



Published on 29 April 2024

→ for the three months to 31 March 2024

## Helping to build great businesses

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

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

We are also proud to have a charitable mission helping disadvantaged children in the UK learn to read. Donations equivalent to 0.9% of NAV are made each year. Donations since the set up of Literacy Capital in 2017 **now total £9.2m**.

## Literacy Capital plc highlights

**510.4p**NAV per ord. share<sup>1</sup>**£12.8m**

Capital invested

**+2.0%**

Q1 net assets

**£19.4m**

Proceeds received

**+9.2%**Change in net assets  
in last 12 months**£694k**Q1 charitable  
donation provision

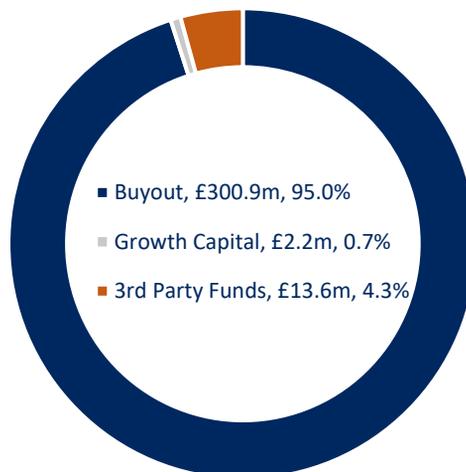
## Key facts on 31 March 2024

Net assets	£306.2 million
Net assets per ord. share <sup>1</sup>	510.4p
Share price (mid-price)	482.0p
Premium / (discount)	(5.6)%
Management fee	0.9%
Trading on	Specialist Fund Segment (SFS)
Ticker	BOOK
Ordinary shares in issue <sup>2</sup>	60.0 million
ISIN	GB00BMF1L080

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

<sup>2</sup> Excludes warrants in issue (600,000 allotted on 31 March 2024)

## Breakdown of gross assets<sup>3</sup> by asset type



<sup>3</sup> Gross assets of £316.7m, before borrowings, compared to net assets of £306.2m. All figures and percentages rounded to one decimal place

## Performance to 31 March 2024

% total return	3 months	1 year	Since Admission <sup>4</sup>	3 years	Since inception <sup>5</sup>
<b>BOOK net assets</b>	<b>+2.0%</b>	<b>+9.2%</b>	<b>+217.8%</b>	<b>+217.8%</b>	<b>+467.1%</b>
<b>BOOK share price</b>	<b>+0.4%</b>	<b>+19.9%</b>	<b>+201.3%</b>	<b>n/a</b>	<b>n/a</b>
FTSE investment company index	+2.3%	+8.9%	(5.3)%	+0.6%	+40.4%
FTSE all-share index	+3.6%	+8.4%	+17.9%	+26.1%	+30.2%

<sup>4</sup> BOOK was admitted to the London Stock Exchange on 25 June 2021

<sup>5</sup> Inception date treated as 30 April 2018. £54 million of capital raised

The Q2 2024 factsheet and next update to NAV will be published on Monday 29 July, please visit:

[www.literacycapital.com/investors](http://www.literacycapital.com/investors)

## Contact information

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## Richard Pindar, CEO of BOOK's Manager:

"BOOK demonstrated continued progress in Q1, delivering a 2.0% uplift in NAV in the quarter. We also maintained our focus on recycling capital from more mature assets into new opportunities and paying down borrowings under the RCF.

Given the tougher macro economic conditions in H2 2023 and the strong comparative growth recorded 12 months ago, we are pleased that the portfolio continues to deliver growth. We are confident that progress will accelerate in the rest of 2024, both in terms of portfolio company trading performance and uplifts in BOOK NAV.

It is pleasing that Q1 was again a strong period for cash receipts, demonstrating the strength of interest in BOOK's assets from institutional funders and our efforts to recycle capital from the portfolio. We expect that cash inflows are likely to remain strong during the remainder of 2024, whilst we are also seeing many new opportunities to redeploy capital into newer investments."

## Summary of Q1 performance

On 31 March 2024, net asset value (NAV) was £306.2m, or 510.4 pence per share. This is an increase in NAV (after costs and donations) of 2.0% since 31 December 2023, a net uplift of £6.0m (10.0p per share).

RCI, BOOK's largest holding, was again the strongest contributor in the quarter and the group continues to develop positively. Several of BOOK's earliest investments also continue to trade and progress well.

BOOK returned a modest +0.4% for shareholders in Q1, albeit the share price has performed more strongly since the quarter end.

Since BOOK listed in June 2021, shareholders have enjoyed a return which now exceeds 200%, making BOOK the UK's best performing listed investment company over this period.

## New investments and commitments

One new investment was completed in Q1. This was a minority investment into Live Business Group, a founder-led provider of entertainment solutions to travel operators. In addition to this, capital was also invested into several existing portfolio companies to support their growth.

## Cash generation and liquidity

Cash inflows remained very strong in the quarter, with £19.4m received. £18.5m related to the refinancing announced on 3 April. The balance was generated by the fund's PE interests.

Cash inflows are expected to remain buoyant during the rest of 2024 based on potential M&A activity.

After the Easter bank holiday, the RCF was £5.3m drawn following a repayment funded by the £18.5m refinancing.

## Activity since the period end

No events occurred between the end of Q1 and the publication of the factsheet requiring reported NAV to be revised.

*"The reading sessions have a knock-on effect in the classroom – building their confidence with reading helps across the entire curriculum. They are talking so much more about reading, and through the chats and games, they are starting to develop and are more willing to take place in discussion in class." Teacher, April 2024*

Research has shown that the attainment gap between disadvantaged children and their peers, more than doubles from the start of primary school to the end (increasing from 4.8 months to 10.3 months). Literacy's partnership with Bookmark is crucial in reaching young children most at risk of falling behind.

Through the Bookmark reading programme, over 13,500 hours of one-to-one reading support has been delivered so far this year, with Bookmark in February celebrating the delivery of its 100,000<sup>th</sup> reading session since inception. The charity is also set to deliver its millionth copy of The Story Corner Magazine in July, giving more children in disadvantaged areas access to reading materials at home over the holidays to prevent learning loss.

To offer more tailored literacy support at school level, Bookmark is currently piloting its new Literacy Partner Programme. Designed to provide literacy consultancy and targeted funding to deliver improvements in whole school reading cultures, 40 schools in areas of need have been identified to take part in the pilot with the aim to scale the programme further next academic year.

Visit [bookmarkreading.com](https://bookmarkreading.com) to learn more.

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## Portfolio overview

Companies / assets	Date	Carrying value	Value as % of NAV
RCI Group	Sep 18	£90.3m	29.5%
Grayce	Jul 18	£44.3m	14.5%
Techpoint	Jun 20	£27.5m	9.0%
Oxygen Freejumping	Jul 21	£23.8m	7.8%
Antler Homes	Jun 18	£18.9m	6.2%
<b>Top 5 investments</b>		<b>£204.7m</b>	<b>66.8%</b>
Cubo Work	May 23	£17.8m	5.8%
Wifinity	Dec 17	£16.0m	5.2%
Halsbury Travel	Jun 22	£12.7m	4.2%
Hanmere	Dec 17	£10.0m	3.3%
Tyrefix	Nov 20	£9.5m	3.1%
<b>Top 10 investments</b>		<b>£270.7m</b>	<b>88.4%</b>
Other direct investments		£32.3m	10.6%
Private equity fund interests		£13.6m	4.4%
Borrowings (incl. donation provision & impact of warrants)		£(10.4)m	(3.4)%
<b>Total net asset value</b>		<b>£306.2m</b>	<b>100%</b>

## Top 10 investments<sup>#</sup>

**+12%**

YoY sales growth

**+7%**

YoY EBITDA growth

**9.5x**EV / Earnings<sup>1</sup>**2.2x**Net debt / EBITDA<sup>1</sup>**20.8%**

EBITDA margins

**3,750**

Total headcount

<sup>#</sup> Data calculated on a weighted average basis (excl. headcount)<sup>1</sup> Excludes Antler Homes

## Breakdown of Q1 uplift by asset (before costs)



## Portfolio highlights

Growth year-on-year recorded by BOOK's portfolio companies has been varied. Several portfolio companies have continued to trade well and grow in line with expectations. Whilst others, particularly those that experienced exceptionally strong periods of trading in 2021 and 2022, have found these historical levels of trading more difficult to repeat. Based on current trends, growth rates are expected to improve in H2 2024.

The concentration of the fund's holdings also reduced in Q1, largely due to receiving £18.5m from refinancing of one of BOOK's portfolio companies. This reduced the top 5 and top 10 investments as a % of NAV to 66.8% and 88.4% respectively, down from 71.6% and 92.3% three months earlier. This demonstrates an ability to generate cash and rebalance the portfolio, whilst also holding successful investments for the long term.

The value of PE fund interests declined due to a healthy level of realisation activity. Positively, these sales have also occurred at attractive prices relative to previously reported carrying values.

## Net debt within the portfolio

Net debt increased to 2.2x EBITDA (on a weighted average basis) at the end of Q1 (1.6x on 31 December 2023). This was driven higher, compared to previous quarters, primarily by the refinancing that was announced on 3 April.

Despite this, relative to most private equity-backed businesses, BOOK's portfolio companies still hold relatively modest levels of leverage, thus providing flexibility to focus on long term growth.

## Portfolio valuation

The weighted average EV / EBITDA multiple was little changed at 9.5x on 31 March 2024 (9.4x at the end of Q4 2023).

These valuation and leverage multiples remain the lowest of any listed PE investment company (per [updated research](#) by Edison in March 2024). The EBITDA multiple used for each portfolio company is applied to an earnings figure for the business that is deemed to be 'maintainable', in line with [IPEV Valuation Guidelines](#).

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