Date:	27 November 2019
On behalf of:	Sosandar plc ('Sosandar' or 'the Company')
Embargoed until:	0700hrs

Sosandar plc
Interim Results

Building on initial successes with significant sales momentum

Sosandar PLC (AIM: SOS), the online women's fashion brand, is pleased to announce its unaudited results for the six months ended 30 September 2019.

Financial Highlights

- Revenue increased by 53% to £2.82 million (6 months to 30 September 2018: £1.84 million)
- Gross margin of 54% (6 months to 30 September 2018: 55%)
- Gross profit increased to £1.5 million (6 months to 30 September 2018: £1.01 million)
- Underlying EBITDA loss of £2.7 million (6 months to 30 September 2018: £1.96 million), reflecting the increased upfront investment into the team, product and marketing
- Period-end cash balance of £6.9 million following the oversubscribed placing in July

Operational Highlights

- Order growth of 47% to 64,709
- Returns decreased to 49% (6 months to 30 September 2018: 52%) thanks to increasing data in the business influencing product development
- Customer database grew 76% and active customers increased by 70% reflecting the increased brand awareness following the trial of new marketing initiatives
- Team expansion has helped to deliver increasing choice with new styles up 106% in September vs last year
- Increased the number of clothing suppliers by 153% to support product expansion

Current Trading

- Achieved sales growth of well over 100% in October, a performance which November is on course to exceed
- Revenue to date in H2 has already exceeded full Q2 numbers
- Subscriber sign-ups 309% up on prior year post-period (Q3 to date)
- On track to meet management's expectations for the full year

KPIs

	6 months ended 30 September 2019	**6 months ended 30 September 2018**	Change
Sessions	**2,287,647**	**1,599,709**	43%
Conversion rate	**2.83%**	**2.75%**	8bps
Number of orders	**64,709**	**43,979**	47%
Average Order Value	**£97.55**	**£105.42**	-7%
Returns	**49%**	**52%**	300bps
Customer database	**148,884**	**84,500**	76%
Active Customer Base	**75,056**	**44,096**	70%
Repeat Order Rate	**1.66**	**1.53**	8%

Ali Hall and Julie Lavington, Joint CEOs, commented:

"We are delighted to be reporting on a period of significant progress for Sosandar. The investments that were made in the latter part of the second quarter have resulted in exceptional Autumn trading. Post period end, October was particularly notable, as we hit a special milestone - the first month where net revenues exceeded £1 million, a performance which November is on course to exceed.

It is becoming increasingly clear that once customers engage with Sosandar's product range and unique design aesthetics they remain loyal to, and highly engaged with the brand. We have seen continued database growth post period, with our number of subscribers in September up 26% month on month and new subscribers tracking over 300% up versus the same period last year.

Our vision is to be a global one-stop online destination for our customers, and with a widened product range, strong balance sheet, and a broadened, aggressive, and increasingly effective marketing strategy, we are confident that FY20 will be an important next step in that journey.

An analyst meeting will be held at 11:00am today at Octagon Point, St Paul's, 5 Cheapside, London, EC2V 6AA. To attend please contact Alma PR.

A video overview of the Company's results is available here: http://bit.ly/SOS_H119

Enquiries

Sosandar plc Julie Lavington / Ali Hall, Joint CEOs	www.sosandar.com c/o Alma PR
Shore Capital Patrick Castle / Mark Percy / James Thomas	+44 (0) 20 7408 4090
Alma PR Limited (Financial PR) Rebecca Sanders-Hewett / Susie Hudson / Sam Modlin	+44 (0) 203 405 0205 sosandar@almapr.co.uk

About Sosandar PLC

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

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

Co-CEO's Operating review

We are very pleased with the Company's performance over the period, particularly the momentum which began to build in Q2 following the increased investment made into marketing, product and team, and which has continued to accelerate into current trading.

Total revenues for the period increased 53% to £2.82 million, reflecting the strategy implemented over the year so far, where our sales and marketing spend was deliberately held back in Q1 and began to accelerate over Q2, delivering revenues for the quarter up 84%. This momentum has been built upon further into H2, with record periods of trading in September and October, both of which were up over 100% versus the prior year. October was the first month we saw net revenues (post returns) surpass £1 million, a performance which November is on course to exceed.

In July we were delighted to successfully raise £7 million (gross) through a significantly oversubscribed placing, with both new and existing shareholders showing their support for the business and our growth plans.

The proceeds from the placing have now begun to be deployed and as hoped, we have been able to accelerate our growth through strengthening our design capability, widening our product range and trialling additional marketing channels. These activities have resulted in increased customer acquisition alongside continued growth from our ever-expanding base of loyal existing customers.

We have continued to achieve high levels of growth across a broad range of KPIs, demonstrating the strength of our underlying business and proposition. We are excited to now be entering the next stage of our growth story, building the business in reach and maturity in order to effectively capitalise on the huge amount of demand for our unique design aesthetic that exists in the market.

Customer acquisition driving brand recognition and awareness

As at 30 September 2019, our customer database stood at 148,884, an increase of 76% on the same time last year. Growing brand awareness and the use of additional marketing channels have been key in driving this growth. These have been trialled in conjunction with our direct mail brochures, social media strategy and other existing channels, which continue to be highly successful.

September saw us begin to use TV advertising and start to trial the use of out-of-home digital media for the first time. This has included testing in different TV regions, channels and programmes with re-investment into those showing the best engagement versus cost ratio, and a test with digital panels across escalators at key London train and Tube stations. These new marketing initiatives are significantly increasing brand recognition and awareness. September, the first month TV went live, saw a record number of email subscriber sign-ups with a 224% increase on August and the equivalent to approximately six months' performance in the prior year. This momentum has continued with post period end sign ups 309% up on the same period last year. TV advertising is a key medium for retailers, and can create significant sales uplift, particularly for smaller brands. It is however, a capital-intensive medium, and we are delighted that we now have the necessary scale, network and talent available to pursue this medium. As communicated at the time of our half year trading statement, the strong results achieved through our trials have driven the strategic decision to accelerate the growth of the business by investing further in TV advertising. This increased expenditure is expected to significantly enhance future growth through accelerated customer database growth and increasing frequency of purchase from a loyal and highly engaged following. As with any new marketing initiative, as we mature into the use of the channel we expect our efficiency to increase, and ROI to grow.

The Sosandar brochures continue to prove that the use of high-quality lifestyle content is particularly valuable in driving high-converting customers to the website. Social media followings have grown to 75,854 on Facebook and 33,300 on Instagram, as at 30 September 2019. Facebook and increasingly Instagram continue to be our "ever-on shop window" with growing engagement on both channels. The swipe to shop functionality on Instagram also enhances brand engagement and capitalises on the growing number of influencers and celebrities posting about Sosandar. A host of celebrities are spotted wearing Sosandar on a daily basis, with these celebrities also regularly featured in national media from ITV, to Hello and the Daily Mail online. Household names such as Mel B and Amanda Holden have worn our products alongside Katherine Tyldesly who recently appeared on *Strictly Come Dancing* and Kate Garraway who is currently appearing on ITV's biggest show *I'm A Celebrity Get Me Out Of Here*.

As more customers learn of Sosandar, we are continually learning more about our customers; building our understanding of exactly what they are looking for from a one-stop fashion destination. This increases our ability to personalise our content and continually improve the relevance of our marketing.

Expanded product range and design capabilities

An important next step in our journey to become a one-stop shop for fashion forward women is the strengthening of our design capability and the widening of our product range, which accelerated significantly over the period.

The investment that has been made into the product team across all areas, including design, buying, merchandising and garment technology, has resulted in the product range, as measured by number of intake styles, more than doubling year-on-year. This widening of the range has come through the additions of more choice within product types, and new categories such as denim, knitwear, footwear and accessories. We now have over 1000 SKUs an increase of 113% against the prior year, which will help drive performance from Autumn Winter 2019 onwards. Best-selling product lines include dresses for all occasions, leather jackets, faux fur coats and denim dresses.

Average order value and gross margin have both shown a marginal decrease in the period, linked to the broadening product range. Average order value was impacted as average unit price shifted slightly as we sold proportionately more denim and jersey but units per basket has increased 5% year on year. As the cold weather drives sales of higher price point items such as leather and outerwear, and we start to see the benefit of repeating on successful new product lines we are confident we will see average order improvement in the Autumn Winter period.

In recent months our supplier base has been expanded substantially to support the broadening product range. The increasing range has also contributed to third party platform interest. Sosandar is now trading with Silk Fred, which has allowed us to successfully increase brand awareness with a broad range of customer demographics, and opportunities are presenting themselves to work with other interested parties.

Continuous development and learning

As we grow, extend our track record, and bring in more talent we are continually deepening our expertise in the market and gaining more access to data. This is vitally important as we maintain our focus on balancing strong growth with increasing efficiency.

The Group's marketing strategy, for example, centres around content, underpinned by algorithm-based data science. This approach makes use of detailed customer targeting, tracks return on investment and analyses purchasing habits to ensure spend is impactful. As the business becomes more mature and our customers continue to repeat order more frequently we have a larger pool of historic data to utilise.

Our test and repeat strategy continues to work well as we focus on fast stock turn with new product launching constantly, helping to minimise stock risk and allowing us to capitalise on best-selling items in real time. The increasing data in the business that comes from this test and repeat model helps feed the design process and has contributed to an increasing number of styles that become core best sellers and the strong improvement we have seen in returns over the period. As we grow, our levels of stock will increase, however our stock is carefully controlled and linked directly to marketing investment to ensure a continued fast and efficient stock turn.

Brand awareness continues to grow and in May Drapers, the fashion industry bible, recognised the brand, awarding Sosandar the prestigious accolade of Best New Online Business and Digital Team of the Year. This industry recognition is not only a great testament to the quality of our products and team, it also helps with attracting new talent and partners to Sosandar. Most recently, we are very proud to have been shortlisted for the Emerging Retailer award by Retail Week.

Outlook

We are extremely excited about the future prospects for Sosandar as momentum has continued strongly into the second half of the financial year, with record periods of trading in September and October. October was the first month we saw net revenues (post returns) surpass £1 million, a performance which November is on course to exceed and we are on track to meet management's expectations for the full year.

We are focused on continuing to grow our customer database as we invest further in TV advertising and expect our upfront investment in the team and product range to drive further progress in the second half.

Our vision is to be a global one-stop online destination for our customers, and with a widened product range offering, strong balance sheet, and a broadened, aggressive, and increasingly effective marketing strategy, we are confident that FY20 will be an important next step in that journey.

FINANCIAL REVIEW

KPIs and financial performance

Revenues in the period were up 53% from the same period last year, reaching £2.82m. The continued expansion of the business has been underpinned by growth across a number of KPIs, up-front investments into the product development early in the period and latterly into new and existing marketing channels, especially TV.

This product development investment included expansion of the product team to increase expertise and create a more robust structure to support growth in both core and new product areas. This has increased the number of new products available, enhancing choice for customers to support sales in the Autumn Winter period and beyond. Investment in this team also means the business is better placed to leverage the increasing data in the business to understand customer needs, as evidenced by the decrease in product returns and strong growth in new product areas. With a stronger team in place the business is well placed to continue to further improve customer choice.

The expanding product range has changed product sales mix, with proportionately more denim and jersey being sold in the period. As a result, average order value marginally decreased, however the product sales mix helped improve returns and units per basket improved. Average order has increased going into Autumn Winter with strong full price sales and colder weather driving sales of items with higher price points, such as leather and outerwear. Margin has also increased as the business benefits from repeat orders on the new product areas introduced in H1.

Sales at the start of H2 have benefited from the increased product choice combined and increased investment at the end of the period into customer acquisition, which included TV for the first time to complement existing marketing channels. This helped both customer acquisition but also brand engagement, as evidenced by the customer database growth both at the end of the period and the start of H2. Not all these customers convert immediately but with a bigger pool of engaged prospects there should be efficiency improvements going forward as these prospects convert, learnings are established, and the channel matures. The customers acquired are increasingly loyal and this ability to recruit and retain customers helped increase the active customer base by 70%.

As planned, the cost base increased during the period to support future growth, resulting in administrative expenses increasing 44% to £4.29m which includes increased expenditure on customer acquisition later in the period and investment in product development at the start of the period which delivered enhanced choice from Autumn Winter onwards. However, costs as a percentage of revenue decreased year on year (152% in H1 FY20 compared to 162% in H1 FY19) and return on this investment can be seen in current trading with the start of H2 FY20 showing revenue growth of over 100%. With a stronger infrastructure now in place, and the ongoing benefit of repeat revenue from the growing customer base, further efficiencies should be delivered whilst also delivering continued revenue growth. As a result of the increased administrative expenses, as expected, operating losses increased 41% to £2.78m (H1 FY19: £1.97m).

Financial position and cashflow

Following the successful placing in July 2019 the business goes into H2 with a strong cash position of £6.9m (H1 FY19: £2.6m). The placing has helped fund product expansion and enabled investment into stock to support the sales growth experienced post period end, as well as allowing for increased marketing spend.

Trade and other receivables have remained flat, with trade and other payables increasing 22% since FY 20, whilst still remaining at a manageable level of £1.2m.

This stock has been delivered from a much more diversified and specialist supply base, many of which have come on board during the period. High profile retail failures have created some restrictions in the credit market and as a result impacted availability of extended credit terms with these new suppliers. These new suppliers will however help deliver better product with improved margin and improved supply chain timescales. Furthermore, as we build these relationships so should our ability to obtain extended credit terms.

Capex remains limited in the business and so the cash available will be used to support working capital required for future growth.

KPI’s

	6 months ended 30 September 2019 £'000	6 months ended 30 September 2018 £'000	Change
Revenue	**£2,819**	£1,844	+53%
Gross Profit	**£1,511**	£1,010	+50%
Gross Margin	**54%**	55%	-100bps
Returns rate	**49%**	52%	+300bps
Operating loss	**£(2,781)**	£(1,971)	+41%
EBITDA	**£(2,718)**	£(1,958)	+39%

	6 months ended 30 September 2019	6 months ended 30 September 2018	Change
Sessions	**2,287,647**	1,599,709	+43%
Conversion rate	**2.83%**	2.75%	8bps
Number of orders	**64,709**	43,979	+47%
AOV	**£97.55**	£105.42	-7%

	As at 30 September 2019	As at 30 September 2018	Change
Customer database	**148,884**	84,500	+76%
Active customer base	**75,056**	44,096	+70%
Order Frequency	**1.66**	1.53	+8%

UNAUDITED CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

	Notes	**6 months ended 30 September 2019 Unaudited £'000**	6 months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Revenue		**2,819**	1,844	4,440
Operational costs		**(1,308)**	(834)	(1,975)
Gross profit		**1,511**	1,010	2,465
Administrative expenses		**(4,292)**	(2,981)	(6,011)
Operating loss		**(2,781)**	(1,971)	(3,546)
Finance expense		**(5)**	—	—
Loss on ordinary activities before taxation		**(2,786)**	(1,971)	(3,546)
Tax on loss on ordinary activities		**—**	—	—
Loss for the period		**(2,786)**	(1,971)	(3,546)
Other Comprehensive income		—	—	—
Total Comprehensive loss for the period		**(2,786)**	(1,971)	(3,546)
Attributable to:				
Equity holders of the parent		**(2,786)**	(1,971)	(3,546)
Group loss for the period		**(2,786)**	(1,971)	(3,546)
Total comprehensive loss for the period		**(2,786)**	(1,971)	(3,546)
Loss per share:				
Loss per share – basic and diluted, attributable to ordinary equity holders of the parent (pence)	5	**(2.11)**	(1.85)	(3.19)
Loss per share - basic and diluted, from continuing operations (pence)	5	**(2.11)**	(1.85)	(3.19)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Notes	**As at 30 September 2019 Unaudited £'000**	As at 30 September 2018 Unaudited £'000	As at 31 March 2019 Audited £'000
Assets				
Non-current assets				
Intangible assets		**175**	111	163
Right-of-use assets	2	**155**	—	—
Property, plant and equipment		**144**	187	147
Total non-current assets		**474**	298	310
Current assets				
Inventories		**1,920**	735	1,037
Trade and other receivables		**415**	413	366
Cash and cash equivalents		**6,875**	2,555	3,645
Total current assets		**9,210**	3,703	5,048
Total assets		**9,684**	4,001	5,358
Equity and liabilities				
Equity				
Share capital	4	**163**	107	116
Share premium	4	**37,298**	27,796	30,703
Capital redemption reserve	4	**4,648**	4,648	4,648
Other reserves		**170**	70	107
Reverse acquisition reserve	4	**(19,596)**	(19,596)	(19,596)
Retained earnings		**(14,386)**	(10,026)	(11,600)
Equity attributable to owners of the parent		**8,297**	2,999	4,378
Non-controlling interests		**—**	—	—
Total equity		**8,297**	2,999	4,378
Current liabilities				
Trade and other payables		**1,226**	1,002	980
Lease liability	2	**30**	—	—
Total current liabilities		**1,256**	1,002	980
Non-current liabilities				
Lease liability	2	**131**	—	—
Total liabilities		**1,387**	1,002	980
Total equity and liabilities		**9,684**	4,001	5,358

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2019

	Notes	**6 months ended 30 September 2019 Unaudited £'000**	6 months ended 30 September 2018 Unaudited £'000	Year ended 31 March 2019 Audited £'000
Cash flows from operating activities				
Group loss for the period		**(2,786)**	(1,971)	(3,546)
Share-based payments		**63**	38	76
Depreciation and amortisation		**68**	13	61
Finance cost		**5**	—	—
Working capital adjustments:				
Change in inventories		**(883)**	(204)	(506)
Change in trade and other receivables		**(49)**	65	112
Change in trade and other payables		**246**	81	59
Net cash flow from operating activities		**(3,336)**	(1,978)	(3,744)
Cash flow from investing activities				
Addition of property, plant and equipment, and intangibles		**(40)**	(83)	(143)
Net cash flow from investing activities		**(40)**	(83)	(143)
Cash flow from financing activities				
Payment of lease liability		**(36)**	—	—
Net proceeds from issue of equity instruments		**6,642**	—	2,916
Net cash flow from financing activities		**6,606**	—	2,916
Net change in cash and cash equivalents		**3,230**	(2,061)	(971)
Cash and cash equivalents at beginning of period		**3,645**	4,616	4,616
Cash and cash equivalents at end of period		**6,875**	2,555	3,645

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		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**
Balance at 30 September 2018		**107**	**27,796**	**(19,596)**	**4,648**	**(10,026)**	**70**	**2,999**
Loss for the year		—	—	—	—	(1,575)	—	**(1,575)**
Share based payments		—	—	—	—	—	38	**38**
Lapsed options		—	—	—	—	1	(1)	—
Issue of share capital		9	2,991	—	—	—	—	**3,000**
Costs on issue of share capital		—	(84)	—	—	—	—	**(84)**
Balance at 31 March 2019		**116**	**30,703**	**(19,596)**	**4,648**	**(11,600)**	**107**	**4,378**
Loss for six months		—	—	—	—	(2,786)	—	**(2,786)**
Shares based payments		—	—	—	—	—	63	**63**
Issue of share capital		47	6,953	—	—	—	—	**7,000**
Costs on issue of share capital		—	(358)	—	—	—	—	**(358)**
Balance at 30 September 2019		163	37,298	(19,596)	4,648	(14,386)	170	**8,297**

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.

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General Information

Sosandar Plc is a company incorporated and domiciled in England and Wales. The Company's offices are in Wilmslow. The Company is listed on the AIM market of the London Stock Exchange (ticker: SOS).

The financial information set out in this Half Yearly report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2019, prepared under International Financial Reporting Standards ("IFRS"), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Sections 498(2) and 498 (3) of the Companies Act 2006.

Copies of the annual statutory accounts and the Half Yearly report can be found on the Company's website at http://www.sosandar-ir.com/content/investors/annual-reports.asp.

2. Basis of preparation and significant accounting policies

This Half Yearly report has been prepared using the historical cost convention, on a going concern basis and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, using accounting policies which are consistent with those set out in the financial statements for the year ended 31 March 2019.

New and amended standards adopted by the group

The group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

2(a) Adjustments recognised on adoption of IFRS 16

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

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

	2019 £'000
Lease liability recognised as at 1 April 2019	**192**
Of which:	
Current lease liabilities	66
Non-current lease liabilities	126
	192

2. **Basis of preparation and significant accounting policies (continued)**

2(a) Adjustments recognised on adoption of IFRS 16 (continued)

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the following types of assets:

	31 September 2019	1 April 2019
	£'000	£'000
Properties	155	192

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

- Right-of-use assets – Increased by £192k
- Lease liabilities – Increased by £192k

There was no impact on retained earnings on 1 April 2019

i) Impact on earnings per share

Adjusted EBITDA loss decreased by £42k as a result of the change in accounting policy. Total comprehensive loss for the period increased by £7k with no impact on earnings per share.

ii) Practical expedients applied

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

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

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

2(b) The group's leasing activities and how these are accounted for

The group leases an office space and has 25 months remaining on this contract. The lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

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

3. Segmental reporting

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

4. Share capital and reserves

Details of ordinary shares issued are in the table below:

Ordinary Shares (£0.001)					
Date	**Details**	**Number of shares**	**Issue Price £**	**Total Share Capital £'000**	**Total Share Premium £'000**
At 30 September 2018		**106,814,658**	0.001	**107**	**27,796**
15 October 2018	Share placing	9,375,000	0.001	9	2,907
At 31 March 2019		**116,189,658**		**116**	**30,703**
31 July 2019	Share placing	46,666,700	0.001	47	6,595
At 30 Sep 2019		**162,856,358**	**0.001**	**163**	**37,298**

5. 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 period:

	6 months ended September 2019	6 months ended September 2018	Year ended March 2019
Loss after tax attributable to equity holders of the parent (£'000)	**(2,786)**	(1,971)	(3,546)
Weighted average number of ordinary shares in issue	**131,917,109**	106,814,658	111,104,042
Fully diluted average number of ordinary shares in issue	**131,917,109**	106,814,658	111,104,042
Basic and diluted loss per share (pence)	**(2.11)**	(1.85)	(3.19)

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

6. Post balance sheet events

The company had no post balance sheet events.