Unaudited Interim Results for Literacy Capital plc

For the six months ended 30 June 2023

Contents

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

Performance Highlights

Focus on helping to build great businesses to generate superior returns

- **NAV per ordinary share of 488.5p**[1]
  - Net assets of **£293.1m**[1], an increase in net assets of **16.1%** in the six months to 30 June 2023
  - Over the same period, the FTSE Investment Company Index declined 2.7**%,** and FTSE All-Share increased 2.6%, compared to a **27.2% increase in BOOK's share price**

- **Portfolio companies maturing and gaining interest from potential acquirors, resulting in uplifts and increasing cash inflows**
  - £21.3m of cash received in H1 2023, higher than any previous six-month period. This is expected to be exceeded again in H2 2023, following receipt of the proceeds from Butternut Box
  - Two significant sales announced so far in 2023, both delivering approximately **50% uplifts to carrying value**

- **Portfolio companies continue to show strong growth, with the Literacy Capital team providing input to improve performance and optimise the composition of the portfolio**
  - Portfolio companies focused on maximising long-term growth and value creation, with **average revenue growth of 69%** amongst the fund's ten largest holdings
  - BOOK has focused on buyout investments, rather than earlier stage growth capital investments, for the last three years. Following the successful sale of the fund's stake in Butternut Box, growth capital investments will equate to less than 0.5% of net assets (down from 15% in 2021)

- **Significant activity and value creation initiatives across the portfolio companies**
  - Completed **two new platform investments** in the period, as well as five small bolt-on acquisitions. Investment activity is expected to continue similarly in the second half of the year
  - Helped to build and strengthen the management teams of portfolio companies with several senior hires

- **Increasing charitable donations, helping disadvantaged children across the UK get a fair chance**
  - **£1,334k of charitable donations** provided for in H1 2023, up 42% on the same period in 2022, in line with growth in NAV
  - Total donations now **amount to £7.1m** since inception of Literacy Capital

Performance to 30 June 2023

% total return	6 months	1 year	Since Admission[2]	3 years	Since Inception[3]
BOOK net asset value	**+16.1%**	**+41.3%**	**+204.1%**	**+302.9%**	**+442.8%**
BOOK share price	**+27.2%**	**+17.0%**	**+192.5%**	**n/a**	**n/a**
FTSE Investment Company Index	(2.7)%	+0.2%	(14.1)%	+11.8%	+27.2%
FTSE All-Share Index	+2.6%	+7.9%	+8.2%	+33.2%	+19.6%

[1] The NAV & NAV per share figures include the impact of the warrants in issue. The calculation is shown in 'Alternative Performance measures', page 32

[2] BOOK was admitted to the London Stock Exchange on 25 June 2021

[3] Inception date treated as 30 April 2018. £54 million of capital raised

Comparison to prior periods

	At 30 June 2023	At 31 December 2022
Net asset value	£293.1m[1]	£252.4m[1]
NAV per ordinary share	488.5p[1]	420.6p[1]

	Six months to 30 June 2023	Six months to 30 June 2022
Capital invested	£19.4m	£10.7m
Cash realised	£21.3m	£6.1m
Charitable donation provision	£1,334k	£942k

[1] The NAV & NAV per share figures include the impact of the warrants in issue. The calculation is shown in 'Alternative Performance measures', page 32

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 that BOOK and its portfolio has continued to show good progress, evidenced by the 16% uplift in NAV in the six month period and strong performance for shareholders (+27% in the six months to 30 June 2023).

Many of BOOK's earliest investments have matured and grown substantially since Literacy originally invested. We are now seeing large and well-respected investors taking an active interest in many of our businesses. We expected cash inflows to be significant in 2023 and we expect this to continue in the second half of the year and into 2024.

The recent sales of Kernel Global and Butternut Box have been clear examples of the returns on capital that BOOK can generate from its investments and converting interest in its assets from larger, institutional investors into sales. In March 2023, the sale of Kernel Global to Three Hills Capital Partners was announced, generating a 9.8x return for the fund. More recently, the announcement of the sale of Butternut Box, involving General Atlantic and L Catterton, returning 10.2x for BOOK. Both sales realised very substantial premiums to the prior reported carrying values, contributing to the uplift recorded in H1 and giving comfort on the prudence of the portfolio's valuations.

We remain very happy with the composition of the portfolio, which is well positioned to generate further uplifts. Following the sale of Butternut Box, in line with our strategy for the past three years, virtually all the portfolio is now weighted towards the buyout of profitable private businesses, rather than earlier stage, growth or venture capital investments. Our buyout investments have performed very strongly since Literacy's inception and outperformed the earlier stage businesses. These earlier stage, venture and growth assets, have also found the trading and fundraising environment particularly challenging in the past 12 to 18 months.

We remain aware of wider macroeconomic conditions, with changes to inflation and interest rates having an impact on the UK economy, where our businesses have most of their operations. We are confident that the businesses in our portfolio will be resilient to these challenges and that they can continuing pursuing growth, due to their conservative capital structures, able management teams, and support from Literacy Capital. In the current environment, we are also seeing an increasing number of attractive investment opportunities, with BOOK's offering becoming more widely understood and appealing to owners of businesses, particularly as its track record becomes more pronounced.

We look forward to delivering further positive outcomes for BOOK's shareholders, its portfolio companies and their employees, and communities across the UK, including improving outcomes for as many children from disadvantaged backgrounds as possible."

Enquiries

For further information, please contact:

Literacy Capital plc / Literacy Capital Asset Management LLP:
Richard Pindar / Tom Vernon +44 (0) 20 3960 0280

MHP:
Reg Hoare / Ollie Hoare / Matthew Taylor +44 (0) 20 3128 8276

Singer Capital Markets Securities Limited:
Robert Peel +44 (0) 20 7496 3000

Website:
www.literacycapital.com

LEI:
2549006P3DFN5HLFGR54

Chairman's Statement

The six month period to 30 June 2023 has been a very successful and pleasing one for Literacy Capital plc.

We have set out in previous reports the objectives for our fund. But we are firm believers in consistency and hence, we will do so again.

Our purpose is to invest in and build smaller, privately owned UK businesses and to support their management teams to achieve long term success. Quite simply, we seek to build great companies.

We measure our progress against three outcomes:

1. To build very significant value for our shareholders;
2. To support our management teams to build highly successful, growing and enduring companies; and
3. To use our financial success to facilitate our charitable mission to help disadvantaged children in the UK learn to read.

Once again, I am pleased to report strong progress against all three objectives. I will review each in turn.

Over the six months to 30 June 2023, our NAV per ordinary share has grown from 420.6p to 488.5p, an increase of 16.1%. Over the same period, the share price rose from 368p to 468p, an increase of 27.2%. This compares to a fall in the FTSE Investment Company Index of 2.7%.

Furthermore, since Literacy Capital plc's listing on 25 June 2021, its share price has increased from 160p to 468p, an increase of 193%, making BOOK the best performing fund out of more than 400 UK listed funds.

Turning to our second objective, most of our portfolio companies are performing well. At the end of the period, we were shareholders in 18 businesses, which have talented and committed management teams focused on taking a long-term view in building exceptional businesses.

To illustrate this point, our 10 most valuable investments are demonstrating 69% year-on-year sales growth and these ten companies have seen headcount grow by 561 to 4,235 people over just the last 6 months, helping to support the UK economy.

Our fund is structured to enable BOOK to be a long-term, supportive shareholder and we have no predetermined time horizon for our ownership. That said, we will sell investments periodically and since the start of 2023, we have sold two investments. In both cases, we achieved a return of approximately 10x the capital invested and, in each case, the transactions allow us to realise value that was at a premium of close to 50% or above our previously disclosed valuation. We believe that these events should give shareholders confidence that our investment thesis is both sound and exciting and that our valuation methodology is conservative.

And thirdly, I will cover our charitable activities. The reason the fund is called Literacy Capital is because we want to help every disadvantaged child in the UK to learn to read. Each year, we donate 0.9% of NAV to literacy charities in the UK. Total donations committed since the creation of Literacy Capital in September 2017 now stand at £7.1m.

Our principal partnership is with Bookmark Reading. So far this year, Literacy Capital has supported Bookmark in delivering over 38,000 one-to-one reading sessions, an increase of 71% on the prior year. In addition, Bookmark has delivered reading materials and literacy resources across the UK, including over 100,000 copies of Story Corner Magazine to school partners, food banks, shelters and community groups. Whilst Bookmark is a charity, we view it as a commercially focused partner, driven by KPIs, targeting outcomes and obsessed with delivering efficiently.

Literacy Capital also selectively supports other like-minded charities. The Children's Book Project ("CBP") seeks to tackle book poverty and to give every child the opportunity to own their own book. In May 2023, CBP gifted its one millionth book, and we are proud to support its exceptional work.

Literacy Capital's prospects for the second half of 2023 and beyond are encouraging. We are shareholders in some excellent businesses and external interest in our portfolio companies from prospective acquirers remains high. It is likely more investments will be realised over the next 18 months. We view the future with considerable confidence.

Paul Pindar
Chairman, Literacy Capital plc

8 September 2023

Investment Manager's Report

BOOK Performance Highlights For The Six Months Ended 30 June 2023

488.5p NAV per ord. share[1] (31 Dec 22: 420.6p)	**£293.1m** £m NAV[1] (31 Dec 22: £252.4m)
£19.4m Capital invested (6 months to 30 Jun 22: £10.7m)	**£21.3m** Cash realised (6 months to 30 Jun 22: £6.1m)
+27.2% Shareholder total return (6 months to 30 Jun 22: 35.6%)	**£1,334k** Charitable donation provision (6 months to 30 Jun 22 : £942k)

[1] The NAV & NAV per share figures include the impact of the warrants in issue. The calculation is shown in 'Alternative Performance measures', page 32

BOOK Performance Overview

We are pleased with the performance of BOOK over the first six months of 2023, with strong increases in both net asset value and the share price. The Company's investment activity, comprising both new investments and disposals, has also remained consistent with long-stated objectives.

NAV closed at £293.1 million on 30 June 2023, or 488.5p per share, an uplift of 16.1% in the six months since 31 December 2022. Whilst the share price increased from 368p to 468p, representing growth of 27.2%.

NAV growth was in part driven by uplifts realised on the sale of two assets, as well as strong performance from several other portfolio companies in the period.

In March we announced the sale of Kernel Global, which completed at a 48.9% uplift to its carrying value, valuing BOOK's interest at £28.6m. The transaction saw £19m returned to BOOK whilst also retaining a residual stake in the business. The sale delivered a 9.8x total return for the fund.

The second sale in 2023 was the disposal of BOOK's interest in Butternut Box. The transaction signed in August, with the uplift from this transaction booked in Q2 in line with the agreed terms. Similar to the Kernel transaction, the sale was agreed at a significant premium to BOOK's carrying value. Literacy's interest was valued at £21.8m, representing an uplift of £7.6m, or 53.8%, to the 31 March carrying value, and delivered a return of 10.2x for Literacy.

Both transactions demonstrate the progress made by these portfolio companies, as well as highlighting the prudence in Literacy's valuations.

Aside from the two transactions in the period, the rest of the portfolio as a whole made good progress. RCI was the largest contributor to the H1 NAV uplift, contributing approximately 50% of the aggregate uplift in the period. The business grew and traded well in the period, and we are excited by the promise it continues to show.

Breakdown of Net Asset Value at 30 June 2023

Companies / assets	Date of Investment	Carrying value	*% of NAV*
RCI Health Group Provider of healthcare and specialist clinical services	Sep 18	£89.4m	*30.5%*
Grayce Recruits, trains and deploys graduates into large corporates	Jul 18	£57.4m	*19.6%*
Techpoint Outsourced supply chain management of electronic components	Jun 20	£30.8m	*10.5%*
Butternut Box Healthy, subscription-based, direct-to-consumer pet food	Jan 18	£21.8m	*7.5%*
Antler Homes Housebuilder in the Southeast of England	Jun 18	£16.7m	*5.7%*
Top 5 investments		**£216.2m**	***73.8%***
Oxygen Freejumping Operator of trampoline and adventure parks	Jul 21	£13.7m	*4.7%*
Halsbury Travel School travel operator	Jun 22	£11.5m	*3.9%*
Wifinity Wi-fi provider to hard-to-reach campus locations	Dec 17	£9.5m	*3.2%*
Cubo Work Regional provider or office and co-working space	May 23	£9.1m	*3.1%*
Tyrefix Emergency plant tyre repair and replacement services	Nov 20	£8.6m	*2.9%*
Top 10 investments		**£268.6m**	***91.6%***
Other direct investments		£31.0m	*10.6%*
Private equity fund interests		£13.2m	*4.5%*
Borrowings & working capital (incl. donation provision & impact of warrants)		(£19.7)m	*(6.7)%*
Net asset value		**£293.1m**	***100%***

Portfolio Company Overview

The fund's portfolio companies continue to show encouraging momentum and have capital structures that allow them to focus on growth regardless of the macroenvironment.

Across BOOK's top ten investments (excluding Butternut Box) revenue increased 69% year-on-year on a weighted average basis; this figure is comparable to the level of sales growth reported in the 2022 interim accounts. EBITDA grew 30%, albeit it is worth noting that this calculation excluded Halsbury Travel and Cubo Work. These two companies were excluded as a result of reporting negative EBITDA twelve months earlier but are now profitable and growing very strongly. At the end of June 2023, both companies registered annual revenue growth in excess of 200%.

Headcount across Literacy's ten largest investments on 30 June 2023 was 4,235. Twelve months earlier, the same ten companies employed approximately 1,500 fewer people, demonstrating the impact these companies are having on their communities and the additional opportunities that they are creating. These figures and this track record of investment and job creation is important to us. Given the concerns that many business owners have when they consider selling their business, this emphasis on supporting growth and the strong evidence we are able to demonstrate, is important to them too.

BOOK's portfolio remains highly concentrated, with the top five assets having equated to more than 70% of the fund's NAV since the end of Q3 2022. We remain very relaxed and content with this degree of concentration, as explained in the section below. Already this year, two assets that had performed well and had been uplifted to become a top five holding, agreed sales at significant premiums to their prior carrying values. It is expected that the top five investments will comprise a lower proportion of the fund by the end of 2023, once cash proceeds from these companies are received and recycled into new opportunities.

Leverage across the portfolio remains conservative at 1.4x EBITDA (on a weighted average basis), which is far lower than is typically used by private equity fund managers. This is deliberate to provide greater freedom to BOOK's portfolio companies to focus on growth, rather than being restricted by financial covenants or debt repayments. Sales growth and business improvement is our priority, rather than financial engineering. This prudent approach to debt means BOOK's portfolio companies are less sensitive to higher interest rates. This figure of 1.4x net debt to EBITDA is within the range reported by BOOK since it listed. However, this may increase in future periods, as the companies gain maturity and have more funding options available to them.

Top Five Investments

BOOK's portfolio remains relatively highly concentrated, with the five largest investments amounting to 73.8% of net assets. The top five holdings have amounted to more than 70% of net assets since 30 September 2022. The figure peaked at 76% at the end of 2022, before reducing following the sale of most of BOOK's interest in Kernel Global. This figure is expected to decline further in the second half of 2023, as the cash is received from the sale of BOOK's interest in Butternut Box.

The Investment Manager remains very happy to have a concentrated portfolio, given the high degree of knowledge and control it has over these assets. This involves receiving management information from the companies on a weekly or monthly basis, providing significant comfort and insight regarding current trading and future performance. It also involves being able to influence and select the key members of management in these companies. This degree of intimate knowledge and influence is far greater than investors can hope to achieve investing in listed businesses.

Many of the larger direct investments are a high proportion of net assets due to their strong performance and significant uplifts in their valuation, rather than allocating disproportionately large amounts of capital to them. We are pleased to have exposure to some excellent businesses and are happy to hold these winners, rather than selling assets prematurely. It would be difficult for the fund to deliver outperformance by consistently selling these larger assets or rebalancing the portfolio. Despite this, the Investment Manager has proven twice this year that it is willing and able to sell these assets at attractive prices, before recycling the cash proceeds into new investments.

Given the level of investment and hires required to raise the rates of growth of many of the companies BOOK invests in, often these improvements do not equate to meaningful profit growth or contributions to NAV uplifts until the second or third year following BOOK's investment. This is evidenced by BOOK's largest holdings being mostly comprised of investments completed in 2018. We are confident that the older investments will continue to contribute strongly, whilst many of the newer investments are well-placed to follow a similar trajectory.

Company	Date of Investment	30 Jun 2023 carrying value	*30 Jun 2023 % of NAV*	Total cash realised	Total return (incl. cash)	∆ in total return since 31 Dec 2022
RCI Group	Sep 18	£89.4m	*30.5%*	£3.4m	£92.8m	£22.2m
Grayce	Jul 18	£57.4m	*19.6%*	£7.6m	£65.0m	£2.7m
Techpoint	Jun 20	£30.8m	*10.5%*	£0.0m	£30.9m	(£3.9m)
Butternut Box	Jan 18	£21.8m	*7.5%*	-	£21.8m	£7.6m
Antler Homes	Jun 18	£16.7m	*5.7%*	-	£16.7m	£2.0m

RCI Group – www.rcigroup.co.uk

RCI's divisions provide a range of services to the NHS, custodial settings and the courts. Their areas of expertise include criminal and family justice, forensic healthcare, community mental health and data and technology.

BOOK's original investment in September 2018 helped two of the four founders achieve their retirement plans. To ease this transition and ensure the business had strong leadership, a new CEO and CFO joined the business at completion of the transaction. Within nine months, the senior team was strengthened further with the arrival of a Business Development Director and COO, to create a strong team and platform for growth.

RCI Group has focused on both organic growth opportunities and acquisitions. Since BOOK's original investment, the Group has acquired five further businesses which have broadened RCI's expertise, customer base and service offering. Greater investment in data analytics and technology has also allowed the group to provide better value and insights to its clients.

The group has continued performing strongly in 2023, with the group's proforma revenue now exceeding £70 million, up from £15 million in 2018 when BOOK invested.

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 model offers clients access to a wider pool of talent than they may be able to attract themselves, plus enables the individuals to receive the best and most appropriate training for the roles.

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 to build a broader leadership team to facilitate a smooth transition and more rapid growth. Today, Grayce's senior team is comprised of several new hires with additional experience and the organisation has been redesigned to manage a business with much greater scale.

Turnover in the first six months of 2023 demonstrated double digit organic growth, with growth in EBITDA significantly exceeding the growth in revenue. We believe that Grayce is well-positioned for the remainder of 2023, with the central team and calibre of its analysts equipped to meet client demand.

Techpoint – www.techpoint.co.uk

Techpoint is a group of companies, that provide outsourced supply chain management of electronic components for manufacturing businesses.

Literacy Capital's initial investment was into Vanilla Electronics in June 2020. Vanilla was founded in 2002 by a father-and-son team. The father was looking to exit and sell his stake in the business, while the son wanted to partially de-risk, and have a partner with the ability to assist him in developing the business organically and, for the first time, through acquisition. Since BOOK's original investment, the group has rebranded as Techpoint and completed three acquisitions. In 2022, Dan moved into a role focusing on M&A, with a new Group CEO appointed, having joined the business in September 2021. A new non-executive Chairman, Colin Brown (formerly Managing Director of Softcat), was also appointed in August 2023.

Techpoint was BOOK's only top five investment not to contribute positively in H1 2023. The group's performance in 2022 was very strong due to supply chain disruption post-Covid, which encouraged customers to build up inventory levels. Some of this demand unwound in early 2023 as customers destocked, with Techpoint's trading now more in line with historical patterns.

Butternut Box – www.butternutbox.com

Butternut produces and delivers healthy meals to dogs, providing convenience for dog owners and a nutritious solution for their dogs.

Literacy Capital co-led their growth capital round in January 2018, allowing the business to expand its team, production and marketing activities. The business was created by two founders with an overriding passion for dogs. We were able to provide an early capital injection and support, as they set out to improve the offering available to pet owners and the lives of dogs.

In August 2023, Butternut Box signed a transaction with General Atlantic and L Catterton to raise capital for the business and buy out earlier investors that wished to exit. As part of this transaction, Literacy Capital agreed to sell its entire stake. In Q2, BOOK's holding in the business was written up in line with the agreed terms. The deal delivered an uplift of 53.8% against the previous carrying value and £21.8 million of cash that will be received in Q4. The sale delivers a total return of 10.2x for BOOK's shareholders.

Antler Homes – www.antlerhomes.co.uk

Antler Homes is a housebuilder with a longstanding reputation for building high quality homes in the London commuter belt. The business was set up 50 years ago by its founder, who in 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 to support its increasing output and more ambitious growth plans. Headcount in June 2018 was just eight, with the business having 42 employees by the end of June 2023.

Movement in the Portfolio

The following table shows the movement in the portfolio during the six-month reporting period, compared to the same period a year earlier.

£m	6 months to 30 June 2023	6 months to 30 June 2022
Opening Investments	**270.6**	**163.6**
Direct investments[1]	18.8	10.5
Fund drawdowns	0.0	0.2
Total capital invested	**18.8**	**10.7**
Proceeds from direct investments	(20.9)	(5.7)
Proceeds from fund investments	(0.4)	(0.3)
Total cash proceeds received	**(21.3)**	**(6.1)**
Valuation Movement	**44.8**	**43.7**
Closing Investments	**312.8**	**212.0**
Valuation Movement % (of Opening Investments)	*16.6%*	*26.7%*

[1] A further £0.6m of capital was invested in the period which was deferred consideration in relation to a transaction in 2022 and was therefore accounted for in 2022.

New Investments

£19.4 million was invested in the six months to 30 June 2023, an increase on the same period in 2022. £9.9 million of this was invested into the two new investments completed in H1 2023 (Cadro and Cubo Work). The remainder of the capital was invested as follow-on funding into the existing portfolio companies.

A growth capital investment in Cadro, a wealth management platform, completed in April 2023. This was a relatively small investment to accelerate the business's growth and support the expansion of its team. A new non-executive Chairman, Gordon Hurst, was appointed in August 2023. Gordon was previously CFO of Capita plc from 1998 until 2015 and has since had non-executive roles at several private equity-backed and listed businesses.

The investment in Cubo Work, a workspace provider, completed in May. This was another minority investment, which allowed the founder to partially cash-out / de-risk, whilst also giving the business access to more capital to expand its offering more quickly. David Hill, the Chairman of another Literacy investment (Oxygen Freejumping), joined as non-executive Chairman at completion of this investment.

Additional follow-on funding was provided to several existing portfolio companies to assist them to scale more quickly, with this capital used for acquisitions, capital expenditure and working capital purposes.

No capital was invested into Literacy's third party fund commitments in the period, with just one of these four funds making new investments in 2023. This remaining active fund interest is expected to make its final drawdown in December 2023.

Realisation Activity

Cash inflows in the six months to 30 June 2023 amounted to £21.3 million, a significant increase on the £6.1 million received in the same period in 2022. The largest contribution was from the sale of Kernel Global, which returned £19 million in March 2023, with the balance of the proceeds coming from small returns of capital from other direct investments and fund commitments.

H1 2023 saw the most significant cash inflows of any six month period for BOOK. This is expected to be exceeded in H2 2023, following the receipt of the cash from the sale of the fund's stake in Butternut Box, plus other inflows.

Interest in the fund's assets remains high, so further sales can be expected in 2024, enabling BOOK to fund new investments in the pipeline.

Balance Sheet and Financing

BOOK has a Revolving Credit Facility ("RCF") with Investec Bank plc. The RCF gives Literacy greater flexibility to fund new investments and support its existing portfolio companies, whilst also allowing BOOK to remain more fully invested, reduce cash drag and improve returns for shareholders.

BOOK's drawings under its RCF stood at £17.0 million on 30 June 2023, equating to 5.8% of net assets. Following the sale of BOOK's interest in Butternut Box, the proceeds once received will be used to fully repay the RCF, before recycling the proceeds into new investments.

Owing primarily to the sale of Kernel Global, the period to 30 June 2023 saw the largest volume of cash inflows of any six-month period to date. Given the sale of BOOK's stake in Butternut Box, plus the health and maturity of the portfolio, we expect cash generation to remain strong in the rest of 2023 and 2024.

£m	30 June 2023	31 December 2022
Investments	312.8	270.6
Cash	0.6	1.5
Donation Provision	(2.6)	(2.3)
Other working capital	(0.4)	(1.1)
Borrowings	(17.0)	(15.9)
Accrued interest on borrowings	(0.2)	(0.5)
Net assets	**293.1**[1]	**252.4**[1]

[1] The NAV & NAV per share figures include the impact of the warrants in issue. The calculation is shown in 'Alternative Performance measures', page 32

Undrawn Fund Commitments by Currency Exposure

The table below shows outstanding obligations to BOOK's four fund commitments. The balance at 30 June 2023 amounted to £3.3 million, however we expect less than half of this to be called, given the age and pattern of drawing by these funds.

Regardless of whether the full £3.3 million is called or not, BOOK can comfortably fund these drawdowns from existing headroom in its RCF.

£m	30 June 2023	31 December 2022
Sterling	0.3	0.3
Euro[2]	2.0	2.1
US Dollar[2]	1.0	1.0
Total	**3.3**	**3.4**

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

Activity Since the Period End

BOOK has not made any new platform investments since 30 June 2023 and there are no events impacting the closing NAV figure to report. The most significant event to occur since the period end was BOOK agreeing to sell its stake in Butternut Box. However, the valuation of this asset was uplifted in Q2 in line with the agreed terms, meaning the transaction has no further impact on NAV.

The sale valued BOOK's stake at £21.8m, representing a £7.6m premium to the 31 March carrying value. The transaction at completion will deliver a return for shareholders of 10.2x the capital invested. The proceeds will be used to repay the amounts drawn under BOOK's RCF, before recycling these proceeds into new investments.

Since 30 June, the Company has invested additional capital into three existing portfolio companies to support the growth plans of these businesses.

Outlook

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

The portfolio companies as a whole dealt with the macroeconomic pressures well in the first six months of the year, namely continued high levels of inflation as well as pressure on spending from UK consumers. Through strong leadership from the management teams, like-for-like growth shown by many of BOOK's portfolio companies was encouraging.

We are confident that BOOK's portfolio will continue to demonstrate growth and value creation. We maintain close engagement and communication with the management teams and owing to our level of influence, are able to make additions or changes to the management teams of these companies.

As a growing numbers of investments enter a more mature phase, we expect to see these companies making greater contributions to the Company's NAV uplifts. The first six months of this year saw the largest cash inflows to date, and we expect this to continue in the upcoming periods. These inflows will allow us to fund more platform investments, where we continue to see many new, attractive opportunities.

We are also incredibly proud of the unique impact that BOOK has been able to have as an investment company in supporting different children's literacy charities. In the six months to 30 June 2023, thousands of children in the UK have benefited and experienced improved educational support due to BOOK's charitable donations. Charitable donations in the six month period were greater than any comparable period, and we are delighted that as the Company 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 first six months of 2023, the provision for donations to charities focused on improving literacy amounted to £1.3 million.

Since the creation of Literacy Capital in 2017, £7.1 million in total 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.

Annual charitable donation provision (£k)	
2018	£532k
2019	£621k
2020	£772k
2021	£1,527k
2022	£2,314k
2023 (first 6 months)	£1,334k
Total charitable donation provision	**£7,100k**

Over the past 5 years, Literacy Capital plc has provided donations across a number of literacy charities. Among them, Bookmark Reading Charity has been the primary beneficiary of Literacy Capital plc's significant contributions. Bookmark is a children's literacy charity that takes a digital-first, impact-driven approach to partnering with schools and providing holistic support to address their literacy needs. Their core reading programme is centred around providing dedicated one-to-one reading time for children aged 5-10 who are at risk of falling behind. In addition, Bookmark has implemented several initiatives to provide book packs, reading materials and literacy resources to help schools increase reading engagement. By fostering a whole school reading culture, Bookmark aims to help children develop the reading confidence and skills they need for a fair chance in life.

Literacy Capital plc has collaborated closely with Bookmark to help scale their core reading programme, facilitating broader access for more children to receive the benefits of additional reading support. This has enabled Bookmark to deliver over 38,000 reading sessions across the country so far this year. Teachers consistently report notable improvements across reading confidence, enjoyment and skill among children completing a reading programme. Recent feedback highlights the positive outcomes.

"A number of our children who have participated in programmes were chosen as they were reluctant readers or readers who lacked confidence. We have seen these children grow in confidence in class and small group reading sessions. We have also noticed that they are now reading for pleasure and enjoy picking and talking about books."

With a focus on targeting social mobility cold spots with high literacy need, Bookmark has successfully expanded its reach into new regions of the country. Notably, this year, Bookmark has extended its presence to Nottingham, Plymouth and most recently Leicester to provide high quality reading materials and literacy resources to help create a more engaging reading environment in schools. Across these three areas, Bookmark gifted over 51,000 books to state funded primary schools, in addition to distributing over 93,000 copies of their termly Story Corner Magazine. Literacy Capital plc is committed to supporting Bookmark's ambition for nationwide expansion, with upcoming plans to establish a presence in Sheffield in the new academic year.

Literacy Capital plc also supported with the launch of Bookmark's first Whole School Reading Culture Grants which were made available to schools. The response to these grants exceeded expectations, with nearly 700 applications submitted. This overwhelming response not only highlights the budgetary constraints schools are facing but also provided Bookmark with valuable insights into the specific literacy needs across the primary school landscape.

Bookmark is seeking to expand its reach to meet the school demand for additional reading support and access to high-quality reading resources, and is currently developing a five-year strategy to deepen the impact that can be made on every child. With the continued support of Literacy Capital plc, Bookmark has ambitious plans to solidify its place within the literacy ecosystem, strengthening its project offerings to school partners to reach more children than ever before.

Why Literacy?

Poor literacy continues to have a profound impact on the daily lives of an estimated 7.1 million adults (or 16.4% of the total population) in England who struggle to read. This issue has far-reaching implications that severely hinder social mobility and leave individuals more susceptible to experiencing poverty, unemployment, poor health and has even been linked to shorter life expectancy.

Recent SATs results have shown a decline in the number of children achieving the expected reading standard. The consequences of poor literacy are particularly pronounced among disadvantaged children, with its long-term effects significantly influencing educational aspirations and future life outcomes. For instance:

- The attainment gap between disadvantaged pupils and their peers is at its widest in over a decade, with the UK government warning that it may take up to 10 years for the gap to return to pre-pandemic levels[1].
- 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[2].
- On average, a worker in the UK with low literacy skills earns approximately 7.1% less than those with basic literacy, translating to a reduction of nearly £1,500 in annual earnings[3].
- Consequently, individuals with low literacy would need to work an additional 1.5 years over their lifetime to compensate for this wage gap. If their literacy skills improved to a basic level, they could collectively experience an estimated annual pay increase of up to £6 billion[4].

Addressing poor literacy skills serves to enhance results across social inclusion, economic progress and the cultivation of an educational environment that fosters future opportunities. By investing in literacy, we invest in a brighter future by providing children with the reading confidence and skills needed for a fair chance in life.

1 HOC Committee of Public Accounts, Education and recovery in schools in England 2023, p.9
2 Education Endowment Foundation, 'Improving Literacy In Secondary Schools', 2021 p.2
3 Pro Bono Economics, 'Paying the price: The cost of very poor adult literacy' 2021 p.3
4 National Literacy Trust, 'Seldom-heard voices. Adult literacy in the UK', 2022 p.2

Risks and Uncertainty

The Board of Director and Investment Manager continues to monitor, review and assess risks and uncertainties which could adversely the performance of BOOK.

The principal risks and uncertainties faced by the Company, along with the mitigating actions have not changed from those set out within the Audited Report and Financial Statements for the nine months to 31.12.2022. The principal risks include investment and liquidity, financial, economic, tax, operational, discount volatility, geopolitical and climate change.

Related Party Transactions

Details in respect of the Company's related party transactions during the period are included at note 17 to the interim financial statements.

Going Concern

The Board has assessed the financial position and prospects of the Company over the next 12 months, whilst considering the principal risks and uncertainties faced by the Company. The Company has demonstrated good performance and resilience amongst a difficult market back drop.

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 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.

Directors' Responsibility Statement

The Directors are responsible for preparing the Interim Report, in accordance with the applicable laws and regulations. The Directors confirm that, to the best of their knowledge;

- The condensed set of financial statements contained in these interim results have been prepared in accordance with IAS 34 as contained in UK-adopted IFRS; and
- The chair’s foreword and interim management report includes a fair review of the information required by DTR 4.2.7 R and 4.2.8 R of the FCA's Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year; and
- The interim financial statements include a fair review of the information required by DTR 4.28R of the Disclosure Guidance and Transparency Rules, being relating party transactions that have taken place in the first six months of the year.

This interim report was approved by the Board and the above Director’s Responsibility Statement was signed on its behalf by the Chair.

Paul Pindar
Chairman, Literacy Capital plc

8 September 2023

Unaudited Financial Statements

Statement of comprehensive income

For the six months ended 30 June 2023

Note		Unaudited 6 months ended 30 June 2023 Total £	Unaudited 6 months ended 30 June 2022 Total £
	Gains on investments		
10	Unrealised gain on fair value on investments	33,462,372	37,694,111
10	Realised gain on disposal of investment	9,346,842	28,677
	Gains for the period on investments	**42,809,214**	**37,722,788**
	Investment Income	2,094,718	5,728,338
	Operating Income	1,548	592
	Total	**2,096,266**	**5,728,930**
	Total income	**44,905,480**	**43,451,718**
	Expenses		
6	Operating expenses	(537,321)	(549,638)
	Management fee	(1,333,734)	(942,382)
	Total operating expenses	**(1,871,055)**	**(1,492,020)**
	Charitable donations	(1,333,734)	(942,382)
	Finance costs	(645,385)	(124,205)
	Net foreign exchange profit / (loss)	(128,427)	251,935
	Profit for the period before taxation	**40,926,879**	**41,145,046**
8	Tax credit / (expense)	-	2,366,874
	Profit for the period	**40,926,879**	**43,511,920**
	Other comprehensive income	-	-
	Total comprehensive income	**40,926,879**	**43,511,920**
	Earnings per share for profit attributable to the ordinary shareholders of the company:		
13	Basic earnings per share	**68.21 pence**	**72.52 pence**
13	Diluted earnings per share	**67.67 pence**	**72.18 pence**

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

Statement of financial position

As at 30 June 2023

Note		Unaudited 30 June 2023	Audited 31 December 2022
		£	£
	Non-current assets		
10	Investments at Fair Value through Profit or Loss	312,798,323	270,578,517
		312,798,323	**270,578,517**
	Current assets		
	Cash and cash equivalents	557,075	1,472,034
	Trade and other receivables	411,772	541,756
		968,847	**2,013,790**
	Current Liabilities		
	Trade and other payables	(226,257)	(1,297,453)
	Accrual for charitable donation	(1,255,432)	(2,279,139)
		(1,481,689)	**(3,576,592)**
	Net current liabilities	**(512,842)**	**(1,562,802)**
	Non-current liabilities		
	Accrual for charitable donation	(1,333,734)	-
11	Debt	(17,233,801)	(16,324,648)
	Total non-current liabilities	**(18,567,535)**	**(16,324,648)**
	Net assets	**293,717,946**	**252,691,067**
	Capital and reserves		
12	Share capital	60,000	60,000
	Share premium	53,946,000	53,946,000
	Retained earnings	239,467,946	198,541,067
	Share based payment reserve	244,000	144,000
	Total share capital & reserves	**293,717,946**	**252,691,067**

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

The interim financial statements were approved and authorised for issue by the board of directors on 8 September 2023 and were signed on its behalf by:

Paul Pindar
Director
Date: 8 September 2023

Statement of changes in equity

For the six months ended 30 June 2023	Share capital	Share premium	Retained earnings	Share based payment reserve	Total
	£	£	£	£	£
Balance at 31 December 2022 (audited)	60,000	53,946,000	198,541,067	144,000	252,691,067
Profit for the period	-	-	40,926,879	-	40,926,879
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**40,926,879**	**-**	**40,926,879**
Contributions by and distributions to owners					
Share based payment reserve	-	-	-	100,000	100,000
Total transactions with owners	**-**	**-**	**-**	**100,000**	**100,000**
Balance at 30 June 2023 (unaudited)	**60,000**	**53,946,000**	**239,467,946**	**244,000**	**293,717,946**

For the six months ended 30 June 2022	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
Balance at 31 December 2021 (audited)	109,950	53,946,000	109,928,640	163,984,590
Profit for the period	-	-	43,511,920	43,511,920
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**43,511,920**	**43,511,920**
Contributions by and distributions to shareholders				
Issue of ordinary shares	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**
Balance at 30 June 2022 (unaudited)	**109,950**	**53,946,000**	**153,440,560**	**207,496,510**

Statement of cash flows

For the six months ended 30 June 2023

Note		Unaudited 30 June 2023	Unaudited 30 June 2022
	Cash flows from operating activities	**£**	**£**
	Cash inflow / (outflow) from operating activities		
	Management fee paid	(1,723,260)	(892,184)
	Payroll expenses	(50,002)	(58,119)
	Other operating expenditures	(338,595)	(1,179,616)
	Finance costs	(886,801)	(109,746)
	Charitable donations paid	(1,023,706)	(689,491)
	Income from investments	2,094,718	5,728,338
	Operating Income	1,548	592
	Net cash (used in) / generated by operating activities	**(1,926,098)**	**2,799,774**
	Cash flows from investing activities		
	Cash inflow / (outflow) from investing activities		
	Purchase of investments	(19,384,998)	(10,743,965)
	Proceeds from disposal of investments	19,255,550	343,448
	Net cash used in investing activities	**(129,448)**	**(10,400,517)**
	Cash flows from financing activities		
	Cash inflow / (outflow) from financing activities		
	Repayment of RCF	(16,350,000)	-
	Receipt from RCF	17,500,000	3,275,000
	Net cash generated from financing activities	**1,150,000**	**3,275,000**
	Net decrease in cash and cash equivalents	**(905,546)**	**(4,325,743)**
	Cash and cash equivalents - opening balance	1,472,034	5,202,210
	Effect of exchange rate fluctuations on cash and cash equivalents	(9,413)	385
	Cash and cash equivalents - closing balance	**557,075**	**876,852**

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

Notes to the Unaudited Financial Statements

For the six months ended 30 June 2023

1. Reporting to 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-end investment company focused on investing in and supporting small, growing UK businesses and helping their management teams to achieve long-term success.

2. Statement of Compliance

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements as at and for the nine months ended 31 December 2022. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These interim financial statements are unaudited.

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 September 2023.

3. Accounting policies

The accounting policies applied by the Company in these interim financial statements are the same as those applied in its annual financial statements as at and for the nine months ended 31 December 2022.

Deferred tax is provided on all timings timing differences which have originated but not reversed at the balance sheet date, calculated using the tax rates relevant to the benefit or liability. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted. Deferred tax liabilities are recognised only to the extent that it is more likely than not that there will be a future tax charge. Whilst the Company continues to hold investment trust status, it has an exemption from paying tax on its capital profits.

4. Functional and presentation currency

These interim 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 judgments

The preparation of interim 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.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the nine months ended 31 December 2022.

6. Operating Expenses

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022
	£	£
Non-Executive Director remuneration	52,114	52,335
Auditor remuneration	31,620	71,861
Other operating expenses	453,587	425,442
Total	**537,321**	**549,638**

7. Employees

The Company has no employees, however, the average number of Directors during the period was 6 (for the nine months ended 31 December 2022: 6).

8. Taxation

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

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022
	£	£
Current taxation		
United Kingdom corporation tax at 23.50% (2022: 19%)	-	-
	-	-

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022
	£	£
Deferred taxation		
Origination and reversal of timing differences	-	(2,610,690)
Adjustments in respect of prior periods	-	243,816
Total deferred tax charge / (credit)	-	**(2,366,874)**
Tax on profit on ordinary activities	-	**(2,366,874)**

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

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022
	£	£
Profit on ordinary activities before taxation	**40,926,879**	**41,145,046**
Tax on profit on ordinary activities at standard rate of 23.50% (for 6 months ended 30 June 2022: 19%)	9,617,817	7,817,559
Factors affecting tax charge for the period:		
Expenses not deductible for tax purposes	1,330,016	119,275
Income not taxable for tax purposes	(10,321,181)	(7,232,852)
Exempt ABGH distributions	(425,516)	(1,116,724)
Adjustments to tax charge in respect of previous periods – deferred tax	-	205,535
Remeasurement of deferred tax for changes in tax rates	-	(154,367)
Movement in deferred tax not recognised	(201,136)	(85,519)
Chargeable losses	-	(9,709)
Impact of moving to investment trust	-	(1,910,072)
Total tax charge / (credit) for the period	**-**	**(2,366,874)**

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 £2.4m has been recognised in the prior period due to the reversal of the opening deferred tax liability on unrealised chargeable gains.

The net taxation credit through the profit and loss account is £nil (for the six months ended 30 June 2022: credit of £2,366,874).

Factors that may affect future tax charges

Finance Act 2021, which received Royal Ascent on 10 June 2021, confirmed that the main rate for UK corporation tax will increase to 25% with effect from 1 April 2023.

9. Charitable Donation

The Company has recognised charitable donation expenses of £1,333,734 (for the six months ended 30 June 2022: £942,382). The charitable donation expense is calculated on a calendar year basis. The expense for the entire 6 months of 2023 is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £296.4 million (for the nine months ended 31 December 2022: £257.1 million). During the six-month period, donations paid were £1,023,706 (for the six months ended 30 June 2022: £689,491). The accrual for charitable donations at the period end amounts to £2,589,166 (for the nine months ended 31 December 2022: £2,279,139).

10. Financial Instruments

	Unaudited 30 June 2023	Audited 31 December 2022
	£	£
Assets		
Financial assets at fair value through profit or loss		
Equity instruments at fair value through profit and loss	243,880,272	221,332,177
Debt instruments at fair value through profit and loss	68,918,051	49,246,340
Financial assets at amortised cost		
Cash and cash equivalents	557,075	1,472,034
Total Financial assets	**313,355,398**	**272,050,551**
Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	226,257	1,297,453
Revolving Credit Facility	17,233,801	16,324,648
Total Financial liabilities	**17,460,058**	**17,622,101**

The investment reconciliation schedule for the Company as at 30 June 2023 is as follows:

	Equity instruments at fair value through profit or loss		Debt instruments at fair value through profit or loss		30 June 2023 Total
	£	£	£	£	£
Investments at 31 December 2022		**221,332,176**		**49,246,341**	**270,578,517**
Additions		6,139,022		19,145,976	**25,284,998**
Proceeds from the disposal of investments	(25,755,550)		-		(25,755,550)
Realised gain / (loss) on disposal of investments	9,346,842		-		9,346,842
Cost of Disposal		(16,408,708)		-	**(16,408,708)**
Fair value movement through profit or loss		32,936,638		525,734	**33,462,372**
Unrealised FX gain / (loss)		(118,856)		-	**(118,856)**
Investments at 30 June 2023		**243,880,272**		**68,918,051**	**312,798,323**

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**

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 and TGAV multiple models, as well as milestone valuations 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 below.

For assets managed and valued by a third party, the Investment 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 30 June 2023 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 30 June 2023. The valuations that the underlying managers ultimately provide as at 30 June 2023 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 30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Equity instruments at fair value through profit and loss	-	13,243,100	230,637,172	**243,880,272**
Debt instruments at fair value through profit and loss	-	-	68,918,051	**68,918,051**
Total investments (Unaudited)	**-**	**13,243,100**	**299,555,223**	**312,798,323**

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

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)	**Unaudited 30 June 2023**	**Audited 31 December 2022**
	£	**£**
Balance as at 1 January / 1 April	257,833,082	178,943,902
Additional investments	25,268,180	19,238,786
Proceeds from disposals of investments	(25,594,898)	(6,394,200)
Realised gain / (loss)	9,346,842	65,229
Change in fair value through profit & loss	32,702,017	65,979,365
Balance as at 30 June / 31 December	**299,555,223**	**257,833,082**

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 30 June 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description Inputs	Fair value on 30 June 2023	Fair value on 31 December 2022	Significant unobservable inputs
	£	£	
Unquoted private equity investments (including debt)	259,715,399	228,848,343	EBITDA multiple
Unquoted growth capital investments	23,095,005	14,199,613	Milestone
Unquoted private equity investments (including debt)	16,744,819	14,785,126	TGAV Multiple
	299,555,223	**257,833,082**	

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 also be used.
- 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 8.8x (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 £32.9m 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 £33.1m lower.
- The Company's one investment in a Level 3 asset which is valued using a 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 £3.1m 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 £3.1m 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% higher, the value of the Level 3 assets would have been £2.3m higher. If the output had been taken to be 10% lower, the value of the Level 3 assets would have been £2.3m 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.

11. Debt

Literacy Capital plc entered into a £25m Revolving Credit Facility ("RCF") with Investec in December 2021. On 30 June 2023, £17m had been drawn (for the nine months ended 31 December 2022: £15.85m). 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.

	Unaudited 30 June 2023	Audited 31 December 2022
	£	£
Revolving Credit Facility	17,000,000	15,850,000
Accrued interest on Revolving Credit Facility	233,801	474,648
Total	**17,233,801**	**16,324,648**

12. Share Capital

	Unaudited 30 June 2023	Unaudited 30 June 2023	Audited 31 December 2022	Audited 31 December 2022
	Number	**£**	**Number**	**£**
Ordinary shares of £0.001 each	60,000,000	60,000	60,000,000	60,000
	60,000,000	**60,000**	**60,000,000**	**60,000**

- The number of shares issued and allotted have been paid to the extent of 60,000,000 shares amounting £60,000 as at 30 June 2023 (for the nine months ended 31 December 2022: 60,000,000 shares amounting £60,000).
- 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.

13. 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 £40,926,879 (for the six months ended 30 June 2022: profit of £43,511,920) divided by the weighted average number of shares outstanding during the period of 60,000,000 (for the six months ended 30 June 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 £40,926,879 (for the six months ended 30 June 2022: profit of £43,511,920) 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 60,480,663 shares (for the six months ended 30 June 2022: 60,286,464).

14. NAV per share (pence)

The Company's NAV per share excluding the impact of the warrants would be 489.5 pence (on 31 December 2022: 421.2 pence) is based on the net assets of the Company at the period end of £293,717,946 (31 December 2022: £252,691,067) divided by the shares in issue at the end of the period of 60,000,000 (31 December 2022: 60,000,000).

The Company's reported NAV per share of 488.5 pence (31 December 2022: 420.6 pence) is based on the net assets of the Company at the period end of £293,717,946 (31 December 2022: £252,691,067), plus £502,607 which the Company will receive as proceeds from the exercise of warrants, divided by the shares in issue at the end of the period (adjusted for impact of the warrants and their vesting period), resulting in ordinary shares of 60,228,447 (31 December 2022: 60,149,224).

15. Warrants

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

	Unaudited 30 June 2023 Number	Audited 31 December 2022 Number
Outstanding warrants at the beginning of the period	**350,000**	**302,500**
Warrants issued during the period	250,000	100,000
Warrants forfeited during the period	-	(52,500)
Warrants vested during the period	-	-
Outstanding warrants at the end of the period	**600,000**	**350,000**

16. Reserves

The following are the reserves with the entity as on 30 June 2023:

- 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

17. Related party transactions

Two Directors of the Company are designated members of Literacy Capital Asset Management LLP ("LCAM"). Following the period end, this entity's name changed to BOOK Asset Management LLP.

Total expenses through the statement of comprehensive income with LCAM during the period was £1,333,734 (for the six months ended 30 June 2022: £942,382). 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 £120,535 (for the nine months ended 31 December 2022: £510,061).

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 £1,023,706 (for the six months ended 30 June 2022: £664,492). The Company has a provision or charity and other donation payments amounting to £2,589,166 (for the nine months ended 31 December 2022: £2,279,139). Out of this provision, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

18. Capital Commitments

Further capital commitments of €2,366,333 (for the nine months ended 31 December 2022: €2,366,333), £277,710 (for the nine months ended 31 December 2022: £294,530) and $1,200,000 (for the nine months ended 31 December 2022: $1,200,000) remain outstanding and are yet to be drawn down.

19. Subsequent events

BOOK has not made any new platform investments since 30 June 2023 and there are no events impacting the closing NAV figure to report. The most significant event to occur since the period end was BOOK agreeing to sell its stake in Butternut Box. However, the valuation of this asset was uplifted in Q2 in line with the agreed terms, meaning the transaction has no further impact on NAV.

Since 30 June, the Company has made invested additional capital into three existing portfolio companies to support the businesses' growth plans.

20. Ultimate controlling party

Literacy Capital plc does not have an ultimate controlling party.

Alternative Performance Measures

As well as financial performance, the Board of Directors and Investment Manager monitor Alternative Performance Measures ("APM"). 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.

NAV per share

The 30 June 2023 NAV and NAV per share reported within 'Performance Highlights' on page 2, and the 'Investment Manager's Report' from page 7 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.

	30 June 2023	31 December 2022
	£	£
Net Asset Value	293,717,946	252,691,067
Proceeds from warrants vesting	502,607	283,965
Net Asset Value for NAV per share calculation	**294,220,605**	**252,975,031**
Ordinary shares in issue	60,000,000	60,000,000
Additional shares issued from warrants vesting	228,447	149,224
Total shares for NAV per share calculation	**60,228,447**	**60,0149,224**
Net Asset Value per share	**4.885**	**4.206**

The NAV per share of £4.885 multiplied by 60,000,000 ordinary shares = NAV of £293.1m at 30 June 2023.

Total Return

Share price and NAV total returns show how the share price and NAV have performed over the six-month period to 30 June 2023.

	Share price mid-point	NAV per share
Opening at 1 January 2023	368.0p	420.6p
Closing at 30 June 2023	468.0p	488.5p
Change in six months to 30 June 2023	27.2%	16.1%
Dividends declared or paid	-	-
Total return in six months to 30 June 2023	**27.2%**	**16.1%**

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

	Share price mid-point	NAV per share
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%**

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.

	30 June 2023	31 December 2022
Share price mid-point	468.0p	368.0p
NAV per share	488.5p	420.6p
Share price premium or (discount)	**(4.2%)**	**(12.5%)**

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 having investment trust status from 1 April 2022, irrecoverable VAT on the investment management fee in the first three months of 2022 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 six-month period to 30 June 2023.

BOOK's ongoing charges, excluding the 0.9% annual charitable donation provision, were calculated as 1.11% (30 June 2022: 1.31%).

BOOK's ongoing charges, including the 0.9% annual charitable donation provision, were calculated as 2.04% (30 June 2022: 2.25%).

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.

Corporate Information

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

Registered Number
10976145

Registered Office
3rd Floor, Charles House
5-11 Regent Street St James's
London
SW1Y 4LR

Service Providers

Investment Manager
Literacy Capital Asset Management LLP
(this entity's name changed to BOOK Asset Management LLP following the period end)

Company Secretary
Literacy Capital Asset Management LLP
(this entity's name changed to BOOK Asset Management LLP following the period end)

Corporate Broker
Singer Capital Markets Securities Limited
One Bartholomew Lane
London
EC2N 2AX

Administrator
EPIC Administration Limited
Audrey House
16-20 Ely Place
London
EC1N 6SN

Registrar
Link Market Services Limited
Central Square
10th Floor
29 Wellington Street
Leeds
LS1 4DL

English Legal Adviser to the Company
Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Independent Auditor
Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Bankers
Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Depositary
Indos Financial Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Shareholder Information

2024 Key Dates

March	Audited report and financial statements published for the year to 31 December 2023
June	Company's half year end
September	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 (unless otherwise stated).

Annual and half-yearly report

Copies of the Company's Annual and Half-yearly 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 34).