

**Sosandar Plc**

**Annual Report  
For the year ended**

**31 March 2025**

Company Registration Number: 05379931



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## **CHAIRMAN'S STATEMENT**

For the year ended 31 March 2025

### **Introduction**

This has been a pivotal year. A year in which we have changed strategic direction whereby we stopped using discounting/promotions as a default marketing tool to drive sales volume (on our own channels) and have focussed on building our margins and profitability. This change required us to re-educate our customers not to wait for the next discount but to drive normalised shopping behaviour. We also opened our first six retail stores.

We have now transitioned to being a true multi-channel retailer, with our products being sold on our own site, through our own stores and via highly reputable third-party partners.

Ahead of opening our stores, we set out strict criteria that would influence our decision making around stores – all the locations were selected for fitting these criteria, of being affluent, thriving locations where Sosandar customers over-index. We are pleased with the way we have handled the opening of our first stores from an operational perspective and the marketing vehicle they have become. We have learnt that revenue is stronger in market towns and therefore they are on a better trajectory towards break even when compared to our stores in shopping centres.

This change in strategic direction was tough to achieve when consumers were under financial pressure but it was essential to laying the foundations for sustainable, profitable and cash-generative growth. Margin enhancement and profitability were prioritised as we continued our transition to becoming a full-price multi-channel retailer with the material improvement in gross margin against historical levels now being delivered on a sustained basis.

The strength of the Sosandar brand and our unique product range continues to drive our success. Our products are reaching more women globally, more regularly and through more channels than ever before.

At the heart of Sosandar's success is our unique product and our head-to-toe outfits, which sell at a mid-level price point. They are high quality, long lasting and cover all occasions. They continue to resonate with our customers, which sees them returning for their wardrobe needs multiple times per year. From the initial product designs through to sourcing, logistics, customer service and all aspects of retailing, it is only possible because of our excellent team working to create clothing that meets our customers' wants and needs. Having customers, new and returning, making comments such as "First class customer service", "have been so impressed with the quality of the clothing" and "my experience was outstanding" truly illustrates both the strength of the team and product. We have a brilliant team of people at Sosandar and I would like to thank them for their hard work and passion for the brand.

## CHAIRMAN'S STATEMENT

For the year ended 31 March 2025

The hard work delivered in FY25 saw us reach an inflection point following the successful execution of our strategy. Looking ahead, in the current year we are focused on getting our existing store portfolio towards profitability. We are also managing the ongoing impact of the Marks & Spencer cyber-attack on our third party partner sales. Despite this, we expect a return to sales growth in FY26 at full margin and are confident that the foundations are now also in place for sustainable, profitable and cash-generative growth over the medium to long-term.

DocuSigned by:

*Nicholas Mustoe*  
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Nicholas Mustoe  
Chairman

14 July 2025

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **AT A GLANCE**

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

### **Investment case**

#### **Huge and relatively untapped target market**

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

#### **A unique and broad product range**

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

#### **Multi-Channel strategy**

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

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Investment case (continued)**

#### **Experienced and driven founder-led management team**

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

#### **Underpinned by responsible and scalable business operations**

- 'Responsible fashion business' framework embedded within the business which covers the following key areas:
  - Ethical Operations which covers the commitment to sourcing product from suppliers who share common values and beliefs
  - Environmental sustainability which includes sourcing product from sustainable sources and packaging which is 'green' and recyclable; and
  - Fabulous Sosandar reflects the inclusive and uplifting workplace for all employees
- Mobile-first website built on leading Magento platform, with the Sosandar App launched to further enhance the options available to the customer in how they chose to interact with Sosandar.
- Best in class third-parties chosen to deliver logistics services including Torque Logistics for warehousing and Royal Mail / Evri for consumer deliveries.
- A new ERP being implemented, with phase 1 completed in FY25 and phase 2 scheduled for FY26 to ensure Sosandar can scale with robust and efficient back office systems to support all business functions.

### **CO-CEO'S STATEMENT**

#### ***Strategic focus delivering strong financial performance***

The past year has been a pivotal year in Sosandar's development. Seeing the Sosandar brand on high streets, and the reaction we have received so far, validates our decision to give our customers more ways to shop with our brand. As part of our journey to becoming a true multichannel retailer, in the second half of FY24 we took the decision to reduce price promotional activity outside the major scheduled sale events and only undertake selective marketing campaigns, and to focus on driving margin and profitability.

We delivered what we set out to achieve: growth in margin and improvement in profitability, all whilst opening our first six own stores. Throughout FY25 we remained steadfast in our approach in building the foundations for sustainable, profitable and cash-generative growth. The strategy is now proving successful, with the business reaching an inflection point providing the platform for us to deliver topline revenue growth in FY26 and beyond. Throughout the latter part of FY25 we began to see the results of our disciplined approach coming through in performance. This has continued into the new financial year with Q1 revenue being ahead of last year by 15%.

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **CO-CEO'S STATEMENT (continued)**

As a result of our strategic focus, we have delivered revenue of £37.1m (FY24: £46.3m) reflecting the reduction in price promotional activity on our own website. Our focus on gross margin has enabled us to deliver an increase for the period to 62.1%, up from 57.6% in the prior year. The material improvement in gross margin is now being delivered on a sustained basis and provides the foundation from which to drive sustainable and profitable cash-generative growth over the long-term, towards our strategic objective of £10m profit before tax.

Demonstrating the impact of improved gross margin, we delivered a reduced loss before tax of £0.1m (FY24: £0.3m loss) and an adjusted profit before tax of £0.2m excluding one-off costs associated with the move of warehouse, a positive swing compared with FY24. We have maintained a robust net cash position despite self-funding the rollout of our own stores with a net cash position of £7.3m, down from £8.3m at 31 March 2024.

#### ***Our vision and purpose***

Our vision is to be one of the largest womenswear brands in the UK and have a significant presence internationally. A one-stop destination for fashion-forward women who want stylish clothing that suits everyday life.

Our mission to empower women of all ages and sizes to feel good in what they wear by creating a diverse range of products that make them feel sexy, chic and expressive whilst feeling comfortable and able to go about their everyday lives. We design products that women will wear and love for years, given their timeless style and high quality. This ethos is reflected in our pricing, our design philosophy, and our enduring relationship with our customers.

Our purpose is to lead the shift away from out-dated fashion norms, as we recognise that women of all ages deserve and desire to wear clothes that celebrates individuality and makes them feel good with confidence.

#### ***Our unique brand***

The strength of our brand and product range, and our use of lifestyle imagery, are the key drivers of our success and keep our customers returning to us for their wardrobe needs.

The Sosandar brand has become synonymous for denim, dresses, knitwear and partywear which are the core of our range.

As Sosandar continues to grow, we are committed to developing our product range to offer our customers an ever-growing variety of on-trend, affordable, long lasting, lifestyle appropriate clothes. The success of our range has been consistently strong across all our different routes to market.

Through the success of our own website, our own stores, and third-party partnerships with some of the largest retailers in the UK and now internationally, the Sosandar brand is now widely recognised as on-trend, affordable and high quality, providing us with opportunities to further leverage our strong brand in the future.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025  
CO-CEO'S STATEMENT (continued)**

***Our routes to market***

**1. Our own channels**

***Own site***

Sosandar.com is the cornerstone of our brand, serving as the digital hub for engaging with Sosandar. The platform provide customers with access to our full product offering, while also showcasing the essence of the Sosandar lifestyle through our unique imagery.

The website is regularly updated with new collections and curated content to reflect evolving trends and customer preferences. Our investment in technology and user experience to ensure a seamless, intuitive, and high-quality shopping journey across all digital channels means that we have the right foundations and structure to scale efficiently.

***Own stores***

One of the key milestones of the year was opening our first stores. We now have stores in Marlow, Chelmsford, Gateshead, Cardiff and in February we opened in Bath and Harrogate.

We have strict criteria around location for our stores and these locations were carefully selected for being affluent, thriving locations where Sosandar customers over-index.

We are very much at the beginning of our journey with stores, having only opened our first one less than a year ago, and we are delighted with how we have brought our brand to life in the physical retail environment. We knew stores would be a great marketing tool, and that is proving to be the case, as 60% of customers in store are brand new to Sosandar. Additionally, we also believed we would see an increase in traffic and revenue in the areas in which stores are located, and that has happened. We have also opened our stores and handled all the logistics of running them, reflecting the wealth of store expertise across our team.

We have found that footfall across market towns (Marlow, Chelmsford, Bath and Harrogate) and shopping centres (Gateshead and Cardiff) where our stores are located is similar, but what differs is the conversion. At this point, conversion and therefore revenue in our market town stores is higher than in shopping centres. We believe that the demographic of our typical customer in market towns is more concentrated, and they more regularly shop in the area. This combination is driving higher conversion.

The stores we opened in the first two market towns (Marlow and Chelmsford) have the highest revenue and the highest conversion rate and are near to break even profitability within their first year of opening. The second two market town stores (Bath and Harrogate) only opened in February this year and are following a similar trajectory. For the reasons stated above, the shopping centre stores opened in Autumn 2024 are further behind on their path to profitability.

Overall, the opening of stores has impacted the brand positively. The opportunity to interact with our customers on a personal basis through our stores has been highly beneficial and it has brought the entire company even closer to our customers.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025  
CO-CEO'S STATEMENT (continued)**

As a reminder, we believe that having our own stores will:

- Deliver multiple benefits both to our total addressable market, profitability and to the brand as a whole;
- Bring increased brand awareness;
- Drive higher margins, both at the gross and operating level;
- Result in more efficient marketing; and
- Deliver overall lower returns rates

**2. Third party channel**

Third party partnerships, both domestically and internationally, remain a key facet of our higher margin multi-channel model and play an important role in growing and strengthening our loyal customer base.

We now have ten partners across the UK and internationally with the largest being NEXT and Marks & Spencer. Trading with our well-established third-party partners was strong in the period, with the success of our product resulting in Sosandar being one of the top selling brands across all third-party partners.

**3. Licensing**

We see licensing as a fantastic opportunity to leverage our brand equity and extend the success Sosandar has had through third party partnerships with little risk and no capital expenditure.

In November we were delighted to announce that we had signed an agreement with NEXT for a Sosandar homeware range. This followed the success of Sosandar's clothing range sold through NEXT, and the licensing deal will combine NEXT's sourcing and quality expertise with Sosandar's design inspiration. The range will include a full set of living room furniture and accessories, including sofas, accent chairs, rugs and lighting. It will be sold online exclusively at NEXT.co.uk and is expected to launch in Autumn 2025.

***Current trading and outlook***

FY25 was a year of significant strategic progress. We built the foundations to return to sustainable, profitable and cash-generative growth over the medium term.

Trading in FY26 has been strong, with revenue for Q1 up by 15% compared to the previous year, despite there being no sales through Marks & Spencer since mid-April following their cyber incident. This return to growth is also at strong gross margin which is up by 160bps year on year to 65.0%.

We are continuing to take our learnings from our store openings and are focused on getting the six stores opened so far to profitability. This is our priority in the period before opening any further stores.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**CO-CEO'S STATEMENT (continued)**

With the timing of restocking and the new seasons range, we expect the impact from the Marks & Spencer cyber-attack on our third party partner sales to continue through to at least August. This, alongside the decision to focus on the existing store portfolio and pausing on opening more stores for now, means that we are taking a prudent view of our full year outturn. We continue to expect to grow revenue and profit in FY26, however, we are moderating our expectations for FY26 revenue growth to +18%, with a consequential impact on profit.

Looking ahead, we believe we have reached an inflection point with the margin we are now consistently delivering and our customers accustomed to paying full price. We have clear priorities set and are committed to driving growth through our own distribution channels, maintaining our approach to price promotional activity in order to maximise any investment payback and maintain our gross margin.

We remain incredibly excited for what lies ahead for Sosandar as we take advantage of the multiple opportunities available to us as we take the Sosandar brand to more customers across the UK and increasingly worldwide in our journey to become one of the largest womenswear brands globally.

**FINANCIAL REVIEW**

**KPI's**

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Change
Revenue	37,132	46,277	-20%
Gross Profit	23,065	26,650	-13%
Gross Margin	62.1%	57.6%	453bps
Administrative Expenses	22,884	26,984	-15%
Loss before tax	(67)	(332)	80%
Adjusted Profit before tax *	156	(332)	N/A
EBITDA **	760	(18)	N/A

\* Excludes warehouse transition costs of £223,000

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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025  
FINANCIAL REVIEW (continued)**

**Sosandar.com KPI's**

	Year ended 31 March 2025	Year ended 31 March 2024	Change
Sessions	<b>13,584,784</b>	15,090,432	-10%
Conversion rate	<b>2.42%</b>	3.43%	-101bps
Number of orders	<b>328,574</b>	518,108	-37%
AOV**	<b>£114.09</b>	£102.25	12%
Active customers ***	<b>177,201</b>	253,566	-30%
Average Order Frequency ****	<b>1.85</b>	2.08	-11%

\*\* Average Order Value is calculated on own site sales only, inclusive of shipping charges and VAT

\*\*\* Active customers is the number of individual customers who purchased from Sosandar.com in the last 12 months

\*\*\*\* Average Order Frequency is the total number of orders in the last 12 months divided by the number of active customers

The Group has delivered a robust financial performance in the year which has been a period of significant strategic change. The strategic focus is on cementing the foundations to deliver sustained growth in profitability through higher gross margins. Specifically, there has been a substantial reduction in price promotional activity on own channels which has had the impact of reduced revenue in the year. However, despite the lower revenue, gross margins are significantly ahead of the previous year and loss before tax has also improved to a loss of £0.1m (loss of £0.3m in FY24). The loss in the year includes the one-off costs associated with the move of warehouse. Excluding these, FY25 delivered a profit before tax of £0.2m. During the year, the revenue delta against the previous year has reduced as each month passed, with March 2025 being the first month to be in growth. This improving trend has continued post year end with April, May and June being substantially ahead of the previous year, which validates the approach being taken, with the improved revenue in FY26 to date. In addition, FY25 was a milestone year, with the opening of the first Sosandar physical retail store in Chelmsford. Five additional stores followed, resulting in a total of six stores open by the end of the financial year. The investment required to open the stores has been funded from existing resources, excluding this, the Group has been cash generative in the period, ending with a cash balance of £7.3m as at 31<sup>st</sup> March 2025 (2024: £8.3m).

The non-financial KPIs for Sosandar.com that are shown above reflect the strategic change away from revenue growth as the overriding priority and therefore show a reduction.

The performance in the year was also delivered against a backdrop of ongoing challenges presented by the macro environment which has continued to include wars, high cost of living and international trade uncertainty. The agility and ongoing approach to managing risk in all aspects of how the business is led, continues to enable us to deliver such a robust performance once more.

The cash balance is particularly strong and we continue to expect to fund the store opening programme entirely from existing cash resources.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025  
FINANCIAL REVIEW (continued)**

**Revenue down -20% to £37.1m**

The reduction in revenue reflects the focus on improving gross margins, specifically through the reduction in price promotional activity through own distribution channels. Within the year, the opening of the first Sosandar physical stores was a milestone, although the overall revenue is relatively small in the year. The four stores in market towns are performing well, in particular the two that opened first which are moving towards break even: The two shopping centre stores have been slower in terms of revenue which is one of the key learnings to date.

The performance improved through the year in terms of variance against FY24, with H1 being 27% down and H2 being 13% down, with March 2025 being ahead. Whilst price promotional activity was reduced in every month, it is not until post year end (April 2025 onwards) that the first true like-for-like comparison has been possible. It is therefore pleasing to see revenue return to growth post year end, despite the impact of the lost revenue as a result of the cyber-attack at Marks & Spencer.

**Gross Margin +453bps to 62.1%**

The strategic focus on improving gross margin through the reduction of price promotional activity has resulted in a substantial rise to 62.1% for FY25. This represents a 453bps improvement compared to FY24. Whilst revenue has been impacted in the year, delivering gross margins at 60% plus has been the number one priority for the year.

Generating less revenue in the year has meant that we purchased less stock from suppliers compared with the previous year. Therefore, delivering such an improvement in gross margin is also testament to the internal buying teams as the strong relationships that they have with suppliers has enabled us to maintain the product cost despite purchasing less volume overall. As we return to growth in FY26 and beyond, there is opportunity to further improve gross margins as a result of improved cost prices resulting from growing scale.

**Administrative Expenses -15% to £22.9m**

Total administrative expenses reduced by 15% to £22.9m (FY24:£27.0m) compared to a 20% reduction in revenue.

Administrative expenses as a percentage of revenue increased to 62% (FY24:58%), which is primarily a reflection of the lower revenue in the year. In addition, opening the first physical Sosandar stores has added a greater element of fixed cost into the business.

Spend on marketing reduced significantly in the year, to £1.1m (FY24: £4.0m) as the focus has been on re-base lining the natural customer demand selling at full price. Historically, the core marketing activities of brochure and TV have included a price discount in order to ensure return on investment. In FY25, spend has been on digital, specifically meta and google. Towards the end of FY25, we started to increase the spend per day, to provide insight into the incremental benefit on new customer acquisition and repeat customer behaviour. The results of this trial will be informing spend decisions for FY26 where our intention is to spend more again, however not to the levels of previous years and maintaining discipline over this area.

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **FINANCIAL REVIEW (continued)**

The cost of fulfilment which includes warehousing and customer order delivery costs reduced by 31% to £3.8m (FY24: £5.5m). This reduction reflects the lower throughput as the revenue was lower, which has resulted in the operation being much more efficient. As a percent of revenue, costs are lower as less stock is being shipped and returned. In February 2025, we moved warehouse from GXO to Torque Logistics. The move was smooth with no customer impact. The costs associated with the move (£0.2m) are reported as one-off due to the unique nature of the project. Torque have multiple apparel and footwear brands as clients and therefore we have moved, in part, to benefit from their experience in supporting multi-channel retailers. From a cost perspective, there is some benefit, delivered through the efficiencies of Torque's processes, coupled with added value services being already embedded in their operation.

The transition costs incurred include labour costs to pick and pack all stock at GXO, receive and put away at Torque as part of the transfer, transport costs to move the stock and redundancy costs where GXO employees did not transfer to Torque. This cost, whilst not directly incurred by the Group was a contractual obligation in the agreement with GXO.

During the year, we continue to work with Royal Mail and Evri for direct to consumer deliveries, offering choice to the customer.

The cost of physical retail stores including fit out depreciation was £1.5m in FY25 (FY24: Nil). This includes £0.3m of pre-opening spend which includes rent, rates and staffing before day one of trading.

Other administrative costs were flat in the year. Specifically on people the cost was flat at £5.6m excluding retail store employee cost. Inclusive of retail store staff, the total cost of people increased to £6.0m (FY24: £5.7m). This is inclusive of share based payments of £0.3m (FY24: £0.3m). Average Head Office headcount in the year was 90 (FY24: 97) reflecting pro rata effect of efficiencies made during FY24.

#### **Statement of Financial Position**

The statement of financial position is robust. As at 31 March 2025, the Group had net assets of £17.9m (FY24: £18.2m) and a net current asset position of £14.5m (FY24: £16.7m).

The cash balance at 31 March 2025 is £7.3m (FY24: £8.3m) and there remains no bank indebtedness. The Group generated positive cash in the year of £1.1m excluding the investment in fixed and intangible assets which totalled £2.1m. The cost associated with the roll out of the six Sosandar stores has been made from existing resources.

Inventory has marginally increased in the year, from £10.9m in FY24 to £11.1m in FY25. The reported inventory balances includes stock on hand at the main warehouse, at our stores and at third-party concession partners, stock in transit and the right to return asset which covers post year end returns. The increase in inventory largely reflects the timing of when stock has landed into the warehouse for the Spring 2025 season. The opening of Sosandar stores means that stock will generally land into the warehouse earlier in order to ensure a full range of new stock is available to commence the new selling season.

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

Within inventory, the right to return stock, covering the post year end returns, was maintained at £0.6m (FY24: £0.6m) which reflects the trading performance in March 2025 which was similar to the previous year.

Trade and other payables increased to £7.1m (FY24: £5.1m). Trade creditors have increased to £2.9m (FY24: £2.1m) reflecting the timing of stock purchases being earlier coupled with average payment terms now being 70 days compared with 60 one year ago.

Contract liabilities increased to £1.7m (FY24: £1.4m) which reflects the higher provision required for post year end refunds following a stronger trading performance in March compared with the previous year. Liability for VAT increased to £0.8m (FY24: £0.5m) due to improved sales towards the end of the financial year.

Trade and other receivables increased to £3.8m (FY24: £2.8m) which includes amounts owing from concession and wholesale customers. The increase reflects the timing of payments from concession partners being just after year end, rather than just before. No change to payment terms were made during the year and the vast majority of payments continue to be received on time and in full.

Non-current assets increased to £6.8m (FY24: £1.9m), which includes the right of use asset (FY25: £4.1m vs FY24: £0.6m) as a result of opening six retail stores.

Investment in fixed assets and intangibles is focused on the two main projects within the year. Firstly the opening of the stores totalled £1.7m which is inclusive of all elements of the store project including design, installation and physical fixtures. Secondly, the first stage of the ERP project went live in March 2025 at a total cost of £0.6m. Stage 1 covers all stock and sales elements including integrations between the main system (Microsoft Business Central), warehouse management system, web platform and retail store system.

The implementation has gone well with the second stage expected to go live mid-2025 which is finance. The system is already resulting in process efficiencies, with more to follow when stage two is complete.

### **Cashflow**

The Group had a net cash position as at 31 March 2025 of £7.3m (FY24: £8.3m). As highlighted already, the Group's cash position improved during the year, exclusive of the investment in fixed and intangible assets.

The cash balance is healthy, with the forecast for FY26 to be cash generative, reflecting a return to revenue growth and increase in EBITDA.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Risk Factors**

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

External Risks		
Risk Factor	Impact	Mitigating Actions
Economic - Inflation	<ul style="list-style-type: none"> <li>Inflation, high cost of living and indirect impact of higher employer national insurance can all have a negative impact on customers' disposable income. As a consequence, consumer spending could be lower on clothing which could lead to a reduction in revenue.</li> </ul>	<ul style="list-style-type: none"> <li>The typical customer of the business tends to have a higher level of disposable income and therefore able to withstand economic turbulence. Therefore, the business is able to trade well through periods of high inflation or wider economic downturn.</li> <li>The product range and price points are diverse covering all main wardrobe needs of the target demographic and can be agile to manage any situation.</li> </ul>
Route to Market (Channel)	<ul style="list-style-type: none"> <li>Currently, the vast majority of revenue is being generated online which makes up 40% of consumer spending on clothing in the UK. The 60% of consumer spending which is transacted in physical retail stores is not being capitalised on to the extent of the proportion of overall spend.</li> </ul>	<ul style="list-style-type: none"> <li>Risk could be mitigated by expanding routes to market including physical retail, which could be own stores and / or through third-party partners. Six own stores have opened in the year which has increased the routes to market.</li> <li>Already, a substantial amount of trading takes place through multiple third party platforms in addition to Sosandar.com. This includes some of the UK's largest retailers, such as NEXT and Marks &amp; Spencer.</li> </ul>
Route to Market (Geographical)	<ul style="list-style-type: none"> <li>The vast majority of revenue is generated in the UK therefore a deterioration of the UK economy specifically could have an adverse impact on revenue if consumer confidence and spending reduce.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion into new international markets commenced in FY24 with third party partnership in Australia and plus being able to deliver to 100 countries from Sosandar.com through the tie-up with Global-e. Further expansion into international markets would reduce the risk of the majority of revenue being generated in the UK.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

External Risks		
Risk Factor	Impact	Mitigating Actions
Fashion	<ul style="list-style-type: none"> <li>As trends change there is a risk that design does not keep up with customer requirements for the latest fashion.</li> </ul>	<ul style="list-style-type: none"> <li>The business operates a model whereby product is landing into the warehouse daily. Working to tight lead times that allow the design team to track the latest catwalk and commercial fashion trends. These are then fed into the product development cycle to ensure that customers have access to the latest trends at affordable prices.</li> </ul>
Competition	<ul style="list-style-type: none"> <li>From new or existing competitors.</li> <li>Loss of revenue.</li> <li>Reduction in margin and profitability if competitors increase discounting resulting in consumers shopping elsewhere.</li> </ul>	<ul style="list-style-type: none"> <li>The business is agile and can adjust its strategy according to all external factors including those of its competitors.</li> <li>The business has an increasingly loyal and growing active customer database which allows the business to engage with them regularly through e-mail and brochures.</li> </ul>
Foreign exchange	<ul style="list-style-type: none"> <li>The business purchases stock in both GBP and USD, in equal proportion. Adverse currency rate movements could impact margins.</li> </ul>	<ul style="list-style-type: none"> <li>A detailed forward-looking purchase plan to identify any potential currency exposure.</li> <li>RRP's can be increased to offset any significant pressure on cost prices</li> <li>Forward contracts are utilised to forward fix the US Dollar rate up to 6 months prior to estimated stock payment dates.</li> </ul>
Negative online reviews	<ul style="list-style-type: none"> <li>Negative comments on social platforms could influence purchasing decisions for new visitors.</li> </ul>	<ul style="list-style-type: none"> <li>A dedicated customer service team, led by a highly experienced leader are able to support customers with any questions or issues that they have. The Trustpilot score is currently 'Excellent' which provides customers with the confidence to purchase from Sosandar.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

Internal risks		
Risk Factor	Impact	Mitigating Actions
Suppliers	<ul style="list-style-type: none"> <li>The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply.</li> <li>Non-compliance with labour or environmental requirements could interrupt supply chain and cause reputational damage.</li> <li>Product supplied could be of insufficient quality for sale.</li> </ul>	<ul style="list-style-type: none"> <li>Purchases are spread over a number of suppliers to avoid over dependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening.</li> <li>All design is done in-house with detailed specification packs provided for each product which helps on-board new suppliers quickly.</li> <li>All suppliers are asked to confirm adherence with the business code of conduct.</li> <li>Independent supplier audits are conducted at least once every two years, ensuring compliance with working practices and ethics.</li> <li>Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.</li> </ul>
Systems – security and availability	<ul style="list-style-type: none"> <li>System outages would prevent the business from operating and therefore would see a reduction in revenue during this time.</li> <li>GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes.</li> <li>Data breaches could impact reputation and business continuity.</li> </ul>	<ul style="list-style-type: none"> <li>The business has agreements with external partners to manage and support its systems and they would ensure that any outage is minimised.</li> <li>The main website is hosted in the cloud, allowing for automatic scaling to maintain speed and robustness in periods of high demand.</li> <li>Restricted access to sensitive data which is only held in systems which have MFA (Multi-Factor Authentication) enabled with any sharing of such information being through secure means.</li> <li>Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber-attacks.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

Internal risks		
Risk Factor	Impact	Mitigating Actions
Key employees	<ul style="list-style-type: none"> <li>The loss of one or more of our key employees could have an adverse impact on the business and inhibit its ability to grow as planned</li> </ul>	<ul style="list-style-type: none"> <li>The remuneration committee are responsible for ensuring that key employees are rewarded sufficiently to retain and motivate on an ongoing basis.</li> <li>There is a Long Term Incentive Plan in place for the board plus the other members of the senior leadership team in the form of share options.</li> </ul>
Working capital	<ul style="list-style-type: none"> <li>The Group requires a strong cash balance in order to grow. The working capital needs include investment in inventory, customer acquisition, product development and operations.</li> </ul>	<ul style="list-style-type: none"> <li>The business has detailed forecasting models including sensitivity scenarios so that robust decisions can be made, balancing growth potential with risk mitigation.</li> <li>Marketing spend efficiencies have been made over the past two years. The relatively low cost of acquisition is expected to be maintained, which reduces the risk as the return on investment is strong when investment is being made.</li> <li>Weekly and monthly cash flow projections are reviewed by senior management and actions taken where necessary, with all key members of staff aware of the cash flow objective.</li> </ul>

**Sosandar: A responsible fashion business**

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

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

- Ethical Operations

*A fair, transparent and collaborative supply chain*

- Environmental Sustainability

*Minimising the footprint left on the natural world*

- Fabulous Sosandar

*An inclusive and uplifting workplace*

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Ethical Operations**

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

*Transparency in our supply chain*

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

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

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

*Third Party Partners*

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

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

**Environmental Sustainability**

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

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

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Environmental Sustainability (continued)**

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

#### *Minimising waste*

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

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

#### *Recycling*

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

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

### **Fabulous Sosandar**

#### *Our team*

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

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

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

#### **Looking forward**

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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Section 172 Statement**

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

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

Key Stakeholders	How we engage
Employees	<p>The team remains relatively small with 78 head office and 56 retail employees in total as at March 2025. The culture of the company places a high emphasis on communication, engagement and collaboration which includes an open-door policy from the co-CEO’s and wider senior management team. All employees are in the office at least three days per week with many in four or five days. We recruit employees who want to be in the office as they share our values that we are a stronger business for the benefits that collaborative working brings. On a daily basis there will be multiple meetings, many of which are cross functional in nature. In addition the leadership team regularly present to all staff progress and strategic changes being made by the business. Our Human Resources team play a pivotal role in supporting all members of staff, including helping with personal and collective development. In addition, an annual anonymous staff survey is conducted which has a very high response rate, with themes and actions presented back to staff afterwards. Employees are encouraged to provide ideas and feedback on an ongoing basis, including through the annual employee survey which has a very high response rate. The Appreciation Station which was introduced in 2023 continues to be a great success, allowing the whole business to celebrate successes, teamwork or acts of kindness periodically throughout the year.</p>
Shareholders	<p>As an AIM listed business, we have a dedicated investor website, which was relaunched in 2023, and contains all key information and RNS updates. We also conduct regular presentations with investors, both institutional and retail around the time of key trading updates. Presentations are made available online for those who did not have the opportunity to attend in a live capacity. Throughout the year, the management team have welcomed several institutional shareholders to the offices to gain a greater depth of understanding about the business, including having the opportunity to meet employees that otherwise they would not meet.</p>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

Key Stakeholders	How we engage
Suppliers	We have a dedicated sourcing team, whose role it is to ensure ongoing assessment and onboarding of new suppliers. In addition, we have personal relationships with suppliers from all levels and across multiple departments within our business. In terms of stock suppliers, multiple visits have been made to their premises throughout the year and key suppliers have also visited our UK head office which further cements the strong relationships that we have. Regular internal communication takes place to update key stakeholders of all matters relating to our suppliers.
Customers	Our customers are at the heart of everything we do. We use email and social platforms to update them about new products and our customer service team provide feedback on the direct interactions that they have with our customers. Our TrustPilot score is rated as 'Excellent' with frequent 5 star reviews being posted for the ways in which we service the customer on a daily basis.

**Significant events/decisions 2025**

Event/Decision	Key Stakeholders	Actions & Impact
Own Stores	All stakeholders	<ul style="list-style-type: none"> <li>For the first time, Sosandar has opened physical retail stores in the UK</li> <li>A total of six stores opened in the year, the first being in Chelmsford in August 2024, and the last two to open being in February 2025 (Bath and Harrogate)</li> <li>The reason for opening stores is to increase brand awareness and ultimately revenue, as 60% of spend on womenswear is transacted in physical retail stores</li> <li>All elements implemented including locations found, legals, design concepts, systems, staff employed and trained, internal processes</li> <li>Excellent feedback from customers on the shop fit, product and staff within each store</li> <li>Visits to Sosandar.com and revenue online, have increased in the locations where stores have been opened. This halo effect was envisaged, showing the importance of the multi-channel strategy</li> <li>Focus is now on ensuring the six stores already opened move towards delivering a positive contribution. The current plan is to pause on more new openings until the existing stores move towards profitability.</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Significant events/decisions 2025 (continued)**

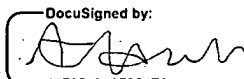
Event/Decision	Key Stakeholders	Actions & Impact
Price promotions reduced on own channels	All stakeholders	<ul style="list-style-type: none"> <li>• Number one focus for Sosandar is to increase profit before tax with the primary driver to this being to increase gross margin</li> <li>• This has been delivered in the year through the decision to significantly reduce the level and frequency of price promotions offered through our own sales channels</li> <li>• Improving gross margin also has the incremental benefit of lower cost per order, specifically on fulfilment and logistics</li> <li>• Impact has been lower revenue in the short term, as customers get used to the change and start to understand that they will no longer be getting a discount offered to them.</li> <li>• Year on year revenue has reduced, however the delta has reduced throughout the year, with Own Channels being in growth post year end, where April 2025 vs April 2024 being the first month which is truly like for like.</li> <li>• Gross Margin for the business has improved by 453 bps and profit before tax has improved, despite the short term reduction in revenue</li> </ul>
Warehouse move	All stakeholders	<ul style="list-style-type: none"> <li>• The decision was made to move warehouse provider during 2024, with the move taking place in February 2025</li> <li>• The new provider is Torque Logistics who have replaced GXO who the business worked with since the business commenced trading</li> <li>• Torque Logistics have multiple sites and support multiple apparel and footwear businesses</li> <li>• The transition took place during a quieter trading period, and ahead of heavy inbound stock arriving for the spring / summer season</li> <li>• Customers were unaware of the transition and there was zero impact experienced, across all sales channels</li> </ul>

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Significant events/decisions 2025 (continued)**

Event/Decision	Key Stakeholders	Actions & Impact
Cost of living	All stakeholders	<ul style="list-style-type: none"> <li>• The cost of living has remained high in FY25. Whilst inflation has reduced from its near term peak during the year, the cost of everyday items has remained high</li> <li>• Disposable income for consumers has been reduced, resulting in spending on non-essential items being reduced</li> <li>• Consumers have continued to be more discerning in their spending habits, ensuring that any products being purchased are absolutely the ones that they want.</li> <li>• The Sosandar consumer tends to have a higher level of disposable income and therefore able to withstand economic turbulence. Therefore, the business is able to trade well through periods of high inflation or wider economic downturn.</li> <li>• The average price point of a Sosandar product is mid-market and therefore items remain affordable for the target customer.</li> <li>• The product range is diverse in terms of both category mix and price point which means the consumer remains well served by Sosandar</li> </ul>

**Alison Hall**

DocuSigned by:  
  
 41F3548A37354E9...  
 Director  
 14 July 2025

## DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Corporate governance

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

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

### Board membership

Name	Role	Classification	Membership during the year to 31 March 2024	Membership as at the date of the Annual Report
Nicolas Mustoe	Chairman	Non-Executive	No Change	No Change
Alison Hall	Co-CEO	Executive	No Change	No Change
Julie Lavington	Co-CEO	Executive	No Change	No Change
Stephen Dilks	CFO	Executive	No Change	No Change
Adam Reynolds	Non-Executive	Non-Executive	No Change	No Change
Andrew Booth	Non-Executive	Non-Executive	No Change	Chair Remuneration Committee
Lesley Watt	Non-Executive	Non-Executive	No Change	Chair Audit Committee

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Directors Responsibilities**

#### **Introduction**

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

The Board follow the principles of the recently updated 2023 Quoted Companies Alliance Corporate Governance Code (QCA) to support the Group's governance framework. The Directors acknowledge the importance of the ten principles set out in the QCA Code and this statement briefly sets out how we currently comply with the provisions of the QCA Code. The Board considers that it does not depart from any of the principles of the QCA code.

#### **Principle**

How we follow the QCA Code:

#### **1. Establish a purpose, strategy and business model which promotes long-term value for shareholders**

Sosandar intends to build long-term shareholder value by targeting an underserved market of women looking for trend-led, affordable, quality clothing with a premium aesthetic. We design and manufacture clothing and footwear for all occasions with fashion forward styles designed to flatter. Our strategy is to build a loyal customer base, focusing on customer growth and retention, by reaching the customer in whatever way they wish to shop, including both online and in store. The focus on driving long-term value for all stakeholders through improving gross margins has started to deliver improved results, demonstrated by improved profit before tax despite a short term drop in net revenue.

#### **2. Promote a corporate culture that is based on ethical values and behaviours**

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

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

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **3. Seek to understand and meet shareholder needs and expectations**

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

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

### **4. Take into account wider stakeholder and social and environmental responsibilities and their implications for long-term success**

The Directors recognise their responsibility not only to shareholders and employees, but to a wider group of stakeholders (including, inter alia, customers and suppliers) and the communities in which we operate.

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

#### **Suppliers**

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

#### **Customers**

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

### **5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation**

The Board has identified what we believe to be a sensible approach to risk management for a group of our size. We outline the principal risks we face, along with what we do to mitigate those risks, in detail on pages 14 to 17 of our Annual Report and Accounts.

Minimising risk on any activity or business process is always at the heart of any decisions taken. For example, internal controls exist around cash management and supplier interactions with segregation of duties ensuring that no single employee can process payments.

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **6. Establish and maintain the board as a well-functioning, balanced team led by the chair**

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

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

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

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

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

### **7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.**

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

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

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

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

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

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

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

More details of the skills and experience of the Directors are provided in the Annual Report on page 32 as well as the website.

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

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

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

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

### **9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture**

The Board recognises the importance of designing a remuneration policy that attracts, retains and motivates high-calibre talent is to deliver the goals shared by all stakeholders.

The remuneration committee oversees the remuneration policy for the Group, including assessing all factors which are relevant including looking at comparable companies and benchmarking studies. The objective of the remuneration packages awarded to executives is to be competitive, to include significant long-term incentive which are performance related in order to align with external stakeholder interests. More details on remuneration can be found on page 69.

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

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

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

#### **Board meeting attendance**

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

**DIRECTORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Board meeting attendance (continued)**

	Board	Audit	Remuneration
<b>Total In Year</b>	<b>19</b>	<b>2</b>	<b>2</b>
Alison Hall	16	-	2
Julie Lavington	17	-	2
Stephen Dilks	18	2	-
Nicolas Mustoe	19	2	-
Adam Reynolds	16	-	-
Andrew Booth	18	-	2
Lesley Watt	15	2	2

**Sub Committees**

**Audit Committee**

The Audit Committee, comprising Lesley Watt (chair person) and Nick Mustoe, met twice during the year.

The committee has the following key responsibilities:

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

During year ended 31 March 2025 and up to the date of the Annual Report, the specific actions taken by the audit committee have included:

- Reviewing and approving the 2025 Annual Report and financial statements. As part of this review, the Audit Committee received a report from the external auditors and had a follow up meeting where matters relating to the report and statements were discussed.
- Advised the Board on matters relating to the Annual Report and financial statements and provided answers to any questions that were asked.
- Review of the external auditors planning document, with particular focus on the timetable, audit approach, materiality and assessment of significant risks.
- Appraising the suitability of the external auditors and subsequently recommending their appointments and the associated fees. Auditors will be rotated at least every 10 years in line with current regulations. The current auditors, Saffery LLP, have been in place for 3 financial years.
- Assessing recommendations and audit findings from the prior year Audit Committee Report

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Sub Committees (continued)**

#### **Remuneration Committee**

The Remuneration Committee, which comprises Andrew Booth (chair person) and Lesley Watt. The committee has met twice during the financial year.

During year ended 31 March 2025 and up to the date of the Annual Report, the specific actions taken by the remuneration committee have included:

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

#### **Directors' remuneration**

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

#### Executive Directors

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

#### Basic Salary

The remuneration committee review basic salaries annually. The basic salaries for all executive directors have remained the same for the full duration of the financial year. Julie Lavington and Alison Hall have a basic salary of £250,000 and Stephen Dilks has a basic salary of £185,000. The last revision to salaries for the executive directors was in October 2023.

#### Annual Bonus

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

#### Pension

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

The pension contributions made to Julie Lavington and Alison Hall during the year ending 31 March 2025 were 12% of basic salary.

The pension contributions made to Stephen Dilks during the year ending 31 March 2025 were 8% of basic salary.

No change to the contribution percentages has been made in the financial year.

## DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Sub Committees (continued)

#### Directors' remuneration (continued)

##### Long Term Incentive Plan

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

##### Non-Executive Directors

The remuneration policy on Non-Executive Director remuneration is determined by the Remuneration Committee. The remuneration is set according to the level of contribution, relevant experience and specialist knowledge. For the year ending 31 March 2025, the Non-Executive remuneration was maintained at £45,000 per annum for the Chairman and £30,000 for all the remaining Non-Executive Directors.

The Directors of the Group held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2025 and 31 March 2024:

	Share Options				Share based payment P&L charge
	Ordinary	Ordinary	Option	Expiry	
	shares of 0.01p each	shares of 0.01p each	exercise Price £		
<b>31-Mar-25</b>					
Alison Hall	5,309,343	1,655,629 9,725,971	0.151 0.000	01/11/2027 18/06/2031	0 109,804
Julie Lavington	5,309,343	1,655,629 9,725,971	0.151 0.000	01/11/2027 18/06/2031	0 109,804
Nicholas Mustoe	4,905,981	400,000	0.151	01/11/2027	0
Adam Reynolds	2,419,901	800,000	0.151	01/11/2027	0
Andrew Booth	150,000	-	N/A	N/A	-
Lesley Watt	43,184	-	N/A	N/A	-
Stephen Dilks	-	720,000	0.000	18/06/2031	19,765

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

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Biographical details of the Directors**

#### **Nick Mustoe - Non-Executive Chairman**

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

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

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

Nick is also Chairman of Sandown Park Racecourse.

#### **Alison Hall – Co.CEO and Founder**

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

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

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

#### **Julie Lavington – Co CEO and Founder**

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

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

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Biographical details of the Directors (continued)**

#### **Stephen Dilks – Chief Financial Officer**

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

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

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

#### **Adam Reynolds – Non-Executive Director**

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

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

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

Adam is currently Chairman of ProBiotix Plc, MyHealthChecked Plc and Autoclenz Ltd.

#### **Andrew Booth - Non-Executive Director**

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

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Biographical details of the Directors (continued)**

#### **Lesley Watt - Non-Executive Director**

Lesley is as an experienced commercial CFO and Finance Director with over 25 years in Board and senior finance positions across private, public and third sectors, including Scottish and Newcastle plc and latterly as CFO of Miller Developments. She is currently a member of the Tatton Asset Management plc Board and Capital for Colleagues plc and has significant experience with high growth strategic start-ups and blue chip companies. Lesley is a Chartered Accountant having qualified with PWC.

### **Directors Report**

The Directors present their Annual Report and Financial Statements for the year ended 31 March 2025.

#### **Principal activity**

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

#### **Business review and future outlook**

The performance for the financial year as well the Group's strategy, business model and future intentions is covered in the Chairman's and CEO statements on pages 2 to 9.

#### **Financial results**

The Group's financial performance and position is covered in the financial review on pages 9 to 13 and in the consolidated financial statements on pages 48 to 51.

#### **Going concern**

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

#### **Dividends**

The Board is focused on reinvesting all surplus cash generated in continuing to grow the business in its stated strategic objectives including the opening of physical retail stores. Therefore, no dividend payment will be made for the year ended 31 March 2025 (2024: £nil).

## DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Directors

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

Alison Hall  
Julie Lavington  
Stephen Dilks  
Nicolas Mustoe  
Adam Reynolds  
Andrew Booth  
Lesley Watt

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

### Substantial shareholdings

As at 25 June 2025 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 25-Jun-25	% Issued Capital
1	Schroder Investment Mgt (London)	35,666,330	14.37%
2	Octopus Investments (London)	26,071,693	10.50%
3	Lombard Odier Asset Mgt (London)	24,182,438	9.74%
4	Hargreaves Lansdown Asset Mgt (Bristol)	18,854,365	7.60%
5	Maven Capital Partners (London)	12,480,000	5.03%
6	EdenTree Investment Mgt (London)	11,520,909	4.64%
7	Interactive Investor (Manchester)	10,036,492	4.04%
8	GPIM (London)	8,880,682	3.58%

Based on 248,226,513 ordinary shares on 25 June 2025.

As at 31 March 2025 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 21-Jun-24	% Issued Capital
1	Schroder Investment Mgt (London)	34,285,024	13.81%
2	Octopus Investments (London)	26,621,693	10.72%
3	Lombard Odier Asset Mgt (London)	23,712,438	9.55%
4	Hargreaves Lansdown Asset Mgt (Bristol)	18,504,979	7.45%
5	Amati Global Investors (Edinburgh)	12,480,000	5.03%
6	EdenTree Investment Mgt (London)	11,520,909	4.64%
7	Interactive Investor (Manchester)	10,431,935	4.20%
8	GPIM (London)	7,940,126	3.20%

Based on 248,226,513 ordinary shares on 31 March 2025.

### Events after the reporting period

Further information on events after the reporting period is set out in note 23.

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Disclosure in the strategic report**

Information in respect of research and development, environmental actions and future developments can be found in the company's strategic report in accordance with s414C(11) of the Companies Act 2006 as the directors consider this to be of strategic importance to the Group.

### **Principal risks and uncertainties**

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

### **Overseas legal entities**

The Group has one overseas subsidiary; Sosandar (Europe) Limited which was incorporated in February 2024.

### **Auditor**

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

### **Streamlined Energy and Carbon Reporting**

Sosandar is committed to being as efficient as possible with regards to energy usage and greenhouse gas emissions. For the financial year ending 31<sup>st</sup> March 2025, the Group is reporting under the Streamlined Energy and Carbon Reporting legislation (SECR) for the first time.

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

In the reporting year, the reporting entities consumed 75,070 kWh of energy associated with Scope 1 and 2 greenhouse gas emissions. Electricity consumption accounted for all of the reported energy use, and this is classified as Scope 2 emissions.

The greenhouse gas emissions associated with the above supplies have been calculated to be 15,543 tonnes of CO<sub>2</sub>e. Scope 2 emissions were 100% of this and were entirely associated with electricity purchases. The reporting entities consumed 4,631 kg/CO<sub>2</sub>e from Scope 3 emissions and were associated with employee travel in where the Group is responsible for the fuel costs.

SECR regulations require the Group to report an energy intensity metric, and we have chosen to use annual turnover as the divisor for our intensity metric. Our CO<sub>2</sub>e per million pounds of gross turnover were 543 kg per million pounds.

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

Our reporting incorporates all Scope 1 and 2 supplies, and the Group's greenhouse gas emissions have been calculated using the relevant conversion factor published by the UK Government in their GHG Conversion Factors for Company Reporting and is based on HM Government Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (October 2024).

**DIRECTORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

**Streamlined Energy and Carbon Reporting (continued)**

	Unit of measurement	FY25
Energy consumption used to calculate emissions - electricity	kWh	Kg CO2e
Scope 1 - direct emissions from controlled/ own sources (combustion of gas)		
Scope 2 - indirect energy emissions from purchased electricity, heat, steam and cooling	75,070	15,543
	Miles	Kg CO2e
Scope 3 – other indirect emissions from energy use and related emissions from business travel in rental cars or employee-owned vehicles where they are responsible for purchasing the fuel	17,120	4,631
<b>Total emissions</b>		<b>20,174</b>
<b>Revenue (£'m)</b>		<b>37.132</b>
<b>Intensity ratio (CO2e/£m revenue)</b>		<b>543.309</b>

During FY25 the Group worked on the following key initiatives to reduce energy use and emissions;

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

Ongoing goals that the Group are focused on are:

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

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Directors' responsibilities**

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

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

In preparing these financial statements the Directors are required to:

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

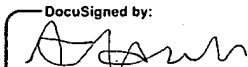
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements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

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

### **Disclosure of information to the auditors**

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

For and on behalf of the Board:

DocuSigned by:  
  
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**Alison Hall**  
Director  
14 July 2025

## **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Opinion**

We have audited the financial statements of Sosandar PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 31 March 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Our approach to the audit**

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

The group consists of three legal entities, two incorporated and operating in the UK, and one incorporated in the Republic of Ireland. The results of these components are consolidated in the group financial statements. Sosandar PLC and Thread 35 Limited have been subject to a full scope audit by the group audit team, whilst Sosandar (Europe) Limited was deemed a non-material component. For one of the components, Thread 35 Limited, a full scope audit was completed and covered 100% of the group's revenue, profit and net assets. For Sosandar Europe Limited, one specific area of the component has been audited by Saffery LLP, being the receipt of external bank confirmations for the purposes of the consolidated results. We also tested the consolidation process and related adjustments.

**INDEPENDENT AUDITORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

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

**Key audit matters**

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

Key Audit Matter	How our scope addressed this matter
<p><b>Valuation &amp; existence of inventory</b></p> <p>At 31 March 2025, the group held inventory of £11,057k (2024: £10,920k), net of provisions of totalling £446k (2024: £541k). £2,618k (2024: £3,421k) of inventory is held by third party concession partners.</p> <p>The nature of the industry that the group operates in carries a higher inherent risk of inventory becoming obsolete due to changing fashion tastes and trends. There is significant judgement involved in determining whether a provision for impairment is required to reflect the reduced net realisable value of obsolete inventory.</p> <p>There is also uncertainty arising from the necessity to estimate costs, such as freight and duty, which lends itself to the need to align the underlying stock system and the general ledger. Due to the significance of inventory to the group and other users of the financial statements, we consider this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of management’s provisioning policy which is based on the last goods received note and the percentages of inventory purchased that were converted to sales</li> <li>• We assessed the obsolescence percentages applied and determined it was appropriate with reference to sales and purchases made during the year, returned stock salvage rates, and any indicators of potentially damaged stock arising from our attendance at stocktakes</li> <li>• We tested the mathematical integrity of management’s provision calculation by recalculation. We validated the inputs into the model, including verifying the quantity and values for various elements making up the overall inventory provision and confirmed the accuracy of the data used with references to purchase and sales reports</li> </ul>

**INDEPENDENT AUDITORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

Key Audit Matter	How our scope addressed this matter
	<ul style="list-style-type: none"> <li>• We carried out testing on a sample of inventory lines to ensure that inventory is held at the lower of cost or selling price less costs to sell with reference to future orders</li> <li>• We accessed the existence of stock held by concession partners by receiving third-party stock listing and corroborating any variances to supporting documentation, including return to vendor reports received from concession partners.</li> <li>• We attended stocktakes at two store locations, as well as the main warehouse, to observe the physical inventory count procedures and perform independent test counts. We reperformed a reconciliation between underlying inventory systems and amounts recorded in the general ledger. We compared a sample of estimated freight and duty costs to actual charges to corroborate the appropriateness of reconciling adjustments.</li> </ul> <p>Based on our audit procedures we have not identified any material misstatements arising from the valuation or existence of inventory.</p>

## INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025

### Carrying value of investment in the subsidiary

At 31 March 2025 the parent company holds an investment in the subsidiary of £15,911k (2024: £7,694k).

The directors' assessment of indicators of impairment includes significant estimates and assumptions around identifying future cash flows and rates of future growth.

Due to the significance of the carrying value of the investment in the subsidiary to the parent company, we consider this to be a key audit matter.

Our audit procedures included the following:

- We considered management's annual review for indicators of impairment, identifying the reduced PBT and impairment of intercompany loans as further indicators of potential impairment. We evaluated the subsequent impairment review by comparing the calculated net present value of the investment based on forecast revenue and EBITDA to the carrying value recorded within the financial statements.
- We performed and we challenged the weighted average cost of capital estimated by management, and performed a recalculation based on industry data. We confirmed that when the updated WACC was applied to the sensitivity assessment the conclusions of the impairment assessment remained appropriate.
- We verified that management's impairment assessment has used consistent cash flows that adequately represented forecast trading performance.
- We performed sensitivity analysis on revenue, operating expenditure and the discount rate.
- We compared the projected activity to actual results and compared the calculation of the discount rate used to external data.
- We considered whether forecasts were consistent with our understanding of the business and any other corroborative or contradictory evidence regarding assumptions used.
- We reviewed the disclosures made in the notes to the financial statements.

**INDEPENDENT AUDITORS REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

Key Audit Matter	How our scope addressed this matter
	Based on our audit procedures we have not identified any material misstatements arising from the carrying value of investment in the subsidiary.

**Our application of materiality**

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

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

We determined group materiality to be £470,000 (2024: £605,000), based on 1.25% of group revenue. The materiality of the parent company was determined to be £165,000 (2024: £165,000) based on 1.5% of gross assets of the company.

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

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

**Conclusions relating to going concern**

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

## **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Conclusions relating to going concern (continued)**

- obtaining, critically appraising and assessing for arithmetical accuracy the directors formal going concern assessment, including the group's cash flow forecasts for the period to 31 March 2027 and considering the completeness and accuracy of the future cash flows assessed against historical results and existing contractual arrangements;
- considering the reasonableness of assumptions used by the directors in the preparation of the cash flow forecast which included comparing the 2025 actual results to the forecasts made in the prior year;
- understanding the assumptions applied in the directors' sensitivity analysis applied to the base case scenario to derive their blended downside scenario, including assumptions around revenue growth, funding options and cost management opportunities, and comparing these to historical trends and market data, applying further sensitivities where appropriate;
- reviewing the adequacy of disclosures made within the financial statements on the going concern basis of preparation; and
- discussing events after the reporting date with the directors to assess their impact on the going concern assumption.

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

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

### **Other information**

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

## **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### *Identifying and assessing risks related to irregularities:*

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

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

#### *Audit response to risks identified:*

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

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

## **INDEPENDENT AUDITORS REPORT FOR THE YEAR ENDED 31 MARCH 2025**

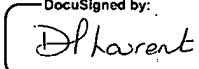
### **Auditor's responsibilities for the audit of the financial statements (continued)**

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

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

### **Use of our report**

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

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

### **Statutory Auditors**

Trinity  
16 John Dalton Street  
Manchester  
M2 6HY

14 July 2025

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revenue	3	37,132	46,277
Cost of sales		(14,067)	(19,627)
<b>Gross profit</b>		<b>23,065</b>	<b>26,650</b>
Administrative expenses		(22,884)	(26,984)
Warehouse transition – one -off costs		(223)	-
<b>Operating loss</b>		<b>(42)</b>	<b>(334)</b>
Finance income		109	38
Finance costs	5	(134)	(36)
<b>Loss before taxation</b>		<b>(67)</b>	<b>(332)</b>
Income tax credit/ (expense)	7	(477)	(91)
<b>Loss for the year</b>		<b>(544)</b>	<b>(423)</b>
Other comprehensive income			
<b>Total comprehensive profit/(loss) for the year</b>		<b>(544)</b>	<b>(423)</b>
<b>Earnings/(loss) per share:</b>			
Earnings/(loss) per share – basic, attributable to ordinary equity holders of the parent (pence)	8	(0.22)	(0.17)
Earnings/(loss) per share – diluted, attributable to ordinary equity holders of the parent (pence)		(0.22)	(0.17)

The notes on pages 55 to 81 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2025**

	Notes	As at 31 March 2025 £'000	As at 31 March 2024 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	747	391
Property, plant and equipment	10	5,876	909
Deferred income tax asset	1,7	128	605
<b>Total non-current assets</b>		<b>6,751</b>	<b>1,905</b>
<b>Current assets</b>			
Inventories	12	11,090	10,920
Trade and other receivables	14	3,835	2,768
Cash and cash equivalents	15	7,284	8,313
<b>Total current assets</b>		<b>22,209</b>	<b>22,001</b>
<b>Total assets</b>		<b>28,960</b>	<b>23,906</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	248	248
Share premium	16	52,619	52,619
Capital Reserves		4,648	4,648
Other reserves		1,753	1,485
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings		(21,740)	(21,196)
<b>Total equity</b>		<b>17,932</b>	<b>18,208</b>
<b>Current liabilities</b>			
Trade and other payables	18	7,096	5,076
Lease liability	19	571	194
<b>Total current liabilities</b>		<b>7,667</b>	<b>5,270</b>
<b>Non current liabilities</b>			
Lease liability	19	3,361	428
<b>Total non current liabilities</b>		<b>3,361</b>	<b>428</b>
<b>Total liabilities</b>		<b>11,028</b>	<b>5,698</b>
<b>Total equity and liabilities</b>		<b>28,960</b>	<b>23,906</b>

The financial statements were approved and authorised for issue by the Board of Directors on 14 July 2025 and were signed on its behalf by:

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*Steve Dilks*

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**Steve Dilks**

Director

Company Number: 05379931

The notes on pages 55 to 81 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2025**

		Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
	Notes		
<b>Cash flows from operating activities</b>			
<b>Group loss before tax</b>		(67)	(332)
Adjustments for:			
Share based payments	17	268	262
Depreciation and amortisation	9, 10	802	316
Finance costs		134	36
Finance income		(109)	(38)
Disposal of intangibles		3	80
Disposal of tangibles		7	-
Working capital adjustments:			
Change in inventories		(170)	1,441
Change in trade and other receivables		(1,067)	(38)
Change in trade and other payables		2,020	(3,279)
<b>Net cash flow from operating activities</b>		<b>1,821</b>	<b>(1,552)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	10	(1,717)	(81)
Purchase of intangibles	9	(424)	(458)
Initial direct costs on right of use asset		(463)	-
Bank interest paid	5	(1)	-
<b>Net cash flow from investing activities</b>		<b>(2,605)</b>	<b>(539)</b>
<b>Cash flow from financing activities</b>			
Finance income		109	38
Lease payment	19	(354)	(210)
<b>Net cash flow from financing activities</b>		<b>(245)</b>	<b>(172)</b>
<b>Net change in cash and cash equivalents</b>		<b>(1,029)</b>	<b>(2,263)</b>
Cash and cash equivalents at beginning of year	15	8,313	10,576
<b>Cash and cash equivalents at end of year</b>	<b>15</b>	<b>7,284</b>	<b>8,313</b>

The notes on pages 55 to 81 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Other reserves £'000	Total £'000
<b>Balance at 31 March 2023</b>		<b>248</b>	<b>52,619</b>	<b>(19,596)</b>	<b>4,648</b>	<b>(20,773)</b>	<b>1,223</b>	<b>18,369</b>
Loss for the year		-	-	-	-	(423)	-	(423)
Share-based payments	17	-	-	-	-	-	262	262
<b>Balance at 31 March 2024</b>		<b>248</b>	<b>52,619</b>	<b>(19,596)</b>	<b>4,648</b>	<b>(21,196)</b>	<b>1,485</b>	<b>18,208</b>
Loss for the year		-	-	-	-	(544)	-	(544)
Share-based payments	17	-	-	-	-	-	268	268
<b>Balance at 31 March 2025</b>		<b>248</b>	<b>52,619</b>	<b>(19,596)</b>	<b>4,648</b>	<b>(21,740)</b>	<b>1,753</b>	<b>17,932</b>

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.

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.

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

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

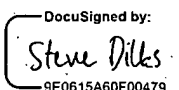
The notes on pages 55 to 81 form part of these financial statements.

**COMPANY STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	As at 31 March 2025 £'000	As at 31 March 2024 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	11	15,911	7,694
Loans to subsidiaries	13	87	-
<b>Total non-current assets</b>		<b>15,998</b>	<b>7,694</b>
<b>Current assets</b>			
Trade and other receivables	14	557	8
Cash and cash equivalents	15	4,472	4,534
<b>Total current assets</b>		<b>5,029</b>	<b>4,542</b>
<b>Total assets</b>		<b>21,027</b>	<b>12,236</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	248	248
Share premium	16	52,619	52,619
Other reserves		1,753	1,485
Capital redemption reserve		4,648	4,648
Retained earnings		(39,280)	(46,825)
<b>Total equity</b>		<b>19,988</b>	<b>12,175</b>
<b>Current liabilities</b>			
Trade and other payables	18	121	61
<b>Total current liabilities</b>		<b>121</b>	<b>61</b>
<b>Non-current liabilities</b>			
Loans to subsidiaries	13	918	-
<b>Total non-current liabilities</b>		<b>918</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,039</b>	<b>61</b>
<b>Total equity and liabilities</b>		<b>21,027</b>	<b>12,236</b>

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 profit for the year was £7,545k (2024: £605k loss).

The financial statements were approved and authorised for issue by the Board of Directors on 14 July 2025 and were signed on its behalf by:

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**Steve Dilks**

Director

Company Number: 05379931

The notes on pages 55 to 81 form part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		7,545	(605)
Adjustments for:			
Impairment of investment		19,771	-
Intercompany loan (reinstatement)/provision		(26,672)	201
Finance income		(1,128)	(12)
Working capital adjustments:			
Change in trade and other receivables		(549)	15
Change in trade and other payables		60	5
<b>Net cash flow from operating activities</b>		<b>(973)</b>	<b>(396)</b>
<b>Cash flow from investing activities</b>			
Loans to subsidiaries		(217)	(201)
<b>Net cash flow from investing activities</b>		<b>(217)</b>	<b>(201)</b>
<b>Cash flow from financing activities</b>			
Finance income		1,128	12
<b>Net cash flow from financing activities</b>		<b>1,128</b>	<b>12</b>
<b>Net change in cash and cash equivalents</b>		<b>(62)</b>	<b>(585)</b>
Cash and cash equivalents at beginning of year	15	4,534	5,119
<b>Cash and cash equivalents at end of year</b>	<b>15</b>	<b>4,472</b>	<b>4,534</b>

The notes on pages 55 to 81 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2025**

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
<b>Restated Balance at 31 March 2023</b>		<b>248</b>	<b>52,619</b>	<b>1,223</b>	<b>4,648</b>	<b>(46,220)</b>	<b>12,518</b>
Loss for the year		-	-	-	-	(605)	(605)
Share-based payments	17	-	-	262	-	-	262
<b>Balance at 31 March 2024</b>		<b>248</b>	<b>52,619</b>	<b>1,485</b>	<b>4,648</b>	<b>(46,825)</b>	<b>12,175</b>
Profit for the year		-	-	-	-	7,545	7,545
Share-based payments	17	-	-	268	-	-	268
<b>Balance at 31 March 2025</b>		<b>248</b>	<b>52,619</b>	<b>1,753</b>	<b>4,648</b>	<b>(39,280)</b>	<b>19,988</b>

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 £268k. The cumulative share payment expense recognised in the parent company statement of comprehensive income is nil (2024: nil).

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

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

The notes on pages 55 to 81 form part of these financial statements.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **1 General information**

Sosandar Plc (the 'Company') is a public company limited by shares incorporated in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the Company Information page at the end of this report. The Company is listed on the AIM market of the London Stock Exchange (ticker: SOS).

The principal activity of the Group in the year under review was that of a clothing manufacturer and distributor via internet and mail order as well as retail stores.

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.

#### **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, expenditure commitments and capital requirements with regards to 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 results in their being sufficient surplus headroom to deliver the forecasts. Management continue to monitor costs and manage cashflows against these forecasts including when sensitising for a drop in revenue.

At 31 March 2025, the Group had a cash balance of £7.3m and is therefore in a strong position, with sufficient working capital to take advantage of opportunities in FY26 and beyond. This substantiates the view that the Group is a going concern.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **2 Significant accounting policies (continued)**

The directors continue to monitor the Group's going concern basis against the backdrop of both internal and external events. Spending on Own Channels has reduced in the year, as a result of the strategic change to reduce price promotional activity, resulting in lower revenue however gross margin has increased significantly. The increase in gross margin, couple of with careful cost control has enabled the Group to weather this change, delivering a small improvement in the loss before tax and a robust cash balance as at 31 March 2025. External events are constantly monitored, which over the last twelve months has included relatively high inflation and pressure on household budgets. Whilst at a macro level, this has impacted consumer spending, the Group has not experienced a material downturn in activity with the internal changes being much more significant. Prioritising cash during the year has been a key priority, with the balance remaining strong and therefore 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; all subsidiaries have a reporting date of 31 March.

Subsidiaries are all entities which fall within the definition of control under IFRS 10; an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Significant accounting policies (continued)

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

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

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

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

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

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

#### **Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in pounds sterling (£), which is the Group's presentation currency and the Company's functional currency.

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

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

- monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Significant accounting policies (continued)

- 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 2023 have been applied by the Group.

#### Adoption of new and revised standards

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Classification of Liabilities as Current or Non-Current, Non-current Liabilities with Covenants: <i>amendments to IAS 1</i>	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

#### Standards issued but not yet effective:

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Effective date, annual period beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2025

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**2 Significant accounting policies (continued)**

The members are evaluating the impact that these standards have on the financial statements of the Sosandar PLC.

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Sosandar PLC and which have not been applied in these financial statements, have not been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

Standard	Effective date, annual period beginning on or after
Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)	1 January 2026
IFRS 18 – <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027

The members are evaluating the impact that these standards will have on the financial statements of the Sosandar PLC.

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

**Calculation of share-based payment charges**

The charge related to equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions. Please see note 17.

**Depreciation of property, plant and equipment and amortisation of other intangible assets**

Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. Please see notes 9 and 10.

**Revenue recognition**

Revenue is recognised at the point where legal title in the goods passes from the Group to the customer. This includes the price paid for the goods as well as any delivery charge where applicable. Typically, legal title is passed when the goods are despatched from the warehouse and as the invoice is created. It is impractical to recognise on delivery, and the difference due to this timing is immaterial. The point of recognition and the point of return is the same for both direct and third-party sales.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Significant accounting policies (continued)

Revenue is reported after making deduction for actual and anticipated returns, relevant vouchers and sales taxes.

Revenue is generated on Sosandar's own website, through its own stores and through third party partners.

#### Intangible assets

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated. Costs are capitalised where the expenditure will bring future economic benefit to the company. Intangible assets have finite useful lives.

Amortisation is recognised within administrative expenses in the Statement of Comprehensive Income so as to write off the cost of assets less their residual values over their useful economic lives.

The following annual rates are used:

Website	20% Straight line
Trademark	20 % Straight line
Software	33% Straight line

Assets Under Construction will be depreciated when the assets are in use.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line and reducing balance methods to write off their cost over their estimated useful lives at the following annual rates:

Plant and Machinery	15% Straight line
Computer Equipment	33.33% Straight line
Fixture and Fittings	15% Reducing balance
Office Equipment	25% Reducing balance
Leasehold Improvements	20% Straight line
Right of Use Asset	20% Straight line

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **2 Significant accounting policies (continued)**

#### **Equity**

Equity instruments issued by the Group are recorded at the value of the proceeds received, net of direct issue costs, allocated between share capital and share premium.

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses. Provisions are made for obsolescence, mark-downs and shrinkage.

Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and other attributable costs, less trade discounts.

#### **Taxation**

##### **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the same income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

##### **Pension costs**

The Group contributes to a defined contribution scheme for employees. The costs of these contributions are charged to the statement of comprehensive income on an accruals basis as they become payable under the scheme rules.

##### **Investments**

Investments in subsidiary companies are stated at cost less any provision for impairment. Investments are accounted for at cost unless there is evidence of a permanent diminution in value, in which case they are written down to their estimated realisable value. Any such provision, together with any realised gains and losses, is included in the statement of comprehensive income.

##### **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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **2 Significant accounting policies (continued)**

#### **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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **2 Significant accounting policies (continued)**

#### **Financial assets and liabilities**

The Group classifies its financial assets at inception as measured at amortised cost. The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured

at amortised cost. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, are added to the fair value of the financial asset and deducted from the fair value of the financial liability.

#### *Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

#### *Fair value measurement*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

#### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all of the risks and rewards of ownership.

In a transaction in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The group derecognises financial liability when its contractual obligations are discharged, cancelled or expire.

#### *Impairment losses from contracts with customers*

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired, in line with IFRS 9. All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. Any measurement of expected credit losses under IFRS 9 reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Significant accounting policies (continued)

#### *Impairment losses from contracts with customers*

The Group considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses. The amount of loss is recognised in the Statement of Comprehensive Income.

#### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated being measured at fair value through the statement of comprehensive income to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 2 Significant accounting policies (continued)

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year end and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas identified by the Group are as follows:

#### **Contract liabilities - refund accruals**

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for refunds totalled £1,654k (2024: £1,365k) and a right to returned goods asset recognised of £629k (2024: £555k). A performance obligation is deemed for returns and refunds. A 14 day return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites.

Whilst not a key source of estimation uncertainty, the directors believe it is relevant to disclose the impact of changes to the estimate. A difference of 1%pt in the sales returns rate have an impact of +/- £110k (2024: +/- £124k) on the refund provision, and +/- £41k (2024: +/- £53k) on the right to returned goods asset.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £407k at 31 March 2025 (2024: £541k). Whilst not a key source of estimation uncertainty, the directors believe it is relevant to disclose the impact of changes to the estimate. A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £107k in gross profit (2024: +/- £104k).

#### **Investments**

In order to assess the impairment of the investment in the subsidiary, the Directors use a value in use calculation. The value in use is calculated based on five-year cashflow projections. The key assumptions used for the value in use calculation for the year ended 31 March 2025 are the sales growth rates, gross margin rates, changes in the operating costs base, long-term growth rates and the risk-adjusted pre-tax discount. The pre-tax discount rate is derived from the Group's weighted average cost of capital using the capital asset pricing model, the inputs of which include a risk-free rate, equity risk premium, and a risk adjustment (beta) rate. The weighted average cost of capital and growth rates used were as follows:

	2025	2024
	%	%
WACC (Weighted Average Cost Of Capital)	19.3	6.4
Compound annual revenue growth rate	6	10

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

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

The Directors assessment of the estimates on future revenues and EBITDA growth in future years is a key source of estimation uncertainty. The estimations are based on the budgeted investment and expansion of our clothing and footwear ranges, increased stocking levels and continued investment in marketing channels to acquire new customers.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projections and associated headroom used for the Group is sensitive to the EBITDA growth assumptions that have been applied.

### **Impairment of non-financial assets**

At each statement of financial position date, the Group reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

### **Share-based compensation**

The Group has issued equity-settled share-based payments to employees. The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

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

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.

### **Share-based compensation**

The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

### **Deferred tax**

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

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 3 Revenue

The directors have considered the requirement of IFRS 15 with regards to disaggregation of revenue and do not consider this to be required as the group only has one operating segment which is retail sales.

The income recognition for delivery receipts, commissions on partner-fulfilled sales and wholesale revenue are in line with that of retail sales and linked to dispatch/delivery to customers.

Due to the nature of its activities, the group is not reliant on any individual major customers.

During the year, the Group expanded into international markets. The major geographical market remains the UK.

	Year ended 31-Mar 2025 £'000	Year ended 31-Mar 2024 £'000
UK	36,633	46,177
Rest of World	499	100
<b>Total</b>	<b>37,132</b>	<b>46,277</b>

Disaggregation of revenue based on distribution channels is as follows:

	Year ended 31-Mar 2025 £'000	Year ended 31-Mar 2024 £'000
Own Channels *	16,430	23,118
Third-Party Channels **	20,702	23,159
<b>Total</b>	<b>37,132</b>	<b>46,277</b>

\* Own Channels includes Sosandar.com and own stores

\*\* Third-Party Channels includes concession and wholesale

### 4 Operating loss

	31 March 2025 £'000	31 March 2024 £'000
<b>Operating loss is stated after charging/(crediting):</b>		
Operating lease rentals	44	69
Auditors' remuneration:		
Audit fee – group and parent company	124	64
Legal and other fees	206	242
Foreign currency loss	33	13
Share based payment	268	262

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**5 Finance cost**

	31 March 2025 £'000	31 March 2024 £'000
Interest on the lease	133	36
Other interest	1	-
<b>Total</b>	<b>134</b>	<b>36</b>

**6 Employees**

	31 March 2025 £'000	31 March 2024 £'000
Aggregate Directors' emoluments including consulting fees	801	819
Wages and salaries	3,989	3,621
Social security costs	464	433
Pension costs	224	221
Share-based payments	268	262
<b>Total</b>	<b>5,746</b>	<b>5,356</b>

	31 March 2025 Nos.	31 March 2024 Nos.
Directors	7	8
Senior Management	11	8
Retail	22	-
Head Office	72	81
<b>Total</b>	<b>112</b>	<b>97</b>

**Directors' remuneration**

Details of emoluments received by Directors of the Group for the year ended 31 March 2025 are shown in the table below.

Details of the share options held by each Director can be found in the Group Directors' Report on page 31.

The share-based payment charge related to directors was £239k (2024: £240k).

	2025 Base Salary	2025 Pension	2025 Other Benefits	2025 Total	2024 Total
	£	£	£	£	£
Alison Hall	250,000	30,000	11,232	291,232	272,561
Julie Lavington	250,000	30,000	12,621	292,621	271,102
Steve Dilks	182,000	14,560	10,005	206,565	192,331
Nicholas Mustoe	45,000	-	-	45,000	45,000
Adam Reynolds	30,000	-	-	30,000	30,000
Andrew Booth	30,000	-	-	30,000	30,000
Jonathan Wragg *	-	-	-	-	28,654
Lesley Watt	30,000	-	-	30,000	30,000
<b>Total</b>	<b>817,000</b>	<b>74,560</b>	<b>33,858</b>	<b>925,418</b>	<b>899,648</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### Directors' remuneration (continued)

Key management personnel excluding directors, received emoluments for the year of £980k (2024: £792k). This includes payments in lieu of note equalling £67k (2024: £Nil).

### 7 Income tax

#### a) Analysis of charge in the period

	31 March 2025 £'000	31 March 2024 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	477	91
<b>Total deferred tax charge/(credit)</b>	<b>477</b>	<b>91</b>

#### b) Factors affecting the tax charge for the period

	31 March 2025 £'000	31 March 2024 £'000
Loss on ordinary activities before taxation	(67)	(332)
Tax at the UK corporation tax rate of 25% (2024: 25%)	(17)	(83)
Expenses not deductible for tax purposes	70	66
Adjustments in respect of prior years	(2)	-
Fixed asset differences	4	(13)
Remeasurement of deferred tax for changes in tax rates	-	(4)
Movement in deferred tax not recognised	422	125
<b>Tax on loss on ordinary activities</b>	<b>477</b>	<b>91</b>

The deferred tax asset recognised in the accounts has been calculated using the current year tax rate of 25% (2024: 25%). The unrecognised deferred tax asset amounts to £4,042,346 (2024: £3,425,906) and has been recognised at the tax rate of 25%. The deferred tax asset has been recognised due to the expectation that it will be reversed in future years.

### 8 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year:

	31 March 2025	31 March 2024
Loss after tax attributable to equity holders of the parent (£'000)	(544)	(423)
Weighted average number of ordinary shares in issue	248,226,513	248,226,513
Fully diluted average number of ordinary shares in issue	248,226,513	248,226,513
<b>Basic earnings/(loss) per share (pence)</b>	<b>(0.22)</b>	<b>(0.17)</b>
<b>Diluted earnings/(loss) per share (pence)</b>	<b>(0.22)</b>	<b>(0.17)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 8 Earnings/(loss) per share (continued)

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The calculations of basic and diluted earnings per share is based on the weighted average number of ordinary shares only and excludes the effect of outstanding share options.

### 9 Intangible Assets

	Website £'000	Trademark £'000	Software £'000	Assets under Construction £'000	Total £'000
<b>Cost</b>					
At 1 April 2023	228	2	-	-	230
Additions	-	8	191	259	458
Transfers	-	-	-	52	52
Disposals	-	-	(50)	(30)	(80)
At 31 March 2024	228	10	141	281	660
<b>Amortisation</b>					
At 1 April 2023	228	2	-	-	230
Charge for the year	-	-	39	-	39
At 31 March 2024	228	2	39	-	269
<b>Carrying value 31 March 2024</b>	-	<b>8</b>	<b>102</b>	<b>281</b>	<b>391</b>
<b>Cost</b>					
At 1 April 2024	228	10	141	281	660
Additions	-	7	362	55	424
Disposals	(185)	-	-	(3)	(188)
Transfers	-	-	267	(267)	-
At 31 March 2025	43	17	770	66	896
<b>Amortisation</b>					
At 1 April 2024	228	2	39	-	269
Charge for the year	-	4	61	-	65
Disposals	(185)	-	-	-	(185)
At 31 March 2025	43	6	100	-	149
<b>Carrying value 31 March 2025</b>	-	<b>11</b>	<b>670</b>	<b>66</b>	<b>747</b>

Assets under construction are costs relating to the ERP implementation project and thus were transferred into intangible assets from property, plant and equipment. Refer to note 10.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 10 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Right of use asset £'000	Assets under Construction £'000	Total £'000
<b>Cost</b>					
At 1 April 2023	191	592	936	52	1,771
Additions	50	31	166	-	247
Transfers	-	-	-	(52)	(52)
<b>At 31 March 2024</b>	<b>241</b>	<b>623</b>	<b>1,102</b>	<b>-</b>	<b>1,966</b>
<b>Accumulated depreciation</b>					
At 1 April 2023	119	309	352	-	780
Charge for year	45	61	171	-	277
<b>At 31 March 2024</b>	<b>164</b>	<b>370</b>	<b>523</b>	<b>-</b>	<b>1,057</b>
<b>Carrying value 31 March 2024</b>	<b>77</b>	<b>253</b>	<b>579</b>	<b>-</b>	<b>909</b>
<b>Cost</b>					
At 1 April 2024	241	623	1,102	-	1,966
Additions	13	1,704	3,994	-	5,711
Disposals	-	(7)	-	-	(7)
Transfers	-	-	-	-	-
<b>At 31 March 2025</b>	<b>254</b>	<b>2,320</b>	<b>5,096</b>	<b>-</b>	<b>7,670</b>
<b>Accumulated depreciation</b>					
At 1 April 2024	164	370	523	-	1,057
Charge for year	49	198	490	-	737
On disposals	-	-	-	-	-
<b>At 31 March 2025</b>	<b>213</b>	<b>568</b>	<b>1,013</b>	<b>-</b>	<b>1,794</b>
<b>Carrying value 31 March 2025</b>	<b>41</b>	<b>1,752</b>	<b>4,083</b>	<b>-</b>	<b>5,876</b>

Assets under construction are costs relating to the ERP implementation project and thus were transferred into intangible assets from property, plant and equipment. Refer to note 9.

### 11 Non-current assets

#### Investments in subsidiaries:

	Company	
	2025 £'000	2024 £'000
Cost at 1 April	7,694	7,432
Additions during the year	27,988	262
<b>Cost at 31 March</b>	<b>35,682</b>	<b>7,694</b>
Impairment at 1 April	-	-
Impairment	(19,771)	-
<b>Impairment at 31 March</b>	<b>(19,771)</b>	<b>-</b>
<b>Carrying value as at 31 March</b>	<b>15,911</b>	<b>7,694</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 11 Non-current assets (continued)

The additions during the year are in respect of the share-based payment expense of £268k which was issued in the Parent Company on behalf of its subsidiary, Thread 35 Limited and therefore represents a capital contribution during the year. More information can be found in note 17. Further additions in the year are the reinstatement of the intercompany loan with Thread 35 Limited and its subsequent impairment in the year.

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding 2025	% Holding 2024
Thread 35 Ltd	UK	Direct	Ordinary shares	100	100
Sosandar (Europe) Limited	Ireland	Direct	Ordinary shares	100	100

The registered office of Thread 35 Limited is 40 Water Lane, Wilmslow, SK9 5AP and the registered office of Sosandar (Europe) Limited is 5<sup>th</sup> Floor, 40 Mespil Road, Dublin 4, Ireland, D04 C2N4.

There were no other investments held by the Group.

#### *Impairment testing*

The Groups investments in its subsidiaries are tested for impairment at the balance sheet date, where indicators of impairment exist. Indicators were identified including the reduction in profit in the subsidiary of Thread 35 Ltd and the write off of the intercompany loan balance with the subsidiary. The recoverable amount of the investment in Thread 35 Ltd as at 31 March 2025 was assessed on the basis of value in use. As a result of this calculation an impairment was made of £19,771k.

The key assumptions in the calculation to assess 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 for the next 5 years are assessed including capital expenditure requirements. Growth assumptions are then applied for year 6 onwards. 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 2025 are disclosed in note 2, Critical accounting judgements and key sources of estimation uncertainty on page 65.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 12 Inventories – Group

	31 March 2025 £'000	31 March 2024 £'000
Stock – finished goods	10,461	10,365
Right to returned stock	629	555
<b>Total</b>	<b>11,090</b>	<b>10,920</b>

The cost of inventories charged in the year as an expense equated to £14,067k (2024: £19,627). 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 and from subsidiaries

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current assets	-	-	87	-
Non-current liabilities	-	-	918	-
<b>Net Liability</b>	<b>-</b>	<b>-</b>	<b>831</b>	<b>-</b>

### 14 Trade and other receivables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade receivables	2,793	2,160	-	-
VAT recoverable	437	8	437	8
Other receivables	101	100	-	-
Prepayments	504	500	120	-
<b>Trade and other receivables</b>	<b>3,835</b>	<b>2,768</b>	<b>557</b>	<b>8</b>

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade receivables are considered past due when they have passed their contracted due date. Trade receivables are assessed for impairment based upon the expected credit losses model. The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure, expected credit losses on a collective basis are grouped based on similar credit risk and aging. The Group does not have any non-current receivables.

At 31 March 2025 there were 3 customers who owed in excess of 80% of the total trade debtor balance. These customers were operating within their credit terms and the directors do not foresee an increased credit risk associated with these customers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025.**

**14 Trade and other receivables (continued)**

None of the trade receivables have been subject to a significant increase in credit risks since initial recognition and as such no impairment provision has been recognised on trade receivables.

<b>As at 31 March 2025</b>	<b>Current £000's</b>	<b>&lt;1mth £000's</b>	<b>1mth £000's</b>	<b>2mth £000's</b>	<b>3mth £000's</b>	<b>Older £000's</b>	<b>Total £000's</b>
Expected loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount	1,829	819	63	-	64	18	2,793
Expected credit loss provision	-	-	-	-	-	-	-
	<b>1,829</b>	<b>819</b>	<b>63</b>	<b>-</b>	<b>64</b>	<b>18</b>	<b>2,793</b>

<b>As at 31 March 2024</b>	<b>Current £000's</b>	<b>&lt;1mth £000's</b>	<b>1mth £000's</b>	<b>2mth £000's</b>	<b>3mth £000's</b>	<b>Older £000's</b>	<b>Total £000's</b>
Expected loss rate	0%	0%	0%	0%	0%	0%	0%
Gross carrying amount	2,088	72	10	-	(10)	-	2,160
Expected credit loss provision	-	-	-	-	-	-	-
	<b>2,088</b>	<b>72</b>	<b>10</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>2,160</b>

No expected credit losses have been recognised in the parent company, as the loan to the subsidiary of £27,720 was reversed in the prior year and has been capitalised in the current year. See note 11 for further details.

**15 Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2025 £'000</b>	<b>2024 £'000</b>	<b>2025 £'000</b>	<b>2024 £'000</b>
<b>Cash at bank</b>	<b>7,284</b>	<b>8,313</b>	<b>4,472</b>	<b>4,534</b>

As at reporting date there is a multilateral guarantee given by Sosandar PLC and Thread 35 Ltd to HSBC UK Bank plc dated 18 April 2024.

**16 Share capital and reserves**

Details of ordinary shares issued are in the table below:

	<b>Ordinary Shares (£0.01)</b>			
	<b>Number of shares issued and fully paid</b>	<b>Issue Price £</b>	<b>Total Share Capital £'000</b>	<b>Total Share Premium £'000</b>
<b>At 31 Mar 2024</b>	<b>248,226,513</b>	<b>0.001</b>	<b>248</b>	<b>52,619</b>
<b>At 31 Mar 2025</b>	<b>248,226,513</b>	<b>0.001</b>	<b>248</b>	<b>52,619</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 17 Share based payments

#### Share option plans

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. On 2<sup>nd</sup> November 2017 share options over ordinary shares of 15.1p were issued with a further issue over ordinary shares of 29.1p issued on 25<sup>th</sup> 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 2025		31 March 2024	
	Number ('000)	WAEP £	Number ('000)	WAEP £
<b>Outstanding at 31 March 2024</b>	<b>27,761</b>	<b>0.035</b>	27,761	0.035
Modifications in the year	-	0.000	-	-
Issuances in the year	0	0.000	135	-
Cancellations in the year	0	0.000	(135)	0
<b>Outstanding at 31 March 2025</b>	<b>27,761</b>	<b>0.035</b>	27,761	0.035
<b>Exercisable at 31 March 2025</b>	<b>18,118</b>	<b>0.054</b>	18,118	0.054

The options outstanding at 31 March 2025 had a weighted average exercise price of £0.054 and a weighted average remaining contractual life of 5.59 years.

The fair values of options granted prior to 2021 were calculated using the Black Scholes pricing model. The fair values of the options granted in June 2021 and May 2023 were calculated using the Monte Carlo model. The Group used historical data to estimate expected period to exercise, within the valuation model. Expected volatilities of options outstanding granted prior to the Company's admission to AIM were based on implied volatilities of a sample of listed companies based in similar sectors. The risk-free rate for the expected period to exercise of the option was based on the UK gilt yield curve at the time of the grant.

The Group recognised a charge of £268k (2024: £262k) related to equity-settled share-based payment transactions during the year. Of this, the charge recognised in the subsidiary, Thread 35 Ltd, was £268k (2024: £262k).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**17 Share based payments (continued)**

The assumptions used in the valuation of the options at the grant date are as follows. There were no new share issues in the year.

	Share options FY24	Share options FY22	Share options FY19	Share options FY18
Exercise price	0.0p	0.0p	29.2p	15.1p
Share price at date of grant	27.00p	23.75p	29.2p	15.1p
Risk-free rate	0.25%	0.25%	0.25%	0.25%
Volatility	70%	42%	25%	25%
Expected Life	3 years	5 years	10 years	10 years
Fair Value	0.20	0.13	0.07	0.05

For options exercisable at year end, the exercise price ranged from 0.0p to 29.2p.

**18 Trade and other payables**

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade payables	2,850	2,111	21	-
Accruals	1,056	692	100	61
Other payables	555	323	-	-
VAT payable	842	535	-	-
Contract liabilities	1,681	1,365	-	-
Deferred income	112	50	-	-
<b>Trade and other payables</b>	<b>7,096</b>	<b>5,076</b>	<b>121</b>	<b>61</b>

**19 Leases**

The Group have property lease contracts which are used in its day-to-day operations.

	31 March 2025 £'000	31 March 2024 £'000
Lease liability brought forward	622	630
Additions	3,994	166
Indirect costs	(463)	-
Finance cost	133	36
Lease payments	(354)	(210)
<b>Lease liability recognised in statement of financial position</b>	<b>3,932</b>	<b>622</b>

	31 March 2025 £'000	31 March 2024 £'000
Of which		
Current lease liabilities	571	194
Non-current lease liabilities	3,361	428
<b>Lease liability recognised in statement of financial position</b>	<b>3,932</b>	<b>622</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **19 Leases (continued)**

On 1 April 2022, the Group entered into a second property lease in Wilmslow, England in order to expand its office space. Both property leases have a term of five years with a break clause after three years. In the financial year, the Group entered into a further six property leases, of stores, in England. Two properties have terms of five years with a break clause after three years, the remaining four properties have terms of ten years with a break clause after five years.

### **20 Related party transactions**

The intercompany loan balance between the Company and its subsidiary, Thread 35 Ltd, was capitalised in the year. Please see note 11 for further details.

### **21 Financial instruments – risk management**

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The Group's activities expose it to a range of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

These methods include sensitivity analysis in the case of foreign exchange and other price risks, and ageing analysis for credit risk. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### **General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

#### **Credit risk**

The Group faces low credit risk as own site customers pay for their orders in full on order of the goods. There are credit terms with third party concession and wholesale customers.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

### **21 Financial instruments – risk management (continued)**

#### **Credit risk (continued)**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is recognised on trade receivables if the Group deem there to be expected credit losses. The amount of expected credit losses is calculated using the simplified approach under IFRS 9 and is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset.

Losses arising from impairment are recognised in the statement of comprehensive income in administrative expenses. The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, the Group may still choose to pursue enforcement in order to recover the amounts due.

The types of customers that the Group trades with have strong credit ratings and a robust payment history with the Group with no aged balances and as such the Group have not identified any expected credit losses from trade receivables during the period. The Group does not deem credit risk a material risk to the business.

#### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

### 21 Financial instruments – risk management (continued)

#### Liquidity risk (continued)

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 regular information on cash balances and estimates for the year ahead. 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:

	Group		Company	
	Within 1 year	1-2 years	Within 1 year	1-2 years
As at 31 March 2025	£'000	£'000	£'000	£'000
Trade and other payables	18 7,096	-	121	-
Lease liabilities	19 571	3,361	-	-
<b>Total</b>	<b>7,667</b>	<b>3,361</b>	<b>121</b>	<b>-</b>

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

#### Financial assets

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

		Amortised cost		Amortised cost	
		Group		Company	
		31 March	31 March	31 March	31 March
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Cash and cash equivalents	15	7,284	8,313	4,472	4,534
Trade & other receivables*	14	3,331	2,270	557	8
<b>Total</b>		<b>10,615</b>	<b>10,583</b>	<b>5,029</b>	<b>4,542</b>

\*excluding prepayments

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2025**

**21 Financial instruments – risk management (continued)**

**Financial liabilities**

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

	Amortised cost		Amortised cost	
	Group		Company	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Trade payables	2,850	2,111	21	-
Accruals	1,056	692	100	61
Other payables*	555	323	-	-
Contract liabilities	1,681	1,365	-	-
Lease liabilities	3,932	622	-	-
<b>Trade and other payables</b>	<b>10,074</b>	<b>5,113</b>	<b>121</b>	<b>61</b>

\*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 2024 £'000	Cash flow £'000	Additions £'000	Accrued interest charges £'000	At 31 March 2025 £'000
Cash and cash equivalents	8,313	(1,029)	-	-	7,284
Lease liabilities	(622)	354	(3,531)	(133)	(3,932)
<b>Net cash (excluding lease liabilities)</b>	<b>7,691</b>	<b>(675)</b>	<b>(3,531)</b>	<b>(133)</b>	<b>3,352</b>

**23 Post balance sheet events**

There are 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.

## COMPANY INFORMATION

Registered office	40 Water Lane Wilmslow Cheshire SK9 5AP
Registered number	05379931, England and Wales
Directors	Nicholas Mustoe – Non-Executive Chairman Alison Hall – Joint CEO Julie Lavington – Joint CEO Stephen Dilks – CFO Adam Reynolds – Non-Executive Director Andrew Booth – Non-Executive Director Lesley Watt – Non-Executive Director
Secretary	Stephen Dilks
Auditors	Saffery LLP Trinity 16 John Dalton Street Manchester M2 6HY
Nominated advisor	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Broker	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Registrars	Share Registrars Limited 3 The Millenium Centre Crosby Way Farnham GU9 7XX
Solicitors	TLT LLP Eden Building Irwell Street Salford M3 5EN
Public Relations	Alma Strategic Communications 71-73 Carter Lane London EC4V 5EQ