

Sosandar Plc

Annual Report

For the year ended

31 March 2022

Company Registration Number: 05379931

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CHAIRMAN'S STATEMENT

For the year ended 31 March 2022

Introduction

It is incredibly pleasing to be able to present annual results which reflect another remarkable year of growth for the company, especially against a backdrop of heightened macro-economic and societal challenges. Revenue of £29.5m is 142% up year on year and our EBITDA loss of £0.2m is around 13 times smaller than the previous year. Our loss before tax improved to £0.6m (FY21 £3.1m loss) with every month in the second half of the year being profitable. These metrics provide great proof of our growing presence in our market.

It is testament to the quality of our products and the strength of our management team that we have been able to deliver such a strong performance despite the backdrop of macro-economic and societal challenges that we have all faced. Mitigating risk has been at the heart of our operation since inception and while we could not claim to have foreseen all of these things coming, we typically build flexibility into everything we do. Fostering strong, long-term relations with a number of manufacturers in different territories, pivoting rapidly between transport methods and responding rapidly to changing consumer sentiment has meant that we have been able to navigate these headwinds and deliver a record performance.

Drivers of growth

As reported last year, in May 2021 we completed a raise of c. £5.8m (via an over-subscribed Placing, Subscription and Primary Bid offer). As planned, these funds enabled investment into our inventory, allowing us to buy both wider and deeper across our categories. The positive results of this strategy started to show in the autumn, and our sales continued to grow across the year as we put more stock into our third-party partners and offered greater range on our own site.

Our growing balance sheet strength reflects the effectiveness of this strategy, with net assets of £10.6m at year end being much healthier than at 31st March 2021. Crucially, that figure included a cash position of £7.0m.

This continued success is down to many factors, but above all, it is down to our product. Led by our inspiring Co-CEOs, we have a growing, talented team who understand our customers inside out and design unique products with them in mind. Everything we do is centred upon delivering good-value, high quality, lasting clothes for women who care about being fashionable and chic. Our customers are not defined by age or any other demographic, rather they relish the stylish aesthetic and regularly refreshed range we offer.

Our team

Over the year, our team has been agile, responsive, and intelligent. As consumers have wrestled with going in and out of lockdown, returning to work, starting to go out socially again, and all against cost-of-living challenges, so our teams have altered our product mix and tailored all of our communications and offers to ensure highest relevance and maximum engagement. Our number of active customers has increased 65% year on year and is more loyal than ever, with repeat customers now shopping 4.0 times per year.

I do want to take a moment to reflect on the whole team at Sosandar, a business which is six years old, and was made up of just over 50 people at March 2022. They have adapted well to a rapid

CHAIRMAN'S STATEMENT

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growth environment, dealt with a myriad of challenges and continually exhibited imaginative, enthusiastic, customer-focussed commitment. Sosandar is no longer a start-up, although it retains a few of those healthy facets, such as the ability to react quickly to changing circumstances. Sosandar is a business based on data and planning, with experienced people delivering great results for our customers. I therefore take this moment to recognise all our fantastic team's hard work.

FY22 was the first full year of our third-party partnerships with Next, M&S and John Lewis. While the initial approach from all three was already testament to the appeal of our offering, it has been excellent to see sales grow substantially over time, and it has become clear that each sees Sosandar as a very important partner. Late in the year, we launched our first wholesale partnership with Very.co.uk, which has begun well, and we continue to consider further partnerships, both UK and overseas, in the future.

Committed to effective governance

The last couple of years have presented unprecedented governance challenges for all businesses. The Board of Sosandar has remained committed to maintaining and enhancing our corporate governance framework. Over the last two years we have met far more frequently, via a blend of video call and physical meetings and been effective as a result. We have an agile, balanced board, able to make decisions based upon robust assessment and evaluation, but always in a timely fashion. It was also a pleasure to welcome Jon Wragg as Non-executive Director in April 2022. His substantial experience in the fashion retail sector adds a valuable dimension to our Board.

Responsible business

Running our business with responsibility, in all its forms, remains important to us. This is an evolving challenge, and we look to constantly develop our actions in this area. There is more detail provided later in the report. However, key achievements in the year include beginning the roll-out of recycled packaging across our supply chain (formerly implemented only to consumer-facing packaging), increasing wages for Clipper staff working on Sosandar logistics, and engaging with a charity to support us and our customers in an increased recycling of garments.

Outlook

The current financial year has started strongly and we are trading in line with our expectations for full year growth. As we are well practiced at, we will continue to manage the business carefully, building our partnerships and growing our existing customer base whilst remaining cognisant of the external environment.

Consumers are becoming ever more selective about where they spend and also more demanding of those brands with which they spend. We are confident that Sosandar will continue to benefit from this shift in behaviour as our fashion forward, high quality, responsible value proposition clearly differentiates us from the rest of the sector.



Bill Murray

Date: 11 July 2022

STRATEGIC REPORT

For the year ended 31 March 2022

AT A GLANCE

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

Investment case

A unique proposition

Product exclusively designed in-house to suit a wide-ranging yet underserved demographic. Exclusively designed product for women who are united by a desire for on-trend, affordable, long lasting, lifestyle appropriate clothes with high fashion credibility

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

According to Statista, the ecommerce fashion industry's compound annual growth rate (CAGR) is tipped to reach 14.2% between 2017 and 2025, with the industry hitting a \$672.71 billion valuation by 2023. In Europe, it's expected that by 2025, each consumer will spend \$999 on fashion-related items over the course of a year.

Growing, loyal customer base

The success of our distinct, flattering styles with bold prints can be seen by the momentum we saw across our KPIs. Total orders increased by 84% to 508,473, repeat orders increased 93% to 366,848, whilst our conversion rate increased to 3.9% from 3.1% and our average order frequency increased by 10% to 2.28 times per annum. This data provides further evidence that we have an ever increasing and loyal customer base.

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. Agility and entrepreneurial spirit allows the Company to mitigate risk and respond rapidly to changing consumer sentiment.

Numerous potential opportunities for future expansion

Continuing to increase the product range, in particular the number of styles within each category as well as new categories which are not currently served by Sosandar. We see numerous opportunities for further growth through the continued success of our own site and existing third parties. We are also continuing to explore opportunities for further partnerships in the UK and overseas.

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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.

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 e-mail campaigns, social media, PR and direct mail.

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CO-CEO'S STATEMENT

A brilliant year

FY22 has been a brilliant year for Sosandar. We have successfully grown sales by 142% year on year and, importantly, moved into profitability in the second half. A result which is even more remarkable when set against a backdrop of pandemic restrictions as well as the challenges of a worldwide supply chain crisis and substantial inflation. All our KPIs are positive year-on-year, and the forward momentum which can be felt throughout the business gives us cause for great excitement.

It is thanks to our well-planned approach, together with our entrepreneurial, agile culture, that we have improved both the top and bottom line in the period. Our business is underpinned by the continuous collection and analysis of multiple data points, which allows us to track exactly what trends are emerging and where we need to act. Given the current macro-environment, this approach is more important than ever.

As always, everything we achieved has been down to the hard work and creativity of our people and our partners. We take this opportunity to provide our heartfelt thanks.

A clear vision and purpose

Our vision is to become one of the largest womenswear brands globally. Our purpose is to empower women of all ages to feel good in the clothes they wear, catering to the burgeoning 'ageless' generation.

There is a clear ongoing shift in the consumer mindset towards fashion; women are leaving behind dated ideas of what they must wear at what age, and instead embracing clothes that make them feel good, work in their everyday lives, and reflect their individual personalities. Our offering is ideally placed to cater to this trend.

While our products are trend-led, our clothes are designed to be kept and loved for years. This is why we invest so highly in quality and fit, reflected in our price point.

Our strategy and future objectives

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

1. Expanding our unique product range

Our proven design, buying and merchandising capabilities make up the foundations of our product strategy. We maximise the frequency of best-sellers and ensure our customers receive new styles in line with the latest trends. All our products are sold at a mid-price point and are increasingly designed with sustainable materials – offering our customers on-trend, affordable, long lasting, lifestyle appropriate clothes with high fashion credibility.

Further expansion is paramount for FY23, increasing the number of styles across all categories with specific fast track development of categories such as occasion wear, swim and beach, blazers and suits. To capture an even wider customer base we are developing new shapes and an expansion of length varieties to suit all heights.

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2. Constant refinement of our data-driven marketing strategy

Since inception we have been constantly refining our marketing strategy based on data driven learnings. We use aspirational product imagery and content to connect and engage with our customers, building brand awareness through both our own e-commerce site and a variety of channels, including TV, glossy brochures, social media, PR and digital. Using these channels alongside our email marketing, which has industry leading open rates and contributes to over 50% of revenue at no cost, enables us to successfully attract and retain customers. All of these materials are created by our in-house creative team who have a fantastic grasp on how women are feeling at that specific moment.

3. Driving sales through multiple channels

Our multi-channel sales strategy has two core pillars: our own e-commerce site and third-party partnerships. Sosandar.com is the anchor of our success, it is where our customers receive the most diverse choice and constant newness. In addition, we have established very strong relationships with strategically chosen third parties – all large retailers with whom we believed we could grow rapidly and this has proven to be true.

As part of our strategy, we will continue to invest in our own site, the bedrock of the Sosandar lifestyle hub whilst also exploring additional third-party partnerships in the UK and abroad.

4. An agile, resilient supply chain

The importance of a diversified, flexible supply base and having partners with expertise in this area, has always been at the heart of our operation. We are an agile, online-only business, allowing us to continually adjust our product offering, warehousing and fulfilment operations in line with the ever-changing needs of our customers. Fostering strong, long-term relations with a number of manufacturers in different territories and pivoting rapidly between transport methods has been the key to our success and is vital to achieving our desired scale.

Record financial performance

We have delivered a very strong revenue performance over the year, with sales up 142% year on year to £29.5m. This was driven by a greater number of active customers and more frequent purchases. A small uptick in average order value also contributed. While we did benefit from a broader range of products being available than in FY21 (49% more new styles in total), our ability to buy deeper and therefore satisfy more customers has also been crucial. As previously communicated, we maintained a relatively low (but highly cost-effective) marketing spend as a proportion of revenues.

With the increase in sales and a continued monitor on costs, we were able to steadily reduce our losses over the first half and were delighted to report profitable monthly trading from October 2021 onwards. Overall, in the year this led to an EBTIDA loss of £0.2m (FY21: £2.9m). Our loss before tax was £0.6m, reflecting a one-off change in accounting treatment in relation to website costs.

Our net cash balance as at 31 March was £7.0m (FY21: £3.9m), which will allow us invest further into FY23.

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In-house design led product range continues to attract and retain new customers

The product range that we have created is what truly sets Sosandar apart. Our sexy and chic clothing, made with quality materials and well-designed fit, continues to resonate with fashion forward women. Our in-house design process ensures that our clothes are long-lasting and can be worn for many occasions.

The success of our distinct, flattering styles with bold colours and prints can be seen by the momentum we saw across our KPIs. Total orders increased by 84% to 508,473, repeat orders increased 93% to 366,848, whilst our conversion rate increased to 3.9% from 3.1% and our average order frequency increased by 10% to 2.28 times per annum. This data provides further evidence that we have an ever increasing and loyal customer base.

We believe that we are currently experiencing a widespread cultural shift in how women dress, as they feel confident in their ability to stay at the forefront of fashion no matter what their age. Creating product in line with this shift is very important for our design teams.

Third Party arrangements go from strength to strength

Third party partnerships have become an important part of our ongoing strategy. Trading with our longstanding partners, John Lewis, M&S and Next, has continued to be very strong, with Sosandar product resonating very well across all types of product category. We increased the amount of stock allocated to each partner and this has enabled us to meet the demand that is being generated through these channels.

At the time of our Half Year results announcement, we highlighted that we were exploring new opportunities with other partners where there was a strong strategic fit with the Sosandar brand. So, we were delighted to extend our relationship with Next PLC in the second half, with Sosandar products being sold through Next's 'Platform Plus'.

'Platform Plus' allows Next customers to order items picked from Sosandar's warehouse hosted by Clipper, which are then delivered via Next's distribution network. We launched with Next Platform Plus towards the end of Q1 FY23, and are excited to be sharing even more of our product range with Next's customer.

In addition, following an approach by The Very Group, we were pleased to commence a wholesale agreement in March 2022 and immediately saw strong sales and quick repeat orders being placed.

The arrangements with the third parties further increase the brand's reach amongst its core target demographic and are delivering incremental revenue and profitability. We are confident that significant opportunities for further growth remain with each of our current third parties and continue to consider additional opportunities with a good strategic fit.

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Infrastructure in place to scale

To ensure that we remain at the forefront of fashion innovation and remain agile and entrepreneurial, we are constantly evolving our infrastructure and capabilities.

We were delighted to take on more office space in April 2022. This has doubled our space which will provide a positive working environment for our team, allowing us to further attract and retain great people to drive our business in the future.

We have built an incredibly strong team across the whole business with an experienced layer of senior staff leading each department. We have continued to add strength in depth across all departments during the year and continue to be well supported by our external partners.

A confident outlook

To deliver six consecutive months of profitability alongside strong revenue growth shows the trajectory that Sosandar is on. It is evident that our product range is unique and desirable for fashion forward women.

This strong performance has continued into the new financial year. Every month in the new financial year has been profitable and we have seen strong sales of workwear, occasion wear and holiday clothes.

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

We believe Sosandar is well on the road to becoming a substantial business and has the infrastructure in place to scale as we continue to grow our customer base.

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FINANCIAL REVIEW

KPI's

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000	Change
Revenue	£29,458	£12,163	142%
Gross Profit	£16,496	£5,844	182%
Gross Margin	56.0%	48.0%	800bps
Administrative Expenses	£16,470	£8,729	89%
Profit / (Loss) before tax	£(554)	£(3,098)	82%
EBITDA	£(229)	£(2,925)	92%

	Year ended 31 March 2022	Year ended 31 March 2021	Change
Sessions	13,141,632	8,922,789	47%
Conversion rate	3.87%	3.09%	78bps
Number of orders	508,473	276,008	84%
AOV	£90.39	£82.70	9%
Active customers *	223,253	135,381	65%
Average Order Frequency **	2.28	2.08	10%

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

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

The Group has delivered a significant step up in its financial performance, underpinned by continued momentum across all KPI's, resulting in strong growth in revenue and a substantial reduction in losses. The second half of FY2022 was a milestone period with every month profitable which demonstrates the trajectory that the Group is on with the foundations laid to be profitable in FY2023.

The performance is even more pleasing given the challenges in the external environment which have affected all businesses in our sector. Our agility and underlying approach to spreading risk across our business has enabled us to thrive in spite of these challenges including supply chain disruption and inflationary pressures.

The fund raise (£5.8m gross proceeds) in May 2021 enabled the business to invest in greater levels of stock from the autumn which was executed to plan, enabling us to meet the clear and growing consumer demand for Sosandar product, both on Sosandar.com and through each of the third party partners.

Revenue up +142% to £29.5m

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

Revenue in the first half of FY 2022 was equal to the entirety of the prior year with growth being sustained into the second half. The year included a series of new records being broken for the business including three consecutive record months for revenue in September, October and then

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again in November. In addition, there were multiple records per day and per week as well as new records for the number of orders and items throughout the second half of the year.

Gross Margin +800bps to 56%

Gross Margin improved significantly compared with the prior year which reflected a more normal year, being much less impacted by the covid pandemic.

As the scale of the business has increased, there are opportunities which result in incremental benefit to the gross margin. In FY2022, this has included ordering much larger quantities of stock including being able to forward book capacity in factories which enables some prices to be agreed for the season knowing that larger volumes will be required.

In addition, there has been an increase in the use of alternative freight methods where applicable and where there was a high level of confidence that stock will arrive on time. During the year, a larger proportion of stock has arrived using rail, road and sea which are at reduced cost compared with air resulting in gains to the gross margin. The proportion of non-air methods will continue to increase whilst balancing the need for margin, on time delivery, cash flow and environmental impact.

The margin in the prior year resulted from a much higher proportion of promotional activity to ensure that inventory sold through, in particular during periods of lockdown. This has not been repeated in FY2022 as the impact of Covid was much less severe and consumers were gradually able to return to some sort of normality including going back to work, going out and taking holidays.

Administrative Expenses

Total administrative expenses increased by 89% to £16.5m (FY 2021 £8.7m) compared to a 142% increase in revenue. As a result, administrative expenses as a percentage of revenue reduced to 56% (FY2021 72%) reflecting the benefit of scale whilst continuing to invest in all areas of the business to drive sustained growth in revenue and all KPI's.

In terms of marketing activity, FY2022 was a normal year in terms of sustaining customer acquisition activity across the whole year, with spending focused on the months where the return on investment was greatest. Spend on marketing increased by 43% year on year with the cost of acquisition remaining at half the level it was pre-pandemic which enabled the cost-effective recruitment of new customers to the brand.

The cost of fulfilment which includes warehousing and customer order delivery costs increased by 96% during the year. Despite there being industry wide wage inflation in the logistics sector, our partner, Clipper Logistics, has done an excellent job managing the situation with minimal disruption to Sosandar. Its retention of staff has been excellent, and it has successfully recruited new staff to support the revenue growth whilst reducing the cost per unit as result of ongoing productivity initiatives in the warehouse. These initiatives are ongoing with further opportunities to maintain or reduce the CPU further in FY2023.

By far the largest increase in administrative expenses is from third party commissions (increased by 779%) given the substantial increase in revenue from a relatively low base in the prior year. The commission is retained by John Lewis, Next or Marks & Spencer and is reported within overheads covering all costs of the operation including warehousing and fulfilment, returns handling, marketing and other operational costs. The revenue and gross profit figures are therefore undiluted when compared with trading through Sosandar.com

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Amortisation increased in FY2022 reflecting the reduction in term to fully amortise website costs. These are now fully amortised with zero carry forward balance.

Statement of Financial Position

The statement of financial position is robust. As at 31 March 2022, the Group had net assets of £10.6m (FY2021 £5.0m) and a net current asset position of £10.5m (FY 2021 £4.6m).

During FY2022, the financial position was strengthened following a fund-raise of £5.8m gross which enabled the Group to further accelerate the growth through greater investment in inventory to meet ever-increasing consumer demand. As at 31 March 2022 the cash balance was £7.0m (FY2021 £3.9m).

The movements in the statement of financial position reflects the investment in the business throughout the year, with an increase in inventory to £7.3m (FY2021 £2.9m). This includes stock on hand, stock in transit reflecting the higher proportion of supply coming to the UK via sea and road as well as an increase in the right to return asset which covers post year end returns.

Trade and other payables increased to £6.8m (FY2021 £2.9m) reflecting the step change in scale through FY2022. Creditor payment days have continued to move favourably as the Group has become a more important and trusted customer for our supply partners. Contract liabilities increased to £2.0m (FY2021 £0.7m) which is as expected and reflects the growth in provision required for post year end refunds for orders fulfilled within the year reflecting the significant year on year increase in revenue.

Cashflow

The Group had a net cash position as at 31 March 2022 of £7.0m (FY2021 £3.9m). As highlighted already, the Group's cash position was strengthened with the fund raise in May 2021 with the proceeds being utilised to:

- capitalise on the growth opportunity with its third party retail partners by investing in a greater amount of stock from the Autumn / Winter 2021 season onwards. This included increasing both the number of styles and the number of units per style to be sold through the third party partner websites;
- provide additional funding to engage with other third party partners in the UK and internationally; and
- provide additional working capital and further balance sheet flexibility to support other incremental growth initiatives.

The plan for the Autumn / Winter 2021 season was executed as envisaged, with further investment made ahead of the Spring / Summer 2022 season, resulting in £4.4m increase in inventory during the year.

The Group is in a strong position, with sufficient working capital to take advantage of opportunities in FY2023.

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Risk Factors

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

External Risks		
Risk Factor	Impact	Mitigating Actions
Economic - Inflation	<ul style="list-style-type: none"> Inflation is having a negative impact on consumers with essential costs such as food and energy significant higher. As a consequence, disposable incomes are being squeezed which could lead to a loss of revenue. All revenue is generated in the UK therefore a deterioration of the UK economy specifically could have an adverse impact on revenue if consumer confidence and spending reduce. 	<ul style="list-style-type: none"> The typical customer of the business tends to have a higher level of disposable income and therefore able to withstand economic turbulence. Therefore, the business is able to trade well through periods of high inflation or wider economic downturn. The business is online only and does not have significant fixed costs and therefore can flex its operations in order to respond to any change in the economy. The product range offered is diverse covering all main wardrobe needs of the target demographic and can be agile to manage any situation. The business has built partnerships with four third party retailers resulting in greater routes to the consumer and a reduction in overall risk profile.
COVID 19	<ul style="list-style-type: none"> Severe loss of revenue Closure of the warehouses Loss Absence of employees due to illness Supply chain disruption 	<ul style="list-style-type: none"> Diversified supply chain with no over-reliance 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. Safe working practices rigorously imposed Employees working from home wherever possible Outsourced UK warehousing to Clipper Logistics plc gained access to their disaster recovery capabilities
Fashion	<ul style="list-style-type: none"> As trends change there is a risk that design does not keep up with 	<ul style="list-style-type: none"> 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

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	customer requirements for the latest fashion.	fed into the product development to ensure that customers have access to the latest trends at affordable prices.
Competition	<ul style="list-style-type: none"> From new or existing competitors. Loss of Revenue Reduction in margin and profitability if competitors increase discounting resulting in consumers shopping elsewhere 	<ul style="list-style-type: none"> The business is agile and can adjust its strategy according to all external factors including those of its competitors. The business has an increasingly loyal and growing active customer database which allows the business to engage with them regularly through e-mail and brochures.
Foreign exchange	<ul style="list-style-type: none"> The business buys a relatively small proportion of product in foreign currency. Adverse currency rate movements could impact margins. 	<ul style="list-style-type: none"> A detailed forward-looking purchase plan to identify any potential currency exposure. RRP's can be increased to offset any significant pressure on cost prices
Negative online reviews	<ul style="list-style-type: none"> Negative comments on social platforms could influence purchasing decisions for new visitors. 	<ul style="list-style-type: none"> 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.
Internal risks		
Risk Factor	Impact	Mitigating Actions
Suppliers	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Purchases are spread over a number of suppliers to avoid over dependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening. All design is done in-house with detailed specification packs provided for each product which helps on-board new suppliers quickly. All suppliers are asked to confirm adherence with the business code of conduct. Independent supplier audits are conducted at least once every two years, ensuring compliance with working practices and ethics. Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.

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<p>Systems – security and availability</p>	<ul style="list-style-type: none"> • System outages would prevent the business from operating and therefore would see a reduction in revenue during this time. • GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. • Data breaches could impact reputation and business continuity. 	<ul style="list-style-type: none"> • The business has agreements with external partners to manage and support its systems and they would ensure that any outage is minimised. • The business works 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.
<p>Key employees</p>	<ul style="list-style-type: none"> • The loss of one or more of key employees could have an adverse impact on the business and inhibit its ability to grow as planned 	<ul style="list-style-type: none"> • The remuneration committee ensure that key employees are rewarded sufficiently to retain and motivate on an ongoing basis. • During the year, modifications were made to the Long Term Incentive Plan including replacement of existing share options for the three members who previously held share options. In addition share options were granted to other members of the senior management team to further ensure that they are rewarded and incentivised appropriately.
<p>Working capital</p>	<ul style="list-style-type: none"> • As the company requires working capital to further invest to grow the business. This will include investment in inventory, customer acquisition, product development and operations. 	<ul style="list-style-type: none"> • The business has detailed forecasting models including sensitivity scenarios so that robust decisions can be made, balance growth potential with risk mitigation. • Marketing spend efficiencies have been made over the past two years. The relatively low cost of acquisition is expected to be maintained, which reduces the risk as the return on investment is strong when investment is being made. • Weekly and monthly cash flow projections are reviewed by senior management and actions taken where necessary, with all key members of staff aware of the cash flow objective.

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For the year ended 31 March 2022

Sosandar: A responsible fashion business

At Sosandar, we understand that our business has an impact on the world around us. Our business touches the lives of not only our team and our customers, but our suppliers, our garment manufacturers, our shareholders and the wider communities these groups exist in. We also have an impact on the environment.

We are therefore committed to working towards making this impact increasingly more positive, and our business more sustainable.

We aim to implement positive change across the business in line with our 'responsible fashion business' framework. This framework is broken down into the three key areas we focus on:

- Ethical Operations
A fair, transparent and collaborative supply chain
- Environmental Sustainability
Minimising the footprint left on the natural world
- Fabulous Sosandar
An inclusive and uplifting workplace

We are proud to have a level of rigour in place in line with best practice, and that the Directors believe is more than appropriate for a business of our size and maturity. We currently work with four third-party brands: Marks & Spencer, John Lewis, Next and The Very Group; each has established exacting sustainability and ethical standards for partner companies, and we are proud to meet them.

Reflecting its position as a key part of our strategic decision making, our responsible fashion business activities are discussed and managed by the Board, overseen by Chairman Bill Murray.

Ethical Operations

We are committed to sourcing our products from suppliers who share our belief in operating responsibly and with integrity. As we continue to grow, we are focused on ensuring that we maintain and proactively enhance our corporate governance and commitment to ethical trade within our supply chain. Ethical Operations within our supply chain are led by our Head of Sourcing and overseen at Board level.

Transparency

Sosandar currently uses over 80 suppliers across multiple countries including Turkey, China, India, Brazil, Romania and Spain.

We have established a comprehensive 'Code of Conduct' which covers key areas of ethical and social compliance, including child labour policies, which our suppliers must comply with.

To further ensure transparency and compliance, independent audits are used such as SMETA (Sedex Members Ethical Trade Audit) or BSCI (Business Social Compliance Initiative) ensuring our global supply chain continues to comply with expected standards. During the year, 95% of suppliers had been audited with the balance being new suppliers with audits to follow in the near future.

STRATEGIC REPORT

For the year ended 31 March 2022

Partnership approach

We have established long-term, close-knit relationships with many of our suppliers, and aim to build this with all new suppliers we work with, taking the time to ensure any new suppliers are the right fit for us. We have an open and regular dialogue, interacting on a daily basis.

Following Covid restrictions lifting, our Sourcing team has been undertaking a comprehensive programme of in-person supplier visits, further cementing these relationships, ensuring the collaborative way of working is protecting our supply chain for the future. These in-person visits are now taking place on a rolling basis.

We would like to sincerely thank all our suppliers for their support over the last year. We look forward to growing together with them going forward; sharing in each other's success.

Clipper

Since we were established, we have outsourced our product storage, pick, pack and returns logistics to Clipper, a leading retail logistics specialist. Clipper is an important part of the Sosandar family and have consistently adapted to ensure we receive the highest quality of service as we grow. It is important to us to know that Clipper also has a clear focus on being a responsible business, with a well-developed Corporate Social Responsibility programme, further details of which can be found on its website at www.clippergroup.co.uk/people/csr

Whilst the impact of the pandemic reduced throughout the year, Clipper continued with best practice health and safety measures on site in order to protect their employees and colleagues.

During the year, we were delighted to support Clipper with increasing wages for all staff working with Sosandar as the wider logistics sector struggled to retain and recruit staff as the number of migrant workers reduced following Brexit.

Environmental Sustainability

Minimising the mark we leave on the world around us is a key imperative for Sosandar, and despite our size we are dedicated to continually expanding our environmental activities.

We continue to scrutinise the raw materials and components used in our products to see how they can be sourced and produced more sustainably.

Minimising waste

Whilst we operate in the fashion industry and always have new, products available, all of our clothing and accessories are designed to be robust and long-lasting. Sosandar pieces are high-quality, made from durable materials and with the quality necessary to last wear after wear.

During the 2022, we have reduced the proportion of product transported from suppliers into the UK using air freight. The majority of product from Turkey is arriving by road and in 2023 most China origin product will be transported by sea. It is anticipated that in 2023, there will be a relatively equal split between air, road and sea which will further reduce our emissions.

STRATEGIC REPORT

For the year ended 31 March 2022

Recycling

Following the launch of recycled, carbon neutral and sustainable consumer packaging in 2021, we are delighted to have started to roll out fully recycled packaging across the rest of our supply chain (non-consumer facing). We have appointed a dedicated packaging supplier for all of our product suppliers to order from, ensuring full transparency, ensuring that all packaging will now be from recycled materials.

Whilst at an early stage, we are engaged with a charity to support both us, and our consumer with recycling garments which are no longer wanted or where the item has a minor fault or blemish. This will enable us to ensure that no Sosandar garments are thrown away unnecessarily.

Fabulous Sosandar

Our teams

Our team are the lifeblood of our business, and we are committed to providing them with a fair, inclusive and rewarding place to work.

We have an open door, family friendly policy, and are very proud of our inclusive and open culture. We support the learning and development of all our team members, allowing them to develop their careers.

We were delighted to take on additional office space in April 2022, which has allowed us to have the whole team back in the office at the same time. We actively encourage a culture based on collaboration, in which ideas and thoughts are shared which enables our people to develop personally and professionally.

We are an equal opportunity employer, recruiting from a wide talent pool and we are determined to ensure that no applicant or employee receives less favourable treatment. Promoting diversity and inclusion across the business is very important to us.

The future

Running a responsible business is a continually evolving challenge, and we look to constantly develop our actions in this area. We know that sustainability, already at the core of our business, must continue to be at the forefront of our minds as we take each next step to grow Sosandar and expand our influence.

As we grow in size and scale as a company, we will further expand our activity, with an ambition to increase the positive, lasting impact Sosandar has on the fashion industry.

STRATEGIC REPORT

For the year ended 31 March 2022

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 relatively small team of around 50 people as at March 2022, there is regular engagement on a daily basis between all departments either in the office or using video conferencing. Regular business wide updates are given through a variety of channels 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, both institutional and retail around the time of key trading updates. Presentations are made available online for those who did not have the opportunity to attend in a live capacity.
Suppliers	We have a dedicated Sourcing team, whose role it is to ensure ongoing assessment and onboarding of new suppliers. In addition we have personal relationships from all levels within our business 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.

STRATEGIC REPORT

For the year ended 31 March 2022

Significant events/decisions 2022

Event/Decision	Key Stakeholders	Actions & Impact
Fund Raise	Shareholders	<ul style="list-style-type: none">• Raised gross proceeds of £5.8 million gross via a Placing, Subscription and Primary Bid Offer in May 2021• Representing approximately 15 per cent of the existing issued share capital• Allowed for greater investment in stock from H2 FY2022 which facilitated the significant step up in trading during Autumn and Winter• Investment was in both breadth and depth of stock, meaning increasing the product range size and quantity per style to drive incremental revenue across all sales channels
Supply Chain disruption	All stakeholders	<ul style="list-style-type: none">• Well documented industry-wide challenges, in particular with sea freight have been prevalent throughout the year• Air freight has always been used for the majority of inventory movements, meaning the impact to the business has been substantially less than many other businesses• Focus has always been on ensuring stock arrives on time into the UK warehouse and this has been maintained throughout the year• Road, Rail and Sea were used increasingly as disruption started to reduce• The business has mitigated the risks through strategic planning and having a diverse supplier base including across multiple countries• Upward pressure on supply chain costs has been mitigated through inclusion in budgets as well as being offset through underlying margin gains
Ukraine war	All stakeholders	<ul style="list-style-type: none">• There is no direct exposure to either Russia or Ukraine in terms of impact to either sales or stock• There has been no material impact to consumer behaviour as a direct consequence of the events in Ukraine
COVID 19 Impact	All stakeholders	<ul style="list-style-type: none">• FY2022 had significantly less impact as a consequence of COVID compared with the previous year• The previous year saw the business focussing on cash preservation with reductions in all discretionary spend. The current year has been a much more normal year in terms of consumer behaviour with marketing activity maintained to drive customer acquisition and engagement• All employees were able to work in the office much more as restrictions were lifted. Buying and Design

STRATEGIC REPORT

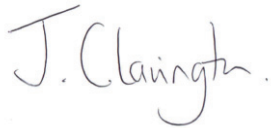
For the year ended 31 March 2022

		teams worked in the office throughout the pandemic, with other teams being able to return during the year
Growing with third party retailer web platforms	All stakeholders	<ul style="list-style-type: none"> • Sales accelerated throughout the year as greater stock was made available with each partner • FY2022 was the first full year of trading with Next, John Lewis and Marks & Spencer • An additional agreement was entered into with The Very Group to sell on their web platform which launched March 2022 • Sales accelerated throughout the year as greater stock was made available with each partner • All four retailers approached Sosandar to sell through them which is a positive validation of the Sosandar brand • Increase in brand awareness for Sosandar through association with such well known UK retailers who each have multi-million number of e-commerce customers has further accelerated visits and sales through Sosandar.com • Increase in revenue and profitability as a result of these agreements with accelerated economies of scale
Product range development	All stakeholders	<ul style="list-style-type: none"> • The continued Development in the product range has continued following the accelerated range development in the previous year. • The product mix is highly diverse with an equitable balance across many categories, including dresses, denim, knitwear and footwear. The customer has choice across all main womenswear categories • Pre-pandemic a higher proportion of the product mix was formal and work wear. Developments into new product categories were already taking place pre-pandemic and these were accelerated during the year • The product range available at the year-end is substantially more diverse than at the beginning of the year with all product categories widened during the year
Investment in marketing	Shareholders, customers	<ul style="list-style-type: none"> • Investment in marketing, specifically to acquire new customers returned to normal following the COVID impacted previous year where investment was postponed in order to focus on preserving cash • Customer acquisition activity maintained a strong return on investment which was significantly improved on pre-pandemic levels • All of the data driven learnings from previous years were absorbed and incorporated into the current year campaigns

STRATEGIC REPORT

For the year ended 31 March 2022

		<ul style="list-style-type: none">• Successful new customer acquisition resulted in a significant increase in the database size which in turn enables revenue to grow.
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Julie Lavington

Director

Date: 11 July 2022

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 13 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, Rothes Glen Ltd and Paragraph Publishing Ltd. 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. Bill is the chairman of the Audit Committee and also a member of the Nomination, Remuneration and Disclosure committees.

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.

BOARD OF DIRECTORS

Julie Lavington – Co CEO and Founder

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

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

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

Stephen Dilks – Chief Financial Officer

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

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

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

Mark Collingbourne – Non-Executive 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, regulation and good governance of international businesses.

During his ten-year tenure with ViaLogy plc (now Yourgene 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.

BOARD OF DIRECTORS

Mark has undertaken consultancy projects for a number of publicly listed entities across a wide range of industries and has a wealth of experience particularly in bringing company's forward to IPO and listing on public markets.

Mark is currently Chief Finance Officer of Optibiotix Health PLC and Intuitive Investments Group PLC, he 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. In 2000, he established his own IR and Corporate Finance firm, which listed on AIM in 2000 and was then sold in 2004.

In 2005 Adam was approached to become Non-Executive Chairman of International Brand Licensing Plc. In 2009 Adam brought David Evans and Julian Baines – two of the leading diabetes specialists in the UK – into the company and the business changed direction. Today it is known as EKF Diagnostics Plc and through various spin offs and listings has a total market capitalisation of over £1bn, Adam remained a director until May 2021.

Adam is also Chairman and a shareholder for Yourgene Health Plc, MyHealthChecked Plc, Belluscura Plc and Autoclenz Limited

Adam is the chairman of the Nomination committee and is a member of the Remuneration, Audit and Disclosure committees.

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 Chair the company.

Nick is also Chairman of Sandown Park Racecourse and Big Sofa Technologies Group Ltd and a Non-Executive Director Your Gene Plc

Nick is the chairman of the Remuneration committee and is a member of the Nomination, Audit and Disclosure committees.

BOARD OF DIRECTORS

Andrew Booth - Non-Executive Director

Andrew is a 20-year digital marketing veteran, working with hypergrowth companies.

Starting with gettyimages in 1999, he developed his career through the rise from AIM to Nasdaq, to NYSE, becoming Vice President of Marketing.

Following the \$2.4bn sale of gettyimages to Hellman and Friedman in 2008, Andrew joined Time Out as Group Marketing Director, leading the migration of digital with customers and growth of the worldwide brand, in preparation for inclusion to AIM. Thereafter, he became Chief Marketing Officer for the Hut Group, spanning all their brands and all customer facing activity globally.

In 2014, Andrew joined LateRooms.com, part of TUI PLC, as Chief Marketing Officer / Chief Revenue Officer, remaining on until its sale.

Andrew continues within the plural environment as an advisor to brands that are utilising technology to significantly drive change and growth with customers.

Jon Wragg - Non-Executive Director

Jon is an experienced senior executive with a track record of driving growth in consumer businesses through digital channels. From April 2014 to September 2021, Jon held a number of executive roles with Superdry plc, including e-Commerce and Wholesale Director and Global Wholesale Director. During his time at Superdry Jon oversaw rapid sales and profit growth with e-commerce sales tripling in three years; and sales doubling in the larger Wholesale division over three years. In addition, he helped establish global partnerships through which circa 500 franchise stores were opened across 65 countries.

Prior to this, Jon spent seven years at ASDA WalMart and 26 years at Littlewoods SDG Ltd (now The Very Group) where he led a team of 260 to develop, procure and trade the product portfolio of a £1bn business and was responsible for creating a portfolio of new web-based niche businesses. Jon is currently an Independent Non-Executive Director of Manchester Airport Group, appointed in part for his digital experience, and is a member of the company's Audit, Nomination and Corporate & Social Responsibilities Committees.

GROUP DIRECTORS' REPORT

The Directors present their report and the consolidated financial statements for the year ended 31 March 2022.

Results and dividends

The Group loss after tax for the year ended 31 March 2022 amounts to £0.14m (2021: £3.10m). The Directors are not recommending payment of a final dividend for the year (2021: £nil).

Directors

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

Alison Hall
Julie Lavington
Stephen Dilks (appointed 5th May 2021)
Bill Murray
Nicolas Mustoe
Adam Reynolds
Mark Collingbourne
Andrew Booth
Jonathan Wragg (appointed 14th April 2022)

Substantial shareholdings

As at 30 June 2022 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at	% Issued
		30 June 2022	Capital
1	Octopus Investments (London)	28,469,490	12.86%
2	Canaccord Genuity Wealth Mgmt	19,854,660	8.97%
3	Hargreaves Lansdown Asset Mgt	19,316,168	8.72%
4	Lombard Odier Asset Mgmt	17,179,462	7.76%
5	Schroder Investment Mgt	16,956,699	7.66%
6	Amati Global Investors	12,480,000	5.64%
7	EdenTree Investment Mgmt	9,432,235	4.26%
8	Interactive Investor	9,145,128	4.13%

Based on 221,408,332 ordinary shares on 30 June 2022.

GROUP DIRECTORS' REPORT

As at 31 March 2022 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at	% Issued
		31 March 2022	Capital
1	Octopus Investments (London)	28,469,490	12.86%
2	Canaccord Genuity Wealth Mgmt	20,829,660	9.41%
3	Hargreaves Lansdown Asset Mgt	19,253,337	8.70%
4	Lombard Odier Asset Mgmt	17,179,462	7.76%
5	Schroder Investment Mgt	16,581,195	7.49%
6	Amati Global Investors	12,480,000	5.64%
7	EdenTree Investment Mgmt	9,432,235	4.26%
8	Interactive Investor	9,322,619	4.21%

Based on 221,408,332 ordinary shares on 31 March 2022.

Corporate governance

The Directors recognise the importance of robust 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.

The following table summarises the number of Board meetings held in the year along with the attendance of each Director.

	Board	Remuneration	Audit	Nomination	Disclosure
Total In Year	24	2	2	2	2
Alison Hall	22	-	-	-	-
Julie Lavington	22	-	-	-	-
Stephen Dilks *	21	-	-	-	-
Bill Murray	23	2	2	2	2
Nicolas Mustoe	24	2	2	2	2
Adam Reynolds	23	2	2	2	2
Mark Collingbourne	23	-	-	-	-
Andrew Booth	23	-	-	-	-
Jonathan Wragg **	N/A	N/A	N/A	N/A	N/A

* Appointed on 5th May 2021

** Appointed on 14th April 2022

Remuneration Committee

GROUP DIRECTORS' REPORT

The Remuneration Committee, which comprises Nick Mustoe (chairman), Adam Reynolds and Bill Murray, meet 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, comprising Bill Murray (chairman), Adam Reynolds and Nick Mustoe, meet 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. The Audit Committee is responsible for assessing the suitability of the external auditor and recommending any rotations required to the Board.

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

GROUP DIRECTORS' REPORT

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 CFO 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 over 80 subcontractors around the world including Turkey, China, India, Brazil, Romania and Spain. All suppliers are asked to confirm they adhere to the ethical trade guidelines. The breadth of strong supplier relationships mitigates the risk of over reliance on a small number of specific contacts. The output from suppliers is regularly reviewed to ensure continued success.

Customers

We provide frequent new product ranges to ensure constant newness for our customers. Our in-house designers react quickly to changing customer demand to ensure the 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 13 to 15 of our Annual Report and Accounts.

GROUP DIRECTORS' REPORT

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 six Non-Executive Directors compared to three Executive Directors.

The Board's activities are supported by Nomination, Disclosure, 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 six 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.

GROUP DIRECTORS' 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

GROUP DIRECTORS' REPORT

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

Executive Directors

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

Basic Salary

The remuneration committee review basic salaries annually. The review of Executive Directors' basic salaries was delayed by 12 months as a consequence of Covid-19. In July 2021 the basic salaries for Julie Lavington and Alison Hall increased by 27% to £185,000 and have remained at this level for the remainder of the financial year. Following the appointment of Stephen Dilks to the board of directors in May 2021, his basic salary increased to £125,000 and have remained at this level for the remainder of the financial year.

Annual Bonus

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

Pension

The Group operates a defined contribution pension scheme which is available to all employees following successful completion of the probationary period. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension contributions made to Julie Lavington and Alison Hall during the year ending 31 March 2022 was 8 per cent of basic salary. The pension contributions made to Stephen Dilks during the year ending 31 March 2022 was 7 per cent of basic salary.

Long Term Incentive Plan

The Group has a share ownership compensation scheme for Directors and senior employees of the Group to further align their interests with those of the shareholders. On 21 June 2021 the Group announced the establishment of a new Long Term Incentive Plan in which it granted new nil cost options totalling 21,431,942 ordinary shares of 0.1 pence each to its executive directors and members of the senior management team. Some of the existing options granted, totalling 13,888,742 ordinary shares, were modified as part of these arrangements. There was no incremental fair value because of this modification. The share options granted will vest at various future dates based on agreed commercial criteria and are detailed in the table on page 34 and in note 17.

Non-Executive Directors

GROUP DIRECTORS' REPORT

The remuneration policy on Non-Executive Director remuneration is determined by the Remuneration Committee. The remuneration is set according to the level of contribution, relevant experience and specialist knowledge. During FY 2022, the Non-Executive remuneration increased by 20 per cent to return to the remuneration levels prior to the pandemic.

The Directors of the Company held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2022 and 31 March 2021:

31-Mar-22	Ordinary shares of 0.01p each	Share Options			Share based payment P&L charge
		Ordinary shares of 0.01p each	Option exercise Price £	Expiry	
Alison Hall	5,309,343	1,655,629 9,725,971	0.151 0.000	03/11/2027 18/06/2031	4,191 100,558
Julie Lavington	5,309,343	1,655,629 9,725,971	0.151 0.000	03/11/2027 18/06/2031	4,191 100,558
Nicholas Mustoe	4,872,871	400,000	0.151	03/11/2027	1,013
Adam Reynolds	1,960,802	800,000	0.151	03/11/2027	2,025
Mark Collingbourne	928,919	400,000	0.151	03/11/2027	1,013
Bill Murray	345,107	400,000	0.151	03/11/2027	1,013
Andrew Booth	150,000	-	N/A	N/A	-
Steve Dilks	-	720,000	0.000	18/06/2031	15,491

31-Mar-21	Ordinary shares of 0.01p each	Share Options			Share based payment P&L charge
		Ordinary shares of 0.01p each	Option exercise Price £	Expiry	
Alison Hall	5,309,343	8,400,000	0.151	03/11/2027	72,767
Julie Lavington	5,309,343	8,400,000	0.151	03/11/2027	72,767
Nicholas Mustoe	4,872,871	400,000	0.151	03/11/2027	3,465
Adam Reynolds	1,960,802	800,000	0.151	03/11/2027	6,930
Mark Collingbourne	928,919	400,000	0.151	03/11/2027	3,465
Bill Murray	345,107	400,000	0.151	03/11/2027	3,465

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

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

GROUP DIRECTORS' REPORT

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

Principal risks and uncertainties

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

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 UK adopted international accounting 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 UK adopted international accounting standards 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 UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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

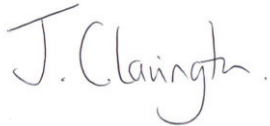
The Board intend to consider Jeffrey's Henry LLP for re-appointment as auditors of the Group and Company.

Disclosure of information to the auditors

GROUP DIRECTORS' REPORT

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:

A handwritten signature in black ink that reads "J. Lavington". The signature is written in a cursive style with a period at the end.

Julie Lavington
Director

Date: 11 July 2022

INDEPENDENT AUDITORS' REPORT

Independent auditor's report to the members of Sosandar Plc for the year ended 31 March 2022

Opinion

We have audited the financial statements of Sosandar Plc (the 'parent Company') and its subsidiary (the 'Group') for the year ended 31 March 2022 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 UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK-adopted International Accounting Standards, 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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash outflow, which was compared to the liquid assets held in the entity.

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

INDEPENDENT AUDITORS' REPORT

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

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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of inventory The Group held £7,307,000 of inventory as at 31 March 2022 (2021: £2,866,000) net of provisions of totalling £761,000 (2021: £666,000).</p> <p>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.</p>	<p>We have understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year.</p> <p>We reconciled the inventory values used in the provision to the general ledger.</p> <p>As part of our work, we reviewed the calculations for arithmetical accuracy and for a sample of items compared NRV inputs to prices available on the website, and latest sale information.</p> <p>We recalculated the provision based on the inputs, assessed the underlying data for appropriateness, and performed some sensitivity analysis to assess whether there was risk of material misstatement of the provision.</p> <p>A sense check of the provision was undertaken by reviewing slower moving stock items for unprovided balances. We did not identify any significant omissions.</p>
<p>Carrying value of investments The Company has investments in the subsidiary of £6,282,000 (2021: £6,282,000). Management have provided cash flow forecasts and performed impairment reviews relating to the investments and loans.</p> <p>Management's assessment of the recoverable amount of investments within 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 impairment of the inter-company balance.</p>	<p>We have reviewed the carrying value of the investments, and considered the current position of the subsidiary, the future outlook and forecasts prepared by management.</p> <p>We have assessed the cash flow forecasts and impairment reviews provided. The methodology and assumptions used by management have been evaluated, and deemed reasonable.</p> <p>We have considered the Company's assessments, and the results of audit work conducted on the subsidiary for any unrecognised indicators of impairment.</p> <p>We have assessed the appropriateness and applicability of the discount rate applied to the current business performance;</p>

INDEPENDENT AUDITORS' REPORT

	We have confirmed that any adverse change in key assumptions would not materially increase the impairment loss.
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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	£295,000 (2021: £155,000)	£97,000 (2021: £93,000)
How we determined it	1% revenue (2021: 5% of net loss before tax)	1% gross assets
Rationale for benchmark applied	We believe that revenue 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 £97,000 and £294,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £14,750 (Group audit) (2021: £7,600) and £4,850 (Company audit) (2021: £4,650) 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.

INDEPENDENT AUDITORS' REPORT

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 35, 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

INDEPENDENT AUDITORS' REPORT

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.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

INDEPENDENT AUDITORS' REPORT

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- Obtaining confirmation of compliance from the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. 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
11 July 2022

**CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

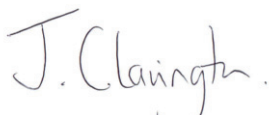
	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Revenue		29,458	12,163
Operational costs		(12,962)	(6,319)
Gross profit/(loss)		16,496	5,844
Other operating income	3	-	135
Administrative expenses		(16,470)	(8,729)
Share-based payment	17	(255)	(175)
Depreciation and amortisation	9, 10	(317)	(163)
Operating profit/(loss)		(546)	(3,088)
Finance costs	5	(8)	(10)
Profit/(loss) before taxation		(554)	(3,098)
Income tax credit/(expense)	7	412	-
Group profit/(loss) for the year		(142)	(3,098)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		(142)	(3,098)
Earnings/(loss) per share:			
Earnings/(loss) per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	(0.07)	(1.61)

The notes on pages 50 to 71 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Notes	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Assets			
Non-current assets			
Intangible assets	9	-	198
Property, plant and equipment	10	446	165
Total non-current assets		446	363
Current assets			
Inventories	12	7,307	2,866
Trade and other receivables	14	2,495	728
Cash and cash equivalents	15	7,048	3,928
Deferred income tax asset	7	412	-
Total current assets		17,262	7,522
Total assets		17,708	7,885
Equity and liabilities			
Equity			
Share capital	17	221	192
Share premium	17	47,089	41,592
Capital Reserves		4,648	4,648
Other reserves		912	657
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings		(22,654)	(22,512)
Total equity		10,620	4,981
Current liabilities			
Trade and other payables	18	6,761	2,855
Lease liability	19	38	49
Total current liabilities		6,799	2,904
Non current liabilities			
Lease liability	19	289	-
Total non current liabilities		289	-
Total liabilities		7,088	2,904
Total equity and liabilities		17,708	7,885

The financial statements were approved and authorised for issue by the Board of Directors on 11 July 2022 and were signed on its behalf by:



Julie Lavington

Director

Company Number: 05379931

The notes on pages 50 to 71 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

		Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
	Notes		
Cash flows from operating activities			
Group profit/(loss) before tax		(554)	(3,098)
Share based payments	17	255	175
Depreciation and amortisation	9, 10	317	163
Finance costs		8	10
Working capital adjustments:			
Change in inventories		(4,441)	944
Change in trade and other receivables		(1,768)	273
Change in trade and other payables		3,906	261
Net cash flow from operating activities		(2,277)	(1,272)
Cash flow from investing activities			
Addition of property, plant and equipment	10	(36)	(34)
Addition of intangibles	9	-	(12)
Initial direct costs on right of use asset		(18)	-
Bank interest paid	5	(4)	(5)
Net cash flow from investing activities		(58)	(51)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	5,526	-
Lease payment	19	(71)	(82)
Net cash flow from financing activities		5,455	(82)
Net change in cash and cash equivalents		3,120	(1,405)
Cash and cash equivalents at beginning of period	15	3,928	5,333
Cash and cash equivalents at end of period	15	7,048	3,928

The notes on pages 50 to 71 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Other reserves £'000	Total £'000
Balance at 31 March 2020		192	41,592	(19,596)	4,648	(19,414)	482	7,904
Loss for the year		-	-	-	-	(3,098)	-	(3,098)
Share-based payments	17	-	-	-	-	-	175	175
Balance at 31 March 2021		192	41,592	(19,596)	4,648	(22,512)	657	4,981
Loss for the year		-	-	-	-	(142)	-	(142)
Share-based payments	17	-	-	-	-	-	255	255
Issue of share capital	16	29	5,784	-	-	-	-	5,813
Costs on issue of share capital	16	-	(287)	-	-	-	-	(287)
Balance at 31 March 2022		221	47,089	(19,596)	4,648	(22,654)	912	10,620

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.

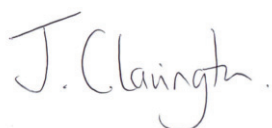
The notes on pages 50 to 71 form part of these financial statements.

**COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	As at 31 March 2022 £'000	As at 31 March 2021 £'000
Assets			
Non-current assets			
Investments	11	6,282	6,282
Loans to subsidiaries	13	-	-
Total non-current assets		6,282	6,282
Current assets			
Trade and other receivables	14	34	38
Cash and cash equivalents	15	3,399	2,952
Total current assets		3,433	2,990
Total assets		9,715	9,272
Equity and liabilities			
Equity			
Share capital	16	221	192
Share premium	16	47,089	41,592
Other reserves		912	657
Capital Reserves		4,648	4,648
Retained earnings		(43,207)	(37,847)
Total equity		9,663	9,242
Current liabilities			
Trade and other payables	18	52	30
Total current liabilities		52	30
Total liabilities		52	30
Total equity and liabilities		9,715	9,272

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's loss for the year was £5,360k (2021: £18,851k loss).

The financial statements were approved and authorised for issue by the Board of Directors on 11 July 2022 and were signed on its behalf by:



Julie Lavington
Director

Company Number: 05379931

The notes on pages 50 to 71 form part of these financial statements.

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Cash flows from operating activities			
Profit/(loss) before tax		(5,360)	(18,851)
Waiver of intercompany loan	13	4,681	18,366
Share based payments	17	255	175
Working capital adjustments:			
Change in trade and other receivables		4	94
Change in trade and other payables		22	(235)
Net cash flow from operating activities		(398)	(451)
Cash flow from investing activities			
Loans to subsidiaries	13	(4,681)	(1,416)
Net cash flow from investing activities		(4,681)	(1,416)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	5,526	-
Net cash flow from financing activities		5,526	-
Net change in cash and cash equivalents		447	(1,867)
Cash and cash equivalents at beginning of period	15	2,952	4,819
Cash and cash equivalents at end of period	15	3,399	2,952

The notes on pages 50 to 71 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	Share capital £'000	Share premium £'000	Other reserves £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 March 2020		192	41,592	482	4,648	(18,996)	27,918
Loss for the year		-	-	-	-	(18,851)	(18,851)
Shares based payments		-	-	175	-	-	175
Balance at 31 March 2021		192	41,592	657	4,648	(37,847)	9,242
Loss for the year		-	-	-	-	(5,360)	(5,360)
Share-based payments	17	-	-	255	-	-	255
Issue of share capital	16	29	5,784	-	-	-	5,813
Costs on issue of share capital	16	-	(287)	-	-	-	(287)
Balance at 31 March 2022		221	47,089	912	4,648	(43,207)	9,663

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 50 to 71 form part of these financial statements.

NOTES TO THE CONSOLIDATED 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 distributor 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 UK adopted international accounting standards (IFRSs) and as applied in accordance with the provisions of the Companies Act 2006. The Directors consider that the financial information presented in these Financial Statements represents fairly the financial position, operations and cash flows for the year, in conformity with IFRS.

These are the first financial statements prepared under UK adopted international accounting standards. On 31 December 2020, IFRS as adopted by the European Union, at that date, was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Sosandar plc transitioned to UK-adopted International Accounting Standards in its consolidated and Company financial statements on 1 April 2021. This change constitutes a change in accounting framework. However, there is no change on recognition, measurement or disclosure in the financial year reported as a result of the change in framework.

Going Concern

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

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

In May 2021, the Group's cashflow position was strengthened through raising gross proceeds of £5.8 million via a Placing, Subscription and Primary Bid Offer. At 31 March 2022, the Group had a cash balance of £7.0m and is therefore in a strong position, with sufficient working capital to take advantage of opportunities in FY2023. This substantiates the view that the Group is a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Going Concern (continued)

The directors continue to monitor the Group's going concern basis against the backdrop of significant external events. Whilst Covid 19 still exists, it had significantly less impact on the Group compared with the prior year and the normal course of business resumed. In addition to this, it was concluded the Ukraine war has had no material impact on the consumer behaviour. Therefore, despite these events, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

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

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

Consolidation

The consolidated financial statements include the financial statements of the Company and its 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 acquiree, does not meet the definition of a business under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference in the fair value of the shares deemed to have been issued by the Thread 35 Ltd (accounting acquirer) and the fair value of Sosandar Plc's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

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

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

The retained earnings and other reserves balances recognised in the Group financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Consolidation (continued)

the business combination and the results of the period from 1 April 2017 to the date of the business combination are those of the legal subsidiary only.

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

Functional and presentation currency

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

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

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

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

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

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

The accounting policies adopted are consistent throughout the financial period. Standards and amendments to UK adopted international accounting standards (IFRSs) effective as of 1 April 2021 have been applied by the Group.

There were a number of standards and interpretations which were in issue at 31 March 2022 but were not effective for periods commencing 1 April 2021 and have not been adopted for these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

These include:

- Amendments to IFRS 3 Business Combinations – change in reference to the conceptual framework (applicable on or after 1 January 2022)
- Amendments to IFRS 17 Insurance Contracts – measurement of insurance liabilities (applicable on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements – further disclosure requirements including additional detail around accounting policies (applicable on or after 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates (applicable on or after 1 January 2023)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (applicable on or after 1 January 2022)

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

Inventories

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

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

The provision is £761k at 31 March 2022 (2021: £665k). A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £81k in gross profit (2021: +/- £35k).

Contract liabilities - refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for refunds totalled £2,029k (2021 refund accrual: £726k) and a right to returned goods asset recognised of £814k (2021: £311k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites. A difference of 1%pt in the sales returns rate have an impact of +/- £92k (2021: +/- £53k) on the refund provision, and +/- £38k (2021: +/- £21k) 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 18.

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 10 and 11.

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 at the point where legal title in the goods passes from the Group to the customer. This includes the price paid for the goods as well as any delivery charge where applicable. Typically legal title is passed when the goods are despatched from the warehouse and as the invoice is created.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

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. The estimated useful economic life of intangible assets has been revised to 5 years. For any assets older than this with a net book value at year end, the amortisation has been accelerated to make the net book value nil at the end of the financial year.

Property, plant and equipment

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

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

Depreciation on property, plant and equipment is calculated using the straight-line 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
Right of Use Asset	20% Straight line

On 1 February 2022, the Group entered into a new lease. The corresponding right of use asset is depreciated over the life of the lease at 20% per annum.

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.

Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Any grants that are receivable as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

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.

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

Pension costs

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

Investments

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

Impairment of investments

The impairment of the carrying value of the investment in subsidiaries is calculated using forward-looking assumptions of profit growth rates, discount rates and timeframe which require management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture less than £5k.

3 Other operating income

The Group did not receive any government grants through the Furlough scheme during the year (2021: £135k).

4 Operating loss

	31 March 2022 £'000	31 March 2021 £'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	24	47
Auditors' remuneration:		
Audit fee – group and company	44	32
Non audit fees	-	4
Legal and other fees	167	105
Foreign currency (gain)/loss	48	(33)
Share based payment	255	175

5 Finance cost

	31 March 2022 £'000	31 March 2021 £'000
Interest on the lease	4	5
Other interest	4	5
Total	8	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Employees

	31 March 2022 £'000	31 March 2021 £'000
Aggregate Directors' emoluments including consulting fees	629	414
Wages and salaries	1,641	1,324
Social security costs	230	175
Pension costs	94	72
Share-based payments	255	175
Total	2,849	2,160

	31 March 2022 £'000	31 March 2021 £'000
Directors	8	7
Staff	45	34
Total	53	41

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 March 2022 are as follows:

	2022 Base Salary	2022 Pensions	2022 Total	2021 Total
	£	£	£	£
Alison Hall	172,500	13,800	186,300	145,800
Julie Lavington	172,500	13,800	186,300	145,800
Steve Dilks	119,750	8,382	128,132	63,344
Nicholas Mustoe	28,500	-	28,500	24,000
Bill Murray	39,750	-	39,750	24,000
Adam Reynolds	39,000	-	39,000	48,000
Mark Collingbourne	28,500	-	28,500	24,000
Andrew Booth	28,500	-	28,500	24,000
Total	629,000	35,982	664,982	498,944

Details of the share options held by each Director can be found in the Group Directors' Report on page 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Income tax

a) Analysis of charge in the period

	31 March 2022 £'000	31 March 2021 £'000
Current tax		
UK corporation tax based on the profit/loss for the period	-	-
Adjustment in respect of prior periods	-	-
Total current tax charge/(credit)	-	-
Deferred tax		
Origination and reversal of timing differences	(412)	-
Total deferred tax charge/(credit)	(412)	-

b) Factors affecting the tax charge for the period

	31 March 2022 £'000	31 March 2021 £'000
Loss on ordinary activities before taxation	(554)	(3,098)
Tax at the UK corporation tax rate of 19% (2021: 19%)	(105)	(589)
Expenses not deductible for tax purposes	60	15
Losses unutilised	-	581
Adjustments to losses	1	-
Fixed asset differences	(2)	(7)
Remeasurement of deferred tax for changes in tax rates	(1,256)	-
Movement in deferred tax not recognised	890	-
Tax on loss on ordinary activities	(412)	-

On 3 March 2021, it was announced that the UK corporation tax rate will increase to 25% from 19%, effective from 1 April 2023. The deferred tax asset recognised in the accounts has been calculated using the current year tax rate of 19% (2021: 19%). The unrecognised deferred tax asset amounts to £4,692,886 (2021: £3,970,000) and has been calculated at the tax rate of 25%.

The deferred tax asset has been recognised due to the expectation that it will be reversed in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Earnings/(loss) per share

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

	31 March 2022	31 March 2021
Loss after tax attributable to equity holders of the parent (£'000)	(142)	(3,098)
Weighted average number of ordinary shares in issue	216,844,739	192,268,110
Fully diluted average number of ordinary shares in issue	216,844,739	192,268,110
Basic and diluted earnings/(loss) per share (pence)	(0.07)	(1.61)

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. For the prior year loss per share, the share options outstanding as at 31 March 2021 totalled 20,217,698 and were potentially dilutive.

9 Intangible assets – Group	Website £'000	Trademark £'000	Total £'000
Cost			
At 1 April 2020	218	-	218
Additions	10	2	12
At 31 March 2021	228	2	230
Amortisation			
At 1 April 2020	20	-	20
Charge for the year	11	1	12
At 31 March 2021	31	1	32
Carrying value 31 March 2021	197	1	198
Cost			
At 1 April 2021	228	2	230
Additions	-	-	-
Disposals	-	-	-
At 31 March 2022	228	2	230
Amortisation			
At 1 April 2021	31	1	32
Charge for the year	197	1	198
Disposals	-	-	-
At 31 March 2022	228	2	230
Carrying value 31 March 2022	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2020	86	279	192	557
Additions	7	27	-	34
At 31 March 2021	93	306	192	591
Accumulated depreciation				
At 1 April 2020	33	167	75	275
Charge for year	25	51	75	151
At 31 March 2021	58	218	150	426
Carrying value 31 March 2021	35	88	42	165
Cost				
At 1 April 2021	93	306	192	591
Additions	30	6	364	400
At 31 March 2022	123	312	556	991
Accumulated depreciation				
At 1 April 2021	58	218	150	426
Charge for year	27	38	54	119
At 31 March 2022	85	256	204	545
Carrying value 31 March 2022	38	56	352	446

11 Non-current assets

Investments in subsidiaries and associates:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cost at 1 April	-	-	6,282	6,282
Disposals during the year	-	-	-	-
Cost at 31 March	-	-	6,282	6,282
Impairment at 1 April	-	-	-	-
Disposals during the year	-	-	-	-
Impairment at 31 March	-	-	-	-
Carrying value as at 31 March	-	-	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 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Non-current assets (continued)

The key assumptions used for the value in use calculation in 2022 were as follows:

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

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

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

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	% Holding 2022	% Holding 2021
Thread 35 Limited	UK	Direct	Ordinary shares	100	100

12 Inventories – Group

	31 March 2022 £'000	31 March 2021 £'000
Stock – finished goods	6,493	2,555
Right to returned stock	814	311
Total	7,307	2,866

The cost of inventories charged in the year as an expense equated to £12,962k (2021: £6,319k). Right to returned stock relates to the cost of products sold in the financial year but expected to be returned after the financial period.

13 Loans to subsidiaries

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loan to subsidiary	-	-	-	-

The loan made to Thread 35 Limited by Sosandar Plc of £4,681,346 (2021: £18,366,142) was waived at the year end. The interest due on this loan was waived at the start of the year and subsequently, no further amounts are due between the two entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	1,683	305	-	-
VAT recoverable	16	18	16	18
Other receivables and prepayments	796	405	18	20
Trade and other receivables	2,495	728	34	38

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

15 Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash at bank	7,048	3,928	3,399	2,952

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.01)				
	Number of shares	Issue Price £	Total Share Capital £'000	Total Share Premium £'000
At 31 Mar 2021	192,268,122	0.001	192	41,592
Shares issued: Fundraise May 21	28,840,210	0.001	29	5,739
Shares issued: Warrants exercised Dec 21	300,000	0.001	-	45
Direct costs: Fundraise May 21				(287)
At 31 Mar 2022	221,408,332	0.001	221	47,089

17 Share based payments

Share option plans

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. On 2nd November 2017 share options over ordinary shares of 15.1p were issued with a further issue over ordinary shares of 29.1p issued on 25th February 2019. On 21 June 2021 the Group announced the establishment of a new Long Term Incentive Plan in which it granted new nil cost options totalling 21,431,942 ordinary shares of 0.1 pence each to its executive directors and members of the senior management team. Some of the existing options granted, totalling 13,888,742 ordinary shares, were modified as part of these arrangements. There was no incremental fair value because of this modification.

17 Share based payments (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022		31 March 2021	
	Number ('000)	WAEP £	Number ('000)	WAEP £
Outstanding at 31 March 2021	20,218	0.154	20,400	0.155
Modifications in the year	(13,889)	0.154	-	-
	11,789	0.000		
Issuances in the year	9,643	0.000	-	-
Cancellations in the year	-	-	(182)	0.265
Outstanding at 31 March 2022	27,761	0.035	20,218	0.154
Exercisable at 31 March 2022	14,682	0.035	13,502	0.154

The options outstanding at 31 March 2022 had a weighted average exercise price of £0.035 and a weighted average remaining contractual life of 8.59 years.

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

The Group recognised a charge of £255k (2021: £175k) 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. There were no new share issues in the year.

	Share options 2022	Share options 2020	Share options 2018
Exercise price	0.0p	29.1p	15.1p
Share price at date of grant	23.75p	29.1p	15.1p
Risk-free rate	0.25%	0.25%	0.25%
Volatility	42%	25%	25%
Expected Life	5 years	10 years	10 years
Fair Value	0.13	0.07	0.05

18 Trade and other payables

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	2,869	1,110	22	3
Accruals	656	405	30	27
Other payables	269	12	-	-
VAT payable	856	529	-	-
Contract liabilities	2,029	726	-	-
Deferred income	82	73	-	-
Trade and other payables	6,761	2,855	52	30

19 Leases

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

	31 March 2022 £'000	31 March 2021 £'000
Lease liability brought forward	49	126
Additions	345	-
Finance cost	4	6
Lease payments	(71)	(83)
Lease liability recognised in statement of financial position	327	49

	31 March 2022 £'000	31 March 2021 £'000
Of which		
Current lease liabilities	38	49
Non-current lease liabilities	289	-
Lease liability recognised in statement of financial position	327	49

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

20 Related party transactions

During the year to 31 March 2022 the Group was charged £39,000 (2021: £48,000) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date (2021: £nil).

During the year to 31 March 2022 the Group was charged £28,500 (2021: £24,000) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was £3,040 outstanding at the balance sheet date (2021: £nil).

20 Related party transactions (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the year to 31 March 2022 the Group was charged £39,750 (2021: £24,000) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date (2021: £nil).

During the year to 31 March 2022 the Group was charged £28,500 (2021: £24,000) for services provided by N Mustoe. There was £10,000 outstanding at the balance sheet date (2021: £nil).

During the year to 31 March 2022 the Group was charged £28,500 (2021: £24,000) for services provided by Skale Limited, a company controlled by A Booth. There was £3,000 outstanding at the balance sheet date (2021: £nil).

During the year to 31 March 2022, a management fee of £166,302 (2021: £157,946) was waived in line with the intercompany loan.

During the year to 31 March 2022, interest of £nil (2021: £nil) was charged to Thread 35 Limited relating to the intercompany loan as a result of the waiving of the loan and interest by the Company.

The Company's intercompany loan receivable balance from Thread 35 Limited at the year-end was £nil (2021: £nil).

21 Financial instruments – risk management

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

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

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The 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:

21 Financial instruments – risk management (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Cash flow interest rate risk

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

Foreign exchange risk

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

The Group monitors whether there is a requirement for foreign currency on a monthly basis. The Group considers this policy minimises any unnecessary foreign exchange exposure.

Liquidity risk

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

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

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

	Group		Company	
	Within 1 year	1-2 years	Within 1 year	1-2 years
As at 31 March 2022	£'000	£'000	£'000	£'000
Trade and other payables	6,761	-	52	-
Lease liabilities	38	289	-	-
Total	6,799	289	52	-

	Group		Company	
	Within 1 year	1-2 years	Within 1 year	1-2 years
As at 31 March 2021	£'000	£'000	£'000	£'000
Trade and other payables	2,855	-	29	-
Lease liabilities	49	-	-	-
Total	2,904	-	29	-

21 Financial instruments – risk management (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets

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

	Group		Company	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	7,048	3,928	3,399	2,952
Trade & other receivables	2,027	728	34	38
Total	9,075	4,656	3,433	2,990

Financial liabilities

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

	Group		Company	
	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000
Trade payables	2,869	1,110	22	3
Accruals	656	405	30	27
Other payables	269	12	-	-
VAT payable	856	529	-	-
Contract liabilities	2,029	726	-	-
Lease liabilities	327	49	-	-
Trade and other payables	7,006	2,831	52	30

Capital risk

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

22 Post balance sheet events

On 1 April 2022, the Group entered into a new lease in Wilmslow, England in order to expand its office space. On 1 April 2022, the lease liability on the new lease totalled £361k.

On 14 April 2022, Jonathan Wragg was appointed as a Director to the Board.

23 Contingent liabilities

The Company and Group has no contingent liabilities.

24 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 Alison Hall – Joint CEO Julie Lavington – Joint CEO Stephen Dilks - CFO Adam Reynolds – Non-Executive Director Andrew Booth – Non-Executive Director Mark Collingbourne – Non-Executive Director Nicholas Mustoe – Non-Executive Director Jonathan Wragg – Non-Executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX United Kingdom
Broker	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX United Kingdom
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 EC4V 5EQ