Date: 20 July 2021
On behalf of: Sosandar plc ('Sosandar' or 'the Company')
Embargoed until: 0700hrs

Sosandar plc
Full Year Results

A year of strong revenue growth, substantial reduction in EBITDA losses and a strong start to the new financial year with Q1 FY22 revenue up 256% YoY

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its financial results for the year ended 31 March 2021 and an update on trading for Q1 of the current financial year.

FY2021 Financial Highlights

- Revenue growth of 35% to £12.2m (FY2020: £9.03m), representing a strong performance in a volatile trading environment
- Stable gross margin of 48.0% (FY2020: 48.5%), despite the effective use of promotional activity during lockdown periods
- Narrowed EBITDA loss to £2.92m (FY2020: £7.66m) as a result of increasing scale, improved ROI on marketing and ongoing focus on cost management
- Year-end cash of £3.93m (FY2020: £5.33m) with low cash burn since July 2020 (£4.40m)

FY2021 Operational Highlights

- Diversification and continued expansion of product range, offering customers a broader choice of product for all occasions:
  - 60% increase in new styles
  - New categories of loungewear, active and leisure wear launched, now becoming a key part of the product range
- Successful expansion of casual and smart-casual clothing ranges with denim, knitwear and outerwear performing particularly well
- Successful launch with John Lewis, Next and Marks & Spencer
- Engaged and loyal customer base:
  - 40% increase in repeat orders to 189,703 (FY2020: 135,983)
  - Average order frequency improved by 23% to 2.08 (FY2020: 1.69)
- Strong conversion rate of 3.09% (FY2020: 2.67%) driven by the expanded range which is resonating well with customers
- Average order value (AOV) of £82.70 (FY2020: £97.14) due to the changes in the product mix with higher sales of lower value items such as loungewear, knitwear and activewear

Post-period Highlights:

- Q1 2022 was a record quarter for revenue with each month improving sequentially:
  - Revenue of £5.7m up 256% against Q1 FY21 (lockdown period last year)
  - Q1 increased 45% against Q4 driven by very strong sales of spring summer product from early in the season
- Number of orders tripled year on year with a record quarter for both new and repeat orders with cost of acquisition less than half of pre pandemic levels
  - Versus Q4 FY21, both new and repeat orders increased by 40%
- Active customers increased by 23% on Q4 FY21

- Increase in sales across all key categories with both casual and going out styles selling very quickly. Stand out winners have been dresses, tops, knitwear and denim
- Further expansion of the product range with Marks & Spencer, John Lewis and Next to support strong sales in all categories
- Successful fundraise of £5.43m (after expenses) completed May 2021, substantially oversubscribed and with support shown from both institutions and retail investors:
    - Proceeds provide the balance sheet flexibility to capitalise on opportunities available, specifically the significant potential to accelerate growth with third party retailers
    - Cash of £9.10m as at 30 June 2021
- Appointment of Steve Dilks to the Company's Board as Chief Financial Officer in May 2021

FY2021 KPIs

	Year ended 31 March 2021		**Year ended 31 March 2020**		Change
Sessions	**8,922,789**		**8,032,355**		+11%
Conversion rate	**3.09%**		**2.67%**		+42 bps
Number of orders	**276,008**		**214,487**		+28%
AOV	**£82.70**		**£97.14**		-15%
Active customers	**135,381**		**131,095**		+3%
Repeat order rate	**2.08**		**1.69**		+23%

Ali Hall and Julie Lavington, Co-CEOs commented:

"We are delighted to report a year of very strong growth and performance alongside considerable operational progress. We have continued to expand and further diversify our product range, using targeted spending to maximise ROI and demonstrated strong cash retention, resulting in a significant growth in revenue and reduction in EBITDA losses. The performance of our team over the last year has been truly exceptional and we are incredibly proud of what they have achieved.

Whilst there is wider uncertainty around the ongoing effects of the pandemic, we are incredibly optimistic about what the future holds for Sosandar. Following the fundraise in May, we now have the financial flexibility to allow us to accelerate growth with third parties. Alongside this, we delivered a record first quarter of trading in Q1 FY22 with strong sales in colourful dresses, tops and denim as our customers prepare for the summer months.

With a clear growth plan and numerous opportunities ahead of us, we are now well placed to accelerate towards profitability."

Enquiries

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This announcement contains inside information for the purposes of the retained UK version of the EU Market Abuse Regulation (EU) 596/2014 ("UK MAR").

About Sosandar plc

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

Sosandar's offering includes a wide range of flattering woven dresses, a market-leading denim collection and knitwear. The Company has brand partnerships in place with Next, John Lewis and Marks & Spencer.

Sosandar's growth strategy is to build brand awareness and expand its customer base through developing exceptional products, providing a seamless customer experience and using impactful, lifestyle marketing activity. This is underpinned by combining innovation with data analysis, which drives successful product development and new customer targeting.

Sosandar was founded in 2016 and listed on AIM in 2017. More information is available at www.sosandar-ir.com

CHAIRMAN'S STATEMENT

The year ended 31 March 2021 was another period of strong growth and performance for Sosandar against a backdrop of sustained turbulent trading conditions. We have continued to adapt, learn and mature over the course of the year with the business now in an incredibly strong position to take advantage of the opportunities that lie ahead.

We have diversified our product range, targeted spending to maximise ROI and demonstrated strong cash retention. During the year, we were delighted to establish partnerships with retail stalwarts Next, John Lewis and Marks and Spencer. The success of these partnerships to date proves the desirability of the Sosandar brand, and we look forward to the many opportunities for growth with our retail partners going forward.

Our people

This year, more than ever, we have seen the quality of our team shine through. The executive team have continued to show exemplary leadership and all our staff have displayed an incredible passion for the business over the past year. I would like to take this opportunity to thank them for their tireless dedication, hard work and ongoing enthusiasm for our business and customers.

I would also like to thank all our customers, partners, suppliers, and shareholders for their continued support throughout the year. I look forward to achieving further successes together in the future.

In May, post-period end, we were pleased to welcome Steve Dilks to the Company's Board as Chief Financial Officer. Steve joined Sosandar in September 2020 and, since then, his experience and expertise have added significant value to the business. As Finance Director and now as CFO, Steve provides great confidence to the Board, offers substantial commercial contributions and is proving to be a great asset to the business.

Bolstered financial position

Post-period end we were pleased to raise gross proceeds of approximately £5.77m through a substantially oversubscribed Placing, Subscription and PrimaryBid offer.

The proceeds will provide us with the balance sheet flexibility to enable us to capitalise on the opportunities for growth both on our own site and through retail partners in the coming months and beyond.

The Board would again like to take this opportunity to extend its thanks for the support shown from new and existing shareholders, both institutional and retail.

Responsible business

At Sosandar, we understand that our business has an impact on the world around us and we are committed to making this impact a positive one. Our 'responsible fashion business' framework is broken into the three key areas: Ethical operations (a *fair, transparent and collaborative supply chain),* Environmental sustainability (m*inimising the footprint left on the natural world) and* Fabulous Sosandar (a*n inclusive and uplifting workplace).*

In January 2021, we switched most of our consumer packaging from cardboard boxes to Green PE polythene bags made from a by-product of the sugar cane process. They are recyclable, carbon neutral and sustainable. Moving forward, we are exploring the best method with which to roll out recycled and/or recyclable packaging across the rest of our supply chain. Excitingly, we are also trialling more sustainable yarns and fabrics such as recycled polyester, organic cotton and Lenzing Ecovero sustainable viscose in our product range, with early feedback encouraging.

Running a responsible business is a continually evolving challenge, and we look to constantly develop our actions in this area. We know that sustainability, already at the core of our business, must continue to be at the forefront of our minds as we take each next step to grow Sosandar and expand our influence. As we grow in size and scale as a company, we will further expand our activity, with an ambition to increase the positive, lasting impact Sosandar has on the fashion industry.

More detail on the Company's 'responsible fashion business' framework can be found in our Strategic Report section of the Annual Report and Accounts.

Corporate Governance

The Board continues to be committed to maintaining and enhancing its corporate governance framework, ensuring that it is robust and effective. In particular, the framework is designed to ensure all opportunities and risks are fully evaluated and that decisions are made based on robust assessment in order to deliver long term value creation.

The Covid-19 pandemic presented our business with unique challenges throughout the year. The Board met very regularly and worked more closely and flexibly than ever to provide support, guidance, challenge and oversight. The agility of our business was exemplified by the rapid pivot towards conservation of cash and careful cost management as soon as the nature of the pandemic emerged in early 2020. All of our teams have worked incredibly hard and they should be proud of the way

Sosandar overcame the challenges we were faced with and subsequently thrived over the last 15 months.

Post year-end, the Board completed a review of the Long-Term Incentive Plan (LTIP) in place for key executives in the business. This resulted in the Board establishing a new LTIP to include a further five people so that all eight key senior staff and departmental heads are participants. The Board believes the revised scheme appropriately motivates and incentivises the senior team, who play such a key role in driving the Company's growth strategy.

Outlook

Looking ahead, we remain confident and excited about the Group's positive outlook. We have demonstrated our flexibility this year and as a result have emerged as a more mature, agile and resilient business, positioning us well to react to potential future changes in the external environment and capitalise on the numerous exciting, long term growth opportunities.

In view of the continuing uncertainty surrounding the extent of the impact of Covid-19, we continue to plan cautiously for a wide range of outcomes. As we have done since March, we will endeavour to manage the business carefully, foster our partnerships and continue to grow our existing customer base. The Board is therefore confident that there is a successful year of growth ahead and an exciting long-term future for Sosandar.

Bill Murray
Date: 19 July 2021

CO-CEO'S STATEMENT

Overview

We are very pleased to have been able to deliver increased sales, a significant reduction in EBITDA losses and improved cost efficiencies in what has been such an unprecedented year. Our ability to quickly adapt to the changing needs of our consumers has enabled us to deliver these strong results, with the hard work of our team resonating so strongly with our customers who are now more engaged with Sosandar than ever before.

The success that we have had over the past 12 months has proven beyond doubt that there is strong demand for our unique offering in the market. This has been further validated by the strong demand from consumers who purchase through Next, John Lewis and Marks and Spencer following our launch into these partnerships during the year. We have continued to mature as a business and are beginning to benefit substantially from our increased experience, the relationships we have built in the industry and from economies of scale. With the team, the positioning and the product, we are confident we have built a strong platform from which to grow.

None of the progress we made over the past year would have been possible without the dedication, collaboration and belief of our team, partners, suppliers and of course our customers. We sincerely thank them all.

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
- 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.

Strong financial performance

We are delighted to report that total revenue for the period increased 35% to £12.16m, with a 62% reduction in EBITDA losses to £2.92m. The revenue growth represents a strong performance in a volatile trading environment, driven by the success of our expanded product range, strong growth on our own website and launches with John Lewis and Next in August and then with Marks and Spencer in March.

Pleasingly, this strong growth has also been achieved despite a significant overall reduction in marketing spend over the period. Utilising learnings from the previous financial year and our first foray into TV advertising, we have now optimised the marketing mix and been able to maximise our return on investment. Our agility allowed us to engage in customer acquisition at key periods, capitalising on the upticks in sentiment across the nation as and when they emerged.

Our relentless focus on cost management and financial planning, where we significantly reduced marketing spend and other expenses where possible, has led to a significant improvement in EBITDA. It also meant we were able to maintain a strong cash position, with net cash as at 31 March 2021 of £3.93m. Post-period end we were delighted to complete a successful fundraise of £5.77m, oversubscribed and with support shown from both institutions and retail investors. The proceeds from the fundraise will provide us with the balance sheet flexibility to enable us to capitalise on the numerous opportunities available to us over the coming months and beyond, in particular the significant potential that exists to accelerate growth in sales through third party retailers.

The period under review has clearly demonstrated that we have an extremely engaged and loyal customer base, with new styles and an expanded range resonating well. This can be seen through a number of metrics including the total number of orders increasing by 29% to 276,008, repeat orders up 40% to 189,703, average order frequency improving by 23% to 2.08, and repeat buyer order frequency increasing by 17% to 3.67. Active customers were marginally up in the year increasing 3% to 135,381, due to the timing of customer acquisition periods, with this stepping up by 23% in Q1 FY22 to 167,035.

We also pleased to report that gross margin remained stable at 48.0% (FY20: 48.5%) despite the necessary use of promotional activity during some lockdown periods. Gross margin has normalised as the pandemic restrictions started to lift with Q1 FY 22 being at 54%.

Expanded product range resonating with customers

Despite the challenging external environment, we believed that it was in the best interest of the long-term success of Sosandar to continue to invest and expand the product range, in line with our strategy to develop exceptional products. This decision has been a key factor in the strong trading performance.

We were able develop ranges quickly that reflected the lifestyles of our customers with denim, outerwear, loungewear, knitwear, and active and leisure wear performing particularly well. These categories are now established as a key part of the product mix. Our well-established test and repeat model, as well as our new third party relationships, enabled us to expand the range without heightening risk by adding too much stock.

The diversification of the range puts us another step closer towards our vision of being a one-stop online destination and the go to fashion destination for all occasions. We now have a clearly defined position in the market – offering customers a chic and sexy unique aesthetic that is trend led, high quality and lifestyle appropriate.

Successful launch with third parties

A key milestone in Sosandar's journey was our successful launch with both John Lewis and Next on their website platforms in August 2020. In late March 2021 we also entered into an agreement to sell a curated collection of our products through Marks & Spencer as a third-party online retailer. Trading to date with all three partners has been very successful and product lines have been very well received with many styles selling out across the third party platforms.

The fact that we were approached by three of the UK's biggest brands is a validation of the appeal and quality of our clothing and demonstrates the ever-growing strong appeal of our offering to our target market. It is clear we have developed a brand aesthetic which stands out from the crowd.

These partnerships allow us to further increase brand awareness across our target market, whilst driving incremental sales and accelerating improvement in EBITDA. We intend to use the proceeds from the fundraise completed in May 2021 to capitalise on the growth opportunities with our third party retail partners. The funds will enable us to invest in more stock from the Autumn / Winter 2021 season onwards, including increasing both the number of styles and the number of units per style to be sold through the third party partner websites. In addition, we now also have the capacity to engage with other third party partners in the UK and internationally.

Well positioned to accelerate growth trajectory

Trading in the first quarter of the current financial year has been exceptionally strong with revenue up 45% against Q4 of FY21. This performance is being driven by both new customers, with new orders increasing by 39%, and existing customers, with repeat orders increasing by 41%, versus Q4 FY21. Year on year Q1 is up 256% reflecting the significant expansion in product range vs last year, investment in customer acquisition this year and the impact of lockdown restrictions lifting.

Alongside the easing of restrictions, we are seeing an increase in sales across all key categories, in particular colourful dresses, tops and denim. Our investment in the product range continues to bear fruit, we are now able to provide our customers with a one stop shop for all social occasions. Whilst we remain cognisant of the associated impact from Covid on freight pricing and supply chains, our diverse supplier base and agility means that we are confident of being able to mitigate any challenges we may face.

Our performance with the third parties continues to go from strength to strength and we are focused on capitalising on the growth opportunities we have with each retailer. We are investing in stock from the Autumn / Winter 2021 season onwards, including increasing both the number of styles and the number of units per style to be sold through their websites.

The successful oversubscribed fundraise completed in May combined with an improving external backdrop and the increased adoption of online shopping as a result of the pandemic, leaves us in an extremely strong position. We are now well placed to accelerate towards profitability as we take advantage of the range of opportunities we see on the horizon and start to benefit from economies of scale.

We are extremely excited for what the future holds and look forward to delivering on our ambition for Sosandar to be a long-term, sustainable success.

Ali Hall & Julie Lavington
Date: 19 July 2021

FINANCIAL REVIEW

KPI's

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000	Change
Revenue	**£12,163**	£9,027	+35%
Gross Profit	**£5,844**	£4,381	+33%
Gross Margin	**48.0%**	48.5%	-50bps
Administrative Expenses	**£8,729**	£11,662	+25%
Operating Loss	**£(3,098)**	£(7,814)	+60%
EBITDA	**£(2,925)**	£(7,656)	+62%

	Year ended 31 March 2021	Year ended 31 March 2020	Change
Sessions	**8,922,789**	8,032,355	+11%
Conversion rate	**3.09%**	2.67%	+42bps
Number of orders	**276,008**	214,487	+29%
AOV	**£82.70**	£97.14	-15%
Active customers	**135,381**	131,095	+3%
Average Order Frequency	**2.08**	1.69	+23%

The financial performance of the Group during the year has been very strong despite the unprecedented impact and challenges faced as a consequence of COVID-19. Strong revenue growth, a significant reduction in EBITDA losses and effective preservation and utilisation of cash highlight the strength and agility of the Group; able to not only to withstand the headwinds but to maximise the opportunity despite the changing external environment.

During the year we saw our successful launches with John Lewis and Next in August 2020 and Marks and Spencer in March 2021 helping to further accelerate both brand awareness and incremental profitability.

Gross Profit

The gross margin remained stable at 48.0% (FY2020 48.5%) despite a higher proportion of promotional activity in order to ensure that inventory sold through, in particular during ‘lockdown’ periods. The restrictions placed on consumers resulting in them not being able to go ‘out-out’ for much of the reporting period has been successfully managed with margins increasing through the final quarter as restrictions loosened.

Inventory levels and product sell through are closely monitored and significant energy is invested in ensuring the correct level of stock is ordered to fulfil the projected demand.

Administrative Expenses

During the year there has been a focus on managing the cash position of the Group and as a consequence administrative costs have reduced by 25% to £8.7m (FY2020 £11.7m). For the most part the focus during H1 FY2021 was on preserving cash and engaging with the existing customer database, including prospects on our database which had increased substantially during the six months prior to the pandemic. Customer acquisition activity recommenced in September with a substantial improvement in the return on investment as a greater number of new customer orders were generated from half the cost. This improvement reflected the expanded product range and the data driven learnings from the activity undertaken in H2 FY2020 as each element of the marketing mix was optimised.

Cashflow

The Group had a net position of £3.93m at 31 March 2021 (FY2020 £5.33m) which had only dropped marginally since July 2020 (£4.40m) demonstrating successful management throughout these unprecedented times.

The cash position was further strengthened post period end with an oversubscribed placing and PrimaryBid offer which raised gross proceeds of £5.77m. The Group intends to use the proceeds to:

- capitalise on the growth opportunity with its third party retail partners where currently on average only nine per cent of the product range is available for sale. In particular, focus will be on investing in stock from the Autumn / Winter 2021 season onwards, including increasing both the number of styles and the number of units per style to be sold through the third party partner websites;
- provide additional funding to engage with other third party partners in the UK and internationally; and

- provide additional working capital and further balance sheet flexibility to support other incremental growth initiatives.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Revenue from contracts with customers		12,163	9,027
Operational costs		(6,319)	(4,646)
Gross profit		**5,844**	**4,381**
Other operating income	3	135	-
Administrative expenses		(8,729)	(11,662)
Share-based payment	18	(175)	(375)
Depreciation and amortisation	10,11	(163)	(151)
Operating loss		**(3,088)**	**(7,807)**
Finance income	5	-	3
Finance costs	6	(10)	(10)
Loss on ordinary activities before taxation		**(3,098)**	**(7,814)**
Tax on loss on ordinary activities	8	-	-
Loss for the year		**(3,098)**	**(7,814)**
Other comprehensive income		-	-
Total comprehensive loss for the period		**(3,098)**	**(7,814)**
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	9	**(1.61)**	**(5.14)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Assets			
Non-current assets			
Intangible assets	10	198	198
Property, plant and equipment	11	165	282

Total non-current assets		**363**	**480**
Current assets			
Inventories	12	2,866	3,810
Trade and other receivables	15	728	1,001
Cash and cash equivalents	16	3,928	5,333
Total current assets		**7,522**	**10,144**
Total assets		**7,885**	**10,624**
Equity and liabilities			
Equity			
Share capital	17	192	192
Share premium	17	41,592	41,592
Capital Reserves		4,648	4,648
Other reserves		657	482
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings	19	(22,512)	(19,414)
Total equity		**4,981**	**7,904**
Current liabilities			
Trade and other payables	20	2,855	2,594
Lease liability	21	49	77
Total current liabilities		**2,904**	**2,671**
Non current liabilities			
Lease liability	21	-	49
Total non current liabilities		**-**	**49**
Total liabilities		**2,904**	**2,720**
Total equity and liabilities		**7,885**	**10,624**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Group loss for the period		(3,098)	(7,814)
Share based payments	18	175	375
Depreciation and amortisation	10, 11	163	151
Finance costs		10	7
Working capital adjustments:			
Change in inventories		944	(2,773)
Change in trade and other receivables		273	(635)
Change in trade and other payables		261	1,614
Net cash flow from operating activities		**(1,272)**	**(9,075)**

Cash flow from investing activities			
Addition of property, plant and equipment		(34)	(129)
Addition of intangibles		(12)	-
Bank interest paid	6	(5)	-
Bank interest received	5	-	3
Net cash flow from investing activities		**(51)**	**(126)**
Cash flow from financing activities			
Net proceeds from issue of equity instruments		-	10,965
Lease payment		(82)	(76)
Net cash flow from financing activities		**(82)**	**10,889**
Net change in cash and cash equivalents		**(1,405)**	**1,688**
Cash and cash equivalents at beginning of period	16	5,333	3,645
Cash and cash equivalents at end of period	16	**3,928**	**5,333**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	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 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**
Loss for the year		-	-	-	-	(3,098)	-	**(3,098)**
Share-based payments	18	-	-	-	-	-	175	**175**
Issue of share capital	17	-	-	-	-	-	-	**-**
Costs on issue of share capital	17	-	-	-	-	-	-	**-**
Balance at 31 March 2021		**192**	**41,592**	**(19,596)**	**4,648**	**(22,512)**	**657**	**4,981**

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 FOR THE YEAR ENDED 31 MARCH 2021

	Notes	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Assets			
Non-current assets			
Investments	13	6,282	6,282
Loans to subsidiaries	14	-	16,950
Total non-current assets		**6,282**	**23,232**
Current assets			
Trade and other receivables	15	38	132
Cash and cash equivalents	16	2,952	4,819
Total current assets		**2,990**	**4,951**
Total assets		**9,272**	**28,183**
Equity and liabilities			
Equity			
Share capital	17	192	192
Share premium	17	41,592	41,592
Other reserves		657	482
Capital Reserves		4,648	4,648
Retained earnings	19	(37,847)	(18,996)
Total equity		**9,242**	**27,918**
Current liabilities			
Trade and other payables	20	**30**	**265**
Total current liabilities		**30**	**265**
Total liabilities		**30**	**265**
Total equity and liabilities		**9,272**	**28,183**

In accordance with the provisions of the Companies Act 2006, the Company has not presented a statement of profit or loss and other comprehensive income. The Company's loss for the year was £18,851k (2020: £95k profit).

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Profit/(loss) for the year		**(18,851)**	**95**
Impairment of investments and loans to subsidiaries	13	-	-
Interest on intercompany loan		-	(652)
Waiver of intercompany loan		18,366	
Share based payments	18	175	375
Working capital adjustments:			
Change in trade and other receivables	15	94	(124)
Change in trade and other payables	20	(235)	230
Net cash flow from operating activities		**(451)**	**(76)**
Cash flow from investing activities			
Loans to subsidiaries	14	(1,416)	(9,204)
Net cash flow from investing activities		**(1,416)**	**(9,204)**
Cash flow from financing activities			
Net proceeds from issue of equity instruments		-	10,965
Net cash flow from financing activities		**-**	**10,965**
Net change in cash and cash equivalents		(1,867)	1,685
Cash and cash equivalents at beginning of period	16	4,819	3,134
Cash and cash equivalents at end of period	16	**2,952**	**4,819**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Sosandar PLC							
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		76	11,924	-	-	-	**12,000**
Costs on issue of share capital		-	(1,035)	-	-	-	**(1,035)**
Shares based payments		-	-	375	-	-	**375**
Balance at 31 March 2020		**192**	**41,592**	**482**	**4,648**	**(18,996)**	**27,918**
Loss for the year		-	-	-	-	(18,851)	**(18,851)**
Issue of share capital	17	-	-	-	-	-	**-**
Costs on issue of share capital		-	-	-	-	-	**-**

Shares based payments	18	-	-	175	-	-	**175**
Balance at 31 March 2021		**192**	**41,592**	**657**	**4,648**	**(37,847)**	**9,242**

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 pages 2-3. 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 23 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 13 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 13.

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

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

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

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

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

There were a number of standards and interpretations which were in issue at 31 March 2021 but not effective for periods commencing 1 April 2020 and have not been adopted for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Group and will be incorporated in the preparation of the Group Financial Statements from the effective dates noted below. The new standards include:

*IFRS 17 Insurance Contracts[2]
* IFRS 9 Interest Rates[1]
* IAS39/IFRS7 Benchmark Reform[1]
*IFRS16 (Amendment) [1] Leases' – Covid [1]19 related rent concessions
*IAS 1 Presentation of Financial Statements[2]

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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 £665k at 31 March 2021 (2020: £395k). A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £35k in gross profit (2020: +/- £42k).

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 £726k (2020 refund accrual: £79k) and a right to returned goods asset recognised of £311k (2020: £40k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites. A difference of 1%pt in the sales returns rate have an impact +/- £189k (2020: +/- £177k) the refund provision, and +/- 87k (2020: +/- £98k) on the right to returned goods asset.

Calculation of share-based payment charges

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2023

The charge related to equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted, using an appropriate valuation model selected according to the terms and conditions of the grant. Judgement is applied in determining the most appropriate valuation model and in determining the inputs to the model. Judgements are also applied in relation to estimations of the number of options which are expected to vest, by reference to historic leaver rates and expected outcomes under relevant performance conditions. Please see note 18.

Depreciation of property, plant and equipment and amortisation of other intangible assets
Depreciation and amortisation are provided to write down assets to their residual values over their estimated useful lives. The determination of these residual values and estimated lives, and any change to the residual values or estimated lives, requires the exercise of management judgement. Please see notes 10 and 11.

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

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

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

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

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

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

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful economic lives. The estimated useful economic life of intangible assets is 20 years.

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.

Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Any grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

Taxation

Income tax

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

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

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

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

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

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

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

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

3 Other operating income

The Group received £135,000 (2020: £nil) in government grants through the Furlough scheme due to the impact of Covid 19 on the operating of the business. This has been recognised in other operating income.

4 Operating loss

	31 March 2021 £'000	**31 March 2020 £'000**
Operating loss is stated after charging/(crediting):		
Operating lease rentals	47	48
Auditors' remuneration:		
Audit fee – group and company	32	28
Non audit fees	4	5
Legal and other fees	105	146
Foreign currency (gain)/loss	(33)	32
Share based payment	175	375

5 Finance income

	31 March 2021 £'000	31 March 2020 £'000
Bank interest received	-	3

6 Finance cost

	31 March 2021 £'000	31 March 2020 £'000
Interest on the lease	5	10
Other interest	5	-
Total	**10**	**10**

7 Employees

	31 March 2021 £'000	31 March 2020 £'000
Aggregate Directors' emoluments including consulting fees	414	471
Wages and salaries	1,324	1,318
Social security costs	175	173
Pension costs	72	39
Share-based payments	175	375
Total	**2,160**	**2,376**

The average number of employees during the year was as follows:

	31 March 2021 £'000	31 March 2020 £'000
Directors	7	7
Staff	34	34
Total	**41**	**41**

Directors' remuneration

Details of emoluments received by Directors of the Company for the year ended 31 March 2021 are as follows:

	2021	**2021**	**2021**	2020
	Base Salary	**Pensions**	**Total**	Total
	£	**£**	**£**	£
Alison Hall	**135,000**	**10,800**	**145,800**	145,800
Julie Lavington	**135,000**	**10,800**	**145,800**	145,800
Nicholas Mustoe	**24,000**	**-**	**24,000**	30,000
Bill Murray	**24,000**	**-**	**24,000**	30,000

Adam Reynolds	**48,000**	**-**	**48,000**	60,000
Mark Collingbourne	**24,000**	**-**	**24,000**	30,000
Andrew Booth	**24,000**	**-**	**24,000**	30,000
Total	**414,000**	**21,600**	**435,600**	471,600

8 Income tax benefit / (expense)

No corporation tax charge arises in the year ended 31 March 2021 and the year ended 31 March 2020. 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**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Loss on ordinary activities before taxation	**(3,098)**	(7,814)	**(18,851)**	95
Tax at the UK corporation tax rate of 19% (2019: 19%)	**(589)**	(1,485)	**(3,582)**	18
Expenses not deductible for tax purposes	**15**	82	**3,523**	2
Losses unutilised	**581**	1,502	**59**	-
Accelerated depreciation	**(7)**	(16)	**-**	-
Recognition of previously unrecognised losses	**-**	(83)	**-**	(20)
Group relieved	**-**	-	**-**	-
Tax charge on loss on ordinary activities	**-**	-	**-**	-

The Group has estimated tax losses of £20,900,000 (2020: £18,500,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 19% amounts to approximately £3,970,000 (2020: £3,520,000) 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.

9 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:

	31 March 2021	**31 March 2020**
Loss after tax attributable to equity holders of the parent (£'000)	(3,098)	(7,814)
Weighted average number of ordinary shares in issue	192,268,110	151,961,672
Fully diluted average number of ordinary shares in issue	192,268,110	151,961,672
Basic and diluted loss per share (pence)	**(1.61)**	**(5.14)**

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 2021 totalled 20,217,698 (2020: 20,400,000) and are potentially dilutive.

10 Intangible assets – Group

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

11 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Right of use asset £'000	Total £'000
Cost				
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	-	79
Charge for year	15	51	75	55
At 31 March 2020	33	167	75	275
Carrying value 31 March 2020	**53**	**112**	**117**	**282**
Cost				
At 1 April 2020	86	279	192	557
Additions	7	27	-	34
At 31 March 2021	93	306	192	591
Accumulated depreciation				
At 1 April 2020	33	167	75	275

Charge for year	25	51	75	151
At 31 March 2021	58	218	150	426
Carrying value 31 March 2021	**35**	**88**	**42**	**165**

12 Inventories – Group

	31 March 2021 £'000	31 March 2020 £'000
Stock	2,555	3,810
Right to returned stock	311	-
Total	**2,866**	**3,810**

The cost of inventories charged in the year as an expense equated to £6,345k (2020: £4,646k).

In the previous year £40k Right to returned stock was reported in Trade and Other Receivables. Please see note 15.

13 Non-current assets

Investments in subsidiaries and associates:

	Group		Company	
	2021 £’000	2020 £’000	**2021 £’000**	2020 £’000
Cost at 1 April	**-**	-	**6,282**	6,282
Disposals during the year	**-**	-	**-**	-
Cost at 31 March	**-**	-	**6,282**	6,282
Impairment at 1 April	**-**	-	**-**	-
Disposals during the year	**-**	-	**-**	-
Impairment at 31 March	**-**	-	**-**	-
Carrying value as at 31 March	**-**	-	**6,282**	6,282

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2021 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 2021 were as follows:

	%
Discount rate	8.5
Returns assumption	45
Compound annual revenue growth rate	23

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**

14 Loans to subsidiaries

	Group		Company	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Loan to subsidiary	**-**	-	-	16,950

The loan made to Thread 35 Limited by Sosandar Plc of £18,366,142 was waived at the year end. The interest due on this loan was waived at the start of the year and subsequently, no further amounts are due between the two entities. In prior year, the balance due included £687k of interest charged at a rate of 6%.

15 Trade and other receivables

	Group		Company	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Trade receivables	305	-	-	-
VAT recoverable	18	359	18	67
Other receivables and prepayments	405	602	20	65
Right to returned stock	-	40	-	-
Trade and other receivables	**728**	**1,001**	**38**	**132**

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

In the current year Right to returned stock is reported in Inventories. Please see note 12.

16 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank	**3,928**	5,333	**2,952**	4,819

17 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 2020		**192,268,122**	**0.001**	**192**	**41,592**
At 31 Mar 2021		**192,268,122**	**0.001**	**192**	**41,592**

18 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 2021		31 March 2020	
	Number ('000)	**WAEP £**	Number ('000)	WAEP £
Outstanding at 31 March 2020	**20,400**	**0.155**	20,400	0.155
Forfeited in the year	(182)	0.265	-	-
Outstanding at 31 March 2021	**20,218**	**0.154**	20,400	0.155
Exercisable at 31 March	**13,502**	**0.154**	6,898	0.157

The options outstanding at 31 March 2021 had a weighted average exercise price of £0.154 and a weighted average remaining contractual life of 6.62 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 £175k (2020: £375k) related to equity-settled share-based payment transactions during the year.

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

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

19 Retained earnings

	Group		Company	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Opening balance	**(19,414)**	(11,600)	**(18,996)**	(19,091)
(Loss)/profit for the year	**(3,098)**	(7,814)	**(18,851)**	95
Transfer from share-based payment reserve	**-**	-	**-**	-
Closing balance	**(22,512)**	(19,414)	**(37,847)**	(18,996)

20 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade payables	**1,110**	1,836	**3**	37
Accruals	**405**	420	**27**	228
Other payables	**12**	259	**-**	-
VAT payable	**529**	-	**-**	-
Contract liabilities and deferred income	**799**	79	**-**	-
Trade and other payables	**2,855**	**2,594**	**30**	**265**

21 Leases

The Group has various lease contracts used in its day to day operations.

	31 March 2021 £'000	**31 March 2020 £'000**
Lease liability brought forward	126	192
Finance cost	6	10
Lease payments	(83)	(76)
Lease liability recognised in statement of financial position	**49**	**126**

	31 March 2021 £'000	**31 March 2020 £'000**
Of which		
Current lease liabilities	49	77
Non-current lease liabilities	-	49
	49	**126**

22 Related party transactions

During the year to 31 March 2021 the Group was charged £48,000 (2020: £60,000) for services provided by Reyco Limited, a company controlled by A Reynolds. There was no amount outstanding at the balance sheet date (2020: £nil).

During the year to 31 March 2021 the Group was charged £24,000 (2020: £30,000) for services provided by Morrison Kingsley Consultants Limited, a company controlled by M Collingbourne. There was no amount outstanding at the balance sheet date (2020: £666).

During the year to 31 March 2021 the Group was charged £24,000 (2020: £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 (2020: £nil).

During the year to 31 March 2021 the Group was charged £24,000 (2020: £30,000) for services provided by N Mustoe. There was no amount outstanding at the balance sheet date (2020: £500).

During the year to 31 March 2021 the Group was charged £24,000 (2020: £30,000) for services provided by Skale Limited, a company controlled by A Booth. There was no amount outstanding at the balance sheet date (2020: £2,400).

During the year to 31 March 2021, a management fee of £157,946 (2020: £184,446) was waived in line with the intercompany loan.

During the year to 31 March 2021, interest of £nil (2020: £651,951) was charged to Thread 35 Limited relating to the intercompany loan as a result of the waiving of the loan and interest by the Company.

The Company's intercompany loan receivable balance at the year-end was £nil from Thread 35 Limited (2020: £16,950,351).

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

Liquidity risk

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

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

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

	Group		Company	
	Within 1 year £'000	**1-2 years £'000**	**Within 1 year £'000**	**1-2 years £'000**
Trade and other payables	2,855	-	29	-
Lease liabilities	49	-	-	-
Total	**2,904**	**-**	**29**	**-**

Financial assets

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

	Group		Company	
	31 March 2021 £'000	**31 March 2020 £'000**	**31 March 2021 £'000**	**31 March 2020 £'000**
Cash and cash equivalents	3,928	5,333	2,952	4,819
Trade & other receivables	728	961	38	132
Total	**4,656**	**6,334**	**2,990**	**6,334**

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:

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.

24 Post balance sheet events

On 25 May 2021 the Group announced that it had raised £5.77 million of gross proceeds via a Placing, Subscription and PrimaryBid Offer. A total of 28,840,210 new shares were issued, representing approximately 15 per cent of the existing issued share capital and resulting in 221,108,332 shares now being in issue.

On 21 June 2021 the Group announced the establishment of a new Long Term Incentive Plan in which it granted new nil cost options totalling 21,431,942 ordinary shares of 0.1 pence each to its executive directors and members of the senior management team. As part of these arrangements, the Group cancelled existing options granted totalling 13,888,742 ordinary shares. As a result of these changes the Group now has 27,760,897 options outstanding over ordinary shares which is equal to 12.56 per cent of the Group's issued share capital (11.15 per cent on a fully diluted basis).

25 Contingent liabilities

The Company and Group has no contingent liabilities.

26 Ultimate controlling party

There is no ultimate controlling party of the Company.