

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

4 October 2019

Dear Shareholder,

Sarossa Plc ("the Company") has today issued its Annual Report for the year ended 30 June 2019, 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 29 November 2019 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 2019.

Financial Review

Sarossa Plc ('Sarossa' or 'the Company') experienced a challenging financial year to 30 June 2019, incurring a negative investment return of £(2.64) million and a loss after tax for the year of £(3.26) million compared to a profit of £1.99 million in the previous year.

The loss for the year included unrealised losses of £(4.24) million on the value of portfolio investments, partially offset by realised investment gains of £1.30 million and dividend income of £0.31 million (2018: total investment gains of £1.30 million and dividends of £1.16 million). Administrative expenses of £(0.62) million (2018: administrative expenses of £(0.48) million) were incurred for the year.

During the year, the Company spent £6.21 million on additional portfolio investments and realised proceeds of £8.0 million from the sale of portfolio investments. The Company holds currently 7 portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2019 was £10.84 million (30 June 2018: £15.58 million represented by 6 quoted holdings).

Cash balances at 30 June 2019 amounted to £0.66 million (30 June 2018: £0.14 million).

Net assets attributable to holders of Sarossa at 30 June 2019 were £11.50 million (equivalent to £288 per share) compared with £15.72 million (equivalent to £340 per share) at the previous year end. The decrease in net assets per share reflects the loss of £(3.26) million incurred in the year together with £0.97 million of cash spent on the purchase and cancellation of the Company's own shares.

Key performance indicators are set out below:

	<i>30 June 19</i>	<i>30 June 18</i>
Net assets (£ million)	11.50	15.72
Net asset value per share (£)	287.67	340.19
(Loss)/profit after tax (£ million)	(3.26)	1.99
Cash and short-term deposits with banks (£ million)	0.66	0.14

Share Consolidation and Tender Offer

The Company implemented a consolidation of its ordinary shares on 29 October 2018 on the basis of one new share of £100 for every ten thousand existing shares of 1 pence held. This was undertaken in order to achieve a shareholder structure that is more appropriate for a private company of Sarossa's size and to reduce the burden of a large number of shareholders retaining interests in the Company of minimal value, whilst also providing small shareholders of less than ten thousand existing shares with a liquidity opportunity through the sale of their fractional entitlements at a pro rata proportion of the £155 tender offer price referred to below.

In addition, all remaining shareholders were subsequently also provided with a liquidity opportunity through a tender offer buyback completed on 14 December 2018 at a tender offer price of £155 per new share. Under this, a total of 6,239 shares were repurchased by the Company at a total cost of £0.97 million and those shares were then cancelled.

Following both of these capital transactions, Sarossa now has an authorised share capital of 100,000 ordinary shares of £100, of which 39,962 of these shares are in issue.

Board Changes

Ross Hollyman resigned as a non-executive director from the board of Sarossa on 31 December 2018 following his decision to return to the UK. I thank Ross for his contribution to the Company and wish him well for the future.

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 10 per cent. of Sarossa's net asset value, is provided on pages 2 to 4 of the 2019 Annual Report.

On behalf of the Board

Michael Bretherton
Chief Executive Officer