Date:	18 August 2020
On behalf of:	Sosandar plc ('Sosandar' or 'the Company')
Embargoed until:	0700hrs

Sosandar plc

Full Year Results & Trading Update

Successful year of revenue growth followed by agile response to Covid-19 and strong current trading

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its financial results for the year ended 31 March 2020. In addition, the Company is pleased to also provide an update on trading in the current financial year.

The Company is delighted with trading at the start of its current financial year. In Q1 the business successfully increased year on year revenue by 54% whilst simultaneously reducing operating costs by 71% to help drive a 69% improvement in its loss position.

Current Trading

- Q1 performance has continued during July:
  - Revenue up 57% year on year
  - Margin of 55.5% and operating costs reduced by 84% vs prior year
  - 83% improvement in net loss position vs prior year
  - Year to date Returns of 38% vs 50% in prior year, driven partly by product mix, but also by a shift in customer behaviour across all product categories. Even as returns begin to normalise again, we are seeing returns well below last year's levels
  - Active customers up 98% vs prior year
- Speed at which the Company has adapted to unprecedented changes in the market demonstrates the agility and versatility of the business model
- Strength in current trading underpins confidence in carefully increasing marketing activity at the end of Q2 in order to enhance customer acquisition activity
- Strong cash position of £4.34m as at 31 July 2020 demonstrates continued careful cost management
- Contracts signed with John Lewis and Next to launch on their website platforms in Q2
- Customer base up 8% up since year end whilst reducing average monthly marketing spend by 85%

FY2020 Financial Highlights

- Revenue growth of 103% to £9.03m (FY2019: £4.44m)
- Gross margin of 48.5% (FY2019: 55.5%), impacted by intense period of customer acquisition with first order customer promotions alongside actions to address the impact of Covid-19 in the final month of the year
- EBITDA loss of £7.66m, including an exceptional, non-cash, accounting adjustment of £0.37m for share-based payments (FY2019: £3.49m), reflecting investment in the team, supply chain and marketing which delivered strong top line growth and has proven critical to positive trading performance during lockdown
- Year-end cash of £5.25m (FY2019: £3.65m), which reduced to £4.42m at the end of April 2020 due to the unwind of committed spend

FY2020 Operational Highlights

- Investment in team, supply chain and marketing resulted in:
  - 88% increase in new styles, enhancing choice for customers
  - 119% increase in suppliers across seven countries, reducing supply chain risk
  - 129% increase in customer database
- Active customer growth of 111% to 131,811 (FY2019: 62,214) showing continued ability to recruit and retain customers
- 128% increase in web visits to 8.03 million (FY2019: 3.51 million)
- 108% increase in orders to 214,487 (FY2019: 102,967)
- Conversion rate of 2.67% (FY2019: 2.92%) reflects longer lead time of TV customer acquisition
- Average order value (AOV) of £97.14 (FY2019: £103.19) predominantly due to high levels of new customer acquisition with first order discounts, and milder winter weather impacting product mix

FY2020 KPIs

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

Ali Hall and Julie Lavington, Co-CEOs commented:

"We're delighted to report another year of growth, and one in which we achieved a significant shift in terms of customer base and infrastructure, providing stronger foundations for continued future growth. This proved especially valuable during lockdown where having a larger base of customers, combined with an enhanced product offering, allowed us to navigate difficult trading conditions, growing our customer base further and increasing their order frequency whilst preserving cash. This is testament to the brand and the market opportunity we identified.

We're incredibly proud of the team for their hard work and dedication in unprecedented conditions and grateful to our supply chain and customers for their continued support.

The resilient performance achieved throughout Q1 has continued into Q2 of our current financial year. Our increasing confidence underpins our decision to begin increasing marketing spend with careful, controlled investment into customer acquisition from September to November, subject to any further impact of Covid-19.

We remain cautiously optimistic about the coming months and more excited than ever about the longer-term prospects for Sosandar."

Enquiries

Sosandar plc — www.sosandar.com
Julie Lavington / Ali Hall, Joint CEOs — c/o Alma PR

Shore Capital +44 (0) 20 7408 4090
Patrick Castle / James Thomas / Michael McGloin
Fiona Conroy (Corporate Broking)

Alma PR Limited (Financial PR) +44 (0) 20 3405 0205
Rebecca Sanders-Hewett / Susie Hudson / Sam Modlin sosandar@almapr.co.uk

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

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

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

COVID-19

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

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

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

Strengthened financial position

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

Our people

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

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

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

Outlook

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

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

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

CO-CEO’S STATEMENT

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

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

Vision and ambition

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

Our strategy

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

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

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

Overview

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

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

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

Key operational developments

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

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

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

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

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

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

Response to COVID-19 and Q1 performance

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

- A substantial reduction in its planned marketing spend in the short to medium term, in order to focus on repeat orders from the Group's existing customer base, rather than new customer acquisition.

- Stock levels being carefully managed with new stock being procured in line with demand. Sosandar's flexible supply base enabled the Group to adapt production plans very quickly to changes in consumer demand with continued use of the test and repeat strategy and minimal initial order quantities helping to reduce stock risk.

- Warehousing and fulfilment costs successfully flexed to the changing demand needs as the Company continues to benefit from the expertise of Clipper Logistics.

- All discretionary expenditure frozen.

- Approximately 60% of the workforce furloughed initially with the majority of the team of 33 no longer furloughed, with some part time.

- Reductions made to PLC Board remuneration.

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

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

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

Outlook

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

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

FINANCIAL REVIEW

KPI's

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Year ended 31 March 2020	Year ended 31 March 2019
	Notes	**£'000**	£'000

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
Assets			
Non-current assets			
Intangible assets	9	**198**	163
Property, plant and equipment	10	**282**	147
Total non-current assets		**480**	310
Current assets			
Inventories	11	**3,810**	1,037
Trade and other receivables	14	**1,001**	366
Cash and cash equivalents	15	**5,333**	3,645
Total current assets		**10,144**	5,048
Total assets		**10,624**	5,358

Equity and liabilities

Equity			
Share capital	16	**192**	116
Share premium	16	**41,592**	30,703
Capital redemption reserve	16	**4,648**	4,648
Other reserves	17	**482**	107
Reverse acquisition reserve	16	**(19,596)**	(19,596)
Retained earnings	18	**(19,414)**	(11,600)
Equity attributable to owners of the parent		**7,904**	4,378
Total equity		**7,904**	4,378
Liabilities			
Lease liability	20	**49**	-
Non-current liabilities		**49**	-
Trade and other payables	19	**2,594**	980
Lease liability	20	**77**	-
Total current liabilities		**2,671**	980
Total liabilities		**2,720**	980
Total equity and liabilities		**10,624**	5,358

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

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

Cash and cash equivalents at beginning of year	15	**3,645**	4,616
Cash and cash equivalents at end of year	15	**5,333**	3,645

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

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

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

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

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

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

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

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

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	**As at 31 March 2020 £'000**	As at 31 March 2019 £'000
Assets			
Non-current assets			
Investments	12	**6,282**	6,282
Loans to subsidiaries	13	**16,950**	7,094
Total non-current assets		**23,232**	13,376
Current assets			

Trade and other receivables	14	**132**	8
Cash and cash equivalents	15	**4,819**	3,134
Total current assets		**4,951**	3,142
Total assets		**28,183**	16,518
Equity and liabilities			
Equity			
Share capital	16	**192**	116
Share premium	16	**41,592**	30,703
Other reserves	16 & 17	**482**	107
Capital reserves		**4,648**	4,648
Retained earnings – prior years	18	**(19,091)**	(19,206)
Retained earnings – current year	18	**95**	115
Total equity		**27,918**	16,483
Current liabilities			
Trade and other payables	19	**265**	35
Total current liabilities		**265**	35
Total liabilities		**265**	35
Total equity and liabilities		**28,183**	16,518

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

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

Cash and cash equivalents at end of year	15	**4,819**	3,134

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

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

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

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

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

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

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

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 distributer via internet and mail order.

2 Significant accounting policies

Basis of preparation

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

Going Concern

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

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

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

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

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

Should the underlying assumptions of the working capital model prove invalid or shareholder support was withdrawn and the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classifications of recorded asset amounts or liabilities that may be necessary should the Group and Company be unable to continue as a going concern.
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

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

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

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

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

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

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

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

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

Functional and presentation currency

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

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

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

- monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates

prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

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

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

Changes in accounting policies and disclosures

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

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

The new standards include:

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

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

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

Inventories

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

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

Contract liabilities - refund accruals
Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for refunds totalled £79k (2019 net refund accrual: £126k) and a right to returned goods asset recognised of £40k (2019: £nil). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund. A difference of 1%pt in the sales returns rate have an impact +/- £177k the refund provision, and +/- £98k on the right to returned goods asset.

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

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.

<u>Principal accounting policies</u>
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.

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.

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

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

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

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

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

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

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

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

3 Segmental information

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

4 Operating loss

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

5 Finance income

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

6 Employees

	2020 £'000	2019 £'000
Aggregate Directors' emoluments including consulting fees	**471**	461
Wages and salaries	**1,318**	906
Social security costs	**173**	128
Pension costs	**39**	29

Share-based payments	**375**	76
Total	**2,376**	1,600

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

Directors' remuneration

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

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

7 Income tax benefit / (expense)

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

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

The Group has estimated tax losses of £18,500,000 (2019: £10,400,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 19% amounts to approximately £3,520,000 (2019: £1,976,000) and has not been recognised due to the uncertainty of the recovery.

Due to the fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

8 Loss per share

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

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

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 31 March 2020 totalled 20,400,000 (2019: 20,400,000) and are potentially dilutive.

9 Intangible assets – Group

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

10 Property, plant and equipment – Group

	Computer Equipment	**Fixtures and fittings equipment**	**Right of Use Asset**	**Total**

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

11 Inventories – Group

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

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

12 Non-current assets

Investments in subsidiaries and associates:

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

Break down of carrying value of investment:

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

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

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

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

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

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

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

The subsidiaries of Sosandar Plc are as follows:

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

13 Loans to subsidiaries

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

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

14 Trade and other receivables

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

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

15 Cash and cash equivalents

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

16 Share capital and reserves

Details of ordinary shares issued are in the table below:

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

Group

	Share capital £'000	Share premium £'000	Reverse acquisition reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	**Total £'000**

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

Reserves

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

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

17 Share based payments

Share option plans

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

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

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

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

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

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

The Group recognised a charge of £375k (2019: £76k) related to equity-settled share-based payment transactions during the year.

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

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

18 Retained earnings

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

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's profit for the year was £95k (2019: £114k).

19 Trade and other payables

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

20 Leases

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

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

Adjustments recognised on adoption of IFRS 16

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

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

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

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

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

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

- Lease liabilities – Increased by £192k

There was no impact on retained earnings on 1 April 2019

Practical expedients applied

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

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

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

Cashflow

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

21 Related party transactions

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

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

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

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

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

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

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

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

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

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

22 Financial instruments – risk management

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

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

<u>General objectives, policies and processes</u>

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:

<u>Cash flow interest rate risk</u>

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.

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

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

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

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

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

	31 March	31 March
	2020	2019
	£'000	£'000
Trade payables	**1,836**	579
Accruals & deferred income	**420**	102

Other payables	**259**	173
Contract liabilities	**79**	126
Lease liabilities	**126**	-
	2,720	980

Capital risk

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

23 Post balance sheet events

The Company and Group had no post balance sheet events.

24 Contingent liabilities

The Company and Group has no contingent liabilities.

25 Ultimate controlling party

There is no ultimate controlling party of the Company