



31 March

2024

Compounding wealth long-term

Rockwood Strategic Plc

Report and Accounts for the year ended 31 March 2024

ROCKWOOD
STRATEGIC 

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Throughout this report we use the more concise terms RKW or the Company.

Rockwood Strategic plc ("RKW") is an Investment Trust managed by Harwood Capital LLP, listed on the premium segment of the Main Market of the London Stock Exchange that invests in a focused portfolio of smaller UK public companies. The strategy identifies undervalued investment opportunities, where the potential exists to improve returns and where the company is benefitting, or will benefit, from operational, strategic or management changes. These unlock, create or realise value for investors.

Harwood Capital LLP ("HC LLP") was incorporated in 2003 and is the Investment Manager for Rockwood Strategic Plc and Harwood Private Clients.

HC LLP is a wholly owned subsidiary of Harwood Capital Management Limited and is authorised and regulated by the Financial Conduct Authority ("FCA"), authorisation number 224915 and is led by Christopher Mills. The funds managed and advised by HC LLP follow an active, value approach towards the businesses in which they invest. Mr Mills is a member of the Rockwood Strategic Plc Investment Advisory Group.

Highlights

Highlights for the period include:

- NAV Total Return performance in the twelve months to 31 March 2024 of 5.1% to 206.04p/share*, which compares to a decline in the FTSE Aim All-Share of 8.6% and a rise in the FTSE Small Cap (ex-ITs) of 7.1%.
- The Total Shareholder Return in this period was 15.4%*.
- NAV Total Return performance in the three years to 31 March 2024 of 57.0%*, which compares to the FTSE Small Cap (ex-ITs) of -6.8% and the FTSE Aim All-Share of -38.5%. The Total Shareholder Return in this period was 70.1%*.
- Price of shares moved from a discount to NAV of 7.1% to a premium of 1.9%*.
- Significant new investor demand resulted in issuance of 5,778,630 new shares, increasing share count by 22.7% and, alongside performance, growing NAV to £64.3m. NAV has now grown 58.0% in the last two years, building scale.
- Five new portfolio investments purchased during the period, as funds received from four takeovers and stock issuance were re-deployed.
- Conducted 10 for 1 stock split during period.

* These are considered to be Alternative performance Measures (APMs). See APMs on page 51.

Chairman's Statement



Noel Lamb

Chairman
Rockwood Strategic Plc

Dear Shareholder,

I am pleased to report a successful year for Rockwood Strategic plc ("RKW"), achieved against challenging U.K. equity market conditions. Whilst some in our sector are struggling to survive with the recent exodus from our domestic market, RKW has grown Net Asset Value ("NAV") per share, increased assets through new issuance and improved the share price from a discount to a premium to NAV. In short, RKW has been the best performing UK small companies fund according to Association of Investment Companies data for the previous three and five years ended 31 March 2024.

NAV Total Return performance in the twelve months to 31 March 2024 was 5.1%¹ which compares to an increase in the FTSE Small Cap (ex-ITs) of 7.1% and a fall in the AIM All-Share Index of 8.6%. The Total Shareholder Return in this period was 15.4%¹. The differentiated, stock-specific driven approach of the strategy has shown that positive returns are possible despite negative macroeconomic and market conditions or wider geo-political developments. Management fees were charged at a fixed fee of £120,000 per annum whilst the assets were below £60m, yet having recently exceeded this level, due to sustained absolute performance and new issuance, switched to 1.0% per annum under the terms of the Investment Management Agreement. This is competitive with other specialist investment fund mandates. Long term shareholders may recall the previous manager's fee level was 1.5%. The hurdle for a performance fee was not met.

Our Investment Manager has been industrious as evidenced by 6 new holdings, a number of positive outcomes from 'constructive

engagement' in existing investments and a plethora of marketing and investor education initiatives. Of the 20 companies in the portfolio, 15 have been initiated since 2022. With a 3-to-5-year typical investment thesis, the Board anticipates a fruitful period ahead. Shareholder value realisation is expected as operational turnarounds are delivered, strategic initiatives actioned and our investments mature under new or evolved management and boards. It is worth remembering that performance in any short period under review will be primarily due to the individual performances of a handful of our holdings.

The Board shares the view of the manager that the UK small companies market continues to provide a significant investment opportunity, due to the inefficient pricing of poorly researched or misunderstood companies trading at historically low valuations, further depressed by industry outflow driven selling. The Investment Manager is using their long experience and specialist insight to identify a small number of the very best opportunities which, if unrecognised by domestic market participants, will inevitably be on the receiving end of corporate interest; indeed during the year RKW received 4 takeover approaches for its portfolio companies.

Our shareholders voted for the Board's recommendation for a 10 for 1 stock split during the first half of the year, a measure which often improves liquidity. Growing the NAV remains a priority for the Trust. This will open up a wider set of investment opportunities in the targeted part of the UK small cap market where the manager can purchase significant investee company ownership stakes. I am also

delighted to report that the shares have been trading at a 1.9% premium to NAV, unwinding last year's closing discount of 7.1%. This has allowed RKW under its authorities to issue £11.5m worth of new shares to new investors satisfying demand. Issuance accelerated during the financial year and the Trust has reached its 20.0% rolling annual limit. This is no mean feat given 34 months of consecutive monthly UK fund outflows at a sector level and the general level of sentiment towards UK equities, illustrated by the almost entire absence of IPOs, during the period. We warmly welcome all our new fellow shareholders, who see the investment opportunity this market and strategy offers.

The Board believes that, until the Company has gained greater scale, it will retain the maximum capital allowable to maximise the compounding of NAV growth. The portfolio has generated good income though, including receiving two special dividends, and RKW will thus return to the dividend list in a modest way with a 0.6p final payment. Our AGM will be held on 31 July for those that would like to meet the Board members and Investment Manager in person. Finally, I would like to extend, on behalf of all our shareholders, the Board's thanks to Mr Richard Staveley and all the team at Harwood Capital who have delivered so well in the period under review.

Yours sincerely,

Noel Lamb
Chairman RKW

18 June 2024

¹ These are considered to be Alternative performance Measures (APMs). See APMs on page 51.

Board of Directors



Noel Lamb

Independent, Non-Executive Chairman

Noel graduated from Exeter College, Oxford and is a barrister-at-law. Commissioned into the 5th Royal Inniskilling Dragoon Guards, he served as ADC to the Commandant of the Royal Military Academy Sandhurst and Adjutant of the North Irish Horse. He joined Lazard Brothers & Co Limited in 1987 and from 1990 to 1997 he was the managing director of Lazard Japan Asset Management where he was the fund manager for their Japanese equities. In 1997, he moved to the Russell Investment Group where he established the investment management capability of Russell in London. In 2002, he was promoted to Chief Investment Officer in North America where he managed assets of \$150bn until his departure in 2008. Noel is also currently a director of Nippon Active Value Fund and a director of Guinness Asset Management Funds.



Kenneth Lever

Senior Non-Executive Director
Chairman of the Audit Committee

Ken is Chair of the Audit Committee at Rockwood Strategic, Chairman of Cirata plc, NED of Vertu Motors plc and Deputy Chairman and NED of Rainier Developments Limited. Ken was previously Chief Executive of Xchanging plc and during his career has held listed company executive board positions with Tomkins plc, Albright and Wilson plc, Alfred McAlpine plc and private equity owned Numonyx BV.

In his early career Ken qualified as a Chartered Accountant and became a partner in Arthur Andersen. Until 2014 Ken was a member of the UK Accounting Standards Board. He is Chairman of the Advisory Board of the Alliance Manchester Business School. Ken graduated from the University of Manchester with a degree in Management Sciences.



Paul Dudley

Non-Executive Director

Paul Dudley is a Fellow of the Institute of Chartered Accountants of England and Wales and is a Member of the UK's Chartered Institute of Securities and Investment. Paul founded Aer Ventures in 2011, where he is Managing Partner, a corporate advisory business that is Authorised and Regulated by the UK's Financial Conduct Authority. Previously he worked at stockbroking firm WH Ireland where he was approved as a Qualified Executive acting as the Corporate Finance adviser on AIM corporate transactions.

Paul graduated from Durham University and began his career at PricewaterhouseCoopers. He is currently a director of a number of public and private companies including Celsius Resources Ltd, Watercycle Technologies Ltd and Pyne Gould Corporation Ltd.

Investment Manager's Report

Highlights

- NAV Total Return performance in the twelve months to 31 March 2024 of 5.1% to 206.04p/share, which compares to a decline in the FTSE Aim All-Share of 8.6% and a rise in the FTSE Small Cap (ex-ITs) of 7.1%.
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Market backdrop

This was yet another challenging period for UK small company investors with material mood swings through the year and rising media coverage about a weakening domestic capital market environment. With a moribund lack of new issues, sustained retail outflows from UK funds, a stagnant (at best) economy and interest rates rising a further 1.0% to 5.25%,

the highest for 15 years, it is not surprising sentiment has been weak. CPI inflation started the year at an annual rate of 8.9%. The contrast has been exceptionally strong stock market performances from US household name technology companies; Amazon, Google (Meta), Microsoft and Apple alongside the phenomenon which is Nvidia. These stocks are freely available to purchase now for the average individual investor, 'benchmark chasing' fund manager and 'non-thinking' tracker or ETF fund. It is not difficult to see how a 'broken' UK narrative is leading to shunned domestic investment and the alternative attractions of momentum and Ai. John Templeton's great insight into markets, though, springs to mind: "Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy". How might this statement be applied to the 'Magnificent 7' and UK small cap equities?

What should cheer everyone up? Or maybe, more importantly, what could stop the selling, or, we dare to ask, support the buying of UK equities, particularly small ones? The positive market backdrop factors appear to be as follows: The UK inflation rate has been consistently falling, to lower than half the rate a year ago. It appears on track now for the approximate target Bank of England rate and thus interest rates should start to fall during the next year. Unemployment is near multi-decade lows at 3.9% and consumer confidence in increasing, unsurprisingly when real income growth has turned positive. Market M&A is building as professional external parties, both trade buyers and private equity act on opportunities within the UK market, signalling value. Sceptics will chuckle, but the announcement of the Mansion House reforms,

* These are considered to be Alternative performance Measures (APMs). See APMs on page 51



Richard Staveley
Lead Fund Manager



Nicholas Mills
Assistant Fund Manager



Christopher Mills
Advisory Group Member
CIO Harwood Capital LLP

where a number of huge asset managers committed to increased UK investment, including the AIM and the creation of a British ISA, do imply politicians are now conscious that help is needed to stimulate demand for small listed equities. Indeed, without them the country will not end up with medium sized or large ones. These are, modest steps and will take time to impact investor flows, but are a good base to build upon from a policy direction perspective.

The other key aspects of the market backdrop remain a robust US economy, creating headwinds for the timing of a reduction in their interest rates and a weak Chinese economy, where the effects of poor capital investment and lending discipline are unwinding. High profile conflicts in Ukraine and the Middle East have increased 'tail-risks', which when combined with Central Bank buying and anticipation of looser monetary policy, have provided support for Gold. Housing and property markets are weak as they adjust to higher interest rates and tighter credit markets.

Outlook

We have provided a 'market-backdrop' section above, but as we have previously stated, over the medium-term, market factors will not be the primary determinant of Rockwood's returns, it will be stock-specific risk and return. In this regard, we would express strong confidence in the portfolio. This is predicated on three contributing factors:

- Firstly the current valuations of our holdings are materially below our estimate of their combined intrinsic value. Low starting valuations are critical to future positive returns.
- Secondly, and rather frustratingly, a number of our investments have fallen in price during the year despite their fundamentals actually improving or management and Board evolutions having been completed. In essence, these stocks are on track with our medium-term theses, indeed further up the maturity curve towards shareholder value delivery, yet the current malaise in markets has led to lower prices than a year ago. Our experience suggests this will be a temporary dislocation.
- Thirdly, during the year we deployed a material amount of capital into new holdings. This has been even more than we anticipated at the start of the year

when the proceeds from the Crestchic takeover had increased cash to 21.1% of NAV: We have had a number of takeover bids in the year, validating our approach to identifying unrecognised value, which has also been re-invested. We have also had the proceeds of new issuance to invest. Cumulatively this has meant we have been able to buy more of our maturing investments at favourable prices and also we have, in a buyer's market, been able to purchase 6 new investments, all of which we target at least 100.0% upside, and represented 24.0% of the portfolio at period end.

An understanding of the maturity stage of the portfolio holdings is paramount to the confidence which underpins our view of the future NAV growth opportunity. To simply illustrate, Flowtech Fluidpower's new management team is now fully in place with initiatives to improve returns underway. In 2023 they generated 5.3% operating margins. Management are targeting "mid-teens". At RM, their new strategy and cost savings were unveiled by the new management team, in which they stated their new goal to quintuple 2023 EBITDA. At Trifast the operating margin in the year to March 2024 is expected to be c.5.0%. The company target is 10.0%, re-committed to by the new management team. All three stocks fell in value during the period. We bought more of all three stocks. During the year our proposed candidate for the Board was appointed to RM and Nick Mills of Harwood joined the Board of Trifast. Already, Jamie Brooke of the Rockwood Investment Advisory Group is on the Board of Flowtech Fluidpower. The main virtue required now is patience. Material profit recovery is likely at all of these key holdings above, alongside many others.

Overall, the portfolio holdings are well-financed with strong balance sheets in almost all cases, or are de-leveraging quickly in the remainder. We finished the year with £3.9m of net current assets, 6.1% of NAV. We expect a hasty reversal of negative sentiment when interest rates start falling. Our pipeline of new investments remains busy with due diligence finished on some, where we wait patiently for an optimised entry point and is on-going on others, where we feel no rush to execute until we have sufficient clarity on the 'margin of safety'.

We expect the pickup in trade buyer acquisition activity and public-to-private transactions to accelerate in the coming years for our targeted part of the UK stock market. If the

stock market doesn't fairly value or provide growth capital to UK listed small companies then alternative solutions for shareholders will emerge. This dynamic should deliver material, absolute NAV growth for the current portfolio holdings as it did during the year. Whilst a dead IPO market is not 're-populating' the UK market, we expect this to eventually pick up again as broader confidence improves.

We ended with 7 'Core' holdings and 12 'Springboard Opportunities' with the top ten holdings accounting for almost the same as the prior year end at 64.3% of NAV.

Investment Philosophy

- 'Value' investor mindset and free cash flow focused
- Seek proven businesses, identifiable assets
- Establish mean reversion potential (profitability, balance sheet and valuation re-rating)
- Identify catalysts for change
- Develop exit thesis to mitigate illiquidity risks (3-5-year time horizon)
- Engage with all stakeholders to de-risk and add value

We believe that investment returns are generated by purchasing a share for less than the intrinsic worth of the company, (a 'value' philosophy), which is enhanced by identifying companies which can increase their fundamental intrinsic worth over time, thus avoiding 'value traps'. We seek to optimise the IRR by identifying 'catalysts' which will unlock the share's discount to the business's worth or accelerate value creation. For 'core' investments we ourselves may be the 'catalyst' through the provision of capital, insight and personnel through constructive engagement with the Board, management and other stakeholders.

Investment Manager's Report (continued)

Top 10 Holdings as % of NAV

Company	Sector	%
RM plc	Education services	9.4
Trifast	Industrials	8.4
M&C Saatchi	Media	8.1
Funding Circle	Financial Services	6.8
Filtronic	Technology	6.7
STV Group	Media	5.3
Centaur Media	Media	5.2
Pressure Technologies	Industrials	4.8
Argentex Group	Financial Services	4.8
Flowtech Fluidpower	Distribution	4.8
Total		64.3
Cash and equivalents	Cash and equivalents	6.1

Top 5 Investment Portfolio Holdings Commentary

RM Plc 9.4% Net Assets ('Core')

Cost: £4.96m, Value as at 31 March 2024, £6.07m, IRR to date 23.4%

The company is an established and leading supplier to the education market. It has three divisions: firstly an educational supplies business which reaches 90.0% of UK Primary schools selling everything from basic supplies to bespoke teaching aids, often encouraged by the curriculum. The second is a leading assessment business which marks exams from the International Baccalaureate to A-levels both in the UK and abroad. The final division provides outsourced technology services to groups of schools. During the year the company's lenders extended their facilities to the company, which is important given elevated debt levels. The new CEO completed a number of senior hires, including a new CFO and we were very pleased to see Christopher Humphries appointed Senior Independent Director. The new strategy has been unveiled which rightly targets improved focus and we believe strongly that RM should move to a single division business, paying off its debt in the process. The business which has a long history of cash generation, now stabilised after the recent collapse in profitability and we expect material profit growth over the coming years, indeed management are targeting 5x the 2023 EBITDA outcome. We believe that the shares have a 'sum-of-the-parts' valuation materially above the current share price and expect the evolved Board and new

management team to create and realise considerable shareholder value through a well-managed divisional disposal process and operational turnaround.

Trifast 8.4% Net Assets ('Core')

Cost: £5.64m, Value as at 31 March 2024, £5.38m, IRR to date -4.6%

The company is an international manufacturer (30.0%) and distributor (70.0%) of fasteners (nuts 'n' bolts) and has been established for a number of decades. With 34 locations, of which 7 are high volume manufacturing sites, 15 billion parts are sold per year and over 1200 employees. Sales exceed £240m with a long history of profitability and cash generation. The company has material net assets and is well invested in plant and machinery. However, returns have fallen and Return on Capital Employed ("ROCE") is poor. The operating margin is depressed vs its long history and competitors and a management and Board evolution has now been completed. This included the appointment of Nick Mills from Harwood as a Non-Executive Director ("NED"). A restructuring program to deliver savings is underway and we expect progress from a c.5.0% operating margin to a 10.0% operating margin over the next 2-3 years. 75.0% of sales are customer-specific branded products with an 18-year average tenure of the top ten customers, the largest being <7.5% sales. Net Debt had become elevated not least due to a bulging inventory position of over £100m, which is now unwinding. We can identify a significant multi-year turnaround and recovery opportunity with scope to materially increase cash generation, improve returns

and profits leading to a normalisation and expansion of the valuation.

M&C Saatchi 8.1% Net Assets ('Springboard/Opportunity')

Cost: £3.32m, Value as at 31 March 2024, £5.22m, IRR to date 22.8%

The company is one of the world's best known global advertising and communications advice agencies with clients stretching from governments to supra-national organisations (e.g. The World Bank) to the world's leading consumer brands (e.g. Samsung) and social media sites (e.g. TikTok). Following a period of turmoil, the Board and management team have undergone significant change. Under the dynamic new Chair, the business has been making considerable operating savings, disposing of loss-making operations and streamlining the business, including the move to shared services. H2 2023 results demonstrated a turnaround is underway, which as it matures should highlight a growing, high margin, low capital intense, highly cash generative, international business. They also clearly expose the exciting activities the business undertakes in 'Passion' sectors, such as sport, alongside their almost unique 'world issues' non-cyclical division which advises a range of governments and supra-national organisations. The upside to our view of fair value is considerable. Profit progress should be made in 2024 irrespective of the tough end market conditions, however when these inevitably pick-up, the profit recovery potential will be supercharged. The company has almost finished buying out its minority partners, has now put in place a new CEO, CFO, co-Creative Directors and has net cash. The shares still remain below the rejected level of the 2022 takeover offer.

Funding Circle (New Holding) 6.8% Net Assets ('Springboard/Opportunity')

Cost: £3.48m, Value as at 31 March 2024, £4.34m, IRR to date 303.0%

(Note the IRR is unhelpful for evaluation purposes, due to the mathematical extrapolation and annualisation of a strong initial performance, after a very short holding period)

The company has developed a leading UK and US Small and medium ("SME") sized company lending platform matching professional lending demand with SME financing leads where they are poorly served by the mainstream banks. The platform generates income in fees for arranging the loans and servicing them, of which there are c.£3.5bn currently under

management. To date 140,000 businesses have successfully borrowed over \$16bn, enhancing a huge 'data lake' of over 2bn data points on 29 million businesses, feeding the fast approval process. The impairment record has been in-line with expectations for the type of loan risk, initial expectations that 'peer-to-peer' lending would nourish the platform have not been met and the company has steadily built income from professional capital sources. However, it has been loss-making to date. The company was valued at c.£1.5bn in its 2018 IPO. We have established an investment at a c.£110m market capitalisation, a deep discount to book value as we note the company has £173m of unrestricted cash, £50m of regulatory driven restricted cash, and over £60m of loans, made to facilitate the platform. Since our purchase the company has started evolving the Board, announced a £25m buy-back and that they are in discussions to sell the US business to focus on the UK activities. We are in support of all these initiatives, yet desire some cost-cutting and restructuring to ensure the UK business is stand-alone profitable. Once achieved, the value of this platform, if it can continue to grow, will be very significant.

Filtronic 6.7% Net Assets ('Springboard/ Opportunity')

Cost: £1.53m, Value as at 31 March 2024, £4.29m, IRR to date 257.6%

The company is an independent, world leader in Radio Frequency ("RF") applications and technology. This is the art of converting analogue to digital signals and mastering the various wavelengths on the spectrum to communicate data effectively. The business has been in existence for many years and works with world leading clients in its sectors, historically Telecommunications (5G rollout for instance), Defence (Radar applications for example) and critical communications. The business disposed of a lot of activities a number of years ago and now operates profitably in its niches, but lacks scale. The opportunity for shareholders centres on the opening up of a new, potentially huge market for Filtronic that would transform sales and profitability of the company and create strategic value within the supply chain. The market is 'Space'. The company has started to win important contracts with "the world's leading Low Earth Orbit satellite company" as well as the European Space Agency. The US company SpaceX has been transforming the economics of space travel allowing many more launches and the creation of huge satellite networks, the largest of which is Starlink.

Filtronic has been winning contracts to supply components for the ground stations of its customer and is in trials for being within the satellite itself. The company has net cash and potentially a very bright future as other constellation projects mature, existing clients grow and achieves scale.

Portfolio Activity

Purchases

We added materially to our shareholdings in a number of existing investments increasing the number of shares held, the largest are shown in the following table:

Company	% increase in shareholding during the year
RM	45.4
Trifast	190.9
M&C Saatchi	42.8
Titon Group	218.7
Argentex	336.5
Hostmore	256.2

Titon 3.6% Net Assets ('Core')

Cost: £2.32m, Value as at 31 March 2024, £2.34m, IRR to date 1.6%

The company has migrated from 'Springboard' to 'Core' as we purchased over 27.0% of the company's equity during the year. A leading UK manufacturer of building ventilation products and supplier of other door and window hardware, the company has had a succession of CEOs, falling profitability and lacked strategic focus in recent years. However, the company is very asset rich with cash on the balance sheet, (too much) stock, a large freehold asset site, and has a growing mechanical ventilation business where competitors deliver attractive levels of profitability. This industry has strong growth prospects and regulatory drivers. Our investment has been made at a substantial discount to book value. We successfully proposed Jamie Brooke, of Rockwood's Investment Advisory Group, replace the long-standing Chairman and we expect significant improvements in focus, strategic clarity, and profitability going forward. A new CEO joins shortly with experience in improving operations and we see scope for material shareholder value creation and realisation.

Argentex 4.8% Net Assets ('Springboard/ Opportunity')

Cost: £3.71m, Value as at 31 March 2024, £3.08m, IRR to date -20.6%

This investment has not performed to our thesis over the medium term. Frustratingly, following our initial investment the shares performed strongly as a new management team was put in place to take the business forward after a co-founder/CEO departed. However, the team failed to calibrate cost investment effectively and insufficient growth in their FX services was delivered, only temporarily helped by the volatility around the Liz Truss Prime Ministerial phase and our gains were more than fully reversed. A new Chair has been appointed and a full new team is now being created (CEO, CFO, CTO). We still standby by our original thesis that the business is inherently profitable, lacks capital intensity, has huge growth potential both domestically and overseas and is cash generative, however a reset of leadership and some evolution of strategy is necessary to recover and build shareholder value. We are awaiting these plans from the new team. It is now 2 years from the initial purchase, and thus we desire a ruthless focus on shareholder value in order to meet our target returns over an acceptable time period.

New holdings

The Investment Team have been actively deploying capital during these depressed market conditions to seed returns for shareholders over the medium term.

STV 5.3% NAV, Market capitalisation £109m

The company is the No.1 Scottish commercial broadcaster, recently being re-awarded a further 10 year license, which incorporates its leading digital platform, the 'STV Player'. In recent years the company has expanded its content production capabilities and is the largest regional UK studios business with over 40 'returning' series. As the most popular peak time TV channel in Scotland, STV reaches 3 out of 4 Scottish adults every month (2.9m) and attracts 3x the audience of its nearest commercial competitor. Remaining profitable, the difficult and cyclical advertising spend environment has impacted recent performance yet has scope for meaningful recovery. The digital activities are very high margin and have been consistently growing with millions of registered and active users who can be served better targeted and thus higher value adverts. Debt levels are conservative but the company is saddled with a legacy pension scheme

Investment Manager's Report (continued)

with a large deficit, which is consuming a lot of cashflow to resolve. In time this will stop and we would expect the Board of STV to be accelerating this process if it made sense for shareholders. We believe the low valuation reflects an out of date perception of business mix, as the content business is now larger than linear TV activities and has been recently announcing new production wins with Apple, NBC, the BBC and Netflix implying solid growth prospects and creative reputational momentum.

Restore 4.2% NAV, Market capitalisation £296m

Restore dropped significantly below our maximum market cap for initial purchases of £250m during the period, following a profit warning, resulting in a fantastic investment opportunity in this unique services business. The company manages over 22m boxes of paper records for a wide range of businesses, including 80.0% of the FTSE 100, which is a highly profitable activity generating over 30.0% profit margins. Over the years, complimentary activities have been developed and the company is now UK No.1 in shredding, office technology destruction/recycling, scanning, and office relocations. The long-time CEO has returned to the group after a period of underperformance of the business and we expect renewed vigour, growth and improved profitability to emerge. Despite recovering well since our investment the valuation remains on a deep discount to history and its prodigious cash flows and we expect further significant progress.

Capital Limited 3.2% NAV, Market capitalisation £174m

The company's two key founders remain heavily involved and invested in the business they have successfully created over the last 15 years. The company started out providing drilling services to small African based mining companies and, having developed a reputation of best in class health and safety, service levels and efficiency, has gradually built a diversified client base including a number of world's major mining companies. The rig fleet is now deployed across several continents and is complimented by other services, the most important for our thesis being the 'laboratory services' division which is providing leading edge, environmentally friendly assays and sample testing to its clients. Capital's strong margins, and attractive returns on capital will be enhanced by the strong growth of this division, competitors are valued very highly. Whilst Capital has activities across a number of

metals, it still retains a bias to Gold. We expect further growth in its key projects, realisations from its strategic equity stakes in early-stage clients and an eventual realisation of value in the laboratories business. The valuation looks anomalous given the ROCE and growth record, its asset base and prospects.

James Fisher & Sons 4.0% NAV, Market capitalisation £130m

Unlike the other four new holdings above, James Fisher shares have fallen since our initial purchase. We expect a full recovery of our investment, indeed have high confidence in, at least, meeting our target returns over the next 3-5 years. This quality marine, energy and defence group with a very long corporate history had lost focus, capital discipline and stressed the balance sheet. The new management team is already simplifying the group, taking out costs and has released conservative medium-term financial targets, which would result in much higher levels of profitability and returns on capital. We entered this investment with known risk around their high debt levels, but just prior to period end, a large proposed disposal was announced which will radically de-gear the company, allowing the operational recovery to unfold. Within the remaining activities are leading edge specialist diving expertise, growing services to global offshore wind farms, emergent defence products and cash generative shipping related services. We expect considerable valuation upside as the turnaround progresses and risks abate.

Sales

We exited 4 material holdings and received a capital return from Bonhill prior to its de-listing. We await a final modest payment to shareholders. We also received special dividends from Centaur Media and Galliford Try.

City Pub Company – realised IRR 43.4%, gain £1.49m

This represented a very clear 'opportunity' for Rockwood, when we began buying in May 2022. The carefully put together group of over 50, mainly freehold, pubs has been led by the proven industry expert, Clive Watson. The pubs experienced a sustained period of stress due to the COVID-19 impact on leisure activity and then the cost of living squeeze, so trading has been challenging. However, independent assessment of the value of the pubs, despite this context, was much greater than the value placed on the shares by the stock market. This opportunity proved attractive to the highly regarded and (much) older pub group of

Youngs & Co. They will benefit from the removal of duplicate central costs, management synergies, improved buying terms and gain a high quality, well located, estate. Their offer at a 46.0% premium was mainly cash and some Young & Co shares, which remained in the portfolio at year-end.

Onthemarket.com – realised IRR 94.0%, gain £928,000

Also on the receiving end of an attractive takeover offer, Onthemarket.com, the UK property portal, was introduced to the portfolio in February 2023. Our thesis centred on the progress the company had made in recent years, moving into attractive free cash flow generation and with scope for price rises given the huge discount charged relative to the dominant market leader, Rightmove. The low valuation appeared at odds with future potential and the company's strong balance sheet. However, a multi-billion dollar US company with expertise in the sector, has cut short our expected holding period with a cash takeover offer at a 56.0% premium.

Finsbury Food Group – realised IRR 33.4%, gain £554,000

A significant UK manufacturer of cakes and Bread products with particularly high market share in branded 'celebration' cakes such as Birthday cakes branded Disney, Minions, Mary Berry etc. We flagged in last year's annual report that the company's M&A ambitions were "somewhat constrained by a seemingly inappropriately low stock market multiple" and that Private Equity may find the situation attractive. We were therefore not surprised when a takeover offer emerged. Frustratingly, the premium was modest and the valuation placed on the group was below our view of fair value. However, the long-standing management team supported the move off market and other shareholders accepted the offer or sold to arbitrageurs who did and the approach was successful. We did achieve over double our target IRR in this investment and have found lots of opportunity for reinvestment since.

Smoove – realised IRR 2.0%, gain £246,000

A protracted bid process also occurred for our investment in Smoove, originally ULS Technology, during the period. In this instance the bidder was Pexa Group, an Australian listed group. This investment has not met our target returns, primarily, in our view, due to the decision to invest a lot of the cash proceeds received from a divisional disposal in 2022, alongside further P&L investment (losses),

into an expensive technology refresh project. Harwood built a larger stake in the business and engaged with the Board to reassess what was best for shareholders. The eventual offer received was at a 69.0% premium, which meant we made a modest positive return on investment, however due to the elongated process and losses racked up by the new management team, our original thesis was not successful in achieving our target returns.

Update on Pressure Technologies

Pressure Technologies

Equity: 20.0% of Issued Share capital,
4.8% Net Assets ("Core")

Cost: £4.26m, Value as at 31 March
2024, £3.1m, IRR to date -8.4%

Loan: £750,000, IRR to date 25.0%

Warrants: 966,679. Maturity 2028.
Exercise price 32p

The company has two divisions; the industry leading Chesterfield Special Cylinders ("CSC") which manufactures and services a range of high-end industries and customers including the Ministry of Defence and the emergent Hydrogen economy. Secondly, the Precision Machined Components division ("PMC"), which manufactures high specification parts primarily for the oil and gas industry. The investment was initiated in early 2019, however cash generation has not been as expected and the company has required a number of external capital injections. During the period, Richard Staveley joined the Board as a NED and subsequently Rockwood arranged a loan to the company at a 14.25% interest rate, with a 3.0% arrangement fee, and some warrants with full security over the company's assets. The loan is 'bridging' in nature as the company has pleasingly agreed to exit the PMC division. If successful, this process should bring in sufficient cash resources to both repay the loan and provide future funding for CSC. The PMC division is benefitting from the improved oil and gas pricing environment resulting in recovering activity levels. We expect a successful sale to result in a focused business which should lead to a fairer valuation of its qualities and potential.

Conclusion

As managers we have invested more of our own personal money in the shares of Rockwood Strategic during the year and have a management contract which rewards success. We see a real opportunity to compound wealth for all shareholders over the long-term and the potential for a revitalised but inefficient stock market full of opportunities to deliver our target returns.

During the year the great Charlie Munger and the legendary behavioural finance pioneer Daniel Kahneman passed away, both have had a significant influence on how your manager has developed Rockwood's approach to successful stock market investing. Charlie would hopefully be pleased with Rockwood's concentrated approach, valuation discipline, and focus on cash generation, whilst Daniel would urge us to keep reminding ourselves of the various biases we will continue to succumb to as active investors. Both advocate the importance of patience, increasingly in short supply we would argue, yet critical for the success of our investments in Rockwood and also for shareholders who want to benefit from this strategy.

Richard Staveley

About the Investment Manager

Harwood Capital LLP ("HC LLP") was incorporated in 2003 and is the Investment Manager for Rockwood Strategic Plc and Harwood Private Clients. HC LLP is a wholly owned subsidiary of Harwood Capital Management Limited and is authorised and regulated by the Financial Conduct Authority ("FCA"), authorisation number 224915 and is led by Christopher Mills. The funds managed and advised by HC LLP follow an active, value approach towards the businesses in which they invest. Mr Mills is a member of the Rockwood Strategic Plc Investment Advisory Group.



Richard Staveley
Lead Fund Manager

Richard has over twenty four years' experience of equity investment and fund management. Having qualified as a chartered accountant at PricewaterhouseCoopers, Richard joined Bradshaw Asset Management, as assistant fund manager in 1999. He subsequently joined Société Générale Asset Management where he became Head of UK Small Companies and a CFA charterholder. In 2006, he co-founded River and Mercantile Asset Management where he launched both the UK Small Company Fund, the UK Income Fund and was Head of Research. In 2013, he joined Majedie Asset Management to co-manage and subsequently solely manage the UK small company investments. In 2019 he joined Gresham House Plc as fund manager for Gresham House Strategic Plc, the Strategic Public Equity LP and eventually the Gresham House UK Small Companies Fund. In 2021, Harwood Capital LLP were awarded the management contract for Gresham House Strategic Plc which Richard subsequently joined to continue his role under its new name Rockwood Strategic Plc. He currently sits as Non-Executive Director on the boards of Pressure Technologies Plc and Centaur Media Plc.

Investment Advisory Group

Harwood Capital LLP has formed an Investment Advisory Group (IAG) to support the Investment Team for Rockwood Strategic Plc. The members are experienced financial professionals with relevant experience, their details are disclosed on the www.rockwoodstrategic.co.uk website. The IAG members are provided with details of pipeline 'core' investments for the strategy prior to the completion of the research process. Their insights, relevant contacts and investment views are incorporated into the Investment Team's subsequent due diligence. On completion of due diligence, research is shared with the IAG members and their perspectives actively considered prior to any investment decision by the Investment Team.



Nicholas Mills
Assistant Fund Manager

Nicholas is a Director of Harwood Capital Management Ltd and joined Harwood Capital LLP in 2019. He has ten years of equity investment experience, initially at Gabelli Asset Management in New York where he spent five years as a Research Analyst covering the industrial sector and gaining experience in Merger Arbitrage strategies and the marketing of Closed End Funds. He joined Harwood Capital LLP in 2019 and has since performed UK equity analysis and fund management roles for Oryx International Growth Fund and the North Atlantic Smaller Companies Investment Trust. He has a Bachelor of Science Degree from Boston College's Carroll School of Management. He is currently a Non-Executive Director at Niox Plc, Hargeaves Services Plc and Trifast Plc. He was previously Non-Executive Director at Crestchic Plc.



Christopher Mills
CIO Harwood Capital LLP

Christopher has over 50 years investment experience and has been the Chief Executive Officer and principal shareholder of Harwood Capital Management since 2011. He founded JO Hambro Capital Management with Jamie Hambro in 1993 acting as Chief Investment Officer and Harwood Wealth with Alan Durant in 2013 until their respective sales in 2011 and 2020. He is CEO of North Atlantic Smaller Companies Investment Trust ("NASCIT") which he has managed since 1982 and Executive Director of Oryx International Growth Fund which he has managed since 1995. NASCIT has delivered a total NAV per share of nearly 200x under Mr. Mills' management. He has sat on the Board of over 100 companies during his career including most recently Augean, MJ Gleeson, SureServe, Frenkel Topping, Assetco, Ten Entertainment, Bigblu Broadband, SourceBio International and is currently Chairman of EKF Diagnostics and Renalytix AI.

Strategic Report 2024

The Directors present their Strategic Report for the period ended 31 March 2024. Details of the Directors who held office during the period and as at the date of this report are given on page 3 of the Annual Report and Accounts. This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to inform the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Company's business review, developments during the year and a detailed discussion of the individual asset performance together with future outlook are covered in the Chairman's Statement and the Investment Manager's Report.

Business Model

Status of the Company

The Company is registered in England and Wales as a public limited company and is an investment company within the terms of section 833 of the Companies Act 2006. The principal activity of the Company is to carry on business as an investment trust. The Company has been approved by HM Revenue & Customs as an authorised investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010, subject to there being no subsequent serious breaches of regulations, from 1 April 2023. In the opinion of the Directors, the Company is directing its affairs so as to enable

it to continue to qualify for such approval.

The Company's shares have a listing on the premium segment of the Official List of the Financial Conduct Authority ("FCA") and trade on the London Stock Exchange's ("LSE") Main Market for listed securities. The Company is a member of the Association of Investment Companies ("AIC"), a trade body which promotes investment companies and also develops best practice for its members.

Strategy for the year ended 31 March 2024 and Strategic Review

During the year ended 31 March 2024, the Company continued to follow its investment objective and policy. During the year, the Board made all strategic decisions for the Company. Harwood Capital LLP undertook all strategic and administrative activities on behalf of the Board, which retained overall responsibility.

Purpose

The purpose of the Company is to achieve predominantly capital growth in our shareholders' wealth over time. It aims to achieve this by using its closed-ended structure to invest in a concentrated number of smaller quoted companies, which the Investment Manager believes are undervalued and could be generating higher returns for their shareholders. The long-term nature of the Company's capital enables the Investment Manager to undertake constructive corporate engagement with the underlying portfolio companies and their stakeholders, on financial and operating performance, strategy and governance.

The Board

The Board of the Company comprises Noel Lamb (Chairman), Ken Lever and Paul Dudley, all of whom are independent non-executive Directors and male. All Directors will stand for re-election at the forthcoming Annual General Meeting. Further information on the Directors can be found on page 3.

Board Focus and Responsibilities

With the day to day management of the Company outsourced to service providers the Board's primary focus at each Board meeting is reviewing the investment performance and associated matters, such as, inter alia, future outlook and strategy, gearing, asset allocation, investor relations, marketing, and industry issues. In line with its primary focus, the Board retains responsibility for all the key elements of the Company's strategy and business model, including:

- Investment Objective and Policy, incorporating the investment guidelines and limits, and changes to these;
- review of performance against the Company's key performance indicators ("KPIs");
- whether the Manager should be authorised to gear the portfolio up to a pre-determined limit (currently no leverage is used or planned to be used);
- review of the performance and continuing appointment of service providers; and
- maintenance of an effective system of oversight, risk management and corporate governance.

Key Performance Indicators

At each Board meeting, the Directors consider the performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are:

- Net Asset Value Total Return: the sum of NAV per Ordinary Share growth and cumulative dividends paid. This measure incorporates investment performance and Company expenses. The investment objective is to make investments capable of delivering 15.0% Internal Rates of Return (IRR) over the medium term. This was 5.1% in the current and 21.4% in the prior year.

Strategic Report (continued)

- Rockwood Strategic Plc Total Shareholder Return: RKW cumulative share price return for the year and cumulative dividends paid. Implicit in this measure is any movement in the share price discount or premium to NAV which is also measured. The discount to the NAV moved during the period to a premium. The TSR was 15.4% in the current year and 28.2% in the prior year.
- Ongoing charges: ensuring the costs of running the strategy are appropriate and proportionate. The ongoing charges ratio for 2024 was 1.58% (see APMs on page 51).

The Directors draw attention to the Investment Manager's Report (pages 4 to 9 of the annual report).

Business review

The Directors are of the view the investment strategy has performed very well, given the challenging UK smaller companies market conditions experienced during the year.

Principal Risks and Uncertainties

The Board, on behalf of the shareholders, manages a range of risks that might impact the financial position of the Company, the principal risks are as follows:

- Investment value - The risk that the value of the Company's investments might fall. See note 13 to the Financial Statements for further details on this, specifically note 13a "Market Risk". Our mitigation, as set out in the Investment Manager's Report, is to manage a diverse portfolio and for the manager to operate with controls and diligence around new investments.

The Board reviews and discusses the Company's performance against its investment objective and policy, and assesses performance in comparison to industry peers and the broader comparative market. The Board also keeps the performance of the Investment Manager under continual review, along with a review of significant investment decisions and the overall rationale for holding the current portfolio.
- Investment Manager - the Company is reliant on the Investment Manager to implement the investment strategy successfully and the risk that this might not continue is managed by the Board through regular and detailed engagement with, and oversight of, the manager together with the manager's own comprehensive investment and operating processes.

Additional risks - as mentioned under the Corporate Governance section, the Board maintains a register, and in addition to comments above, risks managed there include, among others: the management of key operational and financial controls; risk of key personnel being unavailable; and maintaining regulatory permissions.

Liquidity is not considered a risk as this is a closed-end fund and does not have redemption provisions, as seen in the open-ended fund sector.

The principal risks to shareholders are the performance of the portfolio and the competence of the manager in pursuing the strategy.

Custodian

Caceis Bank (previously RBC Investor Services Trust) was appointed as the Company's Custodian pursuant to an agreement dated 8 June 2022. Caceis is in charge of, inter alia, safekeeping and custody of the Company's assets, investments and cash, processing transactions and foreign exchange services, as required.

Stakeholder Engagement and Statement under Section 172

The Board recognises that the Company should be run for the benefit of shareholders, but that the long term success of a business is dependent on maintaining relationships with stakeholders and considering the external impact of the Company's activities.

Overview

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company as set out in Section 172 of the Companies Act 2006. In doing so, Directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on consequences of the decisions they make as well as aim to maintaining a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty naturally supports the Company in achieving its investment objective and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting)

Regulations 2018, the Company explains how the Directors have discharged their duty under Section 172 below.

The Directors have continued access to the advice and services of the Company Secretary, and when deemed necessary, the Directors can seek independent professional advice. The Terms of Reference of any Committees are reviewed on a regular basis and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties. The Audit Committee has the responsibility for the ongoing review of the Company's risk management systems and internal controls and, to the extent that they are applicable, risks related to the matters set out in Section 172 are included in the Company's risk register and are subject to periodic review.

Further details on Section 172 reporting can be found in the S172 Statement on pages 14 to 16.

Stakeholders

A company's stakeholders are normally considered to comprise its shareholders, its employees, its customers, its suppliers as well as the wider community in which the company operates and impacts. The Company is different in that as an investment trust it has no employees and, significantly, its customers are synonymous with its shareholders. In terms of suppliers, the Company receives professional services from a number of different providers, principal among them being the Investment Manager. The Board believes that the wider community in which the Company operates encompasses its portfolio of investee companies and the communities in which they operate.

Shareholders

Continued shareholder support and engagement are critical to existence of the business and the delivery of the long term strategy of the Company.

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These include:

- Annual General Meeting ("AGM") - The Company welcomes and encourages attendance, voting and participation from shareholders at the AGM, during which the Directors and the Investment Manager are available to discuss issues affecting the Company and answer any questions. The Company values any feedback and questions it may receive

from shareholders ahead of and during the AGM.

- Publications – The Annual and Interim Reports of the Company are made available on its website. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. This information is supplemented by a quarterly factsheet and regular presentations which are available on the website. Feedback and/or questions the Company receives from the shareholders help the Company evolve its reporting, aiming to render the reports and updates transparent and informative.
- Shareholder meetings – The Investment Manager and the Company's Broker are in regular contact with major shareholders. The Chairman and the other Directors are available to meet with shareholders to understand their views on governance and the Company's performance where they wish to do so. The results from all meetings between the Investment Manager, the Broker and shareholders, and the views of the shareholders are reported to the Board on a regular basis.
- Shareholder concerns – In the event shareholders wish to raise issues or concerns with the Directors, they are welcome to do so at any time by writing to the Chairman. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office address on page 55.
- Investor relations updates – At every Board meeting, the Directors receive updates from the Company's Broker on the share trading activity, share price performance and any shareholders' feedback, as well as updates from the Investment Manager. To gain a deeper understanding of the views of its shareholders and potential investors, the Investment Manager also meet regularly with shareholders. Any pertinent feedback is taken into account when Directors discuss the share capital and any possible new share issuance under the Block Listing application. The willingness of the shareholders, including the partners and staff of the Investment Manager, to maintain their holdings over the long term period is another way for

the Board to gauge how the Company is meeting its objectives and suggests a presence of a healthy corporate culture.

The Investment Manager

The Investment Manager's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with attractive total return over a long-term period.

The management of the Company's portfolio is delegated to the Investment Manager, which manages the assets in accordance with the Company's objectives and policies. At each Board meeting, representatives from the Investment Manager are in attendance to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period.

Maintaining a close and constructive working relationship with the Investment Manager is crucial as the Board and Harwood Capital both aim to continue to achieve long-term returns in line with its investment objective. Important components in the collaboration with the Investment Manager, representative of the Company's culture, are:

- Operating in a fully supportive, co-operative and open environment and maintaining ongoing communication with the Board between formal meetings;
- Encouraging open discussion with the Investment Manager, allowing time and space for original and innovative thinking;
- Recognising that the interests of shareholders and the Investment Manager are for the most part well aligned, adopting a tone of constructive challenge;
- Drawing on Board members' individual experience and knowledge to support the Investment Manager in its monitoring of and engagement with portfolio companies;
- Willingness to make the Board members' experience available to support the Investment Manager in the sound long-term development of its business and resources, recognising that the long-term health of the Investment Manager is in the interests of shareholders in the Company.

In addition to the management fee, the Investment Manager also receives a performance fee if certain circumstances are met. In respect of the year ended 31 March 2024, no performance fee has been accrued.

Other service providers

In order to function as an investment trust with a Main Market listing on the LSE, the Company relies on a diverse range of reputable advisors for support in meeting all relevant obligations.

The Company's main functions are delegated to a number of service providers, each engaged under separate contracts. The Board, together with the Company Secretary, and Investment Manager maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice and views are routinely taken into account. This regular interaction provides an environment where issues and business developments needs can be dealt with efficiently and collegially. The Audit Committee reviews and evaluates the financial reporting control environments in place at each service provider. The Board formally assesses performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service.

Employees, human rights, social and community issues

The Board recognises the requirement under Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements do not apply to the Company as it has no employees, all the Directors are non-executive and it has outsourced all its functions to third-party service providers. The Company has therefore not reported further in respect of these provisions, however, it does expect its service providers and portfolio companies to respect these requirements.

Integrity and business ethics

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery, tax evasion and corruption. As such, policies and procedures are in place to prevent the above. The Board's expectations are that its principal service providers have similar governance

policies in place. The Company Secretary, on behalf of the Board, will seek assurances from service providers on a regular basis.

Environmental, social and governance issues

The Company has no employees, property or activities other than investments, so its direct environmental impact is minimal. In carrying out its activities and in its relationships with service providers, the Company aims to conduct itself responsibly, ethically and fairly. The Board is comprised entirely of non-executive Directors and the day-to-day management of the Company's business is delegated to the Investment Manager. The Investment Manager aims to be a responsible investor and considers environmental, ethical and social issues with regards to their investments.

The Directors believe that proxy voting is an important part of the corporate governance process. It is the policy of the Company to vote at all shareholder meetings of investee companies, and the Board has delegated voting activities to the Investment Manager. Whilst there is no specific policy, Investment Manager follows relevant regulatory requirements with an aim to make voting decisions which will best support growth in shareholder value and will commonly take into account best practices regarding corporate governance, Board composition, remuneration and Environment, Social and Governance ("ESG") issues.

Modern Slavery Act 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking. The Company's suppliers are typically professional advisers and the Company's supply chains are considered to be low risk in this regard. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

Long Term Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have carefully assessed the Company's position and prospects as well as the principal risks and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years. The Board has chosen a three-year horizon in view of the

long-term nature and outlook adopted by the Investment Manager when making investment decisions. To make this assessment and in reaching this conclusion, the Board has considered the Company's financial position and its ability to liquidate its portfolio and meet its liabilities as they fall due:

- the portfolio is comprised of investments listed and traded on stock exchanges. These are actively traded and, whilst perhaps less liquid than larger quoted companies, the portfolio is well diversified;
- the portfolio is run with a net cash position and as a result there is ample liquidity on a day-to-day basis for the Company to meet its obligations;
- the expenses of the Company are predictable and modest in comparison with the assets and there are no capital commitments foreseen which would alter that position; and
- the Company has no employees, only its non-executive Directors. Consequently, it does not have redundancy or other employment related liabilities or responsibilities.

As well as considering the potential impact of the Company's principal risks and various downside scenarios, such as a withdrawal of shareholder interest in the niche asset class of UK smaller companies, the Board has also considered the following assumptions in considering the Company's longer-term viability:

- there will continue to be demand for investment trusts;
- the Board and the Investment Manager will continue to adopt a long-term view when making investments;
- the Company invests principally in the securities of UK listed companies to which investors will wish to continue to have exposure;
- regulation will not increase to a level that makes running the Company uneconomical; and
- the performance of the Company will continue to be satisfactory.

Going Concern

The Directors consider the Company to be well placed to operate for at least twelve months (18 June 2025) from the date of this report,

as the Company has sufficient cash liquidity to pay its liabilities as and when they fall due and also to invest in new opportunities as they arise. The cash and publicly tradeable investments when compared to the non-discretionary cash outflows of the Company are more than sufficient to allow the Company to continue to meet these commitments, even if investee companies cease to be able to pay dividends or loan stock interest. This has been further discussed in Note 1 to the Financial Statements.

Section 172 Statement

Section 172 of the Companies Act 2006 (the 'Act') requires Directors to act in good faith and in a way that is the most likely to promote the success of the Company. In doing so, Directors must take into consideration the interests of the Company's various stakeholders, the impact on the wider community and the environment when making decisions.

The Company has no employees and delegates its day-to-day management and administration to third parties. The Board considers its key stakeholders to be its shareholders, its Investment Manager and its third-party service providers while also taking into account the Company's responsibilities to regulators and the wider community. Given the out-sourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Directors recognise that the Investment Manager can influence an investee company's approach to ESG matters. The Investment Manager is committed to operating responsibly. The Investment Manager also recognises that the integration of ESG considerations into its investment assessments is important and that when these factors are addressed well they can have a positive impact on the financial performance of the fund investments.

The Investment Manager assesses ESG factors during due diligence and incorporates conclusions into its engagement, strategic and operational plan, investment thesis and investment risk assessment. They continue to monitor factors post-investment and engage when appropriate. The Investment Manager expects companies to be minimising their environmental footprint, without damaging the outlook for cash earnings and will engage where necessary to address lack of active attention in this area. The Investment Manager believes successful companies incorporate the interests of multiple stakeholders into their

business operations and their strategy for maximising shareholder value. The governance factor is most important to our manager and investment strategy, enabling effective approaches to environmental and social factors. The manager actively engages with companies as an integrated part of their philosophy and process. This is often including through Board representation, which helps ensure corporate governance is structured appropriately, 'groupthink' is avoided and the Board is working effectively to deliver shareholder value.

Stakeholder Engagement

The following provides specifics on how the Board evaluates the needs and priorities of the Company's stakeholders and how these are taken into account in all of its conversations and decision-making processes. All discussions includes a thorough analysis of the decisions' long-term effects and stakeholders' implications.

Stakeholder group	Importance of engagement	Key methods of engagement	Topics of engagement	Outcome and actions
Shareholders	<p>Shareholders remain central to the Company's ability to access capital to support its strategic objectives and goals and in ensuring the long-term success of the business.</p> <p>The Board is committed to ensuring that there is open and effective communication with the Company's shareholders on a range of matters including: governance, strategy and performance against the Company's investment objective and policy to ensure that the Directors understand the views of shareholders on such matters.</p>	<p>The Company communicates with its shareholders in a number of ways including:</p> <ul style="list-style-type: none"> → Through its annual and half-yearly reports → Regulatory announcements → Website - the website provides all existing and potential shareholders with information about the Company, its investment policy and performance to allow shareholders to fully understand the risk/reward balance of holding shares in the Company → Informal meetings: the Chairman meets with the Company's major shareholders annually if they wish to do so to discuss matters of governance, strategy and performance against the Company's investment objective and policy → Annual General Meeting: this provides a further opportunity to communicate with shareholders who attend and for the Board to respond to their questions at the meeting. All shareholders are encouraged to attend and vote at the Company's AGM, to be held on 31 July 2024 at 10.00am. 	N/A	N/A

Strategic Report (continued)

Stakeholder group	Importance of engagement	Key methods of engagement	Topics of engagement	Outcome and actions
Investment Manager	<p>The Board has contractually delegated the management of the portfolio to the Investment Manager (Harwood Capital). The performance of Harwood Capital is crucial to the Company executing its investment strategy successfully and providing attractive returns to shareholders.</p> <p>Therefore, maintaining a close and constructive working relationship with Harwood Capital remains important to the Board and the long-term success of the Company.</p>	<p>The Board regularly engages with the Investment Manager and meets with the Investment Manager on a quarterly basis and other times throughout the year enabling the Directors to discuss the performance of the investee companies (amongst other matters) and probe further should there be matters of concern or requirement for clarification on certain matters.</p> <p>The performance of the Investment Manager is monitored and reviewed by the Board as a whole in the absence of a management and engagement Committee. In addition, an annual appraisal of the Investment Manager's performance is undertaken as part of the Board evaluation process. It is the opinion of the Board that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole.</p>	<p>Full annual review of all aspects of the Investment Manager agreement and suitability of Manager.</p> <p>Harwood Capital provided a quarterly report to the Board which provides an update on the investment portfolio and future pipeline opportunities.</p>	<p>The Board will review key investments and provide feedback.</p>
Service providers and suppliers	<p>As an externally managed investment Company, RKW relies on a diverse range of advisors to support the Company in meeting all its relevant obligations including: the Company Secretary, administrator, auditors, registrar, depository and corporate advisor.</p>	<p>The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle.</p>	<p>The Board assesses the performance, fees and continuing appointment of its service providers and suppliers annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service.</p>	<p>The Investment Manager on behalf of the Board continues to manage and monitor all service providers.</p>
Regulators	<p>RKW can only operate with the approval of its regulators who have a legitimate interest in how the Company operates in the market and treats its shareholders.</p>	<p>The Company continues to monitor and ensure its compliance with the relevant regulatory, legal and statutory obligations along with corporate governance best practice.</p>	<p>The Board reviewed its compliance with the AIC Code of Governance published in February 2019 to assess the extent of its compliance and identify any gaps. Regular updates are received from the Company Secretary on governance matters to inform the Board of any changes in market practice or any legal or statutory obligations which could affect the Company.</p>	<p>No specific action required</p>

Risk Matrix:

A risk matrix helps to monitor the risks which have been identified and the controls in place to mitigate those risks. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed by the Audit Committee regularly at every meeting.

Most of the day-to-day management functions of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operating in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit Committee.

Risk Management Matrix

Principal Risk and Uncertainties	Key Mitigation
<p>Investment performance is not comparable to the expectations of investors</p> <p>Consistently poor performance could lead to a fall in the share price and a widening of the discount. The success of the Company depends on the Portfolio Manager's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, depends on the ability of the Portfolio Manager to apply its investment processes and identify suitable investments.</p>	<p>The Board reviews and discusses the Company's performance against its investment objective and policy, and assesses performance in comparison to industry peers and the broader comparative market. The Board also keeps the performance of the Portfolio Manager under continual review, along with a review of significant stock decisions and the overall rationale for holding the current portfolio. In addition, the Management Engagement Committee/conducts an annual appraisal of the Portfolio Manager.</p>
<p>Share price performance</p> <p>The market price of the Company's shares, like shares in all investment companies, may fluctuate independently of the NAV and therefore may not reflect the underlying NAV of the shares. The shares could trade at a discount or premium to NAV at different times, depending on factors such as market conditions, investors' perceptions of the merits of the Company's objective and investment policy, supply and demand for the shares and the extent investors value the activities of the Company and/or the Portfolio Manager.</p>	<p>The Board monitors the relationship between the share price and the NAV, including regular review of the level of discount relative to that of companies in the sector. The Company has taken powers to re-purchase shares and will consider doing so to reduce the volatility of any share price discount. The Company has also taken powers to issue shares (only at a premium to NAV) to provide liquidity to the market to meet investor demand by way of issue of further shares.</p> <p>No share buybacks were undertaken during the year. The Company issued a total of 5,778,630 new shares through tap issuances.</p> <p>The Board and the portfolio management team all own shares in the Company, by way of aligning their own interests with those of all other shareholders.</p>
<p>Portfolio Manager – loss of personnel or reputation</p> <p>The identification and selection of investment opportunities and the management of the day-to-day activities of the Company depends on the diligence, skill, judgement and business contacts of the Portfolio Manager's investment professionals and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continuing ability of these individuals to provide services and the Portfolio Manager's ability to strategically recruit, retain and motivate new talented personnel as required. The departure of some or all of the Portfolio Manager's investment professionals could prevent the Company from achieving its investment objective and give rise to a significant public perception risk regarding the potential performance of the Company.</p>	<p>The Board maintains a good level of communication and has a good relationship with the Portfolio Manager, and regularly reviews the Portfolio Manager's performance at Board meetings. The Portfolio Manager's Compliance Officer also reports to the Board regularly and the Portfolio Manager would report to the Board immediately in the event of any change in key personnel.</p> <p>Harwood Capital LLP as Portfolio Manager has appointed an investment team consisting of Richard Staveley and Nicholas Mills, both of whom are very experienced in managing the portfolio in accordance with the Company's principles and investment strategy.</p>
<p>Material changes within the Portfolio Manager's organisation</p> <p>Material changes could occur within the Portfolio Manager's organisation or its affiliates which are to the detriment of the Company's standing in respect of its competitors and its profitability.</p>	<p>The Portfolio Manager has advance notice of any material changes within its organisation and would report to the Board immediately in the event of any such changes, including within its organisation and affiliates or to its key personnel.</p>

Reliance on the performance of third party service providers

The Company has no employees and the Directors have been appointed on a non-executive basis. The Company is reliant upon the performance of third party service providers for its executive function. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a material adverse effect on the operation of the Company.

The Board has appointed third party service providers with relevant experience. Each third party service provider is monitored by the Board and their roles are evaluated at least annually by the Audit Committee.

UK Regulatory Risk

The regulatory environment in which the Company operates changes materially, affecting the Company's modus operandi.

The Board monitors regulatory changes with the assistance of the Company Secretary and external professional advisers to ensure the at the Board is aware of any likely changes in the regulatory environment and will be able to adapt as required.

UK Legal Risk

The Company and/or the Directors fail to comply with legal requirements in relation to FCA dealing rules and procedures, the AIFMD, the Listing Rules, the Companies Act 2006, relevant accounting standards, the Bribery Act 2010, the Criminal Finances Act 2017, GDPR, tax regulations or any other applicable regulations.

The Board monitors regulatory change with the assistance of its external professional advisers to ensure compliance with applicable laws and regulations including the Companies Act 2006, the AIFM Rules, the Corporation Tax Act 2010 ("Section 1158"), the Market Abuse Regulation ("MAR"), the Disclosure Guidance and Transparency Rules ("DTRs") and the FCA's Listing Rules.

The Board reviews compliance reports and internal control reports provided by its service providers, as well as the Company's financial statements and revenue forecasts

Governance Risk

Poor adherence to corporate governance best practice or errors or irregularities in published information could lead to censure and/or result in reputational damage to the Company.

The Board reviews all information supplied to shareholders.

Details of the Company's compliance with corporate governance best practice, including information on relationships with shareholders, are set out in the Corporate Governance Report in the Annual Report.

ESG and Climate Change Risk

Risks related to the environment, social issues and governance (ESG) such as the impact of climate change or bad governance of portfolio companies could have an adverse impact on the portfolio companies' operational performance.

The Board challenges the Investment Manager on ESG matters to ensure that the portfolio companies are acting in accordance with the Board's ESG approach.

The Portfolio Manager supports the UK Stewardship Code and actively engages with portfolio companies on ESG matters including climate change, where appropriate.

Furthermore, the Board has consideration to hold some of its meetings, when possible, not in person but via video conference, to save on travel and reduce the Directors' carbon footprints on behalf of the Company.

Noel Lamb
Chairman RKW

18 June 2024

Corporate Governance Report

AIC Code Statement of Compliance

The Company maintained its compliance with the AIC Code of Corporate Governance issued in February 2019 (the AIC Code), except as set out below:

- The Directors do not consider it appropriate to establish a nomination, remuneration or a management and engagement Committee. The functions that carried out by these Committees are dealt with by the full Board, which is comprised of non-executive Directors.
- As the Company has no employees and its functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function. From time to time, the Audit Committee will review the requirement of an internal audit function and material controls, and if established, will carry out effectiveness reviews as required under AIC Provision 34.
- The Board will review on an annual basis the Company's application of the AIC Code of Corporate Governance and whether it remains applicable for a company of this size.

The AIC Code is made up of 17 principles and 35 provisions over five sections covering:

1. Board Leadership and Purpose;
2. Division of Responsibilities;
3. Composition, Succession and Evaluation;
4. Audit, Risk and Internal Control; and
5. Remuneration.

Details of how the Company has complied with the principles and provisions of the AIC Code are set out in its Corporate Governance Statement which can be found on the Company's website.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board of Directors

The Board is responsible for the effective oversight and long-term sustainable success of the Company, generating value for shareholders and controlling of all aspects of the Company's affairs, notwithstanding any delegation of responsibilities to third parties.

The Board oversees the role of the Investment Manager who are seeking to grow net asset value over the long-term by executing on the agreed investment policy.

The Board consists of three independent non-executive Directors, all whom are independent of the Investment Manager. No one individual dominates the Board's decision making. The Board have an Investment Manager Agreement in place and this agreement is reviewed annually.

The Board considers the required time commitment annually and during the year under review all Directors continued to devote sufficient amount of time to the business of RKW. The Directors possess a wide range of skills, knowledge and experience relevant to the leadership of the Company, including financial, legal, and regulatory and industry experience as well as the ability to provide constructive challenge to the views and assumptions of the Investment Manager and hold third-party service providers to account.

All members of the Board own shares in the Company. Further detail on each of their shareholding can be found on page 24. After consideration of the above factors, and taking into account guidance from the AIC, which encourages Directors owning shares, the Board is of the view that all the Non-Executive

Directors continue to be independent in character and judgement and free from relationships or circumstances that could affect their judgement within the meaning of the AIC Code. The Board considers that all Directors continue to be committed to their roles and have sufficient time available to meet their Board responsibilities.

Ken Lever is the Senior Independent Director of the Company. He provides a sounding Board for the Chairman and serves as an intermediary for the other Directors and shareholders. Mr Lever also provides a channel for any shareholder concerns regarding the Chairman and will take the lead in the annual evaluation of the Chairman by the other independent Directors.

The names and responsibilities of the Directors, together with their biographies and details of their significant commitments, are set out on page 3.

Board and Committee meetings

The Board holds quarterly Board meetings (with additional meetings arranged as necessary) where it considers investment performance, investor relations, share price performance and other relevant matters. Regular discussions are held with the manager and its advisers about the discount to NAV at which the shares trade and how this might be reduced.

The Company Secretary and Investment Manager regularly provide the Board with relevant statutory, regulatory and corporate governance updates relating to the sector in which the Company operates. At each Board meeting, representatives from the Investment Manager attend to present verbal and written reports covering the Company's portfolio and investment performance over the period. Communication between the Board and the Investment Manager and other service providers is maintained between formal meetings.

Corporate Governance Report (continued)

The Board reviews annually the performance, services and the terms of its engagement with all the Company's third-party providers to ensure they continue to be competitive and effective. Strategy sessions are held annually, and the Board may meet from time to time without the Investment Manager present, when considering the manager's performance, fees and contractual arrangements.

The Board has delegated certain responsibilities to its Audit Committee so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. Given the size of the Board, the Directors do not consider it appropriate to establish a nomination, remuneration or a management and engagement Committee. The functions that would normally be carried out the most appropriate experience would step in to perform the role on an interim basis until a longer-term solution is identified.

The Company considers annual re-election of the Directors to be good corporate governance and has therefore chosen to follow this practice. The Directors have considered the performance of each Director serving on the by these Committees are dealt with by the full Board.

The Board and its Audit Committee are supported by the Company Secretary who ensures that appropriate policies and procedures are in place in order for the Board to function effectively and efficiently. A formal agenda is produced for each meeting and papers are distributed several days before meetings take place allowing all Board members to contribute even if they are unable to attend.

The Directors have access to the advice and services of the Company Secretary and individual Directors are able to take independent legal and financial advice at the Company's expense when necessary to support the performance of their duties as Directors. During the year, the Chairman met regularly with the Non-Executive Directors without the manager present.

The table below sets out the attendance record of individual Directors at the scheduled Board and Committee meetings held during the year ended 31 March 2024:

Current Directors	Scheduled Board Meetings	Scheduled Audit Committee Meetings
	Number attended	Number attended
Noel Lamb*	5/5	n/a
Kenneth Lever	4/5	2/2
Paul Dudley	5/5	2/2

* not a member of the Audit Committee

Conflicts of interest

The Company has effective procedures in place to monitor and deal with conflicts of interest. A register has been set up to record all actual and potential conflict situations which have been declared. All declared conflicts have been approved by the Board. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Directors' appointment and re-election

All Non-Executive Directors are appointed on the basis of letters of appointments which provide for a maximum of three months' notice of termination by the Director or the Company. The letters of appointment are available for inspection at each AGM.

The Board remains committed to uphold the principles set out in the AIC Code. We recognise the recommendation under Principle 13 that Board members should generally serve no more than nine years to ensure ongoing independence and refreshment of the Board. However, we also understand the need for flexibility in certain circumstances to align with the best interests of the Company and its shareholders. In cases where a Director's continued service is deemed highly beneficial, the Board will carefully assess their ongoing independence, expertise, and contributions. In accordance with the AIC Code, should a Director's tenure extend beyond the nine-year period we will provide a sufficient explanation detailing the rationale for such an extension.

The appointment of any new Director is made on the basis of assessing the candidate's merits and measuring his or her skills and experience against the criteria identified by the Board. Whilst the Board has not put in place a policy on diversity, the Board fully endorses the AIC Code principle to promote diversity of gender, social and ethnic backgrounds on the Board and would always consider this when making any new Director appointments.

The Board recognises the importance of succession planning to refresh the Board and the AIC provisions relating to this. Succession plans are under review to address and review the Board's policy on tenure. Succession planning also features as an ongoing agenda item at Board meetings, it is envisaged that should a Board member be unable to fulfil their duties for a period of time, one of the other Directors with the most appropriate experience would step in to perform the role on an interim basis until a longer-term solution is identified.

The Company considers annual re-election of the Directors to be good corporate governance and has therefore chosen to follow this practice. The Directors have considered the performance of each Director serving on the Board, including the Chairman, and believe that each of the Directors continues to make a valuable contribution to Board discussions and decisions and supports their re-election at the 2024 AGM.

Board evaluation

The Board has formalised a process to conduct a regular evaluation of its performance and that of individual Directors and its Audit Committee on an annual basis. This process is led by the Chairman (supported by the Company Secretary) and is conducted internally using a questionnaire designed to assess the strengths and weaknesses of the Board and its Committees, the composition of the Board, how effectively Board members work together. Each Director is required to complete a questionnaire covering the assessment of the composition, functioning and operation of the Board as a whole and a similar review of the effectiveness of the Audit Committee and Investment Manager is also carried out. During the year ended 31 March 2024, the performance of the Board, the Audit Committee and individual Directors was evaluated through a formal assessment process. This involved the circulation of a Board Evaluation questionnaire which is tailored to suit the nature of the Company. The results were discussed between the Chairman and each of the Directors.

The Chairman was satisfied that the structure and operation of the Board continued to be effective and relevant and that there is a satisfactory mix of skills, experience and knowledge of the Company. The Board had considered the position of all the Directors including the Chairman as part of the evaluation process and believes that it would be in the Company's best interests to propose them for re-election.

The Board does not consider it necessary at present to employ the services or to incur the additional expense of an external third-party to conduct the evaluation process but will keep this under review.

Internal controls and risk management systems

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company.

The Board maintains a risk register to identify any new risks and makes the necessary adjustments required to existing risks and the controls and mitigation measures in place in respect of these risks.

The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange under reference RKW.

Systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

UK Stewardship

The Board and the Investment Manager support the UK Stewardship Code, issued by the FRC, which sets out the principles of effective stewardship by institutional investors. The Investment Manager has had extensive experience and a strong commitment to effective stewardship.

SGH Company Secretaries Limited Company Secretary

18 June 2024

Audit Committee Report

The Audit Committee is chaired by Ken Lever, the Senior Independent Director. The other member is Paul Dudley. Ken Lever is a Chartered Accountant and is also the Audit Committee Chair of Vertu Motors plc. The Chair is considered to have recent and relevant financial experience and the Audit Committee, as a whole, has competence in the investment company sector. The Chair of Rockwood Strategic plc and the Investment Manager are not members of the Committee but are invited to attend meetings of the Committee from time to time. Representatives of the Company's auditor attend the Committee meetings at which the draft half year and full year accounts are reviewed. The Auditor is given the opportunity to speak to the Committee members without the presence of the manager and speaks directly with the Chair of the Audit Committee as required.

The Audit Committee operates within a scope and remit defined by specific terms of reference determined by the Board. The Committee meets twice a year to review and discuss the Company's half-year and full year accounts.

The principal areas of focus of the Committee are:

- Monitor the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance;
- Review the significant issues/judgements relating to the Financial Statements, and how these issues were addressed;
- Ensure that the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

- Review and make recommendations to the Board relating to the content of the Financial Statements and accompanying narrative included within the Annual Report;
- Review and assess the independence, objectivity and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the independent auditor;
- Approve the remuneration of the independent auditors; and
- Monitor and review the effectiveness of the Company's internal financial controls, internal control and risk management systems.

Principal activities during the year

- Considered the independent auditor's annual scope and report on the full year accounts and the key areas of focus;
- Reviewed the full year and half-year results, including the underlying accounting issues, judgements and estimates and the processes underpinning the preparation of those documents;
- Considered the report prepared by third-party service providers with respect to the review of internal controls, accounting systems and processes used to prepare the financial information;
- Reviewed the information presented in the half-year and full year reports to assess whether, taken as a whole, the reports are fair, balanced and understandable and the information presented enable the shareholders to assess the Company's performance and strategy;
- Reviewed and recommended the reappointment of BDO LLP as the external auditor for the Company and agreed the remuneration of the Auditor; and
- Reviewed the need to establish or otherwise an internal audit function.

Independent Auditor

BDO LLP has been the independent auditor for the Company since 2013. The Auditor is required to rotate the audit partner every five years and the current audit partner is Peter Smith, who has been in place for four years. It is therefore anticipated that Peter Smith will serve as audit partner for one more year until completion of the audit process in 2025. No tender for the audit of the Company has been undertaken. The Committee will review the continuing appointment of the Auditor on an annual basis and give regular consideration to the Auditor's fees and independence, along with matters raised during each audit.

The breakdown of fees between audit and non-audit services paid to BDO LLP during the financial year is set out in note 4 of the Financial Statements.

Ken Lever Chair, Audit Committee

18 June 2024

Directors' Remuneration Report

The report on Directors' remuneration for the year ended 31 March 2024 is set out in the table below. As mentioned previously, the full Board undertake the role of the Remuneration Committee given the size of the Board.

The fees paid to the Board are reviewed periodically and may also be reviewed when new non-executive Directors are recruited to the Board. The Directors' fees were last reviewed and increased in 2023. The Directors Remuneration Policy can be found on page 25.

The Company was not subject to requirement of having Remuneration Report voted on by shareholders and therefore this will be the first year of figures.

The fees payable and the percentage change over the past five financial years in respect of each of the current Directors are as follows:

Directors' remuneration table (audited)

	2024 Fees	2024 % changes	2023 Fees	2023 % changes	2022 Fees	2022 % changes	2021 Fees	2021 % changes	2020 Fees	2020 % changes	2019 Fees
Noel Lamb	44,328	11	40,000	-	40,000	-	-	-	-	-	-
Kenneth Lever	28,814	5	27,500	-	27,500	-	27,500	7	25,624	2	25,000
Paul Dudley	28,814	80	16,042	-	-	-	-	-	-	-	-

The fees payable over the five financial years in respect of each of the Directors who served during those financial years are as follows:

	31 March 2024 (£)	31 March 2023 (£)	31 March 2022 (£)	31 March 2021 (£)	31 March 2020 (£)	31 March 2019 (£)
Noel Lamb	44,328	40,000	40,000	-	-	-
Kenneth Lever	28,814	27,500	27,500	27,500	25,624	25,000
Paul Dudley	28,814	16,042	-	-	-	-
Graham Bird	-	11,458	22,300	-	-	-
David Potter	-	-	24,400	55,000	51,250	50,000
Charles Berry	-	-	25,900	27,500	25,624	25,000
Helen Sinclair	-	-	41,300	27,500	25,624	25,000
Simon Pyper	-	-	27,500	-	-	-
Total annual fees payable as at the Year End	101,956	95,000	208,900	137,500	128,122	125,000

Directors' Remuneration Report (continued)

The total aggregate annual fees cap payable to Directors under the Company's Articles of Association (Articles) is £250,000. As per the Company's Articles, the Directors are entitled to be paid all reasonable expenses properly incurred in the performance of their duties as Directors including their expenses travelling to and from Board and Committee meetings.

As the Board is solely composed of Independent Non-Executive Directors, the consideration of their remuneration does not involve any variable or performance-related bonuses, or other benefits such as pensions. The level of remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company and reflects the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs.

The Directors are aware of the requirement to provide shareholders and other interested parties with an analysis of Directors' Remuneration against the remuneration of employees or the amount of distribution to shareholders. However, the Company has no employees. The Company is recommending a dividend of 0.6 per share to shareholders in respect of the year ended 31 March 2024. If approved by shareholders at the 2024 Annual General Meeting, the dividend will be paid on 2 September 2024 to shareholders on the share register on 9 August 2024.

Directors and their interests

The Directors serving during the year-ended 31 March 2024 had the following interests in the share capital of the Company:

Five year performance record

The following graph provides the performance of the fund over a 5 year period.



	As at 18 June 2024	As at 31 March 2024	As at 31 March 2023
Noel Lamb	30,000	30,000	25,000*
Kenneth Lever	35,550	35,550	35,550*
Paul Dudley	15,210	15,210	5,210*

* Restated using the new number of shares in issue following the ten for one share split.

Relative importance of spend on Directors' fees

The below table is required to be included in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

	31 March 2024 (£)	31 March 2023 (£)
Total Directors' fees	£101,956	£95,000
NAV	£64,260,839	£49,793,321

The Directors' fees as a percentage of NAV for the year to 31 March 2024 were 0.159% and for the year to 31 March 2023 were 0.232%.

Directors' Remuneration Policy

The Remuneration Policy (the "**Policy**") was initially approved by shareholders at the 2023 Annual General Meeting ("**AGM**") of the Company. The Remuneration Committee is not proposing to make any major changes to the existing Policy however in line with industry best practice and the three-year Policy cycle the Company will be seeking shareholder approval at the 2026 AGM. The effective date of this Policy is the date on which the Policy is approved by shareholders.

The Company follows the recommendation of the AIC Code that non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, and be determined with reference to comparable organisations and appointments. All Directors are non-executive, appointed under the terms of letters of appointment. There are no service contracts in place. The Company has no employees. The fees for the non-executive Directors are determined within the limits (not to exceed £250,000 per annum) set out in the Company's Articles of Association, or any greater sum that may be determined by special resolution of the Company. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance-related benefits as the Board does not believe that this is appropriate for non-executive Directors. There are no pension arrangements or retirement benefits in place for the Directors of the Company. Under the Company's Articles of Association, if any Director is called upon to perform or render any special duties or services outside their ordinary duties as a Director, they may be paid such reasonable additional remuneration as the Board, or any Committee authorised by the Board, may from time to time determine. The Directors are

entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Director, including any expenses incurred in attending meetings of the Board or any Committee of the Board or general meetings of the Company. Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Fees are reviewed annually in accordance with the above policy. The fee for any new Director appointed to the Board will be determined on the same basis. The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' remuneration policy and in the annual review of Directors' fees. Compensation will not be made upon early termination of appointment. The Directors' Remuneration Report was approved by the Board and signed on its behalf by:

Component	Role	Rate as at 31 March 2024	Purpose of Remuneration
Annual Fee	Chairman	£48,000	Commitment as Chairman
Annual Fee	Independent Non-Executive Director	£30,000	Commitment as Non-Executive Director
Additional Fee	All Directors	N/A	For extra or special services performed in their role as a Director
Expenses	All Directors	N/A	Reimbursement of expenses incurred in the performance of duties as a Director

Noel Lamb
Chairman

18 June 2024

Directors' Report

The Directors present their Annual Report and the audited Financial Statements for the year-ended 31 March 2024.

Activities

Rockwood Strategic plc (the Company) is a Main Market listed investment company invested in a focused portfolio of smaller UK public companies. The strategy identifies undervalued shares, where the potential exists to improve returns and where the Company is benefitting, or will benefit, from operational,

strategic or management changes. These unlock, create or realise shareholder value for investors.

The Company has no employees but has a Board consisting of three non-executive Directors.

Directors

The Directors in office at the date of this Annual Report are shown on page 3.

Substantial shareholdings

As at the date of this report, the Company has been notified of the following substantial interests representing 2.8% or more of its total voting rights:

Shareholder	% of total voting rights
Harwood Capital (London)	26.98
Interactive Investor (Manchester)	8.57
Hargreaves Lansdown Asset Mgt (Bristol)	7.30
Unicorn Asset Mgt (London)	4.38
James Sharp & Co (Bolton)	4.33
Charles Stanley (London)	3.22
A J Bell Securities (Tunbridge Wells)	2.90

Dividends

The Directors have recommended the payment of a final dividend of 0.6p per share in respect of the year ended 31 March 2024. The dividend will be subject to shareholder approval at the 2024 Annual General Meeting, the dividend will be paid on 2 September 2024 to shareholders on the share register on 9 August 2024.

Global Greenhouse Gas Emissions for the Year ended 31 March 2024

The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. It has no greenhouse gas emissions to report from its operations nor does it have responsibility for any other

emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within the Company's underlying investment portfolio.

Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and therefore is exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

Political Donations

The Company has not made any political donations in the past, nor does it intend to do so in the future.

Qualifying Indemnity Provision

The Company has maintained Directors' and Officers' Liability Insurance on behalf of the Directors, through a policy arranged by the manager, indemnifying the Directors in respect of certain liabilities which may be incurred by them in connection with the activities of the Company.

Acquisition of Own Shares

There was no acquisition of own shares during the year.

Share capital

As at 31 March 2024, the Company's issued share capital was 31,189,090 Ordinary Shares of 5 pence each, of which none were held in treasury.

Financial risk management

The principal risks and uncertainties regarding the Company's future financial performance are set out in note 13 of the Financial Statements. The Directors do not consider that the Company faces any significant credit risk, liquidity risk or cash flow risk.

Going Concern

The Directors consider the Company to be well placed to operate for at least twelve months (18 June 2025) from the date of this report, as the Company has sufficient cash liquidity to pay its liabilities as and when they fall due and also to invest in new opportunities as they arise. The cash and publicly tradeable investments when compared to the non-discretionary cash outflows of the Company are more than sufficient to allow the Company to continue to meet these commitments, even if investee companies cease to be able to pay dividends or loan stock interest. This has been further discussed in Note 1 to the Financial Statements.

Share price

In the year, the share price reached a maximum of 210.0p (1 decimal place) and a minimum of 162.5p (1 decimal place). The closing share price on 31 March 2024 was 210.0p (1 decimal place).

Post Balance Sheet Events

The Company has issued for cash ordinary shares of 5 pence each in April and May 2024 from its blocklisting facility, the details of which are set out in note 16. Future Developments are covered in the Investments Managers Report on page 5.

Audit information

Each of the Directors who held office at the date of approval of the Report of the Directors confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. The Director has taken all the steps that they should have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Notice of Annual General Meeting to be held at 10.00am on Wednesday, 31 July 2024 is set out on pages 52 to 54. Details of the business to be transacted are outlined below:

Resolution 1: Report and accounts

As required by company law, the annual report and accounts will be laid before shareholders.

Resolutions 2: Remuneration Report

The Directors are seeking the authorisation to approve the Directors Remuneration Report for the financial year ended 31 March 2024 as set out on pages 23 to 24.

Resolution 3: THAT the final dividend for the year ended 31 March 2024 of 0.6 pence per ordinary share be and is hereby declared payable on 2 September 2024 to Ordinary Shareholders whose names appeared on the Register of Members at the close of business on 9 August 2024.

Resolutions 4-6: Re-election of Directors

Each of the Directors will stand for re-election at the AGM.

Resolution 7: Auditor

The re-appointment of BDO LLP as auditor and a resolution allowing the Directors to determine their remuneration.

Resolution 8: Directors' authority to allot shares

The Directors are seeking the usual authority to allot shares. Resolution 8 in the Notice of Annual General Meeting seeks authority to allot Ordinary Shares up to an aggregate nominal amount of £536,581.43. 17 (being an amount equal to 33.0% of the total issued share capital of the Company as at the date of this report). The Directors have no present intention to exercise this authority.

Resolutions 9 & 10: Authority to allot shares outside of pre-emption rights

Subject to the passing of resolution 8, resolutions 9 and 10 will allow the Company to issue, in aggregate, up to 20.0% of the number of Ordinary Shares in issue as at 31 March 2024, and to sell Ordinary Shares held in treasury for cash as if section 561 of the Companies Act 2006 did not apply. The Directors recognise that this authority is beyond the standard 10.0% sought by investment companies, but believe that the passing of both resolution 9 and resolution 10 is in the interests of Shareholders, given that the authority is intended to be used to fund future acquisitions of investments in line with the Company's investment policy, thereby mitigating the potential dilution of investment returns for existing Shareholders. Furthermore, new Ordinary Shares issued under this authority will only be issued at a minimum price equal to the relevant prevailing net asset value per share plus a premium to cover any expenses of the relevant issue and therefore should not be dilutive to the net asset value ("NAV") per existing share.

If resolution 9 is passed but resolution 10 is not passed, Shareholders will only be granting Directors the authority to allot up to 10.0% of the existing issued Ordinary Share capital of the Company.

Resolution 11: Authority to make market purchases of the Company's own shares

Resolution 11, which is a special resolution, will give the Company authority to make market purchases of up to 4,829,233 Ordinary Shares.

The resolution sets minimum and maximum prices. The Directors will only use this authority to undertake a further share buyback and consider it useful to retain the authority for the future in case circumstances alter.

The Directors shall ensure that all legal and regulatory requirements associated with any future purchases of the Company's own shares are fulfilled including, in the event that the purchase would result in any shareholder being obliged to make an offer under Rule 9.1 of the Takeover Code and the requirement to seek a waiver from the Takeover Panel.

The authorities contained in Resolutions 8, 9 and 10 will continue until the AGM of the Company in 2025. It is intended that renewal of these authorities will be sought at each AGM.

Resolution 12: THAT a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice during the period from the date of the passing of this resolution until the conclusion of the next Annual General Meeting of the Company.

Recommendation

The Board considers that the passing of the resolutions to be proposed at the AGM is in the interests of the Company and its shareholders as a whole and they unanimously recommend that shareholders vote in favour of those resolutions.

Approved by the Board of Directors and signed on its behalf

SGH Company Secretaries Limited Company Secretary

18 June 2024

Directors' Responsibility Statement

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year.

Under that law the Directors have elected to prepare the Company Financial Statements in accordance with UK adopted International Accounting Standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted International Accounting Standards, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the Financial Position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the Financial Statements, taken as a whole, provide the information necessary to assess the Company's position, performance and strategy and is fair, balanced and understandable.

Website publication

The Directors are responsible for ensuring that the Annual Report and Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained herein.

Independent Auditor's Report

Independent auditor's report to the members of Rockwood Strategic Plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Rockwood Strategic Plc (the 'Company') for the year ended 31 March 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 13 May 2013 to audit the financial statements for the year ended 31 March 2013 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 12 years, covering the years ended 31 March 2013 to 31 March 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of the Directors' method of assessing the going concern in light of economic and market conditions by reviewing the information used by the Directors in completing their assessment;
- Assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable;

- Assessing the projected management fees for the year to check that it was in line with the current assets under management levels and the projected market growth forecasts for the following year;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources relative to forecast expenditure and commitments;
- Challenging the Directors' assumptions and judgements made in their forecasts including performing an independent analysis of the liquidity of the portfolio; and

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (continued)

Overview

Key audit matter	Valuation and ownership of investments	2024 Yes	2023 Yes
Materiality	<i>Financial Statements as a whole</i> £640k (2023: £495k) based on 1% (2023: 1%) of Net assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and ownership of Investments</p> <p>(See accounting policy on Notes 1, 8 and 13)</p> <p>The investment portfolio at the year-end comprised of quoted equity investments (£59m – 98% of the total portfolio by value) and a small number of unquoted investments (including a loan note and a warrant) (£907k – 2% of the total portfolio by value) held at fair value through profit or loss.</p> <p>The valuation of the unquoted investments includes an element of subjectivity.</p> <p>We considered the valuation and ownership of investments to be a significant audit area as investments represent the most significant balance in the financial statements and underpins the principal activity of the entity.</p> <p>There is a risk that the bid price used as a proxy for fair value of investments held at the reporting date is inappropriate. Given the nature of the portfolio is such that it comprises majority of listed level 1 investments, we do not consider the use of bid price to be subject to significant estimation uncertainty.</p> <p>There is also a risk of error in the recording of investment holdings such that those recording do not appropriately reflect the property of the Company.</p> <p>For these reasons and the materiality to the financial statements as a whole, they are considered to be a key area of our overall audit strategy and allocation of our resources and hence a Key Audit Matter.</p>	<p>We responded to this matter by testing the valuation and ownership of the whole portfolio of quoted investments (98% of the total portfolio by value). We performed the following procedures:</p> <ul style="list-style-type: none"> → Confirmed the year-end bid price was used by agreeing to externally quoted prices; → Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings; → Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and → Obtained direct confirmation of the number of shares held per equity investment from the custodian regarding all investments held at the balance sheet date. <p>For the loan note held at the year-end we:</p> <ul style="list-style-type: none"> → Obtained the loan agreement and verified the inputs used in calculating the value of the loan note; → We verified the loan note was issued at arm's length; → We considered movement in market interest rates and any other changes in the credit risk or other risks associated with the counterparty based on the Company's performance; and → Re-calculated the valuation and compared it to the Investment Manager's valuation also including a sensitivity analysis. <p>Key observations: Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of investments was not appropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2024	2023
Materiality	£640k	£495k
Materiality Basis for determining materiality	1.0% value of net assets	1.0% value of net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	As an investment company, the principal operations of the audited entity which impact the decision making of the stakeholders are investments. Hence net assets has been chosen as the benchmark to set materiality. The Asset value of the Company is a key indicator of the performance and as such the most relevant benchmark for the users of the Financial Statements.
Performance materiality	£480k	£372k
Basis for determining performance materiality	75.0% of materiality.	75.0% of materiality.
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	We considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £32k (2023: £24k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report (continued)

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit

Going concern and longer-term viability	<ul style="list-style-type: none"> → The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 26; and → The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 14.
Other Code provisions	<ul style="list-style-type: none"> → Directors' statement on fair, balanced and understandable set out on page 28; → Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 12; → The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 21; and → The section describing the work of the audit committee set out on page 22.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> → the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and → the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report..</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> → adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or → the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or → certain disclosures of Directors' remuneration specified by law are not made; or → we have not received all the information and explanations we require for our audit..

Responsibilities of Directors

As explained more fully in the Directors' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Investment Manager, the Administrator and those charged with governance and;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status. This included a review of other qualitative factors and ensuring compliance with these.

Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with the Investment Manager, the Administrator and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to be valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of valuation of unquoted investments, the procedures set out in the key audit matter section in our report were performed;
- In addressing the risk of management override of control, we:
 - Tested journals posted in the preparation of the financial statements
 - Incorporated unpredictability into our testing by selecting a sample of immaterial expenses that would not otherwise have been selected for testing
 - Reviewed the significant judgements made in the unquoted investment valuations and considering whether the valuation methodology is the most appropriate;
 - Considered any indicators of bias in our audit as a whole; and
 - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

Independent Auditor's Report (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith, Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
London, UK

18 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

for the year ended 31 March 2024

	Notes	Revenue £'000	Year ended 31 March 2024 Capital £'000	Total £'000	Year ended 31 March 2023 £'000
Income	2	1,114	-	1,114	1,348
Net gains on investments at fair value		-	2,715	2,715	8,991
Total income		1,114	2,715	3,829	10,339
Administrative expenses					
Investment Manager fee	3	(191)	-	(191)	(112)
Performance fee	3	-	-	-	(625)
Other expenses	4	(581)	(161)	(742)	(1,172)
Return before finance costs and taxation		342	2,554	2,896	8,430
Finance costs		(1)	-	(1)	-
Return before taxation		341	2,554	2,895	8,430
Taxation	5	-	-	-	(1)
Return for the year		341	2,554	2,895	8,429
Basic and Diluted earnings per ordinary share for profit from continuing operations and for profit for the year (pence)*		1.25p	9.34p	10.59p	33.17p

* In accordance with IAS 33 'Earnings per Share', the comparative return per ordinary share figures have been restated using the new number of shares in issue following the ten for one share split. For weighted average purposes, the share split has been treated as happening on the first day of the accounting period. See note 12 for further details.

The total column of the statement is the Statement of Comprehensive Income of the Company prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

All items in the above Statement derive from continuing operations. No operations were acquired or discontinued during the period.

The notes on pages 39 to 50 form part of these Financial Statements.

Statement of Financial Position

as at 31 March 2024

	Notes	31 March 2024 £'000	31 March 2023 £'000
Non-current assets			
Investments at fair value through profit or loss	8	60,322	39,255
Current assets			
Cash and cash equivalents		4,761	11,631
Trade and other receivables	9	281	73
		5,042	11,704
Total assets		65,364	50,959
Current liabilities			
Trade and other payables	10	(1,103)	(541)
Performance fee payable		-	(625)
Total liabilities		(1,103)	(1,166)
Net current assets		3,939	10,538
Net assets		64,261	49,793
Represented by:			
Share capital	12	1,560	1,281
Share premium		24,347	13,063
Revenue reserve		18,565	24,105
Capital reserve		8,435	-
Capital redemption reserve		11,354	11,344
Total equity		64,261	49,793

The NAV per share on 31 March 2024 is 206.04p pence (2023: 195.96 pence restated for the sub-division of each ordinary share into 10 new ordinary shares, approved at the AGM held on 12 September 2023 and completed on 11 October 2023).

These Financial Statements were approved and authorised for issue by the Board of Directors on 18 June 2024. Signed on behalf of the Board of Directors.

Noel Lamb
Chairman

Kenneth Lever
Director

The notes on pages 39 to 50 form part of these Financial Statements.

Statement of Cash Flows

for the year ended 31 March 2024

Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Cash flow from operating activities		
Return for the year	2,895	8,429
Net gains on investments at fair value	(2,715)	(8,991)
(Increase)/decrease in trade receivables	(52)	90
(Decrease)/increase in trade and other payables	(652)	664
Corporation tax paid	-	(1,581)
Net cash outflow from operating activities	(524)	(1,389)
Cash flows from investing activities		
Purchases of investments	(30,336)	(20,015)
Sales of investments	12,573	22,528
Net cash (outflow)/inflow from investing activities	(17,763)	2,513
Cash flows from financing activities		
Gross proceeds of share issue*	11,527	-
Share issue costs	(110)	-
Net cash inflow from financing activities	11,417	-
(Decrease)/increase in cash and cash equivalents	(6,870)	1,124
Reconciliation of net cash flow movements in funds		
Cash and cash equivalents at the beginning of the year	11,631	10,507
(Decrease)/increase in cash and cash equivalents	(6,870)	1,124
Cash and cash equivalents at end of year	4,761	11,631

* excludes share issues not received at 31 March 2024 totaling £156,000.

Statement of Changes in Equity

for the year ended 31 March 2024

	D shares £'000	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserve* £'000	Capital Reserve £'000	Capital Redemption Reserve £'000	Total Equity £'000
Balance at 31 March 2022	10	1,271	13,063	15,320	-	11,344	41,008
Profit and total comprehensive income for the year	-	-	-	8,429	-	-	8,429
Total profit and comprehensive income for the year	10	1,271	13,063	23,749	-	11,344	49,437
Contributions by and distributions to owners							
Return of unclaimed special dividends and capital payments	-	-	-	356	-	-	356
Balance at 31 March 2023	10	1,271	13,063	24,105	-	11,344	49,793
Unrealised appreciation transferred at 1 April 2023	-	-	-	(5,881)	5,881	-	-
Cancellation of D shares	(10)	-	-	-	-	10	-
Gross proceeds of share issue	-	289	11,284	-	-	-	11,573
Profit and total comprehensive income for the year	-	-	-	341	2,554	-	2,895
Balance at 31 March 2024	-	1,560	24,347	18,565	8,435	11,354	64,261

* The revenue reserve can be distributed in the form of dividends.

The notes on pages 39 to 50 form part of these Financial Statements.

Notes to the Financial Statements

Rockwood Strategic Plc (the Company) is a public company incorporated in the UK and registered in England and Wales (registration number: 03813450).

The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

1. Basis of preparation and material accounting policies

Basis of preparation

Following the Company's approval as an investment trust company on 1 April 2023, the annual Financial Statements of the Company for the year to 31 March 2024 have been prepared in accordance with UK adopted international accounting standards. They will also be prepared in accordance with applicable requirements of England and Wales company law and reflect the following summarised policies which will be adopted and applied consistently. The Financial Statements have also been prepared in accordance with the SORP for investment trust companies issued in July 2022, except to any extent where it conflicts with IFRS.

In order better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

The functional and presentational currency of the Company is Pounds Sterling and has been determined on the basis of the currency of the Company's share capital and the currency in which dividends and expenses are paid. The Financial Statements are presented to the nearest thousand (£'000).

Going concern

In assessing the Company as a going concern, the Directors have considered the market valuations of the portfolio investments, the current economic outlook and forecasts for Company costs.

The Company is in a net asset position of £64.3 million (March 2023: £49.8 million) and 98.5% of the Company's portfolio of investments consist listed equities which, should the need arise, can be liquidated to settle liabilities. The rest of the Company's portfolio consisted of 1.2% in a loan and 0.3% in other unquoted investments. There are no other contractual obligations other than those already in existence and which are predictable.

At the year end, Pressure Technologies had an outstanding loan of £0.75 million with the Company. The loan is valued at par which is approximate to its fair value and there is no reason to doubt its recoverability as Pressure Technologies had £13.6 million net assets on its balance sheet as per the annual report dated 30 September 2023 and had first charge over the assets of Pressure Technologies.

The Company's forecasts and projections, taking into account the current economic environment and other factors, including reasonably possible changes in performance, show that the Company is able to operate within its available working capital and continue to settle all liabilities as they fall due for the foreseeable future. The Company has consistent, predictable ongoing costs and major cash outflows, such as for the payment of dividends, are at the full discretion of the Board.

Therefore, the Directors taking into the consideration the above assessment are satisfied that the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these Financial Statements were approved.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

Notes to the Financial Statements (continued)

1. Basis of preparation and material accounting policies (continued)

Material Accounting Judgements, Estimates and Assumptions

The preparation of Financial Statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reported period. It also requires Management to exercise their judgement in the process of applying the accounting policies. The main area of estimation is in the inputs used in determination of the valuation of the unquoted investments in Note 8. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Management believes that the underlying assumptions are appropriate and that the Company's Financial Statements are fairly presented.

Investments at fair value through profit or loss

All investments held by the Company are designated as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their return in the form of interest, dividends or increase in fair value. Listed equities, unquoted equities and fixed income securities are classified as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. Investments are initially recognised at cost, being the fair value of the consideration. Fixed income securities are designated at fair value which is approximation of its par value.

After initial recognition, investments are measured at fair value, with movements in fair value of investments and impairment of investments recognised in the Statement of Comprehensive Income and allocated to the capital column. For quoted equity shares fair value is generally determined by reference to quoted market bid prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks.

IFRS 13 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

- Level 1 – valued using quoted prices in active markets for identical investments.
- Level 2 – valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 financial assets (31 March 2023: £nil).
- Level 3 – valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are £907,000 level 3 financial assets (31 March 2023: £nil).

Unquoted investments are valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Their valuation incorporates all factors that market participants would consider in setting a price. The primary valuation techniques employed to value the unquoted investments are earnings multiples, recent transactions and the net asset basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Foreign currency

Transactions in currencies other than Sterling are recorded at the rate of exchange prevailing on the date of the transaction. Items that are denominated in foreign currencies are retranslated at the rates prevailing on Statement of Financial Positions. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue reserve depending on whether the gain or loss is capital or revenue in nature.

Revenue

Dividend income from investments is recognised when the Company's right to receive payment has been established, normally the ex-dividend date. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in the value of shares received over the amount of cash dividend foregone is recognised as a capital gain in the Statement of Comprehensive Income.

Interest income is recognised in line with coupon terms on a time-apportioned basis. Special dividends are credited to capital or revenue according to their circumstances.

Expenses

All expenses are accounted for on an accruals basis and are allocated wholly to revenue with the exception of Performance Fees which are allocated wholly to capital, as the fee is payable by reference to the capital performance of the Company, and transaction costs which are also allocated to capital.

1. Basis of preparation and material accounting policies (continued)

Taxation

The charge for taxation is based on the net revenue for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes. The Company has an effective tax rate of 0.0%. The estimated effective tax rate is 0.0% as investment gains are exempt from tax owing to the Company's status as an investment trust and there is expected to be an excess of management expenses over taxable income and thus there is no charge for corporation tax.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with recommendations of the SORP, the allocation method used to calculate the tax relief expenses charged to capital is the 'marginal' basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

Equity dividends payable

Equity dividends payable are recognised when the shareholders' right to receive payment is established. For interim dividends this is when they are paid and for final dividends this is when they are approved by shareholders.

Share capital and reserves

The share capital represents the nominal value of the Company's ordinary shares. As at 31 March 2024 there were 31,189,090 (31 March 2023 – 25,410,460, restated due to 1 for 10 share issue) Ordinary shares of 5p each in issue. During the year a share sub-division of its existing ordinary shares on a ten for one basis took effect on the 11 October 2023.

The share premium account represents the accumulated premium paid for shares issued above their nominal value less issue expenses. This reserve cannot be distributed.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. Realised gains can be distributed, unrealised gains cannot be distributed.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs associated with running the Company. This reserve can be distributed, if positive.

Adoption of New and Revised Standards New standards, interpretations and amendments adopted from 1 March 2023

There are no new standards impacting the Company that have had a significant effect on the annual financial statements for the year ended 31 March 2024.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

Definition to accounting estimates (Amendments to IAS 8)

The amendment is to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

Deferred tax assets and liabilities (Amendments to IAS 12)

Amendment to provide a temporary exception to the requirements regarding deferred tax assets and liabilities. The amendments are effective for annual periods beginning on or after 1 January 2023.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company nor do they affect the disclosure of accounting policies of the Company.

Standards issued but not yet effective

There are no standards or amendments not yet effective which are relevant or have a material impact on the Company.

Notes to the Financial Statements (continued)

2. Income

	Year ended 31 March 2024	Year ended 31 March 2023
	Total £'000	Total £'000
Income from listed investments		
Dividends	811	925
Loan note interest income	40	274
Loan arrangement fee	22	40
	873	1,239
Other income		
Bank interest	241	109
Total income	1,114	1,348

3. Investment management and performance fee

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Investment Manager fee	191	112
Performance fees	-	625
	191	737

Under the terms of the Investment Management Agreement (7 April 2022) with Harwood Capital LLP, the Company will pay the Investment Manager a performance fee equal to 10.0% of outperformance over the higher of a 6.0% per annum total return hurdle and the high watermark. The 6.0% per annum compounds weekly and the performance fee is calculated annually. Provided that the Company's average NAV is at or below £100 million, performance fees in any performance fee period are capped at 3.0% of the Company's average NAV for the relevant performance fee period. In such instance, performance fees in excess of the 3.0% cap will not be paid and will instead be deferred into the next performance fee period. If the average NAV exceeds £100 million, the performance fee shall be further limited such that the combined investment management and performance fees shall not exceed 3.0% of the Company's average NAV. In such instance, performance fees in excess of the cap will not be deferred and will not become payable at any future date.

The performance fee is calculated annually for each performance fee period, which is aligned with the Company's accounting year. It is accounted for on an accrual basis and is recognised in the Statement of Comprehensive Income once a performance fee is triggered during the performance fee period. The Hurdle was not surpassed in the year and therefore there was no performance fee.

4. Other expenses

	Year ended 31 March 2024		Year ended 31 March 2023	
	Income £'000	Capital £'000	Total £'000	Total £'000
Auditors remuneration	47	-	47	37
Director's fees	102	-	102	95
Professional fees	336	-	336	420
Investment Trust Company conversion costs	-	-	-	470
Other general overheads	96	-	96	83
Transaction costs	-	133	133	67
Share split costs	-	28	28	-
	581	161	742	1,172

5. Taxation

	Year ended 31 March 2024	Year ended 31 March 2023
UK corporation tax		
Corporation tax liability at 25.0% (2023: 19.0%)	-	1
	-	1
Current tax	-	1
Tax on profit from ordinary activities	-	1

Factors affecting the tax charge for the current period

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK: 25.0% (2023: 19.0%).

The differences are explained below:

	Year ended 31 March 2024		Year ended 31 March 2023	
	Income £'000	Capital £'000	Total £'000	Total £'000
Current tax reconciliation				
Return before taxation	341	2,554	2,895	8,430
Tax at UK corporation tax rate of 25.0% (2023: 19.0%)	85	639	724	1,602
Tax effects of:				
Non-taxable dividends	(202)	-	(202)	(227)
Non-deductible expenditure	3	-	3	103
Chargeable gains not subject to tax	-	(639)	(639)	(1,341)
Movement in deferred tax not recognised	114	-	114	(136)
Total tax charge for the year	-	-	-	1

Deferred tax

At 31 March 2024, the Company had losses of £143,306,000 (31 March 2023: £143,142,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £35,827,000 (31 March 2023: £35,786,000), based on the enacted UK corporation tax rate of 25.0% that applied from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods that the carried forward tax losses can be utilised against.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to ordinary shareholders by the weighted average number of Ordinary Shares during the year. Diluted earnings per share is calculated by dividing the profit/loss attributable to shareholders by the adjusted weighted average number of Ordinary Shares in issue.

	Year ended 31 March 2024			Year ended 31 March 2023		
	Net Return £'000	Weighted average Ordinary Shares	Basic and diluted earnings per share pence	Net Return £'000	Weighted average Ordinary Shares	Basic and diluted earnings per share pence
Revenue	341	27,356,247	1.25	8,429	25,410,460*	33.17
Capital	2,554	27,356,247	9.33	-	25,410,460*	-
Total	2,895		10.58	8,429		33.17

As at 31 March 2024, the total number of shares in issue was 31,189,090 (2023: 25,410,460, restated due to 1 for 10 share issue). No shares were bought back by the Company (2023: None). There are no share options outstanding at the end of the year.

* Restated to reflect the subsequent 10 for 1 share split.

Notes to the Financial Statements (continued)

7. Dividends

The Company is recommending a dividend of 0.6p to shareholders in respect of the year ended 31 March 2024 (2023: none). No unclaimed historic dividends were reclassified to revenue reserve during the year (2023: £355,855).

8. Investments at fair value through profit or loss

	Year ended 31 March 2024		
	Investments in quoted companies (Level 1)	Other unquoted investments (Level 3)	Total
Opening Cost at beginning of year	33,374	-	33,374
Opening unrealised appreciation at the beginning of the year	5,881	-	5,881
Opening fair value at the beginning of the year	39,255	-	39,255
Movements in the year:			
Transfer between levels*	(41)	41	-
Purchases at cost	30,175	750	30,925
Sales proceeds	(12,573)	-	(12,573)
Realised gain on disposal	3,262	-	3,262
Change in unrealised (depreciation)/appreciation at the end of the year	(635)	88	(547)
Closing Fair value at the end of the year	59,443	879	60,322
Closing cost at the end of the year	54,197	791	54,988
Closing unrealised appreciation at the end of the year	5,246	88	5,334
Closing fair value at the end of the year	59,443	879	60,322

	Year ended 31 March 2023		
	Investments in quoted companies (Level 1)	Other unquoted investments (Level 3)	Total
Opening Cost at beginning of year	19,129	2,917	22,046
Opening unrealised appreciation at the beginning of the year	9,563	-	9,563
Opening fair value at the beginning of the year	28,692	2,917	31,609
Movements in the year:			
Purchases at cost	19,120	1,207	20,327
Sales proceeds	(17,548)	(4,124)	(21,672)
Realised gain on disposal	12,673	-	12,673
Change in unrealised depreciation at the end of the year	(3,682)	-	(3,682)
Closing Fair value at the end of the year	39,255	-	39,255
Closing cost at the end of the year	33,374	-	33,374
Closing unrealised appreciation at the end of the year	5,881	-	5,881
Closing fair value at the end of the year	39,255	-	39,255

* For the year ended 31 March 2024, there was a transfer from Level 1 to Level 3 of £69,175 Bonhill group due to voluntary liquidation.

8. Investments at fair value through profit or loss (continued)

The following table analyses investments carried at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised. The different levels are defined as follows:

- (i) level one measurements are at quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

The fair values of the Company's investments is summarised as follows:

	31 March	
	2024 £'000	2023 £'000
Level 1	59,415	39,255
Level 2	-	-
Level 3	907	-
	60,322	39,255

Fair values of financial assets and financial liabilities

Financial assets and liabilities are carried in the Statement of Financial Position at either their fair value (investments), or the Statement of Financial Position amount is a reasonable approximation of the fair value (dividends receivable, accrued income, accruals, and cash at bank).

As at 31 March 2024 and 31 March 2023, all investments, except for the investments in the table below, fall into the category 'Level 1' under IFRS 7 fair value hierarchy.

A summary of the level 3 investments are as follows:

	31 March 2024		31 March 2023	
	Investments included	£'000	Investments included	£'000
Fair value	Bonhill group	69	-	-
	Pressure Technologies			
	- Loan Notes	750	-	-
	- Warrants	88	-	-
		907	-	-

Valuation policy: Every three months, the Investment Manager within Harwood Capital LLP is asked to revalue the investments that he looks after and submit his valuation recommendation to the Valuation and Pricing ("V&P") Committee. The V&P Committee considers the recommendation made, and approves or adjust the valuation as required.

Level 3 investments have been valued in accordance with the IPEV guidelines. The valuation incorporates all relevant factors that market participants would consider in setting a price.

Methods applied include cost of investment, price of recent investments, net assets and earnings multiples.

Although the Manager believes that the estimates of fair values are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair values.

Subsequent adjustments in price are determined by the Manager's Valuation and Pricing Committee.

Investments in quoted companies (Level 1) have been valued according to the quoted bid price as at 31 March 2024.

At the year-end, the Company held 20.0% of the aggregate nominal value of voting equity of Pressure Technologies, in ordinary share capital. Pressure Technologies is incorporated in the UK and at its year end 30 September 2024 had capital and reserves of £13.6 million and had made a revenue loss of £1.1 million.

Notes to the Financial Statements (continued)

9. Trade and other receivables

	31 March 2024 £'000	31 March 2023 £'000
Proceeds due from share issues	156	-
Other debtors	112	63
Prepayments	13	10
	281	73

10. Trade and other payables

	31 March 2024 £'000	31 March 2023 £'000
Due to Brokers	901	312
Trade Creditors	202	229
	1,103	541

There were no other creditors as at 31 March 2024 (2023: none).

11. Performance fees payable

	31 March 2024 £'000	31 March 2023 £'000
Performance fees payable	-	625

12. Issued capital

Allotted, called-up and fully paid:

For the year ended 31 March 2024	£'000
2,541,046 ordinary shares of 50p each listed at 31 March 2023	1,271
146,863 ordinary shares of 50p each issued before the share split	73
24,191,181 ordinary shares issued through the share split	-
4,310,000 ordinary shares of 5p each issued after the year	216
31,189,090 ordinary shares of 5p each listed at 31 March 2024	1,560
2,000,000 D shares of 0.5p each listed at 31 March 2023	10
2,000,000 D shares of 0.5p cancelled during the year	(10)
D shares of 0.5p each listed at 31 March 2024	-

12. Issued capital (continued)

Allotted, called-up and fully paid:

For the year ended 31 March 2023	£'000
2,541,046 ordinary shares of 50p each listed at 31 March 2022	1,271
Nil ordinary shares of 50p each issued during the year	73
2,541,046 ordinary shares of 50p each listed at 31 March 2023	1,559
<hr/>	
2,000,000 D shares of 0.5p each listed at 31 March 2022	10
NIL D shares of 0.5p issued during the year	-
D shares of 0.5p each listed at 31 March 2023	10

At the AGM of the Company held on 12 September 2023, shareholders approved a resolution for a ten for one share split such that each shareholder would receive 10 shares with a nominal value of 5 pence each for every one share held. Expenses associated with the share split amount to £28,000.

The Company's shares are listed on the premium segment of the Main Market on the London Stock Exchange under reference RKW.

In order for the Company's conversion to an Investment Trust to be successful, all of its ordinary share capital needed to be listed as trading on a UK regulated market. The Deferred Shares which were issued as D Shares in October 2009 to incentivise the Investment Manager at the time were not admitted to trading on AIM and were economically valueless. The entire 2,000,000 Deferred Shares were bought back by the Company for 1 penny in aggregate and thereafter cancelled.

13. Financial instruments and financial risk management

The Company invests in quoted and unquoted companies in accordance with the investment policy. In addition to investments in smaller listed companies in the UK, the Company maintains liquidity balances in the form of cash held for follow-on financing and debtors and creditors that arise directly from its operations. As at 31 March 2024, £59.4 million of the Company's net assets were invested in quoted investments, £0.9 in unquoted investments and £4.7 million in liquid balances (31 March 2023: £39.3 million in quoted investments, £nil in unquoted investments and £11.7 million in liquidity).

In pursuing its investment policy, the Company is exposed to risks that could result in a reduction in the value of net assets and consequently funds available for distribution by way of dividend or for re-investment.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit and liquidity risk and cash flow interest rate risk; credit risk and liquidity risk are also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding years.

All financial assets with the exception of investments, which are held at fair value through profit or loss, are categorised as financial assets at amortised cost and all financial liabilities are categorised as amortised cost, amortised cost is a reasonable approximation of its fair value.

a) Market risk

i) Price risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £59.6 million (2023: £39.3 million).

The investments in fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities.

The Board's strategy in managing the market price risk is determined by the requirement to meet the Company's investment objective. Risk is mitigated to a limited extent by the fact that the Company holds investments in several companies. At 31 March 2024, the Company held interests in 20 companies (2023: 18 companies). The Directors monitor compliance with the investment policy, review and agree policies for managing this risk and monitor the overall level of risk on the investment portfolio on a regular basis.

Notes to the Financial Statements (continued)

13. Financial instruments and financial risk management (continued)

Market price risk sensitivity

The Board considers that the value of investments in quoted equity instruments is ultimately sensitive to changes in quoted share prices. The value of investments in Pressure Technologies, where the valuation methodology is to estimate the value of the conversion option of the instrument, is similarly linked to quoted share prices. The table below shows the impact on the return and net assets if there were to be a 25.0% (2023: 25.0%) movement in overall share prices.

As at 31 March 2024			+25%		-25%	
Security	Valuation basis	Fair value	Impact £'000	Impact per share (in pence)	Impact £'000	Impact per share (in pence)
Quoted investments	Latest share price	59,443	14,861	47.65	(14,861)	(47.65)

As at 31 March 2023			+25%		-25%	
Security	Valuation basis	Fair value	Impact £'000	Impact per share (in pence)	Impact £'000	Impact per share (in pence)
Quoted investments	Latest share price	39,255	9,814	38.62*	(9,814)	(38.62)*

* Restated for the sub-division of each ordinary share into 10 new ordinary shares.

The impact of a change of 25.0% (2023: 25.0%) has been selected as this is considered reasonable given the current level of volatility, observed both on a historical basis, and market expectations for future movement.

A sensitivity has not been performed for the other unquoted investments held by the Company at 31 March 2024 as they were not deemed to be material. There were none at 31 March 2023, as there is no exposure to market price risk in the valuation methodology applied for these investments. Interest rates are less volatile than market prices; therefore, the Company has deemed it inappropriate to consider a 25.0% upward or downward move in interest rates. Interest rates are determined by monetary policy and have been kept historically low due to quantitative easing and therefore we do not believe that interest rates will be as volatile as share prices.

ii) Currency risk

The Company does not hold any significant assets or liabilities denominated in a currency other than sterling, the functional currency. The transactions in foreign currency for the Company are highly minimal. Therefore, currency risk sensitivity analysis was not performed as the results would not be significantly affected by movements in the value of foreign exchange rates.

iii) Cash flow interest rate risk

As the Company has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Some of the Company's cash resources are placed in an interest paying current account to take advantage of preferential rates and are subject to interest rate risk to that extent.

b) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk is:

	31 March 2024 £'000	31 March 2023 £'000
Loan stock investments	750	-
Cash and cash equivalents	4,761	11,631
Trade and other receivables	281	73
	5,972	11,704

Credit risk relating to loan stock investments in unquoted companies is considered to be part of market risk.

13. Financial instruments and financial risk management (continued)

The Company's cash balances at 31 March 2024 and 2023 were held in institutions currently rated A or better by Fitch. Given these ratings, the Company does not expect any counterparty to fail to meet its obligations and therefore, no allowance for impairment is made for bank deposits.

c) Liquidity risk

The Directors consider that there is no significant liquidity risk faced by the Company. The Company maintains sufficient liquidity in cash and liquid investments to pay accounts payable and accrued expenses. All liabilities are current and repayable upon demand.

14. Capital disclosures

The Company's objective has been to maximise shareholder value from all assets, which in recent years has been to realise its portfolio at the most advantageous time and reinvest the proceeds to grow shareholder value per share over the long-term.

The capital subscribed to the Company has been managed in accordance with the Company's objectives. The available capital at 31 March 2024 is £64.3 million (31 March 2023: £49.8 million) as shown in the Statement of Financial Position, which includes the Company's share capital and reserves.

The total amount of revenue reserve for the year is £18.566 million (2023: £24.105 million) which is fully distributable and can be utilised for any future dividends.

The Company has no borrowings and there are no externally imposed capital requirements other than the minimum statutory share capital requirements for public limited companies.

15. Related party transactions and transactions with the Investment Manager

The related parties of Rockwood Strategic Plc are its Directors, persons connected with its Directors and its Investment Manager and significant shareholder Harwood Capital LLP (Harwood).

The total payable to Harwood is as follows:

	31 March 2024	31 March 2023
Performance fee	Nil	£0.63 million
Management fee	£0.05 million	£0.11 million
Total	£0.05 million	£0.74 million

As at 31 March 2024, the following shareholders of the Company that are related to Harwood had the following interests in the issued shares of the Company as follows:

	31 March 2024	31 March 2023
Harwood Holdco Limited	8,340,000 Ordinary Shares	7,340,000 Ordinary Shares*
R Staveley	321,380 Ordinary Shares	256,890 Ordinary Shares*

* Restated to reflect the 10 for 1 share split completed in October 2023

The Directors' remuneration and their interest in the Company are disclosed in the Director's remuneration review in the annual report.

There are no other material related party transactions of which we are aware in the year ended 31 March 2024.

Investment Management Fees:

A monthly management fee of £10,000 (inclusive of VAT, if any) until the Company's NAV equalled £60 million or higher (NAV threshold).

The NAV Threshold was met on 16 February 2024, since then, Harwood has been entitled to a management fee of 1/12th of an amount equal to 1.0% of the Net Asset Value before deduction of that month's Investment Management Fee and before deduction of any accrued Performance Fees.

Notes to the Financial Statements (continued)

15. Related party transactions and transactions with the Investment Manager (continued)

Performance Fees:

Harwood will also be entitled to a performance fee equal to 10.0% of outperformance over the higher of a 6.0% per annum total return hurdle and the high watermark. The 6.0% per annum compounding weekly and the performance fee will be calculated annually.

Provided that the Company's average NAV is at or below £100 million, performance fees in any performance fee period will be capped at 3.0% of the Company's average NAV for the relevant performance fee period. In such instance, performance fees in excess of the 3.0% cap will not be paid and will instead be deferred into the next performance fee period.

16. Subsequent events note

Share Issues:

The Company issued for cash 1,005,608 ordinary shares of 5 pence each in April and May 2024 from its block listing facility at an average price of 232.64 pence per share.

Glossary/Alternative Performance Measures (APMS)

AIC

The Association of Investment Companies.

Alternative performance Measures (APMs)

APMs are often used to describe the performance of investment companies although they are not specifically defined under FRS 102. The Directors assess the Company's performance against a range of criteria which are viewed as relevant to both the Company and its market sector. APM calculations for the Company are shown below.

Cash Alternatives/Equivalent

Also known as cash equivalents. A class of investments considered relatively low-risk because of their high liquidity, meaning they can be quickly converted into cash.

CTA

Corporation Tax Act 2010.

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend

The portion of company net profits paid out to shareholders.

FCA

Financial Conduct Authority.

LSE

London Stock Exchange.

Market Capitalisation

The total value of a company's equity, calculated by the number of shares multiplied by their market price.

NAV

NAV stands for net asset value and represents shareholders' funds. Shareholders' funds are the total value of a company's assets at current market value less its liabilities.

Ongoing charges ratio

A measure, expressed as a percentage of the average daily net asset values during the year, of the regular, recurring annual costs of running an investment company. This includes the Investment Management fee and excludes any variable performance fees. In the last two years there have been exceptional expenses, which will not be ongoing, associated in 2023 with the Strategic Review and its related Extraordinary Meetings and in 2024 associated with moving from the AIM to the Main Market of the London Stock Exchange.

Ongoing charges is calculated on an annualised basis. This figure excludes any portfolio transaction costs and may vary from period to period. The calculation below is in line with AIC guidelines.

		Year ended 31 March 2024
Investment management fee		191,000
Administrative expenses		581,000
Less: one off legal and professional fees		(5,000)
Total	(a)	767,000
Average cum income net asset value throughout the period	(b)	48,546,578
Ongoing expenses (c=a/b)	(c)	1.58%

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Total Return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date. This is calculated for both the Share Price and the Net Asset Value.

		Year ended 31 March 2024
NAV Total Return		
NAV 31 March 2024	(a)	206.04
NAV 31 March 2023	(b)	195.96*
Increase in NAV (c=a-b)	(c)	10.08
Total Return (d=c/b)	(d)	5.1%
Total Shareholder Return		
NAV price 31 March 2024	(a)	210.00
NAV price 31 March 2023	(b)	182.00*
Increase in share price c=a-b)	(c)	28.00
Total Return (d=c/b)	(d)	15.4%

* Restated for a 10 for 1 share split

Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting ("AGM") of the Company will be held at the offices of Shakespeare Martineau LLP, 60 Gracechurch Street, London EC3V 0HR at 10.00am on Wednesday, 31 July 2024 to consider the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 to 12 will be proposed as special resolutions:

Ordinary Resolutions

1. To receive the Annual Report and Accounts for the year-ended 31 March 2024.
2. To receive and adopt the Directors' Remuneration Report.
3. THAT the final dividend for the year ended 31 March 2024 of 0.6 pence per ordinary share be and is hereby declared payable on 2 September 2024 to Ordinary Shareholders whose names appeared on the Register of Members at the close of business on 9 August 2024.
4. To re-appoint Paul Dudley as a Director of the Company.
5. To re-elect Noel Lamb as a Director of the Company.
6. To re-elect Ken Lever as a Director of the Company.
7. To reappoint BDO LLP as auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the Directors to determine their fees.

8. THAT the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or convert any security into, shares in the Company (Rights) up to an aggregate nominal amount of £536,581.43 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next AGM of the Company or 15 months from the passing of this resolution, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

Special Resolutions

9. THAT, subject to and conditional upon the passing of resolution 8 above, the Directors of the Company be empowered under section 570 of the Companies Act 2006 (the Act) to allot equity securities (within the meaning of section 560 of the Act) for cash and/or to sell or transfer shares held by the Company in treasury (as the Directors shall deem appropriate) under the authority conferred on them under section 551 of the Act by resolution 8 above as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with any rights issue or other pro-rata offer in favour of the holders of Ordinary Shares in the Company where the equity securities respectively attributable to the interests of all such holders of shares are proportionate (as nearly as may be) to the respective numbers of shares held by them, provided that the Directors of the Company may make such arrangements in respect of overseas holders of shares and/or to deal with fractional entitlements as they consider necessary or convenient; and
- (b) the allotment (otherwise than under sub-paragraph (a) above) of equity securities and/or the sale or transfer of shares held by the Company in treasury (as the Directors shall deem appropriate) up to an aggregate nominal amount of £160,974.43 (representing approximately 10.0% of the ordinary share capital of the Company at the latest practicable date before publication of this Notice).

and this authority shall expire at the conclusion of the next AGM of the Company or 15 months from the passing of this resolution, whichever is earlier, that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities under such offers or agreements as if the power conferred by this resolution had not expired and provided further that this authority shall be in substitution for, and to the exclusion of, any existing authority conferred on the Directors.

10. THAT, subject to and conditional upon the passing of resolution 8 above, and in addition to the authority granted in resolution 9, the Directors of the Company be empowered under section 570 of the Companies Act 2006 (the Act) to allot equity securities (within the meaning of section 560 of the Act) for cash and/or to sell or transfer shares held by the Company in treasury (as the Directors shall deem appropriate) under the authority conferred on them under section 551 of the Act by resolution 9 above as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with any rights issue or other pro-rata offer in favour of the holders of Ordinary Shares in the Company where the equity securities respectively attributable to the interests of all such holders of shares are proportionate (as nearly as may be) to the respective numbers of shares held by them, provided that the Directors of the Company may make such arrangements in respect of overseas holders of shares and/or to deal with fractional entitlements as they consider necessary or convenient; and
- (b) the allotment (otherwise than under subparagraph (a) above) of equity securities and/or the sale or transfer of shares held by the Company in treasury (as the Directors shall deem appropriate) up to an aggregate nominal amount of £160,974.43 (representing approximately 10.0% of the ordinary share capital of the Company at the latest practicable date before publication of this Notice).
- and this authority shall expire at the conclusion of the next AGM of the Company or 15 months from the passing of this resolution, whichever is earlier, provided that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities under such offers or agreements as if the power conferred by this resolution had not expired and provided further that this authority shall be in substitution for, and to the exclusion of, any existing authority conferred on the Directors.
11. THAT, the Company be generally and unconditionally authorised to make market purchases (as defined in the Companies Act 2006) of Ordinary Shares in the capital of the Company (Ordinary Shares) on such terms and in such manner as the Directors may from time to time determine, provided that:
- (a) the maximum number of Ordinary Shares authorised to be purchased shall be 4,829,233;
- (b) the minimum price which may be paid for an Ordinary Share is the nominal value of an Ordinary Share at the time of the purchase;
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105.0% of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List) for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased;
- (d) the minimum and maximum prices per Ordinary Share referred to in subparagraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company.
- (e) the authority conferred by this resolution shall expire at the end of the AGM in 2025 or 15 months from the passing of this resolution, whichever is earlier, if unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting; and
- (f) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed wholly or partly after the expiration of such authority.
12. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice during the period from the date of the passing of this resolution until the conclusion of the next Annual General Meeting of the Company.

By order of the Board

SGH Company Secretaries Limited
Company Secretary

18 June 2024

Registered Office: 6th Floor,
60 Gracechurch Street, London EC3V 0HR

Notice of Annual General Meeting (continued)

Notice of Meeting Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on Monday, 29 July 2024. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
2. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 9.40am (UK time) on Wednesday, 31 July 2024 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by that shareholder. A proxy need not be a shareholder of the Company.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. You can vote either:
 - by logging on to www.signalshares.com and following the instructions; you can also vote by downloading the new shareholder app, LinkVote+, on Apple App Store or Google Play and following the instructions.
 - You may request a hard copy form of proxy directly from the registrars, Link Group, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
 - if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please

go to www.proximity.io. Your proxy must be lodged by 10.00am on Monday, 29 July 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote;

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group, PXS, Central Square, 29 Wellington Street, Leeds LS1 4DL by 10.00am on Monday, 29 July 2024.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 11 below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so. As mentioned above, the Company advises shareholders to vote electronically, or to appoint the Chair as their proxy as physical attendance in person may now be permitted.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00am on Monday 29 July 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
13. As at 18 June 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 32,194,886 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 June 2024 are 32,194,886.
14. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
15. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 10am on the day of the Meeting until the conclusion of the Meeting: copies of the Directors' letters of appointment or service contracts.
16. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website.

Corporate Information

Directors

N Lamb (Chairman)
P Dudley
K Lever

Company Secretary

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EC3V 0HR

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Please contact a member of the Rockwood Strategic team if you wish to discuss your investment or provide feedback on this document. Rockwood Strategic is committed to meeting the needs and expectations of all stakeholders and welcomes any suggestions to improve its service delivery. <https://www.rockwoodstrategic.co.uk/>

