



Sarossa Plc

Interim Financial Report

For the six months ended 31 December 2021

SAROSSA PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

| | |
|---------------------|--------------------------------|
| Richard Griffiths | <i>Chairman</i> |
| Michael Bretherton | <i>Chief Executive Officer</i> |
| James Ede-Golightly | <i>Non-Executive Director</i> |

COMPANY SECRETARY

James Sutcliffe

COMPANY WEBSITE

www.sarossapl.com

COMPANY NUMBER

115158 (Jersey)

REGISTERED OFFICE

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INDEPENDENT AUDITOR

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SAROSSA PLC
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SAROSSA PLC CHAIRMAN'S STATEMENT

Sarossa Plc ('Sarossa' or 'the Company') recorded an investment loss of £0.56 million during the six month period to 31 December 2021, which together with overhead costs of £0.36 million, resulted in a net loss after tax of £0.92 million. This compares to a profit after tax of £5.25 million in the corresponding 2020 half year period.

During the six months ended 31 December 2021 the Company spent £1.75 million on the purchase of additional shares in an existing portfolio investment. The Company also made disposals of shares in two existing portfolio investments, generating total proceeds of £1.93 million and investment realisation gains of £0.25 million.

The carrying value of Sarossa's investments at 31 December 2021 was £26.00 million and comprised of eight portfolio holdings, all of which were quoted, (30 June 2021: £26.82 million represented by nine quoted investments).

Cash and short-term deposit balances were £0.23 million at 31 December 2021 compared to £0.76 million at the previous 30 June 2021 year end.

Net assets attributable to holders of Sarossa at 31 December 2021 were £26.26 million (equivalent to £657 per share) compared with £27.18 million (equivalent to £680 per share) at 30 June 2021.

Global Developments

The adverse impacts of the unprecedented restrictions put in place by governments globally aimed at controlling Covid19 are beginning to emerge, with pent up demand and supply chain disruption becoming visible in generationally high inflation rates and an impending cost of living crisis set to impact peoples living standards for some time to come.

The recent invasion of Ukraine by Russia has further compounded a weak economic outlook. Numerous national governments have taken measures to impose harsh economic sanctions on Russia, which are expected to adversely impact global trade.

The Board remains confident however that the Company has sufficient liquidity and working capital to maintain its operations for the foreseeable future.

Investment portfolio update

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

An overview of the activities of the portfolio investment businesses in which Sarossa has a holding of over 3% or where the value of the investment comprises at least 10% of Sarossa's net asset value, is given below:

Silence Therapeutics Plc ('Silence') has a listing of American Depositary Shares on the Nasdaq Capital Market. The company is developing a new generation of medicines by harnessing the body's natural mechanism of RNA interference, or RNAi, to precisely target and silence disease-associated genes. As pioneers in the design and development of siRNAs (short interfering RNAs), Silence is using its proprietary mRNAi GOLD™ platform to advance a growing pipeline of both wholly owned programs and partnership programs for diseases with high unmet need. The company's wholly owned product candidates include SLN360 designed to address the high and prevalent unmet need in reducing cardiovascular risk in people born with high levels of lipoprotein(a) and SLN124 designed to address rare iron-loading anemia conditions. Silence maintains ongoing research and development collaborations with AstraZeneca,

Mallinckrodt and Takeda, among others. During the first half of 2021, Silence was successful in completing an oversubscribed £30.8 million private placement led by top-tier U.S. institutional healthcare funds and the company further improved its cash position with the receipt of approximately £33.7 million of non-dilutive capital from its collaboration partners. In January 2022, Silence announced positive topline results in its phase 1 single-ascending dose study of SLN360, an siRNA targeting lipoprotein(a) ("Lp(a)"), in healthy adults with high Lp(a). These first-in-human data for SLN360, reinforce the company's confidence in its potential to substantially lower Lp(a) levels with long-lasting action and address a major unmet need in cardiovascular disease. In a subsequent trading statement released in March 2022 Silence reported an expected loss after tax of £39.4 million for the year to 31 December 2021, driven primarily by continued R&D spend, and the company held cash balances of £73.5 million at that date. Sarossa's shareholding at 31 December 2021 was, and continues to be, 2.07% of the issued share capital of Silence.

Caretech Holdings Plc ("Caretech") is an AIM listed leading provider of specialist residential care home and social care services, supporting adults and children with a wide range of complex needs in the UK. Caretech's core services provide for adults with learning disabilities, individuals who have or are recovering from mental illness, people with autistic spectrum disorder and people who have one or more physical impairments. Its children services cover assessment, residential care, education and fostering options. Caretech has a national presence with around 10,000 staff supporting some 4,500 vulnerable young people and adults. Results for the year to 30 September 2021 showed further revenue increases, up 13.8% to £489.1 million and an increase in underlying profit before tax to £68.3 million. This increased profitability, together with a reduction in debt levels underpinned by a strong property portfolio valuation, enabled the payment of an increased dividend of 9.5 pence. Caretech continues to consolidate its market leading position in the UK and the drive growth in the Gulf markets. In addition, the Company expanded its Digital Technology division, with the acquisition in late 2021 of Rehivsta, Germany's largest provider of augmentative and alternative communication products and services. In early 2022 Sheikh Holdings Group (Investments) Limited, the family office of Haroon and Farouq Sheikh, Group CEO and Group Executive Chairman respectively, announced it was in the early stages of forming a consortium for the purpose of considering making a possible offer for the Company. Sarossa's shareholding at 31 December 2021 was, and continues to be, 0.59% of the issued share capital of Caretech.

Cicassia Group Plc ("Circassia") is an AIM listed global medical device company focused on respiratory diagnostics and management. In January 2022, the company released a trading statement for the year ended 31 December 2021 highlighting revenues of £27.9 million on strong organic growth of 17%. This, together with resilient margins and a reduction in operating costs, resulted in a profitable Group EBITDA of £0.6 million for the first time. EBITDA for its market leading NIOX product, business increased significantly to £2.3M (2020: EBITDA loss £6.8M). Management continued to implement a new sales and marketing strategy with the focus on partnered distribution in China and the USA. This resulted in a significant reduction in operating costs with total expenditure reducing from £27.4 million in 2020 to £18.4 million in 2021. The company held cash balances of £12.6 million at its 31 December 2021 year end and is now both cash generative and debt free. Sarossa's shareholding at 31 December 2021 was, and continues to be, 2.38% of the issued share capital of Circassia.

Plant Health Care Plc ('PHC') is an AIM listed leading provider of novel patent-protected biological products to the global agriculture markets. PHC's proprietary products protect plants against disease and increase crop yields and quality by enhancing natural processes within the plant. PHC offers products to improve the health, vigour and yield of major field crops such as corn, soybeans, potatoes and rice, as well as specialty crops such as fruits and vegetables. The company's lead product is Harpin and PHC also has a new technology segment focused on its PREtec (Plant Response Elicitor technology) platform used to selectively activate the innate growth and defense mechanisms of crop plants. In February 2022, the company released a preliminary trading statement for the year ended 31 December 2021 which reported a 28% increase in revenues to US\$ 8.4 million for the year (2020: US\$ 6.6 million) in addition to improved margins and a cash flow positive commercial business. The company held US\$ 9.2 million of cash balances at the 31 December year end. Sales of Harpin continued to underpin revenue growth in key global

markets. The company also announced the launch of a new PREtec product called Saori, which delivers disease reduction and yield increases into the Brazil, the world's largest soybean market, which they are confident will help deliver further growth. Sarossa's shareholding 31 December 2021 was, and continues to be 3.58% of the issued share capital of PHC.

Griffin Mining Limited ("Griffin") is an AIM listed company, which owns and operates, through its 88.8% owned Joint Venture in China, the Caijiaying Zinc Gold Mine, which is a profitable mine producing zinc, gold, silver, and lead metals in concentrate. The interim results to 30 June 2021 showed increased revenues of US\$54.1 million, (2020: US\$21.3 million) and a profit after tax of US\$10.3 million (2020: loss of US\$3.8 million). These results benefitted from the new mining licence granted in January 2021, as well as an improved market price for zinc, together with lower smarter treatment charges. A subsequent full year to 31 December 2021 production statement highlighted an outstanding year in terms of ore mined and processed, with zinc production up by 21.8% and average zinc prices for the year 2021 up by 40.5%. Sarossa's shareholding at 31 December 2021 was, and continues to be, 1.82% of the issued share capital of Griffin.

In addition to the above, as at 31 December 2021, Sarossa had 3 further AIM listed holdings of below 3% and less than 10% of Sarossa's net asset value. These include a pioneer in harnessing bacteria as a novel and revolutionary class of medicines, a provider of vehicle hire and accident management services and an international provider of integrated state of the art laboratory services, clinical diagnostics and analytical testing services.

Outlook

The Russian invasion of Ukraine and the potential for wider European and global conflict has resulted in a coordinated global effort to impose harsh sanctions on Russia, and which measures are likely to have an adverse economic effect across the globe.

The appalling situation in Ukraine comes on the back of the unprecedented measures taken to contain Covid19 during the past two years, which have wreaked untold damage on global supply chains and sovereign balance sheets.

The impact of these events has fed into the highest levels of inflation seen in a generation, with the resulting deterioration of living standards only just starting to be felt.

All this makes for a high risk economic outlook as governments and countries may seek measures to retain strategic resilience in the event of a repeat of any such future developments.

We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio but recognise the uncertain times that the global economy currently faces. The Sarossa Board shall, therefore, continue to apply discerning and disciplined investment approach to both preserve shareholder capital in the near term and deliver additional value for shareholders over the longer term.

Richard Griffiths
Chairman

30 March 2022

SAROSSA PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2021

| | | 6 months ended 31 December 2021 (Unaudited) £'000 | 6 months ended 31 December 2020 (Unaudited) £'000 | Year ended 30 June 2021 (Audited) £'000 |
|--|---|--|--|---|
| (Loss)/gain on portfolio investments | | (631) | 5,456 | 8,752 |
| Dividend and other income | | 75 | 101 | 187 |
| Gross investment (loss)/gain | 3 | (556) | 5,557 | 8,939 |
| Administrative expenses | | (366) | (312) | (1,048) |
| Operating (loss)/profit | | (922) | 5,245 | 7,891 |
| Finance income | | - | - | - |
| (Loss)/profit before taxation | | (922) | 5,245 | 7,891 |
| Taxation | 4 | - | - | - |
| Comprehensive (loss) /income for the period | | (922) | 5,245 | 7,891 |
| Earnings per ordinary share | | | | |
| Basic and diluted | 5 | (£23.07) | £131.25 | £197.46 |

The loss for the interim period arises from the Company's continuing operations.

There were no items of other comprehensive income or loss for the periods covered by these statements and therefore the (loss) for the period is also the total comprehensive (loss) for the period, net of tax.

SAROSSA PLC
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

| | Share capital £'000 | Capital redemption reserve £'000 | Retained Earnings Reserve £'000 | Total £'000 |
|---|---------------------------|---|--|----------------|
| At 31 December 2020 | 3,996 | 2,398 | 18,138 | 24,532 |
| Total comprehensive income for the period | - | - | 2,646 | 2,646 |
| At 30 June 2021 | 3,996 | 2,398 | 20,784 | 27,178 |
| Total comprehensive loss for the period | - | - | (922) | (922) |
| At 31 December 2021 | 3,996 | 2,398 | 19,862 | 26,256 |

SAROSSA PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

| | Notes | At 31 December 2021 (Unaudited) £'000 | At 31 December 2020 (Unaudited) £'000 | At 30 June 2021 (Audited) £'000 |
|-----------------------------|-------|--|--|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Portfolio Investments | 6 | 26,000 | 24,323 | 26,817 |
| | | 26,000 | 24,323 | 26,817 |
| Current assets | | | | |
| Trade and other receivables | | 57 | 52 | 30 |
| Cash and cash equivalents | | 235 | 181 | 764 |
| | | 292 | 233 | 794 |
| Total assets | | 26,292 | 24,556 | 27,611 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (36) | (24) | (433) |
| Total liabilities | | (36) | (24) | (433) |
| Net current assets | | 256 | 209 | 361 |
| Net assets | | 26,256 | 24,532 | 27,178 |
| Shareholders' equity | | | | |
| Share capital | 7 | 3,996 | 3,996 | 3,996 |
| Capital redemption reserve | 8 | 2,398 | 2,398 | 2,398 |
| Retained earnings reserve | | 19,862 | 18,138 | 20,784 |
| Total equity | | 26,256 | 24,532 | 27,178 |

Approved by the Board and authorised for issue on 30 March 2022.

Michael Bretherton
Chief Executive Officer

SAROSSA PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

| | 6 months ended 31 December 2021 (Unaudited) Notes | 6 months ended 31 December 2020 (Unaudited) £'000 | Year ended 30 June 2021 (Audited) £'000 |
|--|--|--|--|
| Cash flows from operating activities | | | |
| (Loss)/profit before tax for the period | (922) | 5,245 | 7,891 |
| Adjustments for: | | | |
| Unrealised (loss)/gain on revaluation of portfolio investments | 3 | 879 | (4,711) |
| Realised gain on sale of portfolio investments | 3 | (248) | (745) |
| Operating cash flows before movement in working capital | (291) | (211) | (861) |
| Purchase of portfolio investments | 6 | (1,746) | (1,000) |
| Proceeds from sale of investments | 1,932 | 1,213 | 2,617 |
| Increase in trade and other receivables | (27) | (23) | (1) |
| (Decrease)/increase in trade and other payables | (397) | (4) | 405 |
| Cash flows from operating activities | (529) | (25) | 558 |
| Cash flows from financing activities | | | |
| Interest received | - | - | - |
| Cash flows generated from financing activities | - | - | - |
| Net (decrease)/increase in cash and cash equivalents | (529) | (25) | 558 |
| Cash and cash equivalents at beginning of the period | 764 | 206 | 206 |
| Cash and cash equivalents at end of the period | 235 | 181 | 764 |

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed financial statements for the six months ended 31 December 2021. These include unaudited comparatives for the six months ended 31 December 2020 together with audited comparatives for the year ended 30 June 2021.

The financial information for the six months ended 31 December 2021 does not constitute statutory financial statements within the meaning of the Companies (Jersey) Law 1991. A copy of the audited financial statements for the year ended 30 June 2021 has been delivered to the Jersey Registrar of Companies. The auditor's opinion on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter paragraph, and contained no statement under section 113B(3) or section 113B(4) of the Companies (Jersey) Law 1991.

These interim condensed financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 June 2021 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), in accordance with the provisions of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The Company's presentation and functional currency is Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Company's annual financial statements to 30 June 2021. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2021.

Going concern

Information on the business environment, financial position and the factors underpinning the Company's prospects and portfolio are included in the Chairman's Statement. The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future based on the current liquid resources available. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Sarossa Plc for the year ended 30 June 2021.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

3) SEGMENTAL REPORTING

The Directors are of the opinion that the under IFRS 8 – ‘Operating Segments’ the Company has only one reportable segment, being Portfolio Investment Return. Segmental profit or loss is therefore equal to Company profit or loss and this basis of segmentation is consistent with the annual audited financial statements of the Company to 30 June 2021.

| | 6 months ended 31 December 2021 (Unaudited) | 6 months ended 31 December 2020 (Unaudited) | Year ended 30 June 2021 (Audited) |
|--|--|---|---|
| Unrealised (loss)/gain on revaluation of portfolio investments | (879) | 4,711 | 7,804 |
| Gain on disposal of portfolio investments | 248 | 745 | 948 |
| Net (loss)/gain on portfolio investments | (631) | 5,456 | 8,756 |
| Dividend income | 75 | 64 | 136 |
| Other income | - | 37 | 51 |
| Gross investment return | (556) | 5,557 | 8,939 |

4) TAXATION

The accrued tax charge for the six month interim period is based on an estimated worldwide effective tax rate of nil percent, (six months to 31 December 2020: nil percent; year to 30 June 2021: nil percent).

5) EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings or loss per share is calculated by dividing the gain attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings or loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

| | 6 months ended 31 December 2021 (Unaudited) | 6 months ended 31 December 2020 (Unaudited) | Year ended 30 June 2021 (Audited) |
|--|--|---|---|
| (Loss)/Gain for the period (£'000) | (922) | 5,245 | 7,891 |
| Weighted average number of shares | 39,962 | 39,962 | 39,962 |
| Basic earnings per ordinary share | (£23.07) | £131.25 | £194.97 |
| Diluted earnings per ordinary share | (£23.07) | £131.25 | £194.97 |

The Company had no dilutive potential ordinary shares in issue during any reported period and consequently there was also no dilutive impact for those periods.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

6) PORTFOLIO INVESTMENTS

| | Quoted Equity Shares £'000 |
|---|-------------------------------|
| Fair value at 31 December 2020 | 24,323 |
| Additions | - |
| Disposals | (808) |
| Unrealised gain on the revaluation of investments | 3,302 |
| Fair value at 30 June 2021 | 26,817 |
| Additions | 1,746 |
| Disposals | (1,684) |
| Unrealised loss on the revaluation of investments | (879) |
| Fair value at 31 December 2021 | 26,000 |

All portfolio investments are valued at closing bid market price at the reporting date.

7) SHARE CAPITAL

| Ordinary Shares | Number | £'000 |
|--|----------------|---------------|
| Authorised ordinary shares | | |
| At 31 December 2020 and 30 June 2021 | 100,000 | 10,000 |
| At 31 December 2021 | 100,000 | 10,000 |
| Allotted, issued and fully paid ordinary shares | | |
| At 31 December 2020 and 30 June 2021 | 39,962 | 3,996 |
| At 31 December 2021 | 39,962 | 3,996 |

The Company had a total of 39,962 ordinary shares, each with a nominal value of £100, in issue at the period end.

8) EQUITY CAPITAL AND REDEMPTION RESERVE

| | Share capital £'000 | Capital redemption reserve £'000 |
|--------------------------------------|---------------------------|--|
| At 31 December 2020 and 30 June 2021 | 3,996 | 2,398 |
| At 31 December 2021 | 3,996 | 2,398 |

9) RELATED PARTY TRANSACTIONS

During the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

10) HALF YEAR FINANCIAL REPORT

A copy of this half year report, as well as the annual statutory accounts is available on the Company's website at www.sarossapl.com.