Sosandar plc
Full Year Results

Strong year-on-year growth in both revenue and margin

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its financial results for the year ended 31 March 2019.

Financial Highlights

- Revenue increased 228% to £4.44m (2018: £1.36m)
- Gross margin improved to 55.5% (2018: 49.4%)
- Gross profit increased 268% to £2.44m (2018: £0.67m)
- EBITDA loss reduced to £3.49m (2018: £6.00m loss)
- Period-end cash balance of £3.64m

Operational highlights

- Order growth of 224% to 102,967 orders
- Conversion rate increased by 76bps to 2.92%
- Customer database grew 95% to 105,756
- Active customers increased by 185% to 62,214
- Increased number of new styles by 106% vs prior year and broadened size range
- Facebook and Instagram followings increased by 72% and 208% respectively
- Costs as a percentage of revenue significantly decreased

Performance against KPIs

	YE 31 March 2019	YE 31 March 2018	Change
Sessions	**3,518,756**	1,467,952	+140%
Conversion rate	**2.92%**	2.16%	+76bps
Number of orders	**102,967**	31,732	+224%
Average Order Value	**£103.19**	£94.18	+10%
Returns	**50%**	44%	+600bps
Active Customers	**62,214**	21,808	+185%
Repeat order rate	**1.66**	1.45	+15%

	YE 31 March 2019	YE 31 March 2018	Change
Customer database	**105,756**	54,196	+95%

Ali Hall and Julie Lavington, Co-CEOs, commented:

"We are delighted to be reporting a year of exceptional growth along with significant operational progress. We have expanded our product range and invested in highly effective customer acquisition, which together are driving ever growing repeat rates. We continue to inspire and excite our customers and once we recruit customers they are proving to be incredibly loyal and highly engaged with the brand, which will fuel future growth for the business.

"We are continuing to invest in the expansion of our product range, most recently making investment into specialist areas of footwear, accessories, knitwear and denim. Our social channels continue to expand rapidly, and we have seen an ever-growing army of high-profile celebrities wearing our clothes

such as Amanda Holden, Kelly Brook and Natalie Pinkham. We have also been featured regularly in the national press from the Daily Telegraph to the Daily Mail as well as being featured regularly on ITV. Brand awareness continues to grow and most recently the fashion industry bible, Drapers recognised the brand, awarding Sosandar the prestigious accolade of Best New Online Business and Digital Team of the Year. Recent investment into specialist design areas and new factories will drive a larger product range going forward further enhancing choice for existing customers to continue increasing their frequency of purchase and broadening the appeal even further for new customer acquisition.

"The new financial year has started strongly and in line with our expectations with June setting a new record for the number of units sold in a month. Repeat orders for Q1 increased 122% year on year and Q1 has seen c.23% year on year revenue growth. This revenue growth has been achieved through strong repeat business with deliberately less emphasis on new customer acquisition as external factors resulted in a tougher acquisition environment. Being an agile e-commerce business, we have been able to respond quickly to external forces, making the prudent strategic decision to hold back funds to invest for customer acquisition in future months where we expect to achieve a better return on marketing spend.

"With a clear growth plan, we are confident in the outlook for the year and very excited about Sosandar's long term prospects."

Enquiries

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About Sosandar PLC

Sosandar is an online womenswear brand, specifically targeted at a generation of women who have graduated from throwaway fashion and are looking for quality, affordable clothing with a premium, trend-led aesthetic. This is a section of the market that is currently being underserved.

Sosandar was launched in September 2016. The Sosandar business model is built around using trend-led, exclusive designs produced in-house and then manufactured using a variety of global suppliers. Sosandar caters for a growing market of fashion-conscious women, while utilising an outsourced logistics provider that can support its planned growth over the coming years.

Sosandar's founders are Ali Hall and Julie Lavington, who previously launched and ran high street fashion magazine Look, as editor and publishing director respectively. They have a combined experience of over 35 years in the fashion industry, including in the design, manufacture and sale of fashion ranges for some of the UK's high street retailers, including Debenhams, Office, Oasis and JD Williams.

More information is available at www.sosandar-ir.com

Chairman's Statement

The past year has been another period of rapid growth for Sosandar, building on the strong foundations previously put in place and taking us another step forward in our journey to become a global one stop online destination for a new generation of fashion forward women. The demand we see from our underserved market continues to grow and underpins the brand's increasing momentum.

It has been remarkable to see the change the Company has been through over the last year. The team has grown significantly and our capabilities across every aspect of the business have become more sophisticated. It has been particularly striking this year to see the business begin to achieve conversion rates and average order sizes which compare favourably to well-established industry peers, testament to the hard work the team has put in to build a first-rate fashion business.

Alongside strong top line growth in our financials, we have continued our focus on increasing efficiency. The entire Sosandar team is motivated by the same ambition of long-term, sustainable success, and we are proud to have achieved another year of evolution towards that goal.

Corporate governance

The Board has committed to a corporate governance approach commensurate with more mature businesses. Both Julie and Ali have decades of experience in running and overseeing a large, dynamic business, bringing discipline and a prudent financial approach to day-to-day management.

As a Board, it is a priority to keep all our shareholders up-to-date and engaged with progress and we are committed to transparency in all our corporate communications. The aim to create long-term success is front of mind and the Board believes it is well aligned to the interests of our shareholders, and we would like to thank them all for another year of support.

People

I would like to thank Ali, Julie and the rest of the Sosandar team for all their hard work and dedication to building the brand over the past year. Our growth means we have been able to make some key hires that have resulted in the wider team benefitting from added expertise and creativity, all of which reflected in our new product ranges and high-quality marketing campaigns. The enthusiastic and vibrant culture that Sosandar has built is something of which the team should be extremely proud. It was fantastic to see this recognised at the 2019 Drapers Digital Awards where they won an incredible pair of awards for best new Online Business and Digital Team of the Year.

Outlook

Going into the new financial year we are well placed to drive further growth across all of our KPIs. Our customers demonstrate amazing loyalty both via their shopping activity and continued engagement via social channels. Growth is expected to be realised through further investment into product - adding more SKUs and investing in our product teams, whilst also continuing to invest in marketing channels to acquire new customers. Sosandar has set out a clear growth plan and we remain confident of delivering long term, sustainable success.

Bill Murray

Date: 3 July 2019

Operating review

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

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

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

Highlights

We are delighted to have achieved high levels of growth in our KPIs. Revenues increased by 228%, driven by a variety of factors including the continued success of our customer acquisition activities across multiple channels, increased average order values and a surge in repeat orders.

Gross margin also increased to 55% driven by economies of scale achieved through increased order quantities and higher proportion of sales from product sold at full price, successfully utilising the outlet pages to sell older or less seasonally relevant stock without impacting margin. We believe delivering improvements in efficiency and the quality of the customer experience is vital to prepare the business for future success.

Site visits increased by 140% year on year, and our customer database increased by 95% to over 105,000. We were pleased to deliver exceptional growth across both new and repeat orders, with new customers increasing by 131% and repeat customers by 391%, demonstrating the desirability of our products and increasing engagement with the brand.

Customer acquisition

Marketing, combined with highly desirable product, are the primary drivers behind Sosandar's growth and we operate a multi-channel marketing strategy. We have built a highly-engaged and growing community of Sosandar fans across social platforms through carefully-targeted content generation and aspirational lifestyle photography.

Particular channels of note are the Company's highly successful direct mail brochures, Facebook and Instagram. The Sosandar brochures have proven that the use of high-quality lifestyle content is particularly valuable in driving high-converting customers to the website. Facebook and Instagram followings have increased by 72% and 208% respectively. The launch of Instagram shopping in June 2018 has also helped to drive conversion; the swipe to shop functionality enhances brand engagement and capitalises on the growing number of influencers and celebrities posting about Sosandar on Instagram.

The success of our paid-for marketing strategy has been complemented by sustained high levels of PR-driven media coverage. Management's expertise in this area has seen Sosandar featured regularly on national TV, newspapers and magazines. Sosandar clothing continues to be worn regularly by an ever-growing list of celebrities and social influencers including Melanie Sykes, Kelly Brook, Susanna Reid and Amanda Holden.

Our target demographic has continued to engage with the Sosandar brand as we continue to capture a highly affluent customer demographic. Our unique in-house designs are selling ahead of our forecasts across all categories: dresses, skirts, trousers and tops, outerwear, leather and footwear.

A core part of our strategy is to pursue an aggressive marketing programme to drive customer acquisition, which has thus far proven successful in building our customer database to over 105,000. With a larger customer database, we can utilise data-led, personalised communications to engage with both our existing customers and target prospects who do not purchase immediately. It also provides a platform to promote the Sosandar brand and our new products in a cost-effective way, helping to improve longer-term marketing efficiencies.

As more customers learn of Sosandar, we are continually learning more about our customers; building our understanding of exactly what they are looking for from a one-stop fashion destination. This increased insight has led to a decreasing cost per customer acquisition over the period, in line with previously reported trends.

More product choice, same quality style

The rise of repeat orders and average order value size, alongside positive feedback from customers, demonstrates that Sosandar continues to produce excellent quality products across the entire range. Sosandar aims to be at the forefront of trends with a wide variety of styles and choice for all occasions, with high demand for products across all categories.

Returns levels of 50% reflect the anticipated improvement in the second half of the year from the 52% reported at interim results reflecting the different product mix in Autumn/Winter. These levels of returns are in line with the wider industry and are in line with management’s expectations.

Our test and repeat strategy continues to work well as we focus on fast stock turn with new product launching constantly, helping to minimise stock risk and allowing us to capitalise on best-selling items in real time.

The product range, by number of intake styles, has been expanded by 106%, with the addition of more choice within product types, and new categories such as loungewear, accessories and denim.

Technology

As a relatively young e-commerce company, we are focusing on implementing scalable and integrated technologies across the business. We have had the benefit of building a mobile-first platform and have not suffered from any legacy issues of internally-developed systems, allowing us to fully exploit the increasing use of mobile devices for e-retail.

We use technology and data to analyse sales and customer behaviour to influence design decisions, product strategy, marketing and customer service. Data analysis underpins our creative excellence and we are continuing to invest in this area, expanding data analytics resource in Sosandar.

Our technology strategy is to continue to invest across web and digital platforms to enhance customer experiences and provide frictionless online journeys, through in-depth analysis of customer shopping habits.

People

As we continue to grow we have focused on building out the team to ensure we are fully resourced to meet operational development. Our product design, garment technology and data teams have all expanded over the past year bringing a combination of increasing creative and commercial e-commerce experience into the business.

Our people are very important to us; they are a vital part of what makes Sosandar a successful business. We recruit people who are entrepreneurial and who are fully committed to our vision. We consider ourselves to have an inclusive workplace where everyone is fully engaged.

Outlook

Looking forward, there are exciting plans for extensive product range expansion and new factory relationships to enhance choice for our existing and new customers. We will also build on our successful marketing activities by investing into new channels to expand customer acquisition whilst leveraging the growing data and content in the business to enrich communication strategies with our already loyal customer base.

The expansion of repeat orders and increasing economies of scale will drive efficiencies in the business and our unique offering and market positioning puts us in a strong position to deliver continued future growth.

With a clear growth plan, we are confident in the outlook for the year and very excited about Sosandar's long term prospects.

FINANCIAL REVIEW

KPI's

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000	Change
Revenue	**£4,440**	£1,353	+228%
Gross Profit	**£2,465**	£669	+268%
Gross Margin	**55.5%**	49.4%	+607bps
Operating Loss*	**£(3,546)**	£(3,124)	-13%
EBITDA*	**£(3,485)**	£(3,069)	-13%

*excluding reverse costs

	Year ended 31 March 2019	Year ended 31 March 2018	Change
Sessions	**3,518,756**	1,467,952	+140%
Conversion rate	**2.92%**	2.16%	+76bps
Number of orders	**102,967**	31,732	+224%
AOV	**£103.19**	£94.18	+10%
Active customers	**62,214**	21,808	+185%
Repeat order rate	**1.66**	1.45	+15%

In the last 12 months Sosandar built on the momentum achieved in the prior year to deliver growth of 228% with revenue of £4.44m.

The revenue growth was achieved through improvements across all KPIs. The increasing brand awareness and marketing activity helped generate more visitors to the website as represented by session growth of 140%. These visitors also bought increasing amount of product with conversion rate up 76 basis points to 2.92% and average order value up 10% to £103 representing the success of investment into product range expansion and product imagery.

Returns for the year were 50%, split 52% for the first six months and 48% for the second half of the year reflecting the increased learnings in the business and investment into the garment technology team.

Product design teams also expanded and there was continued investment into customer acquisition. Enhanced product and more efficient campaigns contributed to an increased customer base that is purchasing more frequently with active customer base up 185% and repeat order rate up 15%. This increasingly loyal customer base provided a 391% increase in repeat orders which, along with economies of scale that come with growth, are helping to drive cost efficiencies with the 228% revenue growth delivered off only a 58% increase in administrative expenses.

The growing brand awareness and demand for product is also helping to drive margin improvements. Increased sell through and buying efficiencies have combined to provide margin improvements with gross margin of 55.5% up from 49.4% in the prior year and now comparing favourably with much more established businesses with higher order volumes.

Increased sell through has also benefited working capital with revenue growth achieved from a 95% increase in stock, all of which has been managed seamlessly by Clipper Logistics providing a truly scalable solution, allowing the business to focus on continuing to grow demand.

In order to ensure that the website continued to provide a best-in-class customer experience, the business invested capital during the year to transfer onto the Magento 2 platform, again ensuring that the infrastructure is in place to allow for unobstructed growth and easy implementation of any new e-commerce advancements that come to market.

With a year end cash position of £3.64m the business will continue to use these funds to invest in growth whilst working on cost efficiencies in order to drive bottom line improvements.

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**Year ended 31 March 2019 £'000**	Year ended 31 March 2018 £'000
Revenue from contracts with customers		**4,440**	1,353
Operational costs		**(1,975)**	(684)
Gross profit		**2,465**	669
Administrative expenses		**(6,011)**	(3,793)
Deemed cost of reverse		**-**	(1,439)
Reverse acquisition cost		**-**	(1,493)
Operating (loss)	4	**(3,546)**	(6,056)
Finance income	5	-	-
Loss on ordinary activities before taxation		**(3,546)**	(6,056)
Tax on loss on ordinary activities	7	**-**	-
Profit/(loss) for the year		**(3,546)**	(6,056)

Other Comprehensive income		-	-
Total Comprehensive loss for the year		**(3,546)**	(6,056)
Attributable to:			
Equity holders of the parent		**(3,546)**	(6,056)
Group loss for the year		**(3,546)**	(6,056)
Total comprehensive loss for the year		**(3,546)**	(6,056)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	**(3.19)**	(10.31)
Loss per share - basic and diluted, from continuing operations (pence)	8	**(3.19)**	(10.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	**2019 £'000**	2018 £'000
Assets			
Non-current assets			
Intangible assets	9	**163**	56
Property, plant and equipment	10	**147**	172
Total non-current assets		**310**	228
Current assets			
Inventories	11	**1,037**	531
Trade and other receivables	14	**366**	478
Cash and cash equivalents	15	**3,645**	4,616
Total current assets		**5,048**	5,625
Total assets		**5,358**	5,853
Equity and liabilities			
Equity			
Share capital	16	**116**	107
Share premium	16	**30,703**	27,796
Capital redemption reserve	16	**4,648**	4,648
Other reserves	17	**107**	32
Reverse acquisition reserve	16	**(19,596)**	(19,596)
Retained earnings	18	**(11,600)**	(8,055)
Equity attributable to owners of the parent		**4,378**	4,932
Total equity		**4,378**	4,932
Current liabilities			
Trade and other payables	19	**980**	921
Total current liabilities		**980**	921
Total liabilities		**980**	921

Total equity and liabilities	**5,358**	5,853

The financial statements were approved and authorised for issue by the Board of Directors on 3 July 2019 and were signed on its behalf by:

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Julie Lavington
Director

Company Number: 05379931

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**Year ended 31 March 2019 £'000**	Year ended 31 March 2018 £'000
Cash flows from operating activities			
Group loss for the year		**(3,546)**	(6,056)
Share-based payments	17	**76**	582
Depreciation and amortisation	9 & 10	**61**	55
Reverse acquisition costs		**-**	1,439
Working capital adjustments:			
Change in inventories		**(506)**	(168)
Change in trade and other receivables		**112**	(445)
Change in trade and other payables		**59**	849
Net cash flow from operating activities		**(3,744)**	(3,744)
Cash flow from investing activities			
Addition of property, plant and equipment, and intangibles	9 & 10	**(143)**	(18)
Acquisition, net of cash acquired		**-**	(1,938)
Net cash flow from investing activities		**(143)**	(1,956)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	**2,916**	9,978
Net cash flow from financing activities		**2,916**	9,978
Net change in cash and cash equivalents		**(971)**	4,278
Cash and cash equivalents at beginning of year	15	**4,616**	338
Cash and cash equivalents at end of year	15	**3,645**	4,616

	Notes	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	**Total £'000**
Sosandar Plc Balance at 1 January 2017		4,651	12,268	-	-	(17,441)	610	**88**
Thread 35 retained earnings b/f		-	-	-	-	(1,999)	-	**(1,999)**
Loss for the year		-	-	-	-	(6,056)	-	**(6,056)**
Transfer of share-based payment reserve		-	-	-	-	610	(610)	**-**
Loss for the period to acquisition		-	-	-	-	(770)	-	**(770)**
Reverse acquisition		-	-	(19,596)	-	17,601	-	**(1,995)**
Share-based payments	18	-	-	-	-	-	32	**32**
Issue of share capital	16	104	15,528	-	-	-	-	**15,632**
Cancellation of share capital	16	(4,648)	-	-	4,648	-	-	**-**
Balance at 31 March 2018		107	27,796	(19,596)	4,648	(8,055)	32	**4,932**
Loss for the year		-	-	-	-	(3,546)	-	**(3,546)**
Shares-based payments	18	-	-	-	-	-	76	**76**
Lapsed options						1	(1)	**-**
Issue of share capital	16	9	2,991	-	-	-	-	**3,000**
Costs on issue of share capital	16	-	(84)	-	-	-	-	**(84)**
Balance at 31 March 2019		116	30,703	(19,596)	4,648	(11,600)	107	**4,378**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	**2019**	2018
		£'000	£'000
Assets			
Non-current assets			
Investments	12	**6,282**	6,282
Loans to subsidiaries	13	**7,094**	-
Total non-current assets		**13,376**	6,282
Current assets			
Trade and other receivables	14	**8**	2,989
Cash and cash equivalents	15	**3,134**	4,312
Total current assets		**3,142**	7,301
Total assets		**16,518**	13,583
Equity and liabilities			
Equity			
Share capital	16	**116**	107
Share premium	16	**30,703**	27,796
Other reserves	17	**107**	32
Capital reserves		**4,648**	4,648
Retained earnings – prior years	18	**(19,206)**	(17,441)
Retained earnings – current year	18	**115**	(1,765)
Total equity		**16,483**	13,377
Current liabilities			
Trade and other payables	19	**35**	206
Total current liabilities		**35**	206
Total liabilities		**35**	206
Total equity and liabilities		**16,518**	13,583

The financial statements were approved and authorised for issue by the Board of Directors on 3 July 2019 and were signed on its behalf by:

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Julie Lavington
Director

Company Number: 05379931

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	**2019**	2018
		£'000	£'000
Cash flows from operating activities			
Profit/(loss) for the year		**114**	(2,375)
Impairment of investments and loans to subsidiaries	12	**-**	100
Interest charged on intercompany loan	13	**(293)**	-
Share-based payments	17	**76**	582

Working capital adjustments:			
Change in trade and other receivables	14	**146**	(2,927)
Change in trade and other payables	19	**(222)**	68
Net cash flow from operating activities		**(179)**	(4,552)
Cash flow from investing activities			
Loans to subsidiary undertakings		**(3,966)**	-
Investment in subsidiary undertakings		-	(4,678)
Net proceeds for sale of subsidiaries		51	-
Net cash flow from investing activities		**(3,915)**	(4,678)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	**2,916**	13,478
Net cash flow from financing activities		**2,916**	13,478
Net change in cash and cash equivalents		**(1,178)**	4,248
Cash and cash equivalents at beginning of year	15	**4,312**	64
Cash and cash equivalents at end of year	15	**3,134**	4,312

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

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.

	Notes	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	**Total equity £'000**
Balance at 1 January 2017		4,651	12,268	610	-	(17,441)	**88**
Loss and total comprehensive loss for the year		-	-	-	-	(2,375)	**(2,375)**
Transfer of share-based payment reserve		-	-	(610)	-	610	**-**
Issue of share capital	16	104	15,528	-	-	-	**15,632**
Cancellation of share capital	16	(4,648)	-	-	4,648	-	**-**
Shares-based payments	17	-	-	32	-	-	**32**
Balance at 31 March 2018		107	27,796	32	4,648	(19,206)	**13,377**
Profit for the year		-	-	-	-	114	**114**
Issue of share capital	16	9	2,991	-	-	-	**3,000**
Costs on issue of share capital	16	-	(84)	-	-	-	**(84)**
Shares based payments	17	-	-	76	-	-	**76**
Lapsed options				(1)		1	**-**
Balance at 31 March 2019		116	30,703	107	4,648	(19,091)	**16,483**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

2 Significant accounting policies

<u>Basis of preparation</u>

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Chairman's Statement on page 2. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes. In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

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

Based on their assessment of prospects and viability, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the foreseeable future.

Should the underlying assumptions of the working capital model prove invalid or shareholder support was withdrawn and the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any 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. All the other subsidiaries have a reporting date of 31 December.

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

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

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

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

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

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

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

The difference between the aggregate deemed fair value of the consideration paid and the identified assets and liabilities acquired of Sosandar Plc is £1,438,608 and this amount was charged to the income statement for the period ended 31 March 2018.

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

a) New and amended standards adopted by the Group
The Group has applied any applicable new standards, amendments to standards and interpretations that are mandatory for the financial year beginning on or after 1 January 2018 including IFRS 9 and IFRS 15. However, none of them has a material impact on the Group's Consolidated Financial Statements.

I. Impact of IFRS 15 – Revenue from contracts with customers
IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Management have assessed the impact of the adoption of IFRS 15 in detail and conclude that there is no material impact on the Group's consolidated Financial Statements. Further there was no impact on prior year revenue. The approach was to undertake a detailed assessment of the core principles of IFRS 15 and confirmed that the existing revenue recognition policy for each type of revenue was compliant.

II. Impact of IFRS 9 – Financial instruments
IFRS 9 replaced the classification and measurement models for financial instruments contained in IAS 39 Financial Instruments:
Recognition and Measurement and is effective for accounting periods beginning on or after 1 January 2018. The main changes from IAS 39 include the following:
- financial assets are to be classified and measured based on the business model for managing the financial and the cash flow characteristics of the financial asset, either at fair value or amortised cost
- a financial asset or liability that would otherwise be at amortised cost may only be designated as at fair value through profit or loss if such a designation reduces an accounting mismatch

The impairment model in IFRS 9 is based on the premise of providing for expected losses. IFRS 9 requires that the same impairment model apply to all of the following:
- financial assets measured at amortised cost
- financial assets mandatorily measured at fair value through other comprehensive income
- financial guarantee contracts to which IFRS 9 is applied
- lease receivables within the scope of IFRS 16 Leases

• contract assets within the scope of IFRS 15 Revenue from contracts with customers

The adoption of this standard has not had a significant impact on the group

(b) New, amended standards, interpretations not adopted by the Group

The following Adopted IFRSs have been issued but have not been applied by the Group in these Financial Statements. The full impact of their adoption has not yet been fully assessed; however, management do not expect the changes to have a material effect on the Financial Statements unless otherwise indicated:

- Annual Improvements to IFRSs – 2015-2017 Cycle (1 January 2019)
- Amendments to IAS 1 and IAS 8 – on definition of materiality (1 January 2019)
- Amendments to IAS 19 – employees benefits plan amendments, curtailments or settlements
- Amendments to IAS 28 on long term interests in associates and joint ventures
- Amendments to IFRS 3 “Business combinations” on definition of a business
- Amendments to IFRS 9, financial instruments on prepayment features with negative compensation
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective date to be confirmed)
- Amendments to IAS 40 Investment Property (effective date to be confirmed)
- IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (effective date to be confirmed)
- IFRS 16 Leases (1 January 2019)
- IFRS 17 Insurance contracts (1 January 2021)

IFRS 16 Leases:
The group will not be early adopting this standard which becomes effective from 1 January 2019. The group will be taking advantage of the practical expedient which allows the continuation of the existing assessment as to whether a contract contains a lease for all ongoing contracts entered into before 1 January 2019. The IFRS 16 definition of a lease will apply to all contracts entered into after 1 January 2019. The modified retrospective approach will be used, resulting in the cumulative effect of application on 1 January 2019 being recognised through an adjustment to opening retained earnings.
A full assessment of the impact of the above has not been performed. Whilst there is no change to the recognition of finance leases, there may well be a material change to the group’s assets and liabilities due to the requirement to bring the group’s operating leases on balance sheet.

Critical accounting judgements and key sources of estimation uncertainty

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

Inventories
Inventories are valued at the lower of cost and net realisable value, on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of the business less applicable

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

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £91k at 31 March 2019 (2018: £55k).

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 net refunds totalled £126k (2018: £15k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund.

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

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

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

Revenue recognition
Revenue is recognised in according with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfy a performance obligation.

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

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

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

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

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

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

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

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

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

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

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

Impairment of non-financial assets
At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in

order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Leasing
Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as a reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement. Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

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

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to

the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

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

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

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

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

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

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

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

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

Trade payables and other non-derivative financial liabilities
Trade payables and other creditors are non-interest bearing and are measured at cost.

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

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

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

Financial assets and liabilities

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

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

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

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.

3 Segmental information

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

4 Operating loss

	2019	2018
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Operating lease rentals	55	51
Auditors' remuneration		
Audit fee – group and company	30	25
Non audit fees	13	3
Legal and other fees transactions	54	122
Foreign currency (gain)/loss	3	10
Deemed cost of reverse acquisition	-	1,439
Reverse acquisition cost	-	1,493

5 Finance income

	2019	2018
	£'000	£'000
Bank interest received	**-**	-

6 Employees

	2019	2018
	£'000	£'000
Aggregate Directors' emoluments including consulting fees	**461**	1,235
Wages and salaries	**906**	553
Social security costs	**128**	89
Pension costs	**29**	32
Share-based payments	**76**	582
Total	**1,600**	2,491

	2019	2018
Directors	**6**	6
Staff	**21**	12
Total	**27**	18

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 March 2019 are as follows:

	2019	**2019**	**2019**	2018	2018	2018	2018
	Base Salary	**Share-based payment**	**Total**	Base Salary	Fee Shares	Share-based payment	Total
	£	**£**	**£**	£	£	£	£
Alison Hall	**144,418**	**31,443**	**175,861**	118,800	-	34,397	153,197
Julie Lavington	**144,418**	**31,443**	**175,861**	118,800	-	34,397	153,197
Nicholas Mustoe	**30,000**	**1,497**	**31,497**	12,500	-	1,638	14,138
Bill Murray	**30,000**	**1,497**	**31,497**	32,500	-	1,638	34,138
Adam Reynolds	**60,000**	**2,995**	**62,995**	468,410	200,000	3,276	671,686

Mark Collingbourne	**30,000**	**1,497**	**31,497**	190,740	100,000	1,638	292,378
Steven Metcalfe	**-**	**-**	**-**	293,100	200,000	3,276	496,376
Andrew Booth	**22,500**	**-**	**22,550**	-	-	-	-
Total	**461,336**	**70,372**	**531,708**	1,234,850	500,000	80,260	1,815,111

7 Income tax benefit / (expense)

No corporation tax charge arises in the year ended 31 March 2019 and the year ended 31 March 2018. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	Group		**Company**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Loss on ordinary activities before taxation	**(3,546)**	(6,056)	**114**	(2,375)
Tax at the UK corporation tax rate of 19% (2018: 19%)	**(674)**	(1,151)	**21**	(451)
Expenses not deductible for tax purposes	**16**	557	**5**	380
Losses unutilised	**658**	594	**—**	71
Accelerated depreciation	**—**	—	**—**	—
Group relieved	**—**	—	**(26)**	—
Tax on loss on ordinary activities	**—**	—	**—**	—

The Group has estimated tax losses of £10,400,000 (2018: £2,000,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 17% amounts to approximately £1,768,000 (2018: £380,000) and has not been recognised due to the uncertainty of the recovery. Due to the fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

8 Loss per share

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

	2019	2018
Loss after tax attributable to equity holders of the parent (£'000)	**(3,546)**	(6,056)
Weighted average number of ordinary shares in issue	**111,104,042**	58,770,354
Fully diluted average number of ordinary shares in issue	**111,104,042**	58,770,354
Basic and diluted loss per share (pence) – continuing operations	**(3.19)**	(10.31)
Basic and diluted loss per share (pence)	**(3.19)**	(10.31)

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 31 March 2019 totalled 20,400,000 (2018: 20,056,748) and are potentially dilutive.

9 Intangible assets – Group

	Website £'000	Total £'000
Cost		
At 1 April 2017	56	56
Additions	4	4
At 31 March 2018	60	60
Amortisation		
At 1 April 2017	1	1
Charge for the year	3	3
At 31 March 2018	4	4
Carrying value 31 March 2018	**56**	**56**
Cost		
At 1 April 2018	60	60
Additions	113	113
At 31 March 2019	173	173
Amortisation		
At 1 April 2018	4	4
Charge for the year	6	6
At 31 March 2019	10	10
Carrying value 31 March 2019	**163**	**163**

10 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Total £'000
Cost			
At 1 April 2017	12	225	237
Additions	13	1	14
At 31 March 2018	25	226	251
Accumulated depreciation			
At 1 April 2017	3	24	27
Charge for year	5	47	52
At 31 March 2018	8	71	79
Carrying value 31 March 2018	**17**	**155**	**172**
Cost			
At 1 April 2018	25	226	251
Additions	24	6	30
At 31 March 2019	49	232	281
Accumulated depreciation			
At 1 April 2018	8	71	79
Charge for year	10	45	55
At 31 March 2019	18	116	134
Carrying value 31 March 2019	**31**	**116**	**147**

11 Inventories – Group

	2019	2018
	£'000	£'000
Stock	**1,037**	531

The cost of inventories charged in the year as an expense equated to £1,975k (2018: £665k).

12 Non-current assets

Investments in subsidiaries and associates:

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Cost at 1 April	**-**	-	15,618	15,618
Disposals during the year	**-**	-	(9,336)	-
Cost at 31 March	**-**	-	6,282	15,618
Impairment at 1 April	**-**	-	9,336	9,236
Disposals during the year	**-**	-	(9,336)	-
Intercompany balance received during the year	**-**	**-**	-	77
Reclassed to current intercompany debtor balance	**-**	**-**	-	23
Impairment at 31 March	**-**	-	-	9,336
Carrying value as at 31 March	**-**	-	6,282	6,282

Investments in subsidiaries and associates:

Break down of carrying value of investment:

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Thread 35	**-**	**-**	**6,282**	6,282
Total non-current assets	**-**	-	**6,282**	6,282

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2019 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 four years. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The key assumptions used for the value in use calculation in 2019 were as follows:

	%

Discount rate	8.5
Returns assumption	47
Repeats assumption	12
	Units
Units per order	1.92

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

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

The subsidiaries of Sosandar Plc are as follows:

Subsidiary companies	Incorporation	Holding	Type of share held	**% Holding[1] 2019**	% Holding[1] 2018
Thread 35[5]	UK	Direct	Ordinary shares	**100**	**100**
Medavinci Gold Limited[6]	UK	Direct	Ordinary shares	**0**	**100**
Emotion Fitness Limited[4]	UK	Direct	Ordinary shares	**0**	**100**
Orogen Gold Limited[6]	Ireland	Indirect	Ordinary Shares	**0**	**100**
Orogen Gold (Serbia) Limited[3]	Ireland	Indirect	Ordinary shares	**0**	**100**
Orogen Gold (Armenia) Limited[6]	Ireland	Indirect	Ordinary Shares	**0**	**100**
Georaid CJSC[2]	Armenia	Indirect	Ordinary Shares	**0**	**80**

[1] Percentage of share type held and overall voting rights.

[2] Disposed of in May 2018, net sale proceeds after costs $117,500.

[3] Disposed of on 8 April 2018 for €1.

[4] Application made to strike off on 1st July 2018, no proceeds or carrying value noted

[5] Thread 35 Limited is the trading entity.

[6] These are dormant entities, and these subsidiaries have been wound up and dissolved and shown as discontinued operations in 2016 accounts, no proceeds or carrying value noted.

Medavinci Gold Limited (MGL)	**£**
Proceeds on disposal	-
Carrying value of investment	1
Costs of disposal	-
Profit / (loss) on disposal	**(1)**

Orogen Gold Limited ("OGL")	**£**
Proceeds on disposal	-
Carrying value of investment	-
Costs of disposal	(15,456)

Profit / (loss) on disposal	**(15,456)**

Georaid CJSC ("Georaid")	£
Proceeds on disposal	107,845
Carrying value of investment	-
Costs of disposal	(40,907)
Profit / (loss) on disposal	**66,938**

Orogen Gold (Serbia) Limited ("OGSL")	**£**
Proceeds on disposal	1
Carrying value of investment	-
Costs of disposal	-
Profit / (loss) on disposal	**1**

13 Loans to subsidiaries

	Group		**Company**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Loan to subsidiary	**-**	-	**7,094**	-

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

14 Trade and other receivables

	Group		**Company**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
VAT recoverable	**25**	257	**8**	154
Other receivables and prepayments	**341**	221	-	-
Receivables from Group Companies	-	-	**-**	2,835
Trade and other receivables	**366**	478	**8**	2,989

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

15 Cash and cash equivalents

	Group		**Company**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Cash at bank	**3,645**	4,616	**3,134**	4,312
Cash and cash equivalents	**3,645**	4,616	**3,134**	4,312

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary shares (£0.01)

Date	Details	Number of shares	Issue price £	Total share capital £'000	Total share premium £'000
At 31 Mar 2018		**106,814,658**	**0.001**	**107**	**27,796**
15 Oct 2018	Share Issue	9,375,000	0.001	**9**	2,907
At 31 Mar 2019		**116,189,658**	**0.001**	**116**	**30,703**

Group

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	**Total £'000**
Balance at 31 March 2018	107	27,796	(19,596)	4,648	(8,055)	32	**4,932**
Loss for the year	-	-	-	-	(3,546)	-	**(3,546)**
Share-based payments	-	-	-	-	-	76	**76**
Lapsed options	-	-	-	-	1	(1)	**-**
Issue of share capital	9	2,991	-	-	-	-	**3,000**
Costs on issue of share capital	-	(84)	-	-	-	-	**(84)**
Balance at 31 March 2019	116	30,703	(19,596)	4,648	(11,600)	107	**4,378**

Reserves

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

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

17 Share based payments

The Group has a share ownership compensation scheme for Directors and senior employees of the Group. In accordance with the provisions of the plan, Directors and senior employees may be granted options to purchase ordinary shares in the Company.

	Number of share options	Weighted average exercise price
Balance at 31 March 2018	**20,024,748**	**15.1p**
Issued during the year	**837,626**	**29.2p**
Lapsed during the year	**(462,374)**	**22.7p**
Balance at 31 March 2019	**20,400,000**	**15.5p**
Exercisable at 31 March	**6,604,125**	**15.1p**

The fair value of equity-based share options granted is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options have been granted. The calculated fair value of share options and warrants charged to the Group and Company financial statements in the year is £76k (2018: £32k). During the prior year the Company settled fees of £550,000 by way of issuing shares to Directors and advisors.

The following are the inputs to the model for the options granted during the prior year:

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

18 Retained earnings

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Opening balance	**(8,055)**	(1,999)	**(19,206)**	(17,441)
(Loss)/profit for the year	**(3,546)**	(6,056)	**114**	(2,375)
Transfer from share-based payment reserve	1	-	**1**	610
Closing balance	**(11,600)**	(8,055)	**(19,091)**	(19,206)

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's profit for the year was £114k (2018: loss £2,375k).

19 Trade and other payables

	Group		Company	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000
Trade payables	**579**	491	**-**	-

Accruals and deferred income	**102**	271	**35**	206
Other payables	**173**	144	**-**	-
Contract liabilities	**126**	15	**-**	-
Trade and other payables	**980**	921	**35**	206

20 Operating lease commitments

	Group		Company	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Within one year	**76**	65	**—**	—
Between one and five years	**127**	202	**—**	—
Operating lease commitments	**203**	267	**—**	—

21 Related party transactions

During the year to 31 March 2019 the Group was charged £60,000 (2018 - £268,410) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2019 the Group was charged £30,000 (2018 - £90,740) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2019 the Group was charged £30,000 (2018 - £36,500) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2019 the Group was charged £30,000 (2018 - £13,900) for services provided by N Mustoe. There was no amount outstanding at the balance sheet date.

During the year to 31 March 2019 the Group was charged £22,500 (2018 - £nil) for services provided by Skale Limited, a company controlled by A Booth. There was no amount outstanding at the balance sheet date.

At the balance sheet date, Julie Lavington owed Thread 35 Ltd £1,200 (2018 - £1,200) for personal tax invoices paid for by Thread 35 Ltd. This balance will be repaid within 9 months of the year end.

At the balance sheet date, Alison Hall owed Thread 35 Ltd £1,200 (2018 - £1,200) for personal tax invoices paid for by Thread 35 Ltd. This balance will be repaid within 9 months of the year end.

During the year to 31 March 2019, a management fee of £190,808 (2018 - £38,162) was received from Thread 35 Limited.

During the year to 31 March 2019, interest of £292,938 was charged to Thread 35 Limited relating to the intercompany loan.

The Company's intercompany loan receivable balance at the year-end was £7,093,954 from Thread 35 Limited (2018 - £2,811,016).

22 Financial instruments – risk management

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

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

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

Cash flow interest rate risk

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

Foreign exchange risk

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

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

The Group considers this policy minimises any unnecessary foreign exchange exposure

Liquidity risk

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

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

Capital risk

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

23 Post balance sheet events

The Company had no post balance sheet events.

24 Contingent liabilities

The Company has no contingent liabilities.

25 Ultimate controlling party

There is no ultimate controlling party of the Company.