Sosandar Plc

Annual Report

For the year ended

31 March 2020

Company Registration Number: 05379931

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CHAIRMAN'S STATEMENT

For the year ended 31 March 2020

Notwithstanding the unprecedented impact of the COVID pandemic at the end of the period, the year to 31 March 2020 was another period of strong growth for Sosandar, with the Group again increasing in sophistication as we made good progress towards our vision of becoming a global one-stop online destination for fashion forward women.

We diversified our supplier base, entered the world of TV advertising and were delighted to win several prestigious industry awards. We also began forging relationships with retail stalwarts such as Next and John Lewis, reaching commercial agreements with both post-period end. Just four years on from its foundation, the business has truly transformed into an emerging brand leader in our market demographic.

COVID-19

We were forced to change course in the last few weeks of the end of the financial year as the impact of the COVID-19 pandemic began to take hold. Since that time our focus has necessarily shifted to the ongoing management of a business facing unprecedented external challenges.

I have seen first-hand the lengths our team has gone to over this time in order to maintain not only a fully functional business, but one that has continued to perform well, growing sales whilst under extremely testing circumstances. I applaud them for their hard work and innovation.

The challenges we have faced and overcome demonstrate the strength of our model and offering. We were able to move rapidly to change stock in response to demand, our online capabilities lent us an advantage throughout lockdown, and our strong relationship with our loyal customer base has been invaluable as we kept the Sosandar community spirit high, our product offering fresh, and increased repeat sales.

Strengthened financial position

We were pleased to complete two placings in the period, raising £7 million in July 2019 and £5 million in February 2020. The funds have been used to accelerate the growth of the business to great effect, securing a record performance for the Group this year, a 103% increase in revenue and 129% increase in customer base. The Board would like to take this opportunity to again extend its thanks to the support shown from new and existing shareholders.

Our people

I would like to take this opportunity to thank Ali, Julie and our incredible executive team. They have shown great skill in leadership and once again demonstrated their passion for the business over the past year, as well as through the challenging environment since. Similarly, my fellow board members are due our appreciation for their calm, clear and committed input, particularly in recent months when we have all been navigating uncharted territory.

My particular thanks go to James Bowling, our Head of Finance, who has been with the business since our early days and will be leaving us to pursue other opportunities in September. He has been incredibly important in building the company up to where it stands today. We also welcome the appointment of Stephen Dilks, who will be stepping into the Finance Director role. He has extensive experience in our sector and we look forward to benefitting from his knowledge going forward.

We must acknowledge that it has not been an easy time for our team, but I want to take this opportunity to thank them for their dedication, hard work and ongoing enthusiasm for our business and customers.

Outlook

The future remains uncertain, and we are ready to react to changes in the external environment. We have proven, through the pandemic, that we are a genuinely agile, responsive business. We have shown the level of control the Group has over its growth trajectory and with broad signals giving us confidence it is now time to begin cautiously pressing down the accelerator pedal once more.

Our long-term focus has not wavered and continues to be on the development of our product, infrastructure and service, alongside most importantly, further building our customer base.

There remains a huge opportunity ahead of us and numerous potential opportunities for future expansion. Our ambition is for Sosandar to be a long-term, sustainable success and, notwithstanding the challenging environment, we are well-placed to continue building the business throughout the next year towards this goal.

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Bill Murray

Date: 17 August 2020

AT A GLANCE

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

Investment case

A unique proposition

Product exclusively designed in-house to suit a wide-ranging yet underserved demographic. Exclusively designed trend-led, quality, affordable clothing with a premium aesthetic targeting a demographic graduating from fast fashion brands and frustrated with high street alternatives.

Experienced and driven management team

Highly experienced management team with combined experience of 35 years in fashion and previous success taking a business from concept to market leader.

Huge and growing market opportunity

Online fashion forecast to be worth £29bn by 2022 with Sosandar's core demographic spending £3.7bn a year on fashion.

Growing, loyal customer base

Active customers up 111% in the last year with a 2% increase in order frequency. Growing social engagement and huge amounts of positive customer feedback.

Strong and scalable infrastructure in place

Mobile-first website built on leading Magento platform and logistics run through Clipper provide capacity for large-scale growth.

Numerous potential opportunities for future expansion

Building an engaged customer base in attractive demographic allows opportunities for new product categories along with geographical expansion and cross selling into complementary markets.

MARKET AND OPPORTUNITY

Fashion e-commerce represents a large and growing opportunity to build a multimillion-pound business in an area of the market that is currently underserved by existing retailers.

BUSINESS MODEL

Our business is driven by creative flair skilfully combined with a data centric approach in order to understand and respond to our customers' needs. We excite and inspire our customers with affordable, trend-led clothes for every occasion showcased with stunning lifestyle photography, beautiful e-commerce imagery and video for every product. Our customer sits at the heart of everything we do and we are committed to serving her every fashion need. We also provide fashion and lifestyle magazine style content with styling tips, fashion ideas and trend advice.

Design

Our exclusive designs created entirely in-house offer exceptional quality at affordable prices. New products are launched every month to deliver constant newness and to keep the brand at the forefront of fashion trends.

Data

Data underpins everything we do: it leads our thinking on product and customer engagement, giving a deep insight into our customers' decision-making and buying preferences, driving product efficiency and enabling personalised marketing to ensure we continue to exceed customer expectations.

Engagement

We use stunning product imagery and inspirational content to engage with our customers and build brand awareness through both our own e-commerce site and a variety of channels, including social media, PR and direct mail.

CO-CEO'S STATEMENT

The year to 31 March 2020 reflects a period of trading largely unaffected by the disruption and uncertainty caused by COVID-19. The strong progress made both operationally and financially shows there is a clear demand for the Company's unique offering in the market.

Since the outbreak of COVID-19, despite the challenges faced, as an online-only business the Company has been able to react quickly and deliver continued revenue growth in the first quarter of the new financial year and into current trading.

Vision and ambition

Our vision is to be a global one-stop online destination for a new generation of fashion forward women who have graduated from fast fashion brands. We aim to build Sosandar into the go to fashion destination for all occasions combining exceptional product with a first-class customer experience.

Our strategy

Sosandar is focused on creating fashion-forward products for a generation of women overlooked by existing fashion brands, and this offers a significant untapped opportunity - a demographic that spends £3.7bn per year on fashion.

Our typical customer has a high disposable income and is very fashion conscious. She is looking for quality, affordable clothing with a premium, trend-led aesthetic for all areas of her life.

Our strategy is to expand Sosandar's customer base and build our brand awareness through developing exceptional products, providing a seamless customer experience and continuing to expand our highly successful online and offline marketing activity. This is underpinned by combining our creativity with gathering and analysing data on shopping habits, trends and customer preferences to drive product development and effectively target new customers.

Overview

We are delighted to report revenue for the year of £9m up 103% year on year. Our customer base continues to be very engaged with the brand demonstrating the ongoing strength of our products across the entire range, with repeat orders up 144% and active customer base up 111%. Supported by our marketing strategy, the period saw continued growth in customer numbers with new customers up 67% and orders up 108%. Returns remained flat at 50%.

This strong growth in new customers was driven by the Group's strategic decision to invest and focus marketing spend throughout Q2 and Q3. TV advertising naturally has a slower conversion rate in comparison to social media and brochures, which resulted in the Group's conversion rate decreasing by 25bps. Average order value for the period was down 6%, reflecting better than expected winter weather and the impact this had on product mix.

Gross margin decreased 700bps to 48.5% driven by the discounting used during the initial period of lock-down and stock provision, alongside the planned first order discounting following the period of intense customer acquisition in Q2 and Q3.

Key operational developments

Throughout the period we continued to make good progress in building on our base from which Sosandar can grow, looking towards achieving our vision of becoming a global one-stop online destination for fashion forward women.

Following the oversubscribed placing of £7 million (gross) in July we were able to accelerate our growth through strengthening our design capability, widening our product range and trialling additional marketing channels. These activities directly resulted in increased customer acquisition alongside continued growth from our ever-expanding base of loyal existing customers. This investment quickly saw a return as we delivered record periods of trading in September, October and November, with October and November delivering net revenues of over £1 million per month.

September also saw us begin to use TV advertising and start to trial the use of out-of-home digital media for the first time. This included testing in different TV regions, channels and programmes with re-investment into those showing the best engagement versus cost ratio, and a test with digital panels across escalators at key London train and tube stations. These marketing initiatives significantly increased brand recognition and awareness and will provide the basis of our learning and data as we begin to reinvest in customer acquisition.

This period of customer acquisition also created significant growth in our customer database which increased by 129% enabling communication with a much larger database in a cost effective way through email and social channels. This proved especially important during the COVID lockdown as we were able to significantly reduce marketing spend and trade off the customer database and prospects acquired, especially in the second half of the year.

We were conscious that in order to become a one-stop shop for fashion forward women we needed to further strengthen our design capability and widen our product range. Throughout the year, we made investments across all areas, including design, buying, merchandising and garment technology which resulted in our product range doubling year on year. This widening of the range has come through the additions of more choice within product types, and new categories such as denim, knitwear, footwear and accessories. In order to support the broadening product range we also expanded our supplier base substantially.

As a result of our increased product range and as testament to the quality of our product, third party interest to stock our clothes has increased. We have been trading on SilkFred for 19 months, which has allowed us to successfully increase brand awareness with a broad range of customer demographics. More recently we are delighted to also have reached agreements with household names John Lewis and Next with capsule collections being released on their websites in Q2 FY2021. This will further expand Sosandar's brand awareness to their significant customer bases as well as offering an additional channel to generate sales.

Response to COVID-19 and Q1 performance

The COVID-19 pandemic has had a profound impact on the trading environment in which we operate. Our focus throughout this time has been and continues to be on ensuring the health and safety of our colleagues whilst also ensuring that Sosandar remains well placed to deliver on its long-term growth ambitions. In order to achieve this the Board took a number of actions to manage short term costs. These included:

- A substantial reduction in its planned marketing spend in the short to medium term, in order to focus on repeat orders from the Group's existing customer base, rather than new customer acquisition.
- Stock levels being carefully managed with new stock being procured in line with demand. Sosandar's flexible supply base enabled the Group to adapt production plans very quickly to changes in consumer demand with continued use of the test and repeat strategy and minimal initial order quantities helping to reduce stock risk.
- Warehousing and fulfilment costs successfully flexed to the changing demand needs as the Company continues to benefit from the expertise of Clipper Logistics.
- All discretionary expenditure frozen.
- Approximately 60% of the workforce furloughed initially with the majority of the team of 33 no longer furloughed, with some part time.
- Reductions made to PLC Board remuneration.

Despite the drastically different trading environment and our decision to reduce marketing spend we performed resiliently throughout April, May and June with total revenue in Q1 increasing 54% year on year. This demonstrates the strength of our business model and continued demand for our products from our highly engaged customer base.

Demonstrating our ability to convert prospects that have been established over time we saw a 24% increase in new customers over the quarter, and robust growth in return customers, demonstrating the longer-term impact of our acquisition marketing strategy in previous periods, and the benefits of holding a larger database.

Pleasingly in June we recorded results very close to breakeven through a combination of growth in sales, significantly decreased marketing spend and a strong margin from full price sales.

Outlook

The resilient performance throughout Q1 has continued into Q2 with revenue in July up 57%. The lockdown period has proven how important our customer database, and their loyalty, is to performance. Therefore, as lockdown restrictions ease we will begin cautiously increasing marketing spend to continue this customer base growth. We will also continue to invest in new products whilst maintaining the agility of decision making that has been vital in recent times to react to such sudden changes in market conditions.

Notwithstanding the continued uncertainty in economic outlook we believe there is a significant market share opportunity within our demographic, especially with the lockdown period escalating growth in online retail. Combined with our growing and loyal customer base, an in-depth knowledge of our customers' changing needs, and our ability to quickly adapt to whatever is thrown at us we remain confident in what the future holds for Sosandar.

FINANCIAL REVIEW

KPI's

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000	Change
Revenue	**£9,027**	£4,440	+103%
Gross Profit	**£4,381**	£2,465	+78%
Gross Margin	**48.5%**	55.5%	-700bps
Operating Loss	**£(7,814)**	£(3,546)	-120%
Adjusted Operating Loss[1]	**£(7,439)**	£(3,470)	-114%
EBITDA	**£(7,663)**	£(3,485)	-119%
Adjusted EBITDA[1]	**£(7,288)**	£(3,409)	-114%

[1]adjusted to reflect exceptional non-cash, accounting adjustment for share-based payment in 2020
The comparatives have not been adjusted for the impact of the adoption of IFRS 16 as at 1 April 2019

	Year ended 31 March 2020	Year ended 31 March 2019	Change
Sessions	**8,032,355**	3,518,756	+128%
Conversion rate	**2.67%**	2.92%	-25bps
Number of orders	**214,487**	102,967	+108%
AOV	**£97.14**	£103.19	-6%
Active customers	**131,095**	62,214	+111%
Repeat order rate	**1.69**	1.66	+2%

During the financial year we have invested into all areas of the business, building on the momentum of previous years and making sure infrastructure is in place to achieve continued future growth and fully exploit the market opportunity that exists.

One area of investment was marketing, expanding on the successful mediums established in prior years and trialling new areas, especially TV. This investment successfully delivered 128% increase in web visits, 108% increase in orders and 103% increase in revenue. TV also proved especially successful in building our customer database which increased 129% providing a stronger base on which to build in future years, driving efficiencies as the proportion of orders from repeat orders increases.

The increased investment in TV changed the dynamic of the traffic to the website. Existing channels such as social and direct mail have a high level of direct response with intention to purchase. TV has different characteristics driving high levels of traffic but with lower intention to purchase with customers exploring the website for the first time and signing up for newsletters rather than making a purchase immediately. As a result of the growth in TV investment and change in marketing mix, conversion decreased slightly but brand awareness and website traffic has greatly increased.

The other area of investment was in people to expand product offering and enhance choice for the growing customer base. This included expansion of the design team which helped the business to test and expand into areas such as denim and loungewear, and increase the number of new styles by 88%. Increased choice helped to recruit and retain customers with active customer base up 111% and order frequency up 2%.

To help support the enhanced product choice, investment has also been made into the sourcing and merchandising teams to expand the supplier network by 119% across seven new countries. This provided access to new fabric types and helped diversify risk whilst also providing price competition within the supply chain.

As a result of this investment operating expenses increased by 99%, but decreased as a percentage of revenue, with the costs of growth offset by underlying efficiencies and economies of scale. The importance of a diversified supply base and increased customer database were underlined during the COVID pandemic. The expansion of supply chain allowed for consistent delivery of product and quick shift to more casual ranges. The larger database allowed conversion of prospects and orders from repeat customers acquired pre year end.

Expanding into new areas meant there was a shift in product mix which combined with a milder winter period than the previous year meant that proportionately higher sales of lower price product impacted average unit values and ultimately average order value (AOV) which decreased 6% on the year. AOV was also impacted by a significant increase in customer acquisition with new customers up 67% on prior year and many of these new customers utilising first order discounts.

This growth in new customers also impacted margin as did establishing new relationships with suppliers and small order quantities on the new product areas. Discounting and provisions as a result of COVID at the end of the year contributed to margin reductions year on year but after the initial impact of the pandemic margins have returned to prior year levels.

The success of the business meant that vesting conditions were activated during the year creating an exceptional, non-cash, share based payment charge of £375k (2019: £76k) impacting the loss position for the year.

Going into the new financial year the Company had a cash balance of £5.3m and healthy stock levels which have helped Sosandar trade through the changing market conditions resulting from the global pandemic. The foundations that have been built over recent years have put the Company in a strong position going forward and helped achieve significant cost efficiencies in the first quarter reflecting the agility of the business model. Whilst investment will start to increase in a controlled and prudent manner, the Company will continue to benefit from the more established customer database and infrastructure which has been developed throughout the year.

Risk Factors

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

Strategic and Market Risks		
Risk Factor	Impact	Mitigating Actions
Market competition	• As the business continues to grow, competitors may try and target the same demographic using a similar proposition.	• Competitor activity is regularly reviewed to ensure Sosandar's brand proposition continues to be viewed as a leader of the trend-led, affordable market within its target demographic. • Sosandar puts the customer at the heart of all decisions, focusing on up-to-date trends, design principles important to its demographic and a seamless purchase experience to attract new customers. • This is combined with a relentless pursuit of service excellence to make sure customers have the best possible experience to build loyalty and further purchases. • As a first mover, Sosandar has begun building up a repeat customer base loyal to the brand.
Fashion risk	• As trends change there is a risk that design does not keep up with customer requirements for the latest fashion.	• The business operates on monthly drops with tight design lead times that allow the design team to track the latest catwalk and commercial fashion trends. These are then fed into the product development to ensure that customers have access to the latest trends at affordable prices.
Customer demands and e-commerce advancements	• As the e-commerce market grows across all sectors and industries, consumers have increased expectations and increasing demands around ease of purchasing and returns.	• Regular meetings are held with developers of new technology and services that enhance customer experience to ensure that the business stays up-to-date with the latest e-commerce trends. This is not limited to the fashion industry with review and adoption of best practice principles from all areas of e-commerce.
Negative online reviews	• Negative comments on social platforms could influence purchasing decisions for new visitors.	• A dedicated customer service team is able to monitor any reviews or comments in order to contact customers to resolve any issues. Any unwarranted malicious content is removed and the user reported to the relevant social platform.

Operational Risks		
Risk Factor	Impact	Mitigating Actions
Supplier risk	• The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply. • Non-compliance with labour or environmental requirements could interrupt supply chain and cause reputational damage. • Product supplied could be of insufficient quality for sale.	• Purchases are spread over a number of suppliers to avoid over dependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening. • All design is done in-house with detailed specification packs provided for each product which helps on-board new suppliers quickly. • All suppliers are asked to confirm that they adopt all relevant Ethical Trade Initiative (ETI) base code principles. • Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.
Data and GDPR	• GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. • Data breaches could impact reputation and business continuity.	• We work with industry leading data providers with extensive compliant databases to ensure sufficient sources of target information for marketing purposes. • Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber attacks.
Mis-use of returns policy by customers	• Customers may wear the products then use the returns policy to gain refund with the product not suitable for re-sale.	• Each product is quality controlled upon return to the warehouse to check for wear or damage and make sure that a refund should be processed. The quality control process includes equipment that ensures the product is in the same condition as when first received and that it is suitable for sale.
Slow moving stock	• Slow moving stock could increase warehousing or impact margin if discounted.	• Stock turn is reviewed regularly at product level by senior management. Focused marketing techniques are applied to stimulate demand and maximise conversion. • The outlet section of the website exists for fragmented stock lines and any out of season stock should we decide to reduce the price if the above are unsuccessful.
Brexit risk	• The UK's decision to leave the EU could impact costs.	• Less than 10% of imports come from EU countries and the company continues to

	• Changes to import/export rules could impact delivery of goods to customers and delay delivery of stock ordered from the EU.	expand its supplier base to de-risk any impact Brexit may have. • Sales are currently UK only, any expansion into overseas market would be done with an understanding of any rules implemented as part of the Brexit process.
COVID 19 Risk	• Severe loss of revenue • Closure of the warehouses • Loss of or absence of employees due to illness • Loss of supply chain • Transport disruption	• Diversified supply chain with no overreliance on one single country • Detailed live insight on customer demand allows immediate insight into any changes in demand allowing resource to be flexed accordingly. • Limited fixed/committed expenditure with a highly flexible cost base. • Flexible supply chain to adapt to any change in product type demand. • Test and repeat model on stock to maximise on fast selling product lines whilst minimising risk on slower lines. • Government financial support • Safe working practices rigorously imposed • Employees working from home wherever possible

Financial Risks		
Risk Factor	Impact	Mitigating Actions
Foreign exchange rate risk	• The business buys some product in foreign currency. Adverse currency rate movements could impact margins.	• A detailed forward-looking purchase plan to identify any potential currency exposure and appropriate hedging techniques are used to avoid any margin erosion caused by FX movements.
Working capital risk	• As the company invests in product and customer acquisition there is a risk that funds will be required to fund continued growth.	• The business has detailed forward-looking forecasts and in-depth analysis of both product and marketing channel performance. This analysis is used to maximise efficiency of spend and return on investment, balancing the growth requirements against the funds available to the business. Activities are adjusted accordingly to manage cash flows whilst maintaining communication with any potential funders should any further growth capital be required.

Section 172 Statement

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

- Likely long term impact of their decisions
- Interests of employees and the need to act fairly between members of the Company
- The reputation of the Company with customers and suppliers
- The community and environment in which the Company operates

Key Stakeholders	How we engage
Employees	As a small team of under 40 people operating out of the same office there is regular engagement on a daily basis with more formal updates via presentations around key events
Shareholders	As an AIM listed business, we have a dedicated investor website with all key information and RNS updates. We also conduct regular presentations with investors and at retail investor events around the time of trading updates. This year we also did a video presentation which was made available online
Suppliers	We have personal relationships across all our supply chain and update each other through regular meetings and phone calls
Customers	Our customers are at the heart of everything we do. We use email and social platforms to update them about new products and regularly review any feedback we received to understand how we can improve their experience

Significant events/decisions 2020

Event/Decision	Key Stakeholders	Actions & Impact
Investment into the team	Shareholders, employees, customers	• Expansion of team to create new products and enhance choice for customers. Up front investment required impacting cost base • Executive made suggestions presented to the Board for approval • Updates given to shareholders through results and RNS updates • Significant growth achieved in product range helping to recruit and retain customers
TV trial and subsequent investment	Shareholders, customers	• Trial of TV for the first time to test its effectiveness to generate new customers • Trial was successful so subsequent investment was made which increased cost base and required additional funding • Updates and presentations given to shareholders in order to complete fundraising process • Investment was successful in generating significant customer growth helping build the database and

		ability to generate future revenue and shareholder benefit
Fundraise processes	Shareholders, employees, suppliers	• Changes in the supplier credit market as a result of high profile, high street retail failures impacted working capital. This combined with TV investment meant the business sought further funding • Shareholder communications took place in accordance with regulatory requirements and presentations were given to explain details of requirements. • Funds have helped the business continue its growth and provide strong foundation for the future.
COVID 19 Impact	All stakeholders	• COVID 19 and the subsequent UK lockdown created unprecedented market conditions • The business switched from growth strategy to cash preservation with reduction in all discretionary spend • Employees and suppliers were consulted around safe working practices with office staff working from home and additional measures taken at our third-party warehouse • Increased frequency of updates to shareholders to provide up to date information on performance • Communication with customers to update on service changes and actions taken both on the website and through email

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Julie Lavington
Director

Date: 17 August 2020

BOARD OF DIRECTORS

Biographical details of the Directors

Bill Murray - Non-Executive Chairman

Bill Murray has extensive experience in the media industry, having spent 22 years until 2008 with one of the largest independent media companies, Haymarket Media Group. Since the late 1990s he has focused on the digital arena. He served as managing director of digital strategy at Haymarket where he developed online business across the Haymarket Group and led a number of successful launches and acquisitions.

Over the last 12 years, Bill has worked across a portfolio of digital, media and other commercial organisations, providing strategic and commercial direction on both a non-executive and consultancy basis.

He has been chairman of The Hollins Murray Group since 2009, a north west-based commercial property group that now has a portfolio valued at more than £100 million. He chairs the board of 10ACT Ltd, trading as Trackback, a software company that provides lead follow-up and customer experience improvement services to the automotive industry worldwide. Bill is also a director of Jayess Assets Limited. Bill was founding chairman of the UK Association of Online Publishers from 2002, a position he held for four years and was chairman, then President of his beloved Camberley RFC between 2006 and 2014.

Bill has worked with the founders of Sosandar since early 2014, has assisted them with fundraising and numerous aspects of bringing the business to life and has chaired the Sosandar Board since its inception at the start of 2016.

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 market leader. 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.

Mark Collingbourne – Finance Director

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of Plc development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses.

During his ten-year tenure with ViaLogy Plc (now Yourgene Health Plc), Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments Plc. He also played a major part in arranging the financial details of ViaLogy's restructuring.

Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited, Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

Mark is currently chief finance officer of Optibiotix Health Plc and also holds board positions on a number of small private companies.

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. Adam is a non-executive director and a shareholder.

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.

BOARD OF DIRECTORS

Nick Mustoe - Non Executive Director

Nick started his career in 1981 working in London advertising agency Foote Cone and Belding followed by nine years at Lowe Howard Spink. In that time Nick worked across many clients including Tesco, Heineken, Whitbread, Vauxhall, Wicks, Weetabix, Bauer Publishing and Hanson Group Companies.

Nick started his own agency, Mustoes Merriman Levy, in 1993, which he ran as an independent agency for 15 years, with a brief period under the ownership of Japanese multi-national Hakuhodo. During this time the agency managed clients including Kia Cars, Lloyds Pharmacy, Doctor Marten, Bauer Publishing, Coca Cola and Unilever.

In 2008, Mustoes Merriman Levy merged with a leading PR agency Geronimo to form Kindred, the first fully integrated PR and advertising agency. Nick subsequently led an MBO of Kindred in 2010 and continues to lead the company as the chief executive.

Nick is chairman of Kempton Park Racecourse, Big Sofa Technologies Group Plc, ABC Connection Limited and Starlight Children's Foundation and a non-executive director of Yourgene Health Plc.

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. Thereafter becoming chief marketing officer for the Hut Group spanning all brands, all customer facing activity globally, in 2014 Andrew joined Lateooms.com, part of TUI Plc as chief marketing officer / chief revenue officer remaining on until its sale.

Andrew remains within the plural environment focused on brands that are utilising technology to significantly grow the customer relationship.

The Directors present their report and the consolidated financial statements for the year ended 31 March 2020.

Results and dividends

The Group loss after tax for the year ended 31 March 2020 amounts to £7.81m (2019: £3.55m). The Directors are not recommending payment of a final dividend for the year (2019: £nil).

Directors

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

Adam Reynolds
Alison Hall
Julie Lavington
Bill Murray
Nicolas Mustoe
Mark Collingbourne
Andrew Booth

Substantial shareholdings

As at 10 August 2020 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 10 August 2020	% Issued Capital
1	Bny (OCS) Nominees Limited	12,480,000	6.49%
2	Octopus AIM VCT PLC	12,073,021	6.28%
3	Aurora Moninees Limited	11,190,591	5.82%
4	HSBC Global Custody UK (Nominees) Limited	11,150,000	5.80%
5	Luna Nominees Limited	9,438,300	4.91%
6	Hargreave Landsdown Nominees) Limited	8,110,907	4.22%
7	Octopus AIM VCT 2PLC	8,048,672	4.19%
8	The Bank of New York (Nominees) Limited	7,500,000	3.90%
9	Hargreave Landsdown Nominees) Limited	6,337,361	3.30%

Based on 192,269,122 ordinary shares on 31 March 2020.

As at 31 March 2020 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 31 March 2020	% Issued Capital
1	Bny (OCS) Nominees Limited	12,480,000	6.49%
2	Octopus AIM VCT PLC	12,073,021	6.28%
3	Aurora Moninees Limited	11,190,591	5.82%
4	Luna Nominees Limited	9,215,300	4.79%
5	Octopus AIM VCT 2PLC	8,048,672	4.19%
6	HSBC Global Custody UK (Nominees) Limited	7,582,837	3.94%
7	The Bank of New York (Nominees) Limited	7,500,000	3.90%
8	Hargreave Landsdown Nominees) Limited	7,100,165	3.69%
9	Hargreave Landsdown Nominees) Limited	6,214,491	3.23%
10	Barclays Direct Investing Nominees Limited	5,895,595	3.07%

Based on 192,269,122 ordinary shares on 31 March 2020.

Corporate governance
The Directors recognise the importance of sound corporate governance and, following Admission, have undertaken to take account of the requirements of the QCA Guidelines to the extent that they consider it appropriate, having regard to the Company's size, board structure, stage of development and resources.

The QCA Guidelines recommend 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 taking.

The Company holds regular Board meetings and the Directors will be responsible for formulating, reviewing and approving the Company's strategy, budget and major items of capital expenditure. The Directors have, established an Audit Committee, a Nomination Committee, a Disclosure Committee and a Remuneration Committee with formally delegated rules and responsibilities.

Remuneration Committee
The Remuneration Committee, which comprises Nick Mustoe (chairman), Adam Reynolds and Bill Murray, met twice each year. The Committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

Audit Committee
The Audit Committee, comprises Bill Murray (chairman), Adam Reynolds and Nick Mustoe, mee twice a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee received and reviewed reports from management and the auditors relating to the interim report, the Annual Report and Accounts and the internal control systems of the Company.

Nomination Committee
The Nomination Committee, comprises Adam Reynolds (chairman), Bill Murray and Nick Mustoe, meet at such times and frequency as necessary. The Nomination Committee monitor the size and composition of the Board and the other Board Committees and are responsible for identifying suitable candidates for Board membership.

Disclosure Committee
The Disclosure Committee, which comprises Nick Mustoe (chairman), Bill Murray and Adam Reynolds, meet at such times as shall be necessary or appropriate to discharge its obligations and comply with applicable law and regulation. The Committee is responsible for overseeing the Company's compliance with its obligations under the Market Abuse Regulation and the AIM Rules for Companies in relation to the disclosure of inside information and price sensitive information.

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

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

Principle

How we comply with the QCA Code in this area

1. Establish a strategy and business model which promote 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 taking advantage of the increasing convergence of e-commerce and media.

2. Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published.

The Board also seeks to engage with shareholders to understand their needs and expectations, primarily through meetings with the Executive Directors, both individually as required (this mainly applies to institutional investors and/or those with significant shareholdings) and at Annual General Meetings, at which all shareholders are welcome.

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

Investors may contact the Company directly through the investor enquiries email address noted on the Company's website sosandar@almapr.co.uk. Investors may also receive Investor Email Alerts from the Company by signing up at http://www.sosandar-ir.com/content/investors/alert.asp

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including, inter alia, our 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 16 subcontractors around the world including India, China, Turkey 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 Company is on the cutting edge of fashion, while tailoring garments to fit customers.

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

The Board has identified what we believe to be a sensible approach to risk management for a company of our size.

We outline the Company's approach to risk management and the principal risks we face, along with what we do to mitigate those risks, in detail on pages 11 to 13 of our Annual Report and Accounts.

The Company receives regular feedback from its external auditors on the state of its risk management and internal controls.

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

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

The Board includes a balance of Executive and Non-Executive Directors, with four Non-Executive Directors compared to three Executive Directors.

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

All the Directors have appropriate skills and experience for the roles they perform at the Company, 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 Company 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 Company fulfils its growth objectives.

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

The Board currently comprises three Executive and four Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience.

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

The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and to scrutinise performance.

The Board has access to external advisors where necessary.

The Board and Committees receive training as appropriate. In particular, the members of the Audit Committee receive technical updates from the Company's external auditors to keep them abreast of the latest accounting, auditing, tax and reporting developments.

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

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

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

The Nomination Committee formally reviews and considers the performance of each Director at or around the time of publication of the Company's Annual Report.

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

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

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

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

The Company 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 the Ethical Trading Initiative base code www.ethicaltrade.org/eti-base-code.

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

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

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

The Board meets formally at least six times per year.

Each 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 Company website.

The appropriateness of the Board's structures and processes are reviewed through the ongoing evaluation process by the Nomination Committee, which will evolve in parallel with the Company's objectives, strategy and business model as the Company develops.

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

The Company communicates progress throughout the year through Regulatory News Service announcements and in more detail in 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 Company's formation, are available on the Company's website.

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

Directors' remuneration
The Directors are entitled to receive relevant fees, as detailed in the Directors remuneration in note 6.

Directors and their interests
The Directors of the Company held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2020 and 31 March 2019:

		Share Options		
31 March 2019 and 31 March 2020	**Ordinary shares of 0.01p each**	**Ordinary shares of 0.01p each**	**Option exercise Price £**	**Expiry**
Alison Hall	5,309,343	8,400,000	0.151	03/11/2027
Julie Lavington	5,309,343	8,400,000	0.151	03/11/2027
Nicholas Mustoe	4,872,871	400,000	0.151	03/11/2027
Adam Reynolds	1,960,802	800,000	0.151	03/11/2027
Mark Collingbourne	928,919	400,000	0.151	03/11/2027
Bill Murray	345,107	400,000	0.151	03/11/2027

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.

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

Principal risks and uncertainties
The principal risks and uncertainties of the business are discussed in the Strategic Report and in note 22.

Overseas branches
The Company has no overseas branches.

Directors' responsibilities
The Directors are responsible for preparing the Group Directors' Report and financial statements in accordance with applicable law and International Financial Reporting Standards.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union that give a true and fair view of the state of the affairs of the Group and the Company and of the profit or loss of the Group 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 IFRS as adopted by the European Union, 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 Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company 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.

Auditors
The Board are recommending Jeffreys Henry LLP for re-appointment as auditors of the Group and Company. Jeffreys Henry LLP have expressed their willingness to accept this appointment and a resolution re appointing them will be submitted to the forthcoming Annual General Meeting.

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

For and on behalf of the Board:

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Julie Lavington
Director

Date:17 August 2020

Independent auditor’s report to the members of Sosandar Plc for the year ended 31 March 2020

Opinion

We have audited the financial statements of Sosandar Plc (the ‘parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 March 2020 which comprise the consolidated statement of income and other comprehensive income, the consolidated and parent Company statements of financial position, the consolidated and parent Company statements of cash flows, the consolidated and parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the parent Company’s affairs as at 31 March 2020 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRS’s as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our audit approach

Overview

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. This is not a complete list of all risks identified by our audit.

- Inventory provisioning.
- Going concern assumption.
- Carrying value of investments and recoverability of intercompany loans to its subsidiary.

These are explained in more detail below.

Audit scope

- We conducted audits of the complete financial information of Sosandar Plc and Thread 35 Ltd.
- We performed specified procedures over certain account balances and transaction classes at other Group companies.
- Taken together, the Group companies over which we performed our audit procedures accounted for 100% of the absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of revenue.

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Inventory provisioning The Group held £3,809,830 of inventory as at 31 March 2020 (2019: £1,036,714) net of provisions totalling £394,979 (2019: £591,022). The provisioning policy is driven by margin rather than age of stock. The key assumptions driving the inventory provision are the net realisable value expected to be achieved on sale, and the saleability of older stock lines.	We understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year. We reconciled the inventory values used in the provision to the general ledger. We reviewed the calculations for arithmetical accuracy and compared NRV inputs to prices available on the website. We recomputed the level of provision having regard to the Group's provisioning methodology and performed some sensitivity analysis to assess whether there was risk of material misstatement of the provision.
Going concern assumption The Group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading. Although the current loss-making status is as expected due its relative newness, given the scale of cash outflows, the Group needs to be generating sufficient revenues to sustain its position. The key assumptions that impact the conclusions are the levels of future revenue, and the ability to control the operating costs. There are therefore inherent risks that the forecasts may overstate future revenue or understate future costs, and that the Group will not be able to operate within its cash resources and continue to operate as a going concern.	Evaluated the suitability of management's model for the forecast. The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period. Specifically, we obtained, challenged and assessed management's going concern forecast and performed procedures including: • Verifying the consistency of key inputs relating to future sales and costs to other financial and operational information obtained during the audit; • Assessed the reasonableness of expenses and costs established; • We reviewed the latest management accounts to gauge the financial position. • Performed a retrospective review of prior budgets to determine historical levels of accuracy.

	Management performed stress tests reflecting scenarios determined by mutual agreement.
Carrying value of investments and recoverability of inter-company loans to its subsidiary The Company has amounts due from the subsidiary Thread 35 Ltd totalling £16,950,351 (2019: £7,093,954), and an investment of £6,281,618 (2019: £6,281,618). The carrying amount of the intercompany balance between the parent and the subsidiary represents 60% of the parent Company's total assets. The recoverability of this balance is reliant on the continued growth and profitability of the subsidiary. The Directors consider these loans are fully recoverable. Management have provided cash flow forecasts and performed impairment reviews relating to the investments and loans. Management's assessment of the recoverable amount of investments and inter-company balances with the subsidiary requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary and possible impairment of the inter-company balance.	We have reviewed the carrying value of the investments and loans to the subsidiary. The review considered the current position of the subsidiary, the future outlook and forecasts prepared by management. We have assessed the cash flow forecasts and impairment reviews provided. The methodology and assumptions used by management have been evaluated, and deemed reasonable. We have considered the Company's assessments, and the results of audit work conducted on the subsidiary for any unrecognised indicators of impairment. We have assessed the appropriateness and applicability of the discount rate applied to the current business performance; We have confirmed that any adverse change in key assumptions would not materially increase the impairment loss;

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£366,000 (2019: £177,000)	£36,000 (2019: £162,000)
How we determined it	5% of net loss before tax	10% adjusted profit before tax (2019: 1% of gross assets)
Rationale for benchmark applied	We believe that loss before tax is a primary measure used by shareholders in assessing the performance of the Group.	As the nature of the Company is that of a holding company, gross asset values are a representation of its size of the Company; and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £36,000 and £348,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £18,300 (Group audit) (2019: £8,850) and £1,800 (Company audit) (2019: £8,100) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at 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. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of two reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Sosandar Plc and Thread 35 Ltd reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over account balances and transaction classes that we regarded as material to the Group at two reporting units.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent Company and its 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 25, 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's and 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of this report

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Sanjay Parmar (Senior Statutory Auditor)

For and on behalf of Jeffreys Henry LLP (Statutory Auditors)
Finsgate
5-7 Cranwood Street
London EC1V 9EE
17 August 2020

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

	Notes	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Revenue from contracts with customers		**9,027**	4,440
Operational costs		**(4,646)**	(1,975)
Gross profit		**4,381**	2,465
Administrative expenses		**(11,662)**	(5,874)
Share based payment		**(375)**	(76)
Depreciation and amortisation		**(151)**	(61)
Operating loss	4	**(7,807)**	(3,546)
Finance income	5	3	-
Finance costs	20	(10)	-
Loss on ordinary activities before taxation		**(7,814)**	(3,546)
Tax on loss on ordinary activities	7	**-**	-
Loss for the year		**(7,814)**	(3,546)
Other Comprehensive income		-	-
Total Comprehensive loss for the year		**(7,814)**	(3,546)
Attributable to:			
Equity holders of the parent		**(7,814)**	(3,546)
Group loss for the year		**(7,814)**	(3,546)
Total comprehensive loss for the year		**(7,814)**	(3,546)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	(5.14)	(3.19)
Loss per share - basic and diluted, from continuing operations (pence)	8	(5.14)	(3.19)

The notes on pages 38 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

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

The financial statements were approved and authorised for issue by the Board of Directors on 17August 2020 and were signed on its behalf by:

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Julie Lavington
Director

Company Number: 05379931

The notes on pages 38 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Cash flows from operating activities			
Group loss for the year		**(7,814)**	(3,546)
Share-based payments	17	**375**	76
Depreciation and amortisation	9 & 10	**151**	61
Net finance costs		**7**	-
Working capital adjustments:			
Change in inventories		**(2,773)**	(506)
Change in trade and other receivables		**(635)**	112
Change in trade and other payables		**1,614**	59
Net cash flow from operating activities		**(9,075)**	(3,744)
Cash flow from investing activities			
Addition of property, plant and equipment, and intangibles	9 & 10	**(129)**	(143)
Bank interest received		**3**	-
Net cash flow from investing activities		**(126)**	(143)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	**10,965**	2,916
Payment of lease liabilities		**(76)**	-
Net cash flow from financing activities		**10,889**	2,916
Net change in cash and cash equivalents		**1,688**	(971)
Cash and cash equivalents at beginning of year	15	**3,645**	4,616
Cash and cash equivalents at end of year	15	**5,333**	3,645

The notes on pages 38 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	**Total £'000**
Sosandar Plc Balance at 1 April 2018		107	27,796	(19,596)	4,648	(8,055)	32	**4,932**
Loss for the year		-	-	-	-	(3,546)	-	**(3,546)**
Share-based payments	18	-	-	-	-	-	76	**76**
Lapsed options		-	-	-	-	1	(1)	**-**
Issue of share capital	16	9	2,991	-	-	-	-	**3,000**
Costs on issue of share capital	16	-	(84)	-	-	-	-	**(84)**
Balance at 31 March 2019		116	30,703	(19,596)	4,648	(11,600)	107	**4,378**
Loss for the year		-	-	-	-	(7,814)	-	**(7,814)**
Shares-based payments	17	-	-	-	-	-	375	**375**
Issue of share capital	16	76	11,924	-	-	-	-	**12,000**
Costs on issue of share capital	16	-	(1,035)	-	-	-	-	**(1,035)**
Balance at 31 March 2020		192	41,592	(19,596)	4,648	(19,414)	482	**7,904**

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

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

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

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

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

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

The notes on pages 38 to 60 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
Assets			
Non-current assets			
Investments	12	**6,282**	6,282
Loans to subsidiaries	13	**16,950**	7,094
Total non-current assets		**23,232**	13,376
Current assets			
Trade and other receivables	14	**132**	8
Cash and cash equivalents	15	**4,819**	3,134
Total current assets		**4,951**	3,142
Total assets		**28,183**	16,518
Equity and liabilities			
Equity			
Share capital	16	**192**	116
Share premium	16	**41,592**	30,703
Other reserves	16 & 17	**482**	107
Capital reserves		**4,648**	4,648
Retained earnings – prior years	18	**(19,091)**	(19,206)
Retained earnings – current year	18	**95**	115
Total equity		**27,918**	16,483
Current liabilities			
Trade and other payables	19	**265**	35
Total current liabilities		**265**	35
Total liabilities		**265**	35
Total equity and liabilities		**28,183**	16,518

The financial statements were approved and authorised for issue by the Board of Directors on 17 August 2020 and were signed on its behalf by:

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Julie Lavington
Director

Company Number: 05379931

The notes on pages 38 to 60 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	**Year ended 31 March 2020 £'000**	Year ended 31 March 2019 £'000
Cash flows from operating activities			
Profit for the year		**95**	114
Impairment of investments and loans to subsidiaries	12	**-**	-
Interest charged on intercompany loan	13	**(652)**	(293)
Share-based payments	17	**375**	76
Working capital adjustments:			
Change in trade and other receivables	14	**(124)**	146
Change in trade and other payables	19	**230**	(222)
Net cash flow from operating activities		**(76)**	(179)
Cash flow from investing activities			
Loans to subsidiary undertakings		**(9,204)**	(3,966)
Net proceeds for sale of subsidiaries		-	51
Net cash flow from investing activities		**(9,204)**	(3,915)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	**10,965**	2,916
Net cash flow from financing activities		**10,965**	2,916
Net change in cash and cash equivalents		**1,685**	(1,178)
Cash and cash equivalents at beginning of year	15	**3,134**	4,312
Cash and cash equivalents at end of year	15	**4,819**	3,134

The notes on pages 38 to 60 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	**Total equity £'000**
Balance at 1 April 2018		107	27,796	32	4,648	(19,206)	13,377
Profit for the year		-	-	-	-	114	114
Issue of share capital	16	9	2,991	-	-	-	3,000
Costs on issue of share capital	16	-	(84)	-	-	-	(84)
Shares based payments	17	-	-	76	-	-	76
Lapsed options		-	-	(1)	-	1	-
Balance at 31 March 2019		116	30,703	107	4,648	(19,091)	16,483
Profit for the year		-	-	-	-	95	**95**
Issue of share capital	16	76	11,924	-	-	-	**12,000**
Costs on issue of share capital	16	-	(1,035)	-	-	-	**(1,035)**
Shares based payments	17	-	-	375	-	-	**375**
Balance at 31 March 2020		192	41,592	482	4,648	(18,996)	**27,918**

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

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

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

Retained earnings represent the cumulative loss of the 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 38 to 60 form part of these financial statements.

1 General information

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

The principal activity of the company in the year under review was that of a clothing manufacturer and distributer via internet and mail order.

2 Significant accounting policies

Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiaries (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 International Financial Reporting Standards ('IFRS') as adopted by the European Union 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 page 2. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes. In addition, note 22 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.

The outbreak of Covid-19 created significant disruption and uncertainty however the business was able to adapt its strategy and reduce marketing and operation costs but still deliver continued revenue growth.

In order to assess the going concern of the Group, the Directors have prepared cash flow and profit and loss forecasts for companies within the Group. These cash flow and profit and loss forecasts show the Group expect an increase in revenue based on the assumptions set out in note 12 of the financial statements. This will have sufficient headroom over available banking facilities. Management continue to monitor costs and manage cashflows against these forecasts.

The directors have reviewed the Group's bank balances, profitability in the four-year plans, the annual budgets and forecasts, including assumptions concerning revenue growth, marketing spend, returns and repeat customers and expenditure commitments and their impact on cash flow. For further details also refer to note 12.

Based on their assessment of prospects and viability, 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 or shareholder support was withdrawn 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

2 Significant accounting policies (continued)
Going Concern (continued)

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 subsidiaries and associated undertakings. Thread 35 Limited has a reporting date of 31 March.

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

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

In November 2017, Sosandar Plc ('Company') acquired the entire issued share capital of Thread 35 Ltd ('legal subsidiary') for a consideration of £6,281,618, satisfied by the issue of shares of £1,603,422 and cash of £4,678,196. As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquire, does not meet the definition of a business under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share- based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference in the fair value of the shares deemed to have been issued by the Thread 35 Ltd (accounting acquirer) and the fair value of Sosandar Plc's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

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

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

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

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

2 Significant accounting policies (continued)

Functional and presentation currency

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

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Changes in accounting policies and disclosures

This year, the IFRS 16 standard on leases came into effect, which had a material effect on the Group. The Group had to change accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but not adjust prior periods (see note 20).

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 April 2019 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact, unless disclosed below, on the financial statements of the Company.

The new standards include:

IFRS 3	Business Combinations[1]
IFRS 17	Insurance Contracts[2]
IAS 1	Presentation of Financial Statements[1]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[1]

2 Significant accounting policies (continued)
Changes in accounting policies and disclosures (continued)

Improvements to IFRSs Annual Improvements 2015-2017 Cycle1: Amendments to 2 IFRSs and 2 IASs
Revised conceptual framework for Financial reporting

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

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

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.

Inventories
Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of the business less applicable variable selling expenses. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and other attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £395k at 31 March 2020 (2019: £91k). A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £42k in gross profit.

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 £79k (2019 net refund accrual: £126k) and a right to returned goods asset recognised of £40k (2019: £nil). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund. A difference of 1%pt in the sales returns rate have an impact +/- £177k the refund provision, and +/- £98k on the right to returned goods asset.

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

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

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.

Principal accounting policies
The principal accounting policies are summarised below. They have been consistently applied throughout the year covered by the financial statements.

Revenue recognition
Revenue is recognised in according with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:
1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfy a performance obligation.

Revenue is recognised when control of the products have been transferred to the customer. Control is considered to have transferred once products have been received by the customer unless shipping terms dictate any different. Revenues exclude intra-group sales and value added taxes and represent net invoice value less estimated rebates, returns and settlement discounts. The net invoice value is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied.

The practical expedient allowed under IFRS 15 para 122 has been taken.

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

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. In the consolidated financial statements, acquisition costs incurred are expensed and included in general and administrative expenses.

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

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful economic lives.

2 Significant accounting policies (continued)

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 method 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

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

Impairment of non-financial assets
At each statement of financial position date, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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.

2 Significant accounting policies (continued)

Taxation

Income tax

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

Deferred tax

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities on a net basis.

Share-based compensation

The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to 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.

2 Significant accounting policies (continued)
Share-based compensation (continued)

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

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.

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

Financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

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

2 Significant accounting policies (continued)
Financial instruments (continued)

Trade payables and other non-derivative financial liabilities
Trade payables and other creditors are non-interest bearing and are measured at 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 fair value and subsequently measured at their cost when the contractual right to receive cash or other financial assets from another entity is established.

A provision for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that a trade and other receivables are impaired.

Financial assets and liabilities
The Group classifies its financial assets at inception into three measurement categories; 'amortised cost', 'fair value through other comprehensive income' ('FVOCI') and 'fair value through profit and loss' ('FVTPL'). The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

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

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

2 Significant accounting policies (continued)
Financial assets and liabilities (continued)

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

Impairment losses from contracts with customers
The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

Leases
The group leases a single office unit and various pieces of equipment. The rental lease was for a 5 year term expiring 15th October 2021. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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.

2 Significant accounting policies (continued)
Leases (continued)

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.

3 Segmental information

In the opinion of the Directors, the Group has one class of business, being that of a clothing manufacturer and distributer via internet and mail order. The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

4 Operating loss

	2020 **£'000**	2019 £'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	48	55
Auditors' remuneration		
Audit fee – group and company	28	30
Non audit fees	5	13
Legal and other fees	146	54
Foreign currency (gain)/loss	32	3
Share based payment	375	76

5 Finance income

	2020 **£'000**	2019 £'000
Bank interest received	**3**	-

6 Employees

	2020 **£'000**	2019 £'000
Aggregate Directors' emoluments including consulting fees	**471**	461
Wages and salaries	**1,318**	906
Social security costs	**173**	128
Pension costs	**39**	29
Share-based payments	**375**	76
Total	**2,376**	1,600

6 Employees (continued)

	2020	2019
Directors	**6**	6
Staff	**34**	21
Total	**40**	27

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 March 2020 are as follows:

	2020 Base Salary	**2020 Share-based payment**	**2020 Total**	2019 Base Salary	2019 Share-based payment	2019 Total
	£	**£**	**£**	£	£	£
Alison Hall	**145,800**	**154,432**	**300,232**	144,418	31,443	175,861
Julie Lavington	**145,800**	**154,432**	**300,232**	144,418	31,443	175,861
Nicholas Mustoe	**30,000**	**7,354**	**37,354**	30,000	1,497	31,497
Bill Murray	**30,000**	**7,354**	**37,354**	30,000	1,497	31,497
Adam Reynolds	**60,000**	**14,708**	**74,708**	60,000	2,995	62,995
Mark Collingbourne	**30,000**	**7,354**	**37,354**	30,000	1,497	31,497
Andrew Booth	**30,000**	**-**	**30,000**	22,500	-	22,550
Total	**471,600**	**345,634**	**817,232**	461,336	70,372	531,708

7 Income tax benefit / (expense)

No corporation tax charge arises in the year ended 31 March 2020 and the year ended 31 March 2019. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	Group		**Company**	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Loss on ordinary activities before taxation	**(7,814)**	(3,546)	**95**	114
Tax at the UK corporation tax rate of 19% (2019: 19%)	**(1,485)**	(674)	**18**	21
Expenses not deductible for tax purposes	**82**	16	**2**	5
Losses unutilised	**1,502**	658	**-**	-
Accelerated depreciation	**(16)**	-	**-**	-
Recognition of previously unrecognised losses	**(83)**	-	**(20)**	-
Group relieved	**-**	-	**-**	(26)
Tax on loss on ordinary activities	**-**	-	**-**	-

The Group has estimated tax losses of £18,500,000 (2019: £10,400,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 19% amounts to approximately £3,520,000 (2019: £1,976,000) and has not been recognised due to the uncertainty of the recovery. Due to the fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

8 Loss per share

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

	2020	2019
Loss after tax attributable to equity holders of the parent (£'000)	**(7,814)**	(3,546)
Weighted average number of ordinary shares in issue	**151,961,672**	111,104,042
Fully diluted average number of ordinary shares in issue	**151,961,672**	111,104,042
Basic and diluted loss per share (pence) – continuing operations	**(5.14)**	(3.19)
Basic and diluted loss per share (pence)	**(5.14)**	(3.19)

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 share options outstanding as at 31 March 2020 totalled 20,400,000 (2019: 20,400,000) and are potentially dilutive.

9 Intangible assets – Group

	Website £'000	**Total £'000**
Cost		
At 1 April 2018	60	60
Additions	113	113
At 31 March 2019	173	173
Amortisation		
At 1 April 2018	4	4
Charge for the year	6	6
At 31 March 2019	10	10
Carrying value 31 March 2019	163	163
Cost		
At 1 April 2019	173	173
Additions	45	45
At 31 March 2020	218	218
Amortisation		
At 1 April 2019	10	10
Charge for the year	10	10
At 31 March 2020	20	20
Carrying value 31 March 2020	**198**	**198**

10 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Right of Use Asset £'000	Total £'000
Cost				
At 1 April 2018	25	226	-	251
Additions	24	6	-	30
At 31 March 2019	49	232	-	281
Accumulated depreciation				
At 1 April 2018	8	71	-	79
Charge for year	10	45	-	55
At 31 March 2019	18	116	-	134
Carrying value 31 March 2019	31	116	-	147
Cost				
At 1 April 2019	49	232	-	281
Recognition of right-of-use-asset on initial application of IFRS 16	-	-	192	192
Adjusted balance at 1 April 2019	49	232	192	473
Additions	37	47	-	84
At 31 March 2020	86	279	192	557
Accumulated depreciation				
At 1 April 2019	18	116	-	134
Charge for year	15	51	75	141
At 31 March 2020	33	167	75	275
Carrying value 31 March 2020	**53**	**112**	**117**	**282**

11 Inventories – Group

	2020 £'000	2019 £'000
Stock	**3,810**	1,037

The cost of inventories charged in the year as an expense equated to £4,646k (2019 £1,975k).

12 Non-current assets

Investments in subsidiaries and associates:

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Cost at 1 April	**-**	-	6,282	15,618
Disposals during the year	**-**	-	-	(9,336)
Cost at 31 March	**-**	-	6,282	6,282
Impairment at 1 April	**-**	-	-	9,336
Disposals during the year	**-**	-	-	(9,336)
Impairment at 31 March	**-**	-	-	-
Carrying value as at 31 March	**-**	-	6,282	6,282

12 Non-current assets (continued)

Investments in subsidiaries and associates:

Break down of carrying value of investment:

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Thread 35	**-**	**-**	**6,282**	6,282
Total non-current assets	**-**	-	**6,282**	6,282

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2020 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

The key assumptions in the calculation to access value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and forecast approved by management were for the next 9 years and included terminal value. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The key assumptions used for the value in use calculation in 2020 were as follows:

	%
Discount rate	8.5
Returns assumption	43
Compound annual revenue growth rate	24

The Directors have made significant estimates on future revenues and EBITDA growth in future years based on the budgeted investment and expansion of our clothing and footwear ranges, increased stocking levels and continued investment in marketing channels to acquire new customers.

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

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	**% Holding[1] 2020**	% Holding[1] 2019
Thread 35	UK	Direct	Ordinary shares	**100**	**100**

13 Loans to subsidiaries

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Loan to subsidiary	**-**	-	**16,950**	7,094

The loan represents advancements to Thread 35 Limited and includes £687k (2019: £293k) of interest charged in the year at a rate of 6%. The loan is secured and fixed and floating charges. The floating charges covers all the property or undertaking of the company.

14 Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
VAT recoverable	**359**	25	**67**	8
Other receivables and prepayments	**602**	341	**65**	-
Right to returned goods	**40**	-	**-**	-
Trade and other receivables	**1,001**	366	**132**	8

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

15 Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Cash at bank	**5,333**	3,645	**4,819**	3,134
Cash and cash equivalents	**5,333**	3,645	**4,819**	3,134

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary shares (£0.01)					
Date	**Details**	**Number of shares**	**Issue price £**	**Total share capital £'000**	**Total share premium £'000**
At 31 Mar 2019		**116,189,658**	**0.001**	**116**	**30,703**
31 July 2019	Share Issue	46,666,700	0.001	**47**	6,581
2 Feb 2020	Share Issue	29,411,764	0.001	**29**	4,308
At 31 Mar 2020		**192,268,122**	**0.001**	**192**	**41,592**

16 Share capital and reserves (continued)

Group

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	**Total £'000**
Balance at 31 March 2019	116	30,703	(19,596)	4,648	(11,600)	107	**4,378**
Loss for the year	-	-	-	-	(7,814)	-	**(7,814)**
Share-based payments	-	-	-	-	-	375	**375**
Issue of share capital	76	11,924	-	-	-	-	**12,000**
Costs on issue of share capital	-	(1,035)	-	-	-	-	**(1,035)**
Balance at 31 March 2020	192	41,592	(19,596)	4,648	(19,414)	482	**7,904**

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	Cumulative fair value of share options and warrants granted and recognised as an expense in the Income Statement.
Capital redemption reserve	Capital redemption reserve arises from the 100% acquisition of Thread 35 Limited in November 2017 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Thread 35 Limited
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

17 Share based payments

Share option plans

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. On 2nd November 2017 share options over ordinary shares of 15.1p were issued with a further issue over ordinary shares of 29.1p issued on 25th February 2019.

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 2020		31 March 2019	
	Number ('000)	**WAEP £**	Number ('000)	WAEP £
Outstanding at 31 March	**20,400**	**0.155**	20,400	0.155
Exercisable at 31 March	**6,898**	**0.157**	6,604	0.151

The options outstanding at 31 March 2020 had a weighted average exercise price of ££0.157 and a weighted average remaining contractual life of 7.63 years.

The fair values of options granted were calculated using the Black Scholes pricing 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 £375k (2019: £76k) related to equity-settled share-based payment transactions during the year.

The assumptions used in the valuation of the options at the grant date are as follows:

	Share Options 2019	Share options 2018
Exercise price	29.1p	15.1p
Share price at date of grant	29.1p	15.1p
Risk-free rate	0.25%	0.25%
Volatility	25%	25%
Expected Life	10 years	10 Years
Fair Value	0.07	0.05

18 Retained earnings

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Opening balance	**(11,600)**	(8,055)	**(19,091)**	(19,206)
(Loss)/profit for the year	**(7,814)**	(3,546)	**95**	114
Transfer from share-based payment reserve	**-**	1	**-**	1
Closing balance	**(19,414)**	(11,600)	**(18,996)**	(19,091)

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 £95k (2019: £114k).

19 Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade payables	1,836	579	**37**	-
Accruals and deferred income	420	102	**228**	35
Other payables	259	173	**-**	-
Contract liabilities	79	126	**-**	-
Trade and other payables	2,594	980	**265**	35

20 Leases

Right of use assets and lease liability

This note explains the impact of the adoption of IFRS 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019 can be found in note 1.

The group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

20 Leases (continued)

	31 March 2020 £'000
Operating lease commitments disclosed as at 31 March 2019	203
Discounted using incremental borrowing rate at date of initial application	6%
Finance cost	10
Lease payments	(76)
Lease liability recognised in statement of financial position	126
Of which:	
Current lease liabilities	77
Non-current lease liabilities	49
	126

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to Land and Property in relation to the lease at the group's main trading address, 40 Water Lane, Wilmslow, Cheshire, SK9 5AP. An asset of £192k has been recognised in relation to this lease

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- Fixed Assets, Land and Buildings – Increased by £192k
- Accruals and deferred income – Decreased by £32k
- Lease liabilities – Increased by £192k

There was no impact on retained earnings on 1 April 2019

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Cashflow

- depreciation of ROU asset to be added back to calculate cash from operating activities
- lease payments then included as a cash outflow from financing activities

21 Related party transactions

During the year to 31 March 2020 the Group was charged £60,000 (2019: £60,000) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2020 the Group was charged £30,000 (2019: £30,000) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was an amount of £666 outstanding at the balance sheet date (2019: £nil).

During the year to 31 March 2020 the Group was charged £30,000 (2019: £30,000) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2020 the Group was charged £30,000 (2019: £30,000) for services provided by N Mustoe. There was an amount of £500 outstanding at the balance sheet date (2019: £nil).

During the year to 31 March 2020 the Group was charged £30,000 (2018: £22,500) for services provided by Skale Limited, a company controlled by A Booth. There was an amount of £2,400 outstanding at the balance sheet date (2019: £nil).

At the balance sheet date, Julie Lavington owed Thread 35 Ltd £nil (2019: £1,200) for personal tax invoices paid for by Thread 35 Ltd.

At the balance sheet date, Alison Hall owed Thread 35 Ltd £nil (2019: £1,200) for personal tax invoices paid for by Thread 35 Ltd.

During the year to 31 March 2020, a management fee of £184,446 (2019: £190,808) was received from Thread 35 Limited.

During the year to 31 March 2020, interest of £651,951 (2019: £292,938) was charged to Thread 35 Limited relating to the intercompany loan.

The Company's intercompany loan receivable balance at the year-end was £16,950,351 from Thread 35 Limited (2019: £7,093,954).

22 Financial instruments – risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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

22 Financial instruments – risk management (continued)

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 Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are proactively managed in order to ensure that attractive rates of interest are received for the available funds but without affecting the working capital flexibility the Group requires. The Group is not at present exposed to cash flow interest rate risk on borrowings as it has no debt. No subsidiary company of the Group is permitted to enter into any borrowing facility or lease agreement without the prior consent of the Company.

Foreign exchange risk

Foreign exchange risk may arise because the Group purchases stock in currencies other than the functional currency.

The Group monitors the requirement for foreign currency on a monthly basis. The Group will forward purchase the currency to fix the cost of goods for stock. Once the cost of goods has been fixed a final selling price can be derived.

The Group considers this policy minimises any unnecessary foreign exchange exposure.

Liquidity risk

Liquidity risk arises from the Group's management of working capital; it is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The principal obligations of the Group arise in respect of committed expenditure in respect of its stock purchases and design. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its obligations when they become due. To achieve this aim, it seeks to maintain readily available cash balances (or agreed facilities) to meet expected requirements and to raise new equity finance if required for future development or expansion.

The Board receives cash flow projections on a monthly basis as well as information on cash balances. The Board will not commit to material expenditure in respect of its ongoing commitments prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes. For cash and cash equivalents, the Company only uses recognised banks with medium to high credit ratings.

22 Financial instruments – risk management (continued)

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

	Within 1 year £'000	1-2 years £'000
Trade and other payables	2,174	-
Lease liabilities	77	49
Total	2,251	49

Financial assets

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

	31 March 2020 £'000	31 March 2019 £'000
Cash and cash equivalents	**5,333**	3,645
Trade & other receivables	**961**	366
Right to returned goods	**40**	-
	6,334	4,011

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:

	31 March 2020 £'000	31 March 2019 £'000
Trade payables	**1,836**	579
Accruals & deferred income	**420**	102
Other payables	**259**	173
Contract liabilities	**79**	126
Lease liabilities	**126**	-
	2,720	980

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.

23 Post balance sheet events

The Company and Group had 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, England SK9 5AP
Registered number	05379931, England and Wales
Directors	Bill Murray – Non-Executive Chairman Adam Reynolds – Non-Executive Director Mark Collingbourne – Finance Director Alison Hall – Joint CEO Julie Lavington – Joint CEO Nicholas Mustoe – Non-Executive Director Andrew Booth – Non-Executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Shore Capital and Corporate Limited 57 St James's St London SW1A 1LD
Broker	Shore Capital and Corporate Limited 57 St James's St London SW1A 1LD
Registrars	Share Registrars Limited The Courtyard 17 West St Farnham GU9 7DR
Solicitors	BPE Solicitors LLP St. James' House St. James' Square Cheltenham GL50 3PR
Public Relations	Alma PR 71-73 Carter Lane London WC2B 4HN