



Published on 29 July 2024

→ for the three months to 30 June 2024

Helping to build great businesses

Our purpose is to invest in and support UK companies and help their management teams to achieve long-term success. Our closed-ended, permanent capital structure means we can be a long-term, highly ambitious partner.

We are focused on smaller businesses, where our expertise can greatly enhance the size and value of these companies, contributing to superior returns for BOOK shareholders.

We are also proud to have a charitable mission helping disadvantaged children in the UK learn to read. Donations equivalent to 0.9% of NAV are made each year. Donations since the set up of Literacy Capital in 2017 **now total £10m**.

Literacy Capital plc highlights

522.6pNAV per ord. share¹**£5.0m**

Capital invested

+2.4%

Q2 net assets

£5.6m

Proceeds received

+7.0%Change in net assets
in last 12 months**£735k**Q2 charitable
donation provision

Key facts on 30 June 2024

Net assets	£313.6 million
Net assets per ord. share ¹	522.6p
Share price (mid-price)	527.5p
Premium / (discount)	0.9%
Management fee	0.9%
Trading on	Specialist Fund Segment (SFS)
Ticker	BOOK
Ordinary shares in issue ²	60.0 million
ISIN	GB00BMF1L080

¹ Net assets per share calculated post dilution from the warrants in issue, which is calculated on a straight-line basis over the vesting period. This allows a single NAV figure to be reported (rather than diluted & undiluted figures)

² Excludes warrants in issue (675,000 allotted on 30 June 2024)

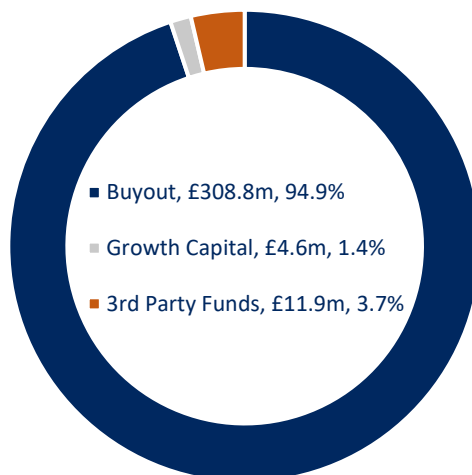
Performance to 30 June 2024

% total return	3 months	1 year	3 years	Since Admission ⁴	Since inception ⁵
BOOK net assets	+2.4%	+7.0%	+185.5%	+225.4%	+480.7%
BOOK share price	+9.4%	+12.7%	+177.6%	+229.7%	n/a
FTSE investment company index	+3.4%	+14.1%	(2.2)%	(2.1)%	+45.1%
FTSE all-share index	+3.7%	+13.0%	+23.9%	+22.3%	+35.1%

⁴ BOOK was admitted to the London Stock Exchange on 25 June 2021

⁵ Inception date treated as 30 April 2018. £54 million of capital raised

Breakdown of gross assets³ by asset type



³ Gross assets of £325.3m, before borrowings, compared to net assets of £313.6m. All figures and percentages rounded to one decimal place

The Q3 2024 factsheet and next update to NAV will be published on Monday 28 October, please visit:

www.literacycapital.com/investors

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Richard Pindar, CEO of BOOK's Manager:

"During the quarter, Literacy celebrated its third anniversary since listing in June 2021. The fund's NAV performance over the three-year period ranked it #1 out of all UK listed investment companies.

Over this three-year period, as well as over the longer term, investment companies focused on private businesses have continued to outperform the broader market. We also continue to believe that investing in smaller businesses within this space is where the most value can be added to portfolio companies and the greatest returns for shareholders can be achieved, without excessive risk or leverage.

There have been some obvious challenges for UK businesses in recent times, but we are confident that our portfolio companies can continue generating further upside, particularly if macroeconomic conditions show signs of improvement. We are also seeing many new investment opportunities to redeploy capital, where the founders value what BOOK can offer."

Summary of Q2 performance

On 30 June 2024, net asset value (NAV) was £313.6m, or 522.6 pence per share. This is an increase in NAV (after costs and donations) of 2.4% since 31 March 2024, a net uplift of £7.3m (12.2p per share).

BOOK's largest holding, RCI, continued its strong performance and was again the strongest contributor in the quarter.

Less positively, Techpoint was the weakest performer in Q2. It was marked down in line with weaker earnings, caused by market conditions and operational issues. Several changes to the senior team have recently been made and we are pleased with the strength and experience of the team that is now in place. It will take time for these changes to result in improved performance and greater profitability, which, in turn, will feed into uplifts to BOOK's NAV.

BOOK generated a +9.4% return for shareholders in Q2, during a period of more positive sentiment for the FTSE index and listed investment companies.

New investments and commitments

No new investments were completed in Q2. The £5.0m invested in the quarter was primarily provided to the existing portfolio companies to support their growth plans, with the largest investment being follow-on capital committed to Cadro, a wealth management platform.

Cash generation and liquidity

£5.6m was received from portfolio companies and PE fund interests in Q2. More than £2.3m was received in the period from the third-party fund interests, demonstrating the maturity of these assets and increasing levels of M&A activity.

On 30 June, the RCF was modestly drawn (£6.4m) and has remained at this level since. It expires in December 2024 and the fund has received proposals from several lenders to extend the term of this facility.

Activity since the period end

No events occurred between the end of Q2 and the publication of the factsheet requiring reported NAV to be revised.

"We have received the free books and cannot thank you and the charity enough. The quality of the books and the range we have received is just fantastic and will be invaluable to our children". Teacher, from a school in Wolverhampton

Studies show that eligibility for free school meals and limited book ownership are two of the most powerful predictors of low literacy in children aged 10. Literacy Capital's partnership with Bookmark is vital to ensure that all children receive access to the reading support and materials they need to prevent them from falling behind.

Over this quarter, Bookmark extended its Your Story Corner project to 62 new schools in Wolverhampton, delivering over 12,400 books and reaching over 15,000 children. Each school will also receive a year's supply of Bookmark's The Story Corner magazine, with 157,800 copies now being delivered every term for children to enjoy at home.

Bookmark also launched its innovative Story Starter programme in June, delivering 1,500 early years packs to incoming Reception pupils at schools in disadvantaged regions. Children who struggle with language at age 5 are five times more likely not to reach the expected level in reading and writing at age 11. Each pack includes tailored information for parents to help them to support their children's reading combined with age-appropriate reading resources.

Visit bookmarkreading.com to learn more.



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Portfolio overview

Companies / assets	Date	Carrying value	Value as % of NAV
RCI Group	Sep 18	£99.5m	31.7%
Grayce	Jul 18	£44.3m	14.1%
Oxygen Activeplay	Jul 21	£22.9m	7.3%
Techpoint	Jun 20	£22.0m	7.0%
Cubo Work	May 23	£19.0m	6.1%
Top 5 investments		£207.6m	66.2%
Antler Homes	Jun 18	£18.3m	5.8%
Wifinity	Dec 17	£17.4m	5.6%
Velociti	Feb 20	£11.0m	3.5%
Halsbury Travel	Jun 22	£10.3m	3.3%
Hanmere	Dec 17	£10.1m	3.2%
Top 10 investments		£274.7m	87.6%
Other direct investments		£38.6m	12.3%
Private equity fund interests		£11.9m	3.8%
Borrowings (incl. donation provision & impact of warrants)		£(11.7)m	(3.7)%
Total net asset value		£313.6m	100%

Top 10 investments[#]

+25%

YoY sales growth

9.2xEV / Earnings¹**20.2%**

EBITDA margins

+11%

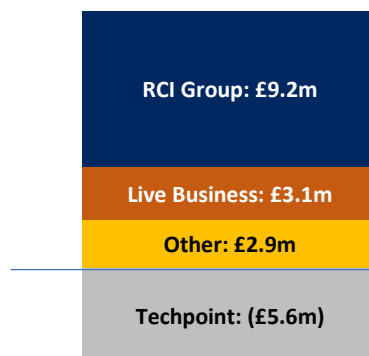
YoY EBITDA growth

2.7xNet debt / EBITDA¹**4,211**

Total headcount

[#] Data calculated on a weighted average basis (excl. headcount)¹ Excludes Antler Homes

Breakdown of Q2 uplift by asset (before costs)



Portfolio highlights

Revenue growth within the top ten holdings accelerated compared to the previous two quarterly factsheets, with RCI being the largest driver of this. Cubo also made a material positive contribution, despite its relatively modest weighting, due to its rapid expansion and sales success. Wifinity's strong performance and growth was also encouraging.

The balance of the portfolio is little changed, given no outright sales or new investments were completed in the period. The top five investments still comprise approximately two thirds of the portfolio and the top ten close to 90%. The portfolio is continually assessed to determine how, when or where capital can be released to be recycled into newer investment opportunities that are in the pipeline or can be returned to shareholders.

The value of PE fund interests again declined quarter-on-quarter following strong realisation activity in Q2. In aggregate, these events have been at valuations greater than their previously reported carrying values.

Net debt within the portfolio

Net debt increased to 2.7x EBITDA (on a weighted average basis) at the end of Q2 (2.2x on 31 March 2024). This was higher, compared to previous quarters, primarily due to additional leverage within RCI after it completed two acquisitions. Oxygen and Cubo also raised new borrowing facilities in Q2 to accelerate their growth.

This level of leverage at portfolio company level remains modest compared to the standards of typical PE-backed businesses and reflects the greater scale and maturity of many of BOOK's largest holdings. It is not expected that portfolio company leverage will materially increase from this level.

Portfolio valuation

The weighted average EV / EBITDA multiple reduced slightly to 9.2x on 30 June 2024 (9.5x at the end of Q1 2024).

The EBITDA multiple used for each portfolio company is applied to an earnings figure for the business that is deemed to be 'maintainable', in line with [IPEV Valuation Guidelines](#).

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