



Sarossa Plc

Interim Financial Report

For the six months ended 31 December 2023

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

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INDEPENDENT AUDITOR

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SAROSSA PLC
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Sarossa Plc ('Sarossa' or 'the Company') reported a net profit after tax of £6.18 million during the six-month period to 31 December 2023 compared to a net gain after tax of £1.41 million for the corresponding half year period in 2022. This good performance comprised investment gains of £6.30 million, together with dividend and other income of £0.28 million, partially offset by overhead costs of £0.40 million. The investment gains included £5.70 million of unrealised increases in value on portfolio investments of which a large element arose on our U.S. listed Silence Therapeutics investment holding.

During the six months ended 31 December 2023 the Company spent £0.20 million on the purchase of additional shares in an existing quoted portfolio investment and received cash proceeds of £0.40 million on a partial disposal of one of its quoted holdings, generating a realised gain of £0.28 million.

The carrying value of Sarossa's investments at 31 December 2023 was £23.23 million and comprised of nine portfolio holdings, of which seven were quoted and two were unquoted (30 June 2023: £17.12 million represented by seven quoted and two unquoted investments).

Cash and short-term deposit balances were £0.19 million at 31 December 2023 compared to £0.13 million at the previous 30 June 2023 year end.

Net assets attributable to holders of Sarossa at 31 December 2023 were £23.44 million (equivalent to £587 per share) compared with £17.26 million (equivalent to £432 per share) at 30 June 2023.

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.

Investment businesses in which Sarossa has a holding of over 3% of the issued share capital or where the value of the investment comprises at least 5% of Sarossa's net asset value at 31 December 2023 comprised **Silence Therapeutics Plc** ('Silence'), **Niox Group Plc** ("Niox"), **Amalfi Bidco Limited** ("Amalfi") which holds **Caretech Holdings Limited** ("Caretech") as its principal business subsidiary, **Griffin Mining Limited** ("Griffin"), and **Redde Northgate Plc** ("Redde "). An overview of the activities of these investment businesses is given below:

Silence has a listing of American Depositary Shares ("ADSs") on the Nasdaq Capital Market. The company is developing a new generation of precision engineered medicines that harness the body's natural mechanism of RNA interference to precisely target and silence disease-associated genes in the liver. Silence's wholly owned product candidates include zerlasiran (SLN360), designed to address the high and prevalent unmet medical need in reducing cardiovascular risk in people born with high levels of lipoprotein(a), and divesiran (SLN124), designed to address hematological diseases, including polycythemia vera (PV). Silence also maintains ongoing research and development collaborations with AstraZeneca, Mallinckrodt Pharmaceuticals, and Hansoh Pharma, among others. Silence reported a loss after tax of £20.6 million for the six-month period ending 30 June 2023 on revenues of £20.5 million. The loss reflects an increase in research and development expenses, partially offset by an increase in revenue from collaboration agreements. The company held cash and equivalent balances of £50.2 million at that 30 June 2023 date. Subsequently, in February 2024 Silence announced achievement of a US\$10 million AstraZeneca milestone payment representing the first clinical milestone under its collaboration agreement. This is the third program to enter the clinic from Silence's mRNAi platform. Also in February 2024, Silence announced net proceeds of approximately £94.6 million from a successful private placement fund raise. The additional funding allows the company to advance its divesiran PV program through Phase 2 and into the next phase of development and to also continue Phase 3 readiness activities for zerlasiran and progress partnering discussions for this program. Sarossa's shareholding at 31 December 2023 was

1.69% of the issued share capital of Silence and was subsequently diluted to 1.46% consequent to the recently announced private placement Silence share issue fund raise.

Niox is an AIM listed global medical device company focused on point of care asthma diagnosis and management. Niox is a debt-free business with a strong NIOX® asthma management products-based business. The company is continuing its growth as a distributor-led business implementing access to a large and underserved population of patients suffering from asthma. All three of its key geographic areas of Asia Pacific, EU and USA generated good growth in the 2023 year. Niox is also making good progress in expanding sales in to the UK primary care sector and where the NHS is supporting the use of FeNO testing using NIOX devices. For the year ended 31 December 2023, NIOX sales increased 18% to £36.8 million and generated an EBITDA profit of £11.4 million. The company had net cash balances of £19.9 million at the year-end, reflecting £11.0m of operating cash flow generation in the year, plus a further \$3.5m received from Beyond Air under the settlement agreement following FDA approval for its LungFit PH device, partially offset by a special dividend of £10.5m paid to shareholders. During 2024, management's focus will be on growing revenues in the USA, expanding into new healthcare professional channels and developing a product for home-use. The shareholding of Sarossa at 31 December 2023 was, and continues to be, 1.94% of the issued share capital of Niox.

Caretech is the principal business subsidiary of Amalfi which is a private company. Caretech is a 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 UK presence with around 11,000 staff supporting some 5,000 vulnerable young people and adults. Its property portfolio comprises over 400 freehold and long leasehold properties. In recent years CareTech has also invested in technology to provide, via its Smartbox platform, software, hardware and augmentative and alternative communication products and services that helps individuals without speech to have a voice and live more independently. CareTech also has an emerging presence in international markets in the Middle East and Gulf region where it is a provider of integrated care and technology solutions for the mental health, social care, special education and physical healthcare needs and disabilities in local communities. Sarossa's shareholding at 31 December 2023 was, and continues to be, 1.71% of the issued share capital of Amalfi.

Griffin is an AIM listed mining and investment company that has been the leader in foreign investment in mining in China, having been engaged in developing the Caijiaying zinc and gold Zone III mining project since 1997. In January 2021, Griffin announced a major achievement in finally securing a significant new zone II mining license from the Chinese Ministry of Land and Natural Resources which elevates Griffin to being one of the largest zinc producers in China. Revenues for the half year to 30th June 2023 amounted to US\$69.5 million and generated a profit before tax, depreciation, and interest of US\$23.9 million and a profit after tax of US\$5.2 million. The cash inflow from operations for the half year amounted to US\$21.4 million. Griffin has continued to report outstanding production numbers during the second half of the year and mining and processing have now reached the equivalent of over 1.5 million tonnes of ore per annum, all of which has been extracted from its Zone III mining license. With Griffin's increasing cash generating capacity and growing cash balances, which were reported as US\$46.9 million as at 30th June 2023 and with no debt, the directors resolved to return excess monies not required to meet financial and working capital requirements to shareholders. In light of the severely undervalued nature of the company's share price, this return of excess monies has initially been implemented via a share buy-back programme and 10.3 million shares so purchased were subsequently cancelled in February 2024. The directors are continuing to review the strategic direction and options for the company including payment of dividends, further share buybacks, realisation of asset value, acquisitions and listings on other stock exchanges. The shareholding of Sarossa in Griffin as at 31 December 2023 was, and continues to be, 1.72% of the Griffin shares in issue.

Redde is an LSE listed provider of integrated mobility solutions across the full automotive vehicle lifecycle covering vehicle rental, vehicle data, accident management, vehicle repairs, fleet management, service and maintenance, vehicle ancillary services and vehicle sales. The company services its customers, which include businesses, fleet operators, insurers and OEMs, through a network and diversified fleet of over 130,000 owned and leased vehicles, supporting over 700,000 managed vehicles, with around 175 branches across the UK, Ireland and Spain and a specialist team of over 7,400 employees. Redde aims to utilise its scale, reach and comprehensive suite of integrated services to offer a market-leading customer proposition and drive revenue growth in conjunction with bolt on acquisitions. Those acquisitions have included Electric Vehicle (EV) infrastructure and charging equipment assets in order to provide an EV platform to expand its offerings in this important and growing area as both its own EV fleet and its customers' EV fleets evolve. Redde reported revenues of £911.3 million in the half year to 31 October 2023 which were up by 30.9% and reflected strong traffic and accident management volumes, fleet growth, pricing increases, and continued robust residual values. The profit after tax for the period amounted to £74.6 million and the declared interim dividend was increased by 10.7% to 8.3p per share. The shareholding of Sarossa at 31 December 2023 was, and continues to be, 0.14% of the issued share capital of Redde.

In addition to the above, at 31 December 2023, Sarossa had 4 further investment holdings. Of these, 3 are AIM listed holdings, being **Seeing Machines Limited**, which is an industry leader in advanced AI powered computer vision technologies using camera-based optics and embedded processing to improve transport safety in automotive, commercial fleet, aviation, rail and off-road markets, **Plant Health Care Plc** which is an AIM listed leading provider of novel patent-protected biological products to the global agriculture markets and which products protect plants against disease and increase crop yields and quality by enhancing natural processes within the plant, and **Cirata Plc**, which is a data activation company that enables organisations to move large datasets to the cloud at massive scale in order to activate all their data for AI, machine learning and analytics on modern cloud data platform. The other investment is a private company holding in **Source Bioscience International Ltd**, which is an international provider of state-of-the art laboratory services, clinical diagnostics and analytical testing services.

Outlook

There remain prevailing concerns over global growth and the impact of Russia's invasion of Ukraine and Israel's war on Gaza, together with the increasing geopolitical tensions between the USA and China. In addition, the growth outlook is also still being impacted by high levels of government debt in much of the developed world with resultant tight monetary policy likely to continue and add to financial system vulnerabilities.

These risks and concerns continue to make the current environment a challenging one for investors and it seems unlikely that investor sentiment will change significantly in the immediate future. 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.

Richard Griffiths
Chairman
19 March 2024

SAROSSA PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 31 DECEMBER 2023

		6 months ended 31 December 2023 (Unaudited) £'000	6 months ended 31 December 2022 (Unaudited) £'000	Year ended 30 June 2023 (Audited) £'000
Gain/(loss) on portfolio investments		6,297	1,749	(2,806)
Dividend and other income		281	62	106
Gross investment gain/(loss)	3	6,578	1,811	(2,700)
Administrative expenses		(400)	(402)	(783)
Operating profit/(loss)		6,178	1,409	(3,483)
Finance income		2	3	4
Profit/(loss) before taxation		6,180	1,412	(3,479)
Taxation	4	-	-	-
Comprehensive income/(loss) for the period		6,180	1,412	(3,479)
Earnings/(loss) per ordinary share				
Basic and diluted	5	£154.64	£35.33	(£87.06)

The gain 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 gain for the period is also the total comprehensive gain for the period, net of tax.

SAROSSA PLC
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	Share capital £'000	Capital redemption reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 31 December 2022	3,996	2,398	15,761	22,155
Total comprehensive loss for the period	-	-	(4,891)	(4,891)
At 30 June 2023	3,996	2,398	10,870	17,264
Total comprehensive income for the period	-	-	6,180	6,180
At 31 December 2023	3,996	2,398	17,050	23,444

SAROSSA PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	Notes	At 31 December 2023 (Unaudited) £'000	At 31 December 2022 (Unaudited) £'000	At 30 June 2023 (Audited) £'000
ASSETS				
Non-current assets				
Portfolio Investments	6	23,228	21,955	17,123
		23,228	21,955	17,123
Current assets				
Trade and other receivables		63	66	47
Cash and cash equivalents		193	170	126
		256	236	173
Total assets		23,484	22,191	17,296
LIABILITIES				
Current liabilities				
Trade and other payables		(40)	(36)	(32)
Total liabilities		(40)	(36)	(32)
Net current assets		216	200	141
Net assets		23,444	22,155	17,264
Shareholders' equity				
Share capital	7	3,996	3,996	3,996
Capital redemption reserve	8	2,398	2,398	2,398
Retained earnings reserve		17,050	15,761	10,870
Total equity		23,444	22,155	17,264

Approved by the Board and authorised for issue on 19 March 2024.

Michael Bretherton
Chief Executive Officer

SAROSSA PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	6 months ended 31 December 2023 (Unaudited) £'000	6 months ended 31 December 2022 (Unaudited) £'000	Year ended 30 June 2023 (Audited) £'000
Cash flows from operating activities			
Profit/(loss) before tax for the period	6,180	1,412	(3,479)
Adjustments for:			
Finance income	(2)	(3)	(4)
Realised gain on sale of portfolio investments	3 (50)	(970)	(480)
Unrealised Foreign Exchange (gain)/loss	3 (320)	(238)	441
Unrealised (gain)/loss on revaluation of portfolio investments	3 (5,927)	(541)	2,845
Operating cash (outflows) before movement in working capital	(119)	(340)	(677)
Purchase of portfolio investments	6 (204)	(1,593)	(2,980)
Proceeds from sale of investments	396	1,851	3,515
Decrease/(increase) in trade and other receivables	(16)	(17)	2
Increase/(decrease) in trade and other payables	8	(4)	(8)
Net cash inflows/(outflows) from operating activities	65	(103)	(148)
Cash flows from investing activities			
Finance income earned	2	3	4
Net cash inflows from investing activities	2	3	4
Net increase/(decrease) in cash and cash equivalents	67	(100)	(144)
Cash and cash equivalents at beginning of the period	126	270	270
Cash and cash equivalents at end of the period	193	170	126

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

1) BASIS OF PREPARATION

The interim financial statements of Sarossa Plc are unaudited condensed financial statements for the six months ended 31 December 2023. These include unaudited comparatives for the six months ended 31 December 2022 together with audited comparatives for the year ended 30 June 2023.

The financial information for the six months ended 31 December 2023 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 2023 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 2024 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK), 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 2023. 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 2023.

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 2023.

SAROSSA PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

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 2023.

	6 months ended 31 December 2023 (Unaudited)	6 months ended 31 December 2022 (Unaudited)	Year ended 30 June 2023 (Audited)
Unrealised gain/(loss) on revaluation of portfolio investments	5,927	541	(2,845)
Unrealised foreign exchange gain/(loss)	320	238	(441)
Gain on disposal of portfolio investments	50	970	480
Net gain/(loss) on portfolio investments	6,297	1,749	(2,806)
Dividend income	273	55	91
Other income	8	7	15
Gross investment return	6,578	1,811	(2,700)

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 2022: nil percent; year to 30 June 2023: 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 2023 (Unaudited)	6 months ended 31 December 2022 (Unaudited)	Year ended 30 June 2023 (Audited)
Gain/(loss) for the period (£'000)	6,180	1,412	(3,479)
Weighted average number of shares	39,962	39,962	39,962
Basic earnings/(loss) per ordinary share	£154.64	£35.33	(£87.06)
Diluted earnings/(loss) per ordinary share	£154.64	£35.33	(£87.06)

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 2023

6) PORTFOLIO INVESTMENTS

	Quoted Equity Shares £'000	Unquoted Equity Shares £'000	Total £'000
Fair value at 31 December 2022	18,051	3,904	21,955
Additions	1,387	-	1,387
Disposals	(2,154)	-	(2,154)
FX loss	(679)	-	(679)
Unrealised loss on the revaluation of investments	(3,386)	-	(3,386)
Fair value at 30 June 2023	13,219	3,904	17,123
Additions	204	-	204
Disposals	(346)	-	(346)
FX gain	320	-	320
Unrealised gain on the revaluation of investments	5,927	-	5,927
Fair value at 31 December 2023	19,324	3,904	23,228

All quoted investments for which an active market exists are valued at closing bid-market price at the reporting date. Unquoted investments are stated at a Directors' estimate of their fair value determined in accordance with IPEVVCV guidelines as described in the accounting policies note to the audited financial statements of the Company for the year ended 30 June 2023.

7) SHARE CAPITAL

Ordinary Shares of £100	Number	£'000
Authorised ordinary shares		
At 31 December 2022 and 30 June 2023	100,000	10,000
At 31 December 2023	100,000	10,000
Allotted, issued and fully paid ordinary shares		
At 31 December 2022 and 30 June 2023	39,962	3,996
At 31 December 2023	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) CAPITAL REDEMPTION RESERVE

	Capital redemption reserve £'000
At 31 December 2022 and 30 June 2023	2,398
At 31 December 2023	2,398

The capital redemption reserve arose on historic buybacks of the Company's own shares.

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.