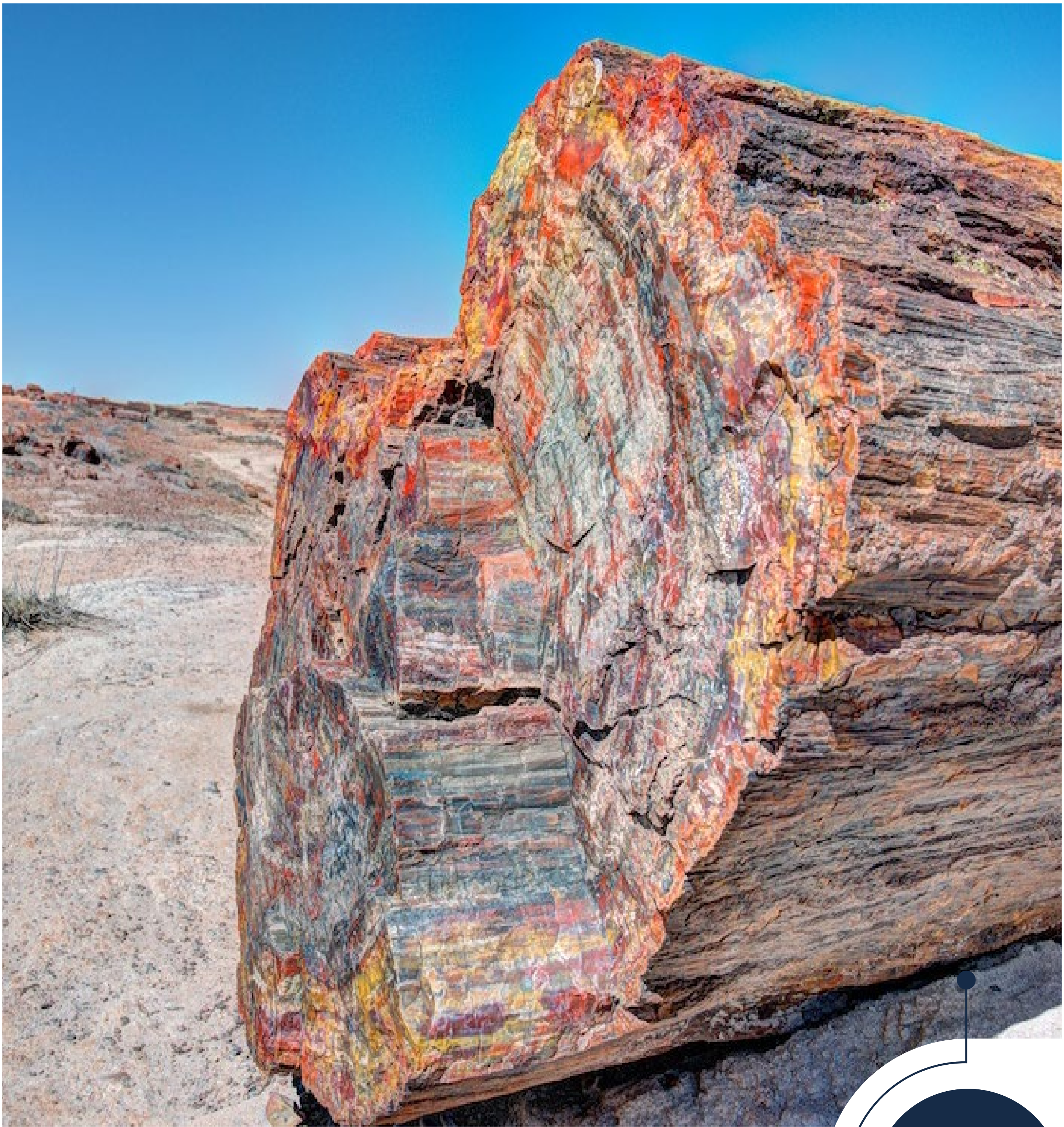

30 September
2024

Compounding wealth long-term

Rockwood Strategic Plc

Interim results for the six months to 30 September 2024

Overview

Financial Statements

Other Information

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

About Rockwood Strategic Plc

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

About Harwood

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

Highlights

Highlights for the period include:

- Net Asset Value (NAV) Total Return in the period of 22.9%[1] to 252.55p/share which compares to a decline in the FTSE AIM All-Share Index of -0.4% and an increase in the FTSE Small Cap (ex-ITs) Index of 13.2%. Total Shareholder Return in the Period was 21.7%[1].

- NAV Total Return performance in the year to 30 September 2024 of 36.7% which compares to the FTSE AIM All-Share Index of 2.0% and the FTSE Small Cap (ex-ITs) Index of 17.9%. The Total Shareholder Return in the same one year period was 44.0%[1].

- NAV Total Return performance in the three years to 30 September 2024 of 48.5%[1] which compares to declines in the FTSE AIM All-Share Index of -40.5% and the FTSE Small Cap (ex-ITs) Index of -5.8%. The Total Shareholder Return in the same three-year period was 68.0%[1].

- No. 1 UK Small Companies fund over the last 1, 3 and 5 years by Net Asset Value Total Return and Total Shareholder Return ('TSR') per the association of Investment Companies (UK domiciled) to the end of the period.

- New shares issued via our block listing programme at a small premium to Net Asset Value, growing the shareholder base by 10.4%, raising £8.0m in the period and £16.7m in the last 12 months.

- Net cash of £3.0m at the end of the Period (representing 3.4% of NAV).

- Four new investments were made across a range of industry sectors and two new modest equity investments provided. Post period end Pressure Technologies Plc completed the sale of its PMC division resulting in the payback of our 'bridging' loan to the company, delivering an IRR of 20% on the investment.

- Three holdings were exited: Youngs & Co's Brewery Plc, the shares having been received as part of the takeover of The City Pub Group Plc, from which a total gain of £2.9m has been realised delivering a money multiple of 2.3x and a 59.4% IRR. Hostmore Plc went into administration resulting in a loss of £1.6m. We also exited a very small position in Dianomi plc, which we were unable to scale, delivering an IRR of 11.4%.

[1] These are considered to be APMs. See Alternative Performance Measures (APMs) on page 17.

Chairman's Statement

Noel Lamb

Chairman
Rockwood Strategic Plc

Dear Shareholder,

There is no doubt this Interim Report details yet another very strong period of outperformance from Rockwood Strategic. Indeed, the portfolio continues to well exceed our target 15% Internal Rate of Return (IRR) over three to five years. Net Asset Value (NAV) Total Return in the period increased a substantial 22.9% to 252.55p/share which outperformed a decline in the FTSE AIM All-Share Index of -0.4% and the FTSE Small Cap (ex-ITs) of +13.2%. While UK stock market returns have been improving during the first half of our financial year, the AIM market stands out as being more challenged. The opportunities for this strategy are targeted in sub-£250m market capitalisation companies, where we believe the market inefficiencies are greatest and the majority of this universe is listed on AIM. However, the manager has built a portfolio across main and AIM markets with approximately a third of NAV in AIM shares representing less than half of all holdings. In short our stock-picking approach has been able to navigate a challenging environment, indeed three of the four new holdings established in the period are listed on the main market. Whilst the reduced incentives to invest in the AIM market cannot be viewed positively, the new government's post period end budget has at least delivered clarity over the tax outlook and did not, which the market was clearly worried about, remove AIM reliefs entirely. I am also delighted to report that during the period we continued to issue new shares via our block listing programme at a small premium to Net Asset Value, growing the shareholder base for our proven and differentiated strategy by 10.4%. This was facilitated by our Prospectus issued in August and represents a beacon of optimism within both the UK equity and the wider Investment Trust sectors. New shareholders are a healthy mix of wealth managers, professional and individual investors and family offices. To remind shareholders, a larger fund will benefit shareholders by allowing the investment team to widen its practical universe for establishing influential stakes in companies under £250m market capitalisation and will of course lead to cost benefits with improved scale.

The period was characterised by the beginning of Central Bank cuts to interest rates across the world and the British General Election result. The former has typically been supportive for UK small company share performance and the latter a change in governing party for the first time since 2010. Our companies have a domestic bias, yet in many cases have important profit contribution and potential from overseas. However, as the investment manager details in their report, the primary driver for profit growth in our usual investment time horizon is self-help and better operational execution, leading to substantially improved profit margins and free cash flow generation.

Noel Lamb
Chairman RKW

18 November 2024

Investment Manager's Report

Richard Staveley

Lead Fund Manager

Highlights

- Net Asset Value (NAV) Total Return in the period of 22.9% to 252.55p/share[1] which compares to a decline in the FTSE AIM All-Share Index of -0.4% and an increase in the FTSE Small Cap (ex-ITs) Index of 13.2%. Total Shareholder Return in the Period was 21.7%[1].
- NAV Total Return performance in the year to 30 September 2024 of 36.7%[1] which compares to the FTSE AIM All-Share Index of 2.0% and the FTSE Small Cap (ex-ITs) Index of 17.9%. The Total Shareholder Return in the same one year period was 44.0%[1].
- NAV Total Return performance in the three years to 30 September 2024 of 48.5%[1] which compares to declines in the FTSE AIM All-Share Index of -40.5% and the FTSE Small Cap (ex-ITs) Index of -5.8%. The Total Shareholder Return in the same three-year period was 68.0%[1].
- No. 1 UK Small Companies fund over the last 1, 3 and 5 years by Net Asset Value Total Return and Total Shareholder Return ('TSR') per the association of Investment Companies (UK domiciled) to the end of the period.

Introduction

During the 6-month period to 30 September we increased the number of holdings to twenty-two, alongside adding to a number of existing holdings, as the UK stock-market provided the opportunity to purchase investments we believe will at least meet our 15% IRR criteria over the next 3-5 years. Stock specific risk and hence stock specific returns are the primary factors producing the NAV result for the period. We now have 7 'Core' holdings (target 5-10) and 14 'Springboard / opportunities' (target 10-25) with the top ten holdings accounting for 67% of NAV at period end. Net cash was £3m at the end of the period, representing 3.4% of NAV.

We continue to identify companies which will benefit from operational, strategic or management initiatives. The stock market valuations for these companies are usually depressed as they have fallen out of favour due to reduced profitability, strategic error or poor management. All of these can be reversed, typically generating significant shareholder value recovery. However, the current market backdrop is providing even greater valuation anomalies; time horizons seem to be shortening and many investment funds are experiencing outflows. Our approach of engaging with stakeholders alongside our own material shareholding is differentiated and proving effective.

Market commentary

The last six months has been characterised by a number of key developments. Firstly, interest rates have started falling across key economies, with the UK rate dropping to 5%. This was a result of clear survey evidence that inflation has been falling towards target levels. Secondly, 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. Sterling has strengthened. UK equities have, with the exception of AIM, been rising, despite consistent investor outflows. AIM's weakness appears linked to concerns about potential changes to taxation policy in the UK which could weaken AIM's appeal.

Conflict continues in Ukraine and has escalated in the Middle East, where in both cases regional actors are supported by the world's major powers without meaningful direct involvement, to date. The oil price during the period softened as expectations for the severity of a globally coordinated slow down waxed and waned. Huge fiscal stimulus in the United States has continued, as the candidates for the next President evolved, whilst China ended the period with a large step-up in stimulus aimed at its sluggish economy. A bout of heightened volatility in thin summer markets caused big moves in Japan and risk assets, but highlighted the folly of short-term reactionary behaviour as UK indices recovered quickly.

The IPO market remains basically moribund. However, merger and acquisition activity remained strong with 29 deals over £100m equity value launched since April as savvy trade buyers and private equity firms exploit the liquidity hungry, redemption heavy UK equity market. During the period this was mainly experienced in larger listed companies, Rockwood Strategic not benefiting from any approaches.

[1] These are considered to be APMs. See Alternative Performance Measures (APMs) on page 17.

We stated in previous reports that we would anticipate limited sustained market recovery until 'core' inflation was demonstrably falling and the market could have real confidence to anticipate the commencement of monetary easing. This is now occurring with despite, it appears, limited media coverage, which is focused on investor, entrepreneur and business concerns over possible tax changes to the successful deployment of risk capital. We believe the portfolio holdings are deeply undervalued, almost all are very well financed, all have the potential for operational improvements and strategic improvements too which can drive shareholder value irrespective of the doom and gloom. We see a sluggish economic outlook at best, with the 'crowding in' of private investment a tricky policy setting, taxation levels reaching possible 'fiscal dominance' and little help from a challenged European economy, slowing US and troubled Chinese situation. This will not make life easy for our portfolio holdings, but they are far more dependent on their own improved execution, efficiency and sound management, which gives us confidence that relatively recent management changes and strategic catalysts will continue to result in us achieving our target returns for shareholders.

Portfolio performance

The portfolio is concentrated and therefore it should be expected that over any shorter period, such as a year, a dominant stock or two will drive performance.

Performance (all indices are excluding investment trusts)	**H1 2024**	**1 Year to 30 Sept**	**3 Year to 30 Sept**
RKW TSR[1]	**21.7%**	44.0%	68.0%
RKW NAV Total Return[1]	**22.9%**	36.7%	48.5%
FTSE Small Cap Total Return (SMXX)	**13.2%**	17.9%	(5.8)%
FTSE AIM All-Share Total Return (TAXXG)	**(0.4%)**	2.0%	(40.5%)
FTSE All-Share Total Return (ASX)	**6.1%**	13.4%	23.9%

Source: Bloomberg and Company as at 30 September 2024

NAV growth during the period was driven by a number of holdings, but in particular Funding Circle Plc which positively reacted to our constructive engagement with the company leading to a number of actions which have catalysed a recovery in its share price from depressed levels. Secondly, Filtronic, which announced a strategic partnership accompanied by significant orders with SpaceX, delivered material upgrades to market profit expectations and longer-term strategic value. RM Group Plc also performed very well after its financial results indicated stability was returning under the new management team and a material order was announced with the International Baccalaureate organisation for its exam assessment division.

New holding Capita plc (see below) announced the very positive £180m sale of Capita One Ltd almost eradicating its net debt, the shares rallying on this news which was not dissimilar in nature to James Fisher & Sons Plc which disposed of RMS Pumptools for £90m, again reducing its level of debt and allowing a re-financing with its banks. Both stocks have fundamentally de-risked as a result. Finally Galliford Try performed particularly well in response to the release of new medium-term financial targets and excellent financial results.

The main negative contributors were Hostmore, Argentex, Centaur Media and Pressure Technologies. In the former, our thesis was that new management would improve operational performance leading to a gradual reduction in higher debt levels which if achieved could have delivered at least a 5x money multiple return. Overall, the portfolio has limited exposure to leveraged investments, but in this case we believed the risk was worth the potential return from a highly operational and financially geared well known casual dining brand. However, the extremely difficult trading conditions that the business has had to deal with during a very wet summer ultimately were too much and we have realised a painful loss, only partly mitigated by our position sizing, due to elevated risk, which limited the impact at an overall portfolio level.

1 These are considered to be APMs. See Alternative Performance Measures (APMs) on page 17.

At Argentex the company has undergone a strategic, management and profit reset. The latter has been partly due to external conditions but mainly due to a need for higher levels of investment to drive value in the group medium-term. If the new team are able to recover profitability after their investment phase, we would still expect to generate our target returns. At Centaur Media Plc, a takeover approach for the business was withdrawn and subsequently trading has been weak in their Xeim division. Post-period end Richard Staveley resigned as a Non-executive Director enabling the appointment of a new Chairman who has Harwood's full support. The business has net cash and two profitable divisions addressing separate industry verticals. Finally, Pressure Technologies Plc has experienced project delays and some operational difficulties in its Chesterfield Special Cylinders division resulting in lower market profit expectations. However, subsequent to period end the PMC division has been sold, leaving the business focused and with net cash.

Portfolio highlights & investment activity
The period ended with 22 holdings , of which the top 10 constitute 67% of NAV.

Top ten shareholdings (30 September 2024)	**£m**	**Shareholding in company**	**Portfolio NAV**
Funding Circle Plc	**12.4**	2.7%	14.2%
RM Group Plc	**9.2**	14.3%	10.6%
Filtronic Plc	**6.8**	4.6%	7.8%
Trifast Plc	**6.3**	5.9%	7.2%
M&C Saatchi Plc	**5.4**	2.5%	6.3%
James Fisher & Sons Plc	**4.4**	2.5%	5.1%
STV Group Plc	**3.7**	3.2%	4.3%
Galliford Try Plc	**3.5**	1.1%	4.1%
Flowtech Fluidpower Plc	**3.5**	6.1%	3.9%
Capita plc	**3.4**	1.1%	3.9%
Other investments (11)	**25.4**	–	29.2%
Cash and other working capital items	**3.0**	–	3.4%
Total NAV	**87.0**		**100.0%**

Key developments:

Funding Circle Plc (Platform facilitating lending to small and medium sized enterprises): In May the company announced a £15m cost saving programme and a new Finance Director. In June the sale of the loss-making US operations for cash consideration of £33m was completed. In September Interim results were ahead of expectations, reaching profitability for the first time as sales grew by 12% on H2 2023. A further £25m share buyback was announced and medium-term targets of 15% PBT margins and 15-30% revenue growth reiterated. We commenced buying Funding Circle for the strategy in January at 33.7p. It closed the period at 137.5p. On current market expectations, the shares were valued on an EV/Ebitda of 7.6x for their financial year 2025, at period end.

RM Group Plc (Education market services): In May a contract extension and expansion to transform delivery of The International Baccalaureate's Diploma and Career-Related Programmes as digital assessments was announced, reinforcing their Assessment division's world class credentials. In July in-line Interim results were announced with good early progress on the new strategic plan set out in March. Debt remains elevated, however we anticipate a re-focusing of the group as the revitalised senior management team start to deliver on its restructuring and as such increased our Harwood holding to over 15% of the company. We commenced buying RM for the strategy in September 2002 at 26.7p. It closed the period at 77p. On current market expectations, the shares were valued on a PE of 10.3x for their financial year 2025, at period end.

Filtronic Plc (IT hardware components based on Radio Frequency technology): In April their trading update significantly upgraded 2024 and 2025 market expectations. This coincided with the SpaceX strategic agreement which resulted in material new orders for the group from the Starlink satellite network and the potential issuance, subject to further orders, of up to 10% of Filtronic equity to SpaceX at 33p. Winning the King's Award for Innovation was quickly followed up by a further positive trading update in June and additional contract awards. July's final results revealed sales up 56%, Ebitda up 277%, and significant cash balances. Clearly a strong position for the new CEO to arrive to and subsequently the decision has been made to move to larger new premises to cope with the bow wave of expected future demand. We commenced buying Filtronic for the strategy in May 2023 at 12p. It closed the period at 67.5p. On current conservative market expectations, the shares were valued on an EV/Ebitda of 15.6x for their financial year 2025, with almost no growth forecast for 2026, at period end.

Trifast Plc (Industrial and consumer fasteners): In April the company updated that subdued demand conditions were being experienced across the group but results were expected to be marginally ahead of guidance. The year should be helped by the operational improvement plan which is streamlining activities, particularly in the UK. We were pleased to see strong reductions of bloated stock levels, improving the net debt position. Further developments include the appointment of a new CFO and the alignment to shareholder value creation from a new management incentivisation plan which fully vests at 140p. This is the last position to fill having also had a Chair and CEO change and the appointment of a Harwood representative as NED since our initial purchase. We now expect a period of financial delivery from the group as 2024 produced an Ebit margin of 5.1% and a depressed ROCE of 5.7%, we expect an eventual recovery to 10%, yet are cognisant end markets currently remain weak. We commenced buying Trifast for the strategy in August 2023 at 71.4p. It closed the period at 78.4p. Harwood own c. 14% of the company. On current market expectations, the shares were valued on a PE of 9.6x for their financial year March 2026, at period end.

M&C Saatchi Plc (Strategic communications and advertising): During the period new appointments have started as CEO and CFO at the company. In September Interim results were released. These were ahead of market expectations and demonstrated underlying revenue up 6% (they have been disposing of loss-making subsidiaries) alongside a cost efficiency programme helping operating profit to increase by 40% to an operating margin of 14.2%. Net cash was £12.9m, an enviable balance sheet in the media sector. We commenced buying M&C Saatchi for the strategy in November 2020 at 79.8p. It closed the period at 181.5p. On current market expectations, the shares were valued on an EV/Ebitda of 4.3x or PE of 8.3x for their financial year 2025, at period end.

STV Group Plc (Content production and owner of ITV channel in Scotland): A busy six months as multiple new commissions were awarded for the studios division by Game Show Network in the US, the BBC, Netflix, Apple TV, Really, Sky, Discovery, ITV and Channel 4 building a £100m forward orderbook. The Board has also evolved further, not least with the appointment of a new CEO. An agreement was reached on the pension fund with improved cash profile and a lower deficit. Interim results were also announced, with revenues up 20%, operating profit up 30%, cost savings on track, and a best ever performance from the STV Player. STV & STV Player combined are still the clear number one for commercial audiences in Scotland with 21% share of total peak commercial audience in H1 2024 (vs Netflix 12%, Sky 8% and C4 6%) and was the most watched peak time TV channel in Scotland for the 7th first half-year in a row. We commenced buying STV Group for the strategy in October 2023 at 182.1p. It closed the period at 245p. On current market expectations, the shares were valued on a PE of 7.4x and dividend yield of 4.6% for their financial year 2025, at period end.

Galliford Try Plc (Construction services into UK infrastructure): The company announced a number of contract wins across its favoured sectors of water, rail and construction, typically with public sector clients. The key update was the release of new 2024 financial targets of 4% divisional margins and sales of over £2.2bn. If successful then future profit growth will be considerable given current margins of 2.5% and sales of £1.8bn. An orderbook of £3.8bn clearly provides confidence and visibility and the business is awash with an estimated £155m of average net cash. As a result a further £10m stock buyback has recommenced and the dividend enhanced, up 47.6%. A new CFO has been appointed. We commenced buying Galliford Try Group for the strategy in May 2022 at 172.8p. It closed the period at 308p. On current market expectations, with 167p of average net cash on the balance sheet, the shares were valued on an EV/Ebitda of 2.3x and a dividend yield of 4.6% for their financial year 2025, at period end.

Flowtech Fluidpower Plc (Fluidpower component distribution and manufacture): Interim results were released in September which highlighted underlying progress under the new management team offset by challenging trading conditions. Sales fell by 5.7%, however gross margins have started improving due to pricing and sourcing initiatives. Net debt also fell as inventories were reduced. There has been huge (60%) change of senior management under the new CEO, the disparate brands were only unified under Flowtech in June and the much needed new e-commerce system only scheduled for launch in Q1 2025. Service complaints have halved, operational headcount cut by 25%. External factors thus distracted from an emergent, highly motivated team. A sign of the entrepreneurship we were eventually anticipating emerged in the announcement of an opportunistic acquisition of Thorite Group out of administration for almost no cash outlay. The business has been generating more than £20m in sales and has clear synergies with the rest of Flowtech. We expect a positive impact in 2025 as the business and its assets are integrated with the potential to enhance shareholder value considerably. We commenced buying Flowtech Fluidpower for the strategy in May 2020 at 70p. It closed the period at 90p and has an extended length investment thesis due to the need for a management reset, which was achieved in April 2023. On current market expectations, the shares were valued on an EV/Ebitda of 7x for their financial year 2025, at period end.

Pennant International (Defence training, maintenance and software services): This investment is currently the fund's smallest in NAV weighting, however we have been conducting significant engagement to help the business get to position where it can realistically scale in size and have purchased c.10% of the equity. We believe the CEO and the foundations of the current operating business has the potential to achieve this. Our thesis involves the potential provision of further equity investment to support value creative acquisitions in the defence sector via a 'buy & build' strategy. During the period we provided modest additional financial support, through equity investment, as they handle lumpy contract cashflows. We introduced new highly qualified Board members to the group with the skillsets of UK small company corporate finance, financial experience and defence m&a. Software expertise also joined the Board and an Interim CFO was appointed. Restructuring is underway and the company's pivot to software services almost complete. Rome was not built in a day and Pennant is over 125 years old, but it is about to enter a new chapter, our average price paid is 32.8p to date. On current market expectations, the shares were valued on an EV/Sales of 0.8x for their financial year 2025, at period end.

New Investments

Four new investments were made.

These were all classified by the manager as either "springboards" or "opportunities" and as such each individual investment did not exceed 4% of NAV at inception. We target eventually 10-25 of these style holdings as Rockwood Strategic builds, we had 14 at period end. These are all investments we believe meet our investment criteria of being able to deliver 15% IRRs over a time horizon of five years (thereby doubling in value) which have the opportunity for, or are experiencing, operational, strategic and management or Board changes which should deliver, unlock or create shareholder value. "Springboard" investments, in time, should become "Core" when we ideally invest 5-15% of NAV in order to have material exposure within the strategy and also a stake in the company of similar size, ensuring an influential voice with which we can engage with the company and stakeholders.

Capita Plc

This former FTSE 100 outsourcer has had a serious fall from grace in recent years. The business had acquired too many businesses, poorly integrated them and lost operational control. This resulted in very high levels of debt, a huge pension fund deficit, accounting errors and consequently changes to the Board and executive management. After a loss of significant shareholder value, the extended period of sorting out the inherited mess has been long and frustrating for many. However, we believe the business is now emerging from that phase under the new management team. Debt has been very meaningfully reduced, the pension fund financing resolved and group materially simplified after a long disposal programme. Since purchase a further significant sale has almost wiped out net debt in the business. The company is targeting 6-8% operating margins. With a range of catalysts to improving free cash flow generation, we expect a material re-rating of the shares if financial targets are achieved, as the market capitalisation of the business finished the period at c.£320m, whilst sales are over £2.5b. Historic emotional baggage still appears to result in very low valuation multiples. On current market expectations, the shares were valued on an EV/Ebitda of 3.1x for their financial year 2025, at period end. The key catalyst being higher free cash flow generation.

Vanquis Banking Group Plc
This highly regulated bank (FCA and PRA) is also another 'fallen angel' having emerged from the collapse of Provident Financial Plc. With material deposits (covered by the FCSS), the business is primarily focused on a below-prime credit card and vehicle financing with over 1.7m customers. An evolving Board and highly experienced new management is focused on its purpose of helping the nearly 20 million consumers who are financially stretched access credit and achieve mid-teens return on net tangible assets. Their potential financial returns are high relative to mainstream banks as managing high risk credit comes with higher returns, however currently they are being negatively impacted by a deluge of complaints – the vast majority of which are from financially motivated Claims Management Companies. This has caused considerable cost to administer and distraction to the business despite a very low uphold rate; the company is engaged with the regulators to create a fairer playing ground and suing the worst offending claims company. Well capitalised and undergoing a technology improvement plan, our full thesis for recovery indicates returns well in excess of our target rate. On current market expectations, the shares are valued on a Price to Book ratio of 0.3x to their Financial year 2025.

Facilities by ADF
The 'writers' strike' of 2023 impacted this business which provides premium-quality serviced vehicle hire for TV and Film productions, specialising in high end TV/feature films to some of the world's largest traditional and on-demand content production companies such as Netflix, Amazon Prime, Sky, Paramount+, Disney+, Apple TV, HBO Max, ITV and BBC. The industry appears to have structural growth due to modern demand for attractive content for which ADF's 700+ vehicles provide high quality studio and on-location assets. Sales are expected to have almost doubled in the three years to December 2024. We supported a key strategic acquisition to diversify the business, drive scale and unlock revenue synergies. High barriers to entry abound, supported by strong margins which does not justify a single digit PE ratio. We expect a recovery in trading, further accretive bolt-on acquisitions and a justified re-rating of the shares which we purchased at 50p. On current market expectations, the shares were valued on a PE of 5x for their financial year 2025, at period end.

National World
For the very first time we have repurchased a previously realised investment. This will be a very rare occurrence. The company was formed via the purchase of the Johnston Press regional media assets from administration, shorn of debilitating debt and pension fund liabilities it had built up, by the media industry veteran David Montgomery. We initially invested in January 2021 at 10p. This investment was realised in March 2022 at 28.9p. Subsequently profits and sales have grown and a number of bolt-on acquisitions have been made. The market expects c.£100m of sales and £11m of profit in 2024 with net cash of c.£12m. Due to a small company fund wind-up process we were able to repurchase shares for 13.5p and we have subsequently increased our equity stake to over 5% of the company which was capitalised by the market at c.£40m at period end. On current market expectations, the shares were valued on an EV/Ebitda of 2.4x for their financial year 2025, at period end.

Outlook
We believe that the stock market continues to materially undervalue our portfolio holdings. Identified measures to build profitability should offset, and in many cases exceed, negative impacts from a challenging external environment. Robust balance sheets should protect the downside. We have material influence through our large stakes and have successfully proposed 8 Directors to the Boards of our investments helping ensure shareholder value remains a focus and strategies evolve effectively. 'Engagement' activities added value in the period, most notably at Funding Circle and we have a number of initiatives underway for the rest of the year. We continue to identify new investments to deliver on our investment objectives and our investment pipeline remains strong.

Post period end the new government's budget measures included higher capital gains tax on profitable share investments, reduced inheritance tax reliefs designed to incentivise risk capital into the AIM market and no new specific measures to encourage further investment into the British stock market. Furthermore, the raising of National Insurance costs for employers, above inflation minimum wages increases and tougher employment laws are unlikely to make life easier for small British businesses. The importance of a healthy listed market for small businesses is critical to allowing our best British businesses to scale up and we hope that the new government is not reverting back to the long period of neglect and indifference that had been occurring. However, yet again, as this performance period demonstrates, Rockwood is thriving in a challenging environment, and we intend to continue.

Richard Staveley
Investment Manager

18 November 2024

Directors' Responsibility Statement

The Directors are responsible for preparing the interim financial statements in accordance with applicable law and regulations.

In preparing these financial statements, the Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within this half interim financial report have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' in conformity with the requirement of the Companies Act 2006 and gives a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Interim Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

The Half Year Report has not been reviewed or audited by the Company's Auditors.

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

Website publication

The Directors are responsible for ensuring that the Interim Report and Financial Statements are made available on a website. The Interim Financial statements are published on the Company's website in accordance with legislation in the United Kingdom. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Interim Financial Statements contained herein.

For and on behalf of the Board.

Noel Lamb
Chairman RKW

18 November 2024

Unaudited Condensed Statement of Comprehensive Income

for the six months ended 30 September 2024

		Six months to 30 September 2024 (Unaudited)			Six months to 30 September 2023 (Unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income	2	**805**	**–**	**805**	538	–	538
Net gains/(losses) on investments at fair value		**–**	**16,665**	**16,665**	–	(3,126)	(3,126)
Total income		**805**	**16,665**	**17,470**	538	(3,126)	(2,588)
Administrative expenses							
Investment Manager fee		**(411)**	**-**	**(411)**	(60)	–	(60)
Performance fee accrued		**-**	**(1,388)**	**(1,388)**	–	–	–
Other expenses		**(373)**	**(69)**	**(442)**	(286)	(44)	(330)
Total expenses		**(784)**	**(1,457)**	**(2,241)**	(346)	(44)	(390)
Return before taxation		**21**	**15,208**	**15,229**	192	(3,170)	(2,978)
Taxation	3	**–**	**–**	**–**	–	–	–
Return for the period		**21**	**15,208**	**15,229**	192	(3,170)	(2,978)
Basic and diluted earnings per ordinary share (pence)		**0.06p**	**46.71p**	**46.77p**	0.73p*	(12.04p)*	(11.31p)*

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

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

* In accordance with IAS 33 'Earnings per Share', the comparative return per ordinary share figures have been restated using the new number of shares in issue following the ten for one share split. For weighted average purposes, the share split has been treated as happening on the first day of the accounting period. See note 6 for further details.

The notes on pages 13 to 16 form part of these financial statements.

Unaudited Condensed Statement of Financial Position

as at 30 September 2024

	Notes	As at 30 September 2024 (Unaudited) £'000	As at 31 March 2024 (Audited) £'000	As at 30 September 2023 (Unaudited) £'000
Non-current assets				
Investments at fair value through profit or loss	5	**84,019**	60,322	46,242
Current assets				
Cash and cash equivalents		**4,326**	4,761	3,879
Trade and other receivables		**285**	281	146
		4,611	5,042	4,025
Total assets		**88,630**	65,364	50,267
Current liabilities				
Trade and other payables		**(283)**	(1,103)	(498)
Performance fee accrued		**(1,388)**	–	–
Total liabilities		**(1,671)**	(1,103)	(498)
Total assets less current liabilities		**2,940**	3,939	49,769
Net assets		**86,959**	64,261	49,769
Represented by:				
Share capital		**1,722**	1,560	1,344
Share premium account		**31,856**	24,347	15,944
Revenue reserve		**18,384**	18,565	18,416
Capital reserve		**23,643**	8,435	2,711
Capital redemption reserve		**11,354**	11,354	11,354
Total equity		**86,959**	64,261	49,769
Basic and diluted net asset value per ordinary share (pence)	4	**252.55p**	206.04p	185.16p*

* The NAV per share on 30 September 2024 is 252.55p pence (31 March 2024 is 206.04p pence, 30 September 2023 is 185.16p pence restated for the sub-division of each ordinary share into 10 new ordinary shares, approved at the AGM held on 12 September 2023 and completed on 11 October 2023).

The financial statements were approved by the Board of Directors on 18 November 2024 and signed on its behalf by:

Noel Lamb
Chairman

Kenneth Lever
Director

Company Registered Number: 03813450

The notes on pages 13 to 16 form part of these financial statements.

Unaudited Condensed Statement of Cash Flows

for the six months ended 30 September 2024

	Notes	Six months to 30 September 2024 (Unaudited) £'000	Year ended 31 March 2024 (Audited) £'000	Six months to 30 September 2023 (Unaudited) £'000
Cash flow from operating activities				
Return for the period		**15,229**	2,895	(2,978)
(Gains)/losses on investments held at fair value through profit and loss		**(16,665)**	(2,715)	3,126
(Increase)/decrease in trade receivable		**(106)**	(52)	1
Increase/(decrease) in trade and other payables		**1,469**	(652)	(742)
Net cash outflow from operating activities		**(73)**	(524)	(593)
Cash flows from investing activities				
Purchases of investments		**(14,736)**	(30,336)	(11,636)
Sales of investments		**6,749**	12,573	1,523
Net cash outflow from investing activities		**(7,987)**	(17,763)	(10,113)
Cash flows from financing activities				
Gross proceeds of share issue		**8,190**	11,527	2,997
Share issue costs		**(92)**	(110)	(43)
Equity dividends paid		**(202)**	–	–
Prospectus costs		**(271)**	–	–
Net cash inflow from financing activities		**7,625**	11,417	2,954
Decrease in cash and cash equivalents		**(435)**	(6,870)	(7,752)
Reconciliation of net cash flow movements in funds				
Cash and cash equivalents at the beginning of the period		**4,761**	11,631	11,631
Decrease in cash and cash equivalents		**(435)**	(6,870)	(7,752)
Cash and cash equivalents at end of period/year		**4,326**	4,761	3,879

The notes on pages 13 to 16 form part of these financial statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2024

	D shares £'000	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserve* £'000	Capital Reserve £'000	Capital Redemption Reserve £'000	Total £'000
Period ended 30 September 2024 (unaudited)							
Opening balance as at 1 April 2024	–	1,560	24,347	18,565	8,435	11,354	64,261
Gross proceeds of share issue	–	162	7,509	–	–	–	7,671
Total comprehensive income for the period	–	–	–	21	15,208	–	15,229
Dividend paid	–	–	–	(202)	–	–	(202)
As at 30 September 2024	**–**	**1,722**	**31,856**	**18,384**	**23,643**	**11,354**	**86,959**

for the six months ended 30 September 2023

	D shares £'000	Ordinary Share Capital £'000	Share Premium £'000	Revenue Reserve* £'000	Capital Reserve £'000	Capital Redemption Reserve £'000	Total £'000
Period ended 30 September 2023 (unaudited)							
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	–	73	2,881	–	–	–	2,954
Total comprehensive income for the period	–	–	–	192	(3,170)	–	(2,978)
As at 30 September 2023	**–**	**1,344**	**15,944**	**18,416**	**2,711**	**11,354**	**49,769**

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

The notes on pages 13 to 16 form part of these financial statements.

Notes to the Unaudited Condensed Interim 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. Accounting policies

a) Basis of preparation/statement of compliance

The interim financial information covers the period from 1 April 2024 to 30 September 2024 and have been prepared on a going concern basis, under the historical cost convention, modified by the valuation of investments at fair value.

The Company's annual financial statements for the year ended 31 March 2024 were prepared in accordance with UK adopted international accounting standards and with applicable requirements of England and Wales company law. The financial statements were also prepared in accordance with the SORP for investment trust companies issued in July 2022, except to any extent where it conflicted with IFRS.

The accounting policies used by the Company followed in these half-year financial statements are consistent with the most recent Annual Report for the year ended 31 March 2024.

b) Functional and presentation currency

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).

c) Comparative information

The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information contained within this report relates to the following periods: 1 April 2024 to 30 September 2024 and 1 April 2023 to 30 September 2023 (unaudited and unreviewed by the Company's Auditor); and as at 31 March 2024 (audited) for the Balance Sheet. The comparative figures for the period 30 September 2023 are not the Company's statutory accounts for that financial year. The Company's statutory accounts are for the year ended 31 March 2024 and were reported on by the Company's Auditor and delivered to the Registrar of Companies. The report of the Auditor was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

d) Going concern

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

The Company is in a net asset position of £87.0 million (March 2024: £64.3 million, September 2023: £49.8 million) and 99.3% of the Company's portfolio of Investments consist listed equities which, should the need arise, can be liquidated to settle liabilities. The rest of the Company's portfolio consisted of 0.6% in a loan and 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 the consideration the above assessment are satisfied that the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date when these financial statements were approved.

2. Income

	Six months to 30 September 2024 £'000	Year to 31 March 2024 £'000	Six months to 30 September 2023 £'000
Income from listed investments			
Dividends	**675**	811	371
Loan note interest income	**45**	40	–
Loan arrangement fee	**–**	22	–
	720	873	371
Bank interest	**85**	241	167
Total income	**805**	1,114	538

3. Taxation

The Company has an effective tax rate of 0%. The estimated effective tax rate is 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.

4. Net Asset Values per ordinary share

	As at 30 September 2024	As at 31 March 2024	As at 30 September 2023
Attributable net assets (£'000)	**86,959**	64,261	49,769
Number of Ordinary shares in issue	**34,432,663**	31,189,090	26,879,090*
Net asset value per share (pence)	**252.55**	206.04	185.16*

* Restated for the sub-division of each ordinary share into 10 new ordinary shares, approved at the AGM held on 12 September 2023 and completed on 11 October 2023.

5. Investments at fair value through profit or loss

	30 September 2024		
	Investments in quoted companies (Level 1) £'000	Other unquoted investments (Level 3) £'000	Total £'000
Opening Cost at beginning of period	**53,465**	1,523	54,988
Opening unrealised appreciation/(depreciation) at the beginning of the period	**5,950**	(616)	5,334
Opening fair value at the beginning of the period	**59,415**	907	60,322
Movements in the period:			
Purchases at cost	**13,835**	–	13,835
Sales proceeds	**(6,553)**	(250)	(6,803)
Realised gain on disposal	**2,272**	–	2,272
Change in unrealised appreciation/(depreciation) at the end of the period	**14,481**	(88)	14,393
Closing Fair value at the end of the period	**83,450**	569	84,019
Closing cost at the end of the period	**63,019**	1,273	64,292
Closing unrealised appreciation/(depreciation) at the end of the period	**20,431**	(704)	19,727
Closing fair value at the end of the period	**83,450**	569	84,019

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

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.

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

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

- Level 1 – valued using quoted prices in active markets for identical investments.
- Level 2 – valued using other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc). There are no level 2 financial assets (31 March 2024: £nil, 30 September 2023: £nil).
- Level 3 – valued using significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments). There are £569,000 level 3 financial assets (31 March 2024: £907,000, 30 September 2023: £nil).

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

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	30 September 2024 £'000	31 March 2024 £'000	30 September 2023 £'000
Financial assets			
Level 1	**83,450**	59,415	46,242
Level 2	**-**	-	-
Level 3	**569**	907	-
	84,019	60,322	46,242

6. Share capital and reserves

	30 September 2024 £'000
Allotted, called-up and fully paid:	
31,189,090 ordinary shares of 5p each listed at 31 March 2024	**1,560**
3,243,573 ordinary shares of 5p each issued after the year	**162**
34,432,663 ordinary shares of 5p each listed at 30 September 2024	**1,722**

During the previous year a share sub-division of its existing ordinary shares on a ten for one basis took effect on the 11 October 2023.

During the period ending 30 September 2024 the Company, 3,243,573 ordinary shares were issued for total proceeds of £8,034,000 excluding costs.

7. Related party transactions

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

The total payable to Harwood is as follows:

	As at 30 September 2024 £'000	As at 31 March 2023 £'000
Performance fee accrued	**1,388**	–
Management fee	**73**	54
Total	**1,461**	54

As at 30 September 2024, the following shareholders of the Company that are related to Harwood had the following interests in the issued shares of the Company as follows:

	30 September 2024 Ordinary Shares	31 March 2024 Ordinary Shares
Harwood Holdco Limited	**8,356,390**	8,340,000
R Staveley	**369,005**	321,380

There are no other material related party transactions of which we are aware in the period ended 30 September 2024.

8. Subsequent events

Share Issues:
The Company issued for cash 625,000 ordinary shares of 5 pence each in October and November 2024 from its block listing facility at an average price of 257.12 pence per share.

Glossary/Alternative Performance Measures (APMS)

AIC
The Association of Investment Companies.

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

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

CTA
Corporation Tax Act 2010.

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

Dividend
The portion of company net profits paid out to shareholders.

FCA
Financial Conduct Authority.

LSE
London Stock Exchange.

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

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

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

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

		Period ended 30 September 2024 (Unaudited)
Investment management fee		411,000
Administrative expenses		373,000
Less: one off legal and professional fees		-
Total	(a)	**784,000**
Average cum income net asset value throughout the period	(b)	80,521,055
Annualised ongoing expenses (c=a/b)*2	(c)	1.95%

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

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

		Period ended 30 September 2024 (Unaudited)
NAV Total Return		
NAV 30 September 2024	(a)	252.55
NAV 31 March 2024	(b)	206.04
Dividend reinvested	(c)	0.60
Increase in NAV (d=a-b+c)	(d)	47.11
Total Return (e=d/b)	(e)	22.9%
Share Price Total Return		
Share price 30 September 2024	(a)	255.00
Share price 31 March 2024	(b)	210.00
Dividend reinvested	(c)	0.60
Increase in share price (d=a-b+c)	(d)	45.60
Total Return (e=d/b)	(e)	21.7%

Corporate Information

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P Dudley
K Lever

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

Notes

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