

Sarossa Plc

(incorporated in Jersey with registered number 115158)

Directors:

Richard Griffiths *Chairman*
Michael Bretherton *Chief executive officer*
James Ede-Golightly *Non-executive director*

Registered Office:

Floor 1 Liberation Station
The Esplanade
St Helier
Jersey
JE2 3AS

12 October 2020

Dear Shareholder,

Sarossa Plc ("the Company") has today issued its Annual Report for the year ended 30 June 2020, a copy of which is available at the Company's website www.sarossapl.com under the Investor Centre/Financial Reports section.

Annual General Meeting

On page 30 of that Annual Report, you will find a Notice of the Annual General Meeting to be held at 11.00 a.m. on 18 November 2020 at the Company's registered office at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey, JE2 3AS.

The Notice sets out the various resolutions that will be put to the meeting as summarised on the Form of Proxy (and explanatory notes) which is enclosed with this letter for your use.

Availability of Annual Report

In the interests of cost saving and environmental benefits, and as permitted by its articles of association, the Company does not intend to send a hard copy of the Annual Report to its shareholders, but has made this document available on its website and notified all shareholders of such by way of this letter.

Shareholders who wish to receive a hard copy of the Annual Report are entitled to require a copy to be sent within 21 days of the Company receiving a request to do so. Any shareholders requiring a hard copy should, therefore, write to the Company at its registered office address shown above or, alternatively, email: office@sarossapl.com with their name and postal address and their request.

Extracts from the Annual Report

Sarossa is an investment and management company whose principal activity is investment in and growth and development of businesses which present opportunities for value creation. The Company is mainly focused on portfolio businesses with product and service platforms targeting major international markets through customers and partners with an international profile.

Financial Statements for the Company have been prepared for the year to 30 June 2020.

Financial Review

Sarossa Plc ('Sarossa' or 'the Company') performed well during the year to 30 June 2020 recording a gross investment return of £8.40 million and a net profit after tax of £7.79 million compared to a loss after tax of £3.26 million in the previous year.

The profit for the year included unrealised gains of £7.90 million on the value of portfolio investments, coupled with realised investment gains of £0.34 million and dividend income of £0.51 million (2019: total investment losses of £(2.95) million and dividends of £0.31 million). Administrative expenses for the year amounted to £0.61 million (2018: administrative expenses of £0.62 million).

A significant element of the Company's unrealised investment gains in the year is attributable to our Silence Therapeutics Plc investment following positive news in March 2020 of a strategic collaboration between that company and AstraZeneca.

During the year, the Company spent £5.61 million on additional portfolio investments and realised proceeds of £5.62 million from the sale of portfolio investments. The Company holds currently 9 portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2020 was £19.08 million (30 June 2019: £10.84 million represented by 7 quoted holdings).

Cash balances at 30 June 2020 amounted to £0.21 million (30 June 2019: £0.66 million).

Net assets attributable to holders of Sarossa at 30 June 2020 were £19.29 million (equivalent to £482.63 per share) compared with £11.50 million (equivalent to £287.670 per share) at the previous year end. The increase in net assets per share reflects the profit of £7.79 million recorded for the year.

Key performance indicators are set out below:

	30 June 20	30 June 19
Net assets (£ million)	19.29	11.50
Net asset value per share (£)	482.63	287.67
(Loss) / profit after tax (£ million)	7.79	(3.26)
Cash and short-term deposits with banks (£ million)	0.21	0.66

Covid-19 Update

The restrictions put in place by governments across the world to control the coronavirus (COVID-19) outbreak in 2020 have disrupted global economic activity and are likely to adversely impact economic activity for some time to come. Your Board has, therefore, undertaken a measured rebalancing of the Company's investment portfolio such that many of its investments are now in businesses operating in sectors that are considered to be relatively resilient to the adverse impacts of COVID-19.

The Board is confident that the Company has sufficient working capital to maintain its operations for the foreseeable future. The Company currently has as at 8 October 2020, cash balances of approximately £1.09 million plus investments with a carrying value of approximately £20.07 million represented by 9 quoted holdings.

Investment portfolio update

An overview of the activities of the portfolio investment businesses in which Sarossa has a holding of over 3 per cent. or where the value of the investment comprises at least 5 per cent. of Sarossa's net asset value, is provided on pages 2 to 4 of the 2020 Annual Report.

On behalf of the Board

Richard Griffiths
Chairman