

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

29 September 2022

Dear Shareholder,

Sarossa Plc ("the Company") has today issued its Annual Report for the year ended 30 June 2022, 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 2022 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 its 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.

In order to do this, 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 is enclosed. Please complete and return this to Neville Registrars in accordance with the instructions set out in that letter.

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 2022.

Financial Review

Sarossa reported a net loss of (£6.44 million) for the year to 30 June 2022, compared to a net profit of £7.89 million the previous year. This result reflects difficult financial market conditions and included a gross investment loss of (£5.39) million compared with an investment profit of £8.94 million in the previous year.

The gross investment loss comprises unrealised losses of (£5.07) million on the value of portfolio investments, coupled with realised investment losses of (£0.50) million and dividend and other income of £0.18 million (2021: unrealised investment gains of £7.80 million, realised investment gains of £0.95 million and dividend and other income of £0.19 million). Administrative expenses for the year amounted to £1.04 million (2021: administrative expenses of £1.05 million).

A significant element of the Company's unrealised investment losses in the year arose on our Silence Therapeutics Plc investment where prior year unrealised gains were partially reversed as US biotech valuations declined sharply over recent months.

During the year, the Company spent £1.75 million on additional portfolio investments and realised cash proceeds of £2.53 million from the sale of portfolio investments. The Company currently holds 7 portfolio investments, all of which are quoted and for which the carrying value at 30 June 2022 was £20.46 million (30 June 2021: £26.82 million represented by 9 quoted holdings).

Cash balances at 30 June 2022 amounted to £0.27 million (30 June 2021: to £0.76 million).

Net assets attributable to holders of Sarossa at 30 June 2022 were £20.74 million (equivalent to £519.07 per share) compared with £27.18 million (equivalent to £680.10 per share) at the previous year end. The decrease in net assets per share reflects the loss of (£6.44) million recorded for the year.

Key performance indicators are set out below:

	30 June 22	30 June 21
Net assets (£ million)	20.74	27.18
Net asset value per share (£)	519.07	680.10
(Loss)/gain after tax (£ million)	(6.44)	7.89
Cash and cash equivalents (£ million)	0.27	0.76

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 2022 Annual Report.

Outlook

World economies are currently facing many uncertainties associated with the Russia-Ukraine conflict as well as soaring energy prices and rising inflation. In addition, whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of global vaccination programs has allowed for a full reopening of society in many countries during the first half of 2022, uncertainties remain as to the scope of the recovery and the impact of the pandemic in accelerating changes to consumer trends and employee working practices which may severely disrupt certain sectors whilst benefitting others.

The financial support measures taken during the Covid-19 period have also left governments heavily indebted and now facing a slowdown in global economic growth, coupled with rising inflation and interest rates.

These factors and uncertainties 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