

Sosandar Plc

Annual Report

For the year ended

31 March 2021

Company Registration Number: 05379931

Contents

	Page
Company Overview	
Chairman's Statement	2
Strategic Report	4
Corporate Governance	
Board of Directors	20
Directors' Report	24
Consolidated and Company Financial Statements	
Independent Auditors' Report	34
Consolidated Statement of Income and Other Comprehensive Income	40
Consolidated Statement of Financial Position	41
Consolidated Statement of Cash Flows	42
Consolidated Statement of Changes in Equity	43
Company Statement of Financial Position	44
Company Statement of Cash Flows	45
Company Statement of Changes in Equity	46
Notes to the Consolidated and Company Financial Statements	47
Company Information	69

CHAIRMAN'S STATEMENT

For the year ended 31 March 2021

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

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

Our people

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

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

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

Bolstered financial position

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

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

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

Responsible business

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

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

CHAIRMAN'S STATEMENT

For the year ended 31 March 2021

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

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

More detail on the Company's 'responsible fashion business' framework can be found in the Strategic Report.

Corporate Governance

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

The Covid-19 pandemic presented our business with unique challenges throughout the year. The Board met very regularly and worked more closely and flexibly than ever to provide support, guidance, challenge and oversight. The agility of our business was exemplified by the rapid pivot towards conservation of cash and careful cost management as soon as the nature of the pandemic emerged in early 2020. All of our teams have worked incredibly hard and they should be proud of the way Sosandar overcame the challenges we were faced with and subsequently thrived over the last 15 months.

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

Outlook

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

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



Bill Murray

Date: 19 July 2021

STRATEGIC REPORT

For the year ended 31 March 2021

AT A GLANCE

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

Investment case

A unique proposition

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

Growing, loyal customer base

The number of active customers increased to 135k during the year with a significant rise in the proportion that purchased more than once in the last twelve months. 40% now repeat purchase, up from 33 per cent in the previous year, with the average order frequency increasing by 23% to 2.08 times p.a.

Strong and scalable infrastructure in place

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

Numerous potential opportunities for future expansion

Continuing to increase the product range, in particular the number of styles within each category as well as new categories which are not currently served by Sosandar. Following the successful launches with John Lewis, Next and Marks and Spencer, maximise the opportunity with each partner through increasing the amount of stock offered along with potential for geographical expansion and cross selling into complementary markets.

STRATEGIC REPORT

For the year ended 31 March 2021

MARKET AND OPPORTUNITY

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

BUSINESS MODEL

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

Design

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

Data

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

Engagement

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

STRATEGIC REPORT

For the year ended 31 March 2021

CO-CEO'S STATEMENT

Overview

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

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

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

Vision and ambition

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

Our strategy

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

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

Our strategy is to expand Sosandar's customer base and build our brand awareness through:

- Developing exceptional products
- Providing a seamless customer experience
- Continuing to expand our highly successful online and offline marketing activity

This is underpinned by combining our creativity with gathering and analysing data on shopping habits, trends and customer preferences to drive product development and effectively target new customers.

Strong financial performance

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

STRATEGIC REPORT

For the year ended 31 March 2021

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

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

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

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

Expanded product range resonating with customers

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

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

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

Successful launch with third parties

A key milestone in Sosandar's journey was our successful launch with both John Lewis and Next on their website platforms in August 2020. In late March 2021 we also entered into an agreement to sell a curated collection of our products through Marks & Spencer as a third-party online retailer. Trading

STRATEGIC REPORT

For the year ended 31 March 2021

to date with all three partners has been very successful and product lines have been very well received with many styles selling out across the third party platforms.

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

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

Well positioned to accelerate growth trajectory

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

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

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

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

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

STRATEGIC REPORT

For the year ended 31 March 2021

FINANCIAL REVIEW

KPI's

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

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

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

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

Gross Profit

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

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

STRATEGIC REPORT

For the year ended 31 March 2021

Administrative Expenses

During the year there has been a focus on managing the cash position of the Group and as a consequence the administrative costs have reduced by 25% to £8.7m (FY2020 £11.7m). For the most part the focus during H1 FY2021 was on preserving cash and engaging with the existing customer database including prospects on our database which had increased substantially during 6 months prior to the pandemic. Customer acquisition activity recommenced in September with a substantial improvement in the return on investment as a greater number of new customer orders were generated from half the cost. This improvement reflected the expanded product range and the data driven learnings from the activity undertaken in H2 FY2020 as each element of the marketing mix was optimised.

Cashflow

The Group had a net position of £3.93m at FY2021 (FY2020 £5.33m) which had only dropped marginally since July 2020 (£4.40m) demonstrating successful management throughout these unprecedented times.

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

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

STRATEGIC REPORT

For the year ended 31 March 2021

Risk Factors

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

External Risks		
Risk Factor	Impact	Mitigating Actions
COVID 19	<ul style="list-style-type: none">• Severe loss of revenue• Closure of the warehouses• Loss Absence of employees due to illness• Supply chain disruption	<ul style="list-style-type: none">• Diversified supply chain with no overreliance on one single country• Detailed live insight on customer demand allows immediate insight into any changes in demand allowing resource to be flexed accordingly.• Limited fixed/committed expenditure with a highly flexible cost base.• Flexible supply chain to adapt to any change in product type demand.• Test and repeat model on stock to maximise on fast selling product lines whilst minimising risk on slower lines.• Government financial support• Safe working practices rigorously imposed• Employees working from home wherever possible• Outsourced UK warehousing to Clipper Logistics plc gained access to their disaster recovery capabilities
Economic	<ul style="list-style-type: none">• All revenue is generated in the UK therefore a deterioration of the UK economy could have an adverse impact on revenue if consumer confidence and spending reduce.• Covid-19 and Brexit could increase the potential impact of this risk	<ul style="list-style-type: none">• The business is online only and does not have significant fixed costs and therefore can flex its operations in order to respond to any change in the economy.• The product range offered is diverse covering the vast majority of wardrobe needs of the target demographic and can be agile to manage any situation.• The business has built partnerships with three third party retailers resulting in greater routes to the consumer and a reduction in overall risk profile.
Fashion	<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.

STRATEGIC REPORT

For the year ended 31 March 2021

Competition	<ul style="list-style-type: none"> From new or existing competitors. Loss of Revenue Reduction in margin and profitability if competitors increase discounting resulting in consumers shopping elsewhere 	<ul style="list-style-type: none"> The business is agile and can adjust its strategy according to all external factors including those of its competitors. The business has an increasingly loyal and growing active customer database which allows the business to engage with them regularly through e-mail and brochures.
Brexit	<ul style="list-style-type: none"> The UK's decision to leave the EU could impact costs through changes to duty and VAT 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.
Foreign exchange	<ul style="list-style-type: none"> The business buys a large proportion of product in foreign currency. Adverse currency rate movements could impact margins. 	<ul style="list-style-type: none"> A detailed forward-looking purchase plan to identify any potential currency exposure and appropriate hedging techniques are used to avoid any margin erosion caused by FX movements.
Negative online reviews	<ul style="list-style-type: none"> Negative comments on social platforms could influence purchasing decisions for new visitors. 	<ul style="list-style-type: none"> A dedicated customer service team is able to monitor any reviews or comments in order to contact customers to resolve any issues. Any unwarranted malicious content is removed and the user reported to the relevant social platform.

Internal risks

Risk Factor	Impact	Mitigating Actions
Suppliers	<ul style="list-style-type: none"> The business relies on its outsourced manufacturing supplier base to provide the final product. Loss of suppliers through insolvency, disaster or ceasing of working relationship could impact short term supply. Non-compliance with labour or 	<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.

STRATEGIC REPORT

For the year ended 31 March 2021

	<p>environmental requirements could interrupt supply chain and cause reputational damage.</p> <ul style="list-style-type: none"> Product supplied could be of insufficient quality for sale. 	<ul style="list-style-type: none"> Each product goes through an extensive sampling process and final quality control process to ensure it is suitable for sale.
Systems – security and availability	<ul style="list-style-type: none"> System outages would prevent the business from operating and therefore would see a reduction in revenue during this time. GDPR could impact ability to work with data providers who help identify prospective customers for marketing purposes. Data breaches could impact reputation and business continuity. 	<ul style="list-style-type: none"> The business has agreements with external partners to manage and support its systems and they would ensure that any outage is minimised. The business works with industry leading data providers with extensive compliant databases to ensure sufficient sources of target information for marketing purposes. Dedicated cyber insurance policies are in place which include specialist resource and plans to minimise the impact of any cyber attacks.
Key employees	<ul style="list-style-type: none"> The loss of one or more of key employees could have an adverse impact on the business and inhibit its ability to grow as planned 	<ul style="list-style-type: none"> The remuneration committee ensure that key employees are rewarded sufficiently to retain and motivate on an ongoing basis. Post year end a new Long Term Incentive Plan was implemented including replacement of existing share options for the three members who previously held share options. In addition share options were granted to other members of the senior management team to further ensure that they are rewarded and incentivising appropriately.
Working capital	<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.

STRATEGIC REPORT

For the year ended 31 March 2021

Sosandar: A responsible fashion business

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

We are committed to making this impact on the world a positive one.

We aim to maintain an open dialogue with all our stakeholders, listening to what is most important to them and responding appropriately.

This dialogue has led to the creation of our 'responsible fashion business' framework, broken into the three key areas we focus on - selected based on where we believe we can, or already have, the greatest impact:

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

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

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

Ethical Operations

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

Transparency

Sosandar currently uses over 50 suppliers across multiple countries including Turkey, China, India, Brazil, Romania and Spain.

We are increasing the number of strategic supplier relationships, ensuring a sustainable future for the brand and our suppliers.

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

STRATEGIC REPORT

For the year ended 31 March 2021

To further ensure transparency and compliance, independent audits are used such as SMETA (Sedex Members Ethical Trade Audit) or BSCI (Business Social Compliance Initiative) ensuring our global supply chain continues to comply with expected standards.

Our modern slavery policy will be available in full on our website from August 2021.

Partnership approach

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

During the Covid-19 pandemic we have worked incredibly closely with our suppliers to manage the challenges presented to both of us. Throughout the pandemic we worked with our suppliers to manage stock intake in a way that worked for both parties. This collaborative way of working guaranteed that our supply chain was protected for the future. More recently, both ourselves and suppliers are seeing the benefit of this close relationship as our business scales and stock intake increases significantly.

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

Clipper

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

Throughout the pandemic we increased our dialogue with Clipper to make sure we were comfortable with the health and safety measures in place on site. Its standards have been industry best practice throughout, in line with government guidelines. It is the first logistics organisation to have been accredited by the Good Business Charter.

Environmental Sustainability

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

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

We are well on the road to achieving our ambitions to:

- Source 100% of our cotton sustainably (including BCI approved and certified organic)
- To use 100% LWG approved and or 'Real Grade' accredited leather.

STRATEGIC REPORT

For the year ended 31 March 2021

Minimising waste

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

In addition, we will be introducing guidance for our customers to look after their clothing, in order to make each piece last as long as possible. If a customer feels they have reached the end of the road with an item, we will be actively encouraging them to recycle, or give to charity, contributing to circular fashion and avoiding landfill.

We are currently partnering with our supply chain to collate information on water usage and GHG emissions, working closely with them to explore ways in which to save water and energy in the manufacturing process. Whilst the majority of our product is currently transported into the UK using air freight, we are actively working on increasing the proportion of items that we transport using sea freight in order to further reduce our emissions.

Recycling

In January 2021, we switched most of our consumer packaging from cardboard boxes to Green PE polythene bags made from a by-product of the sugar cane process. They are recyclable, carbon neutral and sustainable. Moving forward, we are exploring the best method with which to roll out recycled and/or recyclable packaging across the rest of our supply chain.

Excitingly, we are also trialling recycled polyester in our product range, with early feedback encouraging.

Fabulous Sosandar

Our teams

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

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

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

The future

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

STRATEGIC REPORT

For the year ended 31 March 2021

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

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. They must make decision in good faith that they believe will most likely promote the success of the Company for the benefit of its shareholders. In making these decisions the Directors must consider, amongst other things:

- Likely long term impact of their decisions
- Interests of employees and the need to act fairly between members of the Company
- The reputation of the Company with customers and suppliers
- The community and environment in which the Company operates

Key Stakeholders	How we engage
Employees	As a small team of under 50 people, there is regular engagement on a daily basis between all departments either in the office or using video conferencing. Regular business wide updates are given through a variety of channels with more formal updates via presentations around key events.
Shareholders	As an AIM listed business, we have a dedicated investor website with all key information and RNS updates. We also conduct regular presentations with investors, both institutional and retail around the time of key trading updates. Presentations are made available online for those who did not have the opportunity to attend in a live capacity.
Suppliers	We have a dedicated Head of Sourcing whose role it is to ensure ongoing assessment and onboarding of new suppliers. In addition we have personal relationships from all levels within our business across all our supply chain and update each other through regular meetings and phone calls.
Customers	Our customers are at the heart of everything we do. We use email and social platforms to update them about new products and regularly review any feedback we received to understand how we can improve their experience.

Significant events/decisions 2021

Event/Decision	Key Stakeholders	Actions & Impact
COVID 19 Impact	All stakeholders	<ul style="list-style-type: none">• COVID 19 and the subsequent UK lockdown created unprecedented market conditions• The business switched from growth strategy to cash preservation with reduction in all discretionary spend• Some employees were on furlough for part of the year. All staff returned to work from September 2020.

STRATEGIC REPORT

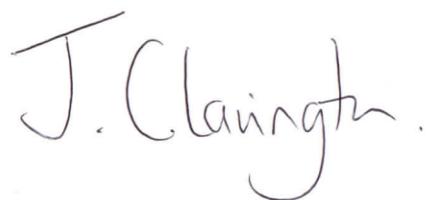
For the year ended 31 March 2021

		<ul style="list-style-type: none"> Employees and suppliers were consulted around safe working practices with most office staff working from home and additional measures taken by Clipper Logistics plc at our outsourced warehouse Some employees were on furlough for part of the year Increased frequency of updates to shareholders to provide up to date information on performance Communication with customers to update on service changes and actions taken both on the website and through email
Agreements to sell through third party retailer web platforms	All stakeholders	<ul style="list-style-type: none"> Agreements entered into with John Lewis and Next to sell on their web platforms from August 2020 An additional agreement was made with Marks and Spencer to sell on their web platform which launched March 2021 All three retailers approached Sosandar to sell through them which is a positive validation of the Sosandar brand Increase in brand awareness for Sosandar through association with such well known UK retailers who each have multi million number of e-commerce customers Increase in revenue and profitability as a result of these agreements with accelerated economies of scale
Product range development	All stakeholders	<ul style="list-style-type: none"> Development in the product range has been accelerated during the year as a primary response to Covid-19 Pre-pandemic a higher proportion of the product mix was formal and work wear. Developments into new product categories were already taking place pre-pandemic and these were accelerated during the year The product range available at the year end is substantially more diverse than at the beginning of the year with loungewear, activewear, denim, knitwear all launched or enhanced during the year
Investment in marketing	Shareholders, customers	<ul style="list-style-type: none"> Investment in marketing, specifically to acquire new customers was postponed during the initial period of the pandemic in order to preserve cash Customer acquisition activity recommenced in September with a significant improvement on the return on investment compared with the activities of the previous year Data driven learnings were absorbed from the previous year and incorporated into the current year campaigns

STRATEGIC REPORT

For the year ended 31 March 2021

		<ul style="list-style-type: none">Successful new customer acquisition resulted in order to drive an increase in the database size which in turn enables revenue to grow.
Brexit	All stakeholders	<ul style="list-style-type: none">There has been minimal impact as a consequence of BrexitAll of the revenue is derived from the UK, therefore no issue on the ability to generate salesProduct is manufactured across several countries including within the EU however minimal impact has been experiencedSupply Chain partners have provided full support to ensure product is not delayed whilst ensuring full adherence to legislation in all countries where we are active



Julie Lavington

Director

Date: 19 July 2021

BOARD OF DIRECTORS

Biographical details of the Directors

Bill Murray – Non-Executive Chairman

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

Over the last 12 years, Bill has worked across a portfolio of digital, media and other commercial organisations, providing strategic and commercial direction on both a non-executive and consultancy basis.

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

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

Alison Hall – Co CEO and Founder

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

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

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

BOARD OF DIRECTORS

Julie Lavington – Co CEO and Founder

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

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

Prior to her role at Look and InStyle, Julie was publishing director of the TV portfolio at H. Bauer from 2001 to 2006, where she took TV Choice from fledgling brand to 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.

Stephen Dilks – Chief Financial Officer

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

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

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

Mark Collingbourne – Non-Executive Director

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He has dealt with all aspects of Plc development from bringing small companies to flotation to supervising the on-going accountancy 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.

BOARD OF DIRECTORS

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, Mustoies 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, Mustoies Merriman Levy merged with a leading PR agency Geronimo to form Kindred, a creative PR agency. Nick subsequently led an MBO of Kindred in 2010 and continues to lead the company as the Chairman.

Nick is also the Chairman of Big Sofa Technologies Group Ltd 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.

BOARD OF DIRECTORS

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 becoming chief marketing officer for the Hut Group spanning all brands, all customer facing activity globally, in 2014 Andrew joined Lateooms.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 2021.

Results and dividends

The Group loss after tax for the year ended 31 March 2021 amounts to £3.10m (2010: £7.81m). The Directors are not recommending payment of a final dividend for the year (2010: £nil).

Directors

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

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

Substantial shareholdings

As at 29 June 2021 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at	% Issued
		29 June 2021	Capital
1	Octopus Investments (London)	27,961,226	12.65%
2	Lombard Odier Asset Mgmt	22,316,563	10.09%
3	Canaccord Genuity Wealth Mgmt	18,823,431	8.51%
4	Hargreaves Lansdown Asset Mgt	16,386,901	7.41%
5	Amati Global Investors	12,480,000	5.64%
6	Schroder Investment Mgt	11,592,193	5.24%
7	EdenTree Investment Mgmt	9,432,235	4.27%
8	Interactive Investor	8,865,362	4.01%

Based on 221,108,332 ordinary shares on 28 June 2021.

GROUP DIRECTORS' REPORT

As at 31 March 2021 the following held 3% or more of the share capital of the Company:

Rank	Shareholder	No of shares at	% Issued
		31 March 2020	Capital
1	Octopus Investments (London)	23,076,693	12.00%
2	Hargreaves Lansdown Asset Mgt	14,159,887	7.36%
3	Lombard Odier Asset Mgmt	13,776,091	7.17%
4	Amati Global Investors	12,480,000	6.49%
5	Canaccord Genuity Wealth Mgmt	12,232,000	6.36%
6	Cazenove Capital Mgmt	9,927,325	5.16%
7	EdenTree Investment Mgmt	7,500,000	3.90%
8	Interactive Investor Trading	6,685,104	3.48%

Based on 192,269,122 ordinary shares on 31 March 2021.

Corporate governance

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

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

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

Remuneration Committee

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

Audit Committee

The Audit Committee, comprises Bill Murray (chairman), Adam Reynolds and Nick Mustoe, meet twice a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee received and reviewed reports from management and the auditors relating to the interim report, the Annual Report and Accounts and the internal control systems of the Company.

GROUP DIRECTORS' REPORT

Nomination Committee

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

Disclosure Committee

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

Introduction

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

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

Principle

How we comply with the QCA Code in this area

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

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

2. Seek to understand and meet shareholder needs and expectations

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

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

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

GROUP DIRECTORS' REPORT

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

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

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

Sosandar Plc is committed to the highest standards of corporate social responsibility in its activities, as outlined in more detail in the annual report and accounts.

Suppliers

We outsource manufacturing to over 50 subcontractors around the world including Turkey, China, India, Brazil, Romania and Spain. All suppliers are asked to confirm they adhere to the ethical trade guidelines. The breadth of strong supplier relationships mitigates the risk of over reliance on a small number of specific contacts. The output from suppliers is regularly reviewed to ensure continued success.

Customers

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

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

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

We outline the Company's approach to risk management and the principal risks we face, along with what we do to mitigate those risks, in detail on pages 11 to 13 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.

GROUP DIRECTORS' REPORT

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.

GROUP DIRECTORS' REPORT

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

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

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

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

The Board meets formally at least six times per year.

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

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

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

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

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

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

Directors' remuneration

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

Executive Directors

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

Basic Salary

The remuneration committee review basic salaries annually. Given the impact of Covid-19 it was agreed to delay the review of Executive Directors' basic salaries in 2020. The next salary review will be in 2021 assuming the restrictions due to the pandemic have started to lift at the time of the next

GROUP DIRECTORS' REPORT

review. The basic salaries for Julie Lavington and Alison Hall therefore remained at £145,800 for the year.

Annual Bonus

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

Pension

The Group operates a defined contribution pension scheme which is available to all employees following successful completion of the probationary period. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension contributions made to Julie Lavington and Alison Hall during the year ending 31 March 2021 was 8per cent of basic salary.

Long Term Incentive Plan

The Executive Directors have been granted share options in previous years in order to further align their interests with those of shareholders. The share options granted will vest at various future dates based on agreed commercial criteria and are detailed in the table on page 30.

Non-Executive Directors

The remuneration policy on Non-Executive Director remuneration is determined by the Remuneration Committee. The remuneration is set according to the level of contribution, relevant experience and specialist knowledge. During FY 2021 the Non-Executive agreed to a 20 per cent reduction in their remuneration due to the impact of the pandemic. This will be reviewed in FY 2022.

The Directors of the Company held the following beneficial interests in the shares and share options of Sosandar Plc at 31 March 2021 and 31 March 2020:

31 March 2020 and 31 March 2021	Share Options				
	Ordinary shares of 0.01p each	Ordinary shares of 0.01p each	Option exercise Price £	Expiry	Share based payment P&L charge
Alison Hall	5,309,343	8,400,000	0.151	03/11/2027	72,767
Julie Lavington	5,309,343	8,400,000	0.151	03/11/2027	72,767
Nicholas Mustoe	4,905,981	400,000	0.151	03/11/2027	3,465
Adam Reynolds	2,408,162	800,000	0.151	03/11/2027	6,930
Mark Collingbourne	928,919	400,000	0.151	03/11/2027	3,465
Bill Murray	345,107	400,000	0.151	03/11/2027	3,465

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

Going concern

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

Events after the reporting period

Further information on events after the reporting period is set out in note 24.

Principal risks and uncertainties

The principal risks and uncertainties of the business are discussed in the Strategic Report and in note 23.

Overseas branches

The Company has no overseas branches.

GROUP DIRECTORS' REPORT

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 intend to consider Jeffreys Henry LLP for re-appointment as auditors of the Group and Company.

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 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.

GROUP DIRECTORS' REPORT

For and on behalf of the Board:

A handwritten signature in black ink, appearing to read "J. Lavington".

Julie Lavington

Director

Date: 19 July 2021

INDEPENDENT AUDITORS' REPORT

Independent auditor's report to the members of Sosandar Plc for the year ended 31 March 2021

Opinion

We have audited the financial statements of Sosandar Plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 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 2021 and of the Group's loss for the year 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

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

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

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

INDEPENDENT AUDITORS' REPORT

Our approach to the 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 account balances and transaction classes that we regarded as material to the Group at two reporting units.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory The Group held £2,865,861 of inventory as at 31 March 2021 (2020: £3,809,504) including provisions totalling £665,750 (2020: £394,979) and returns provision. The provisioning policy is driven by margin rather than age of stock. The key assumptions driving the inventory provision are the net realisable value expected to be achieved on sale, and the saleability of older stock lines.	We have understood the methodology used to calculate the inventory provision and determined it was consistent with that applied in the prior year. We reconciled the inventory values used in the provision to the general ledger. As part of our work, we reviewed the calculations for arithmetical accuracy and for a sample of items compared NRV inputs to prices available on the website, and latest sale information. We recalculated the provision based on the inputs, assessed the underlying data for appropriateness, and performed some

INDEPENDENT AUDITORS' REPORT

	<p>sensitivity analysis to assess whether there was risk of material misstatement of the provision. A sense check of the provision was undertaken by reviewing slower moving stock items for unprovided balances. We did not identify any significant omissions.</p>
Carrying value of investments The Company has investments in the subsidiary of £6,281,618 (2020: £6,281,618). Management have provided cash flow forecasts and performed impairment reviews relating to the investments and loans. Management's assessment of the recoverable amount of investments within the subsidiary requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary and possible impairment of the inter-company balance.	<p>We have reviewed the carrying value of the investments, and considered the current position of the subsidiary, the future outlook and forecasts prepared by management. 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. We have assessed the appropriateness and applicability of the discount rate applied to the current business performance; We have confirmed that any adverse change in key assumptions would not materially increase the impairment loss.</p>

Our application of materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	£155,000 (2020: £366,000)	£93,000 (2020: £36,000)
How we determined it	5% of net loss before tax	1% gross assets (2020: 10% adjusted profit before tax)
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.

INDEPENDENT AUDITORS' REPORT

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 £93,000 and £129,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £7,600 (Group audit) (2020: £18,300) and £4,650 (Company audit) (2020: £1,800) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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.

INDEPENDENT AUDITORS' REPORT

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 32, 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.

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

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

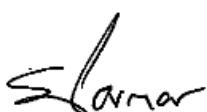
Other matters which we are required to address

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

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

Use of this report

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



Sanjay Parmar (Senior Statutory Auditor)

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

Finsgate
5-7 Cranwood Street
London EC1V 9EE
19 July 2021

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

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

The notes on pages 47 to 68 form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Notes	As at 31 March 2021	As at March 2020
		£'000	£'000
Assets			
Non-current assets			
Intangible assets	10	198	198
Property, plant and equipment	11	165	282
Total non-current assets		363	480
Current assets			
Inventories	12	2,866	3,810
Trade and other receivables	15	728	1,001
Cash and cash equivalents	16	3,928	5,333
Total current assets		7,522	10,144
Total assets		7,885	10,624
Equity and liabilities			
Equity			
Share capital	17	192	192
Share premium	17	41,592	41,592
Capital Reserves		4,648	4,648
Other reserves		657	482
Reverse acquisition reserve		(19,596)	(19,596)
Retained earnings	19	(22,512)	(19,414)
Total equity		4,981	7,904
Current liabilities			
Trade and other payables	20	2,855	2,594
Lease liability	21	49	77
Total current liabilities		2,904	2,671
Non current liabilities			
Lease liability	21	-	49
Total non current liabilities		-	49
Total liabilities		2,904	2,720
Total equity and liabilities		7,885	10,624

The financial statements were approved and authorised for issue by the Board of Directors on 20 July 2021 and were signed on its behalf by:



Julie Lavington
Director

Company Number: 05379931

The notes on pages 47 to 68 form part of these financial statements.

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

	Notes	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Group loss for the period		(3,098)	(7,814)
Share based payments	18	175	375
Depreciation and amortisation	10, 11	163	151
Finance costs		10	7
Working capital adjustments:			
Change in inventories		944	(2,773)
Change in trade and other receivables		273	(635)
Change in trade and other payables		261	1,614
Net cash flow from operating activities		(1,272)	(9,075)
Cash flow from investing activities			
Addition of property, plant and equipment		(34)	(129)
Addition of intangibles		(12)	-
Bank interest paid	6	(5)	-
Bank interest received	5	-	3
Net cash flow from investing activities		(51)	(126)
Cash flow from financing activities			
Net proceeds from issue of equity instruments		-	10,965
Lease payment		(82)	(76)
Net cash flow from financing activities		(82)	10,889
Net change in cash and cash equivalents		(1,405)	1,688
Cash and cash equivalents at beginning of period	16	5,333	3,645
Cash and cash equivalents at end of period	16	3,928	5,333

The notes on pages 47 to 68 form part of these financial statements.

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

		Share capital	Share premium	Reverse acquisition reserve	Capital redemption reserve	Retained earnings	Share based payment reserve	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Sosandar PLC								
Balance at 31 March 2019		116	30,703	(19,596)	4,648	(11,600)	107	4,378
Loss for the year		-	-	-	-	(7,814)	-	(7,814)
Share-based payments		-	-	-	-	-	375	375
Issue of share capital	76	11,924	-	-	-	-	-	12,000
Costs on issue of share capital		-	(1,035)	-	-	-	-	(1,035)
Balance at 31 March 2020		192	41,592	(19,596)	4,648	(19,414)	482	7,904
Loss for the year		-	-	-	-	(3,098)	-	(3,098)
Share-based payments	18	-	-	-	-	-	175	175
Issue of share capital	17	-	-	-	-	-	-	-
Costs on issue of share capital	17	-	-	-	-	-	-	-
Balance at 31 March 2021		192	41,592	(19,596)	4,648	(22,512)	657	4,981

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

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

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

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

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

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

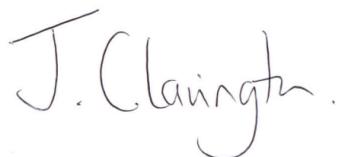
The notes on pages 47 to 68 form part of these financial statements.

**COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021**

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

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

The financial statements were approved and authorised for issue by the Board of Directors on 20 July 2021 and were signed on its behalf by:



Julie Lavington
Director

Company Number: 05379931

The notes on pages 47 to 68 form part of these financial statements.

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

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

The notes on pages 47 to 68 form part of these financial statements.

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

		Share capital	Share premium	Share based payment reserve	Capital redemption reserve	Retained earnings	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Sosandar PLC							
Balance at 31 March 2019		116	30,703	107	4,648	(19,091)	16,483
Profit for the year		-	-	-	-	95	95
Issue of share capital	76	11,924	-	-	-	-	12,000
Costs on issue of share capital	-	(1,035)	-	-	-	-	(1,035)
Shares based payments	-	-	375	-	-	-	375
Balance at 31 March 2020		192	41,592	482	4,648	(18,996)	27,918
Loss for the year		-	-	-	-	(18,851)	(18,851)
Issue of share capital	17	-	-	-	-	-	-
Costs on issue of share capital	-	-	-	-	-	-	-
Shares based payments	18	-	-	175	-	-	175
Balance at 31 March 2021		192	41,592	657	4,648	(37,847)	9,242

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

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

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

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

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

The notes on pages 47 to 68 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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

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

2 Significant accounting policies

Basis of preparation

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

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in Chairman's Statement on pages 2-3. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and associated notes. In addition, note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

In order to assess the going concern of the Group, the directors have prepared cash flow and profit and loss forecasts for companies within the Group. These cash flow and profit and loss forecasts show the Group expect an increase in revenue based on the assumptions set out in note 13 of the financial statements. This will have sufficient headroom over available banking facilities. Management continue to monitor costs and manage cashflows against these forecasts.

The directors have reviewed the Group's bank balances, profitability in the four-year plans, the annual budgets and forecasts, including assumptions concerning revenue growth, marketing spend, returns and repeat customers and expenditure commitments and their impact on cash flow. For further details also refer to note 13.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Going Concern (continued)

adjustments relating to the recoverability and classifications of recorded asset amounts or liabilities that may be necessary should the Group and Company be unable to continue as a going concern. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Functional and presentation currency

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

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

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

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

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

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

Changes in accounting policies and disclosures

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

*IFRS 17 Insurance Contracts²

* IFRS 9 Interest Rates¹

* IAS39/IFRS7 Benchmark Reform¹

*IFRS16 (Amendment) ¹ Leases' – Covid [1]19 related rent concessions

*IAS 1 Presentation of Financial Statements²

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

Inventories

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

A provision is made to write down any slow-moving or obsolete inventory to net realisable value. The provision is £665k at 31 March 2021 (2020: £395k). A difference of 1%pt in the provision as a percentage of gross inventory would give rise to a difference of +/- £35k in gross profit (2020: +/- £42k).

Contract liabilities - refund accruals

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates, although actual returns could vary from these estimates. The accrual for refunds totalled £726k (2020 refund accrual: £79k) and a right to returned goods asset recognised of £311k (2020: £40k). A performance obligation is deemed for returns and refunds. A 14 days return policy is noted for a full refund through Sosandar.com and up to 30 days on third party retailer websites. A difference of 1%pt in the sales returns rate have an impact +/- £189k (2020: +/- £177k) the refund provision, and +/- 87k (2020: +/- £98k) on the right to returned goods asset.

Calculation of share-based payment charges

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

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

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

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

Principal accounting policies

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

Revenue recognition

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

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

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

Business combinations

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

Intangible assets

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

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

Property, plant and equipment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Principal accounting policies (continued)

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

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

Equity

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

Government grants

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

Impairment of non-financial assets

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Taxation

Income tax

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

Deferred tax

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

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

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

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

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

Share-based compensation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Share-based compensation (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Financial instruments (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Financial assets and liabilities (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all of the risks and rewards of ownership. In transaction in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The group derecognises a financial liability when its contractual obligation are discharge, cancelled or expire.

Impairment losses from contracts with customers

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

Leases

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Other operating income

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

4 Operating loss

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

5 Finance income

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

6 Finance cost

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

7 Employees

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Employees (continued)

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

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

Directors' remuneration

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

	2021	2021	2021	2020
	Base Salary	Pensions	Total	Total
	£	£	£	£
Alison Hall	135,000	10,800	145,800	145,800
Julie Lavington	135,000	10,800	145,800	145,800
Nicholas Mustoe	24,000	-	24,000	30,000
Bill Murray	24,000	-	24,000	30,000
Adam Reynolds	48,000	-	48,000	60,000
Mark Collingbourne	24,000	-	24,000	30,000
Andrew Booth	24,000	-	24,000	30,000
Total	414,000	21,600	435,600	471,600

Details of the share options held by each Director can be found in the Group Directors' Report on page 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Income tax benefit / (expense)

No corporation tax charge arises in the year ended 31 March 2021 and the year ended 31 March 2020. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction, the UK, to the loss before tax to the actual tax credit is as follows:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loss on ordinary activities before taxation	(3,098)	(7,814)	(18,851)	95
Tax at the UK corporation tax rate of 19% (2019: 19%)	(589)	(1,485)	(3,582)	18
Expenses not deductible for tax purposes	15	82	3,523	2
Losses unutilised	581	1,502	59	-
Accelerated depreciation	(7)	(16)	-	-
Recognition of previously unrecognised losses	-	(83)	-	(20)
Group relieved	-	-	-	-
Tax charge on loss on ordinary activities	-	-	-	-

The Group has estimated tax losses of £20,900,000 (2020: £18,500,000) to carry forward against future taxable profits. The deferred tax asset on these tax losses at 19% amounts to approximately £3,970,000 (2020: £3,520,000) and has not been recognised due to the uncertainty of the recovery. Due to the fundamental change in the Company's business following the exit of the mineral exploration industry, tax losses carried forward may not be fully available for use against the future profits of the Group.

9 Loss per share

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

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

Where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. The share options outstanding as at 31 March 2021 totalled 20,217,698 (2020: 20,400,000) and are potentially dilutive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Intangible assets – Group

	Website £'000	Trademark £'000	Total £'000
Cost			
At 1 April 2019	173	-	173
Additions	45	-	45
At 31 March 2020	218	-	218
Amortisation			
At 1 April 2019	10	-	10
Charge for the year	10	-	10
At 31 March 2020	20	-	20
Carrying value 31 March 2020	198	-	198
Cost			
At 1 April 2020	218	-	218
Additions	10	2	12
At 31 March 2021	228	2	230
Amortisation			
At 1 April 2020	20	-	20
Charge for the year	11	1	12
At 31 March 2021	31	1	32
Carrying value 31 March 2021	197	1	198

11 Property, plant and equipment – Group

	Computer Equipment £'000	Fixtures and fittings equipment £'000	Right of use asset £'000	Total £'000
Cost				
At 1 April 2019	49	232	192	473
Additions	37	47	-	84
At 31 March 2020	86	279	192	557
Accumulated depreciation				
At 1 April 2019	18	116	-	79
Charge for year	15	51	75	55
At 31 March 2020	33	167	75	275
Carrying value 31 March 2020	53	112	117	282
Cost				
At 1 April 2020	86	279	192	557
Additions	7	27	-	34
At 31 March 2021	93	306	192	591
Accumulated depreciation				
At 1 April 2020	33	167	75	275
Charge for year	25	51	75	151
At 31 March 2021	58	218	150	426
Carrying value 31 March 2021	35	88	42	165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Inventories – Group

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

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

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

13 Non-current assets

Investments in subsidiaries and associates:

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

Investments are tested for impairment at the balance sheet date. The recoverable amount of the investment in Thread 35 Ltd at 31 March 2021 was assessed on the basis of value in use. As this exceeded carrying value no impairment loss was recognised.

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

The key assumptions used for the value in use calculation in 2021 were as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Non-current assets (continued)

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

The subsidiaries of Sosandar Plc are as follows:

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

14 Loans to subsidiaries

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

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

15 Trade and other receivables

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Cash and cash equivalents

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

17 Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary shares (£0.01)					Total share premium £'000
Date	Details	Number of shares	Issue price £	Total share capital £'000	Total share premium £'000
At 31 Mar 2020		192,268,122	0.001	192	41,592
At 31 Mar 2021		192,268,122	0.001	192	41,592

18 Share based payments

Share option plans

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

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

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

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

The options outstanding at 31 March 2021 had a weighted average exercise price of £0.154 and a weighted average remaining contractual life of 6.62 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Share based payments (continued)

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

The Group recognised a charge of £175k (2020: £375k) related to equity-settled share-based payment transactions during the year.

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

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

19 Retained earnings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Trade and other payables

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

21 Leases

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

	31 March	31 March
	2021	2020
	£'000	£'000
Lease liability brought forward	126	192
Finance cost	6	10
Lease payments	(83)	(76)
Lease liability recognised in statement of financial position	49	126
	31 March	31 March
	2021	2020
	£'000	£'000
Of which		
Current lease liabilities	49	77
Non-current lease liabilities	-	49
	49	126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Related party transactions

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

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

During the year to 31 March 2021 the Group was charged £24,000 (2020: £30,000) for services provided by Bill Murray and Associates, a company controlled by B Murray. There was no amount outstanding at the balance sheet date (2020: £nil).

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

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

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

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

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

23 Financial instruments – risk management

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

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

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates from the management team through which it reviews the effectiveness of the processes put in place and the appropriateness of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Company's operations expose it to some financial risks arising from its use of financial instruments, the most significant ones being cash flow interest rate risk, foreign exchange risk, liquidity risk and capital risk. Further details regarding these policies are set out below:

Cash flow interest rate risk

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

Foreign exchange risk

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

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

Liquidity risk

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets

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

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

Financial liabilities

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

Capital risk

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

24 Post balance sheet events

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

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

25 Contingent liabilities

The Company and Group has no contingent liabilities.

26 Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY INFORMATION

Registered office	40 Water Lane, Wilmslow, Cheshire, England SK9 5AP
Registered number	05379931, England and Wales
Directors	Bill Murray – Non-Executive Chairman Alison Hall – Joint CEO Julie Lavington – Joint CEO Stephen Dilks - CFO Adam Reynolds – Non-Executive Director Andrew Booth – Non-Executive Director Mark Collingbourne – Non-Executive Director Nicholas Mustoe – Non-Executive Director
Secretary	Mark Collingbourne
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated advisor	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX United Kingdom
Broker	Singer Capital Markets Advisory LLP 1 Bartholomew Lane London EC2N 2AX United Kingdom
Registrars	Share Registrars Limited The Courtyard 17 West St Farnham GU9 7DR
Solicitors	BPE Solicitors LLP St. James' House St. James' Square Cheltenham GL50 3PR
Public Relations	Alma PR 71-73 Carter Lane London WC2B 4HN