RNS Number : 5068D
Rockwood Strategic PLC
22 June 2023

Rockwood Strategic plc

("RKW" or "the Company")

Full year results for the year ended 31 March 2023

21.4% NAV growth

Rockwood Strategic plc (AIM: RKW) is pleased to announce its audited results for the year ended 31 March 2023.

Highlights

- § NAV Total Return performance in the twelve months to 31 March 2023 of 21.4% to 1959.56p per share which compares to declines in the FTSE Small Cap (ex-ITs) of 15.7%. The positive Total Shareholder Return of the Company in this period was 28.2%.
- § NAV Total Return performance in the three years to 31 March 2023 of 116.9% which compares to the FTSE Small Cap (ex-ITs) of 49.6%. The Company's Total Shareholder Return in this period was 139.4%
- § Successful migration from AIM to a Premium Listing on the Main Market of the London Stock Exchange ("LSE").
- § The most active period of investing since the strategy was conceived with 13 new investments made during the year, with the majority of capital remaining in the top ten holdings.
- § Significant investment gains realised in Crestchic (£12.4m) and material unrealised gains within portfolio.
- § RKW ended the year with net assets of £49.8million, invested in 18 companies together with £10.5 million in cash.
- § Post period end, issued £2.4m of new equity at a premium to NAV under a Block Listing which was approved by the FCA in December 2022

Noel Lamb, Chairman of Rockwood Strategic plc, commented:

"The portfolio has delivered another year of excellent NAV growth whilst the Manager has been actively initiating new investments to seed future returns. Since the period end the discount to Net Asset Value has been eliminated for the very first time and we have begun to grow the strategy through new share issuance. This differentiated, active strategy is attracting significant attention, generating sector and market leading performance and offering investors a proven approach to delivering returns despite a challenging external environment."

Richard Staveley, Fund Manager, Harwood Capital LLP said:

"We are delighted the strategy has navigated market conditions so well. We believe this is due to our portfolio concentration, the operational and strategic progress delivered by most of the investee companies and recognition of the great value some of our holdings represented. The vast majority of investments remain deeply undervalued providing us with confidence regarding future NAV growth potential. We remain heavily engaged with our investee companies and have initiated a range of new investments during the year which we expect to at least meet our 3-5 year target returns and thus fulfil our objective of compounding wealth for Rockwood's shareholders long-term."

The full version of the RKW 2023 Annual Report and Notice of AGM has been published and will shortly be available on the Company's website shortly at www.rockwoodstrategic.co.uk.

For further information, please contact:

Rockwood Strategic plc

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CHAIRMAN'S STATEMENT

I am delighted to be reporting on a year of significant progress at Rockwood Strategic plc ("RKW"). Investment performance has been excellent, and we successfully moved to a Premium Listing on the Main Market of the London Stock Exchange on 29th September 2022 (from AIM). As explained last year, this process ensures tax efficiency with Value Added Tax no longer being applied to investment management fees and performance fees, and from next year, Corporation Tax will no longer be chargeable on realised investment gains. This process incurred one-off costs of approximately £470,000. However on-going expenses (including Administration and Custody fees) have been materially lowered and the tax efficiency is compelling.

Net Asset Value ("NAV") Total Return performance in the twelve months to 31 March 2023 was +21.4% which compares to declines in the FTSE Small Cap (ex-ITs) of -15.7% [1]. The Total Shareholder Return in this period was +28.2%. Management fees are charged at a fixed fee of £120,000 per annum while assets are below £60m and we are pleased that the excellent absolute performance of the portfolio during a period of falling UK smaller company prices has enabled us to pay a performance fee to the Manager. This is calculated as 10% of returns generated over a hurdle of 6% per annum (subject to a high watermark) and is achieving its purpose by incentivising the manager to deliver excellent outcomes for shareholders. RKW was the best performing UK small companies fund according to Association of Investment Companies data for the year ended 31st March 2023.

Our Investment Manager has clearly been busy, the Board is aware of a range of initiatives that occurred both during the year and are in progress to engage actively with our investments to help them create, unlock or realise value for all shareholders. Furthermore, a number of new investments have been established which the manager believes have sown the seeds of future growth in our NAV. The Board shares the view of the manager that the UK small companies market continues to provide a significant opportunity, due to the inefficient pricing of poorly researched or understood companies trading at historically low valuations. The Investment Manager is using its decades of investing experience and specialist insight to identify a small number of the very best opportunities.

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. Our portfolio's underlying companies have been steadily growing shareholder value and having that value better recognised by the wider stock market. Performance in any short period under review will be primarily due to the individual performances of a handful of our holdings and in this regard the success of the investment in Crestchic Plc should be highlighted, an excellent case-study for our differentiated investment approach, discussed in the Investment Manager's report.

We welcomed Paul Dudley to the Board during the year. His background in corporate finance, accounting and the financing of listed companies is already proving valuable. Post year end, we achieved another milestone with the share price rising above £20. With the aim of increasing marketability and liquidity the Board is recommending a 10 for 1 stock split. Growing the NAV remains a clear priority for the Company. 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. We have put in place a block-listing facility to enable share issuance above NAV. Subsequent to year end, I am delighted to report that the discount to NAV has been eliminated entirely and we have begun to issue new shares. This is a significant achievement, given the market backdrop and alongside sustained performance and on-going marketing initiatives we hope to continue to attract new investors to the strategy.

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. As such there will be no dividend proposed this year. Our AGM will be held on 12th September for those that would like to meet the Board and Manager in person.

Yours sincerely

Noel Lamb, Chairman

INVESTMENT MANAGER'S REPORT

Highlights

- NAV Total Return performance in the twelve months to 31 March 2023 of 21.4% to 1,959.56p per share which compares to declines in the FTSE Small Cap (ex-ITs) of 15.7%. The positive Total Shareholder Return of the Company in this period was 28.2%.[2]
- NAV Total Return performance in the three years to 31 March 2023 of 116.9% which compares to the FTSE Small Cap (ex-ITs) of 49.6% [3]. The Company's Total Shareholder Return in this period was 139.4%
- Successful migration from AIM to a Premium Listing on the Main Market of the London Stock Exchange ("LSE")

Market backdrop

The period was very challenging for UK smaller company investors. The FTSE Small Cap (ex-ITs) fell 3 of out of four quarters with a modest rally in Q4 of 2022, mainly because sentiment had got so negative that a slight improvement in mood regarding the direction of US interest rates prompted a rally. Against this backdrop, investor money flow data and surveys indicated continued reductions to UK equities. It is difficult to pinpoint the rationale to this seemingly entrenched pessimism; partly structural such as the desire to allocate to "Global" equities rather than UK; partly aversion due to concerns about the post-Brexit economy; possibly partly due to the lack of flag-waving UK fund managers with attractive performance to highlight. It may just be the political shambles that characterised most of the period, firstly with the departure of Boris Johnson, second through the disastrous and record-breaking short tenure of his replacement, Liz Truss. There is little doubt though that with UK Debt to GDP ratios the highest since World War II, the tax burden at generational highs and a general lack of support for public service cost-cutting, the UK's political leaders have wafer thin room to manoeuvre fiscal policy. The lower valuation of UK equities relative to global equities and compared with historical levels, seems to have been spotted given the increasing number of takeover approaches for UK companies by Private Equity Funds who have record amounts of capital to deploy.

UK unemployment hit its lowest level of 3.4% since 1974 and retail inflation reading 14%, the highest since 1980. Inflation is, in our view, the most important current determinant in both the outlook for markets and also the source of broader corporate, investor and central bank behaviour. During the year interest rates rose markedly around the world in an attempt to tame inflation, with the UK official Bank Rate up from 0.75% to 4.25%. Jerome Powell, Chairman of the Federal Reserve, earlier in the year, made it clear "pain" was inevitable, he was still raising interest rates to new highs as Rockwood's financial year came to a close. This is an era-defining regime change and should benefit 'value' investments over long-duration 'growth' investments and unleveraged asset classes over ones relying on debt to juice returns. Both of these characteristics should benefit Rockwood Strategic's approach.

The impact of higher interest rates characterised other key developments: noticeably the emergence of banking stress in our final quarter leading to the distressed sales of Silicon Valley Bank, Credit Suisse and First Republic Bank to better capitalised rivals. A credit squeeze commenced and is, alongside the cost of living squeeze on consumers, feeding into measly economic growth, teetering on recession in major economies, other than China where extreme lock-down conditions post Covid-19 were lifted. This is easing supply-chain blockages, and noticeably causing a normalisation of freight rates. Gold and, begrudgingly, Crypto coins performed subsequently well given this backdrop. Housing and property markets began to weaken. The Ukrainian conflict sadly rumbles on with little evidence to suggest a resolution is in sight. However, the sourcing of gas and oil away from Russia has been impressive in Europe and almost everyone will be pleased energy prices have been moderating. The effectiveness of an inverted yield curve providing an early warning signal of impending recession is being tested.

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. Our results this year demonstrate that Rockwood shareholders can have a smile on their faces when almost everyone else hasn't. Some of the factors mentioned above such as the seemingly on-going outflows from UK equities to other asset classes or geographies are in fact positive for our strategy. We are not faced with outflows, we can choose to buy when others are forced to sell.

We are confident in the upside potential of the portfolio with a range of good trading updates during recent months. We have exciting strategic investment theses for all the holdings and expect our 'engaged' style will lead to the unlocking of material shareholder value. Many holdings have depressed levels of profitability relative to history with clear plans for recovery independent of macro-economic conditions. Overall, the portfolio holdings are well-financed too with strong balance sheets in almost all cases or the ability to de-leverage quickly in the remainder. We finished the year with £10.5m of cash, 21.2% of NAV. We see 'core' inflation being quite sticky and sense the market is too hopeful on the speedy reversal of interest rates and thus is prone to further volatility which is likely to accompany weakening of general economic conditions further. We remain confident the 'value' factor will perform well and provide support for our portfolio and investment style. 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 other solutions will emerge. This dynamic should deliver material, absolute NAV growth for the current portfolio holdings as it did during the year.

As signalled a year ago we were able to increase the number of holdings and we expect this to continue during the current year. We ended with 8 'Core' holdings and 10 'Springboard Opportunities' with the top ten holdings accounting for 64.1% of NAV at year end.

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 un-lock 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.

Top 5 Investment Portfolio Holdings

RM Plc 11.1% Net Assets, 9.2% of their Issued Share Capital
Cost: £2.85m, Value as at 31st March 2023, £5.53m, IRR to period end date 450%

The company is an established and leading supplier to the education market. It has three divisions: firstly an educational supplies business which reaches 90% 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 financial stress arose due to a poorly executed implementation of a new group software system which lead to operational problems and a need to ease banking covenants. This has led to the CEO being replaced alongside an Interim CFO. Fortunately, the business has a long history of cash generation and also some surplus assets which were able to be sold at short notice easing stress. We believe that the shares have a "sum-of-the-parts" valuation materially above the current share price and expect the company and the new CEO to focus on the creation and realisation of shareholder value through a well-managed divisional disposal process once the business has been stabilised.

Centaur Media Plc 8.5% Net Assets, 6% of their Issued Share Capital
Cost: £3.44m, Value as at 31st March 2023, £4.25m, IRR to period end date 10%

The company has two divisions providing business information, consultancy, training, premium media and events content in the Marketing and Legal sectors. The legal business is focused on the market leading publication The Lawyer whilst the marketing activities span a number of high quality brands such as Econsultancy, Influencer Intelligence, Marketing Week and Festival of Marketing. The business has also developed a fast growing e-learning solution called MiniMBA. The holding was made in 2017 at 50p, however in late 2019-20 the investment was quadrupled in size at an average price of 31p.The company has gone through extensive restructuring in the last few years and disposed of a number of other divisions, converting activities from print to digital and increasing subscription content. Management have therefore been improving profitability markedly, with 23% EBITDA margins targeted for 2023. The business has significant cash balances. During the period Richard Staveley (member of the Investment Team) joined the Board as a Non-Executive Director and in January 2023 and March 2023 the company announced two material special dividends for investors. The investment team continue to identify a material discount in the share price to intrinsic value despite a transformed level of profitability, quality of earnings, and stronger balance sheet (than previous years).

M&C Saatchi 8.0% Net Assets, 1.7% of their Issued Share Capital
Cost: £1.72m, Value as at 31st March 2023, £3.99m, IRR to period end date 38%

The company is one or the world's best known global advertising and communications advice agencies with clients stretching from governments to supra-national organisations (e.g. the World Health Organisation) to the world's leading brands (e.g. McDonalds) and social media sites (e.g. TikTok). In more recent times the company has been in turmoil with the original Founders leaving, accounting errors and a poorly structured incentive scheme. The investment was initiated in late 2020 as management and Board changes started to take effect. The balance sheet has net cash and a new strategy to grow the business markedly and improve margins to over 17% (currently 13%). During COVID the business had no material client losses indicating the strength of their relationships. Opportunistic takeover approaches by former Board Director Vin Murria and Next Fifteen Plc were rejected by shareholders during the period. We believe the company has considerable further recovery potential and is grossly undervalued. Many of its services are counter-cyclical and its highest margin activities are growing the fastest.

Flowtech Fluidpower 7.3% Net Assets, 5.8% of their Issued Share capital
Cost: £2.56m, Value as at 31st March 2023, £3.63m, IRR to period end date 14%

The company primarily distributes Fluidpower components to a diverse range of customers with a strong bias to parts used for repair or maintenance reasons. The investment was initiated in 2020 since then there has been Board evolution, importantly the appointment of the highly regarded Roger McDowell as Chairman (Roger was previously a Non-Executive Director at Augean plc). During the period Jamie Brooke, a member of the Rockwood Strategic Plc Investment Advisory Group ("IAG"), joined the Board also as a Non-Executive Director and shortly after year-end a new CEO was appointed, Mike England, formerly COO of FTSE 100 RS Group Plc. The company has been addressing the lack of integration amongst its various acquisitions, driving scale and synergies and has been investing in its on-line capabilities. The business is still producing sub-par operating margins and has a stock-turn well below that targeted by management and achieved by peers. We expect this to improve and thus improve returns, profitability and in-turn a valuation re-rating.

Pressure Technologies 6.9% Net Assets, 20.5% of Issued Share capital
Cost: £4.26m, Value as at 31st March 2023, £3.41m, IRR to period end -8%

The company has two divisions; the industry leading Chesterfield Special Cylinders which manufactures and services a range of high-end industries and customers including the Ministry of Defence, and the Precision Machined Components division ("PMC"), which manufactures high specification parts primarily for the oil & gas industry. The investment was initiated in early 2019, however cash generation has not been as expected and in both late 2020 and 2022 further equity issuance was needed to support the company's ambitions. Similar to Crestchic we see strategic logic in focusing the company into one division (Chesterfield). The PMC division should benefit from an improved oil & gas pricing environment resulting in higher activity levels. Whilst Chesterfield has significant orders in defence and elsewhere, there are opportunities in the emergent Hydrogen economy. During the period, we corner-stoned the fund raise, Richard Staveley was announced as becoming a NED, a new Chief Financial Officer was appointed, and the company announced advisors had been engaged to explore a sale of PMC.

Portfolio Activity

This was the most active period of investing since the strategy was conceived with 13 new investments made during the year.

The main feature was Crestchic Plc (formerly Northbridge Industrial Services) which started the period at 15.8% of NAV. We are delighted that our engagement efforts supported the company and ultimately rewarded all shareholders with a material increase in shareholder value which was realised into cash. Crestchic was a proven business, asset-rich with an excellent international client base. Our engagement since late 2019 included getting the company to report and focus on Return on Capital Employed metrics, the evolution of management with the appointment of Peter Harris as Executive Chairman, the appointment of two NEDS, one a direct representative of Harwood Capital, the development of an appropriate incentivisation scheme, the sale of the company's loss-making second division, the re-investment into the business and improved Investor Relations narrative and approach. Rockwood owned a material stake in the company and "ran our winner" with the % of NAV reaching c. 31% prior to the company being successfully taken over by Aggreko (Private Equity backed). The realisation generated an IRR of 30.4%, a Money Multiple of 4.8x and a gain of £12.4m.

There were only three other, much smaller, exits during the year:

Lakes Distillery Convertible Loan Note - realised IRR 21.6%
The Lakes Distillery has been building its English whisky and spirits brand carefully and successfully over recent years, despite a number of external challenges. The business model requires a lot of capital, whilst growing, to support the working-capital in laid down casks. We were delighted to see some well-deserved awards for their

whisky but were happy to realise our maturing Convertible Loan note into cash during the period allowing new investors to take the company through to its next phase of growth.

Seraphine - realised IRR -6%

Our target holding period for investments is three to five years. This relates to the usual time we have observed it historically takes for a turnaround in a company's profitability and valuation rating when accompanied by the usual Board, management, operational and strategic changes to catalyse the recovery. Over excited 'Growth' investors backed a series of over-valued IPOs in the run-up to the regime change caused by the normalisation of interest rates. Seraphine, a mainly on-line, successful, international retailer of maternity apparel had listed at c. £150 million market capitalisation and had collapsed to c.£20m. We initiated a 'Springboard' 2% weighting, however subsequent key online platform changes to advertising rates affected all retailer's customer acquisition costs hitting profitability, alongside the accelerating cost of living pressures and poor consumer confidence. We accepted a Private Equity takeover approach for the company, at approximately the value we paid for our holding (our 'margin of safety' protected us), as the risks to our medium-term thesis had materially increased post purchase.

Bonhill Loan - realised IRR 65.4%

Bonhill, the financial services B2B media publishing and events business, has also been a volatile investment since initiation in a rescue fund raise in the first couple of months of lockdown in 2020. There is no doubt the collapse in physical events was highly disruptive for the relationship between their brands and customers, however operationally management was found wanting and changes were necessary. The inability of the US business to generate cashflow, some marginal brands creating organisational cost and complexity, inadequate technology systems and limited integration led to one conclusion: the business was sub-scale for a listing and had no mandate for further acquisitions. Having taken a NED Board position, we helped refinance again during the year increasing our holding to 19.5%, and the Board then initiated a formal sales process of the business with UK and Asian assets and the small titles sold during the period. During this process further financing was required and Rockwood Strategic provided a "bridging" loan to Bonhill to help them through to completion of asset sales. Although modest in terms of a cash return (relative to NAV) it delivered an excellent IRR. Post year end the US assets were sold and the company initiated a full return of realised capital to shareholders. A good illustration of the flexibility of our mandate.

As a result of the above exits the strategy did not have any non-listed or private instruments in the portfolio at the end of the year.

New holdings

The Investment Team have an exciting short list of potential investments and have been actively deploying capital during these depressed market conditions to seed returns for shareholders over the medium term, most notably to date being RM Plc. None of the other new positions exceeded 5% of NAV at the year end and are not deemed 'core' but 'Springboards/Opportunities' at this date. Below we highlight a few through a brief summary of the opportunity. A small number of holdings are still in the process of being built to target weightings and thus we look forward to updating shareholders on these in the Interim Report. The Board notes that for new holdings, we display NAV, IRR and Market Capitalisation as set out for the below. None of which are designated as 'core' investments to date.

Finsbury Food Group 4.0% NAV, IRR to date 39%, Market capitalisation £124m

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. Sales are over £350million and the long-standing proven management team have delivered a successful recovery of the business since 2010 alongside allocating capital well including some smart bolt-on acquisitions. With strong customer relationships and stable c.5% margins over a long period we anticipate a phase of improving profitability as the fruits of new systems investment, automation in the factories and other efficiency measures take effect, a lot of which has been obscured by the exceptional input cost food price inflation in recent months. We see the combination of these factors as creating a step-change in operational effectiveness and thus profitability, when delivered. The company has large debt facilities available and the scope and ambition for material, even transformative, M&A activity in this large sector, however they are somewhat constrained by a seemingly inappropriately low stock market multiple. We believe Private Equity could achieve a lot with this team, balance sheet and business, particularly if higher levels of leverage were taken on.

Galliford Try 4.1% NAV, IRR to date 8%, Market capitalisation £185m

Construction Services are generally hated by institutional investors as many bear the scars of former investments in companies such as Carillion. However, we have recognised a change in risk management in the larger players in the sector and have identified that Galliford Try's chosen markets, primarily being regulated industries or public sector clients as being much lower risk. With huge sales of over £1.4billlion, the wave of infrastructure requirements across schools, hospitals, roads, energy, water and rail mean the current order book is over £3.5billion. This is diverse with the average job value £25m, indeed 90% of work is now on 'framework' contracts with much lower risk contract terms than yester-year. However, shareholders also benefit from the ownership of approximately £46m of Public & Private Partnership ("PPP") Investments which produce a very stable and inflation linked income stream and a massive cash balance which on average has been around £154m giving considerable scope for M&A, dividends and buybacks. The new management team have been re-building profitability (now 2.3% operating margin) which we expect to continue alongside an emerging market re-appraisal of the defensiveness of the construction infrastructure sector's growth drivers when compared to many other Companies in this sector.

City Pub Company 4.8% NAV, IRR to date 11%, Market capitalisation £86m

Having survived the travails of Covid-19, the company entered a new suite of external pressures including the cost-of-living squeeze on consumers and cost inflation (energy, food, wages). What is clear is that management are first rate operationally, indeed they are also proven to investors as Founder Clive Watson built up another pub group and sold it successfully to Greene King previously. Here he has helped carefully curate an estate of 52 units in the South of England in high 'quality' locations, dominated by Freehold ownership. Headwinds are all starting to abate, whilst critical mass is emerging meaning improved overhead recovery and much improved profits for shareholders. Of course central costs wouldn't be needed at all to larger trade buyers of the group, some of whom we suspect are eyeing the £160m Director's valuation of the estate, a material premium to the stock market valuation. We expect accretive strategic developments and further operational improvements after some recent senior leadership evolution.

Trifast 4.1% NAV, very high IRR to date not relevant to due short holding period, Market capitalisation £106m

The company is an international manufacturer (30%) and distributor (70%) 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, 15bn parts are sold per year, 1200+ employees. Sales exceed £245m 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 ROCE is poor. The operating margin is depressed vs its long history and a management and Board evolution is underway alongside a restructuring program to deliver savings. This follows a new ERP system roll-out finally completing (after a £17.5m investment). 75% of sales are customer-specific branded products, 18-year average tenure of top ten customers, the largest <7.5% sales. Net Debt has become elevated not least due to a bulging inventory position of over £100m. We can identify a significant multi-year turnaround and recovery opportunity with scope to materially increase cash generation (reduce leverage), improve returns and profits leading to a normalisation of the valuation rating.

The investments discussed above aggregate to 58.8% of the portfolio's NAV, cash is 21.1% with the remainder of the portfolio spread across a mix of holdings. Some, as mentioned above, were only initiated just before yearend and we are still building our investment, others are in a known realisation phase such as Bonhill or Smoove, currently subject to a takeover approach. Other notable positions would be Argentex (Cost £1.08m, Value £1.58m, IRR to date 100%) and Van Elle (Cost £2.1m, Value £2.6m, IRR to date 9%) both of which are steadily recovering profitability and remain on very low valuations.

Conclusion

Christopher Mills (Harwood Capital) and I have made material personal investments in the shares of Rockwood Strategic and the investment management contract rewards success in alignment with Total Shareholder Returns for the Company's shareholders. We see a real opportunity to compound wealth for all shareholders over the long-term and a vibrant, inefficient stock market full of opportunities to deliver our target returns.

This year was a pleasing one where the portfolio and strategy delivered, despite difficult market conditions and losses across almost all other sector participants. We continue to identify value and businesses which we think will be attractive to off-market participants if the UK stock market remains out of favour. Often 'self-help' is driving higher levels of profitability, reducing financial leverage and resulting, for the "patient", a higher ultimate valuation. We have a robust portfolio cash position, but will carefully wait for the 'fat pitch', as Mr Buffett would call it, to deploy our cash. We would call it a 'slow, over-pitched ball outside off-stump' where the chances of clearing the boundary are excellent. To stretch the analogy further, we see Rockwood's approach to investment as very much the 'Test' game and not the 'short form' version; long-term, requiring patience, consistency, adaptability, mental fortitude and sustained periods of both attack and defence. We thank our shareholders for their consistent and long-term support.

Richard Staveley

Statement of Comprehensive Income for the year ended 31 March 2023

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Gains on investments	8	**8,991**	20,007
Revenue			
Bank interest income		**109**	1
Loan note interest income		**274**	563
Portfolio dividend income		**925**	99
Other income		**40**	-
		1,348	663
Administrative expenses			
Directors fees and other staff costs	3	**(102)**	(173)
Performance fee	11	**(625)**	(2,772)
Other costs	4	**(1,182)**	(2,302)
Total administrative expenses		**(1,909)**	(5,247)
Profit before taxation		**8,430**	15,423
Taxation	5	**(1)**	(1,580)
Profit for the financial year		**8,429**	13,843
Attributable to:			
- Equity shareholders of the Company		**8,429**	13,843
Basic and Diluted earnings per ordinary share for profit from continuing operations and for profit for the year (pence)	6	**331.72p**	428.76p

There are no components of other comprehensive income for the current year (2022: None), all income arose from continuing operations.

Statement of Financial Position as at 31 March 2023

as at 31 March 2023

	Notes	31 March 2023 £'000	31 March 2022 £'000
Non-current assets			
Investments at fair value through profit or loss	8	**39,255**	31,609
Current assets			
Cash and cash equivalents		**11,631**	10,507
Trade and other receivables	9	**73**	1,019
		11,704	11,526
Total assets		**50,959**	43,135
Current liabilities			
Trade and other payables	10	**(541)**	(547)
Tax liability		**-**	(1,580)
Performance fee payable	11	**(625)**	-
Total liabilities		**(1,166)**	(2,127)
Net current assets/(liabilities)		**10,538**	9,399
Net assets		**49,793**	41,008
Represented by:			
Issued capital	12	**1,281**	1,281
Share premium		**13,063**	13,063
Revenue reserve	14	**24,105**	15,320
Capital redemption reserve		**11,344**	11,344
Total equity		**49,793**	41,008

The NAV per share on 31 March 2023 is 1,959.6 pence (2022: 1,613.8 pence).

These financial statements were approved and authorised for issue by the Board of Directors on 21 June 2023.

Signed on behalf of the Board of Directors.

Noel Lamb
Chairman

Kenneth Lever
Director

Statement of Cash Flows for the year ended 31 March 2023

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Cash flow from operating activities			
Cash flow from operations	a	**(670)**	(7,306)
Portfolio dividend income received		**862**	99
Corporation tax paid		**(1,581)**	-
Net cash outflow from operating activities		**(1,389)**	(7,207)
Cash flows from investing activities			
Purchase of investments	8*	**(20,015)**	(1,457)
Sale of investments	8*	**22,528**	43,122
Net cash inflow from investing activities		**2,513**	41,665
Cash flows from financing activities			
Dividends paid	7	**-**	(535)
Return of Capital B Share Scheme and Tender Offer		**-**	(25,021)
Net cash outflow from financing activities		**-**	(25,556)
Change in cash and cash equivalents		**1,124**	8,902

Opening cash and cash equivalents		**10,507**	1,605
Closing cash and cash equivalents		**11,631**	10,507

Note
a) Reconciliation of profit for the year to net cash outflow from operations

		£'000	£'000
Profit for the year	2	**8,429**	13,843
Rolled up interest		**-**	(224)
Gains on investments	8	**(8,991)**	(20,007)
Portfolio dividend income		**(925)**	(99)
Adjustment for accrued interest on redemption/conversion		**-**	(16)
Operating loss		**(1,487)**	(6,503)
Decrease/(increase) in trade and other receivables		**153**	(65)
Decrease/(decrease) in trade and other payables		**664**	(738)
Net cash outflow from operations		**(670)**	(7,306)

* The purchase and sale of financial investments are the cash paid or received during the year and exclude unsettled investments as at 31 March 2023.

Statement of Changes in Equity for the year ended 31 March 2023
for the year ended 31 March 2023

	B shares £'000	D shares £'000	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserve £'000	Capital Redemption Reserve £'000	Total Equity £'000
Balance at 31 March 2021	**-**	**10**	**1,741**	**13,063**	**26,969**	**10,874**	**52,657**
Profit and total comprehensive income for the year	-	-	-	-	13,843	-	13,843
Total profit and comprehensive income for the year	**-**	**10**	**1,741**	**13,063**	**40,812**	**10,874**	**66,500**
Contributions by and distributions to owners							
Share buy back	-	-	(470)	-	-	470	-
Dividends paid	-	-	-	-	(535)	-	(535)
Return of unclaimed special dividends and capital payments	-	-	-	-	64	-	64
Tender Offer	-	-	-	-	(14,578)	-	(14,578)
Issue of B Shares	10,443	-	-	(10,443)	-	-	-
Redemption of B Shares	(10,443)	-	-	10,443	(10,443)	-	(10,443)
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**

Notes to the Financial Statements

1. Basis of preparation and significant accounting policies

Rockwood Strategic Plc (the Company) is a company incorporated in the UK and registered in England and Wales (registration number: 03813450). The accounting policies applied are consistent with the prior year.

Basis of preparation

These financial statements for year ended 31 March 2023 have been prepared in accordance with UK adopted International Accounting Standards.

The financial statements are prepared on a historical cost basis except for the revaluation of certain financial instruments stated at fair value. Standards and interpretations applied for the first time have had no material impact on these financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Investment Manager's Report. The key risks facing the business and management's policy and practices to manage these are further discussed in note 13.

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 Board convened a general meeting for Shareholders to vote on a proposal to change its investment strategy from the realisation strategy to instead enable the Company to continue as a going concern and to make new investments (the Proposal).

Shareholders voted in favour of the resolution to re-start active investing in UK small companies at a general meeting on 25 April 2022.

The Company is in a net asset position of £49.8 million (2022: £41.0 million) and 100% of the Company's portfolio of Investments consist listed equities which, should the need arise, can be liquidated to settle liabilities. There are no other contractual obligations other than those already in existence and which are predictable.

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.

Financial instruments:
Trade debtors and creditors
Trade debtors and creditors are held at amortised cost and are accounted for at fair value when an asset or liability is incurred as these are short term in nature.

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.

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

Investments at fair value through profit or loss

Investments are included at valuation on the following basis:

(a) Quoted investments are recognised on trading date and valued at the closing bid price at the year end.

(b) Unquoted Investments are valued according to the to the Directors' best estimate of the Company's share of that investment's value. This value is calculated in accordance with the International Private Equity and Venture Capital Valuation Guidelines (the IPEV of December 2018 and the special valuation guidance issued in March 2020) and industry norms which include calculations based on appropriate earnings or sales multiples.

The core principles of the IPEV guidelines are:

- Fair Value should be estimated at each Measurement Date (each time Fair Value based Net Asset Value (NAV) is reported to investors (LPs)).
- The Price of a Recent Investment (if deemed Fair Value) should be used to calibrate against the alternative valuation methodologies.
- Calibration is required by accounting standards.
- Market Participant perspectives should be used to estimate Fair Value at each Measurement Date.

After considering individual facts and circumstances and applying these Guidelines, it is possible that Fair Value at a subsequent Measurement Date is the same as Fair Value as at a prior Measurement Date. This means that Fair Value may be equal to the Price of a Recent Investment; however, the Price of a Recent Investment is not automatically deemed to be Fair Value.

For measurement purposes, investments, including equity, loan and similar instruments, are designated at fair value through profit and loss, and are valued in compliance with IFRS 9 'Financial Instruments', IFRS 13 'Fair Value Measurement' and the IPEV Guidelines as recommended by the British Venture Capital Association.

The Directors consider that a substantial measure of the performance of the Company is assessed through the capital gains and losses arising from the investment activity of the Company.

Gains and losses on the realisation of investments are recognised in the statement of comprehensive income for the year and taken to retained earnings. The difference between the market value of financial investments and book value to the Company is shown as a gain or loss for the year and taken to the statement of comprehensive income.

Revenue
Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received.

Dividends receivable on quoted equity shares are brought into account when the right to receive payment is established and the amount of the dividend can be measured reliably.

Interest receivable is included on an effective interest rate basis.

Taxation
The tax expense included in the statement of comprehensive income comprises of current and deferred tax. Current tax is the expected tax payable based on the taxable profit for the year, using tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit and are accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income, in which case the deferred tax is also recognised in equity or other comprehensive income.

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

Performance fee

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 per cent. of outperformance over the higher of a 6 per cent. per annum total return hurdle and the high watermark. The 6 per cent. 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 per cent. of the Company's average NAV for the relevant performance fee period. In such instance, performance fees in excess of the 3 per cent. 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 per cent. 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.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the rates ruling at that date. These translation differences are recognised in the statement of comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

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.

The majority of the portfolio is valued on bid price which factors in the anticipated impact of climate and ESG related issues on the portfolio companies, therefore these are incorporated into the valuations.

Management believes that the underlying assumptions are appropriate and that the Company's financial statements are fairly presented.

Segmental analysis

There is only one operating segment of the business - investment activities. The performance measure of investment activities considered by the Board is profitability and is disclosed on the face of the statement of comprehensive income.

New Standards issued but not yet effective

Standards and amendments will be effective for annual reporting periods beginning on or after 1 January 2023 and which have not been early- adopted by the Company include:

- IFRS Practice Statement 2 - Disclosure of Accounting Policies;
- Amendment to IAS 12, Income taxes effective from 1 January 2023;
- Amendment to IAS 8, change in definition of accounting estimates, effective from 1 January 2023.

These standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore detailed disclosures have not been provided.

2. Statement of comprehensive income

The Company's profit for the year was £8.429 million (2022: profit of £13.843 million).

The Company has recognised gains on investments through the statement of comprehensive income of £8.991 million (2022: income of
£20.007 million).

3. Information regarding Directors and employees

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' remuneration summary		
Basic salaries	**95**	161
Social security costs	**7**	12
	102	173

	Year ended 31 March 2023			Year ended 31 March 2022		
	Emoluments £'000	Social Security costs £'000	Total £'000	Emoluments £'000	Social Security costs £'000	Total £'000
Analysis of Directors' remuneration						
C Berry (Resigned on 22 November 2021)	**-**	**-**	**-**	25.9	-	25.9
D Potter (Resigned on 11 June 2021)	**-**	**-**	**-**	24.4	-	24.4
H Sinclair (Resigned on 5 November 2021)	**-**	**-**	**-**	41.3	-	41.3
K Lever	**27.5**	**-**	**27.5**	27.5	-	27.5
G Bird (Appointed 10 June 2021, resigned on 30 August 2022)	**11.5**	**-**	**11.5**	22.2	-	22.2
S Pyper (Resigned on 31 March 2022)	**-**	**-**	**-**	11.4	-	11.4
N Lamb (Appointed on 20 January 2022)	**40.0**	**-**	**40.0**	8.3	-	8.3
P Dudley (Appointed on 1 September 2022)	**16.0**	**-**	**16.0**	-	-	-
Social security costs	**-**	**6.6**	**6.6**	-	12.0	12.0
	95.0	**6.6**	**101.6**	161.0	12.0	173.0

The Company has no employees.

	Yearended 31 March 2023 No.	Year ended 31 March 2022 No.
Directors		
Investment and related administration	**3**	3
	3	3

As at 31 March 2023, the Board comprises 1 Chairman and 2 Non-executive Directors (2022: 1 Chairman and 2 Non-executive Directors).

4. Other costs

Profit for the year has been derived after taking the following items into account:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Auditors remuneration		
Fees payable to the current auditor for the audit of the Company's annual financial statements	**37**	40
Fees payable to the Company's current auditor and its associates for other services:		
Fees for agreed upon procedures in relation to financial information	**-**	10
Fees for agreed upon procedures for performance fee	**-**	5
Fees paid for review of interim report	**-**	3
Other services relating to taxation	**-**	5
Under provision of tax fee	**-**	3
Recharge cost	**-**	1
Analysis of other costs:		
Professional fees*	**420**	1,539
Investment Trust Company conversion costs	**470**	-
Management fee	**112**	593
Other general overheads	**76**	103
	1,182	2,302

* The company's corporate activity during the year to March 2022 led to significant costs, with professional fees totalling £0.67m and legal fees totalling £0.37m.

5. Taxation

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
UK corporation tax		
Corporation tax liability at 19% (2022: 19%)	**1**	1,580
	1	1,580
Current tax	**1**	1,580
Tax on profit from ordinary activities	**1**	1,580

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: 19% (2022: 19%).

The differences are explained below:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current tax reconciliation		
Profit before taxation	**8,430**	15,423
Current tax charge at 19% (2022: 19%)	**1,602**	2,930
Effects of:		
Non-taxable income	**(227)**	(553)
Non-deductible expenditure	**103**	21
Chargeable gains	**(1,341)**	(27)
Deferred tax not recognised	**(136)**	(791)
Tax on profit on ordinary activities	**1**	1,580

5. Taxation (continued)

Deferred tax

There remains an unrecognised deferred tax asset in respect of tax losses and other temporary differences. The unrecognised deferred tax asset

is £34 million (2022: £34 million) for the Company. The increase in the balance for unrecognised deferred tax is due to the rate of corporation tax being raised to 25% with effect from 1 April 2023. The assessed loss on which no deferred tax has been recognised amounts to £136 million (2022: £136 million).

An estimated deferred tax liability on the unrealised gains in the portfolio at year end is nil and therefore no liability has been recognised.

The movement in the year is taken to the statement of comprehensive income.

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 2023 £'000	Year ended 31 March 2022 £'000
Earnings		
Profit for the year	**8,429**	13,843
Number of shares ('000)		
Weighted average number of ordinary shares in issue for basic EPS	**2,541**	3,229
Weighted average number of ordinary shares in issue for diluted EPS	**2,541**	3,229
Earnings per share		
Basic EPS	**331.72p**	428.76p
Diluted EPS	**331.72p**	428.76p

As at 31 March 2023, the total number of shares in issue was 2,541,046 (2022: 2,541,046). No shares were bought back by the Company (2022: 939,838). There are no share options outstanding at the end of the year.

7. Dividends

The Company paid no dividend to shareholders in the year ended 31 March 2023 (2022: £534,664). Unclaimed historic dividends amounting to
£355,855 were reclassified to revenue reserve during the year (2022: £63,834).

8. Investments at fair value through profit or loss

	Value at 1 April 2022 £'000	Year ended 31 March 2023 Additions £'000	Disposal proceeds £'000	Gain on disposals £'000	Revaluation £'000	Transfer between levels £'000	Value at 31 March 2023 £'000
Investments in quoted companies (Level 1)	28,692	19,120	(17,548)	12,673	(3,682)	-	**39,255**
Other unquoted investments (Level 3)	2,917	1,207	(4,124)	-	-	-	**-**
Total investments at fair value through profit or loss	31,609	20,327	(21,672)	12,673	(3,682)	-	**39,255**

	Value at 1 April 2021 £'000	Year ended 31 March 2022 Additions £'000	Disposal proceeds £'000	Gain on disposals £'000	Revaluation £'000	Transfer between levels £'000	Value at 31 March 2022 £'000
Investments in quoted companies (Level 1)	47,565	596	(41,173)	15,667	4,298	1,739	**28,692**
Other unquoted							

investments (Level 3)	6,323	1,079	(2,788)	-	42	(1,739)	**2,917**
Total investments at fair value through profit or loss	53,888	1,675	(43,961)	15,667	4,340	-	**31,609**

For the year ended 31 March 2023, there were no transfers of the investments between the fair value hierarchy levels.

For the year ended 31 March 2022, there was a transfer from Level 3 to Level 1 of £389,886 Northbridge loan notes converted to equity shares and National World amounting to £1,348,931 converted to equity shares as a result of its admission to AIM.

The revaluations and gains on disposal above are included in the statement of comprehensive income as gains on investments.

	Year ended 31 March 2023 £'000	**Year ended 31 March 2022 £'000**
Opening valuation	**31,609**	53,888
Acquisitions	**20,327**	1,675
Unrealised and realised gains on investment	**8,991**	20,007
Disposals	**(21,672)**	(43,961)
Closing valuation	**39,255**	31,609

The following table analyses investment 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).

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

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

	31 March	
	2023 £'000	**2022 £'000**
Level 1	**39,255**	28,692
Level 2	**-**	-
Level 3	**-**	2,917
	39,255	31,609

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 2023 and 31 March 2022, 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 investment are as follows:

	31 March 2023		**31 March 2022**	
	Investments included	**£'000**	**Investments included**	**£'000**

Fair value	**None**	**-**	The Lakes Distillery Company	2,917
		-		2,917

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.

Investments in quoted companies (Level 1) have been valued according to the quoted bid price as at 31 March 2023.

At the year-end, the Company held 20.50% 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 30th September 2022 had capital and reserves of £12.10 million and had made a revenue loss of £4.04 million. .

9. Trade and other receivables

	31 March 2023 £'000	**31 March 2022 £'000**
Other debtors	**63**	1,001
Prepayments	**10**	18
	73	1,019

10. Trade and other payables

	31 March 2023 £'000	**31 March 2022 £'000**
Due to Brokers	**312**	-
Unclaimed historic special dividends and capital payments	**-**	356
Trade creditors	**229**	186
Social security	**-**	5
	541	547

There were no other creditors as at 31 March 2023 (2022: none).

The unclaimed special dividends and capital payments amounting to £420k between the periods of 2009 to 2014 were returned to the company in 2021, out of which £356k (2022: £64k) was reclassified to revenue reserves during the year as its reclaim period has lapsed.

11. Performance fees payable

	31 March 2023 £'000	**31 March 2022 £'000**
Performance fees payable	**625**	-
	625	-

12. Issued capital

	31 March 2023 £'000	**31 March 2022 £'000**
Called up, allotted and fully paid:		
2,541,046 (2022: 2,541,046) Ordinary Shares of 50 pence (2022: 50 pence)	**1,271**	1,271
2,000,000 (2022: 2,000,000) D shares of 0.50 pence (2022: 0.50 pence)	**10**	10
	1,281	1,281

As at 31 March 2023, the total number of shares in issue were 2,541,046 (2022: 2,541,046).

The average share price of Rockwood Strategic Plc quoted Ordinary Shares in the year-ended was 1,547.47 pence. In the year, the share price reached a maximum of 1,955.00 pence and a minimum of 1,370.00 pence. The closing share price on 31 March 2023 was 1,820.0 pence.

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

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 2023, £39.3 million of the Company's net assets were invested in quoted investments, £nil in unquoted investments and £11.7 million in liquid balances (31 March 2022: £28.7 million in quoted investments, £2.9 million in unquoted investments and
£11.5 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.

13. Financial instruments and financial risk management (continued)

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 £39.3 million (2022: £31.6 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 2023, the Company held interests in 18 companies (2022: 9 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.

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 CLN, 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% (2022: 25%) movement in overall share prices.

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	386.21	(9,814)	(386.21)

As at 31 March 2022			**+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	28,692	7,173	282.29	(7,173)	(282.29)

The impact of a change of 25% (2022: 25%) 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 2022, there were none at 31 March 2023, as at 31 March 2022 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% 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.

13. Financial instruments and financial risk management (continued)

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 2023 £'000	**31 March 2022 £'000**
Loan stock investments	**-**	2,917
Cash and cash equivalents*	**11,631**	10,507
Trade and other receivables	**73**	1,019
	11,704	14,443

* £7.02m held in "on notice" term deposit accounts accruing interest at 4.18% (as at 31 March 2023) paid daily.

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

The Company's cash balances at 31 March 2023 and 2022 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 2023 is
£49.8 million (31 March 2022: £41.0 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 £24.105 million (2022: £15.32 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

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 2023	**31 March 2022**
Performance fee	**£0.63 million**	£2.77 million
Management fee	**£0.11 million**	£0.59 million
Total	**£0.74 million**	£3.36 million

15. Related party transactions (continued)

As at 31 March 2023, 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 2023	**31 March 2022**
Harwood Holdco Limited	**734,000 Ordinary Shares**	734,000 Ordinary Shares
R Staveley	**25,689 Ordinary Shares**	25,689 Ordinary Shares

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 2023.

Investment Management Fees:

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

Once the NAV Threshold has been met, Harwood will be entitled to a management fee of 1/12th of an amount equal to 1 per cent. of the Net Asset Value before deduction of that month's Investment Management Fee and before deduction of any accrued Performance Fees.

Performance Fees:
Harwood will also be entitled to a performance fee equal to 10 per cent. of outperformance over the higher of a 6 per cent. per annum total return hurdle and the high watermark. The 6 per cent. 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 per cent. of the Company's average NAV for the relevant performance fee period. In such instance, performance fees in excess of the 3 per cent. cap will not be paid and will instead be deferred into the next performance fee period.

Share Issues:
The Company issued for cash 116,852 ordinary shares of 50 pence each in May / June 2023 from its block listing facility.

- 23 May 2023 - 50,000 at a price of 2,064.1 pence per share.
- 25 May 2023 - 15,000 at a price of 2,065.00 pence per share.
- 31 May 2023 - 15,000 at a price of 2,059.60 pence per share.
- 6 June 2023 - 10,000 at a price of 2,061.00 pence per share
- 8 June 2023 - 21,852 at a price of 2,028.67 pence per share
- 9 June 2023 - 5,000 at a price of 2,046.00 pence per share

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.

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.

Premium/(Discount)
The amount, expressed as a percentage, by which the share price is more/(less) than the Net Asset Value per Ordinary Share.

Ongoing Expenses
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 2022 with the Strategic Review and its related Extraordinary Meetings and in 2023 associated with moving from the AIM to the Main Market of the London Stock Exchange.

Footnotes
[1] - These are considered to be Alternative performance Measures (APMs). See APMs within the announcement.
[2] - These are considered to be APMs. See APMs within the announcement.
[3] - These are considered to be APMs. See APMs within the announcement.

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