LITERACY CAPITAL

Audited Report and Financial Statements for Literacy Capital plc

For the nine months ended 31 December 2022

Contents

Throughout the Report and Financial Statements, Literacy Capital plc is also referred to as "Literacy Capital", "Literacy", the "Company", the "Trust" or "BOOK"

Performance Highlights

Focus on helping to build great businesses to generate superior returns

- **NAV per ordinary share of 420.6p**[1]
  - Net assets of **£252.4m**[1], an increase of **31.4%**[2] after all costs and expenses (including charitable donations), in the nine months to 31 December 2022
  - Book's share price increased **23.9%** over the same period

- **The portfolio is favourably positioned, with its companies continuing to enjoy strong trading momentum, and increasingly weighted towards buyout investments of profitable businesses**
  - Year-on-year revenue growth of Literacy's buyout investments in its top ten holdings exceeded 100% at the end of 2022 (calculated on a weighted average basis). This is the highest figure reported since Literacy's listing, demonstrating the strength of the momentum across these businesses
  - Since listing, BOOK has consistently and consciously focused its capital and rebalanced its portfolio towards these buyouts of profitable, cashflow positive businesses. Literacy has shifted its focus and portfolio away from earlier stage, more risky growth capital investments. On 31 December 2022, they equated to just 5.2% of gross assets, down from 12.6% a year earlier

- **Significant activity to find new investment opportunities and to create value across existing portfolio**
  - Completed **two new platform investments**, as well as **several bolt-on acquisitions** on behalf of four BOOK portfolio companies in the nine-month period. Literacy's pipeline of new investment opportunities remains buoyant
  - Have helped to build and strengthen the management teams of a number of portfolio companies through several senior hires

- **Portfolio remains well-invested and well-balanced, positioning it for growth and to generate cash. Literacy's portfolio continues to mature, increasing contributions to NAV uplifts but also generating more cash for the Trust**
  - Literacy has a £25m Revolving Credit Facility, which it drew on for the first time in 2022. This facility allows BOOK to avoid holding high levels of cash, enabling the Trust to avoid cash drag, whilst also retaining the ability to fund new investments
  - Cash proceeds received by BOOK amounted to £7.3m in the nine-month period, with £6.8m received in the final quarter. More cash is expected to be received in 2023 than 2022 for redeployment into new investment opportunities

- **Increasing charitable donations, helping disadvantaged children across the UK get a fair chance**
  - £1,879k of charitable donations provided for in the nine-month period, up 43% on the same period a year earlier, driven by growth in NAV
  - Total donations now **amount to £5.8m** since inception of Literacy Capital

Performance to 31 December 2022

% total return	3 months	9 months	1 year	3 years	Since Inception
BOOK Net asset value	**+9.3%**	**+31.4%**	**+51.7%**	**+280.2%**	**+367.3%**
BOOK Share Price	**(5.2)%**	**+23.9%**	**+24.7%**	**n/a**	**n/a**
FTSE Investment Company Index	+4.2%	(8.8)%	(16.6)%	+10.9%	+30.7%
FTSE All-Share Index	+8.3%	(2.7)%	(3.2)%	(2.9)%	(1.3)%

[1] The figures presented here are the diluted NAV and NAV per share. The calculation is shown within 'Alternative Performance Measures', page 71

[2] The NAV at 31 March 2022 contained certain deferred tax liabilities that the Company does now not expect to pay following it receiving investment trust status on 1 April 2022. For comparability, these deferred tax liabilities have been removed from the NAV at 31 March 2022

Comparison to prior periods

	At 31 December 2022	At 31 March 2022
Net asset value	£252.4m[1]	£192.0m[2]
NAV per ordinary share[1]	420.6p[1]	320.0p[2]

	Nine months to 31 December 2022	Nine months to 31 December 2021[3]
Capital invested	£20.3m	£11.4m
Cash realised	£7.3m	£6.9m
Charitable donation provision	£1,879k	£1,310k

[1] The figures presented here are the diluted NAV and NAV per share. The calculation is shown within 'Alternative Performance Measures', page 71
[2] The NAV at 31 March 2022 contained certain deferred tax liabilities that the Company does now not expect to pay following it receiving investment trust status on 1 April 2022. For comparability, these deferred tax liabilities have been removed from the NAV at 31 March 2022
[3] Though 2021 was a twelve-month accounting period, the corresponding nine-months in 2021 have been used here for comparability

Helping to build great businesses

Our purpose is to invest in and support predominantly UK-based companies and to help their management teams achieve long-term success. Our closed-ended, permanent capital structure means we can be a long-term, highly ambitious and flexible 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, giving them a fair chance in life.

Comment from the Investment Manager

Richard Pindar, CEO of the Investment Manager and Director of Literacy Capital plc:

"We are pleased with the performance of BOOK's portfolio in this nine-month period, with the continued strong trading across its portfolio companies, contributing to a NAV uplift of 31.4%[2].

The portfolio enters 2023 demonstrating strong tailwinds and momentum. The portfolio is also nicely balanced from our perspective, with exposure to earlier stage, growth capital investments amounting to just 5.2% of gross assets at the end of 2022 (Butternut Box is now BOOK's sole growth capital investment). This deliberate shift in portfolio construction was underway before trading and funding conditions for these loss-making businesses deteriorated in 2022, as interest rates have risen from historic lows. We are optimistic regarding the composition of the portfolio and its weighting towards buyouts of smaller, private profitable businesses, which have outperformed and contributed strongly to Literacy's performance in recent years.

We are very aware of the current macroeconomic environment and challenges for businesses and consumers that are likely to persist into 2023. Despite this, we are confident that our businesses are well-positioned to overcome these challenges and to prosper. We are also confident that despite this backdrop, we will have opportunities to invest in high-quality businesses, whose owners wish to benefit from our support and assistance. We expect that BOOK will receive more cash proceeds in 2023 than 2022; cash which can be recycled into new opportunities.

We are aware that whilst BOOK's investment performance has been strong, its share price towards the end of 2022 did not keep pace with the uplifts in NAV. Compared to many of its listed private equity peers, BOOK's share price performance has been strong (up 23.9% in nine months) and its discount to net assets relatively narrow. We are conscious also that the shares have historically traded at times on a very large, unsustainable premium to NAV. However, this is a situation that BOOK's Investment Manager is monitoring closely. We are aware that shares in the Trust are relatively tightly held and we do not wish to exacerbate this, nevertheless action will be taken to improve returns for shareholders, if necessary.

Building on this further, our financial interests (for the founders of the Trust and its Investment Manager) are unusually, strongly aligned to the interests of BOOK shareholders. Given the low fees (and no performance fees) paid by the Trust to its Manager, plus significant personal and family shareholdings in the Trust, our focus remains on producing outstanding returns for shareholders in a responsible way. It is not in our financial interest to build AUM through issuing more shares or raising more capital, which for some funds can dilute returns and not be in shareholders' best interests.

Finally, we are pleased that Literacy Capital gained investment trust status on 1 April 2022, which will deliver benefits and cost savings for BOOK, ultimately delivering better returns for shareholders."

Enquiries

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Strategic Report

Literacy Capital plc is an investment company run for private and institutional investors. The Company's objectives are:

- To assist in building great companies over the long-term, that create opportunities and jobs for their communities, as well as considerable value for shareholders;
- To achieve strong returns for shareholders through long-term capital growth from making investments in accordance with the Investment Policy; and
- To provide a consistent donation to registered charities selected by the Investment Manager with the approval of the Board (more detail is set out under the Charitable Mission section on page 17).

During the nine-month period, these three objectives were met successfully overall. The progress and performance across BOOK's underlying portfolio companies was largely positive, with particularly strong performance from three companies (RCI Group, Techpoint and Grayce). The total headcount of Literacy's ten largest portfolio companies grew from 2,656 on 31 March 2022 to 3,520 on 31 December 2022, demonstrating their increased scale and job creation. A small number of BOOK's portfolio companies encountered difficulties or losses due to difficulties caused by Covid-19, but the effects on these companies now appear to be largely in the past. Current macroeconomic conditions, such as inflationary pressures and higher interest rates have also been managed well, with the portfolio companies well-placed and demonstrating strong momentum as they enter 2023.

In the nine-month period under review, the net asset value (NAV) of the Company increased from £192.0 million[1] to £252.4 million[2], a rise of 31.4%. In terms of share price performance in 2022, the price appreciated by 24.7%, making BOOK the best performing UK-listed fund focused on private equity.

In terms of the final objective, the Company provided for charitable donations worth £1,879k in the nine-month period. The level of donations to charity have grown substantially since Literacy was formed and will continue to rise in line with NAV. Literacy is very proud of the positive impact and contribution that it is able to make in improving the chances and opportunities available to disadvantaged children across the UK, as well as the benefits brought to society and communities through these improvements to individuals' education.

Investment Objective

The Company's principal activity is to invest in and support small, growing businesses, predominantly UK-businesses. The Company will also make other investments, in private and public businesses, which may be denominated in foreign currencies. Its investment policy is set out in in the Additional Information Section.

The Company will invest and manage its assets with the objective of spreading risk. No single investment will represent more than 20 per cent of Gross Assets, calculated at the time of that investment. The Company will not be required to dispose of any investment or rebalance its portfolio, as a result of a change in the respective value of any of its investments.

Performance Comparison

The Company uses the FTSE All-Share Closed End Investment Trust Index and the FTSE All-Share Index ("the Indexes") as comparators for the purpose of monitoring performance and risk but the composition of the Index has no influence on investment decisions. The Indexes represents the performance of Investment Trusts from the FTSE UK Index Series, as well as the broader performance of listed FTSE companies (not only investment trusts). These Investment Trusts may operate and invest similarly to Literacy Capital plc. These Indexes comprise listed companies that BOOK's shareholders might also invest in or might consider investing in. As a result, the Investment Manager has deemed these to be the best comparators for the Company.

[1] The NAV at 31 March 2022 contained certain deferred tax liabilities that the Company does now not expect to pay following it receiving investment trust status on 1 April 2022. For comparability, these deferred tax liabilities have been removed from the NAV at 31 March 2022

[2] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 71

Chairman's Statement

The nine-month period ending 31 December 2022 has been highly successful for Literacy Capital plc.

Our purpose is to invest in and build smaller, privately owned UK businesses and to help their management teams to achieve long term success. We seek to achieve three outcomes:

1. To support our management teams to build great companies;
2. To build significant value for Literacy's shareholders; and
3. To use our success to facilitate our charitable mission to teach disadvantaged children in the UK to read.

We have made excellent progress with all three objectives.

Our NAV per share on 1st January 2022 was 277.2p. At the close of the year, our NAV stood at 420.6p[1], an increase of 51.7%. Over the same period, our share price opened at 295p and closed at 368p, an increase of 24.7%. The FTSE Investment Company Index and FTSE All Share Index declined 16.6% and 3.2% respectively over the period.

Whilst our investment performance has been strong, we are disappointed to note that our share price has slipped from a 6.4% premium to a discount of 12.5% over the same period. Your board is monitoring this situation closely. Given the 162% growth in NAV since our listing in June 2021 and the strong underlying performance of our investment portfolio, we do not believe a material discount fairly values our portfolio or prospects. If this position persists, your board will consider taking action to address the discount.

The majority of our portfolio companies are performing strongly, with a step change in growth in revenues, profits and headcount across our portfolio. To illustrate this progress, our top ten most valuable investments have seen headcount increase by 966 to 3,520 during the calendar year, helping to support the UK economy. The Investment Manager's Report from page 8 provides further detail on the portfolio. We appreciate hugely the work invested by our talented and ambitious management teams with whom we partner.

Literacy Capital has a very differentiated approach relative to our competitors. Our capital is permanent meaning we are under no pressure to realise investments prematurely. This allows us to be very ambitious in our growth aspirations and targets. More than 50% of the capital we invest belongs to Directors and their family members. This gives us exceptional alignment with BOOK's shareholders and our management teams. We have a reputation for integrity, where we put forward proposals to vendors which we consistently deliver. This reputation for reliability means we are introduced to a high volume of opportunities, which consequently allows us to be highly selective. And finally, we transact swiftly and efficiently, reducing the period where vendors are anxious or distracted.

We are proud to also have a charitable mission at the heart of our activities. Our objective is to help disadvantaged children in the UK learn to read. Each year, we donate 0.9% of NAV to literacy charities in the UK. Total donations committed since the set up of Literacy Capital in 2017 now stand at £5.8m.

Our work in this area is led by Bookmark Reading. During the 2021/22 academic year, Bookmark delivered 24,000 reading sessions partnering with over 170 schools, in addition to delivering high quality reading resources to 38,000 children and distributing over 100,000 'Story Corner' magazines. They also provided reading and IT materials to 6,500 Ukrainian refugees entering the UK. Bookmark is an organisation operating efficiently and at scale and we are proud to support them.

Literacy Capital has strong prospects for 2023. We are shareholders in some fine businesses. Given their progress, it is not a surprise that there is now increasing external interest from other investors seeking to acquire certain portfolio companies. As a consequence, it is feasible there will be an increased level of exit activity during 2023, which is likely to drive continued value creation. We view the future with quiet confidence.

Paul Pindar, Chairman, Literacy Capital plc
21 March 2023

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 71

Investment Manager's Report

BOOK Performance Highlights For The Nine-Month Period

420.6p NAV per ord. share[1] (31 Mar 22: 320.0p[2])	**£252.4m** £m NAV[1] (31 Mar 22: £192.0m[2])
£20.3m Capital invested (9 months to 31 Dec 21: £11.4m)	**£7.3m** Cash realised (9 months to 31 Dec 21: £6.9m)
+23.9% Shareholder total return (since 31 Mar 22)	**£1,879k** Charitable donation provision (9 months to 31 Dec 21 : £1,310k)

During 2022, Literacy Capital had two accounting periods; a three month period to 31 March 2022 and a nine month period to 31 December 2022. NAV figures at 31 December 2022 are compared to the prior accounting reference date of 31 March 2022, whereas cash flow figures are compared to the same period year earlier.

BOOK Performance Overview

We are pleased with BOOK's performance during the nine-month period to 31 December 2022. Net asset value (NAV) closed the period at £252.4 million[1], or 420.6p[1] per share, an increase of 31.4%[2] in the nine-months since 31 March 2022.

Several portfolio companies made material contributions during the period to the NAV uplift. RCI Group and Techpoint were the two best performers, contributing in £25.8 million and £23.8 million respectively. Both of these businesses grew and performed very strongly in the period and continue to demonstrate strong momentum. The scale of these uplifts relative to the amount of capital invested in these businesses is extremely pleasing. The performance from Techpoint is encouraging and has exceeded our expectations, given the original investment was only completed in June 2020. Both of these businesses have strong management teams, who are building value impressively. Literacy has helped to build and strengthen the management teams of both RCI and Techpoint successfully, since its investment in these businesses.

In the nine months to 31 December 2022, BOOK's NAV (+31.4%[2]) and share price performance (+23.9%) outpaced the share price performance of its benchmark indices. The FTSE Investment Company and FTSE All-Share indices declined 8.8% and 2.7% respectively over the nine months.

BOOK has continued to make progress in gaining awareness and interest from investors since its Admission to the London Stock Exchange in June 2021. In a little over eighteen months, net assets have grown from less than £100 million upon listing, to exceed more than £250 million at the end of 2022. This increased scale and the Trust's strong returns for shareholders, as well as greater PR efforts has led to increased investor understanding and trading in BOOK's shares. In January 2022, Literacy Capital plc became a member of the Association of Investment Companies ("AIC"), and on 1 April 2022 BOOK gained investment trust status. These milestones help to further demonstrate the Company's growing sophistication and helps it to build its audience.

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Breakdown of Net Asset Value at 31 December 2022

Companies / assets	Date of Investment	Carrying value	% of NAV
RCI Group Provider of healthcare, specialist clinical and support services	Sep 18	£67.2m	26.6%
Grayce Recruits, trains and deploys graduates into large corporates	Jul 18	£55.8m	22.1%
Techpoint Outsourced supply chain management of electronic components	Jun 20	£34.8m	13.8%
Kernel Global Recruitment for roles within financial services	Jun 18	£19.2m	7.6%
Antler Homes Housebuilder in the Southeast of England	Jun 18	£14.8m	5.9%
Top 5 investments		**£191.8m**	**76.0%**
Butternut Box Healthy, subscription-based, direct-to-consumer pet food	Jan 18	£14.2m	5.6%
Oxygen Freejumping Operator of trampoline and adventure parks	Jun 21	£10.9m	4.3%
Halsbury Travel School travel operator	Jun 22	£8.3m	3.3%
Wifinity Wi-fi provider to hard-to-reach campus locations	Dec 17	£7.9m	3.1%
Tyrefix Emergency plant tyre repair and replacement services	Nov 20	£6.0m	2.4%
Top 10 investments		**£239.2m**	**94.8%**
Other direct investments		£18.7m	7.4%
Private equity fund interests		£12.7m	5.1%
Borrowings (inclusive of donation provision & other working capital items)		(£18.2)m	(7.2)%
Net asset value		**£252.4m[1]**	**100%**

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 71

Portfolio Company Overview

The trading performance and the KPIs across BOOK's portfolio companies remained buoyant and consistently strong in the period.

Revenue growth year-on-year at the end of December 2022 across BOOK's top ten investments (excluding its sole remaining growth capital investment, Butternut Box) stood at 102%. This figure is the highest reported since Literacy listed in June 2021, demonstrating the strength of current trading and increasing scale of many of the portfolio companies.

Combined headcount at the end of 2022, for all ten companies that comprise BOOK's largest investments was 3,520. On 31 March 2022, these same ten companies had 2,656 employees, again highlighting the growth of these businesses and the investment they continue to make. Given the common and often fair criticism of private equity in the UK, we feel it is worth highlighting the investment into these companies and their employees. The growth that we can help to stimulate in Literacy-backed businesses creates opportunities and prosperity for individuals and their local communities.

BOOK's majority stakes in Grayce and RCI Group remain important to the portfolio, given their weighting. Techpoint has also made significant strides and outperformed in the last nine months, increasing from 7.4% of net assets to 13.8%. Collectively, investments in these three companies now comprise the majority of net assets and the five largest equate to 76% of NAV. We remain very comfortable with this for the reasons provided in the segment below.

Portfolio companies' use of leverage remains highly conservative (1.2x EBITDA on a weighted average basis at the end of 2022) and far lower than traditional private equity fund managers would typically employ. This is to provide flexibility and freedom to BOOK's portfolio companies, to allow them to invest for growth rather than being restricted by onerous covenants or repaying lenders. Sales growth and business improvement is our priority, rather than financial engineering through the use of third-party debt. This means our portfolio companies are much less sensitive to higher interest rates. 1.2x net debt to EBITDA is slightly higher than the equivalent figure three months earlier, following the refinancing of RCI Group and Techpoint in December.

Top Five Investments

BOOK's portfolio is relatively highly concentrated, with the top five investments equating to 76% of net assets at the end of 2022 (up from 65% on 31 December 2021), whilst the value of the ten largest investments equate to 94.8% of net assets (up from 82% a year earlier).

The Investment Manager remains comfortable with this concentration, given the high degree of knowledge and control that it has over the assets. This involves receiving a significant amount of management information on a timely and frequent basis, which provides important insight regarding current trading and performance of the companies. This also extends to being able to influence and select the key members of management in these companies.

Many of the larger investments comprise a high proportion of net assets due to the strength of their trading and growth. This has been the reason for the uplifts in their valuation and the concentration that exists in the portfolio, rather than BOOK committing disproportionately large amounts of capital to these investments. We are pleased to have significant exposure to strongly performing companies and are happy to run winners, rather than selling assets prematurely. This high degree of exposure to rapidly growing businesses has contributed to BOOK's outperformance since its listing and gives us confidence that this can continue in 2023.

Often companies that BOOK invests in require a period of investment or transition, before their rate of growth accelerate and value can be built. As a result, meaningful NAV uplifts tend to be generated as time passes and assets mature. This can be seen with BOOK's largest holdings being dominated by investments completed in its first year, with more recent investments requiring more time before they develop to the same extent. Techpoint is the obvious exception to this, which has exceeded expectations. We are confident that the older investments can continue to contribute strongly (as demonstrated by RCI's recent contributions), whilst newer investments are well-placed to follow a similar path.

Company	Date of Investment	31 Dec 2022 carrying value	31 Dec 2022 % of NAV	Total cash realised	Carrying value + cash realised	∆ in total return since 31 Mar 2022
RCI Group	Sep 18	£67.2m	26.6%	£3.4m	£70.6m	£25.8m
Grayce	Jul 18	£55.8m	22.1%	£6.4m	£62.3m	£11.1m
Techpoint	Jun 20	£34.8m	13.8%	£0.0m	£34.8m	£23.8m
Kernel Global	Jun 18	£19.2m	7.6%	£0.7m	£19.9m	£1.1m
Antler Homes	Jun 18	£14.8m	5.9%	-	£14.8m	£1.1m

RCI Group - www.rcigroup.co.uk

RCI Group is primarily a provider of services within criminal and family justice, forensic healthcare, and data and technology. The group provides its specialist services to the police, NHS, custodial settings and the courts.

BOOK's original investment in September 2018 enabled two of the four founders to retire, whilst providing the support that the remaining founders needed to ease this transition. A new CEO and CFO joined the business around completion of the transaction, and were joined soon afterwards by a new Business Development Director and COO, to create a strong team and platform for growth. This also meant the business could consider acquisitions for the first time.

Since December 2019, the group has completed four acquisitions. Prometheus, a provider of secure patient transport and observation services to NHS Trusts, private hospitals and police forces, was the most recent addition. This transaction was completed in December 2022 and adds a further complementary offering to RCI Group.

RCI Group has traded well and enjoyed a strong nine-month period. Through organic growth and acquisitions, revenue has increased from £15m in 2018 and is expected to exceed £75 million this financial year. Value and insights available to clients have also improved following greater investment in data analytics and technology.

Grayce - www.grayce.co.uk

Grayce recruits, trains and employs graduates from top universities for deployment into large corporates, providing the graduates that they hire with high-quality training, employment and experience. The business model offers a flexible and valuable model to clients.

The original transaction in July 2018 was to facilitate the exit and retirement of the two founders; one immediately and the other approximately 18 months post-investment. BOOK's investment helped to achieve this and a talented, broader leadership team was constructed to facilitate a smooth transition and more rapid growth. Today, Grayce has a new Chairman, CEO, CFO and Sales team, as well as a new organisational structure, which is now well-placed to scale and operate a business of a much greater size.

Chargeable analyst headcount continues to demonstrate strong growth year-on-year and client demand remains positive. We are optimistic that Grayce is well-positioned as it enters 2023 to assist and meet client needs, which will ultimately deliver further value uplifts for BOOK.

Techpoint - www.techpoint.co.uk

Techpoint Group is a group of companies, which provides outsourced supply chain management of electronic components for manufacturing businesses.

Literacy Capital's original investment was into Vanilla Electronics in June 2020. Vanilla was founded in 2002 by a father-and-son team. The father was seeking to retire and sell his stake, while the son, Dan, wanted to de-risk but also find an ambitious partner to assist him in growing the business. Since 2020, the group has rebranded as Techpoint and built a broader, talented management team. Dan and this team have since completed three acquisitions. The most recent of these was the acquisition of Golledge, a leading global supplier of frequency components, in May 2022.

Each of the divisions within the Techpoint group traded strongly in 2022, with benefits being realised as the group gains scale. The increasing preference of manufacturers to reduce risk and bring critical supply chains closer have benefitted all of Techpoint's businesses. The disruption to logistics and trade due to Covid-19, the conflict in Ukraine and concerns regarding trade wars, have all benefited Techpoint. Through organic growth and acquisitions, profitability has increased approximately tenfold since Literacy's original investment (with the split of this growth derived between organic and acquisition being approximately 50:50).

Kernel Global - www.kernel-global.com

Kernel Global is the holding company for two recruitment businesses that trade under the brands Dartmouth Partners and Pure Search. Both companies focus on different subsectors within financial services, with Dartmouth's specialism in private equity, corporate finance and consultancy, whilst Pure focuses on roles in tax, legal and CFOs.

Literacy's original investment in June 2018 was to support the founder of Dartmouth, who founded the business in 2012 and wanted support to scale the business and build his management team. A new Chairman and CFO joined in the early part of 2020. The business also acquired Pure in September 2019, whilst the Group has also opened new offices overseas.

The business traded strongly in 2022 and the early indications for 2023 look promising despite the threat of recession in 2023. The sectors that Dartmouth and Pure operate in have proven to be more resilient than most, with revenues having grown sixfold since Literacy's original investment in Dartmouth in 2018.

Antler Homes - www.antlerhomes.co.uk

Antler Homes is a housebuilder with a well-regarded brand name and a longstanding reputation for building high-quality homes within the London commuter belt. The business was set up 50 years ago by its founder, who by 2018 (when Literacy Capital invested in the business), was in his 70s, lived overseas and no longer wished to run or own the business.

In order to allow the business to continue trading, it needed fresh leadership and more capital, which Literacy was able to bring. A new Managing Director and non-executive Director, both with a significant amount of relevant experience, joined the business at completion of the investment.

Since BOOK's original investment in June 2018, Antler's team has been refreshed and built-up to support the expected step up in output. Headcount has increased from eight to 38, by the end of 2022. Antler made good progress in 2022, owing to increased sales, as well as the acquisition of more land. Despite some uncertainty and volatility in the housing market in recent months, reservations and interest from buyers have been encouraging in the early part of 2023, with several Antler show homes launched in recent weeks. In the twelve months to 30 June 2022, the business sold 56 units and we expect sales in the current financial year (ending 30 June 2023) to be ahead of this.

Movement in the Portfolio

The following table shows the movement in the portfolio during the nine-month reporting period, compared to the same period a year earlier. Though 2021 was a 12 month accounting period, the corresponding nine-months in 2021 have been used here for comparability:

£m	9 months to 31 December 2022	9 months to 31 December 2021
Opening Investments	**191.2**	**84.7**
Direct investments	18.6	9.5
Fund drawdowns	1.7	1.9
Total new investments	**20.3**	**11.4**
Proceeds from direct investments	(6.4)	(6.0)
Proceeds from fund investments	(0.9)	(0.9)
Cash proceeds received	**(7.3)**	**(6.9)**
Deferred consideration payments owing	0.6	-
Valuation Movement	**65.7**	**74.3**
Closing Investments	**270.6**	**163.6**
Valuation Movement % (of Opening Investments)	*34.4%*	*87.7%*

The following table shows the movement in the portfolio during the calendar 2022 year, compared to the same period a year earlier. The 12 months to 31 December 2022 shown in the table comprises both the three-month period to 31 March 2022 as well as the nine-month period to 31 December 2022:

£m	12 months to 31 December 2022	12 months to 31 December 2021
Opening Investments	**163.6**	**76.7**
Direct investments	24.9	10.5
Fund drawdowns	1.9	2.7
Total new investments	**26.8**	**13.2**
Proceeds from direct investments	(12.1)	(10.8)
Proceeds from fund investments	(1.0)	(1.0)
Cash proceeds received	**(13.1)**	**(11.8)**
Deferred consideration payments owing	0.6	-
Valuation Movement	**92.6**	**85.5**
Closing Investments	**270.6**	**163.6**
Valuation Movement % (of Opening Investments)	*56.6%*	*111.4%*

New Investments

£20.3 million was invested in the nine-month period ending 31 December 2022. £5.7 million related to two new platform investments completed, with £12.9 million invested into existing portfolio companies, either to acquire more equity or to support them with growth initiatives. £1.7 million was also invested into third-party funds.

In June 2022, BOOK completed the buyout of Halsbury Travel, a travel agency founded by two former teachers in 1986, which focuses on organising trips for UK schoolchildren. The business is headquartered in Nottingham and Literacy owns a significant majority stake. A new Chairman joined at completion and a new CEO in September, bolstering the strength and experience of the senior leadership team.

In August 2022, Literacy invested in Ashleigh & Burwood ("A&B"), giving the Trust a majority stake. A&B is a home fragrance business making candles, room sprays and diffusers. The business is based in Surrey, having been set-up and owned by family members over two generations. The A&B Board has also been strengthened via the hire of a new Chairman and CEO to allow the family to reduce their involvement in the business.

Several bolt-on acquisitions were completed in the period on behalf of BOOK portfolio companies, including RCI Group, Techpoint, Oxygen Freejumping and Tyrefix.

The £1.7 million invested into third-party funds was slightly less than the amount invested in the same period in 2021, as many of the funds that BOOK has made commitments to are no longer actively investing and deploying capital, given their 2017 / 2018 vintages.

The amount of capital invested into third-party funds is not likely to increase in 2023, as the focus is now on direct investments into small, private profitable businesses. Often businesses that we like and seek to invest in are founder-owned or led. These shareholders are often seeking responsible and experienced investors that can help them to elegantly transition away from their businesses, both financially and managerially. Literacy, with its more flexible approach and structure, is seen as an attractive option to help these business owners and entrepreneurs to do this, with a growing track record across many sectors of achieving this successfully and sensitively. The pipeline of new investment opportunities as we enter 2023 is encouraging.

Realisation Activity

£7.3m of cash was received in the nine-month period ending 31 December 2022, with £6.8m of this received in the final quarter. The cash received in the final quarter was largely generated by the sale of BOOK's stake in Hometree and the refinancing of Techpoint, which both completed in December.

In October 2022 TheVeganKind entered administration. At 31 December 2022, BOOK still held its shares in TheVeganKind but the value of its investment in the business was written down to zero. The sale of BOOK's shares in Hometree, combined with TheVeganKind entering administration, means that Literacy now holds a stake in just one growth capital investment, Butternut Box. This rotation away from these types of investments began before Literacy's listing in 2021, with the decision taken due to the balance of risk and reward substantially favouring buyouts of smaller, private businesses.

As indicated in the commentary of previous reports and quarterly factsheets, it was expected that the level of cash received would increase compared to the relatively modest amounts received in the middle of 2022. Whether cash is received following sales, refinancings or dividend payments, these are events that BOOK's manager has a degree of influence over, given the relationship it has with its portfolio companies.

Given the vintage of some of BOOK's investments, it is likely that management of some of these companies will want to seek a transaction enabling them to realise value for their own shareholdings in the not too distant future. As a result of this and the increased maturity of many of BOOK's assets, we would expect cash received by the Trust in 2023 to exceed the levels of 2022. These cash proceeds will then be used to pay down debt or be redeployed into new investment opportunities.

Given the closed-ended structure that Literacy has and the absence of carried interest for its managers, a decision to sell an investment can be made on the basis of what and when is best for the company and its management teams, rather than these time horizons being dictated by the fund's structure or the financial interests of its manager. Given their substantial shareholdings, the financial interests of BOOK's managers are aligned with BOOK's shareholders.

Balance Sheet and Financing

BOOK's total drawings under its Revolving Credit Facility ("RCF") with Investec Bank plc stood at £15.9 million on 31 December 2022, which equates to 6.3% of net assets. The facility limit was increased in the period by £10 million, taking this to £25 million, which gives Literacy greater flexibility to fund new investments and support its existing portfolio companies. This facility also allows BOOK to remain more fully invested, reducing cash drag and improving returns for shareholders.

Cash proceeds received by BOOK are expected to increase in the coming quarters, allowing the Company to fund further investments or reduce the amounts drawn under its RCF. It has been very helpful and valuable to have had the flexibility to be able to draw on the RCF to fund the recent investments without having to first realise cash from the portfolio.

£m	31 December 2022	31 March 2022
Investments	£270.6m	£191.2m
Cash	£1.5m	£3.0m
Donation Provision	£(2.3)m	£(2.1)m
Other working capital	£(1.1)m	£(0.1)m
Borrowings	£(15.9)m	-
Accrued interest on borrowings	£(0.5)m	-
Net assets	**£252.4m**[1]	**£192.0m**[2]

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 71

[2] The NAV at 31 March 2022 contained certain deferred tax liabilities that the Company does now not expect to pay following it receiving investment trust status on 1 April 2022. For comparability, these deferred tax liabilities have been removed from the NAV at 31 March 2022

Undrawn Fund Commitments by Currency Exposure

The table below shows outstanding obligations to BOOK's four fund commitments has been gradually reducing. The figure on 31 December 2022 amounted to £3.4 million, however we expect little more than half of this to be called, given the age and pattern of drawing by these funds.

Regardless of whether the full £3.4 million is called or not, BOOK can comfortably fund these drawdowns from existing reserves and headroom in its RCF.

£m	31 December 2022	31 March 2022
Sterling	£0.3m	£0.3m
Euro[2]	£2.1m	£3.7m
US Dollar[2]	£1.0m	£0.9m
Total	**£3.4m**	**£4.9m**

[2] Foreign currencies were converted to GBP at the prevailing rates on the reporting date

Activity Since the Period End

The most significant event to occur since the period end relates to the sale of Kernel Global, which was announced on 14 March 2023. This transaction valued BOOK's interest in the business at £28.6 million, representing a £9.4 million uplift, or 48.9% premium, to the carrying value on 31 December 2022.

BOOK has not made any new platform investments since the period end. Since 31 December 2022, the Company made incremental investments into four existing portfolio companies. The first was to acquire the instruments owned by a departing manager and shareholder of one business, while the remaining three were to provide additional funding to support the businesses' growth plans.

Outlook

We remain optimistic that the companies in BOOK's portfolio are well-placed to continue performing strongly, which should have a corresponding positive impact on the Trust's NAV performance.

We are very aware of macroeconomic concerns as we enter 2023, with commentators worried about inflation, recession or expected pressure on spending from UK consumers. Despite this, through the strong leadership shown by the management teams of our companies, like-for-like growth recorded by many of BOOK's portfolio companies continues robustly. Regardless of the economic environment, we are confident that growth and value creation is achievable for businesses offering high quality products or services to customers, if they are well led. We are not complacent and retain very close engagement with management teams of BOOK's portfolio companies. The Investment Manager has a high degree of knowledge and influence, enabling it to make additions or changes to the portfolio company management teams, if this is in the best interest of shareholders.

A growing number of more recent investments are entering a more mature phase, which should result in these companies generating NAV uplifts for BOOK in future periods. As experienced towards the end of 2022, we expect cash inflows to increase in the upcoming quarters, compared to earlier periods in 2022. This will enable us to fund more platform investments, where we are seeing an increasing number of attractive opportunities. This is driven by growing awareness of Literacy and the value it can bring to companies, as well as the current environment helping to unlock opportunities.

We are also proud of the unique impact that BOOK has been able to have as an investment company in supporting different charities. In the nine months to 31 December 2022, thousands of children in the UK have benefited and experienced improved educational support due to BOOK's charitable donations, including over 6,500 Ukrainian child refugees. Annual charitable donations in 2022 will be greater than previous years and we are delighted that as the Trust continues to grow, it will be able to support an increasing number of disadvantaged children.

Charitable Mission

In addition to Literacy Capital plc's investment objectives and strategy, it also has a charitable mission.

Literacy Capital plc makes an annual donation equivalent to 0.9% of the Company's net asset value at each year end, thereby providing consistent, long-term and growing charitable donations as the Company increases in size. In the nine months to 31 December 2022, the total provision for donations to charities focused on improving literacy amounted to £1.88 million.

Since the creation of Literacy Capital in 2017, £5.8 million has either been paid or set aside for donation. The aim is to advance the education of children in the United Kingdom, in particular by promoting or supporting the development of reading. The table below shows the growth in donations for each calendar year:

Annual charitable donation provision (£k)	
2018	£532k
2019	£621k
2020	£772k
2021	£1,527k
2022	£2,314k
Total charitable donation provision	**£5,766k**

The 2022 provision of £2,314k comprises donations in the three-month period to 31 March 2022 and the nine-month period to 31 December 2022

Literacy Capital has supported several literacy charities since its founding in 2017. Bookmark Reading Charity remains Literacy Capital's largest charity partner and gives significant support as the charity grows to tackle the need at the scale required. At its core, Bookmark delivers online and in-person reading programmes to children aged 5-10 by pairing them with fully vetted and trained volunteers. Having experienced significant growth while meeting consecutive years of demand from schools, Bookmark is now acting as a literacy partner of 183 schools. In this role, the charity now provides not only one-to-one reading support to children at risk of falling behind, but also termly resource packs for school libraries, free magazines for children to own and grants to support specific school needs.

Alongside Bookmark, Literacy Capital supported the charity Read for Good throughout 2022. Read for Good is committed to bringing brand new books and reading initiatives to children across the UK while also providing children in hospital with reading resources and experiences. The charity combines a focus on reading for pleasure amongst pupils in schools with inclusive opportunities for children within the UK's major children's hospitals to enjoy reading. Read for Good's large-scale Readathon events have proven to be engaging and effective ways for children to benefit from reading.

In supporting Read for Good, Literacy Capital will help to inspire tens of thousands of children across Leicester to read for pleasure by funding an exciting programme of activities during the city's 2023 Readathon. A new specialist citywide co-ordinator will engage children with inspiring resources and engage schools and community organisations across Leicester, of which over 45 have already signed up. Literacy Capital is delighted to support the renewal of this exciting and successful programme for children across the city and assist by funding the resourcing of new books, engaging events and opportunities for unwell children in Leicester Children's Hospital to enjoy reading.

Another charity to benefit from Literacy Capital's support is The Shannon Trust. Presently, 48% of offenders in the UK have a reading age below that expected for an 11-year-old, and 25% of young offenders have a reading age below that expected for a seven-year-old. The Shannon Trust helps offenders to gain key literacy skills by training mentors in prison to support individuals unable to read. Staff and volunteers enable offenders to achieve empowering literacy skills for life inside and outside of prison, without which day-to-day life can be isolating and make the practicalities of living in an institution very difficult. Learning to read makes life in prison easier and safer for the learner and those around them, whilst also improving individuals' access to education, training and rehabilitation programmes which could transform their lives.

In 2022, Literacy Capital committed to providing three years of support to help 120 new learners aged 14-17 across Young Offenders Institutions in England to receive more time, resources and support. For young offenders in particular, the ability to read can create a pathway to formal education and qualifications, both of which are opportunities which can significantly reduce reoffending. The initiative will also benefit existing learners already supported by The Shannon Trust and provide positive opportunities between offenders, their families and communities.

Why Literacy?

Poor literacy is a societal issue which leads to challenges for an estimated 7.1 million adults (or 16.4% of the total adult population) in England. Impacting social mobility and quality of life, challenges arise at a young age and where left unaddressed, directly impact the chances of educational success. With lost learning time due to the pandemic remaining a significant challenge and the broadest growth in the attainment gap for disadvantaged pupils in 10 years now reported, the consequences continuing to arise from poor literacy are hugely concerning. For instance:

- One in six children who do not read well by age 7 will drop out of school, a rate six times higher than proficient readers (Centre for Education and Youth).
- Each year, only 10% of disadvantaged children who leave primary school with their reading below the expected standard are achieving passes in English and Mathematics at GCSE (Fair Education Alliance).
- A quarter of disadvantaged primary schools in England do not have a library to inspire their pupils with (School Library Association).
- More than one in five (23%) teaching assistants, catering and cleaning workers, librarians and sports coaches have used their own money to pay for books, pens and pencils for their students, whilst 30% have helped struggling families with the cost of school uniforms. These staff members are among the lowest paid workers in the sector (Unison survey).
- Adults with poor literacy skills are more likely to be locked out of the job market and, as parents, they won't be able to support their child's learning (National Literacy Trust).

Helping a child to read by directly gifting valuable extra reading time can bring life-changing impacts as they grow. Well-resourced and supported schools, alongside support for families and guardians to inspire young readers with confidence and enjoyment are cost-effective ways to create reading cultures that will support children as they develop. For disadvantaged children who are worst impacted by poor literacy, investment in such projects can open the door to opportunity.

Business model and strategy for achieving objectives

Literacy Capital plc is run by its Board of Directors comprising four independent non-executive Directors and two non-independent non-executive Directors. Five of the Directors are male and one is female. The Board is responsible for the overall stewardship of the Company, including investment strategy and corporate governance. Biographies and roles of the Directors can be found on page 24.

The Directors have a duty to promote success of the Company and to act in the best interests of shareholders. The Directors believe that the best way to achieve this is to maintain a strong, open and transparent relationship with its Investment Manager, Literacy Capital Asset Management LLP ("LCAM"). LCAM is a Full Scope UK AIFM and was appointed the Company's Investment Manager on 1 April 2020. The scope of LCAM's work was agreed with the Company's Directors prior to its appointment.

LCAM will look to identify compelling opportunities for investments in under-served parts of the market. It has and will continue to seek to invest in UK-based businesses, with a core focus on those generating £1m to £5m EBITDA, representing an area of the market which LCAM's management team have significant, relevant expertise and where the team believe the greatest returns for shareholders can be generated. In turn, strong investment returns will help to deliver substantial and increasing annual donations to children's literacy charities.

Principal business risks and uncertainties

The Board of Directors and Investment Manager continue to monitor any risks which could adversely affect the performance of BOOK. The principal risks and uncertainties facing the Company are set out below.

Investment and liquidity: The Company's investments are predominantly in small, unquoted companies. By their nature, these entail a higher level of risk and lower liquidity than investments in large, quoted companies. Mitigation: Risk is managed by closely monitoring individual holdings by maintaining good relationships with the management teams, as well as receiving frequent management information. The Board reviews the performance of the portfolio on a quarterly basis.

Financial: Most of the Company's investments involve a medium to long term commitment and are relatively illiquid. There is a risk that the Company could exhaust its available cash reserves, meaning it would be unable to meet its financial obligations. Conversely, holding substantial amounts of cash in the Company could result in slower NAV growth. Mitigation: The Company seeks to ensure the availability of cash reserves to match the forecast outflows of the Company. The majority of the Company's investments are also direct investments, meaning its Investment Manager has the discretion to commit capital to these businesses or not, rather than having outstanding commitments to third party funds. The Company is also able to draw on its £25m committed revolving credit facility, which had more than £9m available to draw on 31 December 2022.

Economic: Economic changes, such as higher inflation or interest rates, squeezes on consumers' spending, political uncertainty or economic recession, may affect the performance, profitability or valuation of portfolio companies. They may also affect their ability to access adequate financial resources, as well as affecting the Company's valuation multiples. These events could impact the amount of capital available for investment in private businesses in the UK, impacting their value. Any change is unlikely to have a significant impact on the Company, as less capital could lead to lower levels of competition and pricing when sourcing new investments. The same would apply vice versa. Mitigation: The Company invests in a diversified portfolio of investments, spanning many sectors and across different time periods. The Investment Manager prefers to use modest levels of leverage in portfolio companies, ensuring that they maintain sufficient liquidity and flexibility to invest in growth and fund their obligations. Portfolio company debt and liquidity levels are consistently monitored by the Board.

Tax: Changes to tax legislation could have an adverse financial impact on the Company. Literacy Capital plc was approved by HMRC as an investment trust from 1st April 2022, enabling the Company to obtain an exemption from paying tax on its capital profits, amongst other benefits. It is the Company's intention to maintain this status indefinitely. While the Company does not expect this to occur, if investment trust status were to be lost, the vast majority of BOOK's capital profits would remain exempt from tax, due to the Substantial Shareholding Exemption that would be available on the sale of many of its assets. On 31 December 2022, it is estimated that approximately 88% of the portfolio's gross assets by value would be exempt from tax regardless of maintaining investment trust status.

Operational: BOOK uses third-party suppliers and is therefore exposed to operational risk. Disruption to the Investment Manager's, administrator's or any other third-party service provider's systems could result in the inability to produce timely and accurate reports on Literacy Capital or the underlying portfolio companies to the Board. Mitigation: The Investment Manager and administrator each have business continuity plans and separately, the depositary reports periodically on custody matters.

Discount volatility: There is a risk that BOOK's share price performance could underperform its NAV performance, with its discount widening. This would result in reduced returns for existing shareholders. Mitigation: The Board of Directors and Investment Manager monitors the level of discount and the Company possesses the ability to buyback shares to counter any discount that persists. The Directors and Investment Manager are also aware that shares in BOOK are already relatively tightly held and liquidity in the Company's shares is required to attract institutional investors.

Geopolitical risks: There has been an increased threat in 2022 from conflict and sanctions affecting businesses' ability to trade freely or profitability in certain sectors or geographies. Clearly, businesses operating in Ukraine or Russia have experienced significant disruption, aside from the terrible human impact on the people of Ukraine. Focus has also grown on China and its intentions towards Taiwan, plus tension and increasing barriers to trade between countries. Mitigation: due diligence is conducted prior to completing all investments to understand the risks (and opportunities) that exist in each business. The Investment Manager also encourages and works with its portfolio companies to mitigate the risks that exist, particularly diversifying supply chains and client concentration.

Climate Change: We recognise the potential for business disruption caused by climate change and have assessed climate-related risks but have determined that this is a low risk in the short term. We are aware that the Government may take action to reduce carbon emissions through the introduction of further taxes, but the Company is sufficiently solvent to meet these if introduced. Changes in weather conditions are unlikely to affect the Company. The Investment Manager and the majority of the portfolio companies have demonstrated that they can operate despite severe disruption and in alternative locations, as demonstrated by Covid-19 and the associated lockdowns. As an externally managed investment company with no employees, the Company does not have any greenhouse emissions to report from its operations and therefore is expected to have little climate-related impact on the environment.

Key performance indicators

Literacy Capital plc takes a long-term view on its investments and the Board assesses its performance against the following Key Performance Indicators:

- Share price and net asset value per share against the FTSE Investment Company Index and FTSE All-Share Index, details of which are shown under Performance Highlights on page 3.
- The portfolio return of the period, details of which are shown on page 3.

Going Concern

The Board has assessed the financial position and prospects of the Company over the next 12 months, whilst considering the additional risks and uncertainties caused by global economic and political events. Given the number and diversity of Literacy's portfolio companies, these events are not expected to influence the ability of the Company to continue trading as a going concern.

On 31 December 2022, Literacy Capital plc had cash reserves of £1.5m (31 March 2022: £3.0m), as well as access to its £25m revolving credit facility ("RCF"), committed by Investec Bank plc until December 2024. Of this £25m, £15.9m was drawn at the end of 2022, leaving just over £9m available. The total cash available to the Company is far in excess of its operating costs for the foreseeable future (including both its charitable donations and any Investment Management fees), plus any commitments to the portfolio or fund commitments. The provision relating to outstanding donations to be paid is £2.3m.

The only material obligations that BOOK has relate to undrawn amounts to its four fund commitments, amounting to £3.4m. However, £1.4m of this amount, relates to three funds whose investment periods have expired or where their managers have since raised successor funds. As a result, BOOK has just one fund commitment where further drawdowns are expected. This fund is highly unlikely to draw 100% of BOOK's committed amount and is expected to draw capital once per year in December, giving BOOK good visibility over the timing and quantum of future capital calls. Several of BOOK's portfolio companies are highly profitable and cash generative, so it has the ability to generate further cash from the portfolio to build its cash reserves in due course if this is required by the Company.

Literacy Capital obtained investment trust status on 1 April 2022. In order to maintain the status, the Company must pay out at least 85% of its net income annually. The Board will continue to ensure that the business retains sufficient liquidity to pay any dividends that are expected or need to be paid to shareholders. If a dividend equating to at least 85% of net income needs to be paid, this will be paid out of cash income received by the Trust, so will be self-funding.

The Directors do not believe there are any significant risks and uncertainties likely to impact the ability of the Company to continue in business and believe that it has adequate resources to operate for at least twelve months from the date of approval of the financial statements, and so for this reason, the Company continues to adopt the going concern basis in preparing the accounts.

Viability Statement

In accordance with the AIC's Code of Corporate Governance, the Board of Directors have carried out an assessment of the viability of Literacy Capital plc over a greater period than the 12 months required by the 'going concern' basis of accounting.

The Board considers the Company, as a permanent capital vehicle, to be a long term investment company but, for the purposes of this viability statement, has decided that a period of five years is an appropriate period over which to report. The Board considers this a period where it can reasonably assess the Company's prospects, without the additional uncertainties of looking out further into the future.

The Board has carried out a thorough assessment of the Principal Business Risks and Uncertainties facing the Company, including those that would threaten its business model and future performance and has been made with reference to BOOK's current position, prospects and strategy as noted above in the Strategic Report.

Based on the results of the assessment, the Directors expect that the Company will be able to continue its operations and meet its financial liabilities, as they fall due over a five year period from the date of signing of these accounts.

Environmental, Human Rights, Employee, Social and Community Issues

The Board recognises its requirement under the Companies Act 2006 to detail information surrounding environmental, human rights, employee, social and community matters, including the Company's policies and their effectiveness.

However, as Literacy Capital plc has no employees and all of its functions are delegated to third-party services providers, these requirements do not apply to the Company and so the Company has not reported further in respect of this requirement, or in regard to the Modern Slavery Act 2015.

Section 172 and stakeholder reporting

Under section 172 of the Companies Act 2006 (the "CA 2006"), the Directors have a duty to promote the success of the Company for the benefit of Shareholders as a whole. In doing so, the Directors have regard to matters set out in section 172(1) of the CA 2006 as follows:

Stakeholder	Benefits of Engagement with Stakeholders	How the Board of Directors and Investment Manager have engaged with the Stakeholder
Investors	Communicating regularly and clearly on the Company's performance can help to keep the share price premium or discount narrow, which is a benefit to shareholders. Maintaining a supportive investor base that is interested in the long-term prospects of Literacy Capital is of strategic importance.	The Board places a high degree of importance on engagement with existing and potential shareholders as well as treating all investors fairly. The Company produces a quarterly factsheet swiftly to provide relevant information on a timely basis. The emphasis is on publishing net asset value performance and portfolio updates. Information is made public simultaneously for all readers via the Company's website and RNS announcements. The annual AGM is an opportunity for shareholders to discuss matters with the Board of Directors. The Investment Manager has a share dealing policy in place to prevent insiders trading on information. The Company has provisions to assess fairness of director salaries to avoid the directors favouring themselves at the expense of external shareholders.
Service Providers	The Company has engaged with several service providers to fulfil operational or financial reporting matters. By ensuring the suppliers continue to be engaged and that each party understands the approach of the other, a common goal can be reached to ensure that the Company's ongoing obligations are met.	The Investment Manager is in regular correspondence with the Company's third party service providers and will periodically discuss business development updates or working efficiencies. The Company's Management Engagement Committee reviews the work, actions and judgements of the Investment Manager at least annually. The Board considers the Investment Manager to be the Company's most important service provider.
Portfolio Companies	By continuing to gain a better understanding of the performance of the portfolio companies and the factors that may increase performance, areas where the Investment Manager can assist are more easily identified, as well as helping in detecting and mitigating potential risks to the businesses.	The Investment Manager engages regularly with the portfolio companies and, typically monthly, receives detailed management accounts and board packs, which the Company's Board reviews once per quarter. There have been several instances where the Investment Manager has identified skills gaps within senior management teams of portfolio companies and has assisted in finding suitable individuals fill the roles.

Literacy Charities	The Company is committed to donating 0.9% of its net assets at year end to literacy charities in the UK (see page 17). By supporting the charities and working alongside them, the Company can ensure that the donations are being used as efficiently as possible.	Applications for funding can be made through the Company's website, which are then reviewed by the Investment Manager. Prior to any donations being made, KPIs are typically agreed with the charity, which are then reviewed by the Investment Manager on an ongoing basis.

The Strategic Report has been approved by the Board and signed on its behalf by:

Paul Pindar
Chairman
On behalf of the Board of Directors
21 March 2023

Board of Directors

Paul Pindar

Non-executive Chairman of Literacy Capital plc and Chairman of Literacy Capital Asset Management LLP

Paul formerly served as CEO of Capita, which he co-founded in 1987 and grew from 33 people to 62,000 by his retirement in February 2014. Then, it had an enterprise value of £8.5 billion and was the 52nd most valuable listed UK company. He is also a founder investor and non-executive Chairman of Purplebricks, the UK's largest online estate agency. Within three years, the business started trading, expanded internationally and completed an IPO on AIM. Paul has served as Chairman of four other VC and PE-backed businesses since 2014.

Paul is a member of the Company's Audit Committee. As Chairman of the Investment Manager, Literacy Capital Asset Management LLP, Paul's role is focused on the Company and assisting its portfolio companies to maximise their potential, whilst also assessing new investment opportunities. Paul is not deemed to be an independent director.

Richard Pindar

Non-executive Director of Literacy Capital plc and CEO of Literacy Capital Asset Management LLP

Richard is ACA qualified with the ICAEW and has a background in investing, private equity and acting as a consultant to private equity owned businesses. He previously worked at Lonsdale Capital Partners, a lower midmarket private equity firm, and started his career in Transaction Services and M&A Corporate Finance at KPMG.

Richard is a member of the Company's Audit Committee. As CEO of the Investment Manager, Literacy Capital Asset Management LLP, Richard's role is focused on the Company and assisting its portfolio companies to maximise their potential, whilst also assessing new investment opportunities. Richard is not deemed to be an independent director.

Simon Downing

Independent Non-Executive Director of Literacy Capital plc

Simon is the founder and Executive Chairman of Civica, which he created in 2000 with backing from Alchemy Partners. Since then, the business has grown to over 5,000 employees and operates in ten countries. It is one of the largest specialist software companies in Europe and is valued at more than £1 billion following its most recent private equity transaction led by Partners Group. He has been Chairman of four other private IT services businesses in the past six years and is current Chairman of Audiotonix Limited and Senior Non-Executive Director at Purplebricks Group plc. He was previously a Senior Adviser to OMERS Private Equity, which has more than $12 billion of private equity assets under management.

Simon is the Chair of the Company's Management Engagement Committee and is a member of the Audit Committee.

Kevin Dady

Independent Non-Executive Director of Literacy Capital plc

Kevin was formerly CEO and is currently Executive Chairman of IRIS, a large software business majority owned by HgCapital, since December 2015. IRIS has grown significantly during his tenure and he recently took it through a £1.3 billion private equity buyout. He was formerly Managing Director of the Professional Services division of Capita where, in nine years, he grew EBITDA from £50m to £150m.

Kevin is a member of the Company's Management Engagement Committee and the Audit Committee.

Christopher Sellers

Independent Non-Executive Director of Literacy Capital plc

Chris is currently Group CEO of RCI Health Group and Chairman of Grayce which are both Literacy Capital plc portfolio companies. He formerly spent 12 years at Capita plc before leaving in January 2018 which included being a member of the Group Board as Head of Business Development as well as six years as Executive Sales Director. Prior to joining Capita he spent 14 years as a consultant, Business Development Director and Managing Director, having originally trained as an engineer with Shell.

Chris is a member of the Company's Management Engagement Committee and Audit Committee.

Rachel Murphy

Independent Non-Executive Director of Literacy Capital plc

Rachel is the founding Director of RJM Consulting, which works with public and private companies, providing consultancy services, corporate finance advice and coaching to board level executives. Previously, she was a member of the investment team at the private equity firm Alchemy Partners for six years. She has also been a non-executive of several private equity owned businesses and held finance roles at Diageo and Shell.

Rachel is the Chair of the Company's Audit Committee and is a member of the Management Engagement Committee.

Corporate Governance

Introduction from the Chairman

I am pleased to introduce this period's Corporate Governance Statement. In this statement the Company reports on its compliance with the AIC's Code of Corporate Governance (the "AIC Code") and sets out how the Board has operated during the period. As a Board of Directors, we are accountable to shareholders for the governance of Literacy Capital plc and are committed to maintaining the highest standard of corporate governance for the long-term success of the Company. We will also endeavour to present information, including accounting policies, in a manner that is fair, balanced and understandable.

Compliance with the AIC's Code of Corporate Governance

The Board has considered the Principles and Provisions of the AIC's Code of Corporate Governance. The AIC Code adapts the Principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council (the ''UK Code'') to make them more relevant for investment companies, as well as setting out additional principles and recommendations which are better tailored to investment companies.

The Board of Directors considers that reporting against the AIC Code provides more suitable information to shareholders than if it had adopted the UK Code. A copy of the AIC Code can be obtained from the AIC's website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies. It is also worth noting that as the Company is listed on the Specialist Fund Segment it does not have the same corporate governance requirements as companies with a premium listing.

The Company complied throughout the period, and continues to comply with the Principles and Provisions of the AIC Code, except as set out below;

- Provisions 11 and 12: The Board does not consider it necessary for the Chair to be independent. The Chair has significant relevant experience to carry out the role, and as the largest shareholder of the Company, is aligned with the Board and shareholders as a whole to act in the best interests of the Company. The Management Engagement Committee, comprised of the four independent Directors, has been established to review the performance of the Company's Investment Manager and will continue to take into account the Chair's non-independence.
- Provision 14: Due to the size of the Company and its Board, it is not considered necessary for a senior independent Director to be appointed, as it operates in a collaborative and collective manor. If a shareholder expresses dissatisfaction with the Chair's behaviour or performance, the independent non-executive Directors will meet without the Chair present.
- Provision 22 and 28: The Board has not established a separate Nomination Committee due to the size of the Company. All Directors are involved in the appointment of new members save for when the appointment of a new Chair is discussed, where the existing Chair would not be involved.
- Provision 24: The Board has chosen not to adopt a policy on tenure of the Chair. The Board recognises the value of refreshing its membership regularly but prefers to retain flexibility to assess the balance of skill and experience of the Board as a whole. Given that the Chair was one of the founders of the Company, his significant shareholding and his contribution to adding value to its portfolio, it is not considered appropriate by the Board to limit his tenure. The Directors believe that this policy is in line with their responsibility to act in the interests of protecting and creating long-term shareholder value, as well as corporate governance guidelines applicable to companies listed on the Specialist Fund Segment.
- Provision 26 and 27: Given the experience of the Directors as a collective, combined with the minimal complexity of the Company's business, size and recent listing, a regular internal and external evaluation of the Board's performance is not considered necessary at this time. There has been no internal or external evaluation of the Board to date.

- Provision 29: The Audit Committee is not fully independent as the two Non-Independent Directors also sit on the Committee, which the Company considers appropriate given the size and nature of the business, as well as their knowledge of the Company.

The Board

The Board's principal task is to maintain effective stewardship of the Company's affairs and be collectively responsible for the long-term success of the Company, generating continued value for shareholders.

The Company has four scheduled Board meetings per calendar year with additional meetings arranged as necessary. For each meeting, the Directors follow a formal agenda circulated by the Company Secretary in advance. In addition, the Investment Manager provides financial information and other relevant information, and the Company's depositary, INDOS Financial, provides its quarterly report.

At each of the four scheduled Board meetings, members of the Investment Manager are in attendance to present the financial information and other reports relating to both the Company and the portfolio, to the Directors, as well as to address any queries.

The Board and the Investment Manager operate in a supportive and open environment, and ad hoc communication between the two parties is maintained between meetings.

In the nine-month period to 31 December 2022 there were three scheduled board meetings. The following table sets out how many were attended by each of the directors;

Director	Scheduled meetings attended
Paul Pindar	3/3
Richard Pindar	3/3
Simon Downing	2/3
Kevin Dady	3/3
Christopher Sellers	3/3
Rachel Murphy	3/3

Internal control and risk management

The Company's internal control systems ensure that accurate and reliable financial reporting is produced and maintained. Key controls include clearly defined lines of accountability and delegation of authority, as well as policies and procedures that cover financial reporting.

A risk matrix has been produced containing the risks identified and the controls in place to monitor them. The risks are assessed on the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of controls in place. The principal risks that have been identified are set out on page 19.

The Board reviews financial information produced by the Investment Manager on at least a quarterly basis. Some functions are delegated to third parties, but the Investment Manager and Directors receive assurances from the suppliers regarding their internal controls and systems.

Board Committees

Audit Committee: Please see below on this page for the Report of the Audit Committee.

Management Engagement Committee: Comprised of the four independent Directors and chaired by Simon Downing, the Committee meets at least one a year for the purpose of reviewing the actions and judgements of the Investment Manager, as well as monitoring and reviewing the performance of the Company's other services providers. The Committee will also consider annually if any changes are needed to the Investment Management Agreement.

Remuneration Committee: As all Directors are non-executive, and owing to the relatively small size of Literacy Capital plc, the Company does not have a Remuneration Committee. Please see page 31 for the Directors' Remuneration Report.

Nominations Committee: Due to the size of the Company, the Directors deemed it not necessary to form a separate Nominations Committee. All Directors are involved in the appointment new members to the Board. When making an appointment, the Board considers the existing composition of the Board to determine areas which require strengthening.

Conflicts of Interest

It is the responsibility of each individual Director to avoid a conflict of interest situation arising. Any conflicts arising must be reported to the Board and are then considered by the other Directors, and if necessary, approved or not approved. A conflicted Director is not allowed to take part in any relevant discussions or decisions and is not counted when determining whether a meeting is quorate.

Paul Pindar and Richard Pindar are both Directors of Literacy Capital plc, as well as being Designated Members of the Investment Manager, which can lead to conflicts of interest. However, given their significant shareholdings in the Company, it is not expected that any material or real conflict of interest shall arise, as their priority and financial incentives shall remain to preserve and create value for the Company's shareholders. If any changes are required to the Investment Management Agreement with the Investment Manager, these will be voted on by the Independent Directors of the Company only.

It is worth noting that Christopher Sellers is a Director of Grayce and RCI Group (the Company's two largest assets), as well as a Director of Literacy Capital plc. Whilst there could be a divergence in interests between the Company and one of its portfolio companies, there is good alignment of financial interests. Chris also owned 400,000 shares in the Company on 31 December 2022.

Company Secretary

Literacy Capital Asset Management LLP, as Company Secretary, is responsible for ensuring that Board and Committee procedures are followed, that applicable regulations are complied with and any relevant filings are made.

Report of the Audit Committee

Audit Committee

The Audit Committee is comprised of all Directors, with Rachel Murphy acting as Chair. The experience and biographies of the Directors is set out on page 24. The Committee operates within written terms of reference which clearly set out its authority and duty.

The principal roles and responsibilities of the Audit Committee are as follows;

- to monitor in discussion with the auditors the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent Directors, or by the board itself, to review the Company's internal control and risk management systems;
- to consider annually whether there is a need for an internal audit function and make a recommendation to the board;
- to make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- to review arrangements by which Directors of the Company or its key service providers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation to such matters with appropriate follow-up action.

The Committee meets to review drafts of the Annual and Interim Reports and Financial Statements as well as convening at other times when necessary. Only members of the Committee have the right to attend Committee meetings. However, representatives from the Independent Auditor, Investment Manager and Administrator may be invited to attend all or any part of any meeting as and when appropriate and necessary. In addition, the Chair meets with the Independent Auditor twice a year, during the planning stage of the audit as well as during the completion phase.

Audit

The Audit Committee is responsible for overseeing the relationship with the external Auditor, including approval of their terms of engagement, assessing their independence and objectivity and overall effectiveness of the audit process.

Mazars LLP has been the Company's Auditor since 2019. The Audit Committee reviews their performance annually by considering a range of factors, including quality of work and independence. The Audit Engagement Partner rotates every five years in accordance with ethical guidelines. The shortened period to 31 March 2022 was the fourth audit for the current partner and this nine-month period to 31 December 2022 is the fifth year or period for the current partner. The Board has responsibility for agreeing the audit fees with the Auditor.

No significant issues were reported by the Audit Committee in the year.

Risk Management and Internal Controls

The Board is responsible for the Company's risk management and internal controls. The Audit Committee has considered the need for an internal audit function, but due to the size and complexity of the Company, does not deem this necessary at present.

The Company engages a wide range of third-party service providers. The Management Engagement Committee monitors the performance of all key service providers, including considering their internal controls. No significant control issues have been identified by the Company.

Voting Rights

All ordinary shares have the same voting rights, preferences and no restrictions on the distribution of dividends and the repayment of capital. Further information is set out in the Share Capital section within the Directors' Report on page 35.

Directors' Remuneration Report

As all remunerated Directors are non-executive, the Company does not have a Remuneration Committee. The determination of the Directors' fees is dealt with by the whole Board.

Directors' Remuneration and Interests

The four Independent Directors all receive fixed salaries. As Paul Pindar and Richard Pindar are both non-independent Directors of the Company and Members of the Investment Manager, it has been agreed that neither will receive any remuneration from the Company.

The remuneration paid to the Directors during the nine-month period along with each of their shareholdings in the Company at 31 December 2022, is set out in the table below:

Director	Gross salary (nine-months to 31 December 2022)	Company Pension Contributions	Ordinary shares held on 31 December 2022
	£	£	Number
Paul Pindar & wife	-	-	17,000,000
Richard Pindar	-	-	6,425,000
Simon Downing	18,000	-	3,250,000
Kevin Dady	18,000	-	688,679
Christopher Sellers	18,000	-	400,000
Rachel Murphy	18,000	-	62,500

The remuneration paid to the Directors during the prior three-month to 31 March 2022, along with each of their shareholdings in the Company at 31 March 2022, is set out in the table below:

Director	Gross salary (three-months to 31 March 2022)	Company Pension Contributions	Ordinary shares held on 31 March 2022
	£	£	Number
Paul Pindar & wife	-	-	17,000,000
Richard Pindar	-	-	6,425,000
Simon Downing	6,000	-	3,250,000
Kevin Dady	6,000	-	688,679
Christopher Sellers	6,000	-	250,000
Rachel Murphy	6,000	89	62,500

Directors' Remuneration Policy

The Board's policy (which will be put to shareholders for reapproval at the Company's annual general meeting) is that fees should be sufficient to attract and retain Directors capable of managing the Company and enhancing shareholder value. Remuneration is benchmarked in line with market practice and considers the experience of the Directors as well as the time required to undertake the role. It is not the Company's policy to include an element of performance related pay; all fees are paid in cash rather than any other instrument. The Board has reviewed the policy for the year ahead and has concluded that key features of the policy remain appropriate.

Non-Executive Directors may accept appointments as Directors of other companies and retain any fees paid to them, although the Directors are required to notify the Company where any conflicts arise.

Independent Non-Executive Directors do not have service contracts but on being appointed are provided with a letter of appointment containing a notice period of three months which the Board considers appropriate based on the size and nature of the Company.

There were no Non-Executive Directors who left the Company during the nine-month period ending 31 December 2022 and therefore no payments in respect of compensation for the loss of office were paid or payable to any Director (Three-months to 31 March 2022: Nil). Any loss of office payment will be approved by the Board. Any payment will be made on a discretionary and case-by-case basis. Any payments made beyond contractual and statutory obligations would be exceptional in nature due to additional obligations taken on by the departing Non-Executive Director and always benchmarked against market practice.

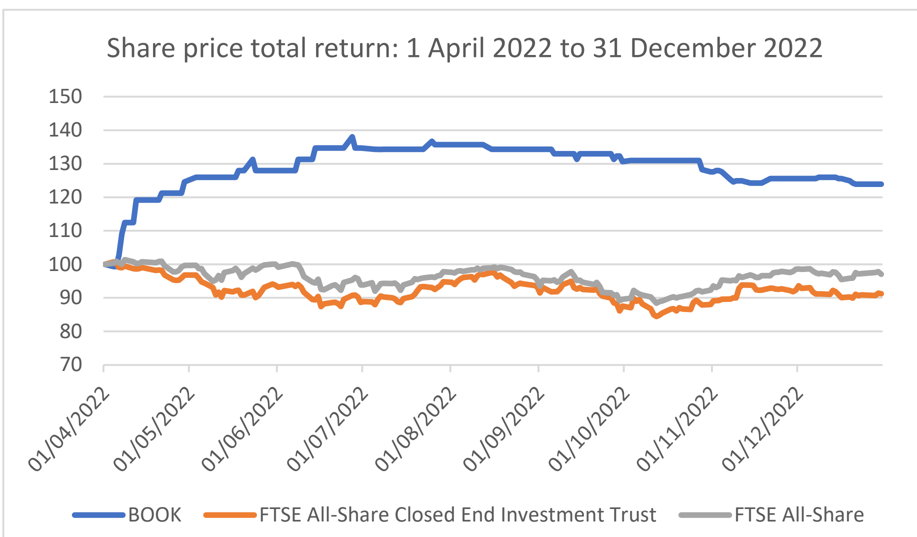
Report on Remuneration

Following a review of the level of Director's fees for the forthcoming year the Board concluded that the amount should remain unchanged at £24,000 for each of the Independent Non-Executive Directors. The Directors' remuneration will be reviewed by the Board on an annual basis. Any new directors would be paid in line with the existing directors and no additional recruitment incentives would be paid.

Company Performance

The graph below compares the Company's share price return over the nine-month period, compared to the total shareholder return on a notional investment in the FTSE All-Share Closed End Investment Index and the FTSE All-Share Index ("the indexes"). The Indexes represents the performance of Investment Trusts from the FTSE UK Index Series, as well as the broader performance of listed FTSE companies (not only investment trusts). These Investment Trusts may operate and invest similarly to Literacy Capital plc. These Indexes comprise listed companies that BOOK's shareholders might also invest in or might consider investing in. As a result, the Investment Manager has deemed these to be the best comparators for the Company.

An explanation of the performance of the Company for the nine-month period to 31 December 2022 is given in the Chairman's Statement and Investment Manager's Report, beginning on page 7.



Investor Relations

The Company's Report and Financial Statements as well as the Interim Report and Financial Statements contain a detailed review of Literacy Capital plc's performance and changes to the portfolio.

The quarterly factsheets, published typically in the final week of January, April, July and October, which contain updated information in a more summarised form, are available on the Company's website (www.literacycapital.com). The Company's Directors are available to speak with shareholders. They can be contacted via the registered office of the Company (see Corporate Information section on page 77).

Directors' Report

Status of the Company

Literacy Capital plc is an investment company as defined by section 833 of the Companies Act 2006 and is registered and domiciled in England (number 10976145). Furthermore, Literacy Capital plc was approved by HMRC as an investment trust effective from 1st April 2022.

Reporting Period

This Audited Report has been prepared for the nine-month period to 31 December 2022.

Comparable Information

The comparative, prior period is a shortened three-month period to 31 March 2022, whereas the current period is nine months to 31 December 2022. Therefore, the financial information in the current period is not directly comparable to the prior period. The accounting reference date was changed and the prior period shortened in order for the Company to obtain investment trust status effective from 1 April 2022. Had this change not been made, the Company would not have gained investment trust status until 1 January 2023.

Results and Dividends

Profit for the nine-month period to 31 December 2022, after taxation, amounted to £62.5m (three months to 31 March 2022: £26.1m).

During the nine-month period to 31 December 2022, the total donation expenses incurred for charitable causes amounted to £1.88m (three months to 31 March 2022: £0.4m). Additional funds have been set aside in the year for donation, as described below within the 'Charitable causes' section on page 35.

No dividend is recommended to be paid on respect of the period ended 31 December 2022 (see Dividend Policy below) (three months to 31 March 2022: no dividend recommended).

Dividend Policy

The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, the Company's policy is not to pay dividend to shareholders but to retain net income for reinvestment and making charitable donations.

Since obtaining investment trust status on 1 April 2022, the Company is required to distribute 85% of its net income annually. No dividend is required to be paid for the nine-month period to 31 December 2022, as the net income was £0, though dividends may be paid or may be required to be paid in future periods.

Corporate Governance

The Corporate Governance Report, which forms part of the Directors' Report, is set out on page 26.

Stakeholder Engagement

Under Section 172 of the Companies Act 2006, Directors are required to act in good faith and in a way most likely to promote the success of the Company. The Company's key stakeholder groups, and how the Company engages with them is set out within the Strategic report on page 22.

Streamlined Energy and Carbon Reporting

As an externally managed investment company with no employees, which seeks to invest in UK-based businesses the Company does not have any greenhouse emissions to report from its operations nor does it have the responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within the Company's underlying investment portfolio. As the Company did not consume more than 40,000 kWh of energy during the past year, it qualifies as a low energy user and is exempt from reporting under the Streamlined Energy and Carbon Reporting regulations.

Diversity and Inclusion

The Company recognises the benefits that diversity can bring to the Board, and places great importance on ensuring that Board membership reflects this. The Board believes that a range of experience, age, background and skills helps to create an environment of effective and successful decision making.

The Company does not employ any staff and so has therefore deemed that a diversity policy relating to employees is not necessary.

Investment Fund Managers Directive (AIFMD)

Under the Alternative Investment Fund Managers Directive ("AIFMD"), the Company is required to appoint an Alternative Investment Fund Manager ("AIFM"), which must be appropriately regulated by the FCA. Literacy Capital Asset Management LLP ("LCAM" or the "Investment Manager") is the Company's AIFM (see next subsection below).

The Company has also appointed Indos Financial Limited as depositary under Article 36 of the AIFMD. As part of its duties, the depositary is responsible for custody of the Company's portfolio assets.

Investment Manager

Literacy Capital Asset Management LLP ("LCAM" or the "Investment Manager") is the manager of the Company. LCAM is authorised as an Alternative Investment Fund Manager and is regulated by the Financial Conduct Authority. The Investment Manager provides Investment management, company secretarial and general administrative services to the Company under a management agreement.

The management fee charged for the year was 0.9% of the Company's net assets at year end. Further information around cost disclosures can be found in the Company's Key Information Document on the 'Reports and Results' section of the Company's website.

The Management Engagement Committee meets to review the activities and performance of the Investment Manager on at least an annual basis. The Board reviews the Company's investment record over the short and long-term periods, taking into account factors including the Net Asset Value per share and the share price. The Board also considers the performance of the manager in carrying out its company secretarial and general administrative functions.

Based on this review of the Manager's performance and noting also the distinct and differentiated investment approach of the Manager, the Management Engagement Committee has concluded that the continuing appointment of the investment manager on the terms agreed is in the interests of its shareholders.

Charitable Causes

Literacy Capital plc has a unique charitable mission. More than one in four children in England leave primary school unable to read well, which results in adverse, long-term consequences for the child and society. The Company aims to assist in the education of children in the UK, in particular by promoting and supporting the development of literacy.

The Company makes and will continue to make an annual donation equating to 0.9 per cent of the Company's Net Asset Value at year end to charities, thereby providing consistent, long-term charitable donations. The amount reserved for donation for the nine-month period is £1,879k. The Company has donated or reserved for donation more than £5.7m since inception in 2017 to 31 December 2022.

The Directors believe that the commercial knowledge and experience the Investment Manager has in backing small companies and supporting their growth, enables the Company and the charities it supports to make a significant social impact in an efficient and cost-effective way.

Share Capital

On 31 December 2022, 60,000,000 ordinary shares of £0.001 each were in issue and fully paid. All ordinary shares have the same voting rights, preferences and no restrictions on the distribution of dividends and the repayment of capital.

The rights attached to the shares are set out in the Articles of the Company. There are no restrictions on the transfer of ordinary shares or special controls rights in relation to the Company's shares. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

During the period, 49,950,000 deferred shares with a nominal value of £49,950 were repurchased by the Company and cancelled. The deferred shares had no economic or commercial value.

In accordance with the Market Abuse Regulation, Directors and Members of the Investment Manager are required to seek approval before dealing in the Company's shares.

Warrants to subscribe for ordinary shares in Literacy Capital plc have been issued to certain Members of the Investment Manager. Paul Pindar and Richard Pindar, the only individuals to be both Directors of the Company and Members of the Investment Manager, have not been and will not be issued any Warrants. The fair value of the warrants has been recorded in the share-based payment reserve at 31 December 2022.

The Warrants are designed to provide long-term incentivisation for Members of the Investment Manager. The terms of the Warrants state that they give right to be exercised into Ordinary Shares in a period between the third and tenth anniversaries of their respective issue date.

As at 31 December 2022, 350,000 warrants were in issue, which will all vest across 2024 and 2025. 250,000 were issued with an exercise price of 160p, with the remaining 100,000 issued with an exercise price of 358.8p.

Subsequent Events

The most significant event to occur since the period end relates to the sale of Kernel Global, which was announced on 14 March 2023. This transaction valued BOOK's interest in the business at £28.6 million, representing a £9.4 million uplift, or 48.9% premium, to the carrying value on 31 December 2022.

BOOK has not made any new platform investments since the period end. Since 31 December 2022, the Company made incremental investments into four existing portfolio companies. The first was to acquire the instruments owned by a departing manager and shareholder of one business, while the remaining three were to provide additional funding to support the businesses' growth plans.

Composition of the Board

The Board currently comprises four independent non-executive Directors, and two non-independent, non-executive Directors. Paul Pindar is Chair of the Board, Rachel Murphy is Chair of the Audit Committee and Simon Downing is Chair of the Management Engagement Committee. Five of the Directors are male and one is female. The Company holds a Directors and Officers indemnity insurance policy for the benefit of all Directors.

Disclosure of Information to Auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that: so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Information Disclosed in the Strategic Report

In accordance with section 414C(11) the Company has chosen to set out in the Company's Strategic Report information required to be contained in the Directors' report in relation to risk management and future developments of the Company. This information is set out within the Strategic Report from page 6.

Related Party Transactions

Details in respect of the Company's related party transactions during the period are included in note 25 to the financial statements.

This report was approved by the Board and signed on its behalf by:

Paul Pindar
Chairman
On behalf of the Board of Directors
21 March 2023

Directors' Responsibility Statement

The Directors are responsible for preparing the Report for the nine- month period and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

The Directors each confirm to the best of their knowledge that:

- The Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and return of the Company; and

- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, along with a description of the principal risks and uncertainties that the Company faces.

The Directors confirm that the Audited Report and Financial Statements, taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Company's position and performance, business model and strategy.

Paul Pindar
Chairman
On behalf of the Board of Directors
21 March 2023

Independent Auditors Report to the Members of Literacy Capital plc

Opinion

We have audited the financial statements of Literacy Capital PLC (the 'Company') for the period ended 31 December 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of Company's profit for the period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Company's ability to continue as a going concern;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

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

Key audit matters

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

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

This matter, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Valuation of the investments portfolio Please refer to note 5.1 "Critical judgements in applying the Company's accounting policies" and note 13 "Financial instruments" in the financial statements for details of critical judgements and estimates in valuation of the investments. Also refer to the accounting policy for the valuation of investments described in note 3.4 ("Measurement"). The Company has a significant portfolio of investments totalling £270.6m as of 31 December 2022. These are measured at fair value, which is determined in accordance with IFRS 13, Fair Value Measurement and the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent transactions subsequently calibrated, earnings multiples and net assets. Therefore, the valuation methodologies incorporate a significant level of judgement to ascertain fair value under each method. There is therefore a risk that inappropriate judgements made under each methodology may lead to a material misstatement of the investment values.	Our audit procedures included, but were not limited to: • Understanding and evaluating management's process and controls around investment recording and valuation effectiveness of the controls in place; • We engaged with our internal valuation specialists as part of the audit team to perform the below procedures: ▪ considering whether the techniques and methodologies applied for valuing investments were in accordance with published guidance, principally the requirements of IFRS 13, Fair Value Measurement and the International Private Equity and Venture Capital Valuation Guidelines. This included reviewing and challenging the principles and assumptions used in the valuation of investments under each methodology; ▪ For investments valued on a multiple basis performing a review of the Total Gross Asset Value (TGAV) or Earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples and

We therefore identified valuation of investments as a key audit matter as it had a significant effect on our overall audit strategy and allocation of resources.	maintainable earnings used and assess whether the multiples applied by management are within a reasonable range of fair value in comparison to both comparable market transactions and companies; • For investments valued using the recent transaction method, obtaining an understanding of the circumstances surrounding the transaction and whether it was considered to be carried out on an arms-length basis and therefore suitable as an input to the valuation; and ▪ For fund investments valued by third party fund managers considering the appropriateness of the methodology used, confirmed net asset value to third party confirmations, obtained the latest available audited fund financial statements and performed roll back procedures and verified the cash movements in the period to appropriate evidence. • For all investments we obtained direct confirmations from investee companies and third party fund managers, as appropriate and verified the accuracy and completeness of source data used in management's valuation calculations and reviewed the valuation model for mathematical accuracy. • We reviewed subsequent events for any information that could impact the valuations as at 31 December 2022. • We have reviewed the reasonableness of disclosures of investments in accordance with relevant accounting standards, including considerations of the potential effect of changing one or more inputs to reasonably possible alternative valuation assumptions, including within the sensitivity disclosures prepared by the entity. **Our observations** Based on the work performed and evidence obtained, we found that the valuation of the investment portfolio as at 31 December 2022 to be reasonable and performed in accordance with the guidelines stated above.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2.52m
How we determined it	1% of net assets
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders. 1% of net assets has been chosen to reflect the level of understanding of the stakeholders of the Company in relation to the inherent uncertainties around accounting estimates and judgments, principally in relation to the valuation of investments.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. On the basis of our risk assessments, together with our assessment of the overall control environment, our judgment was that we set performance materiality at £1.76m, which represents 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £75.7k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the report and financial statements other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 20;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate, set out on page 7;
- Directors' statement on fair, balanced and understandable, set out on page 37;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 19
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 27 and;
- The section describing the work of the audit committee, set out on page 28.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 37, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: anti-money laundering regulation, general data protection regulation, the Listing Rules and Section 1158 of the Corporation Tax Act 2010, HMRC Investment Trust conditions.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Company, the industry in which they operate, and considering the risk of acts by the Company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors' meetings in the period; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Listing Rules, the AIC code of Corporate Governance and the UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to valuation of investments, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 23 January 2020 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2019 to 31 December

2021, a 3-month period ended engagement to 31 March 2022 and a 9 month period ended engagement to 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

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

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Stephen Brown

Stephen Brown (Mar 21, 2023 16:07 GMT)

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
Date: 21 March 2023

Financial Statements

Statement of comprehensive income

Note		For the nine months ended 31 December 2022	For the three months ended 31 March 2022
		£	£
	Gains on investments		
13	Unrealised gain on fair value on investments	65,364,521	21,104,394
13	Realised gain on disposal of investments	65,229	28,677
	Gains for the period on investments	**65,429,750**	**21,133,071**
6	Investment income	4,595	5,724,647
	Operating income	409	183
	Total	**5,004**	**5,724,830**
	Total income	**65,434,754**	**26,857,901**
	Expenses		
7	Operating expenses	(751,990)	(319,709)
8	Management fee	(1,879,485)	(434,101)
	Total operating expenses	**(2,631,475)**	**(753,810)**
10	Charitable donations	(1,879,485)	(434,101)
11	Finance costs	(629,519)	(55,480)
	Net foreign exchange profit / (loss)	274,162	62,606
	Profit for the period before taxation	**60,568,438**	**25,677,116**
12	Tax credit / (expense)	1,910,072	456,802
	Profit for the period	**62,478,510**	**26,133,918**
	Other comprehensive income	-	-
	Total comprehensive income	**62,478,510**	**26,133,918**
	Earnings per share for profit attributable to the ordinary shareholders of the Company:		
20	Basic earnings per share	**104.13 pence**	**43.56 pence**
20	Diluted earnings per share	**103.46 pence**	**43.34 pence**

The accompanying notes form an integral part of these financial statements.

Statement of financial position

Note		31 December 2022	31 March 2022
		£	£
	Non-current assets		
13	Investments at Fair Value through Profit or Loss	270,578,517	191,213,506
		270,578,517	**191,213,506**
	Current assets		
14	Cash and cash equivalents	1,472,034	2,982,399
15	Trade and other receivables	541,756	528,608
	Unpaid share capital debtors	-	49,950
		2,013,790	**3,560,957**
	Current Liabilities		
16	Trade and other payables	(1,297,453)	(604,847)
10	Accrual for charitable donation	(2,279,139)	(1,706,935)
		(3,576,592)	**(2,311,782)**
	Net current (liabilities) / assets	**(1,562,802)**	**1,249,175**
	Non-current liabilities		
10	Accrual for charitable donation	-	(434,101)
17	Deferred tax liabilities	-	(1,910,072)
18	Debt	(16,324,648)	-
	Total non-current liabilities	**(16,324,648)**	**(2,344,173)**
	Net assets	**252,691,067**	**190,118,508**
	Capital and reserves		
19	Share capital	60,000	109,950
23	Share premium	53,946,000	53,946,000
23	Retained earnings	198,541,067	136,062,558
23	Share based payment reserve	144,000	-
	Total share capital & reserves	**252,691,067**	**190,118,508**

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2023 and were signed on its behalf by:

Paul Pindar
Director
21 March 2023

Statement of changes in equity

For the nine months ended 31 December 2022	Share capital	Share premium	Retained earnings	Share based payment reserve	Total
	£	£	£	£	£
Balance at 31 March 2022	109,950	53,946,000	136,062,558	-	190,118,508
Profit for the period	-	-	62,478,510	-	62,478,510
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**62,478,510**	**-**	**62,478,510**
Contributions by and distributions to owners					
Cancellation of deferred shares	(49,950)	-	-	-	(49,950)
Share based payment reserve	-	-	-	144,000	144,000
Total transactions with owners	**(49,950)**	**-**	**-**	**144,000**	**94,050**
Balance as at 31 December 2022	**60,000**	**53,946,000**	**198,541,067**	**144,000**	**252,691,067**

For the three months ended 31 March 2022	Share capital	Share premium	Retained earnings	Share based payment reserve	Total
	£	£	£	£	£
Balance at 31 December 2021	109,950	53,946,000	109,928,640	-	163,984,590
Profit for the period	-	-	26,133,918	-	26,133,918
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**26,133,918**	**-**	**26,133,918**
Contributions by and distributions to owners					
Issue of ordinary shares	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Balance as at 31 March 2022	**109,950**	**53,946,000**	**136,062,558**	**-**	**190,118,508**

Statement of cash flows

Notes		For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	Cash flows from operating activities	**£**	**£**
	Cash inflow/(outflow) from operating activity		
	Management fee paid	(1,432,262)	(458,083)
	Payroll expenses	(81,339)	(26,284)
	Other operating expenditures	(545,587)	(774,398)
	Finance costs	(161,046)	(55,479)
	Charitable donations paid	(1,711,382)	(256,538)
	Income from investments	4,595	5,724,647
	Operating income	409	183
	Net cash (used in) / generated by operating activities	**(3,926,612)**	**4,154,048**
	Cash flows from investing activities		
	Cash inflow/(outflow) from investing activities		
	Purchase of Investments	(20,326,365)	(6,482,722)
	Proceeds from disposals of investments	7,265,408	108,636
	Net cash used in investing activities	**(13,060,957)**	**(6,347,086)**
	Cash flows from Financing activities		
	Cash inflow/(outflow) from financing activities		
	Receipt from unpaid share capital debtor	49,950	-
	Repurchase of deferred shares	(49,950)	-
	Repayment of RCF	(3,350,000)	-
	Receipt from RCF	18,825,000	-
	Net cash generated by Financing activities	**15,475,000**	**-**
	Net decrease in cash and cash equivalents	**(1,512,570)**	**(2,220,038)**
14	Cash and cash equivalents - opening balance	2,982,399	5,202,210
	Effect of exchange rate fluctuations on cash and cash equivalents	2,205	227
	Cash and cash equivalents - closing balance	**1,472,034**	**2,982,399**

Reconciliation of net debt

Cash and cash equivalents	On 31 March 2022	Cash flows	Other non-cash charge	On 31 December 2022
	£	£	£	£
Cash at bank	2,982,399	(1,512,570)	2,205	1,472,034
Borrowings	-	(16,011,046)	(313,602)	(16,324,648)
Net debt	**2,982,399**	**(17,523,616)**	**(311,397)**	**(14,852,614)**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

1. Reporting entity

Literacy Capital plc (the 'Company') is a public limited company, limited by shares, incorporated in United Kingdom. The Company's registered office is 3rd Floor, Charles House, 5-11 Regent Street St James's, London, SW1Y 4LR. Literacy Capital plc is a closed-ended investment trust focused on investing in and supporting small, growing UK businesses and helping their management teams to achieve long-term success.

2. Basis of preparation

These financial statements for the nine-month period to 31 December 2022 have been prepared in accordance with UK-Adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. The comparatives are for a shorter period covering the three months to 31 March 2022.

Details of the Company's accounting policies, including changes during the period, are included in Note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 5.

The purpose of the Company is to invest into predominantly UK businesses, and then to grow them to generate a positive return for its investors. In the most parts, this return will be generated through capital appreciation, but may also be through the generation of investment income. Once an investment has been made, it is actively managed on an ongoing basis. In addition, the performance of the Company's investments is evaluated using the most recently available financial information from each of the investee companies. The investments are always valued on a fair value basis. On this basis, the Directors assessed that the Company meets the definition of an investment entity per IFRS 10 and therefore shall measure the investment in subsidiaries at fair value through profit or loss in accordance with IFRS 9.

The Board has assessed the financial position and prospects of the Company over the next 12 months, taking into account the additional risks and uncertainties caused by the Covid-19 pandemic, the impact of the war in Ukraine, as well as the resultant impact on inflation and higher interest rates. Presently, Literacy's portfolio companies are trading solidly despite these events. The current conditions would have to materially worsen and affect several portfolio companies to have a material impact on the Company.

On 31 December 2022 Literacy Capital plc had cash reserves of £1.5 million (31 March 2022: £3.0 million), as well as access to a £25 million revolving credit facility ("RCF"), committed by Investec Bank plc until the end of 2024. Of this £25 million, £15.9 million was drawn at the end of 2022, leaving just over £9 million available. The total cash available to the Company is far in excess of its operating costs for the foreseeable future (including both its charitable donations and any Investment Management fees), plus any commitments to the portfolio or fund commitments. The provision relating to outstanding donations to be paid is £2.3 million.

The only material obligations that BOOK has related to undrawn amounts to its four fund commitments, amounting to £3.4 million. However, £1.4 million of this amount, relates to three funds whose investment periods have expired or where their managers have since raised successor funds. As a result, BOOK has just one fund commitment where further drawdowns are expected. This fund is highly unlikely to draw 100% of BOOK's committed amount and is expected to draw capital once per year in December, giving BOOK good visibility over the timing and quantum of future capital calls. Most of BOOK's portfolio companies are increasingly profitable and cash generative, so it has the ability to generate further cash from the portfolio to build its cash reserves in due course if this is required by the Company.

Literacy Capital obtained investment trust status on 1 April 2022. In order to maintain the status, the Company must pay out at least 85% of its net income annually. The Board will continue to ensure that the business retains sufficient liquidity to pay any dividends that are expected or need to be paid to shareholders. If a dividend equating to at least 85% of net income needs to be paid, this will be paid out of cash income received by the Trust, so will be self-funding.

The Directors do not believe there are any significant risks and uncertainties likely to impact the ability of the Company to continue in business and believe that it has adequate resources to operate for at least twelve months from the date of approval of the financial statements, and so for this reason, the Company continues to adopt the going concern basis in preparing the accounts.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss for equity and debt investments, which are measured at fair value.

2.2 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods. The following are amendments that the Company has decided not to adopt early as they are not expected to have a material impact on the Company's financial statements:

- Amendments to IAS 1, Presentation of financial statements in classification of liabilities as current or noncurrent (effective 1 January 2023)
- Amendments to IAS 1, Disclosure of Accounting Policies (effective 1 January 2023); and
- Amendments to IAS 8, Definition of Accounting Estimates (effective 1 January 2023).

3. Accounting policies

3.1 Revenue

Revenue is measured as the fair value of the consideration received or receivable and predominantly includes income from investments.

As stated in IFRS 15 the Company recognises revenue from rendering services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

Interest income is recognised as a gain on fair value of investments in the Statement of Comprehensive Income. This is done in accordance with the measurement of debt investments (on which the aforementioned interest income is earned) being held at fair value through profit and loss. This is based on the fact that the interest income on these debt investments is incidental to the business model's objective. This has been further explained below in 'Accounting Policies for Financial Instruments' (Note 3.4). Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Dividends receivable on equity share Provision is made for any non-equity dividends not expected to be received.

3.2 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.3 Alternative investment fund manager fee

The Company accrues for an annual management fee by Literacy Capital Asset Management LLP (an Alternative Investment Fund Manager, "AIFM"), which is calculated as 0.9% of the closing December 2022 adjusted Net Asset Value, as set out in the Investment Management Agreement.

The Company is party to an agreement dated 18 June 2021 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of the Company. The Investment Manager has agreed to provide customary services of a discretionary investment manager that is also appointed as a UK AIFM to the Company. The Investment Manager also provides certain company secretarial services to the Company pursuant to the Investment Management Agreement.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee referred to above together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties.

The Investment Management Agreement may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Company has also agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with the Company's activities that are not attributable to, inter alia, a material breach of requirements applicable to the Investment Manager, or the negligence, fraud, wilful default or bad faith of, the Investment Manager.

The Company is also party to a side letter agreement dated 18 June 2021 between the Company and the Investment Manager pursuant to which the Company has agreed to issue Warrants to members and employees of the Investment Manager both prior to Admission and at intervals thereafter upon request of the Investment Manager, provided that the maximum number of Warrants to be issued will be equal to 5 per cent of the total issued share capital at the time of Admission, being 60,000,000 shares at 25 June 2021.

3.4 Financial instruments

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Measurement

When the Company first recognises a financial asset, it classifies the asset based on the business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- Amortised cost – a financial asset is measured at amortised cost if both of the following conditions are met:
    - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
    - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

- Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

The debt investments are held at fair value through profit or loss even though the Company collects contractual cash flows through its holding in such investments. The Company does not consider collection of contractual cash flows to be integral, rather it is incidental to the business model's objective which is to hold these investments for the long term. On this basis, it was concluded debt investments held at fair value through profit or loss would give a more reliable representation at the relevant balance sheet date. As a result, the interest accrued on these investments is recognised as a gain on fair value of investments in the Statement of Comprehensive Income. The gain on the disposal of any such investments is recognised as realised gain on disposal of investments in the Statement of Comprehensive Income.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The manager determines asset values using the valuation principles of IFRS 13. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Impairment

12-month expected credit losses
12-month expected credit losses are calculated by multiplying the probability of a default occurring in the next 12 months with the total (lifetime) expected credit losses that would result from that default, regardless of when those losses occur. Therefore, 12-month expected credit losses represent a financial asset's lifetime expected credit losses that are expected to arise from default events that are possible within the 12-month period following origination of an asset, or from each reporting date for those assets in initial recognition stage.

Lifetime expected credit losses
Lifetime expected credit losses are the present value of expected credit losses that arise if a borrower defaults on its obligation at any point throughout the term of a lender's financial asset (that is, all possible default events during the term of the financial asset are included in the analysis). Lifetime expected credit losses are calculated based on a weighted average of expected credit losses, with the weightings being based on the respective probabilities of default.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. The Company uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

3.5 Charitable donations

The Company recognises an accrual for charitable donations which is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts. The donations are paid subsequent to the year end and the accrual is reversed to the extent of the amount paid as donations.

3.6 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Profit or Loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax balances are recognised in respect of all taxable temporary differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.8 Basis of treatment of subsidiaries

Subsidiaries are those enterprises which are controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. The following investee companies meet the definition of being controlled by the Company on the basis of ownership (>50% ownership of shares):

Trading name (Topco entity)	Registered address and principal place of business
RCI Group (RCI Group Ltd)	First Floor, Station Place, Argyle Way, Stevenage, SG1 2AD
Grayce (Kelly Topco Ltd)	1st Floor, Hilton House, Hilton Street, Manchester, M1 2EH
Techpoint (Techpoint Group Ltd)	Unit 1 Mundford Road Trading Estate, Thetford, Norfolk, IP24 1HX
Antler Homes (Rottnest Holdings Ltd)	Knightway House, Park Street, Bagshot, Surrey, GU19 5AQ
Oxygen Freejumping (OFJ Spring Topco Ltd)	15 Vision Industrial Park, Kendal Avenue, London, W3 0AF
Halsbury Travel (Huron Topco Ltd)	35 Churchill Park Colwick Business Estate, Nottingham, NG4 2HF
Tyrefix UK (Noah Topco Ltd)	Tyrefix Brookside Industrial Estate, Spring Road, Ibstock, Leicestershire, LE67 6LR
Ashleigh & Burwood (Heritage Topco Ltd)	Heritage House, Pool Road, West Molesey, Surrey, KT8 2NU
EPM (EPM Topco Ltd)	20, Harris Business Park, Hanbury Road, Bromsgrove, B60 4DJ
Alufold Direct (Vista Topco Ltd)	6b Frontier Park, Frontier Avenue, Blackburn, BB1 3AL
Flight Calibration Services (Albatross Topco Ltd)	Calibration House, 17-19 Cecil Pashley Way, Shoreham Airport, Shoreham BN43 5FF

Under IFRS 10 'Consolidated Financial Statements', qualifying entities that meet the definition of an investment entity are not required to prepare consolidated financial statements and instead account for subsidiaries at fair value through profit or loss. The Directors deem the Company to be an investment entity and therefore the Company does not consolidate its subsidiary but instead carries it at fair value through profit or loss. Please refer to Note 2.

3.9 Operating Segments

The Board consider that the Company has one operating segment, being the activity of investing in unquoted companies primarily for capital appreciation in accordance with the Company's published investment objective as disclosed in the Strategic Report. The Company operates within the United Kingdom. The Board therefore concludes that further disclosures under IFRS 8 Operating Segments are not required.

3.10 Share-based payments

Warrants to subscribe for shares in the Company, which vest over a three-year period, have been issued to certain Members of the Investment Manager. Equity-settled share-based payments are measured at fair value at the date of grant, which is then recognised in the profit or loss over the period that services are provided to the Company, between the start of the performance period and the vesting date of the warrants. The number of share awards expected to vest considers the likelihood that performance and service conditions included in the terms of the warrants will be met. The fair value is measured using an appropriate model which takes into account the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the award and any other relevant factors. Expenses from share-based transactions are recognised in profit and loss and held in the share-based payment reserve at fair value, on a straight-line basis over the vesting period over which all specified vesting conditions are satisfied. The expense is adjusted for the forfeiture of the participants' rights that no longer meet the vesting requirement. The cost of the share-based payments is allocated to operating expenses.

3.11 Finance charge

Finance charges on the Investec Revolving Credit Facility ("RCF") are recognised as an expense in the statement of comprehensive income under the line item 'Finance costs'. Finance charges, including interest and non-utilisation fees in relation to the RCF is recognised in the period it relates to.

3.12 Borrowings

Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised. Finance charges are accounted for on an accruals basis.

4. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

A foreign currency transaction is recorded initially at the rate of exchange at the date of the transaction. Assets and liabilities are translated from foreign currency to the functional currency at the closing rate at the end of the reporting period. The resulting gains or losses are included in the statement of comprehensive income.

5. Accounting estimates and judgements

The preparation of financial statements in conformity with International Accounting Standards requires Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of Investments: Judgements made by Directors in the application of International Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to the valuations of unquoted equity and debt investments, as disclosed in Note 13.

6. Investment income

The following table sets out the income derived from investments:

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	**£**
Distribution of income from investments	4,595	5,724,647
Total	**4,595**	**5,724,647**

7. Operating expenses

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	**£**
Non-Executive Director remuneration	78,605	26,180
Auditor remuneration	62,000	57,500
Other operating expenses	611,385	236,029
Total	**751,990**	**319,709**

8. Management fee

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	**£**
Management fee	1,879,485	434,101
Total	**1,879,485**	**434,101**

9. Employees

The Company has no employees, however, the average number of Directors during the period was 6 (31 March 2022: 6).

10. Charitable donations

The Company has recognised charitable donation expenses of £1,879,485 (three-months to 31 March 2022: £434,101). The charitable donation expense is calculated on a calendar year basis. The expense for the entire 12 months of 2022 is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £257.1 million (31 March 2022: £192.9 million).

During the nine-month period to 31 December 2022, donations paid were £1,711,382 (three-months to 31 March 2022: £256,538). The accrual for charitable donations at the period end amounts to £2,279,139 (31 March 2022: £2,141,036). See Note 24 liquidity risk disclosure for maturity analysis of the accrual for charitable donations.

11. Finance costs

The finance costs are in relation to the Company's revolving credit facility. The costs comprise an interest element which is floating and linked to SONIA, as well as an ongoing non-utilisation fee linked to the undrawn balance.

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	£
Finance costs on Revolving Credit Facility	629,519	55,480
Total	**629,519**	**55,480**

12. Taxation

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	£
Current taxation		
United Kingdom corporation tax at 19% (31 March 2022: 19%)	-	-
Adjustments in respect of prior periods	-	-
	-	-

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	£
Deferred taxation		
Origination and reversal of temporary differences	(1,967,493)	(643,197)
Utilisation of a deferred tax asset	-	-
Adjustments in respect of prior periods	57,421	186,395
Effect of tax rate change on opening balance	-	-
	(1,910,072)	**(456,802)**

The actual tax charge for the current and previous periods differs from the standard rate for the reasons set out in the following reconciliation:

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	£	£
Profit on ordinary activities before taxation	**60,568,438**	**25,677,116**
Tax on profit on ordinary activities at standard rate of 19% (31 March 2022: 19%)	11,470,763	4,878,652
Factors affecting tax charge for the period:		
Income not taxable in determining taxable profit	(12,340,236)	(4,262,250)
Expenses not deductible for tax purposes and other adjustments	294,222	21,201
Deferred tax on fair value gain on investments	-	-
Other permanent differences	-	-
Exempt ABGH distributions	-	(1,116,724)
Chargeable gains/(losses)	-	(9,709)
Adjustments to tax charge in respect of previous periods	-	-
Adjustments to tax charge in respect of previous periods - deferred tax	57,421	186,395
Remeasurement of deferred tax for changes in tax rates	-	(154,367)
Movement in deferred tax not recognised	517,830	-
Impact of moving to Investment Trust	(1,910,072)	-
Total tax on profit on ordinary activities	**(1,910,072)**	**(456,802)**

Literacy Capital plc qualified for Investment Trust status with effect from the financial year commencing 1 April 2022, and as such, its capital gains are now not taxable. A tax credit of £1.9m has been recognised in the period due to the reversal of the opening deferred tax liability on unrealised chargeable gains.

There is no UK current tax charge at 31 December 2022 as the Company had sufficient losses to fully relieve all taxable income amounts.

At 31 December 2022 the Company had a potential deferred tax asset of £1.9m on taxable losses which are available to be carried forward and offset against future taxable profits. A deferred tax asset has not been provided on these losses as it is not considered sufficiently certain that the Company will make taxable revenue profits in the future and it is not liable to pay tax on its capital gains. The potential deferred tax asset has been calculated using a corporation tax rate of 25%.

The tax has been calculated using a 19% corporation tax rate being the substantively enacted rate for the year starting 1 April 2021. The deferred tax, however, has been calculated using a 25% corporation tax rate, being the substantively enacted rate for the year starting 1 April 2023.

The net taxation credit through the profit and loss account is £1,910,072 (31 March 2022: credit of £456,802).

Factors that may affect future tax charges

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended 30 April 2022. On 3 March 2021, the UK Budget announcement stated that in April 2023, the Corporation Tax rate will be increased from 19% to 25%.

13. Financial instruments

	31 December 2022	31 March 2022
	£	£
Assets		
Financial assets at fair value through profit or loss		
Equity instruments at fair value through profit or loss	221,332,177	152,352,376
Debt instruments at fair value through profit or loss	49,246,340	38,861,130
Financial assets at amortised cost		
Cash and cash equivalents	1,472,034	2,982,399
Trade and other receivables (excluding prepayments)	-	542
Total financial assets	**272,050,551**	**194,196,447**
Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	1,297,453	604,847
Revolving Credit Facility	16,324,648	-
Total financial liabilities	**17,622,101**	**604,847**

The investment reconciliation schedule for the Company as at 31 December 2022 is as follows:

	Equity instruments at fair value through profit or loss		Debt instruments at fair value through profit or loss		31 December 2022 Total
	£	£	£	£	£
Investments at 31 March 2022		**152,352,376**		**38,861,130**	**191,213,506**
Additions		8,712,857		12,213,509	**20,926,366**
Proceeds from the disposal of investments	(4,656,684)		(2,608,724)		(7,265,408)
Realised gain / (loss) on disposal of investments	(27,051)		92,280		65,229
Cost of Disposal		(4,683,735)		(2,516,444)	**(7,200,179)**
Fair value movement through profit or loss		64,676,375		688,146	**65,364,521**
Unrealised FX gain / (loss)		274,303		-	**274,303**
Investments at 31 December 2022		**221,332,176**		**49,246,341**	**270,578,517**

The investment reconciliation schedule for the Company as at 31 March 2022 is as follows:

	Equity instruments at fair value through profit or loss		Debt instruments at fair value through profit or loss		31 March 2022 Total
	£	£	£	£	£
Investments at 31 December 2021		**125,308,419**		**38,335,390**	**163,643,809**
Additions		4,797,117		1,685,605	**6,482,722**
Proceeds from the disposal of investments	(108,638)		-		(108,638)
Realised gain / (loss) on disposal of investments	28,677		-		28,677
Cost of Disposal		(79,958)		-	**(79,958)**
Fair value movement through profit or loss		22,264,259		(1,159,865)	**21,104,394**
Unrealised FX gain / (loss)		62,539		-	**62,539**
Investments at 31 March 2022		**152,352,376**		**38,861,130**	**191,213,506**

Fair values of financial instruments

The Company determines fair values using other valuation techniques, based on the IPEV guidelines.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used.

The Investment Manager has selected to use EBITDA/EBIT and TGAV multiple models, milestone valuations and recent fundraises for growth investments in arriving at the fair value of investments held as Level 3 in the fair value hierarchy. The effect on the fair value measurements of Level 3 assets, as a consequence of changing one or more of the assumptions used to reasonably possible alternative assumptions can be seen on page 63.

For assets managed and valued by a third party, the fund manager provides the Company with periodic valuations of the Company's investment. The Company reviews the valuation methodology of the third-party manager. If deemed appropriate and consistent with the Company's reporting standards, the Board will adopt the valuation prepared by the third-party manager. The Company adjusts the third-party valuations for any capital calls paid and distributions received between the underlying managers reporting date and 31 December 2022 to arrive at the Directors' best estimate of fair value. The estimated valuations therefore do not take into consideration the unrealised market movements between the underlying managers reporting date and 31 December 2022. The valuations that the underlying managers ultimately provide as at 31 December 2022 may therefore materially differ to the latest valuation report available at the time of preparing these financial statements.

Fair value hierarchy – Financial assets at fair value through profit and loss

Financial assets and liabilities 31 December 2022	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equity instruments at fair value through profit or loss	-	12,745,435	208,586,741	221,332,176
Debt instruments at fair value through profit or loss	-	-	49,246,341	49,246,341
Total investments	**-**	**12,745,435**	**257,833,082**	**270,578,517**

Financial assets and liabilities 31 March 2022	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equity instruments at fair value through profit or loss	-	12,269,604	140,082,772	152,352,376
Debt instruments at fair value through profit or loss	-	-	38,861,130	38,861,130
Total investments	**-**	**12,269,604**	**178,943,902**	**191,213,506**

The following tables shows a reconciliation of the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy for the underlying investments held by the Company.

Unquoted investments (including debt)	31 December 2022	31 March 2022
	£	£
Balance as at 1 April / 1 January	178,943,902	152,597,441
Additional investments	19,238,786	6,255,355
Proceeds from disposal of investments	(6,394,200)	(711)
Realised gain / (loss)	65,229	-
Change in fair value through profit & loss	65,979,365	20,091,817
Balance as at 31 December / 31 March	**257,833,082**	**178,943,902**

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used on 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description Inputs	Fair value on 31 December 2022	Fair value on 31 March 2022	Significant unobservable Inputs
	£	£	
Unquoted private equity investments (including debt)	228,848,343	144,574,447	EBITDA multiple
Unquoted growth capital investments	14,199,613	20,701,585	Milestone
Unquoted private equity investments (including debt)	14,785,126	13,667,870	TGAV Multiple
	257,833,082	**178,943,902**	

Significant unobservable inputs are developed as follows:

- **EBITDA and TGAV multiple**: valuation multiples used by other market participants when pricing comparable assets. Where relevant and comparable private companies have recently been sold, which are deemed to be proximate to the Company's investments (based on similarity of sector, size, geography or other relevant factors), these multiples are captured for valuation purposes. Where relevant, or where insufficient private transactions have been identified, valuation data for public companies may be used too.
- **Milestone**: for assets which have recently completed fundraising rounds, the Company uses these valuations when determining its own holding valuations.

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of Level 3 assets, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the Level 3 investment valuations:

- For the Company's investment in Level 3 assets which are valued using an EBITDA multiple, the valuations used in the preparation of the financial statements imply an average EBITDA to Enterprise Value multiple of 8.3x (weighted by each asset's total valuation). The key unobservable inputs into the preparation of the valuation of mature Level 3 assets was the EBITDA to Enterprise Value multiple applied to the asset's financial performance. If these inputs had been taken to be 10 per cent. higher, the value of the Level 3 assets and profit for the period would have been £30.9m higher. If these inputs had been taken to be 10 per cent. lower, the value of the Level 3 assets and profit for the period would have been £31.1m lower.
- The Company's investment in a Level 3 asset which is valued using TGAV multiple, was valued at 1.2x in the preparation of the financial statements. The key unobservable inputs into the preparation of the valuation of mature Level 3 assets was the TGAV to Enterprise Value multiple applied to the businesses' assets. If this had been taken to be 10 per cent. higher, the value of the Level 3 asset and profit for the period would have been £2.9m higher. If these inputs had been taken to be 10 per cent. lower, the value of the Level 3 asset and profit for the period would have been £2.9m lower.
- For the Company's investment in Level 3 assets which are valued using Milestone, the use of different methodologies or assumptions could lead to different measurements of fair value. The key unobservable inputs into the preparation of the valuation was the Revenue to Enterprise Value multiple used. If the output had been taken to be 10 per cent. higher, the value of the Level 3 assets would have been £1.4m higher. If the output had been taken to be 10 per cent. lower, the value of the Level 3 assets would have been £1.4m lower.

10 per cent. was chosen as an appropriate sensitivity metric to be used as this is the typical amount a multiple could move between valuations.

14. Cash and cash equivalents

	31 December 2022	31 March 2022
	£	£
Cash at bank	1,472,034	2,982,399
Total	**1,472,034**	**2,982,399**

15. Trade and other receivables

	31 December 2022	31 March 2022
	£	£
Prepayments	541,756	528,066
Other receivables	-	542
Total receivables	**541,756**	**528,608**

16. Trade and other payables

	31 December 2022	31 March 2022
	£	£
Trade payables	84,243	96,907
Accrued expenses	604,655	503,637
Other creditors	608,555	4,303
Total payables	**1,297,453**	**604,847**

17. Deferred Tax

The following are the deferred tax assets and liabilities recognised by the Company and the movements during the nine months ended 31 December 2022:

	Fair value gain on investments	Tax losses	Short-term timing differences	Total
	£	£	£	£
On 1 April 2022	(3,206,174)	760,842	535,260	(1,910,072)
(Charge)/credit to income	3,206,174	(760,842)	(535,260)	1,910,072
At 31 December 2022	**-**	**-**	**-**	**-**

The following are the deferred tax assets and liabilities recognised by the Company and the movements during the three months ended 31 March 2022:

	Fair value gain on investments	Tax losses	Short term timing differences	Total
	£	£	£	£
On 1 January 2022	(3,226,118)	368,349	490,895	(2,366,874)
(Charge)/credit to income	19,944	392,493	44,365	456,802
On 31 March 2022	**(3,206,174)**	**760,842**	**535,260**	**(1,910,072)**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2022	31 March 2022
	£	£
Deferred tax liability	-	(1,910,072)
Total	**-**	**(1,910,072)**

At 31 December the Company had a potential deferred tax asset of £1.9m on taxable losses which are available to be carried forward and offset against future profits (31 March 2022: £nil).

18. Debt

Literacy Capital plc entered into a £25m Revolving Credit Facility ("RCF") with Investec in December 2021. On 31 December 2022, £15.85m had been drawn (31 March 2022: nil). This facility is committed by Investec Bank plc until December 2024. The Company's has provided security in the form of its underlying portfolio companies. A pre-agreed margin (dependent on loan to value at each drawing) plus the daily SONIA rate is charged on borrowed amounts. A non-utilisation fee is also charged on the available undrawn amounts of the facility. Note 11 details the finance costs charged within the period.

	31 December 2022	31 March 2022
	£	£
Revolving Credit Facility	15,850,000	-
Accrued interest on Revolving Credit Facility	474,648	-
Total	**16,324,648**	**-**

19. Share capital

	31 December 2022	31 December 2022	31 March 2022	31 March 2022
	Number	£	Number	£
Ordinary shares of £0.001 each	60,000,000	60,000	60,000,000	60,000
Deferred shares of £0.001 each	-	-	49,950,000	49,950
Total shares	**60,000,000**	**60,000**	**109,950,000**	**109,950**

- The number of shares issued and allotted have been paid to the extent of 60,000,000 shares amounting £60,000 as at 31 December 2022 (31 March 2022: 60,000,000 shares amounting £60,000). In the period, the debtor in relation to the deferred shares was paid, before the deferred shares were repurchased by the Company and cancelled on 7 July 2022 (for the three months ended 31 March 2022: 49,950,000 shares amounting £49,950).
- All ordinary shares have the same voting rights, preferences, and no restrictions on the distribution of dividends and the repayment of capital.
- All deferred shares have no voting rights and are not entitled to the distribution of dividends and the repayment of capital.
- The Company's articles do not limit the number of new ordinary shares which can be issued.

20. Basic and diluted profit per share (pence)

Basic profit per share is calculated by dividing the profit of the Company for the period attributable to the ordinary shareholders of £62,478,510 (for the three months ended 31 March 2022: profit of £26,133,918) divided by the weighted average number of shares outstanding during the period of 60,000,000 (for the three months ended 31 March 2022: 60,000,000).

Diluted profit per share is calculated by dividing the profit of the Company for the period attributable to the ordinary shareholders of £62,478,510 (for the three months ended 31 March 2022: profit of £26,133,918) divided by the weighted average number of ordinary shares outstanding during the period, but including the outstanding warrants at period end which are expected to vest, which totals 60,391,327 shares (for the three months ended 31 March 2022: 60,302,500).

21. NAV per share (pence)

The Company's basic NAV per share of 421.2 pence (for the three months ended 31 March 2022: 316.9 pence) is based on the net assets of the Company at the period end of £252,691,067 (for the three months ended 31 March 2022: £190,118,508) divided by the shares in issue at the end of the period of 60,000,000.

'Alternative Performance Measures' on page 71 which sets out why a diluted NAV and NAV per share have been used with 'Performance Highlights' on page 3 and the 'Strategic Report' from page 6.

22. Warrants

The following table set out the movement of warrants in issue during the period.

	For the nine months ended 31 December 2022	For the three months ended 31 March 2022
	Number	**Number**
Outstanding warrants at the beginning of the period	**302,500**	**302,500**
Warrants issued during the period	100,000	-
Warrants forfeited during the period	(52,500)	-
Warrants vested during the period	-	-
Outstanding warrants at the end of the period	**350,000**	**302,500**

23. Reserves

The following are the reserves with the entity as on 31 December 2022:

- Share Capital: Capital issued and paid to the extent of £60,000.
- Share Premium: Premium above par value issued and fully paid. The Share Premium account is distributable.
- Retained Earnings: Accumulated profits and losses less any dividends paid.
- Share based payment reserves: The fair value of any share based payments recognised at the reporting date.

24. Financial risk management

The Company's financial instruments comprise:

- Investments in unlisted companies, comprising equity and loans
- Cash and cash equivalents
- Revolving Credit Facility
- Accrued interest, trade and other receivables, accrued expenses and sundry creditors

Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, currency risk and interest rate risk. None of those risks are hedged. These risks arise through directly held financial instruments and through the indirect exposures created by the underlying financial instruments in the investments. These risks are managed by the Directors in conjunction with the Investment Manager.

Capital Management

The Company's capital is represented by ordinary shares of £0.001 each, which carry one vote per share and are entitled to dividends. The only additional restriction the Company has in relation to its share capital is that, pursuant to shareholder approval on 15 June 2021, the maximum number of shares the Company can repurchase is 14.99% of the Ordinary Shares in issue. The movements in share capital are shown in the consolidated statement of changes in equity.

The Company's objectives are to achieve positive, long-term returns for shareholders. In meeting this objective, the Company may issue shares or return capital to shareholders by paying dividends or repurchasing shares.

The Company's debt and capital structure comprises the following:

	31 December 2022	31 March 2022
	£	**£**
Debt		
Revolving Credit Facility	16,324,648	-
	16,324,648	-
Equity		
Ordinary shares of £0.001 each	60,000	60,000
Deferred shares of £0.001 each	-	49,950
	60,000	109,950
Total debt and equity	**16,384,648**	**109,950**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's liquid assets comprise cash and cash equivalents and trade and other receivables, which are readily realisable. The Company's liabilities consisted of trade and other payables which are to be settled within one year as well as its Revolving Credit Facility which is committed until December 2024.

On 31 December 2022	**<1 Year**	**1 - 5 Years**	**Over 5 years**	**No stated maturity**
	£	**£**	**£**	**£**
Financial liabilities				
Trade and other payables	692,798	-	-	-
Accruals	604,655	-	-	-
Accrual for charitable donations	2,279,139	-	-	-
Revolving Credit Facility	-	16,324,648	-	-
Total	**3,576,592**	**16,324,648**	**-**	**-**

On 31 March 2022	**<1 Year**	**1 - 5 Years**	**Over 5 years**	**No stated maturity**
	£	**£**	**£**	**£**
Financial liabilities				
Trade and other payables	101,210	-	-	-
Accruals	503,637	-	-	-
Accrual for charitable donation	1,706,935	434,101	-	-
Total	**2,311,782**	**434,101**	**-**	**-**

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's financial assets are held at fair value through profit or loss except trade and other receivables which is held at amortised cost. The Company monitors the credit risk on this asset based on the historical credit loss experience and past due status of the debtors in absence of an external credit rating and takes into consideration forward-looking and macroeconomic information to consider the risks of a default event occurring. The carrying amount of the financial assets at fair value through profit or loss as disclosed in note 13 best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

	31 December 2022	**31 March 2022**
	£	**£**
Trade and other receivables (excluding prepayments)	-	542
Cash and cash equivalents	1,472,034	2,982,399

The maximum exposure to credit risk before any credit enhancements as at 31 December is the carrying amount of the financial asset held at amortised cost as set out in Note 13.

Expected Credit Loss (ECL) is the probability-weighted estimate of credit losses over the expected life of a Financial Instrument. For trade and other receivables, the Company has applied the simplified approach in IFRS 9 to measure the allowance at lifetime expected credit losses. The Company has evaluated the credit risk based on the historical credit loss experience and based on past due status of the debtors, taking into consideration forward-looking and macroeconomic information to consider the risks of a default event occurring. Following the assessment of the risk by management there was no evidence of default events occurring and it was concluded that the asset does not have a significant increase in credit risk since initial recognition and has low credit risk at the reporting date.

Currency risk

The Company's operations are conducted in Sterling. Investments are typically made in Sterling, though the Company has made investments in Euro and US Dollar denominated funds. On 31 December 2022, BOOK had outstanding commitments to three fund investments denominated in EUR and USD totalling £3.1m. There is therefore a risk from fluctuations in GBP: Euro and USD: GBP rates. The Investment Manager considers these factors when making any investment decisions.

The below tables show a sensitivity analysis on the impact of foreign exchange rate movements on the net asset value (NAV) of the Company:

FX changes	31 December 2022		31 March 2022	
	% change in NAV	NAV	% change in NAV	NAV
No change	-	252,691,067	-	190,118,508
10% favourable change	0.35%	253,585,710	0.45%	190,977,855
10% unfavourable change	(0.35)%	251,796,424	(0.37)%	189,415,406

The below tables show a sensitivity analysis on the impact of foreign exchange rate movements on the profit and loss of the Company:

FX changes	31 December 2022		31 March 2022	
	% change in profit	Profit in period	% change in profit	Profit in period
No change	-	62,478,510	-	26,133,918
10% favourable change	1.43%	63,373,153	3.29%	26,993,265
10% unfavourable change	(1.43)%	61,583,867	(2.69)%	25,430,816

Interest rate risk

At the end of the period, the Company had £15.85m drawn from its £25m Revolving Credit Facility, with the interest costs floating and linked to SONIA. The Directors and Investment Manager monitor the SONIA rate and consider this and the total interest costs of the facility prior to making any drawdown.

Interest rates being lowered is not considered a risk, given interest income received by the Trust is low, given the levels of cash the Company has, as well as the already low rates of interest earnt on these balances.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

25. Related party transactions

Two Directors of the Company are designated members of Literacy Capital Asset Management LLP ("LCAM").

Total expenses through the statement of comprehensive income with LCAM during the period was £1,879,485 (31 March 2022: £434,101). The total expense related to the rendering of AIFM services during the period. At the period end the balance due to be paid to the LLP for these services was £510,061 (31 March 2022: £62,838).

The Company recognises Bookmark Reading Trading Limited as a related party because Sharon Pindar, wife of Paul Pindar, is a Director in Bookmark Reading Trading Limited.

The Company also recognises Bookmark Reading Charity as a related party for the same reason as mentioned above for Bookmark Reading Trading Limited.

The total payments made during the period was £1,645,582 (31 March 2022: £231,538). The Company has a provision or charity and other donation payments amounting to £2,279,139 (31 March 2022: £2,141,036). Out of this provision, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

26. Capital Commitments

Further capital commitments of €2,366,333 (31 March 2022: €4,323,240), £294,530 (31 March 2022: £294,530) and $1,200,000 (31 March 2022: $1,200,000) remain outstanding and are yet to be drawn down.

27. Subsequent events

The most significant event to occur since the period end relates to the sale of Kernel Global, which was announced on 14 March 2023. This transaction valued BOOK's interest in the business at £28.6 million, representing a £9.4 million uplift, or 48.9% premium, to the carrying value on 31 December 2022.

BOOK has not made any new platform investments since the period end. Since 31 December 2022, the Company made incremental investments into four existing portfolio companies. The first was to acquire the instruments owned by a departing manager and shareholder of one business, while the remaining three were to provide additional funding to support the businesses' growth plans.

28. Ultimate controlling party

Literacy Capital plc does not have an ultimate controlling party.

Alternative Performance Measures (unaudited)

As well as financial performance, the Board of Directors and Investment Manager monitor Alternative Performance Measures. An APM is a numerical measure of the Company's historical or current performance. The following APMs are typically used within the investment trust sector to provide additional information to help assess performance.

Diluted NAV and NAV per share

The 31 December 2022 NAV and NAV per share reported within 'Performance Highlights' on page 3, and 'Strategic Report' from page 6 includes an adjustment to the net asset value to take account for the dilutive impact of warrants in issue, calculated on a straight-line basis over the vesting period of the warrants. At 31 March 2022, the NAV contained certain deferred tax liabilities that the Company did not expect to pay following it receiving Investment Trust status on 1 April 2022. For comparability these deferred tax liabilities have been removed from the NAV at 31 March 2022.

	31 December 2022	31 March 2022
	£	£
Net Asset Value	252,691,067	190,118,508
Proceeds from warrants vesting	283,965	-
Deferred tax liabilities added back	-	1,910,072
Net Asset Value for diluted NAV per share calculation	**252,975,031**	**192,028,580**
Ordinary shares in issue	60,000,000	60,000,000
Additional shares issued from warrants vesting	149,224	-
Total shares for diluted NAV per share calculation	**60,149,224**	**60,000,000**
Diluted Net Asset Value per share	**4.206**	**3.200**

Diluted NAV per share of £4.206 multiplied by 60,000,000 ordinary shares = diluted NAV of £252.4m at 31.12.22

Total Return

Share price and NAV total returns show how the share price and NAV have performed over the nine-month period to 31 December 2022.

	Share price mid-point	NAV per share[1]
Opening at 1 April 2022	297.0p	320.0p
Closing at 31 December 2022	368.0p	420.6p
Change in nine months to 31 December 2022	23.9%	31.4%
Dividends declared or paid	-	-
Total return in nine months to 31 December 2022	**23.9%**	**31.4%**

The following table shows the total returns in the previous three-month period to 31 March 2022.

	Share price mid-point	NAV per share[1]
Opening at 1 January 2022	295.0p	277.2p
Closing at 31 March 2022	297.0p	320.0p
Change in three months to 31 March 2022	0.7%	15.4%
Dividends declared or paid	-	-
Total return in three months to 31 March 2022	**0.7%**	**15.4%**

[1] The calculation of the NAV per share figures is shown above under 'Diluted NAV and NAV per share'

Alternative Performance Measures (unaudited)

Share Price Premium or Discount

The table below shows the amount by which the share price mid-point is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

	31 December 2022[1]	31 March 2022[1]
Share price mid-point	368.0p	297.0p
NAV per share	420.6p	320.0p
Share price premium or (discount)	**(12.5%)**	**7.7%**

[1] The calculation of the NAV per share figures is shown above under 'Diluted NAV and NAV per share'

Ongoing Charges

The ongoing charges are calculated in line with guidance issued by the Association of Investment Companies ('AIC') and capture management fees and expenses, which are operational and recurring by nature but excluding finance costs, incurred by the Company. The calculation does not include the expenses or management fees incurred by any underlying funds or portfolio companies. As a result of BOOK now having investment trust status, irrecoverable VAT on the investment management fee in 2021 has been removed for comparability, as this is no longer recurring.

The calculation is based on the ongoing charges expressed as a percentage of the average quarterly NAV figures published during the nine-month period to 31 December 2022.

BOOK's ongoing charges, excluding the 0.9% annual charitable donation provision, were calculated as 1.33% (31 December 2021: 1.58%).

BOOK's ongoing charges, including the 0.9% annual charitable donation provision, were calculated as 2.41% (31 December 2021: 2.82%).

BOOK's investment management fees and charitable donation are calculated as 0.9% of net assets at the end of the financial period, which allows these costs to be calculated based on audited net asset figures, rather than unaudited quarterly figures. This translates into slightly higher ongoing charges and donations, compared to the AIC's suggested calculation which uses average net assets in the period, if net assets grow in the period.

Additional Information (unaudited)

Investment Policy

The Company's investment policy is to invest in a diversified portfolio consisting primarily of equity and equity related securities issued by unquoted companies.

Investments will be primarily in equity and equity-related instruments (which shall include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by portfolio companies. The Company will also be permitted to invest in partnerships, limited liability partnerships and other legal forms of entity where the investment has equity like return characteristics.

For the purposes of this investment policy, unquoted companies shall include companies with a technical listing on a stock exchange but where there is no liquid trading market in the relevant securities on that market (for example, companies with listings on The International Stock Exchange and the Cayman Stock Exchange). Further, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

The Company may hold debt instruments issued by a portfolio company where the Company also has equity or equity-related interests in that portfolio company.

The Company may participate in the IPO of an existing unquoted company investment, subject to the investment restrictions below. In particular, unquoted portfolio companies may seek IPOs from time to time following an investment by the Company, in which case the Company may continue to hold its investment without restriction.

The Company will invest and manage its assets with the objective of spreading risk. No single investment (including related investments in group entities) will represent more than 20 per cent of Gross Assets, calculated as at the time of that investment. The Company will not be required to dispose of any investment or rebalance its portfolio as a result of a change in the respective value of any of its investments.

While the Company does not intend to focus its investments on a particular sector, there is no limit on the Company's ability to make investments in portfolio companies within the same sector if it chooses to do so.

The Company will seek to ensure that it has suitable and appropriate investor protection rights through its investment in portfolio companies.

The Company may acquire investments directly or by way of holdings in SPVs, intermediate holding vehicles or other fund or similar structures.

The Company may also make charitable donations equal to 0.9 per cent of net assets in each financial year, as determined by the Board from time to time.

Borrowing Policy

The Company may incur indebtedness of up to a maximum of 20 per cent of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes.

Where the Company invests in portfolio companies indirectly (whether through SPVs as holding entities, funds or otherwise), notwithstanding the previous paragraph, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other investments made by the Company.

Additional Information (unaudited)

Investment restrictions

The Company will voluntarily comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA for closed ended funds subject to the Listing Rules:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy; and
- not more than 10 per cent of the Gross Assets at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent of their gross assets in other listed closed-ended investment funds.

Any material change to the investment policy of the Company will be made only with the approval of Shareholders.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Company through an RNS Announcement.

AIFM Statement (unaudited)

Periodic Disclosures

Literacy Capital Asset management ("LCAM") has served as the Alternative Investment Fund Manager since 1 April 2020. LCAM and the Company are required to make certain period disclosures in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). For the purposes of AIFMD:

- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report and note 24 to the financial statements set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by LCAM**.**

Leverage

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and can be calculated on a Gross and a Commitment method.

Under the Gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the Commitment method, exposure is calculated without deduction of cash balances and after certain hedging and netting positions are offset against each other.

The table below sets out the current and maximum permitted limit and actual level of leverages for the Company on 31 December 2022:

	Gross method	Commitment Method
Maximum level of leverage	120%	120%
Actual level at 31 December 2022	107%	108%

Material Changes to Information

Article 23 of the AIFM Directive requires certain information to be made available to investors before they invest and requires material changes to this information to be disclosed in the Report and Accounts for the nine-month period to 31 December 2022. There have been no material changes to the Article 23 Disclosures published to the Company's website on 23 June 2021.

Statement of the Alternative Investment Fund Manager's Remuneration Code

The Company is classified as an Alternative Investment Fund (AIF) in accordance with the Alternative Investment Fund Managers Directive (AIFMD). Literacy Capital Asset Management LLP is authorised as an Alternative Investment Fund Manager (AIFM) for the purpose of managing the Company.

As an authorised AIFM, Literacy Capital Asset Management LLP must adhere to the AIFM Remuneration Code. The AIFM Remuneration Code contains a set of principles, which are designed to ensure that AIFMs reward their personnel in a way which promotes sound and effective risk management, which does not encourage risk-taking, which supports the objectives and strategy of any AIFs it manages, and which supports the alignment of interest between the AIFM, its personnel and any AIFs it manages (where this alignment extends to the AIF's investors).

Remuneration at Literacy Capital Asset Management LLP is straightforward. The Members are paid a fixed competitive priority profit share by Literacy Capital Asset Management LLP. At the end of each year, the performance of the Company and Members is reviewed by the Designated Members, in order to determine whether or not a discretionary bonus should be paid. All bonus decisions are agreed unanimously by the Designated Members.

Members have also been issued with warrants to subscribe for Ordinary Shares in the Company, as set out within the 'Share Capital' section on page 35.

The Designated Members are each also paid a fixed proportion of Literacy Capital Asset Management LLP's net profits. They consider that this is the best way to ensure that the Designated Members' interests are aligned with the interests of the Company's investors and fairly remunerated for their contribution. This alignment of interest is reinforced by the fact that Literacy Capital Asset Management LLP's Designated Members, Members and closely associated family members own more than 50% of the Company's ordinary share capital. They have a clear and direct interest in the long term success of the Company. Designated Members have not and will not be issued with warrants to subscribe for Ordinary Shares in the Company.

Corporate Information

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Paul Pindar
Richard Pindar
Kevin Dady
Simon Downing
Christopher Sellers
Rachel Murphy

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Investment Manager
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Company Secretary
Literacy Capital Asset Management LLP

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Shareholder Information

2023 Key Dates

March	Audited report and financial statements published
June	Company's half year-end
August	Half-yearly results published
December	Company's year end

Frequency of NAV Publication

The Company's unaudited NAV is released to the London Stock Exchange on a quarterly basis, in January, April, July and October, typically within four weeks of the quarter end.

Annual and half-yearly report

Copies of the Company's Audited and Interim Reports, stock exchange announcements and further information on the Company can be obtained from the Company's website www.literacycapital.com.

Identification codes

Admission to trading:	Specialist Fund Segment (SFS)
Ticker:	BOOK
ISIN:	GB00BMF1L080

Contacting the Company

Shareholder queries are welcomed by the Company. While any queries regarding your shareholding should be directed to the Registrar, shareholders who wish to raise any other matters with the Company may do so via the registered office of the Company (see Corporate Information section on page 77).