

Date: 11 July 2023
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc

Full Year Results

A milestone year delivering first full year of profitability and laying the foundations for next stage of growth journey

Sosandar PLC (AIM: SOS), one of the fastest growing fashion brands in the UK creating quality, trend-led products for women of all ages, is pleased to announce its financial results for the year ended 31 March 2023 and an update on trading for Q1 of the current financial year.

FY23 has been a transformational year for Sosandar as the Group delivered a strong financial performance including increases in both revenue and profitability despite the challenging macroeconomic conditions. Sosandar has seen continued progression against its KPIs with growth across all metrics on its own site and sustained momentum with third party partners.

FY2023 Financial Highlights

- Revenue growth of 44% to £42.5m (FY22: £29.5m)
- First full year of profitability, delivering PBT of £1.6m which is a £2.2m positive swing versus the previous year (FY22: £0.6m loss)
- Gross margin maintained at 56.1% (FY22: 56.0%) despite growth in revenue through lower margin wholesale channel
- Net cash of £10.6m as at 31 March 2023 (FY2022: £7.0m) following strong trading and an oversubscribed fund raise in February 2023

FY2023 Operational and Strategic Highlights

- The Company continues to deliver increasing levels of customer engagement on Sosandar.com with all KPIs increasing YoY:
 - Total orders increased 22% to 621k
 - Active customers increased 19% to 265k
 - Conversion Rate of 4.11%, up from 3.87% in FY2022
 - Average order frequency continues to grow, now at 2.34 times per annum
- The fast-tracked development of key product lines has proven successful with all identified lines meeting or exceeding expectations with strong sales of knitwear, formal tailoring, coats and occasion wear
- Trading with our now well-established third-party partners, including Next and Marks and Spencer, has been extremely strong, with a record quarter for the Group delivered through third parties in Q3 FY23 followed by a strong Q4
- Successful initial online launch of partnership with J Sainsbury's is currently performing in line with expectations and the in-store rollout of our curated collection is on track for launch in September 2023
- Accelerated investment in strategic growth initiatives following a successful over-subscribed equity fundraise of £5.5m in January 2023

Post-period Trading Highlights

- Strong start to Q1 FY2024 with revenue of £11.4m, up 10% against a strong prior year comparator, with the impact of strategic initiatives to come through in H2 FY24
- Global-e to go live in July 2023 allowing the Company to transact and fulfil orders worldwide in a cost-effective manner
- Current trading in line with market expectations reflecting strong performance on both own site and through third-party partners
- Product across all categories has continued to resonate with customers with particularly strong sales of summer occasion wear and holiday clothing

- Mobile app is currently in user testing and is expected to launch in Q2 FY24
- Partnered with Bloomreach, a market leading customer data platform, to deliver a more bespoke and data driven customer experience with a full launch expected in July 2023
- Signed a new third-party wholesale partnership with Freemans, part of the Otto Group, to commence in September 2023
- Cash at 30 June 2023 of £10m, reflecting further investment in inventory and continued strong trading

** Sosandar believes that market expectations for the year ending 31 March 2024 are currently revenue of £57.0 million, and PBT of £2.8 million.*

FY2023 KPIs (Own Site)

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Change
Sessions	15,091,247	13,141,632	15%
Conversion rate	4.11%	3.87%	24bps
Number of orders	620,977	508,473	22%
AOV	£97.27	£90.39	8%
Active customers	264,832	223,253	19%
Average Order Frequency	2.34	2.28	3%

Ali Hall and Julie Lavington, Co-CEOs commented:

"We are delighted to report on what has been a transformational year for Sosandar. Despite the challenging macroeconomic backdrop, we have seen increasing demand for our products across all categories with strong trading across both Sosandar.com and through our third-party partners. The sustained growth in revenue and profitability throughout the period is testament to our ability to deliver a unique quality product offering and highly effective marketing strategy, that resonates with our customer base. Our success to date would not be possible without the commitment and dedication of our team and we would like to take this opportunity to extend our appreciation to all of our staff for their hard work during the year.

As Sosandar continues to grow, we remain committed to investing in our product range to offer our customers an ever-growing variety of on-trend, affordable, long lasting, lifestyle appropriate clothes. We are delighted to report that demand for our fast-tracked product range has continued to increase with knitwear, formal tailoring, coats, partywear, summer occasion wear and swim and beach wear all performing particularly well during the year.

Our third-party partnerships continue to perform extremely well and we were delighted to become an omnichannel retailer through our partnership with Sainsbury's. The partnership will accelerate growth in our market share and the awareness of our brand as we provide our large but underserved demographic with more opportunities to purchase our unique and diverse products. We are also excited that we will imminently be able to transact and fulfil orders worldwide through our agreement with Global-e which is set to go live this month, providing women across the globe with access to our unique and diverse product range.

The momentum built throughout FY23 has continued into FY24 with current trading in line with expectations. We are very excited for the opportunity available to us in FY24 and beyond as we deploy the money raised from our over-subscribed equity fundraise in January 2023 to support our growth both in the UK and internationally."

Presentations

Sosandar is hosting a webinar for analysts at 09:00 hrs BST today. If you would like to register, please contact sosandar@almapr.co.uk

The Company is also hosting a webinar for retail investors at 12:30 hrs BST today. If you would like to attend, please register here: https://bit.ly/SOS_FY_results_webinar

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

About Sosandar plc

Sosandar is one of the fastest growing women's fashion brands in the UK targeting style conscious women who have graduated from price-led alternatives. The Company offers this underserved audience fashion-forward, affordable, quality clothing to make them feel sexy, feminine, and chic. The business sells predominantly own-label exclusive product designed in-house.

Sosandar's product range is diverse, providing its customers with an array of choice for all occasions across all women's fashion categories. The company sells through Sosandar.com and has brand partnerships in place with Next, John Lewis, Marks & Spencer, The Very Group, JD Williams and J Sainsbury.

Sosandar's strategy is to continue growing brand awareness and expand its customer database, whilst also further driving its high levels of customer retention. This is achieved through its exceptional products, seamless customer experience and impactful, lifestyle marketing activities all of which is underpinned by combining innovation with data analysis.

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

Chairman's Statement

Introduction

I am pleased to be reporting my first set of results as Chairman of Sosandar. I took over as Interim Chairman in incredibly sad circumstances following the sudden death of Bill Murray in February this year. Bill was with Sosandar from the beginning and played an important part in steering the Group to the great success it has achieved. He has left a lasting legacy on the business.

FY23 has been a pivotal year for Sosandar and it is pleasing to report a set of results which demonstrates another period of significant momentum across all aspects of the business. The Group has delivered substantial increases in revenue, gross margin and scale economies, whilst also delivering its first full year of profitability. This performance once again demonstrates the desirability of the Sosandar product range with our customers and its managements' ability to steer the business through the challenging backdrop we have faced.

This outstanding performance has been driven by the continued success across both our own site as well as our third-party partners. Sosandar.com is the heart of the Group's success and is the lifestyle hub where customers access the complete Sosandar experience including the full extent of our diverse range. This site is continually updated with new product and content and we are constantly working and investing to ensure that we maintain a seamless customer experience through this channel. Trading with our now well-established third-party partners, John Lewis, Marks and Spencer, NEXT, The Very Group and JD Williams, has been extremely strong, with a record quarter for the Group delivered through third parties in Q3 FY23 followed by a strong Q4. In January, we were delighted to secure a new partnership with another renowned British retailer, J Sainsbury's. This partnership has elevated our strategy from pureplay to an omnichannel brand and will enable us to provide our large but underserved demographic with more opportunities to purchase our unique and diverse products.

Executing the next stage of our growth strategy

In February 2023 we successfully completed an over-subscribed equity fundraise of £5.5m of net proceeds, with both existing and new investors showing support for the business and its plans for future growth. These funds will provide the balance sheet flexibility to enable us to execute our omni-channel strategy, starting with increasing stock from Autumn/Winter 2023 for the in-store launch with Sainsbury's, fast-tracking other growth initiatives and accelerating our proven customer acquisition model.

Despite the strength of the sustained performance over the past two years, we continue to see a number of opportunities for further growth both on our own site and through our third-party partners in the coming months and beyond as we to move forward with our objective to make Sosandar one of the largest womenswear brands globally. As a result, as previously announced, in order to prepare for further momentum in FY24, we brought forward investment in some growth initiatives in the latter part of Q4 FY23 that were originally planned for FY24. These investments are centred around operations, technology platforms and international strategy, which will help support and develop the Group's future growth initiatives.

Nurturing and investing in our team

The Sosandar team is the heartbeat of the business. Our 85 employees continuously show dedication, creativity, enthusiasm and passion for the Sosandar brand. The culture that transmits throughout the organisation is testament to the team that has been built and the performance that we have delivered over the past year would not have been possible without their commitment to the Sosandar brand and customers.

As previously announced, in the latter part of Q4 FY23 we further strengthened Sosandar's operational capabilities in order to ready ourselves for the opportunities ahead with the recruitment of an Ecommerce Director, Commercial International Director and Head of Operations. Their significant experience will help us continue to execute against the next stage of our growth strategy.

Maintaining effective governance

The Board of Sosandar remains committed to maintaining and enhancing our corporate governance framework. We have an agile, balanced board, able to make decisions based upon robust assessment and evaluation, but always in a timely fashion.

In September 2022, we were delighted to welcome Lesley Watt to the Group's Board as a Non-Executive Director. Lesley has provided a wealth of knowledge and experience with her appointment to the board. At the same time, we announced that Mark Collingbourne would step down from the Board having supported the Group as Group Finance Director and subsequently as a Non-Executive Director.

Being a responsible business

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.

Outlook

The current financial year has started pleasingly, and we are trading in line with our expectations for full year growth. The investments that were made in Q4 FY23 are already bearing fruit across the business, and we are making large strides operationally with the development of our technology platform and finalising our international strategy. The Sosandar product range continues to resonate with our customers and we are committed to ensuring that we offer them a seamless customer experience through all of our sales channels, and continuing to deliver for all our stakeholders.

Nicholas Mustoe
Chairman

CO-CEO'S STATEMENT

A milestone year

FY23 has been a milestone year for Sosandar. Over the last six years, the business has grown from a true start-up to what is now a profitable brand delivering multi-million-pound revenue with clothes being sold in the UK's biggest retailers.

Sosandar's sustained progress to date is testament to our ability to deliver a unique quality product offering and highly effective marketing strategy that resonates with our customer base. We have continued to drive momentum within the business and the success of our strategy is reflected by the 44% growth in sales during the period and substantial positive swing of PBT to £1.6m, marking the first year of profitability for Sosandar. This performance is even more notable when considering it has been achieved against the backdrop of some of the most challenging macroeconomic conditions facing the retail sector in decades.

While we have achieved considerable financial and operational success during the year, we have not rested on our laurels and in the latter part of Q4 we took the decision to make investments in order to accelerate our growth strategy to capitalise on the considerable opportunity available to us in the market right now and build the infrastructure to start serving our target customers internationally. These investments have been made possible following our recent over-subscribed equity fundraise in February 2023 which saw Sosandar raise £5.5 million of net proceeds from both existing and new shareholders. We would like to thank all who took part in the raise, and we are excited to utilise this capital to accelerate investments as we begin the next phase of our growth journey.

As ever, the growth achieved during the year is a result of the hard work and dedication of our valued staff and partners. We would like to take this opportunity to extend our sincere gratitude to everyone who has contributed to this transformational year for the Group.

While we are so pleased with progress made throughout FY23, it is tinged with sadness following the sudden passing of our former Chairman, Bill Murray, in February 2023. Bill will be deeply missed by all of the Sosandar team, and he has left a lasting legacy on the business.

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 incredibly strong performance has evidenced 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 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, reflected in our price point.

Financial performance

Despite the challenging macroeconomic headwinds impacting the wider retail sector we have delivered a strong financial performance for the year which included a record Q3 and a full year revenue increase of 44% to £42.5m. As we continue to build on the momentum from previous years, we are delighted to report PBT of £1.6m, a significant positive swing of £2.2m year on year and first full year of profitability for Sosandar.

The strength of our performance has given us the confidence to accelerate investment previously anticipated for FY24 in order to capitalise on this momentum and execute on our growth strategy ahead of plan.

Performance across our own site has continued to go from strength to strength and drive growth with the number of orders increasing 22% to 620,977 of which 148,382 were from brand new customers and average order value up 8% to £97.27 (FY22: £90.39).

Our net cash balance as at 31 March 2023 was £10.5m (FY22: £4.2m), following the successful equity fundraise of £5.5 million (net) in February, which will allow us invest further into FY24.

Our strategy and future objectives

Our strategy is central to the ongoing success and scale of our business and is spread over four pillars: product, marketing, sales channels, and supply chain.

1. Expanding our product range

As a clothing brand our product is obviously everything. This is the key driver to success that makes everything work and our unique product range continues to resonate very well with our customer base.

As we execute on the next stage of our growth strategy, we have invested further in the procurement of stock to facilitate demand across both our own site and third-party partners.

The fast-tracked development of key product lines has proven successful with all identified lines meeting or exceeding expectations. In particular, during the Winter season we saw strong sales of knitwear, formal tailoring, coats and partywear. As we entered the Spring / Summer season the new launch of categories such as summer occasion wear and swim and beach wear have performed very well.

2. Refinement of our data-driven marketing strategy

Our highly effective marketing strategy has been a central growth driver for the Group, delivering both new and repeat customers on our own site and through our third-party partners. We ensure that our industry-leading strategy is constantly evolving using data-driven learnings to improve its effectiveness in reaching an ever-increasing audience. Our strategy is to acquire high quality customers who will go onto repeat purchase.

We focus on TV advertising, brochures and social media as our three main areas for marketing investment. Because of our backgrounds in media, we have been able to develop a strategy that makes all forms of media work from print to digital, and this has stood us in good stead as we are not reliant on one channel.

Our brochures are produced brand new at every issue, put together like we would a magazine with fresh imagery, new product and turned round in a matter of days so that we can exactly tap into what customers are thinking and feeling at any moment.

These three areas are then supplemented by our email marketing communications. The success that we have seen through this channel allows us to deliver such high repeat orders and retention rates. We believe that we have industry leading open rates as we use our email database like a Newsdesk.

Post period, we are delighted to announce the launch of our first TV sponsorship campaign with ITV's weekend breakfast which runs from April through to September.

3. Driving sales through multiple channels

Sosandar's multi-channel sales strategy has continued to see success with an outstanding year of trading across both Sosandar.com and our well-established third-party partners.

Sosandar.com is the anchor of our business and we have seen increases across all of our KPIs including total number of orders increasing by 22% to 620,977 and the average order value up 8% to £97.27 (FY22: £90.39).

Trading with our now well-established third-party partners, John Lewis, Marks and Spencer, NEXT, The Very Group and JD Williams, has been extremely strong, with a record quarter for the Group delivered through third parties in Q3 FY23 followed by a strong Q4.

Throughout the period, the amount of stock allocated to each partner was increased to meet the rising demand generated through these channels.

In January, we were delighted to announce our decision to become an omnichannel retailer as we entered into an agreement to sell a curated collection of products through J Sainsbury's. Initially, Sosandar products began selling with Sainsbury's online in March 2023 and have been performing in line with expectations. The rollout of Sosandar's products across a number of selected stores is expected in August 2023 and in time for the important Autumn/Winter season. This expansion instore will elevate our business and will enable us to provide our large but underserved demographic with more opportunities to purchase our unique and diverse products. We expect this partnership to deliver a significant combined contribution in the current financial year and beyond.

4. An agile, resilient supply chain

The importance of a diversified, flexible supply base and having partners with expertise in this area, has always been at the heart of our operation. We are an agile business, allowing us to continually adjust our product offering, warehousing and fulfilment operations in line with the ever-changing needs of our customers.

Fostering strong, long-term relations with a number of manufacturers in different territories and pivoting rapidly between transport methods has been the key to our success and is vital to achieving our desired scale.

Accelerated investment in growth initiatives

The market opportunity available to Sosandar in the UK and internationally is significant and in order to position the Group to fully capitalise on this, the Board accelerated investment in growth initiatives in the latter part of Q4 FY23 that were originally planned for FY24. To facilitate this, in February 2023 we successfully completed an over-subscribed equity fundraise of £5.5m (net) with support from current and new investors to enable future growth.

This capital will significantly support and develop the Group's future growth initiatives and allow us to boost our customer acquisition strategy and ultimately increase market share.

1. Operational enhancements

Operationally, these investments have included the strategic hiring of an ecommerce Director, Commercial International Director and Head of Operations which will significantly enhance our operational capabilities and provide the infrastructure to scale to meet the market demand for Sosandar's products.

While originally planned for FY24, we have been fortunate to find the right people to fill these positions and their significant experience will help the Group continue to execute its growth strategy as it enters into its next phase of development and invests for future growth.

2. Technology platforms

Ensuring that our technology is constantly evolving is an integral part of allowing the increasing number of Sosandar customers to effectively engage with brand online and avail of our expanded product offering. To facilitate this further, we have commenced the development of a mobile app which will launch in Q2 FY24.

Sosandar.com is the anchor of our business and we make sure that it is constantly improving to increase user experience and make it more accessible for current and new customers. As such, we have invested in personalisation and segmentation tools to enable further progression customer acquisition, retention, order frequency and average order value, as well as build the infrastructure to take advantage of international opportunities.

3. International strategy

The opportunity available for Sosandar both in the UK and internationally is vast and as we progress into the next stage of our growth journey, we are exploring and researching opportunities to serve this targeted international customer base whilst remaining conscious of managing costs and implementation risk.

As part of this strategy, we are delighted to announce that we have signed an agreement with Global-e, the world's leading platform to enable and accelerate global, direct-to-consumer, cross-border ecommerce, that will allow us to transact and fulfil orders worldwide in a cost-effective manner. This agreement is expected to go live in Q2 FY24 and will mark a notable milestone for the Group as it increases market share across the globe.

Outlook

The sustained momentum across Sosandar, with growth in revenue and profitability delivered in FY23, is testament to our ability to provide a unique quality product offering and highly effective marketing strategy that resonates with our customer base. However, we are not resting on our laurels and are committed to constantly evolving.

FY24 has started well, and we are trading in line with full year expectations. We have continued to see growth across all product ranges with particular success in our summer occasion wear and beach and swim ranges. As such, we are going to be launching our biggest ever occasion wear range in time for the key trading period towards Christmas and will also stock beach and swim wear all year round to cater for all of our customers' needs at any time of the year.

Looking ahead, in Q2FY24 we expect to launch our mobile app after the user testing process is completed and are finalising our international strategy which will run in conjunction with our agreement with Global-e, both of which will enable us to increase our market share and offer our customers more ways to shop with Sosandar. Our in-store launch with J Sainsbury's continues to progress to plan and is expected to launch in selected stores in August 2023 and in time for the important Autumn/Winter season.

This expansion instore will elevate our business and will enable us to provide our large but underserved demographic with more opportunities to purchase our unique and diverse products. We expect this partnership to deliver a significant combined contribution in the current financial year and beyond.

Whilst we are trading well and have not had any material disruption to date, we remain vigilant to the external challenges including inflationary pressures on consumer spending and believe our agile approach and understanding of our customers positions us well.

We are extremely excited about the next stage of our growth journey as we take the Sosandar brand to more customers across the globe and continue on our journey to become one of the largest womenswear brands globally.

Ali Hall & Julie Lavington

Co-CEO's

FINANCIAL REVIEW

KPI's

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Change
Revenue	£42,451	£29,458	44%
Gross Profit	£23,837	£16,496	45%
Gross Margin	56.15%	56.00%	15bps
Administrative Expenses	£22,200	£17,042	30%
Profit / (Loss) before tax	£1,597	(£554)	388%
EBITDA*	£1,872	(£229)	917%

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Change
Sessions	15,091,247	13,141,632	15%
Conversion rate	4.11%	3.87%	24bps
Number of orders	620,977	508,473	22%
AOV	£97.27	£90.39	8%
Active customers **	264,832	223,253	19%
Average Order Frequency ***	2.34	2.28	3%

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

*** 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 had a milestone year in terms of growth, resulting in the first full year of profitability, with PBT of £1.6m which is a £2.2m positive swing versus the previous year. All KPI's have moved positively on Sosandar.com and results through our growing number of third-party partnerships continuing to go from strength to strength.

The performance is particularly pleasing given it has been delivered against a backdrop of macro-economic challenges which increased throughout the year. Our agility and underlying approach to spreading risk across our business has enabled us to thrive in spite of these challenges including supply chain disruption and inflationary pressures.

The oversubscribed equity raise of £5.5m (net) in February 2023 will enable the business to invest further in its many growth opportunities including the first move into bricks & mortar through the partnership with J Sainsburys from the autumn season. The balance sheet strength will allow us to take advantage of further opportunities as and when these arise.

Revenue up +44% to £42.5m

The substantial growth in revenue reflects the ever-growing demand for Sosandar product with incredibly strong performance from both Sosandar.com and through third-party web platforms.

Revenue each quarter increased during the year with Q1, Q2 and Q3 setting new all-time records and even the traditionally quieter Q4 being strong with the month of March being +32% up on the previous year.

Gross Margin +15bps to 56.15%

Gross Margin improved compared with the prior year to 56.15% despite the growth in lower gross margin wholesale channel following the launch with The Very Group, NBrown and J Sainsbury's in March 2023.

Actions taken have continued to deliver gross margin benefits throughout the year. These have included price increases, improved supplier cost prices and further efficiencies in inbound freight costs.

Selected price increases were implemented in Q3 to help mitigate the impact of the weaker Sterling against the Dollar. Minimal price increases have been implemented since Sosandar was launched and as such, in some product categories our price points were below comparable brands in the market.

Further benefits have been delivered by the Sosandar buying and sourcing team with regards to supplier cost prices reflecting increased buying power, larger quantities being ordered and the increased importance and trust that suppliers have in the Sosandar brand.

Following the significant change in our inbound freight strategy during FY22, this has continued to be refined during FY23 resulting in further incremental benefits. The mix of inbound freight has been balanced between road, air and sea throughout the year and additional partners have been onboarded to ensure the best value is delivered by managing methods, routes and vessels for each shipment.

Administrative Expenses

Total administrative expenses increased by 30% to £22.2m (FY 2022 £17.0m) compared to a 44% increase in revenue.

As a result, administrative expenses as a percentage of revenue reduced to 52% (FY2022 58%) reflecting the benefit of scale whilst continuing to invest in all areas of the business to drive sustained growth in revenue and all KPI's.

Spend on marketing in the year continued to follow a similar strategy to the previous year with focus on TV, social and brochures with peak months of investment being where the return on investment is greatest. Overall, spend increased by 3% year on year with the cost of customer acquisition remaining below £20 which is really pleasing.

The cost of fulfilment which includes warehousing and customer order delivery costs increased by 26% compared to the previous year.

From a warehousing perspective, our 3PL partner, GXO (Clipper) have continued to deliver for our multi-channel customers and have adapted the operation to manage bulk-order wholesale customer in addition to B2C demand. In Q4, we onboarded Evri as an additional customer delivery partner, in addition to Royal Mail in order to give our customer greater choice. This has also helped to reduce our average cost of delivery, which will yield greater benefit in FY24.

The largest increase in administrative expenses is from third party commissions (increased by 59%) which reflects the growth in revenue through our concession partners (John Lewis, 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 Sosandar.com.

Other administrative expense which includes staff costs increased by £1.7m (52%) compared to the previous year. Headcount increased by 24 during the year to an average of 78 with a closing headcount of 85 as at March 2023. 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 FY24. Key roles have included an Ecommerce Director, Commercial International Director, Head of Operations and Head of People.

Statement of Financial Position

The statement of financial position is robust. As at 31 March 2023, the Group had net assets of £18.4m (FY2022 £10.6m) and a net current asset position of £17.2m (FY 2022 £10.1m - refer to note 1, deferred tax assets have been represented as part of non-current assets).

During FY23, the financial position was further strengthened following an equity raise of £5.5m (net) which will enable the Group to accelerate concurrent growth initiatives including roll out into stores through the wholesale arrangement with Sainsbury's and to take advantage of international opportunities. The strength of the balance sheet which includes a cash balance of £10.6m (FY2022 £7.0m) and no bank indebtedness will allow for ongoing investment in inventory to support all sales channels, whilst also investing in people and technology to ensure the trajectory of growth can be delivered.

The movements in the statement of financial position reflects the investment in the business throughout the year, with an increase in inventory to £12.4m (FY2022 £7.3m).

This includes stock on hand, stock in transit reflecting the higher proportion of supply coming to the UK via sea and road as well as an increase in the right to return asset which covers post year end returns.

Trade and other payables increased to £8.4m (FY2022 £6.8m) reflecting the increase in business scale in the year.

Creditor payment days have continued to move favourably as the Group has become a more important and trusted customer for our supply partners and credit insurance is now being available following the sustained strong financial performance over the last 18 months. Contract liabilities increased to £2.6m (FY2022 £2.0m) which is as expected and reflects the growth in provision required for post year end refunds for orders fulfilled within the year reflecting the year-on-year increase in revenue. Liability for VAT increased to £1.1m (FY2022 £0.9m) which is due to the increase in revenue with settlement to HMRC being made quarterly.

Trade and other receivables increased to £2.7m (FY2022 £2.5m) which includes amounts owing from concession and wholesale customers. No change to payment terms have been made during the year and all payments have been received on time and in full.

Non-current assets have increased to £1.7m (FY2022 £0.9m - refer to note 1, deferred tax assets have been represented as part of non-current assets) being due to the second office lease taken on in April 2022 to provide the space for our growing team to be accommodated.

Cashflow

The Group had a net cash position as at 31 March 2023 of £10.6m (FY2022 £7.0m). As highlighted already, the Group's cash position was strengthened with the fund raise in February 2023 with the proceeds being utilised to:

- accelerate the execution of its omni-channel strategy through further investment in stock, enabling increased provision of Sosandar's product range in-store with third party partners including J Sainsbury's from Autumn/Winter 2023 onwards;
- create further balance sheet headroom to fast-track other growth initiatives as well as enable accelerated investment in the Group's proven customer acquisition model.

The Group is in a strong position, with sufficient working capital to take advantage of opportunities in FY24 and beyond.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the Year ended 31 March 2023**

		Year ended 31 March 2023	Year ended 31 March 2022
	Notes	£'000	£'000
Revenue	3	42,451	29,458
Cost of sales		(18,614)	(12,962)
Gross profit		23,837	16,496
Administrative expenses		(22,200)	(17,042)
Operating profit/(loss)		1,637	(546)
Finance costs	5	(40)	(8)
Profit/(loss) before taxation		1,597	(554)
Income tax credit	7	284	412
Group profit/(loss) for the year		1,881	(142)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		1,881	(142)
Earnings/(loss) per share:			
Earnings/(loss) per share – basic, attributable to ordinary equity holders of the parent (pence)	8	0.84	(0.07)
Earnings/(loss) per share – diluted, attributable to ordinary equity holders of the parent (pence)		0.74	(0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 March 2023**

		As at 31 March	As at 31 March
		2023	2022
	Notes	£'000	£'000
Assets			
Non-current assets			
Intangible assets	9	-	-
Property, plant and equipment	10	991	446
Deferred income tax asset	1,7	696	412
Total non-current assets		1,687	858
Current assets			
Inventories	12	12,361	7,307
Trade and other receivables	14	2,730	2,495
Cash and cash equivalents	15	10,576	7,048
Total current assets		25,667	16,850
Total assets		27,354	17,708
Equity and liabilities			
Equity			
Share capital	16	248	221
Share premium	16	52,619	47,089
Capital Reserves		4,648	4,648
Other reserves		1,223	912
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings		(20,773)	(22,654)
Total equity		18,369	10,620
Current liabilities			
Trade and other payables	18	8,355	6,761
Lease liability	19	148	38
Total current liabilities		8,503	6,799
Non current liabilities			

Lease liability	19	482	289
Total non current liabilities		482	289
Total liabilities		8,985	7,088
Total equity and liabilities		27,354	17,708

Consolidated statement of cash flows

For the Year ended 31 March 2023

		Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
	Notes		
Cash flows from operating activities			
Group profit/(loss) before tax		1,597	(554)
Adjustments for:			
Share based payments	17	311	255
Depreciation and amortisation	9, 10	235	317
Finance costs		40	8
Working capital adjustments:			
Change in inventories		(5,054)	(4,441)
Change in trade and other receivables		(235)	(1,768)
Change in trade and other payables		1,594	3,906
Net cash flow from operating activities		(1,512)	(2,277)
Cash flow from investing activities			
Addition of property, plant and equipment	10	(400)	(36)
Initial direct costs on right of use asset		-	(18)
Bank interest paid	5	-	(4)
Net cash flow from investing activities		(400)	(58)
Cash flow from financing activities			
Gross proceeds from issue of equity instruments	16	5,900	5,813
Costs from issue of equity instruments		(343)	(287)

Lease payment	19	(117)	(71)
Net cash flow from financing activities		5,440	5,455
Net change in cash and cash equivalents		3,528	3,120
Cash and cash equivalents at beginning of year	15	7,048	3,928
Cash and cash equivalents at end of year	15	10,576	7,048

Consolidated statement of changes in equity

For the year ended 31 March 2023

		Share capital	Share premium	Reverse acquisition reserve	Capital redemption reserve	Retained earnings	Other reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		192	41,592	(19,596)	4,648	(22,512)	657	4,981
Loss for the year		-	-	-	-	(142)	-	(142)
Share-based payments	17	-	-	-	-	-	255	255
Issue of share capital	16	29	5,784	-	-	-	-	5,813
Costs on issue of share capital	16	-	(287)	-	-	-	-	(287)
Balance at 31 March 2022		221	47,089	(19,596)	4,648	(22,654)	912	10,620
Profit 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

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

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

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

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

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

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

Company statement of Financial Position

For the year ended 31 March 2023

		As at 31 March 2023 £'000	Restated As at 31 March 2022 £'000	Restated As at 31 March 2021 £'000
	Notes			
Assets				
Non-current assets				
Investments	11	7,432	7,128	6,878
Loans to subsidiaries	13	-	-	-
Total non-current assets		7,432	7,128	6,878
Current assets				
Trade and other receivables	14	23	34	38
Cash and cash equivalents	15	5,119	3,399	2,952
Total current assets		5,142	3,433	2,990
Total assets		12,574	10,561	9,868
Equity and liabilities				
Equity				
Share capital	16	248	221	192
Share premium	16	52,619	47,089	41,592
Other reserves		1,223	912	657
Capital redemption reserve		4,648	4,648	4,648
Retained earnings		(46,220)	(42,361)	(37,251)
Total equity		12,518	10,509	9,838
Current liabilities				
Trade and other payables	18	56	52	30
Total current liabilities		56	52	30
Total liabilities		56	52	30
Total equity and liabilities		12,574	10,561	9,868

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 £3,859k (restated 2022: £5,110k loss).

The financial statements were approved and authorised for issue by the Board of Directors on 7 July 2023 and were signed on its behalf by:

Company statement of Cash Flows

For the year ended 31 March 2023

			Restated
		Year ended 31 March	Year ended 31 March
		2023	2022
	Notes	£'000	£'000
Cash flows from operating activities			
Profit/(loss) before tax		(3,859)	(5,110)
Adjustments for:		-	-
Share based payments	17	7	5
Working capital adjustments:			
Change in trade and other receivables		11	4
Change in trade and other payables		4	22
Net cash flow from operating activities		(3,837)	(5,079)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	5,557	5,526
Net cash flow from financing activities		5,557	5,526
Net change in cash and cash equivalents		1,720	447
Cash and cash equivalents at beginning of year	15	3,399	2,952
Cash and cash equivalents at end of year	15	5,119	3,399

Company statement of changes in equity

For the year ended 31 March 2023

Share capital	Share premium	Other reserves	Capital redemption reserve	Retained earnings	Total
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	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021		192	41,592	657	4,648	(37,847)	9,242
Effect of restatement on opening balance						596	596
Restated Balance at 31 March 2021		192	41,592	657	4,648	(37,251)	9,838
Loss for the year		-	-	-	-	(5,110)	(5,110)
Shares based payments	17	-	-	255	-	-	255
Issue of share capital	16	29	5,784	-	-	-	5,813
Costs on issue of share capital	16	-	(287)	-	-	-	(287)
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

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 £311k. The cumulative share payment expense recognised in the parent company statement of comprehensive income is £7k.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Sosandar Plc (the 'Company') is a public limited company 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 distributor via internet and mail order.

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

2 Significant accounting policies

Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiary (together the 'Group' or 'Sosandar'). The consolidated financial statements of the Group and the individual financial statements of the Company are prepared in accordance with applicable UK law and UK adopted international accounting standards (IFRSs) and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the year, in conformity with IFRS.

Prior period adjustments

The following table summarises the impact of the prior period adjustment on the financial statements of the Company. Note that the Group financial statements are unaffected.

	31/03/2022	31/03/2021
Company statement of comprehensive income	£'000	£'000
Share based payment	250	596
Increase in profit	250	596
 Company statement of financial position		
Investments	250	596
Increase in net assets	250	596

The adjustment of £596k shown in restated 2021 relates to the aggregate of 2021 and all years preceding.

The presentation of deferred tax asset has been amended in accordance with IAS 1 paragraph 56 to present deferred tax asset as non-current. £312k has been reclassified from current assets to non-current assets in the prior year.

Going Concern

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

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

In February 2023, the Group's cashflow position was strengthened through raising net proceeds of £5.5 million via a Placing and Retail Offer. At 31 March 2023, the Group had a cash balance of £10.6m and is therefore in a strong position, with sufficient working capital to take advantage of opportunities in FY24. 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. Whilst Covid 19 still exists, it had significantly less impact on the Group compared with the prior year and the normal course of business resumed. In addition to this, it was concluded the Ukraine war has had no material impact on the consumer behaviour. During the financial year, rising inflation and increased interest rates led to a 'cost of living crisis' in the UK. Whilst at a macro level, these changes are expected to impact consumer spending, the Group has not experienced a material downturn in activity with gross margin remaining stable.

Therefore, despite these events, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

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

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

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings; Thread 35 Limited has a reporting date of 31 March.

Subsidiaries are all entities over which Sosandar Plc has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

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

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

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

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

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

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

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

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

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial

statements are presented in Pounds Sterling (£), which is the Group's presentation currency and the Company's functional currency.

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

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

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

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

Changes in accounting policies and disclosures

The accounting policies adopted are consistent throughout the financial period. Standards and amendments to UK adopted international accounting standards (IFRSs) effective as of 1 April 2022 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
Reference to the Conceptual Framework (Amendments to IFRS 3 <i>Business Combinations</i>)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>)	1 January 2022

Annual improvements 2018-2020 cycle	1 January 2022
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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
Disclosure of Accounting Policies (Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements</i>)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 <i>Income Taxes</i>)	1 January 2023

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

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

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

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:

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.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value.

The provision is £387k at 31 March 2023 (2022: £761k). A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £124k in gross profit (2022: +/- £81k).

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 £2,617k (2022 refund accrual: £2,029k) and a right to returned goods asset recognised of £1,113k (2022: £814k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites. A difference of 1%pt in the sales returns rate have an impact of +/- £134k (2022: +/- £92k) on the refund provision, and +/- £60k (2022: +/- £38k) on the right to returned goods asset.

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.

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. No breakdown of revenue can be made in tabular form as all sales are UK and online, with similar risk profiles.

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.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful economic lives. The estimated useful economic life of intangible assets has been revised to 5 years. For any assets older than this with a net book value at year end, the amortisation has been accelerated to make the net book value nil at the end of the financial year.

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

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 2023 were as follows:

	2023	2022
	%	%
Discount rate	11	11
Returns assumption	45	45
Compound annual revenue growth rate	20	20

The Directors have made significant estimates on future revenues and EBITDA growth in future years 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.

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.

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.

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

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

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

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.

Deferred tax

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

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

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

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

Share-based compensation

The Group has issues 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.

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.

Impairment of investments

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

Provisions

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

Financial instruments

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

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

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

Fair values

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

Trade payables and other non-derivative financial liabilities

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

Cash and cash equivalents

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

Trade and other receivables

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

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

Financial assets and liabilities

The Group classifies its financial assets at inception as measured at amortised cost. The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is 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 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 derecognizes a financial liability when its contractual obligation are discharge, 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. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. 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.

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.

There is one geographical market being the UK.

4 Operating loss

	31 March 2023	31 March 2022
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	86	24
Auditors' remuneration:		
Audit fee – group and company	54	44
Legal and other fees	155	167
Foreign currency loss	190	48
Share based payment	311	255

5 Finance cost

31 March 31 March

	2023	2022
	£'000	£'000
Interest on the lease	40	4
Other interest	-	4
Total	40	8

6 Employees

	31 March	31 March
	2023	2022
	£'000	£'000
Aggregate Directors' emoluments including consulting fees	752	629
Wages and salaries	2,571	1,641
Social security costs	353	230
Pension costs	148	94
Share-based payments	311	255
Total	4,135	2,849

	31 March	31 March
	2023	2022
	£'000	£'000
Directors	8	8
Staff	70	45
Total	78	53

Directors' remuneration

Details of emoluments received by Directors of the Group for the year ended 31 March 2023 are as follows:

	2023	2023	2023	2023	2022
	Base Salary	Pensions	Other Benefits	Total	Total
	£	£	£	£	£
Alison Hall	199,583	19,633	3,351	222,567	186,300
Julie Lavington	199,583	19,633	3,705	222,921	186,300
Steve Dilks	139,583	10,438	1,757	151,778	128,132

Bill Murray	38,019	-	-	38,019	39,750
Nicholas Mustoe	30,692	-	-	30,692	28,500
Adam Reynolds	30,000	-	-	30,000	39,000
Mark Collingbourne	25,000	-	-	25,000	28,500
Andrew Booth	30,000	-	-	30,000	28,500
Jonathan Wragg	29,230	-	-	29,230	-
Lesley Watt	17,500	-	-	17,500	-
Total	739,190	49,704	8,813	797,707	664,982

Details of the share options held by each Director can be found in the Group Directors' Report on pages 32-33.

The key management personnel are deemed to be the directors.

7 Income tax

a) Analysis of charge in the period

	31 March 2023 £'000	31 March 2022 £'000
Deferred tax		
Origination and reversal of timing differences	(284)	(412)
Total deferred tax charge/(credit)	(284)	(412)

b) Factors affecting the tax charge for the period

	31 March 2023 £'000	31 March 2022 £'000
Loss on ordinary activities before taxation	1,597	(554)
Tax at the UK corporation tax rate of 19% (2022: 19%)	303	(105)
Expenses not deductible for tax purposes	60	60
Fixed asset differences	(15)	(2)
Remeasurement of deferred tax for changes in tax rates	(63)	(1,256)
Movement in deferred tax not recognised	(569)	890
Tax on loss on ordinary activities	(284)	(412)

The Chancellor confirmed in the Spring Budget on 15 March 2023 that the rate of corporation tax will increase

from 19% to 25% from 1 April 2023, as originally planned in the 2021 Budget. From the same date a small companies' rate of 19% will be introduced for companies with profits of £50,000 or less. The main rate applies to companies with profits over £250,000 and marginal relief will apply to for profits in between the thresholds.

The unrecognised deferred tax asset amounts to £4,073k (2022: £4,693k) and has been calculated at the tax rate of 25%.

The deferred tax asset of £696k (2022: £412k) 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 2023	31 March 2022
Profit / (Loss) after tax attributable to equity holders of the parent (£'000)	1,881	(142)
Weighted average number of ordinary shares in issue	224,738,344	216,844,739
Fully diluted average number of ordinary shares in issue	252,499,241	216,844,739
Basic earnings/(loss) per share (pence)	0.84	(0.07)
Diluted earnings/(loss) per share (pence)	0.74	(0.07)

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. For the prior year loss per share, the share options outstanding as at 31 March 2022 totalled 27,760,897 and were potentially dilutive.

9 Intangible assets – Group

	Website £'000	Trademark £'000	Total £'000
Cost			
At 1 April 2021	228	2	230
Additions	-	-	-
At 31 March 2022	228	2	230
Amortisation			
At 1 April 2021	31	1	32
Charge for the year	197	1	198
At 31 March 2022	228	2	230

Carrying value 31 March 2022	-	-	-
Cost			
At 1 April 2022	228	2	230
At 31 March 2023	228	2	230
Amortisation			
At 1 April 2022	228	2	230
At 31 March 2023	228	2	230
Carrying value 31 March 2023	-	-	-

10 Property, plant and equipment – Group

	Computer Equipment	Fixtures and fittings equipment	Right of use asset	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	93	306	192	-	591
Additions	30	6	364	-	400
At 31 March 2022	123	312	556	-	991
Accumulated depreciation					
At 1 April 2021	58	218	150	-	426
Charge for year	27	38	54	-	119
At 31 March 2022	85	256	204	-	545
Carrying value 31 March 2022	38	56	352	-	446
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

11 Non-current assets

Investments in subsidiaries:

	Company	
	2023	Restated 2022
	£'000	£'000
Cost at 1 April	7,128	6,878
Additions during the year	305	250
Cost at 31 March	7,432	7,128
Impairment at 1 April	-	-
Disposals during the year	-	-
Impairment at 31 March	-	-
Carrying value as at 31 March	7,432	7,128

A prior period adjustment was made during the year to take the share-based payments charge related to employees of Thread 35 Limited through the subsidiary P&L rather than that of the parent. This was treated as a capital contribution in the subsidiary and an increase in investment value of the subsidiary in the parent company.

Investments are tested for impairment at the balance sheet date. There were no investments held by the group. The recoverable amount of the investment in Thread 35 Ltd as at 31 March 2023 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 9 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 2023 are disclosed in note 2, Critical accounting judgements and key sources of estimation uncertainty on page 53.

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding 2023	% Holding 2022
Thread 35 Limited	UK	Direct	Ordinary shares	100	100

The registered office of Thread 35 Limited is 40 Water Lane, Wilmslow, SK9 5AP.

12 Inventories – Group

	31 March	31 March
	2023	2022
	£'000	£'000
Stock – finished goods	11,251	6,493
Right to returned stock	1,110	814
Total	12,361	7,307

The cost of inventories charged in the year as an expense equated to £18,614k (2022: £12,962k). 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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loan to subsidiary	-	-	-	-

The loan made to Thread 35 Limited by Sosandar Plc of £26,470k (2022: £23,047k) was fully impaired at the year end.

14 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade receivables	1,973	1,683	-	-
VAT recoverable	23	16	23	16
Other receivables	86	329	-	-
Prepayments	648	467	-	18
Trade and other receivables	2,730	2,495	23	34

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.

At 31 March 2023 there were 7 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. As such no impairment provision has been recognised on trade debtors.

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

31/03/2023	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	26,471	(26,471)	-

15 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash at bank	10,577	7,048	5,119	3,399

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.01)				
	Number of shares	Issue Price £	Total Share Capital £'000	Total Share Premium £'000
At 31 Mar 2022	221,408,332	0.001	221	47,089
Shares issued: Fundraise Feb 2023	26,818,181	0.001	27	5,873
Direct costs: Fundraise Feb 2023				(343)
At 31 Mar 2023	248,226,513	0.001	248	52,619

17 Share based payments

Share option plans

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. On 2nd November 2017 share options over ordinary shares of 15.1p were issued with a further issue over ordinary

shares of 29.1p issued on 25th February 2019. On 21 June 2021 the Group announced the establishment of a new Long Term Incentive Plan in which it granted new nil cost options totalling 21,431,942 ordinary shares of 0.1 pence each to its executive directors and members of the senior management team. Some of the existing options granted, totalling 13,888,742 ordinary shares, were modified as part of these arrangements. There was no incremental fair value because of this modification.

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

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

	31 March 2023		31 March 2022	
	Number ('000)	WAEP £	Number ('000)	WAEP £
Outstanding at 31 March 2022	27,761	0.035	20,218	0.154
Modifications in the year	-	-	(13,889)	0.154
Issuances in the year	-	-	11,789	0.000
Cancellations in the year	-	-	-	-
Outstanding at 31 March 2023	27,761	0.035	27,761	0.154
Exercisable at 31 March 2023	18,118	0.035	14,682	0.154

The options outstanding at 31 March 2023 had a weighted average exercise price of £0.035 and a weighted average remaining contractual life of 7.59 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 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 £311k (2022: £255k) related to equity-settled share-based payment transactions during the year. Of this, the charge recognised in the subsidiary, Thread 35 Ltd, was £305k (2022: £250k).

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 2022	Share options 2020	Share options 2018
Exercise price	0.0p	29.1p	15.1p
Share price at date of grant	23.75p	29.1p	15.1p
Risk-free rate	0.25%	0.25%	0.25%

Volatility	42%	25%	25%
Expected Life	5 years	10 years	10 years
Fair Value	0.13	0.07	0.05

18 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade payables	3,694	2,869	20	22
Accruals	549	656	36	30
Other payables	384	269	-	-
VAT payable	1,077	856	-	-
Contract liabilities	2,617	2,029	-	-
Deferred income	34	82		
Trade and other payables	8,355	6,761	56	52

19 Leases

The Group has a property lease contract which is used in its day to day operations.

	31 March	31 March
	2023	2022
	£'000	£'000
Lease liability brought forward	327	49
Additions	380	345
Finance cost	40	4
Lease payments	(117)	(71)
Lease liability recognised in statement of financial position	630	327

	31 March	31 March
	2023	2022
	£'000	£'000
Of which		
Current lease liabilities	148	38

Non-current lease liabilities	482	289
Lease liability recognised in statement of financial position	630	327

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

20 Related party transactions

During the year to 31 March 2023 the Group was charged £10k (2022: £39k) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date (2022: £nil).

During the year to 31 March 2023 the Group was charged £28k (2022: £29k) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was no amount outstanding at the balance sheet date (2022: £3k).

During the year to 31 March 2023 the Group was charged £14k (2022: £40k) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date (2022: £nil).

During the year to 31 March 2023 the Group was charged £10k (2022: £29k) for services provided by N Mustoe. There was £nil outstanding at the balance sheet date (2022: £10k).

During the year to 31 March 2023 the Group was charged £9k (2022: £29k) for services provided by Skale Limited, a company controlled by A Booth. There was no amount outstanding at the balance sheet date (2021: £3k).

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. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. 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:

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:

	Notes	Group		Company	
		Within 1 year	1-2 years	Within 1 year	1-2 years
As at 31 March 2023		£'000	£'000	£'000	£'000
Trade and other payables	18	8,073	-	56	-
Lease liabilities	19	148	485	-	-
Total		8,221	485	56	-
		Group		Company	
		Within 1 year	1-2 years	Within 1 year	1-2 years
As at 31 March 2022		£'000	£'000	£'000	£'000
Trade and other payables	18	6,761	-	52	-
Lease liabilities	19	38	289	-	-
Total		6,799	289	52	-

Financial assets

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	10,576	7,048	5,122	3,399
Trade & other receivables*	2,081	2,027	23	34
Total	12,657	9,075	5,145	3,433

*excluding prepayments

Financial liabilities

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

	Group		Company	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade payables	3,694	2,869	20	22
Accruals	549	656	36	30
Other payables	384	269	-	-
Contract liabilities	2,617	2,029	-	-
Lease liabilities	633	327	-	-
Trade and other payables	7,877	6,150	56	52

*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 2022	Cash flow	Additions	Accrued interest charges	At 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,048	3,411	-	-	10,459

Lease liabilities	(327)	117	(380)	(40)	(630)
Net cash (excluding lease liabilities)	6,721	3,528	(380)	(40)	9,830

23 Post balance sheet events

There were no post balance sheet events.

24 Contingent liabilities

The Company and Group has no contingent liabilities.

25 Ultimate controlling party

There is no ultimate controlling party of the Company.

