acquisition reserve	16	(19,596)	(19,596)
Retained earnings	18	(19,414)	(11,600)
Equity attributable to owners of the parent		7,904	4,378
Total equity		7,904	4,378
Liabilities			
Lease liability	20	49	-
Non-current liabilities		49	-
Trade and other payables	19	2,594	980
Lease liability	20	77	-
Total current liabilities		2,671	980
Total liabilities		2,720	980
Total equity and liabilities		10,624	5,358

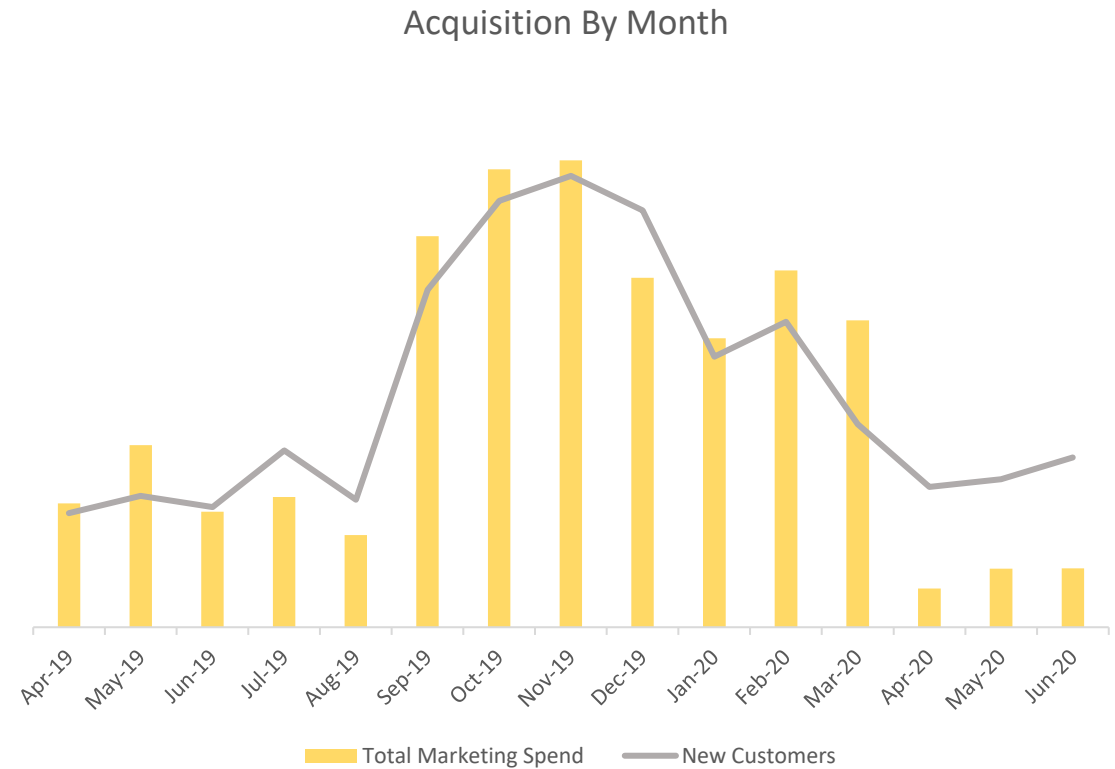
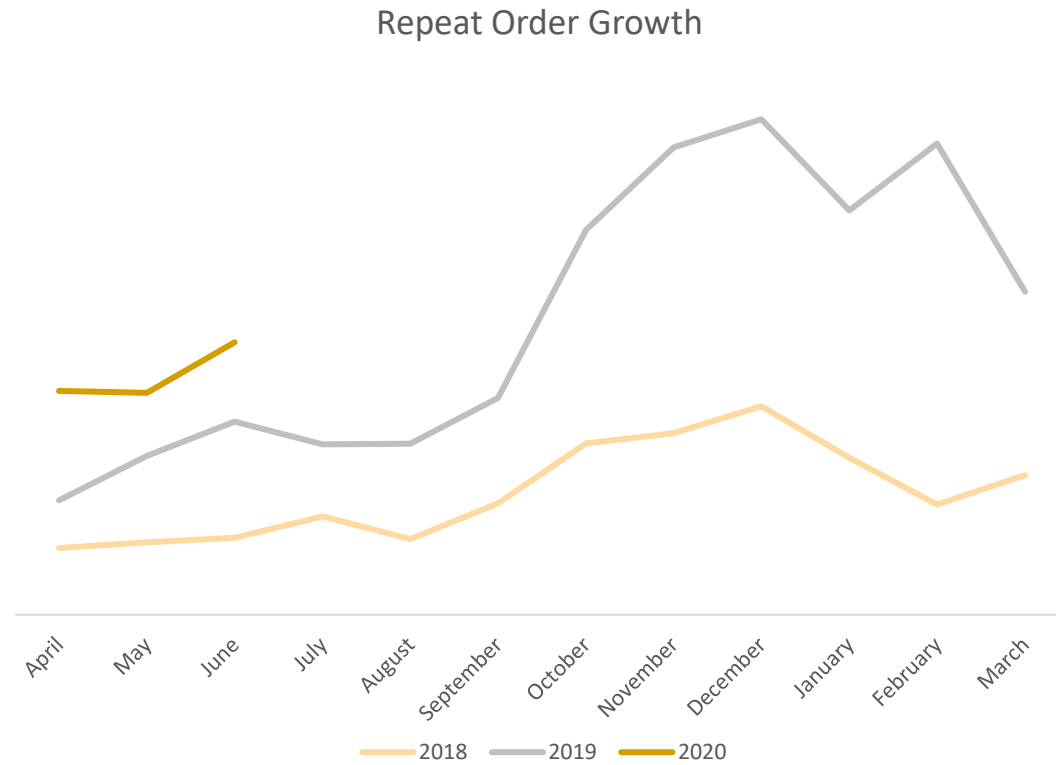
- Business remains light in capital expenditure. PPE increase a result of IFRS 16 changes bringing lease assets onto the balance sheet with corresponding liabilities.
- Stock increase linked to growth. Additional provision included in year end accounts but not high fashion and often seasonless helping to sell all year round.
- Imagery has been repurposed to match change in customer needs, i.e. more casual use.
- Cash at year end of £5.3m reduced to £4.4m in April and has stayed at the level since reflecting switch to cash preservation strategy. Proves again the agility of the business model and the importance of the database growth in the year.

Continued Repeat Order Growth and Customer Acquisition



- Repeat orders continued to grow throughout the year to March 2020
- Strong customer and income retention, so the more customers acquired now the greater future repeat revenue expected
- Quickly adapted to Covid-19 to reduce marketing spend impacting new customer acquisition but able to trade off the larger customer database built in prior periods

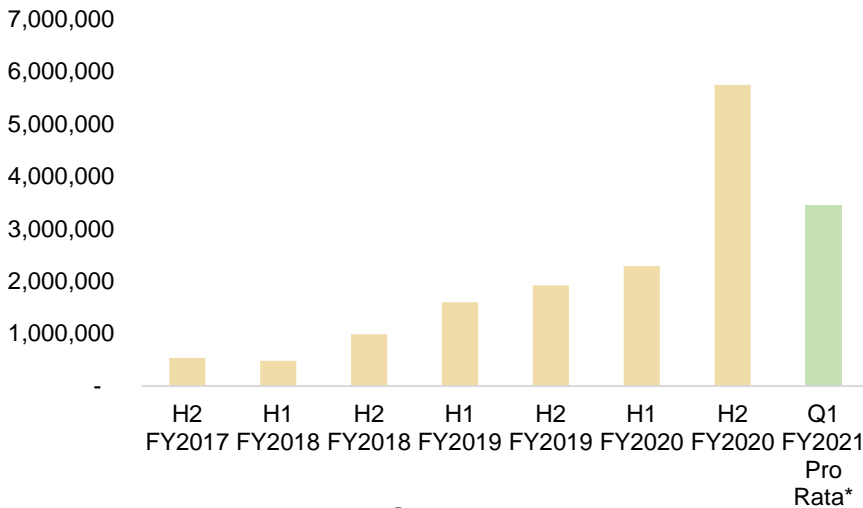
Increased Investment Delivering Growth In New & Repeat Customers



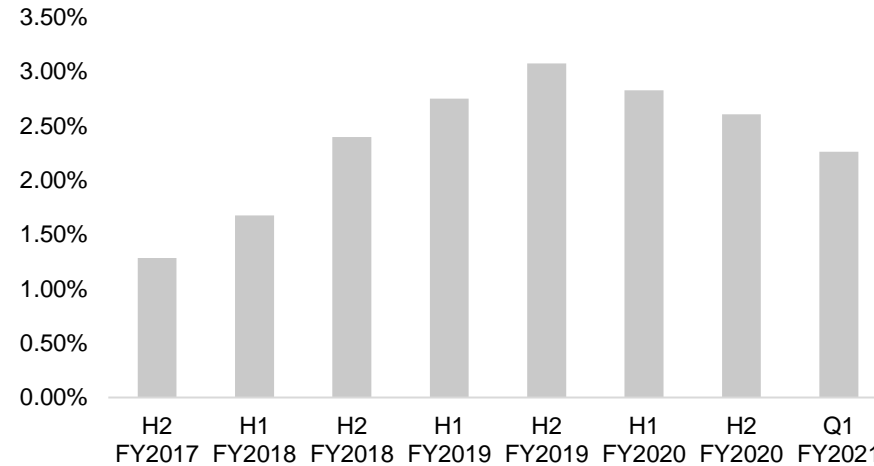
- Investment in product, team and marketing delivered significant growth in new customers, especially in H2 FY2020
- This significantly increased the database helping to grow repeat orders and drive efficiencies in Q1 FY2021 where we have seen an increase in new customers despite a significant decrease in marketing spend

KPIs Progress

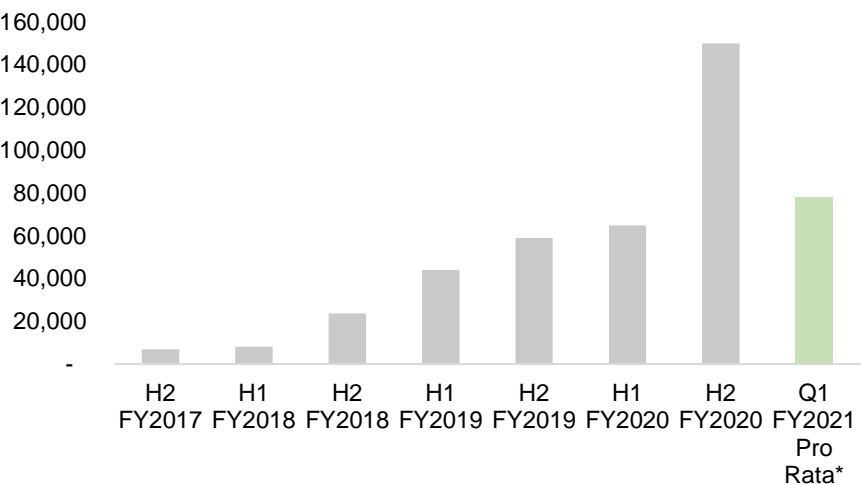
Web Visits



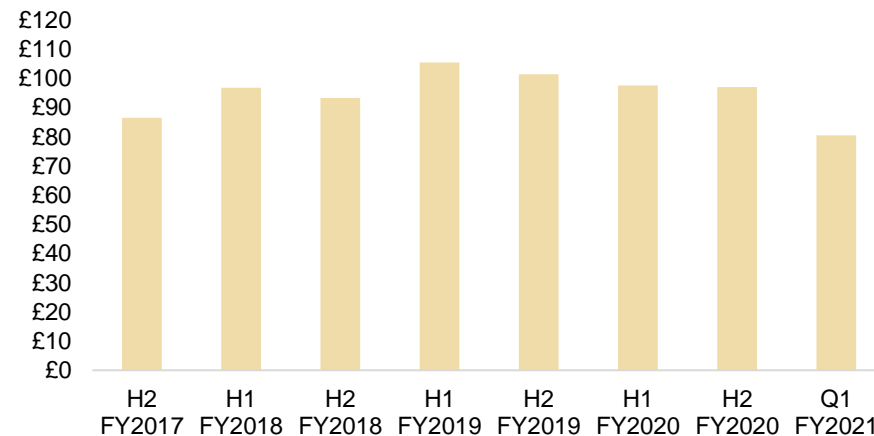
Conversion



Orders



Average Order Value



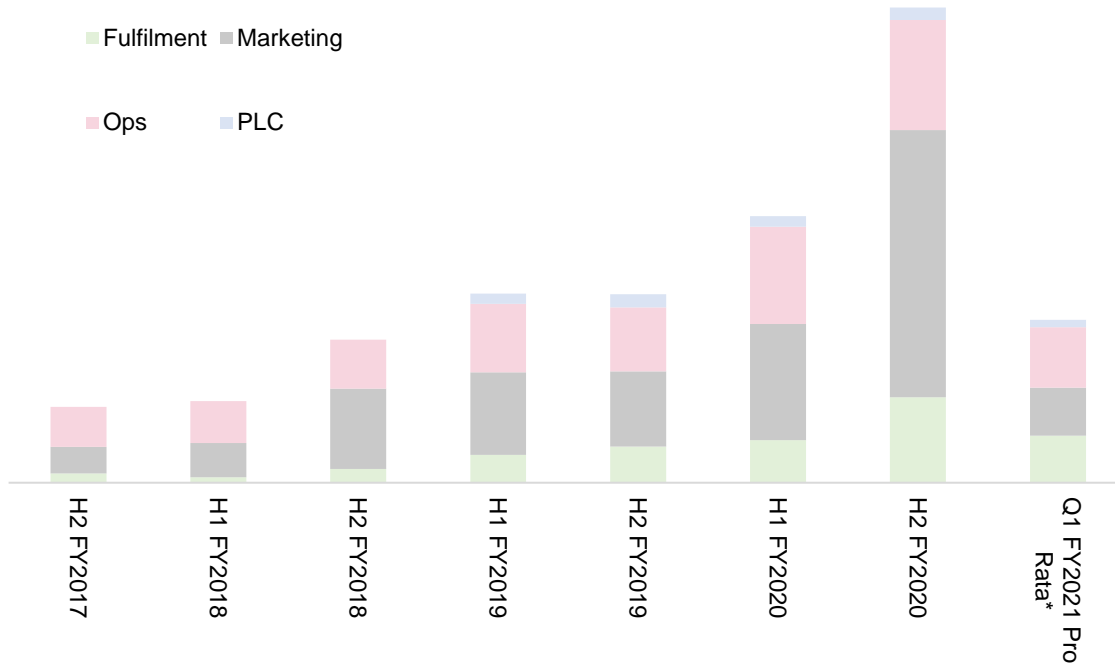
- H2 FY2020 saw significant growth in visits and orders thanks to investment¹²
- Q1 FY2021 impacted by Covid-19 but despite much reduced expenditure traffic and orders are up on prior year
- Conversion decreased in H2 due to increased traffic from TV who naturally browse with delayed purchase. The decrease in Q1 was similarly based on browsing behaviour and increased purchase consideration but we have seen conversion improve back to prior period levels in July
- AOV stable in H2 FY2020 with reduction in Q1 impacted by product mix with shift to more casual product with naturally lower unit prices. Again we have seen improvement in July

* Q1 performance for orders and web visits reflect a half year pro rata performance

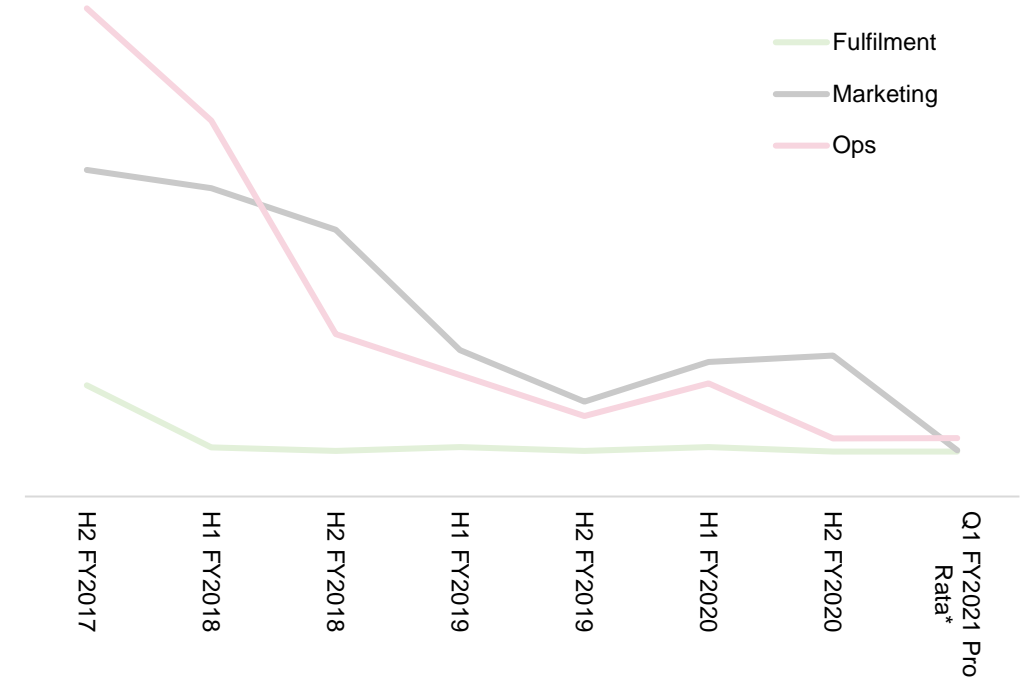
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Increased Investment For Long Term Efficiencies

Costs by Type



Costs as % of revenue



- Increased investment in team in H1 FY2020 helped achieve product range expansion in H2 FY2020 which combined with investment into new marketing channels helped drive growth
- Up front investment and some inefficiencies as testing new channels impacted the costs as % of revenue but built a strong base for the future
- Significant efficiencies in Q1 FY 2021 in marketing has helped ops cost efficiencies with actions taken to make sure these efficiencies are maintained going forward



Outlook

Outlook for Autumn

- Investment in customer acquisition planned for September, October, November with anticipated efficiencies from previous learnings and broader product range
- Launch of Sosandar on John Lewis and Next website platforms
- Diversified product range and peak selling season for development categories of knitwear, denim and lounge
- Highly engaged repeat customer base on which to layer new acquisition
- A strong diversified worldwide supply base to mitigate risk of Covid-19 effects on individual countries
- An expert team who have proven their skill and commitment in the most challenging of times.
- Cautiously optimistic about the coming months and more excited than ever about the longer-term prospects for Sosandar

