



SOSANDAR

*Annual Report
2019*



Our vision is to be a global one-stop online destination for fashion forward women

HIGHLIGHTS

£4.44m

Revenue (+228%)

2019	£4.44m
2018	£1.35m
2017*	£0.03m

102.9k

Annual Orders (+224%)

2019	102.9k
2018	31.7k
2017*	7k

55.5%

Gross Margin (+607 bps)

2019	55.5%
2018	49.4%
2017*	37.8%

2.92%

Conversion Rate (+76 bps)

2019	2.92%
2018	2.16%
2017*	1.29%

£103.19

Average Order Value (+10%)

2019	£103.19
2018	£94.18
2017*	£87.22

105.7k

Customer Database (+95%)

2019	105.7k
2018	54.1k
2017*	6.8k

* 2017 reflects seven months of trading, first sales in September 2016.



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AT A GLANCE

So much growth & opportunity

(and we've only just begun)

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

FROM START UP TO TRIPLE DIGIT GROWTH IN 2.5 YEARS



Nov 2015
Business founded

● **Sep 2016**
Website launched, first customer purchase within 5 minutes

● **Oct 2016**
First garment features on television

● **Nov 2016**
Loose Women celebrities begin wearing Sosandar

● **May 2017**
Deal signed between Sosandar and Orogen Plc for reverse takeover

● **Sep 2017**
Break £1 million cumulative gross revenue since launch



Nov 2017
Float on AIM at 15.1p, £5.3 million raised rate of over 5%

● **Jan 2018**
More than 1,000 items sold in a day for the first time with a conversion rate of over 5%

● **Mar 2018**
Record monthly sales

● **Jun 2018**
Instagram followers exceed 10,000 – allowing addition of swipe up to shop functionality

● **Oct 2018**
Clipper Logistics operation moves to 7 days a week in order to meet increasing demand

● **Jan 2019**
Email database exceeds 100,000



A GROWING CUSTOMER BASE

Repeat Order Growth

391%

Instagram Follower Growth

208%

A WIDE RANGE OF PRODUCTS



Clothing



Footwear



Gifts & Accessories

INVESTMENT CASE

So quick, so easy & so good

*(we understand what our customers
want and how to deliver it!)*

A UNIQUE PROPOSITION

Product exclusively designed in-house to suit a wide-ranging yet underserved demographic.

Exclusively designed trend-led, quality, affordable clothing with a premium aesthetic targeting a demographic graduating from fast fashion brands and frustrated with high street alternatives.

EXPERIENCED AND DRIVEN MANAGEMENT TEAM

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

HUGE AND GROWING MARKET OPPORTUNITY

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



“

Great quality garments at reasonable prices ... very up to the minute fashion in a classy way. Well done Sosandar. ”

GROWING, LOYAL CUSTOMER BASE

Repeat orders up 391% in the last year with a 15% increase in order frequency. Growing social engagement and huge amounts of positive customer feedback.

STRONG & SCALABLE INFRASTRUCTURE IN PLACE

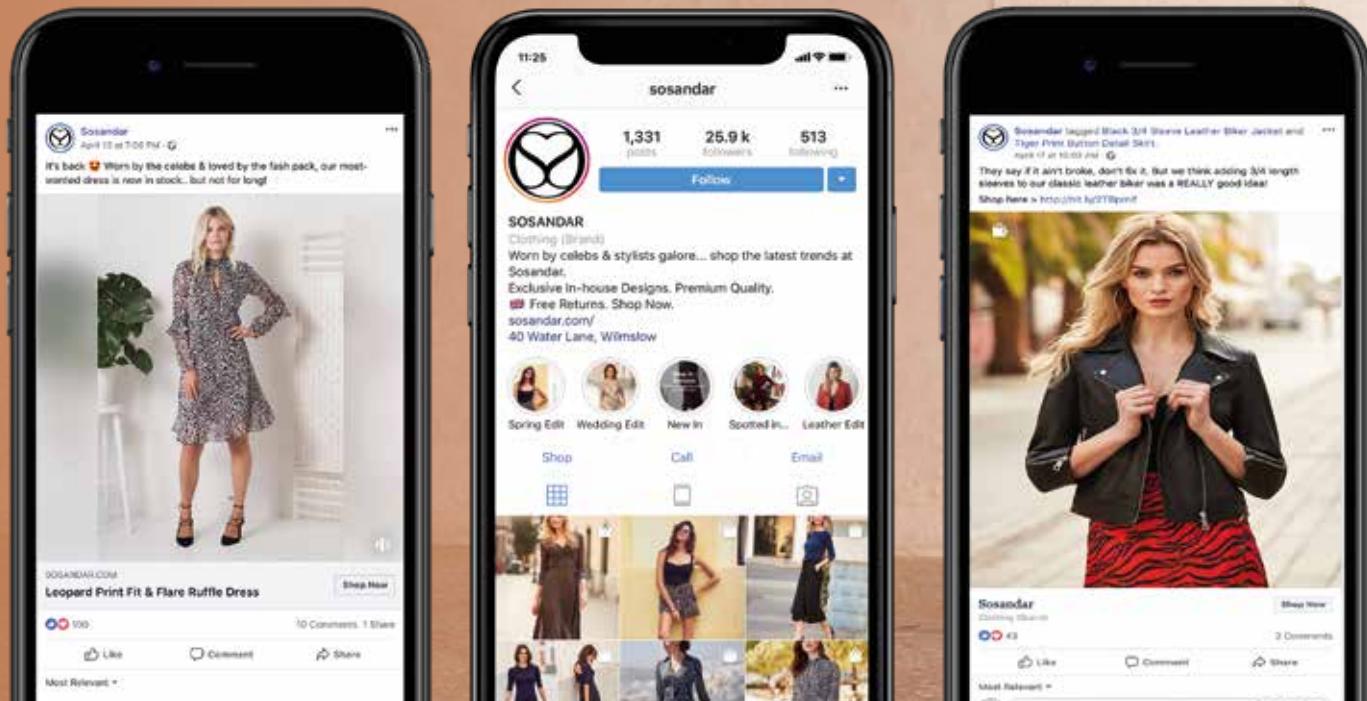
Mobile-first website built on leading Magento platform and logistics run through Clipper provide capacity for large-scale growth.

NUMEROUS POTENTIAL OPPORTUNITIES FOR FUTURE EXPANSION

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

So many loyal customers

(our customer base and reach continues to rocket – thank you!)



STRATEGIC REPORT

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“

What an incredible business. Great selection of sassy clothing, I have now bought pretty much the whole collection. Thank you Sosandar for coming into my life ❤️,



CHAIRMAN'S STATEMENT

It's so exciting to be in our space right now



Bill Murray
Chairman

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

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

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

Corporate governance

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

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

People

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

Outlook

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

BILL MURRAY

Chairman
3 July 2019



“

*Gorgeous clothes , lovely
quality , super quick
delivery
What's not to ❤ , ,*

CONVERSION RATE

2.92%
(+76 bps)

AVERAGE ORDER VALUE

£103.19
(+10%)

MARKET OVERVIEW

Positioned so well to capture market share

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

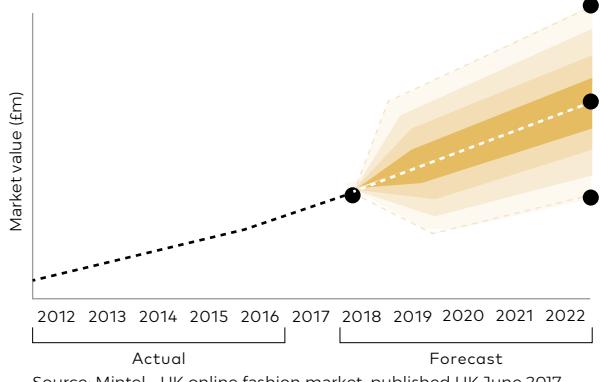
Online growth

Fashion retail is changing. There is a buy-now, wear-now mentality and customers want convenient shopping that fits around their busy lifestyles.

The UK womenswear sector is a large market with several areas of growth. The online fashion market is valued at £16.2bn, with the overall market expected to be worth £29bn by 2022, fuelled by mobile purchasing.

Online sales accounted for 24% of total UK fashion market spend in 2017, up from 17% in 2014, and are forecast to continue outpacing the overall clothing market with double-digit growth over the next five years (Mintel).

UK Annual Online Fashion Sales



Underserved market

Online-only retailers account for 38% of the online fashion market in the UK and are growing at a faster rate than multi-channel retailers. One of the main advantages of online shopping for retailers is having the ability to reach customers anywhere 24/7 through both traditional and social media channels.

Sosandar focuses on an underserved demographic of women with high purse spend. This core demographic spends £3.7bn a year on fashion* (GB TGI Q2 Jan-Dec 2016), the highest aggregate and fastest-growing spend out of all women aged 15-75 (Euromonitor).

The business has successfully accessed this market. Our customer has a high disposable income and is very fashion-conscious, with 60% of her purchases made online. She's looking for trend-led, quality, affordable clothes in a flattering design for all occasions (CIL customer survey).

Social media

Social media plays a big part in driving growth and leading how online retailers engage with and understand customer wants and needs, driving design and fulfilment capabilities.

Sosandar has exploited this to the fullest by using product imagery and content to create a lifestyle hub and engage with customers. Strong PR also enhances our social reach with extensive endorsement from key fashion influencers via Instagram and blog posts.

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 younger 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.

*Annual Expenditure on Fashion by Age Group - Women

Sosandar's core demographic spend £3.7bn per annum on fashion	
15-24	£1.7bn
25-34	£1.8bn
35-44	£1.8bn
45-54	£1.9bn
55-64	£1.6bn
65-74	£1.4bn
75+	£0.9bn

Source: GB TGI 2017 Q2 (Jan 2016 - Dec 2016) Kantar Media UK Ltd - base 9,751 women



**UNDERSTANDING THE UK
ONLINE FASHION MARKET**

Current value

£16.2bn

Expected value in 2022

£29bn

Online sales

24%

of total fashion market

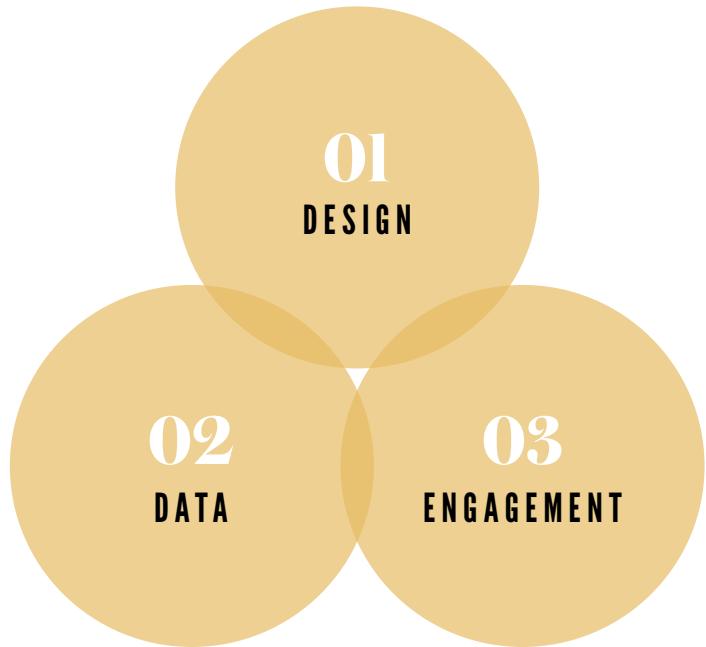
17%

growth from 2014

BUSINESS MODEL

Creative flair, skillfully combined with a data centric approach

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



01

DESIGN

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

02

DATA

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

03

ENGAGEMENT

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



“

Great quality garments at reasonable prices ... very up to the minute fashion in a classy way. Well done Sosandar. ”

STRATEGY

Everything we do is with our customers in mind

Sosandar targets an underserved market of women looking for trend-led, affordable, quality clothing with a premium aesthetic. We design and manufacture clothing and footwear for all occasions with fashion forward styles designed to flatter. Our strategy is to build a loyal customer base, focusing on customer growth and retention, by taking advantage of the increasing convergence of e-commerce and media.

We do this by focusing on the following areas:

01

PRODUCT DEVELOPMENT

We provide frequent new product ranges to ensure constant newness for our customers. Exclusive product design is created in-house, and we continually assess trends and the performance of existing ranges to expand the product range. Our in-house designers can react quickly to changing customer demand to ensure we are always on the cutting edge of fashion, while tailoring garments to fit customers

02

MANUFACTURING

We outsource manufacturing to a range of subcontractors around the world including India, China, Turkey and Spain, focusing on a high quality of output and strong skillset. The breadth of strong supplier relationships mitigates the risk of overreliance on a small number of specific contacts, and we regularly review their output. These relationships enable us to order in small minimum quantities, de-risking new product launches and maximising sell-through rates. Waitlist functionality allows us to track excess demand and influence re-orders on top performing product.

Objectives

- Continue to broaden product range to offer increased choice to customer
- Manage expansion and increased selling of lines by buying deeper, resulting in a better selection for the customer and improved margins for Sosandar
- Continue to monitor trends using data analytics to drive design and maximise product demand and repeat rates

Progress

- Conversion and margin improvements reflect success in product range and deeper buys. Style count up 106% and depth of buy increased by 59%

Objectives

- Continue to invest in global manufacturer network
- Broaden fabric supplier base to enhance product choice
- Continued investment in new product areas
- Reinforce 'test and repeat' model, with low initial order quantities on new product and re-orders on top-performing product

Progress

- Lead times successfully reduced with some product lines repeated in as quick as 16 days. Multiple new factories added to the supplier base during the year



03

MARKETING

Our focus is on building Sosandar's brand awareness across a multitude of channels and on building emotional engagement with our customers. To enhance the desirability of our product, we invest in high-quality lifestyle product imagery and fashion content used through all channels. Data is captured and monitored to learn more about customer preferences, so we can flexibly deploy funds to better performing products, improve the impact of marketing spend and optimise returns.

Objectives

- Continue to build brand awareness across all channels, and increase volume of social media coverage, particularly Instagram
- Further expand celebrity and social influencer network to increase third party endorsement
- Build on content generation to further customer engagement
- Use data analytics to enhance customer understanding and deliver personalised and relevant marketing campaigns

Progress

- All channels show significant growth. Instagram following up 208% reflecting increased use of content and engagement of celebrities and influencers

04

ANALYTICS AND TECHNOLOGY

We invest in scalable and integrated technologies throughout Sosandar to ensure that our e-commerce, stock and marketing capabilities are robust. With no legacy infrastructure, our mobile-first website is capable of servicing high levels of site traffic and is built on an open-sourced e-commerce platform to ensure customer experience stays high. We are adopters of new proven technology.

Objectives

- Drive further efficiencies with data analytics in marketing and product development
- Invest in building data analytics team
- Ongoing review of e-commerce advancements to enhance customer experience

Progress

- Transition to Magento 2 implemented during the year enhancing website performance and delivering conversion improvements. Data analyst recruited to deliver insight and drive efficiencies from increasing data in the business

05

INFRASTRUCTURE

We outsource our logistics to Clipper Logistics, a leading supplier to the fashion industry, for warehousing, e-fulfilment and distribution. Clipper can provide a first class scalable service as Sosandar expands. It receives inbound deliveries, manages storage, order dispatch and order returns.

Objectives

- Invest in improving processes such as delivery options and refunds to ensure ease of purchase for customer
- Review delivery service providers for most cost-effective solution and maximising customer convenience
- Carefully monitor overheads, selectively investing in value-add areas

Progress

- Automation of refunds completed during the year enhancing customer experience. Clipper operation expanded to 7 day operation to assist with growing demand and new delivery provider identified for implementation in new year

OPERATING REVIEW

We have achieved so much this year



Alison Hall and Julie Lavington
Co CEOs

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

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

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

Highlights

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

Gross margin also increased to 55% driven by economies of scale achieved through increased order quantities and higher proportion of sales from product sold at full price, successfully utilising the outlet pages to sell older or less

seasonally relevant stock without impacting margin. We believe delivering improvements in efficiency and the quality of the customer experience is vital to prepare the business for future success.

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

Customer acquisition

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

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

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

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

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

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

More product choice, same quality style

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

Returns levels of 50% reflect the anticipated improvement in the second half of the year from the 52% reported at interim results reflecting the different product mix in Autumn/Winter. These levels of returns are in line

with the wider industry and are in line with management's expectations.

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

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

Technology

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

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

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

People

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

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

Outlook

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

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

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

JULIE LAVINGTON
Co CEO and founder

ALISON HALL
Co CEO and founder

3 July 2019

FINANCIAL REVIEW

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

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

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

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

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

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

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

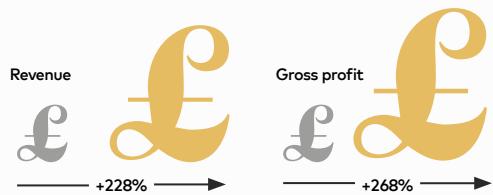
In order to ensure that the website continued to provide a best-in-class customer experience, the business invested capital during the year to transfer onto the Magento 2 platform, again ensuring that the infrastructure is in place to allow for unobstructed growth and easy implementation of any new e-commerce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

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

KEY PERFORMANCE INDICATORS

% Growth

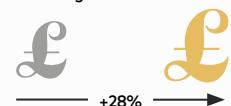
We are delighted to have achieved high levels of growth in our KPIs.



Gross profit



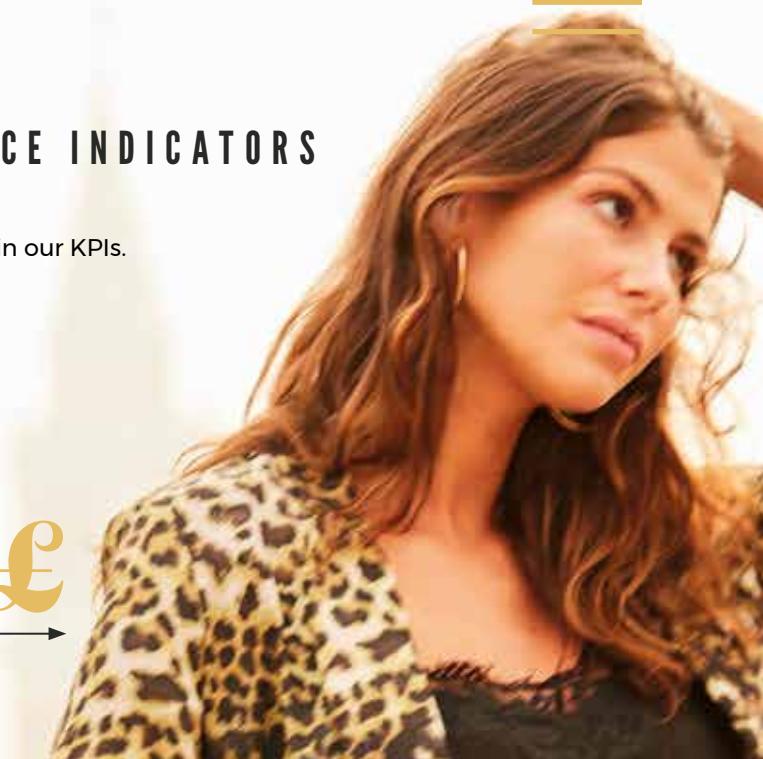
Marketing



Central Ops



Total costs



Revenue

£4.44m (+228%)

2019	£4.44m
2018	£1.35m
2017*	£0.03m

Gross Margin

55.5% (+607 bps)

2019	55.5%
2018	49.4%
2017*	37.8%

EBITDA**

(£3.4m) (-13%)

2019	(£3.4m)
2018	(£3.1m)
2017*	(£1.8m)

Operating Profit **

(£3.5m) (+41%)

2019	(£3.5m)
2018	(£3.1m)
2017*	(£1.8m)

Number of Orders

102.9k (+224%)

2019	102.9k
2018	31.7k
2017*	7.0k

Conversion Rate

2.92% (+76 bps)

2019	2.92%
2018	2.16%
2017*	1.29%

AOV

£103.19 (+10%)

2019	£103.19
2018	£94.18
2017*	£87.22

Active Customers

62.2k (+185%)

2019	62.2k
2018	21.8k

Repeat Order Rate

1.66% (+15%)

2019	1.66%
2018	1.45%

* 2017 reflects seven months of trading, first sales in September 2016.
** excluding reverse costs

RISK MANAGEMENT

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

Strategic and Market Risks

Risk Factor	Impact	Mitigating Actions
Market competition	<ul style="list-style-type: none"> As the business continues to grow, competitors may try and target the same demographic using a similar proposition. 	<ul style="list-style-type: none"> Competitor activity is regularly reviewed to ensure Sosandar's brand proposition continues to be viewed as a leader of the trend-led, affordable market within its target demographic. Sosandar puts the customer at the heart of all decisions, focusing on up-to-date trends, design principles important to its demographic and a seamless purchase experience to attract new customers. This is combined with a relentless pursuit of service excellence to make sure customers have the best possible experience to build loyalty and further purchases. As a first mover, Sosandar has begun building up a repeat customer base loyal to the brand.
Fashion risk	<ul style="list-style-type: none"> As trends change there is a risk that design does not keep up with customer requirements for the latest fashion. 	<ul style="list-style-type: none"> The business operates on monthly drops with tight design lead times that allow the design team to track the latest catwalk and commercial fashion trends. These are then fed into the product development to ensure that customers have access to the latest trends at affordable prices.
Customer demands and e-commerce advancements	<ul style="list-style-type: none"> As the e-commerce market grows across all sectors and industries, consumers have increased expectations and increasing demands around ease of purchasing and returns. 	<ul style="list-style-type: none"> Regular meetings are held with developers of new technology and services that enhance customer experience to ensure that the business stays up-to-date with the latest e-commerce trends. This is not limited to the fashion industry with review and adoption of best practice principles from all areas of e-commerce.
Negative online reviews	<ul style="list-style-type: none"> Negative comments on social platforms could influence purchasing decisions for new visitors. 	<ul style="list-style-type: none"> A dedicated customer service team is able to monitor any reviews or comments in order to contact customers to resolve any issues. Any unwarranted malicious content is removed and the user reported to the relevant social platform.

Operational Risks

Risk Factor	Impact	Mitigating Actions
Supplier risk	<ul style="list-style-type: none"> The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply. Non-compliance with labour or environmental requirements could interrupt supply chain and cause reputational damage. Product supplied could be of insufficient quality for sale. 	<ul style="list-style-type: none"> Purchases are spread over a number of suppliers to avoid over dependency on any single supplier and as the business is growing and increasing order quantities the potential supplier base is widening. All design is done in-house with detailed specification packs provided for each product which helps on-board new suppliers quickly. All suppliers are asked to confirm that they adopt all relevant Ethical Trade Initiative (ETI) base code principles. Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.
Data and GDPR	<ul style="list-style-type: none"> New GDPR legislation could impact our ability to communicate with customers. GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. Data breaches could impact reputation and business continuity. 	<ul style="list-style-type: none"> As a young business data has been captured with an inherent awareness of the GDPR legislation with little or no legacy data issues. Legal and data security experts have been engaged in 2018 to review processes and policies to ensure compliance and data security protection. We work with industry leading data providers with extensive compliant databases to ensure sufficient sources of target information for marketing purposes. Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber attacks.

Risk Factor	Impact	Mitigating Actions
Mis-use of returns policy by customers	<ul style="list-style-type: none"> Customers may wear the product then use the returns policy to gain refund with the product not suitable for re-sale. 	<ul style="list-style-type: none"> Each product is quality controlled upon return to the warehouse to check for wear or damage and make sure that a refund should be processed. The quality control process includes equipment that ensures the product is in the same condition as when first received and that it is suitable for sale.
Slow moving stock	<ul style="list-style-type: none"> Slow moving stock could increase warehousing or impact margin if discounted. 	<ul style="list-style-type: none"> Stock turn is reviewed regularly at product level by senior management. Focused marketing techniques are applied to stimulate demand and maximise conversion. The outlet section of the website exists for fragmented stock lines and any out of season stock should we decide to reduce the price if the above are unsuccessful.
Brexit risk	<ul style="list-style-type: none"> The UK's decision to leave the EU could impact costs. Changes to import/export rules could impact delivery of goods to customers and delay delivery of stock ordered from the EU. 	<ul style="list-style-type: none"> Less than 10% of imports come from EU countries and the company continues to expand its supplier base to de-risk any impact Brexit may have. Sales are currently UK only, any expansion into overseas market would be done with an understanding of any rules implemented as part of the Brexit process.

Financial Risks

Risk Factor	Impact	Mitigating Actions
Foreign exchange rate risk	<ul style="list-style-type: none"> The business buys some product in foreign currency. Adverse currency rate movements could impact margins. 	<ul style="list-style-type: none"> A detailed forward-looking purchase plan to identify any potential currency exposure and appropriate hedging techniques are used to avoid any margin erosion caused by FX movements.
Working capital risk	<ul style="list-style-type: none"> As the company invests in product and customer acquisition there is a risk that funds will be required to fund continued growth. 	<ul style="list-style-type: none"> The business has detailed forward-looking forecasts and in-depth analysis of both product and marketing channel performance. This analysis is used to maximise efficiency of spend and return on investment, balancing the growth requirements against the funds available to the business. Activities are adjusted accordingly to manage cash flows whilst maintaining communication with any potential funders should any further growth capital be required.

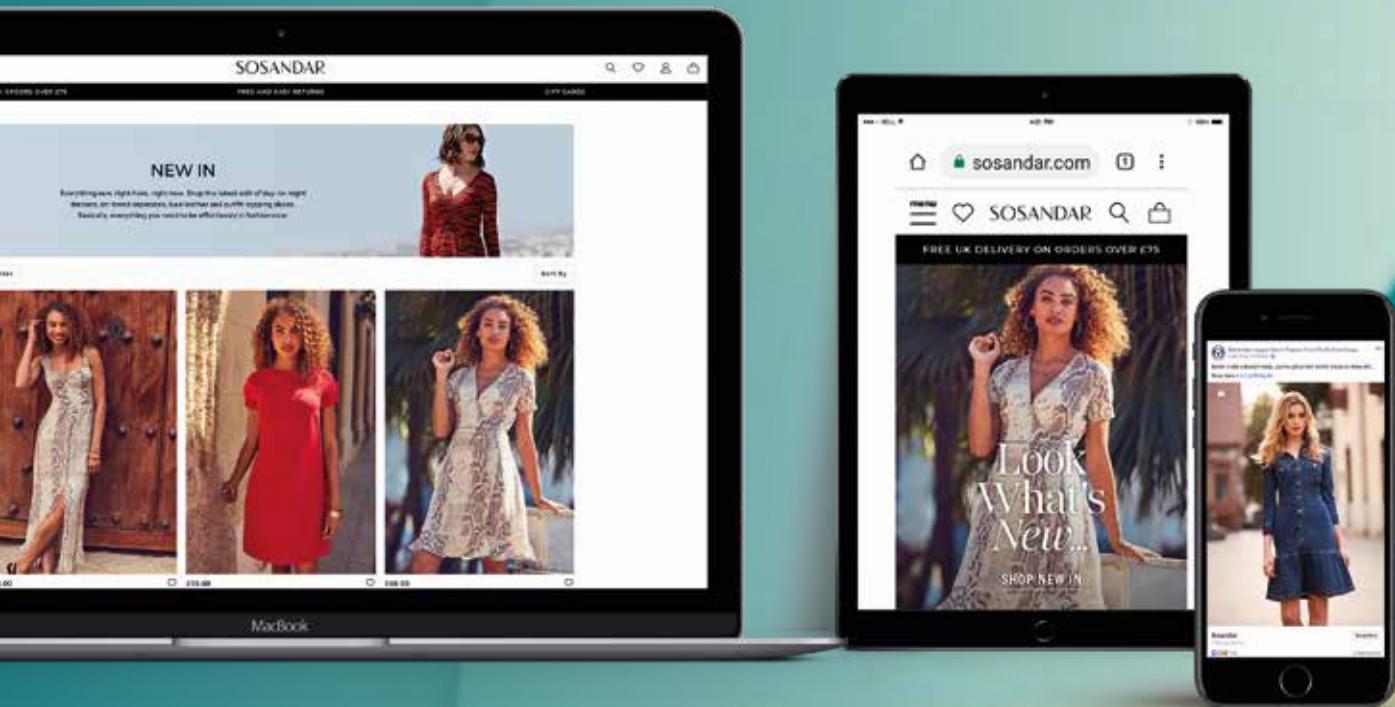
This Strategic Report was approved by the Board on 3 July 2019.

JULIE LAVINGTON
Co CEO and founder

ALISON HALL
Co CEO and founder

So much customer engagement

(inspired by quality and relevant content)



CORPORATE GOVERNANCE

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“

Love them!! Found this brand at the start of the year and I just can't get enough! Statement pieces at affordable prices, and items look exactly as they do on site. ”



BOARD OF DIRECTORS



Bill Murray
Non-Executive Chairman

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

Over the last 11 years, Bill has worked across a portfolio of digital, media and other commercial organisations, providing strategic and commercial direction on both a non-executive and consultancy basis.

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

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



Alison Hall
Co CEO and Founder

Former fashion magazine editor, Alison Hall, is co-founder and joint CEO of Sosandar.

Prior to founding Sosandar in 2015, Alison was editor of Look magazine. After its launch in 2007, Alison helped it grow to become a leading fashion magazine title. Alison has been a highly influential fashion editor, and has twice been awarded the Editor of the Year (Women's Magazines (weekly or fortnightly)) accolade by the British Society of Magazine Editors. During her tenure at Look, Alison designed successful clothing ranges for several of the UK's top retailers.

Alison started out her career as a newspaper journalist, before holding editor positions on magazine brands such as Slimming, Bliss and More. She successfully implemented major relaunches of various titles, creating growing businesses, reinvigorating the brands and increasing circulations. Alison has also been a fashion contributor to both local and national radio and TV shows.



Julie Lavington
Co CEO and Founder

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

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

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



Mark Collingbourne
Finance Director

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

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

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

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



Adam Reynolds
Non-Executive Director

Adam began his career in the City in 1980 with stockbrokers Rowe Rudd. He later joined Public Relations business Basham & Coyle heading their Investor Relations Division. In 2000, he established his own PR/IR and Corporate Finance firm, which listed on AIM in November 2000 and was then sold in 2004.

Adam was approached in 2005 to become non-executive chairman of International Brand Licensing Plc. In 2009, Adam brought David Evans and Julian Baines – the two leading diabetes specialists in the UK – into the company and the business changed direction. Today it is known as EKF Diagnostics Plc. Adam is a non-executive director and a shareholder.

In 2012, Adam was introduced to Autoclenz Plc through an institutional fund manager. In November 2012, Adam launched a successful agreed bid with the management for the business to be taken private. Adam is a director and shareholder of this business.



Nick Mustoe
Non-Executive Director

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

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

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

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



Andrew Booth
Non-Executive Director

Andrew is a 20-year digital marketing veteran working with hypergrowth companies, starting with gettyimages in 1999 developing his career throughout the rise from Aim to Nasdaq, to NYSE becoming vice president of marketing.

Following the sale of gettyimages in 2008 for \$2.4bn to Hellman and Friedman, Andrew joined Time Out as group marketing director leading the migration of digital with the customers and growth of the worldwide brand. Thereafter he became chief marketing officer for the Hut Group spanning all brands and all customer facing activity globally. In 2014 Andrew joined Laterooms.com, part of TUI Plc as chief marketing officer/chief revenue officer, remaining on until its sale.

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

GROUP DIRECTORS REPORT

The Directors present their report and the consolidated financial statements for the year ended 31 March 2019.

Results and dividends

The Group loss after tax for the year ended 31 March 2019 amounts to £3.54m (2018: £6.06m). The Directors are not recommending payment of a final dividend for the year (2018: £nil).

Directors

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

- Adam Reynolds
- Alison Hall
- Julie Lavington
- Bill Murray
- Nicolas Mustoe
- Mark Collingbourne
- Andrew Booth (appointed 29th June 2018)

Under the terms of the Articles of Association all Directors must retire by rotation every three years and may seek re-election to the Board at the Annual General Meeting of the Company. The articles also provide for one-third of the Directors to retire by rotation. All new Directors appointed since the previous Annual General Meeting must seek re-election at the next Annual General Meeting in order to ratify their appointment to the Board by the members.

The Directors required to seek re-election at the next Annual General Meeting are Andrew Booth as Director appointed since the previous AGM and Alison Hall, Julie Lavington, Bill Murray, Nicolas Mustoe, Mark Collingbourne and Adam Reynolds by rotation.

Substantial shareholdings

As at 14 June 2019 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 14 June 2019	% Issued capital
1	Hargreaves Lansdown (Nominees) Ltd (1)	5,811,987	5.00%
2	Barclays Direct Investing Nominees Ltd	5,706,327	4.91%
3	Alison Hall	5,309,343	4.57%
4	Julie Lavington	5,309,343	4.57%
5	UBS Private Banking Nominees Ltd	5,101,393	4.39%
6	Vidacos Nominees Ltd	4,766,755	4.10%
7	Nicholas Mustoe	4,706,202	4.05%
8	Hargreaves Lansdown (Nominees) Ltd (2)	3,708,599	3.19%

Based on 116,189,658 ordinary shares on 31 March 2019.

As at 31 March 2019 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at 31 March 2019	% Issued capital
1	Hargreaves Lansdown (Nominees) Ltd (1)	5,871,201	5.05%
2	Barclays Direct Investing Nominees Ltd	5,560,164	4.79%
3	Vidacos Nominees Ltd	5,426,114	4.67%
4	Alison Hall	5,309,343	4.57%
5	Julie Lavington	5,309,343	4.57%
6	UBS Private Banking Nominees Ltd	5,101,393	4.39%
7	Nicholas Mustoe	4,706,202	4.05%
8	Hargreaves Lansdown (Nominees) Ltd (2)	4,088,946	3.52%

Based on 116,189,658 ordinary shares on 31 March 2019.

Corporate governance

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

The QCA Guidelines recommend that the Board of Directors should include a balance of Executive and Non-Executive Directors, such that no individual or small company of individuals can dominate the Board's decision taking.

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

Remuneration Committee

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

Audit Committee

The Audit Committee, which will comprise Bill Murray (chairman), Adam Reynolds and Nick Mustoe, will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the Annual Report and Accounts and the internal control systems of the Company.

Nomination Committee

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

Disclosure Committee

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

Introduction

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

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

Principle

1. Establish a strategy and business model which promote long-term value for shareholders

Sosandar intends to build long-term shareholder value by targeting an underserved market of women looking for trend-led, affordable, quality clothing with a premium aesthetic. We design and manufacture clothing and footwear for all occasions with fashion forward styles designed to flatter. Our strategy is to build a loyal customer base, focusing on customer growth and retention, by taking advantage of the increasing convergence of e-commerce and media.

GROUP DIRECTORS REPORT continued

2. Seek to understand and meet shareholder needs and expectations

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

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

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

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

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

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including, *inter alia*, our customers and suppliers) and the communities in which we operate.

Sosandar Plc is committed to the highest standards of corporate social responsibility in its activities, as outlined in more detail in the Annual Report and Accounts.

Suppliers

We outsource manufacturing to 16 subcontractors around the world including India, China, Turkey and Spain. All suppliers are asked to confirm they adhere to the ethical trade guidelines. The breadth of strong supplier relationships mitigates the risk of over reliance on a small number of specific contacts. The output from suppliers is regularly reviewed to ensure continued success.

Customers

We provide frequent new product ranges to ensure constant newness for our customers. Our in-house designers react quickly to changing customer demand to ensure the Company is on the cutting edge of fashion, while tailoring garments to fit customers.

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

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

We outline the Company's approach to risk management and the principal risks we face, along with what we do to mitigate those risks, in detail on pages 20 to 21 of our Annual Report and Accounts.

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

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

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

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

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

All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees.

Directors are subject to re-election at least every three years in accordance with the Articles of Association.

The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non-Executive Directors as the Company fulfils its growth objectives.

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

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

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

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

The Board has access to external advisors where necessary. The Board and Committees receive training as appropriate. In particular, the members of the Audit Committee receive technical updates from the Company's external auditors to keep them abreast of the latest accounting, auditing, tax and reporting developments. The Directors also receive regular briefings and updates from the Company's NOMAD in respect of continued compliance with, inter alia, the AIM Rules and the Market Abuse Regulation.

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

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

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

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

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

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

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

The Company carefully assesses each of the companies it works with to ensure the requisite standards and values are in place. All new suppliers must confirm in writing that they adhere to the Ethical Trading Initiative base code www.ethicaltrade.org/eti-base-code.

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

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

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

The Board meets formally at least six times per year.

Each Committee has terms of reference outlining the specific responsibilities delegated to it.

The terms of reference of each Committee can be found on the corporate governance section of the Company website.

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

GROUP DIRECTORS REPORT continued

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

The Company communicates progress throughout the year through Regulatory News Service announcements and in more detail in its interim financial statements and Annual Report and Accounts. All historical Annual Reports and other governance related material, including notices of all general meetings, since the Company's formation, are available on the Company's website.

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

Directors' remuneration

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

Directors and their interests

The Directors of the Company held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2019 and 31 March 2018:

31 March 2018 and 31 March 2019	Share Options			
	Ordinary shares of 0.01p each	Ordinary shares of 0.01p each	Option exercise Price £	Expiry
Alison Hall	5,309,343	8,400,000	0.151	03/11/2027
Julie Lavington	5,309,343	8,400,000	0.151	03/11/2027
Nicholas Mustoe	4,872,871	400,000	0.151	03/11/2027
Adam Reynolds	1,960,802	400,000	0.151	03/11/2027
Mark Collingbourne	928,919	400,000	0.151	03/11/2027
Bill Murray	345,107	400,000	0.151	03/11/2027

Going concern

After making appropriate enquiries, the Directors consider that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. As part of their enquiries the Directors have reviewed cash forecasts for the Group and Company's operations for the 12 months from the date of approval of the financial statements. The Group and Company has adequate cash to cover its corporate overheads and management costs over this year but management continues to monitor these costs and manage cashflows. Refer to note 2 for further information.

Events after the reporting period

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

Principal risks and uncertainties

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

Overseas branches

The Company has no overseas branches.

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union that give a true and fair view of the state of the affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Group and Company financial statements have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Auditors

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

Disclosure of information to the auditors

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

For and on behalf of the Board:

JULIE LAVINGTON

Director

3 July 2019

So much quality and choice

*(we're delighted at how well we're performing
across all our product categories!)*



FINANCIAL STATEMENTS

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“

Love the clothes I have purchased. They have that extra quality at a reasonable price and are always a little different to the high street. Will definitely be buying more. ”

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOSANDAR PLC FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of Sosandar Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the consolidated statement of income and other comprehensive income, the consolidated and parent Company statements of financial position, the consolidated and parent Company statements of cash flows, the consolidated and parent Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our audit approach

Overview

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Inventory provisioning.
- Going concern issues.
- Carrying value of investments and recoverability of intercompany loans.

These are explained in more detail below.

Audit scope

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

Key audit matters

Key audit matter	How our audit addressed the key audit matter
Inventory Provisioning The Group held £1,036,714 of inventory as at 31 March 2019 (2018: £531,385) net of provisions totalling £91,022 (2018: £54,990).	We understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year. For items looking to be sold at below cost we checked the calculation performed by management as to the required provision to write these items down to the net realisable value.
There are key assumptions that drive the inventory provision. Including the ability to sell through older inventory and the realisable value that will be achieved on sale. A provision for items looking to be sold off at below cost and a provision for aged items which there is a concern may ultimately be sold at below cost.	We reviewed the level of provision having regard to the Group's provisioning methodology.
Going concern assumption The Group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading. Although the current loss-making status is as expected due its relative newness, given the scale of cash outflows, the Group needs to be generating sufficient revenues to sustain its position.	Evaluated the suitability of management's model for the forecast. The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period.
Investments and Company loans to subsidiaries The Company has amounts due from the subsidiary Thread 35 Ltd totalling £7,093,954 (2018: £2,834,472), and an investment of £6,281,618 (2018: £6,281,618). The carrying amount of the intercompany balance between the parent and the subsidiary represents 43% of the parent Company's total assets. The recoverability of this balance is reliant on the continued growth and profitability of the subsidiary. The Directors consider these loans are fully recoverable. Management have provided cash flow forecasts and performed impairment reviews relating to the investments and loans.	Specifically, we obtained, challenged and assessed management's going concern forecast and performed procedures including: <ul style="list-style-type: none">Verifying the consistency of key inputs relating to future sales and costs to other financial and operational information obtained during the audit;Assessed the reasonableness of expenses and costs established;Corroborated with management relating to future cash inflows.We reviewed the latest management accounts to gauge the financial position. We have reviewed the carrying value of the investments and loans to subsidiaries. The review considered the current position of the subsidiary, the future outlook and forecasts prepared by management. We have assessed the cash flow forecasts and impairment reviews provided. The methodology and assumptions used by management have been evaluated, and deemed reasonable. We have considered the Company's assessments, and the results of audit work conducted on the subsidiary for any unrecognised indicators of impairment.

Our application of materiality

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

INDEPENDENT AUDITOR'S REPORT continued

TO THE MEMBERS OF SOSANDAR PLC FOR THE YEAR ENDED 31 MARCH 2019

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

	Group financial statements	Company financial statements
Overall materiality	£177,000 (31 March 2018: £260,000).	£162,000 (31 March 2018: £220,000).
How we determined it	5% of net loss before tax.	1% of gross assets.
Rationale for benchmark applied	We believe that loss before tax is a primary measure used by shareholders in assessing the performance of the Group.	As the nature of the Company is that of a holding company, gross asset values are a representation of its size of the Company; and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £162,000 and £168,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £8,850 (Group audit) (31 March 2018: £12,500) and £8,100 (Company audit) (31 March 2018: £10,300) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on pages 30 – 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

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

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SACHIN RAMAIYA

(Senior Statutory Auditor)

**For and on behalf of Jeffreys Henry LLP
(Statutory Auditors)**

Finsgate
5-7 Cranwood Street
London EC1V 9EE

3 July 2019

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

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Revenue from contracts with customers		4,440	1,353
Operational costs		(1,975)	(684)
Gross profit		2,465	669
Administrative expenses		(6,011)	(3,793)
Deemed cost of reverse		–	(1,439)
Reverse acquisition cost		–	(1,493)
Operating (loss)	4	(3,546)	(6,056)
Finance income	5	–	–
Loss on ordinary activities before taxation		(3,546)	(6,056)
Tax on loss on ordinary activities	7	–	–
Profit/(loss) for the year		(3,546)	(6,056)
Other Comprehensive income		–	–
Total Comprehensive loss for the year		(3,546)	(6,056)
Attributable to:			
Equity holders of the parent		(3,546)	(6,056)
Group loss for the year		(3,546)	(6,056)
Total comprehensive loss for the year		(3,546)	(6,056)
Loss per share:			
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	8	(3.19)	(10.31)
Loss per share – basic and diluted, from continuing operations (pence)	8	(3.19)	(10.31)

The notes on pages 45 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

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

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

JULIE LAVINGTON
Director

Company Number: 05379931

The notes on pages 45 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

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

The notes on pages 45 to 60 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

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

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

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

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

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

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

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

The notes on pages 45 to 60 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

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

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

JULIE LAVINGTON
Director

Company Number: 05379931

The notes on pages 45 to 60 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit/(loss) for the year		114	(2,375)
Impairment of investments and loans to subsidiaries	12	-	100
Interest charged on intercompany loan	13	(293)	-
Share-based payments	17	76	582
Working capital adjustments:			
Change in trade and other receivables	14	146	(2,927)
Change in trade and other payables	19	(222)	68
Net cash flow from operating activities		(179)	(4,552)
Cash flow from investing activities			
Loans to subsidiary undertakings		(3,966)	-
Investment in subsidiary undertakings		-	(4,678)
Net proceeds for sale of subsidiaries		51	-
Net cash flow from investing activities		(3,915)	(4,678)
Cash flow from financing activities			
Net proceeds from issue of equity instruments	16	2,916	13,478
Net cash flow from financing activities		2,916	13,478
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year	15	(1,178)	4,248
Cash and cash equivalents at end of year	15	4,312	64
Cash and cash equivalents at end of year	15	3,134	4,312

The notes on pages 45 to 60 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

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

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

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

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

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

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

The notes on pages 45 to 60 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General Information

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

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

2 Significant Accounting Policies

Basis of preparation

The consolidated financial statements consolidate those of the Company and its subsidiaries (together the 'Group' or 'Sosandar'). The consolidated financial statements of the Group and the individual financial statements of the Company are prepared in accordance with applicable UK law and 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 8. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes. In addition, note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

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

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

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

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

Consolidation

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

Subsidiaries are all entities over which Sosandar Plc has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In November 2017, Sosandar Plc ('Company') acquired the entire issued share capital of Thread 35 Ltd ('legal subsidiary') for a consideration of £6,281,618, satisfied by the issue of shares of £1,603,422 and cash of £4,678,196. As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

2 Significant Accounting Policies continued

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

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

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

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

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

Functional and presentation currency

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

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

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

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

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

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

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

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

I. Impact of IFRS 15 – Revenue from contracts with customers

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

II. Impact of IFRS 9 – Financial instruments

IFRS 9 replaced the classification and measurement models for financial instruments contained in IAS 39 Financial Instruments:

Recognition and Measurement and is effective for accounting periods beginning on or after 1 January 2018. The main changes from IAS 39 include the following:

- financial assets are to be classified and measured based on the business model for managing the financial and the cash flow characteristics of the financial asset, either at fair value or amortised cost
- a financial asset or liability that would otherwise be at amortised cost may only be designated as at fair value through profit or loss if such a designation reduces an accounting mismatch

The impairment model in IFRS 9 is based on the premise of providing for expected losses. IFRS 9 requires that the same impairment model apply to all of the following:

- financial assets measured at amortised cost
- financial assets mandatorily measured at fair value through other comprehensive income
- financial guarantee contracts to which IFRS 9 is applied
- lease receivables within the scope of IFRS 17 Leases
- contract assets within the scope of IFRS 15 Revenue from contracts with customers

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

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

The following Adopted IFRSs have been issued but have not been applied by the Group in these Financial Statements.

The full impact of their adoption has not yet been fully assessed; however, management do not expect the changes to have a material effect on the Financial Statements unless otherwise indicated:

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

IFRS 16 Leases:

The group will not be early adopting this standard which becomes effective from 1 January 2019. The group will be taking advantage of the practical expedient which allows the continuation of the existing assessment as to whether a contract contains a lease for all ongoing contracts entered into before 1 January 2019. The IFRS 16 definition of a lease will apply to all contracts entered into after 1 January 2019. The modified retrospective approach will be used, resulting in the cumulative effect of application on 1 January 2019 being recognised through an adjustment to opening retained earnings.

A full assessment of the impact of the above has not been performed. Whilst there is no change to the recognition of finance leases, there may well be a material change to the group's assets and liabilities due to the requirement to bring the group's operating leases on balance sheet.

Critical accounting judgements and key sources of estimation uncertainty

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

Inventories

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

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

Contract liabilities - refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for net refunds totalled £126k (2018: £15k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

2 Significant Accounting Policies continued

Calculation of share-based payment charges

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

Depreciation of property, plant and equipment and amortisation of other intangible assets

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

Principal accounting policies

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

Revenue recognition

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

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

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

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

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

Business combinations

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

Intangible assets

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

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

Property, plant and equipment

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

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

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

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

Equity

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

Impairment of non-financial assets

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

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

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

Leasing

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

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

Taxation

Income tax

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

Deferred tax

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

2 Significant Accounting Policies continued

Taxation continued

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

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

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

Share-based compensation

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

The fair value of share-based payments recognised in the income statement 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 transaction 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 evidence (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

3 Segmental Information

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

4 Operating Loss

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

5 Finance Income

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

6 Employees

	2019 £'000	2018 £'000
Aggregate Directors' emoluments including consulting fees	461	1,235
Wages and salaries	906	553
Social security costs	128	89
Pension costs	29	32
Share-based payments	76	582
Total	1,600	2,491
	2019	2018
Directors	6	6
Staff	21	12
Total	27	18

Directors' remuneration

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

	2019 Base Salary £	2019 Share-based payment £	2019 Total £	2018 Base Salary £	2018 Fee Shares £	2018 Share-based payment £	2018 Total £
Alison Hall	144,418	31,443	175,861	118,800	-	34,397	153,197
Julie Lavington	144,418	31,443	175,861	118,800	-	34,397	153,197
Nicholas Mustoe	30,000	1,497	31,497	12,500	-	1,638	14,138
Bill Murray	30,000	1,497	31,497	32,500	-	1,638	34,138
Adam Reynolds	60,000	2,995	62,995	468,410	200,000	3,276	671,686
Mark Collingbourne	30,000	1,497	31,497	190,740	100,000	1,638	292,378
Steven Metcalfe	-	-	-	293,100	200,000	3,276	496,376
Andrew Booth	22,500	-	22,550	-	-	-	-
Total	461,336	70,372	531,708	1,234,850	500,000	80,260	1,815,111

7 Income Tax Benefit/(Expense)

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

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

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

8 Loss Per Share

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 Intangible Assets - Group

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

10 Property, Plant and Equipment - Group

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

11 Inventories - Group

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

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

12 Non-Current Assets

Investments in subsidiaries and associates:

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

Break down of carrying value of investment:

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

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2019 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

12 Non-Current Assets continued

The subsidiaries of Sosandar Plc are as follows:

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

1 Percentage of share type held and overall voting rights.

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

3 Disposed of on 8 April 2018 for €1.

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

5 Thread 35 Limited is the trading entity.

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

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

Orogen Gold Limited ("OGL")	£
Proceeds on disposal	–
Carrying value of investment	–
Costs of disposal	(15,456)
Profit / (loss) on disposal	(15,456)

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

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

13 Loans To Subsidiaries

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

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

14 Trade And Other Receivables

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

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

15 Cash And Cash Equivalents

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

16 Share Capital And Reserves

Details of ordinary shares issued are in the table below:

Ordinary shares (£0.01)						
Date	Details		Number of shares	Issue price £	Total share capital £'000	Total share premium £'000
At 31 Mar 2018			106,814,658	0.001	107	27,796
15 Oct 2018	Share Issue		9,375,000	0.001	9	2,907
At 31 Mar 2019			116,189,658	0.001	116	30,703

Group

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

16 Share Capital And Reserves continued

Reserves

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

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

17 Share-based Payments

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

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

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

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

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

18 Retained Earnings

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

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

19 Trade And Other Payables

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	579	491	-	-
Accruals and deferred income	102	271	35	206
Other payables	173	144	-	-
Contract liabilities	126	15	-	-
Trade and other payables	980	921	35	206

20 Operating Lease Commitments

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

21 Related Party Transactions

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

continued

22 Financial Instruments - Risk Management

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

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

General objectives, policies and processes

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

Cash flow interest rate risk

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

Foreign exchange risk

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

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

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

22 Financial Instruments - Risk Management continued

Liquidity risk

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

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

Capital risk

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

23 Post Balance Sheet Events

The Company had no post balance sheet events.

24 Contingent Liabilities

The Company has no contingent liabilities.

25 Ultimate Controlling Party

There is no ultimate controlling party of the Company.

COMPANY INFORMATION

Registered office	40 Water Lane, Wilmslow, Cheshire, England SK9 5AP
Registered number	05379931, England and Wales
Directors	Bill Murray – Non-Executive Chairman Adam Reynolds – Non-Executive Director Mark Collingbourne – Finance Director Alison Hall – Joint CEO Julie Lavington – Joint CEO Nicholas Mustoe – Non-Executive Director Andrew Booth – Non-Executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Registrars	Share Registrars Limited 27/28 Eastcastle Street London W1W 8DH
Solicitors	BPE Solicitors LLP St. James' House St. James' Square Cheltenham GL50 3PR
Public relations	Alma PR Aldwych House 71-91 Aldwych House London WC2B 4HN



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