

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

27 September 2023

Dear Shareholder,

Sarossa Plc ("the Company") has today issued its Annual Report for the year ended 30 June 2023, 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 31 of that Annual Report, you will find a Notice of the Annual General Meeting to be held at 11.00 a.m. on 30 November 2023 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, the Company does not intend to send a hard copy of the Annual Report to all shareholders, but has made this document available on its website and notified all shareholders of such by way of this hard copy 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.

Electronic communication with shareholders

The Sarossa board believes that the use of electronic communication to send or supply certain documents and information ("Documents") to shareholders by making such Documents available electronically via a website will deliver cost savings to the Company and environmental benefits at a broader level.

Accordingly the Company is required to ask shareholders to confirm their agreement to the supply of such Documents in this fashion and accordingly a letter of request and preferred option for receipt of Documents has previously been sent to all shareholders to complete and return to Neville Registrars in accordance with the instructions set out in that letter. New shareholders who have not completed an election form will receive a hard copy by default but are encouraged to elect to receive electronic communications by contacting Neville Registrars (contact details can be found on the Company website).

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 2023.

Financial Review

Sarossa Plc ('Sarossa' or 'the Company') reported a net loss of (£3.48) million for the year to 30 June 2023, compared to a net loss of (£6.44) million the previous year. The result further confirms the continuing challenges for financial equity markets and included a gross investment loss of (£2.70) million compared with an investment loss of (£5.39) million in the previous year.

The gross investment loss comprises unrealised losses of (£3.29) million on the value of portfolio investments, inclusive of foreign exchange rate movements, partially offset by realised investment gains

of £0.48 million and dividend and other income of £0.11 million (2022: unrealised investment losses of (£5.07) million, realised investment losses of (£0.50) million and dividend and other income of £0.18 million). Administrative expenses for the year amounted to £0.78 million (2022: administrative expenses of £1.04 million).

A large element of the Company's unrealised investment losses in the year again arose on our U.S. listed Silence Therapeutics Plc investment, for which further share price decreases were compounded by a strengthening of £GBP sterling relative to the \$USD. In addition, unrealised investment losses also arose on our new investment in WANdisco Plc, whilst our Niox Group Plc investment generated significant unrealised investment gains on share price increases.

During the year, the Company spent £2.98 million on additional portfolio investments and realised cash proceeds of £3.52 million from the sale of portfolio investments. The Company currently holds 9 portfolio investments, 7 of which are quoted and 2 unquoted and for which the total carrying value at 30 June 2023 was £17.12 million (30 June 2022: £20.46 million represented by 7 quoted holdings).

The new investment in WANdisco was made in February 2023 following that company's reporting of very significant new orders received during the previous 2 months. Subsequently on 9 March 2023, WANdisco announced it had requested a suspension of its shares from trading on AIM while a legal investigation was carried out on irregularities discovered on purchase orders and related revenue bookings, which gave rise to a material misstatement of its financial position. The WANdisco shares remained suspended at 30 June 2023 and did not recommence trading on AIM until 25 July 2023 on completion of a share offer equity fundraise of US\$30 million at a price of 50 pence per share. The offer shares represent approximately 70.7% of WANdisco's existing issued share capital prior to the fundraise. This investment holding is, therefore, being carried by Sarossa at a 50 pence per share value at the 30 June 2023 year end, being the best indication of fair value at that date. The WANdisco shares subsequently increased in value and were trading at a bid price of around 73 pence per share on 26 September 2023.

Cash balances at 30 June 2023 amounted to £0.13 million (30 June 2022: to £0.27 million).

Net assets attributable to holders of Sarossa at 30 June 2023 were £17.26 million (equivalent to £432.01 per share) compared with £20.74 million (equivalent to £519.07 per share) at the previous year end. The decrease in net assets per share reflects the loss of (£3.48) million recorded for the year.

Key performance indicators are set out below:

	<i>30 June 23</i>	<i>30 June 22</i>
Net assets (£ million)	17.26	20.74
Net asset value per share (£)	432.01	519.07
Loss after tax (£ million)	(3.48)	(6.44)
Cash and cash equivalents (£ million)	0.13	0.27

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 2023 Annual Report.

Outlook

The global economy is still being impacted by the adverse impacts of Russia's invasion of Ukraine and rising inflation, together with governments heavily indebted by the financial support measures provided during the period of Covid restrictions. As a result tough financial conditions and tight monetary policy are likely to continue and with growth expected to remain weak by historical standards.

Inflation, geopolitical instability and rising interest rates persist as the primary risks to economic growth and make the current environment a challenging one for investors. Your Board will, therefore, continue to maintain a rigorous and highly selective investment approach with a focus on special situation opportunities that are expected to deliver additional value for shareholders. We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio.

On behalf of the Board

Richard Griffiths
Chairman