

**Rockwood Strategic plc**  
**("RKW" or the "Company")**

**Full year results for the year ended 31 March 2025**

Rockwood Strategic plc (AIM: RKW) is pleased to announce its audited results for the year ended 31 March 2025.

**Highlights**

- NAV Total Return performance in the twelve months to 31 March 2025 of 21.0% to 248.79p/share\*, which compares to a decline in the FTSE Aim All-Share of 8.2% and a rise in the FTSE Small Cap (ex-ITs) of 3.4%.
- The Total Shareholder Return in this period was 20.8%\*.
- NAV Total Return performance in the three years to 31 March 2025 of 54.5%, which compares to a decline in the FTSE Small Cap (ex-Investment Trusts) of 6.6% and a decline in the FTSE Aim All-Share of 34.6%. The Total Shareholder Return in this period was 78.6%\*.
- Maintained price of shares at an average premium to NAV of 2.9%\*.
- Significant investor demand resulted in issuance of 7.6 million new shares, increasing the share count by 24.5% and, alongside performance, growing NAV to £96.6m from £64.3m. NAV has grown 135.6% in the last three years.
- Recognition of the strategy's success through multiple industry awards, including *Best UK Smaller Companies* in Investment Week's *Investment Company of the Year Awards*; *Best UK Small Companies Trust* in the *Citywire Investment Trust Awards 2024*; and *Best for UK Exposure* in QuotedData's *Investors' Choice Awards*.

**Post Period End**

- NAV Total Return performance since period end to 13 June 2025 of 10.0% and year-to-date of 5.8% to 273.59p per share.
- Realised gain in National World Plc due to a successful takeover offer generating a 73.2% IRR.
- Entry into FTSE All-Share Index and FTSE Small Cap Index, due to increased scale.
- Further issuance of 3,837,000 new shares, increasing NAV to £116.7m as at 13 June 2025.
- Fund is the No.1 Small Companies Investment Trust over the last 3 and 5 years.

**Noel Lamb, Chairman of Rockwood Strategic plc, commented:**

"These results speak for themselves. Rockwood Strategic is clearly demonstrating that its differentiated approach works. We are delighted that through our issuance programme many new investors are becoming shareholders and we are able to continue to scale the Trust and deploy capital into this overlooked part of the UK stock market."

**Richard Staveley, Fund Manager, Rockwood Asset Management said:**

"Undistracted by the noise of geo-political events, we continue to work hard at finding outstanding investment opportunities in the smallest of UK publicly listed equities. A concentrated portfolio, full of incredibly undervalued equities, is now in place, with identifiable catalysts across our investments to unlock, create or realise value for shareholders. We have delivered our target returns during a sustained challenging period for UK equities. We have high confidence that this will continue, given the upside we see in our new and maturing portfolio holdings; patience will be rewarded."

The full version of the RKW 2025 Annual Report and Notice of AGM has been published and will shortly be available on the Company's website at [www.rockwoodstrategic.co.uk](http://www.rockwoodstrategic.co.uk).

\* These are considered to be Alternative Performance Measures (APMs). Please see page 49 of the Annual Report for further details.

**Change of Company Secretary and Registered Office**

The Company also announces that Ben Harber has been appointed as Company Secretary with immediate effect. Mr Harber has taken over the role as Company Secretary from SGH Company Secretarial Limited who have fulfilled the role as Company Secretary since June 2019.

The Company's registered office has also changed to C/o Arch Law Limited, Level 2, Huckletree, 8 Bishopsgate, London, EC2N 4BQ with immediate effect.

References to page numbers throughout this announcement relates to the page numbers within the Annual Report of the Company for the year ended 31 March 2025.

For further information, please contact:

Rockwood Strategic plc

|                 |           |              |
|-----------------|-----------|--------------|
| <i>Chairman</i> | Noel Lamb | 07903 248198 |
|-----------------|-----------|--------------|

Rockwood Asset Management

|                           |                  |               |
|---------------------------|------------------|---------------|
| <i>Investment Manager</i> | Christopher Hart | 020 7640 3200 |
|---------------------------|------------------|---------------|

Singer Capital Markets Advisory LLP

|               |               |               |
|---------------|---------------|---------------|
| <i>Broker</i> | James Maxwell | 020 7496 3000 |
|               | James Fischer |               |

## CHAIRMAN STATEMENT

Dear Shareholder,

I am pleased to report another successful year for Rockwood Strategic plc ("RKW"). RKW has grown Net Asset Value ("NAV") per share, increased assets through new issuance and maintained the share price at a premium to NAV. RKW remains one of the very best performing UK small companies funds, according to Association of Investment Companies data for the previous one, three and five years ended 31 March 2025.

NAV Total Return performance in the twelve months to 31 March 2025 was 21.0%<sup>1</sup> which compares to an increase in the FTSE Small Cap (ex-ITs) of 3.4% and a fall in the AIM All-Share Index of 8.2%. The Total Shareholder Return in this period was 20.8%. Our approach is clearly differentiated from other UK small company funds; concentrated, 'value' focused, and adding value through active engagement with our investments. It seems clear that the pressure of UK market outflows and desire for liquidity by many professional investors is creating opportunities for our Manager to uncover the resulting pricing inefficiencies and opportunities for successful capital deployment to generate our medium and longer term performance targets.

The market had an eventful year and a further 7 new holdings were established during the period. As a result, half of the top ten holdings have changed in the last year. This ability to re-cycle and renew our portfolio provides confidence in the dynamism of our approach and that the seeds of future NAV growth are being sown.

Geo-political and macro-economic headlines continue to dominate sentiment. However, it is clear this highly stock specific approach is identifying opportunities which can create value for shareholders irrespective of external events. A number of operational turnarounds within the portfolio now appear on track, strategic initiatives continue to progress and a range of new or evolved management teams and Boards have either concluded or are underway. 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. I have made this comment before and will again, as in 2025 it was indeed the case due to the outstanding contribution from Filtronic Plc and Funding Circle Plc to Shareholders' NAV growth.

I am also delighted to report that the shares have maintained an average 2.9% above price premium to NAV. This has allowed RKW under its authorities to issue shares to new investors satisfying demand. Issuance continued during the financial year and as the Trust reached its limits under existing authorities we issued a Prospectus and conducted a General Meeting to expand this limit which was overwhelmingly supported by shareholders, for which I thank those who participated. We warmly welcome all our new fellow shareholders.

It was also pleasing to see external industry recognition of our progress with Rockwood Strategic winning 'Best UK Exposure' at the Quoted Data Awards, 'Investment Company of the Year - UK Small Companies' at the Investment Week Awards and 'UK Smaller Companies Trust' of the year at the Citywire Investment Trust Awards. The Board also noted Richard Staveley, your manager, was awarded the coveted AAA status by Citywire during the period.

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. Our Dividend policy is that at least 85% of net income after expenses will be paid to shareholders. During the period, modest levels of portfolio income did not exceed running expenses and thus no dividend will be paid. Our AGM will be held on 29 July for those that would like to meet the Board members

and Investment Manager in person.

Yours sincerely,

**Noel Lamb Chairman RKW**

17 June 2025

## **INVESTMENT MANAGER'S REPORT**

### **Market backdrop**

Rockwood Strategic derives its main investment 'edge' from individual stock picking rather than broader market and economic insights which the media tend to focus on. Of course, the health of the general economy, the level of political interference in economies and the cost of money (interest rates) all affect the outlook for our holdings, in particular the context in which they are improving profitability and undertaking strategic initiatives.

Finally, for the first time since March 2020 interest rates started falling. This is an important development as what Ed Chancellor calls "The Price of Time" has such an influence over the cost of capital, asset allocation decision-making and return expectations.

It also signalled that the main Central Banks were happy the recent inflationary period was behind us. However, in their culturally conservative approach, the pace of cuts has been pedestrian and during the year the Bank of England reduced the base rate from 5.25% to 4.5%. For many mortgage holders and businesses used to the extended period of zero rates, this remains a challenging policy setting.

The adoption of aggressive Tariffs by the U.S. are widely expected to create an inflationary impulse, despite equal unanimity that they will lead to weaker economic activity, which could offset this (for illustration the oil price has fallen from c. 82 in March 2024 to 61 at time of writing). This may temper further cuts, its frankly unclear. However, in the UK the Consumer Price Index hit 2.6% in the 12 months to March; broadly on track to reach, but still above, the target of 2%. Our expectation is that slowing global economic activity as a result of policy uncertainty around Tariffs and the lack of fiscal headroom to provide stimulus, will enable interest rates to continue falling, probably at an accelerated pace, which historically has been supportive for the performance of UK smaller company shares. The U.K.s small (only 1.9% of GDP) exports to the US appear to have received some friendly (e.g. vs Europe) treatment, but the wider inevitable economic slowdown combined with domestic sluggishness is supportive of lower rates and a challenging backdrop for many businesses.

In the UK, a General Election occurred resulting in a large majority for the Labour Party, despite a low level of the popular vote, as traditional Conservative support tired or splintered into the Reform Party. Labour, in a serious attempt to prove they are worthy of government (having been in power only 13 of the 46 years since 1979), have issued 'fiscal rules' which is important given government debt interest payments now exceed £100 billion, more than the education budget. Clearly 'talk' needs to be translated into 'action', however clear policy support for more UK infrastructure investment, reduced public sector costs and improved productivity, less and easier regulation, reduced welfare benefits and closer ties with Europe sit well with the desires of business, who will power any future improvement in economic growth. The funding conundrum to solve remains difficult given very high levels of taxation already relative to history and post war highs in government debt-to-GDP ratios.

The first Budget in the Autumn was constrained by election tax promises and the increase in National Insurance Contributions alongside higher minimum wages and, in advance of enhanced employee protections, has clearly knocked the wind out of many businesses. For context the national living wage is now higher than Germany, France, Ireland, Japan, Spain and of course the U.S. We expect further fiscal gymnastics over the next year, not least because changes to non-domiciled tax residents are seemingly causing an exodus of some of the wealthiest. One needs to generate a lot of tax elsewhere when the top 1% of payers contribute 29% of all taxes (when compared to 11% in 1979) and decide to leave the country.

We remain very frustrated that the new Government has not done more to stimulate investment flowing into the British stock market; a critical component of the country's ability to finance and scale our very best businesses. New issues were essentially non-existent. Takeovers and companies leaving the market continued. However, whilst the small company dominated AIM remains under severe pressure, and clearly not helped by a reduction in the tax relief available, the actual performance of UK shares was good. In fact, better than good (above long-term averages). The FTSE 100 rose 12.9% during the year.

This compares to the S&P 500 up 7.6%. Your manager feels passionately that if smaller British companies are to sustainably join their larger brethren in performance terms, active policy actions by government will be necessary.

We reiterate our call for the tax relief afforded to ISAs be designated for UK listed shares only. A self-financing policy, we believe this could funnel over £16 billion a year into UK shares and we can bring life back to our historic market exchange, support growing UK businesses and stimulate its wide economic community.

"US exceptionalism" debates over recent years are being questioned. These arguments developed to support the narrative that the much higher valuations of US shares which had emerged were justified. We note that 2024 was only the third time in 100 years that back-to-back performances over 20% were achieved. Circumstances are now underway following Trump's election and in the wake of Chinese AI developments ('Deepseek') at a fraction of existing prices. In short Apple makes its products in China, Taiwan dominates the world supply of semi-conductors and the US doesn't grow many bananas. Simplistic tariff policy is being directed at complex, long-standing, interdependencies. Second and third order impacts will be far and wide. The lack of clarity in terms of the final policy settings under the Trump administration is now the key dampening effect on the world economy. It's the uncertainty that kills.

Of further significance is the loosening up of Germany's fiscal position alongside the EU. This once rock-solid conservative stance has been fractured by Trump's pressure on Europe to carry its weight on Defence spending. With a low, relative, debt to GDP ratio in Germany, this appears a welcome development to underpin European economic recovery, as does a softening attitude to the pace of climate change regulations which tend to suppress economic growth.

In conclusion, we are thankful our stock specific investment approach at Rockwood Strategic doesn't rely on analysing macroeconomic, geo-political or market factors, particularly when the sitting US President has his own crypto-coin, such as deciding upon the correct price for Gold, but we are positive that interest rates are falling and that the UK appears in a relatively good position on tariffs and that, quietly, with little hubris, UK shares have started to beat US ones. Given low starting relative equity valuations, if this is the beginning of new trend, it could be a very significant investment opportunity and we mean to exploit it.

### **Portfolio Commentary and Outlook**

Overall, the portfolio is diversified by number of investments (24) and industry sectors. There remains concentration of our largest holdings, with 63.1% of NAV in the top ten holdings. 13 of our investments have net cash on their balance sheets, completely unlevered. During the year a number of key investments, in-line with our theses, reduced their leverage and thus risk materially, highlights being Capita and James Fisher & Sons.

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.

We have 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 7 new investments, all of which we target at least 100% upside, and represented 23.3% of portfolio NAV 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. Typically, we spend between a month and up to 6 months researching a new opportunity. On initial purchase the company is entering or within a 'stabilisation phase' which lasts 6-18 months. This is usually a volatile period for the shares (more often than not in a negative direction) as the management and Board evolves, operational performance is stabilised, all issues surface and the plan for financial improvement (both balance sheet and cash flow generation) is addressed. This is the riskiest period for the investment. On emergence, management incentivisation and team has been finalised, operational plan created and a 'delivery phase' occurs, usually 24-30 months long, as the business is returned to decent profitability, returns normalise, and both the balance sheet and free cash generation are repaired. Progress is monitored through company results. Subsequently the shares move into a 'realisation phase' where either the stock market re-rates the company to fair value or external parties (trade buyers or private equity funds) spot the stabilised but undervalued business and make an approach.

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 and the portfolio. 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 with the takeover approach for National World at a 53% premium. Our unrealised IRR at year end was 84.4%.

We are excited as the majority of the portfolio is now within the delivery or realisation phase which should be supportive of further NAV growth in the years to come and our target return objective of 15% IRR.

### 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.

### Top 10 Holdings as % of NAV

| Company                   | Sector               | %           |
|---------------------------|----------------------|-------------|
| RM plc                    | Education services   | 13.9        |
| Filtronic                 | Technology           | 9.4         |
| Trifast                   | Industrials          | 6.5         |
| Vanquis Banking Group Plc | Financial Services   | 6.0         |
| M&C Saatchi               | Media                | 5.2         |
| James Fisher & Sons       | Industrials          | 4.8         |
| Restore                   | Business Services    | 4.8         |
| Funding Circle            | Financial Services   | 4.6         |
| Capita Plc                | Business Services    | 4.0         |
| Mercia Asset Management   | Financial Services   | 3.9         |
| <b>Total</b>              |                      | <b>63.1</b> |
| Cash and equivalents      | Cash and equivalents | 2.6         |

### Top 5 Investment Portfolio Holdings Commentary

#### RM Plc 13.9% Net Assets

**Cost: £5.50m, Value as at 31 March 2025, £13.44m, IRR to date 60.8%**

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 facilitates the marking of exams such as the International Baccalaureate or A-levels both in the UK and abroad. The final division provides outsourced technology services to groups of schools.

We led the initiative to appoint Christopher Humphries to the Board who is now Senior Independent Director. The company has high levels of debt, but supportive banks, and we expect a divisional sale to repair the balance sheet in the next few months. The business, which has a long history of cash generation, is now stabilised after a 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. During the year significant contract wins and strategy evolution has increased our opinion of the value of the Assessment division, which we believe exceeds the entire c. £95million current market capitalisation itself.

#### Filtronic 9.4% Net Assets

**Cost: £1.24m, Value as at 31 March 2025, £9.09m, IRR to date 236.4%**

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

sectors; materially recommendations (as relevant for instance); science (major applications for example) and critical communications. The opportunity for shareholders centres on the opening up of a new, potentially huge market for Filtronic that is transforming sales and profitability of the company creating strategic value within the industry supply chain. The market is 'Space'. The company announced a strategic agreement and huge contracts with SpaceX, which has been transforming the economics of space travel, whose Starlink network of Low Earth Orbiting satellites is global leader. Filtronic has been winning contracts to supply components for their ground stations and is hoping to win new satellite customers and also develop products for the satellites themselves. The company has net cash and potentially a very bright future as other constellation projects mature, existing clients grow and the business achieves scale.

#### **Trifast 6.5% Net Assets**

**Cost: £7.03m, Value as at 31 March 2025, £6.27m, IRR to date -5.6%**

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 £230m 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. Tariffs effects will need to be dealt with, although the US is a modest destination for sales and the parts are of low nominal value.

**Vanquis Banking Group 6.0% Net Assets Cost: £5.00m, Value as at 31 March 2025 £5.82m, IRR to date 35.8%**

This FCA and PRA regulated Bank emerged from the historic 'door-step lender' Provident Financial. The business now has two main lines of credit, namely a 'below-prime' credit card (Vanquis) and motor vehicle finance (Moneybarn) and has started growing loans in second charge mortgages. There are an estimated 20 million people in the UK who are financially struggling and need to, on occasion, access credit. Vanquis is the market leader with over 1.5 million customers. In line with the risks to this type of lending the rates are higher than Prime but not exploitative like the ghastly pay day lenders. For many the alternative to Vanquis, if friends and family can't help, is the unregulated black-market. The bank now has over £2 billion in deposits which is used for its profitable lending. A fully new management team is turning around the poor performance of the company whose costs were far too high and IT systems archaic. The plan should return the business to mid-teens return on tangible equity which would justify a premium to Book Value. Currently the shares are on a big discount. The turnaround has been dealing with additional challenges from a deluge of (almost entirely spurious) customer claims created by professional Claims Management Companies. This has cost a huge amount in administration and has occurred under an asymmetric charging structure at the financial ombudsmen in favour of the Claims companies. This has recently been addressed and costs should fall in 2025-26. Furthermore, the vehicle finance sector has been under regulatory scrutiny raising concerns of expensive redress schemes. It is our strong view that Vanquis's exposure is modest. Well capitalised, with attractive financial characteristics, we expect the recovery to be considerable.

#### **M&C Saatchi 5.2% Net Assets**

**Cost: £3.42m, Value as at 31 March 2025, £5.06m, IRR to date 13.9%**

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 underwent significant change. The business has been making considerable operating savings, disposing of loss-making operations and streamlining the business, including the move to shared services. Results demonstrated the turnaround is well underway unveiling a growing, high margin, low capital intensive, highly cash generative, international business. Their almost unique 'world issues' non-cyclical division, which advises a range of governments and supra-national organisations has material value and may need to be 'un-locked' from the derisory stock market valuation. 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. General concerns about the health of advertising markets linger, however we believe the company is now in a position to undertake share buybacks and should be actively seeking to realise and demonstrate value for shareholders.

#### **Portfolio Activity Purchases New holdings Commentary**

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

#### **Capita 4.0% Net Assets**

**Cost: £4.60m, Value as at 31 March 2025 £3.89m, Market Capitalisation £235m**

This outsourcing business was a former FTSE 100 constituent but had a spectacular fall from grace and is now valued at £235m. The business has a completely new senior management team who are targeting to improve operating margins from c.4.5% to 6-8%. There are two divisions. The first is focused on the Public Sector where it's the incumbent administration provider of a range of government services such as the Congestion Charge, The Student Loan Company and the TV License. The second division is more private sector focused and has a barely profitable contact centre business which is a key area for improving performance relative to the levels achieved by competitors. In both divisions, significant cost is being taken out and new technology harnessed (in particular the use of AI) to improve productivity, efficiency and profitability. The company had been saddled with huge amounts of debt which have now been paid off through a series of business disposals and also had a significant funding requirement for its pension fund, which has also been addressed. It is clear that most investors are sceptical of the likelihood of improved performance, which is reflected in very low valuation multiples. However, we expect a significant increase in free cash flow generation when the restructuring concludes in 2026 and 2027 justifying a large re-rating. A full break-up of the group may be the end-game and in that regard it is important the company exits its loss making closed Life & Pensions activities, which would enhance free cash flow conversion significantly.

**Mercia Asset Management 3.9% Net Assets Cost: £4.17m, Value as at 31 March 2025 £3.75m, Market Capitalisation £112m**

The business is the leading regional provider of venture capital in the UK with a network of 11 offices, relationships with 40+ universities for entrepreneurial spin-outs and provides a mix of venture capital, private credit and private equity alongside EIS and other scheme funds. Historically the company used its own balance sheet to invest in exciting early stage businesses for which it has overall a good record of success. However, recently the company has evolved its strategy and is becoming a trading company (enabling itself to be available for IHT relief). This will entail exiting the portfolio of stakes in companies over the next 2-3 years, which are currently valued by the Directors in excess of the market capitalisation of c.£110m. In addition, the company has over £40m of cash (some of which will be needed to fund the investments through to exit) and its fund management activities. These will become the sole focus in the years to come and having grown to £1.8 billion of funds, the management are targeting over £3 billion. With an almost fully invested platform and team, if this scale is achieved, significantly higher levels of profitability are likely. It is helpful the government is keen to support regional investment as are local public sector pensions

schemes and the British Business Bank. We expect a successful execution of the strategy to provide a much simpler investment case (without the balance sheet investments) and a specialist, highly profitable and thus valuable asset manager, to emerge.

### **Kooth 3.6% Net Assets**

**Cost: £4.18m, Value as at 31 March 2025, £3.45m, Market Capitalisation £47m**

This digitally led 'hybrid' service provides mental health services to young people. It is the leading provider in the UK with over 100 NHS Trusts adopting the service which allows young people to access professional counselling, on-line (free and anonymous). Whilst NHS budgets are stretched, this service is intended to help prevent far more expensive problems down the line if issues are addressed early. In 2023 against significant competition, Kooth won a huge, landmark contract to provide the service in the State of California. They have been mobilising the adapted service ever since which is part of a 4 billion state mental health programme. The company has also won a pilot in New Jersey but had one in Pennsylvania stopped in the run up to the election amidst a highly politicised environment. They have signed an agreement with a large insurance company to access Medicaid funding and are trialling in Illinois. The opportunity for growth in the US and the rest of the World is significant and potentially material value can be created through scale economics. The company has a large cash balance of over £20m and is generating cash too. The valuation at a market capitalisation of c.£47m is therefore very depressed given the profitability and growth prospects and which seemingly relates to concern over the California contract performance, its size and worries about renewal which we believe are likely to be unfounded.

### **National World 3.2% Net Assets**

**Cost: £1.98m, Value as at 31 March 2025, £3.1m, IRR to date 84.4%**

For long term shareholders in Rockwood Strategic, this will be a familiar name. It was purchased in January 2021 at 10p and then exited in March 2022 at 29p. The business was created to acquire the regional news assets of the former FTSE 250 company Johnston Press out of administration, shorn of its crippling pension fund and debt liabilities. The strategy of this cash generative business has been to invest and build digital revenue streams, alongside cost cutting to offset the (now slow) decline of traditional print newspapers. Local news is popular, and local businesses want to advertise and thus there is value to the portfolio of historic titles including quality businesses such as The Yorkshire Post and The Scotsman. With net cash, bolt-on acquisitions were being pursued by an experienced management team. We identified that progress was being made, but in these challenging markets, the shares performed poorly after our prior exit, and we were able to reestablish the investment at 13.5p on a very low multiple of improved profits. Subsequently a cash takeover offer at 23p, c. £65m, has emerged for the business which we have accepted at a highly attractive IRR, well in excess of our target returns. We expect the deal to complete within the first quarter of the new financial year.

### **Additions**

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 |
|---------------------|--|
| Capital             | 122  |
| Van Elle            | 83   |
| Restore             | 60   |
| James Fisher & Sons | 50   |
| STV Group           | 47   |

### **Capital 3.1% Net Assets**

**Cost: £4.21m, Value as at 31 March 2025, £2.97m, IRR to date -37.9%**

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 complemented 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. The company suffered during the year due to delays in mobilising its new huge contract with Nevada Gold Mines and also missed growth forecasts for the laboratories business which was disappointing (albeit up 13.6%). We have engaged regularly with the company about its recent performance given Capital's history of strong margins and attractive returns on capital. These will be enhanced further over time by the strong growth of the laboratories business, competitors of which are valued very highly. The Founder has consequently stepped back into the business as Executive Chairman and we expect much improved future performance. With a significant personal stake in the company, he is highly motivated to deliver. Whilst Capital has activities across a number of metals, it still retains a bias to Gold. We expect acceleration and further growth in its key projects, and an eventual realization of value in the laboratories business. The valuation is anomalous, at a discount to Book Value, despite the ROCE and growth record, its asset base and prospects.

### **Van Elle 3.8% Net Assets**

**Cost: £3.98m, Value as at 31 March 2025, £3.63m, IRR to date -0.4%**

This investment is now five years old having been initiated during the COVID-19 crisis. The company is the leading UK provider of ground improvement, foundation and piling services to the construction industry, with a bias to infrastructure and housing. During the five years the new management team have professionalised the business and converted losses into profits, whilst sales have grown significantly. However, financial targets have not been met with a lack of progress on operating margins and some modest M&A which has not delivered value to shareholders in our view. Whilst end markets have clear growth dynamics, particularly the opportunity in sectors such as water and energy transmission (albeit housing remains weak) this asset intensive, c.£37m market capitalisation business, is struggling on AIM. We have increased our stake to support our engagement initiatives with the company to unlock value for shareholders. Despite having net cash and considerable fixed assets (the fleet of well-invested 'rigs') the shares are valued on a discount to book-value.

### **Restore 4.8% Net Assets**

**Cost: £4.07m, Value as at 31 March 2025, £4.60m, IRR to date 15.8%**

This office services and records management business manages over 22m boxes of paper records for a wide range of businesses, including 80.0% of the FTSE 100, which is highly profitable activity generating over 30.0% profit margins. Over the years, complementary activities have been developed and the company is now UK No.1 or 2 in shredding, office technology destruction/recycling, scanning, and office relocations. The long-time CEO has returned to the group after a period of underperformance by the business and we can already observe renewed vigour, growth and improved profitability. The boxes tend to generate cash and collect dust, a fine business model and a more efficient property footprint offers the opportunity for even higher profitability with the team targeting 20% group operating margins. Now on the front foot, with central costs right-sized for a historically nimble and dynamic firm, a first acquisition has been announced on an attractive multiple which is likely to be value accretive given the scope to integrate with existing assets. We anticipate more deals and a return to its much higher valuation rating of previous years.

# James Fisher & Sons 4.8% Net Assets Cost: £4.76m, Value as at 31 March 2025, £4.62m, IRR to date -2.8%

A quality marine, energy and defence group with a very long corporate history, management had lost focus, capital discipline and over-leveraged the balance sheet. The new management team has now simplified the group, taking out costs and has conservative medium-term financial targets, which would result in much higher levels of profitability and returns on capital. A large disposal was announced which has radically de-gearred the company, allowing the operational recovery to now 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. Within each division there are clear strong sources of IP, differentiation and added-value for customers. Critical to the improved profitability is the Defence division which has now moved from losses into modest profits. Recent results unveiled a large increase in the order book and commentary for management suggests the contract pipeline is healthy. We expect considerable valuation upside as the turnaround progresses and risks abate.

## STV 3.6% Net Assets

Cost: £4.31m, Value as at 31 March 2025, £3.62m, IRR to date -16.8%

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 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. A new highly regarded CEO may inject fresh perspectives into the business. His first task, though, is to ensure Studios generates acceptable financial returns. Concerns over the advertising market have weighed on the shares, which now offers an adequately covered high dividend yield of over 7%. We hope this is complimented by share buybacks soon.

## Sales

We exited four investments during the period, three of which were modest in size: The Youngs & Co shares we received as part of the takeover of City Pub Group in the prior year were sold concluding a 59.4% IRR, 2.25x Money Multiple on our investment. The Loan we provided to Pressure Technologies Plc was repaid resulting in a 19.6% IRR. A small position which we were unable to scale in size was exited for a small profit.

Hostmore was also exited prior to its delisting and move into administration. This was an unsuccessful investment for the strategy. Modest position sizing, given the known risks regarding the level of financial leverage in the business resulted in the loss to NAV being constrained. However, this was a disappointing outcome as if the consumer environment had been more benign and a recovery in trading ensued under the new management, debt would have been rapidly reduced and our investment thesis of 3-4x investment may have been realised. But it didn't and we have had to realise a loss of c.99%. We won't get them all right and this situation provided some humbling lessons. During the year we also realised significant gains through stock market sales in our holdings of Funding Circle, Galliford Tryand Filtronic, all of which remain within the portfolio and should still generate attractive returns going forward.

## 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 in an inefficient stock market full of opportunities to deliver our target returns.

Richard Staveley

## Statement of Comprehensive Income for the year ended 31 March 2025

|  |       | Year ended<br>31 March<br>2025 |                  |                | Year ended<br>31 March<br>2024 |                  |                |
|--|-------|--------------------------------|------------------|----------------|--------------------------------|------------------|----------------|
|  | Notes | Revenue<br>£'000               | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000               | Capital<br>£'000 | Total<br>£'000 |
| Income   | 2     | 1,299                          | -                | 1,299          | 1,114                          | -                | 1,114          |
| Net gains on investments at fair value   |       | -                              | 15,171           | 15,171         | -                              | 2,715            | 2,715          |
| <b>Total income</b>  |       | <b>1,299</b>                   | <b>15,171</b>    | <b>16,470</b>  | <b>1,114</b>                   | <b>2,715</b>     | <b>3,829</b>   |
| <b>Administrative expenses</b>   |       |                                |                  |                |                                |                  |                |
| Investment Manager fee   | 3     | (889)                          | -                | (889)          | (191)                          | -                | (191)          |
| Performance fee  | 3     | -                              | (1,090)          | (1,090)        | -                              | -                | -              |
| Other expenses   | 4     | (711)                          | (158)            | (869)          | (581)                          | (161)            | (742)          |
| <b>(Loss)/profit before finance costs and taxation</b>   |       | <b>(301)</b>                   | <b>13,923</b>    | <b>13,622</b>  | <b>342</b>                     | <b>2,554</b>     | <b>2,896</b>   |
| Finance costs  |       | -                              | -                | -              | (1)                            | -                | (1)            |
| <b>(Loss)/profit before taxation</b>   |       | <b>(301)</b>                   | <b>13,923</b>    | <b>13,622</b>  | <b>341</b>                     | <b>2,554</b>     | <b>2,895</b>   |
| Taxation   | 5     | -                              | -                | -              | -                              | -                | -              |
| <b>(Loss)/profit for the year</b>  |       | <b>(301)</b>                   | <b>13,923</b>    | <b>13,622</b>  | <b>341</b>                     | <b>2,554</b>     | <b>2,895</b>   |
| <b>Basic and Diluted earnings per ordinary share for profit from continuing operations and for profit for the year (pence)</b> |       | <b>(0.87p)</b>                 | <b>40.15p</b>    | <b>39.28p</b>  | <b>1.25p</b>                   | <b>9.34p</b>     | <b>10.58p</b>  |

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").

There are no recognised gains and losses other than those disclosed in the Statement of Comprehensive Income.

All items in the above Statement derive from continuing operations. No operations were acquired or discontinued during the period. The notes on pages 38 to 48 form part of these Financial Statements.

**Statement of Financial Position as at 31 March 2025**

|  | Notes | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|--|-------|---------------------------|---------------------------|
| <b>Non-current assets</b>                        |       |                           |                           |
| Investments at fair value through profit or loss | 8     | 95,624                    | 60,322                    |
| <b>Current assets</b>                            |       |                           |                           |
| Cash and cash equivalents                        |       | 2,561                     | 4,761                     |
| Trade and other receivables                      | 9     | 122                       | 281                       |
|  |       | <b>2,683</b>              | 5,042                     |
| <b>Total assets</b>                              |       | <b>98,307</b>             | 65,364                    |
| <b>Current liabilities</b>                       |       |                           |                           |
| Trade and other payables                         | 10    | (641)                     | (1,103)                   |
| Performance fee payable                          | 11    | (1,090)                   | -                         |
| <b>Total liabilities</b>                         |       | <b>(1,731)</b>            | (1,103)                   |
| <b>Net current assets</b>                        |       | <b>952</b>                | 3,939                     |
| <b>Net assets</b>                                |       | <b>96,576</b>             | 64,261                    |
| <b>Represented by:</b>                           |       |                           |                           |
| Share capital                                    | 12    | 1,941                     | 1,560                     |
| Share premium account                            |       | 42,862                    | 24,347                    |
| Revenue reserve                                  |       | 18,061                    | 18,565                    |
| Capital reserve                                  |       | 22,358                    | 8,435                     |
| Capital redemption reserve                       |       | 11,354                    | 11,354                    |
| <b>Total equity</b>                              |       | <b>96,576</b>             | 64,261                    |

The NAV per share on 31 March 2025 is 248.79 pence (2024: 206.04 pence).

These Financial Statements were approved and authorised for issue by the Board of Directors on 17 June 2025. Signed on behalf of the Board of Directors.

Noel Lamb  
Chairman

Kenneth Lever  
Director

**Statement of Cash Flows for the year ended 31 March 2025**

|   | Notes | Year ended<br>31<br>March<br>2025<br>£'000 | Year ended<br>31<br>March<br>2024<br>£'000 |
|---|-------|--|--|
| <b>Cash flow from operating activities</b>                |       |  |  |
| Profit for the year                                       |       | 13,622                                     | 2,895                                      |
| Net gains on investments at fair value                    |       | (15,171)                                   | (2,715)                                    |
| Decrease/(increase) in trade receivables                  |       | 3  | (52)                                       |
| Increase/(decrease) in trade and other payables           |       | 1,112                                      | (652)                                      |
| <b>Net cash outflow from operating activities</b>         |       | <b>(434)</b>                               | (524)                                      |
| <b>Cash flows from investing activities</b>               |       |  |  |
| Purchases of investments                                  | 8     | (37,392)                                   | (30,336)                                   |
| Sales of investments                                      | 8     | 16,777                                     | 12,573                                     |
| <b>Net cash outflow from investing activities</b>         |       | <b>(20,615)</b>                            | (17,763)                                   |
| <b>Cash flows from financing activities</b>               |       |  |  |
| Gross proceeds of share issue                             |       | 19,579                                     | 11,527                                     |
| Share issue costs   |       | (527)                                      | (110)                                      |
| Equity dividends paid                                     |       | (203)                                      | -  |
| <b>Net cash inflow from financing activities</b>          |       | <b>18,849</b>                              | 11,417                                     |
| <b>Decrease in cash and cash equivalents</b>              |       | <b>(2,200)</b>                             | (6,870)                                    |
| <b>Reconciliation of net cash flow movements in funds</b> |       |  |  |
| Cash and cash equivalents at the beginning of the year    |       | 4,761                                      | 11,631                                     |
| Decrease in cash and cash equivalents                     |       | (2,200)                                    | (6,870)                                    |



|  |       |       |
|--|-------|-------|
| Cash and cash equivalents at end of year | 2,561 | 4,761 |
|--|-------|-------|

Purchases of investments has been adjusted by the addition of the outstanding £901,000 due to Brokers as at 31 March 2024 and, the removal of the outstanding £417,000 due to Brokers as at 31 March 2025 as shown in Note 10.

Gross proceeds of share issue has been adjusted by the addition of the outstanding £156,000 proceeds due from share issue as at 31 March 2024 as shown in Note 9

**Statement of changes in Equity for the year  
ended 31 March 2025**

|  | D shares<br>£'000 | Ordinary<br>Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Revenue<br>Reserve*<br>£'000 | Capital<br>Reserve<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Total<br>Equity<br>£'000 |
|--|-------------------|---------------------------------------|--------------------------------------|------------------------------|-----------------------------|---|--------------------------|
| Opening balance as at 1 April 2024                 | -                 | 1,560                                 | 24,347                               | 18,565                       | 8,435                       | 11,354                                    | 64,261                   |
| Dividend paid                                      | -                 | -                                     | -                                    | (203)                        | -                           | -   | (203)                    |
| Gross proceeds of share issue                      | -                 | 381                                   | 18,515                               | -                            | -                           | -   | 18,896                   |
| Profit and total comprehensive income for the year | -                 | -                                     | -                                    | (301)                        | 13,923                      | -   | 13,622                   |
| Balance as at 31 March 2025                        | -                 | 1,941                                 | 42,862                               | 18,061                       | 22,358                      | 11,354                                    | 96,576                   |

**for the year ended 31 March 2024**

|   | D shares<br>£'000 | Ordinary<br>Share<br>Capital<br>£'000 | Share<br>Premium<br>Account<br>£'000 | Revenue<br>Reserve*<br>£'000 | Capital<br>Reserve<br>£'000 | Capital<br>Redemption<br>Reserve<br>£'000 | Total<br>Equity<br>£'000 |
|---|-------------------|---------------------------------------|--------------------------------------|------------------------------|-----------------------------|---|--------------------------|
| Opening balance as at 1 April 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 as 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 38 to 48 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 2025 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 UK adopted international accounting standards.

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 of investments and the Company's financial position.

investments, the current economic outlook and forecasts for Company costs.

The Company is in a net asset position of £96.6 million (March 2024: £64.3 million) and 99.9% of the Company's portfolio of investments consist of listed equities which, should the need arise, can be liquidated to settle liabilities. The rest of the Company's portfolio consisted of 0.1% in other unquoted investments. 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 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.

#### **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 amounts at the Balance sheet date are immaterial in the current year.

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. There are £94,823,000 level 1 financial assets (31 March 2024: £59,415,000).
- 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 2024: £nil).
- Level 3 - valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are £69,000 level 3 financial assets (31 March 2024: £907,000).

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 from inception 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.

#### **Income**

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 under the effective interest method. 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.

#### **Taxation**

The charge for taxation is based on the net income 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 at the Company's annual general meeting.

#### **Share capital and reserves**

The share capital represents the nominal value of the Company's ordinary shares. As at 31 March 2025 there were 38,817,663 (31 March 2024: 31,189,090) Ordinary shares of 5p each in issue. During the year to 31 March 2024, 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 Capital Redemption Reserve represents the amount by which the share capital has been reduced, equivalent to the nominal value of the Ordinary Shares repurchased for cancellation.

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 April 2024**

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 2025.

**Accounting when there is a lack of exchangeability (Amendments to IAS 21)**

The amendment is for entities to specify when a currency is exchangeable into another currency and when it is not, and how an entity determines the exchange rate to apply when a currency is not exchangeable. The amendments are effective for annual periods beginning on or after 1 January 2025.

**Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

The amendment is to help entities to clarify the date of recognition and derecognition of some financial assets and liabilities. It provides further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. It adds new disclosures for certain instruments with contractual terms that can change cash and updates the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments are effective for annual periods beginning on or after 1 January 2026.

**Presentation and Disclosure in Financial Statements (IFRS 18)**

IFRS 18 replaces IAS 1 and is in response to investors' need for better information about companies' financial performance. Requirements include: new categories/subtotals in the statement of profit or loss, disclosure of Management-defined performance measures and enhanced requirements for grouping information. The new standard is in effective for annual periods beginning on or after 1 January 2027.

**Subsidiaries without Public Accountability: Disclosures (IFRS 19)**

IFRS 19 allows for reduced disclosures without changing the fundamental reporting requirements of IFRS accounting standards. The new standard is in effective for annual periods beginning on or after 1 January 2027.

**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.

**2. Income**

|                                       | Year ended<br>31 March<br>2025 | Year ended<br>31 March<br>2024 |
|---------------------------------------|--------------------------------|--------------------------------|
|                                       | Total<br>£'000                 | Total<br>£'000                 |
| <b>Income from listed investments</b> |                                |                                |
| Dividends                             | 1,062                          | 811                            |
| Loan note interest income             | 46                             | 40                             |
| Loan arrangement fee                  | -                              | 22                             |
|                                       | <b>1,108</b>                   | <b>873</b>                     |
| <b>Other income</b>                   |                                |                                |
| Bank interest                         | 191                            | 241                            |
| <b>Total income</b>                   | <b>1,299</b>                   | <b>1,114</b>                   |

**3. Investment management and performance fee**

|                        | Year ended<br>31 March<br>2025 | Year ended<br>31 March<br>2024 |
|------------------------|--------------------------------|--------------------------------|
|                        | £'000                          | £'000                          |
| Investment Manager fee | 889                            | 191                            |
| Performance fees       | 1,090                          | -                              |
|                        | <b>1,979</b>                   | <b>191</b>                     |

Under the terms of the Investment Management Agreement (restated and novated on 28 March 2025) with Harwood Capital LLP (now Rockwood Asset Management), 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 surpassed in the year and therefore there was a performance fee of £1,090,000 accrued at 31 March 2025 (2024: nil).

#### 4. Other expenses

|                         | Year ended<br>31 March 2025 |                  |                | Year ended<br>31 March 2024 |                  |                |
|-------------------------|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|                         | Income<br>£'000             | Capital<br>£'000 | Total<br>£'000 | Income<br>£'000             | Capital<br>£'000 | Total<br>£'000 |
| Auditors remuneration   |                             |                  |                |                             |                  |                |
| - Current               | 54                          | -                | 54             | -                           | -                | -              |
| - Previous              | 9                           | -                | 9              | 47                          | -                | 47             |
| Director's fees         | 110                         | -                | 110            | 102                         | -                | 102            |
| Professional fees       | 452                         | -                | 452            | 336                         | -                | 336            |
| Other general overheads | 86                          | -                | 86             | 96                          | -                | 96             |
| Transaction costs       | -                           | 158              | 158            | -                           | 133              | 133            |
| Share split costs       | -                           | -                | -              | -                           | 28               | 28             |
|                         | 711                         | 158              | 869            | 581                         | 161              | 742            |

#### 5. Taxation

|  | Year ended<br>31 March<br>2025 | Year ended<br>31 March<br>2024 |
|--|--------------------------------|--------------------------------|
| <b>UK corporation tax</b>                        |                                |                                |
| Corporation tax liability at 25.0% (2024: 25.0%) | -                              | -                              |
|  | -                              | -                              |
| Current tax                                      | -                              | -                              |
| <b>Tax on profit from ordinary activities</b>    | -                              | -                              |

#### 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% (2024: 25.0%).

The differences are explained below:

|   | Year ended<br>31 March 2025 |                  |                | Year ended<br>31 March 2024 |                  |                |
|---|-----------------------------|------------------|----------------|-----------------------------|------------------|----------------|
|   | Income<br>£'000             | Capital<br>£'000 | Total<br>£'000 | Income<br>£'000             | Capital<br>£'000 | Total<br>£'000 |
| <b>Current tax reconciliation</b>                     |                             |                  |                |                             |                  |                |
| Return before taxation                                | (301)                       | 13,923           | 13,622         | 341                         | 2,554            | 2,895          |
| Tax at UK corporation tax rate of 25.0% (2024: 25.0%) | (75)                        | 3,481            | 3,406          | 85                          | 639              | 724            |
| Tax effects of:                                       |                             |                  |                |                             |                  |                |
| Non-taxable dividends                                 | (266)                       | -                | (266)          | (202)                       | -                | (202)          |
| Non-deductible expenditure                            | 2                           | -                | 2              | 3                           | -                | 3              |
| Chargeable gains not subject to tax                   | -                           | (3,753)          | (3,753)        | -                           | (639)            | (639)          |
| Movement in deferred tax not recognised               | 339                         | 272              | 611            | 114                         | -                | 114            |
| <b>Total tax charge for the year</b>                  | -                           | -                | -              | -                           | -                | -              |

#### Deferred tax

At 31 March 2025, the Company had losses of £43,217,000 (31 March 2024: £40,770,000) that are potentially available to offset future taxable revenue and capital losses of £102,536,000 (31 March 2024: £102,536,000) that are potentially available to offset against future taxable gains. A deferred tax asset of £36,439,000 (31 March 2024: £35,827,000), based on the enacted UK corporation tax rate of 25% that applied from 1 April 2023, has not been recognised because the Company is not expected to generate qualifying 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 2025 |                                  |                                      | Year ended 31 March 2024 |                                  |                                      |
|--------------|--------------------------|----------------------------------|--------------------------------------|--------------------------|----------------------------------|--------------------------------------|
|              | Net Return               | Weighted average Ordinary Shares | Basic and diluted earnings per share | Net Return               | Weighted average Ordinary Shares | Basic and diluted earnings per share |
|              | £'000                    |                                  | pence                                | £'000                    |                                  | pence                                |
| Revenue      | (301)                    | 34,678,653                       | (0.87)                               | 341                      | 27,356,247                       | 1.25                                 |
| Capital      | 13,923                   | 34,678,653                       | 40.15                                | 2,554                    | 27,356,247                       | 9.33                                 |
| <b>Total</b> | <b>13,622</b>            |                                  | <b>39.28</b>                         | <b>2,895</b>             |                                  | <b>10.58</b>                         |

As at 31 March 2025, the total number of shares in issue was 38,817,663 (2024: 31,189,090). No shares were bought back by the Company (2024: None). There are no share options outstanding at the end of the year.

## 7. Dividends

The Company is not recommending a dividend for the year ended 31 March 2025 (2024: 0.6p).

## 8. Investments at fair value through profit or loss

|   | Year ended 31 March 2025                  |                                      |               |
|---|---|--------------------------------------|---------------|
|   | Investments in quoted companies (Level 1) | Other unquoted investments (Level 3) | Total         |
| Opening Cost at beginning of year                                       | 53,465                                    | 1,523                                | 54,988        |
| Opening unrealised appreciation at the beginning of the year            | 5,950                                     | (616)                                | 5,334         |
| Opening fair value at the beginning of the year                         | 59,415                                    | 907                                  | 60,322        |
| Movements in the year:  |   |                                      |               |
| Purchases at cost   | 36,908                                    | -                                    | 36,908        |
| Sales proceeds  | (16,027)                                  | (750)                                | (16,777)      |
| Realised gain on disposal   | 8,727                                     | -                                    | 8,727         |
| Change in unrealised appreciation/(depreciation) at the end of the year | 6,532                                     | (88)                                 | 6,444         |
| <b>Closing Fair value at the end of the year</b>                        | <b>95,555</b>                             | <b>69</b>                            | <b>95,624</b> |
| Closing cost at the end of the year                                     | 83,073                                    | 773                                  | 83,846        |
| Closing unrealised appreciation/(depreciation) at the end of the year   | 12,482                                    | (704)                                | 11,778        |
| <b>Closing fair value at the end of the year</b>                        | <b>95,555</b>                             | <b>69</b>                            | <b>95,624</b> |

|   | 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*  |   |                                      |               |
| Cost at transfer date   | (773)                                     | 773                                  | -             |
| Unrealised loss on transfer date  | 732                                       | (732)                                | -             |
| 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 | (663)                                     | 116                                  | (547)         |
| <b>Closing Fair value at the end of the year</b>                        | <b>59,415</b>                             | <b>907</b>                           | <b>60,322</b> |
| Closing cost at the end of the year                                     | 53,465                                    | 1,523                                | 54,988        |
| Closing unrealised appreciation/(depreciation) at the end of the year   | 5,950                                     | (616)                                | 5,334         |
| <b>Closing fair value at the end of the year</b>                        | <b>59,415</b>                             | <b>907</b>                           | <b>60,322</b> |

\* 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.

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      |               |
|---------|---------------|---------------|
|         | 2025<br>£'000 | 2024<br>£'000 |
| Level 1 | 95,555        | 59,415        |
| Level 2 | -             | -             |
| Level 3 | 69            | 907           |
|         | <b>95,624</b> | <b>60,322</b> |

#### 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 2025 and 31 March 2024, all investments, except for the investments in the table below, fall into the category 'Level 1' under IFRS 13 fair value hierarchy.

In the year ending 31 March 2025, no investments were transferred between levels (31 March 2024: one investment held, Bonhill Group previously Level 1 were transferred to Level 3 following its delisting from AIM).

A summary of the level 3 investments are as follows:

|            | 31 March 2025   |           | 31 March 2024   |            |
|------------|---|-----------|---|------------|
|            | Investments included  | £'000     | Investments included  | £'000      |
| Fair value | <b>Bonhill group</b>  | <b>69</b> | <b>Bonhill group</b>  | <b>69</b>  |
|            | <b>Chesterfield Special Cylinders Holdings (formerly Pressure Technologies)</b> |           | <b>Chesterfield Special Cylinders Holdings (formerly Pressure Technologies)</b> |            |
|            | - Loan Notes  | -         |   | 750        |
|            | - Warrants  | -         |   | 88         |
|            |   | <b>69</b> |   | <b>907</b> |

The Chesterfield Special Cylinders Holdings loan notes were redeemed in full during the year. The warrants were still outstanding at year end and valued at zero.

Valuation policy: Every three months, the Investment Manager 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 2025.

**9. Trade and other receivables**

|                                | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|--------------------------------|---------------------------|---------------------------|
| Proceeds due from share issues | -                         | 156                       |
| Other debtors                  | 95                        | 112                       |
| Prepayments                    | 27                        | 13                        |
|                                | <b>122</b>                | <b>281</b>                |

**10. Trade and other payables**

|                 | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|-----------------|---------------------------|---------------------------|
| Due to Brokers  | 417                       | 901                       |
| Trade Creditors | 224                       | 202                       |
|                 | <b>641</b>                | <b>1,103</b>              |

There were no other creditors as at 31 March 2025 (2024: none).

**11. Performance fees payable**

|                          | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|--------------------------|---------------------------|---------------------------|
| Performance fees payable | 1,090                     | -                         |

**12. Issued capital****Allotted, called-up and fully paid:**

| For the year ended 31 March 2025                                     | £'000        |
|--|--------------|
| 31,189,090 ordinary shares of 5p each listed at 31 March 2024        | <b>1,560</b> |
| 7,628,573 ordinary shares of 5p each issued in the year              | <b>381</b>   |
| <b>38,817,663 ordinary shares of 5p each listed at 31 March 2025</b> | <b>1,941</b> |

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**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 share split    | 216          |
| <b>31,189,090 ordinary shares of 5p each listed at 31 March 2024</b> | <b>1,560</b> |

**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 2025, £95.6 million of the Company's net assets were invested in quoted investments, £0.1 in unquoted investments and £2.6 million in liquid balances (31 March 2024: £59.4 million in quoted investments, £0.9 in unquoted investments and £4.7 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 £95.6 million (2024: £59.6 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 2025, the Company held interests in 24 companies (2024: 20 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 Chesterfield Special Cylinders Holdings (formerly 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% (2024: 25.0%) movement in overall share prices.

**As at 31 March 2025**

| Security           | Valuation basis    | Fair value | +25%         | Impact per share (in pence) | -25%         | Impact per share (in pence) |
|--------------------|--------------------|------------|--------------|-----------------------------|--------------|-----------------------------|
|                    |                    |            | Impact £'000 |                             | Impact £'000 |                             |
| Quoted investments | Latest share price | 95,555     | 23,889       | 61.54                       | (23,889)     | (61.54)                     |

**As at 31 March 2024**

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

The impact of a change of 25% (2024: 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 as they were not deemed to be material. 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<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|-----------------------------|---------------------------|---------------------------|
| Loan stock investments      | -                         | 750                       |
| Cash and cash equivalents   | 2,561                     | 4,761                     |
| Trade and other receivables | 122                       | 281                       |
|                             | <b>2,683</b>              | 5,972                     |

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 2025 and 2024 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 2025 is £96.6 million (31 March 2024: £64.3 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 £18.061 million (2024: £18.566 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 Management Limited ("The Harwood Group") and its subsidiaries.

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

As at 31 March 2025, 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 2025             | 31 March 2024             |
|------------------------|---------------------------|---------------------------|
| Harwood Holdco Limited | 8,340,000 Ordinary Shares | 8,340,000 Ordinary Shares |
| R Staveley             | 311,215 Ordinary Shares   | 321,380 Ordinary Shares   |

#### Investment Management ("IM") Fees:

The total payable to Harwood is as follows:

|                 | 31 March 2025        | 31 March 2024        |
|-----------------|----------------------|----------------------|
| Performance fee | £1.09 million        | Nil                  |
| Management fee  | £0.89 million        | £0.05 million        |
| <b>Total</b>    | <b>£1.98 million</b> | <b>£0.05 million</b> |

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, the IM 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.

**Performance Fees:**

The Investment Manager 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.

There are no other material related party transactions of which we are aware in the year ended 31 March 2025.

**16. Subsequent events note**

**Share issues:**

The Company issued for cash 3,837,000 ordinary shares of 5 pence each from 1 April to 17 June 2025 from its block listing facility at an average price of 265.07 pence per share.

**Footnotes:**

1 - These are considered to be Alternative Performance Measures (APMs) and are available on page 49 of the Annual Report.

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