LITERACY CAPITAL

Audited Report and Financial Statements for Literacy Capital plc

For the year ended 31 December 2024

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 492.8p[1], with net assets of £296.6m**
  - NAV, adjusted for the post-period end event (Halsbury Travel's bolt-on acquisition), of **499.2p per ordinary share**, with adjusted net assets of £300.4m
  - The reported NAV per share as at 31 December 2024 declined **1.5%** after the impact of all costs (including charitable donations and the impact of the warrant instruments) in the twelve months to 31 December 2024
  - BOOK's share price decreased **5.4%** over the same period

- **Attractive opportunities to deploy capital into new investments, as well as building a pipeline of new opportunities**
  - **Three new platform investments** completed in 2024, with a strong pipeline of new opportunities
  - **£41.1m cash invested** in aggregate in 2024, an increase of 22.3% compared to calendar year 2023, to support growth in existing portfolio companies, as well as capital for new investments

- **M&A activity and cash distributions received in 2024 were more muted than the previous year**
  - **£30.1m[2] cash received** by BOOK in 2024. Whilst materially lower than 2023 (cash received in 2023 was mostly due to the sale of two maturing assets at significant premiums), this was substantially more than 2022
  - The majority of this cash was from **refinancing two existing portfolio companies,** with further refinancings underway in early 2025 to fund new investment activity and pay down RCF debt
  - Literacy also completed the **sale of a private equity fund interest for an 8.2% premium** to its prior carrying value, reducing BOOK's exposure to private equity fund interests

- **A slight decline in overall carrying multiples, compared to the end of 2023, to reflect caution given the UK macroeconomic outlook; however, Literacy's investee companies remain modestly leveraged**
  - On 31 December 2024, the weighted average EV / EBITDA multiple for Literacy's ten largest investments (comprising 87.7%[3] of NAV) was 8.8x, compared to 9.4x on 31 December 2023
  - The average net debt / EBITDA was 2.3x (calculated on the same basis as above), an increase on twelve months ago (1.6x at 31 December 2023) following the refinancing activity

- **Consistent charitable donations and a continued focus on helping children in the UK's most disadvantaged communities**
  - £2.7m of charitable donations provided for in 2024 (£2.8m in 2023), with a small change year-on-year in line with NAV
  - Total donations now amount to **£11.2m** since inception[4] of Literacy Capital

Performance to 31 December 2024

% total return	3 months	1 year	3 years	Since Inception[4]
BOOK NAV per share[1]	**(2.3)%**	**(1.5)%**	**+77.8%**	**+392.8%**
BOOK Share Price	**(9.2)%**	**(5.4)%**	**+53.9%**	**n/a[5]**
FTSE All-Share Closed End Investment Trust Index	+2.2%	+8.7%	(4.8)%	+49.1%
FTSE All-Share Index	(0.4)%	+9.5%	+18.5%	+37.7%

[1] The figures presented here are the diluted NAV and NAV per share. The calculation is shown within 'Alternative Performance Measures', page 81

[2] Per the cash flow statement on page 57, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m).

[3] Excluding Antler Homes which is valued using a Total Gross Asset Value multiple rather than an EV/EBITDA multiple

[4] Inception date is April 2018

[5] BOOK's shares were admitted for trading on the London Stock Exchange in June 2021. Share price data therefore starts at this point

Comparison to prior periods

	At 31 December 2024	At 31 December 2023
Net asset value	£296.6m[1]	£300.3m[1]
NAV per ordinary share[1]	492.8p[1]	500.4p[1]

	12 months to 31 December 2024	12 months to 31 December 2023
Capital invested	£41.1m	£33.6m
Cash realised	£30.1m[2]	£46.3m
Charitable donation accrual	£2.7m	£2.8m

[1] The figures presented here are the diluted NAV and NAV per share. The calculation is shown within 'Alternative Performance Measures', page 81
[2] Per the cash flow statement on page 57, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m).

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:

"The performance of the fund in 2024, in terms of the NAV return delivered during the period, was below our original expectations and the high standards we have set in previous years. That said, it is important to note that a single twelve-month period is not sufficient to judge the track record of BOOK, or indeed any private equity fund. Over a longer, more appropriate timeframe, BOOK's performance compared to other listed investment companies remains extremely strong (See page 3 'Performance to 31 December 2024') and we believe that its strategy will generate compelling absolute and relative performance in future periods.

The primary impediment to a better NAV return in 2024 was the performance of two portfolio companies. These two holdings were amongst the three largest at the start of the year and between them equated to 24% of the fund's NAV at the start of 2024. In aggregate, they contributed to a £33.6m decline in NAV. Clearly, whilst disappointing, it is not realistic to expect the performance of each company to be linear or positive at all times.

As shareholders will be aware, we take a proactive approach to managing our investments and are able to make changes to management teams when necessary. These businesses both now have new leadership, their weighting has reduced to 16% of NAV, and both are showing more positive trends in 2025 than the last 18 months. We are confident that their performance will be more encouraging, and they will not be a drag on the fund's NAV return in 2025.

It is important to reemphasise all of the benefits of BOOK's strategy and approach. Literacy's focus is on smaller, private businesses; there are relatively few buyers for these types of businesses, due to their size, whilst they are characterised by often incomplete or underdeveloped management teams and immature succession planning. As a result, there is frequently limited competition for many businesses that Literacy looks at and we focus on allocating our capital in a disciplined way to deliver sustainable long-term growth.

Ensuring we don't overpay is also crucial to protecting and growing shareholder capital. Our value-add is not solely in 'stock picking' but also ensuring our companies have appropriate leadership and complementary management teams to maximise their potential, which takes effort and patience.

Another key difference is the timespan over which we are prepared to invest. Allowing gains to compound over time results in better returns for shareholders, which is facilitated by the unusually strong financial alignment between the investment manager and fund's shareholders. The management fee for a fund making direct private equity investments remains below market, despite the uplift from 0.9% to 1.5% effective from 1 January 2025, and no performance fees are paid by BOOK to its Manager, which is virtually unheard of within private equity, and removes the incentive to prematurely sell assets."

Enquiries

For further information, please contact:

Literacy Capital plc / Book Asset Management LLP:
Richard Pindar / Aasha Tailor +44 (0) 20 3960 0280

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

Singer Capital Markets Securities Limited:
Alaina Wong +44 (0) 20 7496 3000

Website:
www.literacycapital.com

LEI:
2549006P3DFN5HLFGR54

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 20).

These objectives have been met by Literacy, despite the rate of progress or returns being weaker in 2024 than previous periods. However, we expect better performance in 2025, and assessing a period longer than 12 months, the Company has performed very strongly across all three metrics. Again, RCI was the portfolio company that contributed the greatest uplift to NAV in pound sterling terms. For the first time, Velociti closed 2024 as a top five investment, following a significant improvement in performance.

The total headcount of Literacy's ten largest portfolio companies was 3,938 at the end of 2024, compared to 3,616 a year earlier. The 9% increase was mostly due to the additional employees that joined the portfolio companies as a result of bolt-on acquisitions, with the balance being newly created roles in growing businesses.

During 2024, the net assets of the Company decreased marginally, from £300.3 million[1] to £296.6 million[1]. Despite BOOK's share price decreasing by 5.4% in 2024, BOOK still significantly outperforms the FTSE All-Share Closed End Investment Trust Index and the FTSE All-Share Index over the past three years and has generated very strong returns for shareholders. This three-year performance was recognised by Citywire, who awarded Literacy Capital the award for Best Private Equity Trust in November 2024.

In terms of the final objective, the Company provided for charitable donations of £2.7 million in 2024. The level of donations to charity have grown substantially since Literacy was formed. 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 the 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 on page 83.

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 to monitor performance. 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. The Investment Trusts may operate and invest similarly to

Literacy Capital plc. These Indexes comprise listed companies that BOOK's shareholders might also or otherwise invest in. As a result, the Investment Manager has deemed these to be the best comparators for the Company.

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 81

Chair's Statement

As we have consistently stated, Literacy Capital is set up to invest in UK smaller private companies with a long-term time horizon, and we like to apply this same timescale when judging our own performance. Over the three years to 31 December 2024, Literacy Capital's NAV per share return has been 77.8%. This compares to a decline in the three-year return of the FTSE All-Share Closed End Investment Trust Index of 4.8%. We are pleased with this level of outperformance.

That said, we are less pleased with performance during the shorter 12 month period to 31 December 2024. During the year, NAV per share declined 1.5% after all expenses and charitable donations to 492.8p and our share price declined by 5.4% during the calendar year to close at 454p.

2024 has been an interesting and challenging year, especially in the second half in the run up to and following the new UK Government's Budget.

In H1, our businesses had traded well and net assets grew by 4.4%. On 5 July 2024, the UK had a new Government, but there was then an unusually long 118 day wait until its first Budget on 30 October 2024. Regrettably, this delay and the numerous statements issued by the new Government during this period served to create fear and uncertainty, rather than engender confidence.

This period had an especially pronounced impact because Literacy Capital focuses on smaller private UK companies. Businesses like ours are the lifeblood of what underpins the UK economy. Confidence is critical; but it is also fragile. And confidence within the UK private sector was badly damaged during the pre-budget period in Q3. This was swiftly apparent in the management information our portfolio companies collect and share with us.

Regrettably the Budget did not bring the certainty that was hoped for, and there is no doubt that some policies, principally the rise in employer national insurance contributions, have been deleterious to growth and confidence.

We are fortunate that we interact daily with the heartbeat of British businesses, and we are shareholders in 20 companies who deliver detailed management information to us on a regular cycle. We thus have access to very insightful data.

Perhaps the most telling information is this: in H1, our top 10 investments grew employment from 3,616 people to 4,211 people. 595 new jobs and growth of 16% in just six months.

In H2, our top 10 investments saw their number of staff reduce from 4,211 to 3,938. A reduction of 273 jobs and decline of 6%. This data tells a clear story.

The macro picture in the UK today is the weakest we've seen for some time; but ultimately, it is our responsibility to work with our management teams whatever the circumstances to create the best outcomes possible. We have some very talented teams and many of our businesses are trading well. I refer to our prospects in more detail below.

Prospects

Literacy Capital has had considerable and consistent success since launch in 2017 and hence we are frustrated that performance in 2024 has not been stronger. That said, we are confident that the fund will make good progress in 2025. We own some high-quality companies, which despite tough conditions, are mostly trading well. A number have strengthened their management teams and indeed some are now being courted by potential acquirers. The companies that contributed negatively to performance in 2024 will also have a set of prior year comparative data that will be easier to outperform than the elevated performance following the release of pent-up demand following the Covid-19 related lockdowns.

The more challenging macroeconomic conditions also mean that many owners of private businesses are more inclined to sell their companies, which creates additional attractive opportunities for Literacy Capital to deploy capital. This is also a factor that should contribute positively to the fund's prospective NAV growth in the next couple of years.

We therefore look forward to being able to report meaningful progress this time next year.

Our charitable activities

Whilst our core priority is to build value for shareholders, it is also important to us that we use our financial success to facilitate our mission to help disadvantaged children in the UK learn to read.

Since formation in 2017, Literacy Capital has donated £11.2m to reading charities, of which Bookmark Reading has been the largest beneficiary.

Bookmark has had an excellent year, delivering over 40,000 reading sessions and changing the lives of over 2,000 children. Bookmark has distributed a wide array of high-quality reading materials including over 1 million copies of The Story Corner Magazine. Most pertinently, in September, Bookmark launched its three-year strategy in which it will work with 1,000 schools in areas of deprivation and will have over 500,000 children benefit from these programmes over the next three years.

Our shareholders have been unwavering in their support for Bookmark's work, and we are immensely grateful for this.

Paul Pindar

Paul Pindar (Mar 20, 2025 18:29 GMT)

Paul Pindar
Chair
Literacy Capital plc
20 March 2025

Investment Manager's Report

BOOK Performance Highlights For The Twelve-Month Period

492.8p NAV per ord. share[1] (31 Dec 23: 500.4p)	**£296.6m** £m NAV[1] (31 Dec 23: £300.3m)
£41.1m Capital invested (12 months to 31 Dec 23: £33.6m)	**£30.1m** Cash realised[2] (12 months to 31 Dec 23: £46.3m)
(5.4%) Shareholder total return (since 31 Dec 23)	**£2,722k** Charitable donation accrual (12 months to 31 Dec 23: £2,759k)

[1] The figures presented here are the diluted NAV and NAV per share. The calculation is shown within 'Alternative Performance Measures', page 81
[2] Per the cash flow statement on page 57, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m).

BOOK Performance Overview

Net asset value (NAV) closed the period at £296.6 million[1], or 492.8p[1] per share, a decrease of 1.5% on the NAV per share in the twelve-months since 31 December 2023. The majority of BOOK's direct investments and fund interests contributed positively in the year, with the negative contribution from two larger assets offsetting the more encouraging performance elsewhere.

RCI Group and Velociti were the two best performers, contributing £19.8 million and £19.5 million to 2024 NAV respectively. This represents a return of 20% and 343% respectively on their carrying value at the beginning of 2024. RCI performance was enhanced by solid growth and two more bolt-on acquisitions. Velociti's uplift in carrying value was caused by a significant increase in maintainable earnings, as a result of new contract wins and integration of the acquisitions by the new management team. As a result of this growth, the multiple has also increased to reflect the greater scale and positive performance of the group that will attract a new, larger pool of buyers. For both RCI Group and Velociti, the uplift in the twelve months to 31 December 2024 represents approximately 6x the amount of capital that BOOK originally invested into each of the companies, demonstrating the benefit of patience.

Less positively, Techpoint and Grayce were the largest detractors in the twelve-month period. In aggregate, their contribution was a reduction in NAV of £33.6 million. The assets were BOOK's second and third largest holdings at the end of 2023, meaning softer performance from them would have a more significant impact on the fund as a whole. Both have experienced tough trading conditions during 2024 but it is felt currently that performance is likely to improve in 2025, considering current trends.

During 2024, BOOK's NAV per share, (1.5%), and share price performance, (5.4%), were below expectations, however, as mentioned previously, a longer-term view is most appropriate when judging the returns of any fund. Literacy's three-year share price growth outperformed the benchmark indices share performance, with growth of +53.9% compared to the FTSE All-Share Closed End Investment Trust Index and FTSE All-Share indices achieving (4.8%) and +18.5% respectively over the same period.

BOOK has continued to make progress in building awareness in the trust from investors. Since its listing on the London Stock Exchange in June 2021, net assets have grown from less than £100 million to close to £300 million at the end of 2024. Investors have become more aware of BOOK's longer term track record, which has grown interest and trading in BOOK's shares.

Breakdown of Net Asset Value at 31 December 2024

Companies / assets	Date of Investment	Carrying value	% of NAV
RCI Group Provider of healthcare, specialist clinical and support services	Sep 18	£100.7m	33.9%
Grayce Recruits, trains and deploys graduates into large corporates	Jul 18	£33.3m	11.2%
Velociti Software and consulting business to the public transport sector	Feb 20	£25.8m	8.7%
Cubo Work Provider of office and co-working space	May 23	£24.4m	8.2%
Oxygen Activeplay Operator of trampoline and adventure parks	Jul 21	£23.6m	8.0%
Top 5 investments		**£207.8m**	**70.1%**
Wifinity Wi-fi provider to hard-to-reach campus locations	Dec 17	£17.4m	5.9%
Techpoint Outsourced supply chain management of electronic components	Jun 20	£14.9m	5.0%
Antler Homes Housebuilder in the Southeast of England	Jun 18	£13.8m	4.6%
Hanmere Manufacturer of polythene packaging products	Dec 17	£10.3m	3.5%
Live Business International entertainment supplier	Mar 24	£9.6m	3.2%
Top 10 investments		**£273.8m**	**92.3%**
Other direct investments		£46.1m	15.6%
Private equity fund interests		£9.2m	3.1%
Borrowings (inclusive of donation accrual & other working capital items)		(£32.6)m	(11.0)%
Net asset value		**£296.6m**[1]	**100.0%**

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 81

Portfolio Company Overview

Despite difficult trading conditions, the majority of BOOK's portfolio companies and fund interest contributed positively to NAV over the twelve-month period to December 2024.

Growth in proforma revenue and EBITDA year-on-year at the end of 2024 across BOOK's top ten investments (on a weighted average basis) was 18% and 24% respectively. Whilst this growth is lower than we would have liked, we feel it is respectable given the relatively tough macroeconomic conditions during the period. Two larger portfolio companies were the principal detractors to NAV, however a reduction in carrying multiples also had an impact on overall performance, aside from the portfolio companies trading performance. In terms of the strongest performers, RCI, Velociti, Cubo, Live Business, and Wifinity, all demonstrated encouraging performance, albeit each at different stages of maturity as Literacy investments.

Whilst a relatively small proportion of NAV at the end of 2024, it is worth mentioning BOOK's private equity fund interests. Collectively, they generated a +5.6% return during the year but also generated a significant amount of cash as the funds matured and returned cash. In one instance, Literacy successfully sold its remaining interest in the fund in a secondary transaction at a premium. The total net cash proceeds received from these fund interests during 2024 amounted to more than 40% of the opening NAV, helping to reduce the residual value of these third party fund interests.

Aside from inflows from fund interests, we expect to receive further sums from the sale of and refinancing of direct investments in 2025.

Top Five Investments

BOOK's portfolio remains relatively highly concentrated, with the top five investments equating to 70.1% of net assets at the close of 2024. This is a slight reduction to the 71.6% recorded for the equivalent figure a year earlier. The value of the ten largest investments equates to 92.3% (compared to 92.3% a year earlier). RCI remains BOOK's largest asset and continues to perform well; its share of NAV remained broadly consistent year-on-year, closing 2024 at 33.9%.

Despite growing significantly in size compared to several years ago, BOOK continues to invest in similar sized businesses and committing similar amounts of capital to its new investments. Where portfolio companies perform strongly, such that they form a large proportion of Literacy's NAV, it is due to the strength of their trading and growth. It is therefore likely to be detrimental to shareholder returns to rebalance the portfolio or sell assets prematurely to reduce the concentration. Instead, it is this high degree of exposure to rapidly growing businesses that has contributed to BOOK's outperformance since its listing and gives us confidence that this can continue in future periods.

The Investment Manager has a high degree of knowledge, involvement and control over the assets, and therefore remains comfortable with having a concentrated portfolio. This involves receiving a significant amount of management information on a frequent basis, which provides important insight regarding current trading and performance of the companies. The control extends to being able to influence and select the key members of management in these companies, with several changes and additions being made in 2024.

Often companies that BOOK invests in require a period of investment or transition, before their rate of growth can 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 several years earlier, with more recent investments requiring time before they develop to the same extent. We are confident that the older investments can continue to contribute strongly (as demonstrated by RCI's strong contribution again in 2024), whilst newer investments are well-placed to follow a similar path.

Company	Date of Investment	31 Dec 2024 carrying value	31 Dec 2024 % of NAV	Total cash realised	Carrying value + cash realised	∆ in total return since 31 Dec 2023
RCI Group	Sep 18	£100.7m	33.9%	£23.4m	£124.1m	£19.8m
Grayce	Jul 18	£33.3m	11.2%	£9.9m	£43.2m	(£15.0m)
Velociti	Jun 20	£25.8m	8.7%	-	£25.8m	£19.5m
Cubo Work	May 23	£24.4m	8.2%	£2.4m	£26.8m	£5.8m
Oxygen Activeplay	Jul 21	£23.6m	8.0%	-	£23.6m	(£3.0m)

RCI Group - www.rcigroup.co.uk

RCI Group is a provider of services to improve outcomes for people. The group is now comprised of four divisions operating predominantly within the healthcare sector. The divisions are: Clinical Services, Communication & Assessment, Complex Community Care, and Software & Data.

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, and RCI Group has now completed six acquisitions since December 2019.

Further hires are also expected to broaden the management team to allow RCI to continue its organic growth and acquisition plans. RCI has continued to trade ahead of budget in 2024 and completed a refinancing in March 2024, which enabled the business to complete its two acquisitions in Q2 June 2024. Both acquisitions, Marcus & Marcus and Outcomes Based Healthcare, fit neatly into and add significant scale to two existing RCI divisions, Complex Community Care and Software and Data respectively.

Grayce - www.grayce.co.uk

Grayce partners with some of the world's most ambitious organisations to help deliver change and transformation at pace. With over a decade's experience developing and deploying high-performing talent, Grayce delivers a low-risk and scalable solution and enables long-term capability build.

The business had been founded by a husband-and-wife team, who created the model and established the brand over the first six years. By 2018, they were looking for an investment partner that would support the scaling of Grayce, including investments in business systems, and the introductions of an experienced executive team. During 2024, we introduced an Executive Chair from within our network, supporting a new structure that we believe will help the business return to organic growth.

Consistent with other businesses operating in the Hire-Train-Deploy sector, Grayce has found trading conditions relatively tough in 2024 leading to a lower level of demand and analyst headcount than anticipated. Grayce has realigned analyst levels to better match market conditions and current growth plans.

Velociti - www.velociti-solutions.com

Velociti Solutions provides critical and innovative software and expert consultancy services to public transport authorities and operators. Its focus is on both rail and bus services.

BOOK's initial investment was made into a platform business, then named EPM, in February 2020. The founder was looking to sell the business with the existing team needing strengthening with additional skills and experience. At completion, we introduced senior hires to drive the business forward. Since the initial completion, Literacy has helped Velociti complete three strategic acquisitions, namely Omnibus Solutions, 3Squared and Fab Digital. These acquisitions have supported improvements in operational and commercial performance across the Group, as well as enhancing the Group's position as a high-quality software solutions provider in the transportation space.

Velociti has continued to trade well throughout 2024, evidenced by its entry into the top 5 investments. The business has successfully focused on growing annual recurring software revenue (notably through international growth) and restructured the cost base through integrating the different acquisitions to eliminate duplication. These initiatives were overseen by a new management team, who joined Velociti during 2024, and we expect the business to continue trading well in 2025.

Velociti has successfully expanded internationally during the year, with new sizeable contracts won in both Hong Kong and Saudi Arabia. We hope to repeat these recent wins with additional new contracts in other overseas territories in 2025 and beyond.

Cubo Work - www.cubowork.com

Cubo is a provider of office and co-working space across the UK, offering bespoke workspaces that meet the needs of businesses in the best locations and buildings on offer in their cities.

Cubo was founded in 2019, by husband-and-wife property investors, Marc and Rebecca Brough. The offering was successful and they expanded into several cities in the Midlands and Yorkshire, rapidly becoming the location of choice for many SMEs and larger blue-chip corporates. Beyond Cubo's initial growth, the team also had a pipeline of new sites that they were looking to fit out and open. Literacy first invested in May 2023, when Marc and Rebecca were looking for a partner to help grow the business into a substantial, national provider. Cubo's strategy was to continue to roll out new sites, focusing on key regional locations and prime locations within these cities.

Since Literacy's investment, the number of sites that Cubo has occupied has grown from 5 to 15, with its first London site opening in February 2025. Cubo has performed particularly strongly during 2024 with the opening of several new sites, acquiring an online flex consolidator platform and increasing the number of desks under contract (often for several years). The increase in the number of desks occupied or 'signed not started' is the primary driver for Cubo's increased enterprise valuation and carrying value for Literacy Capital. At the end of 2024, 4,383 desks were under contract, an increase of more than 50% compared to 2,910 a year earlier.

Oxygen Activeplay - www.oxygenfreejumping.co.uk

Oxygen is an operator of indoor trampoline and activity parks across the UK, providing fun physical activities and parties to children of all ages. The activities include trampolines, climbing walls, high ropes and soft play, as well as café areas, plus lounges for parents.

Literacy's investment in July 2021 was to re-capitalise and invest in the business following its re-opening after the pandemic induced closures in 2020 and the early part of 2021. When Literacy invested, Oxygen had four sites, with the investment being used to enhance the offering at Oxygen's existing sites, plus open or acquire new ones.

The central team has been expanded and strengthened to manage the growth initiatives across the business. These are focused on opening new sites, improving the existing ones and driving like-for-like sales growth.

In 2024, the focus has been on growing Oxygen's estate through new build sites, rather than acquisitions. The first of these was launched in York in February 2024. It also began the development of a second new build in Salford in November 2024, which will open in February 2025, taking the total number of sites to 13. The refurbishment of the Reading site, to bring it under the new Oxygen branding and proposition, was also completed in 2024 and the site has performed strongly since reopening.

Movement in the Portfolio

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

£m[1]	12 months to 31 Dec 2024	12 months to 31 Dec 2023
Opening Investments	**315.1**	**270.6**
Direct investments	40.1	32.8
Fund drawdowns	1.0	0.8
Total capital invested	**41.1**	**33.6**
Proceeds from direct investments	(23.3)	(45.0)
Proceeds from fund investments	(6.8)	(1.2)
Cash proceeds received[2]	**(30.1)**	**(46.3)**
Change in deferred consideration owed	(0.9)	0.9
Return on investments	**3.9**	**56.3**
Closing Investments	**329.2[1]**	**315.1**
Valuation Movement % (of Opening Investments)	*1.2%*	*20.8%*

[1] All figures have been rounded to one decimal place
[2] Per the cash flow statement on page 57, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m).

Capital Invested

In 2024, £41.1 million was invested by BOOK, a figure 22% higher than in 2023. £12.8 million of this was invested at completion into the three new investments (Live Business, Campfire and amplify5) finalised in the period. £27.3 million was provided as follow-on funding to existing portfolio companies, to support their growth or acquire more equity, whilst the final £1.0 million was further investment into third party funds.

In March 2024, BOOK announced a minority investment into Live Business Group, an outsourced entertainment supplier to the travel, tourism and leisure industry. The company creates award-winning bespoke content, bringing together creative, production and digital capabilities to create a complete entertainment solution. The two founders are continuing in their respective roles and Literacy's investment was to support the ambitious plans to expand Live further in their growing end-markets.

In August 2024, BOOK completed a minority investment into Campfire Group, a technology enabled, social-first marketing agency. The business works with both established and rapidly scaling companies to increase brand awareness and grow sales via key social media platforms. At the point of investment, Campfire was only a five-year-old business that has grown rapidly since inception, under the ownership of the two founders, and Literacy's investment was to fund a content creation area, as well as support the senior team with commercial and strategic insight.

In October 2024, BOOK acquired a significant minority stake in amplify5. The company is a business process outsourcing company, focused on offshoring processes for UK and US customers to South Africa. It enables customers to offshore processes at a lower cost to South Africa, whilst also benefiting from the high supply of skilled labour, good English-speaking abilities and minimal time zone difference to the UK.

In addition to these new investments, incremental capital was invested into other portfolio companies to support their growth, both organic and acquisition, or for capital expenditure or working capital purposes.

The amount invested into third-party private equity funds remained fairly consistent with prior year, and we expect these to be minimal going forwards given the high proportion of our initial commitment that has already been drawn and the length of time for which we have held these interests.

Literacy's investment focus remains on founder-owned or led businesses. These shareholders are often seeking responsible and experienced investors that can help them to elegantly transition away from their businesses, both financially and managerially, or to support them to accelerate the growth of their businesses with them at the helm. 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 in early 2025 is encouraging and the macroeconomic backdrop should create a more favourable landscape to deploy capital.

Realisation Activity

£30.1[1] million of cash was received in the year (compared to £46.3 million in 2023), of which approximately 75% related to the refinancing of two portfolio companies. Refinancing strongly performing portfolio companies that have grown substantially enables Literacy to recycle cash into new investments, without prematurely selling assets or foregoing further upside. We expect to see more refinancings occur throughout 2025.

No portfolio companies were sold during 2024, however several of BOOK's portfolio companies remain of interest to potential acquirors. UK PE exits are expected to increase in 2025 with pressure remaining on sponsors to deploy capital raised but not yet invested, as well as a reduction in interest rates.

As expected, cash received by BOOK from its third-party fund investments increased in 2024 versus 2023, with proceeds of £6.8 million, compared to £1.2 million a year earlier. £2.8 million was generated by selling a fund interest, at a premium of 8.2% to its previous carrying value, to a purchaser in the secondary market. Based on known M&A activity, as well as the vintage of some of BOOK's fund interests, it is expected that cash proceeds from these funds will remain strong in 2025, albeit they now make up a relatively small share of NAV. This cash will be used to fund new investment activity, reduce the Company's RCF debt and return capital to shareholders.

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.

[1] Per the cash flow statement on page 57, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m).

Balance Sheet and Financing

BOOK's total drawings under its Revolving Credit Facility ("RCF") with OakNorth Bank plc stood at £30.1 million on 31 December 2024, which equates to 10.1% of net assets. This level of borrowing is comfortably within the financial covenants of the RCF and BOOK's Borrowing Policy.

There are three financial covenants attached to the facility with OakNorth Bank, being that loan to value shall not exceed 20%, the number of investments held must exceed 10 and total net asset value must remain above £200m. BOOK has complied with these covenants during the reporting period. BOOK also complied with the covenants attached to the previous RCF facility with Investec during the reporting period.

The facility with OakNorth Bank plc, agreed in September 2024, was for £40 million with £30 million initially committed. This was increased to £35 million prior to the year end and Literacy has the option to commit the additional £5 million if required, increasing this to £40 million. This facility gives Literacy greater flexibility to fund new investments and support its existing portfolio companies, whilst also remaining 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 and reduce the amounts drawn under its RCF.

£m	31 December 2024	31 December 2023
Investments	329.2	315.1
Cash	2.4	0.3
Donation accrual	(4.2)	(3.3)
Other working capital	(0.6)	(2.4)
Borrowings	(29.8)	(9.4)
Accrued interest on borrowings	(0.3)	(0.1)
Net assets	**296.6**[1]	**300.3**[1]

[1] The NAV presented here is the diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 81

Undrawn Fund Commitments by Currency Exposure

The table below shows outstanding obligations to BOOK's three fund commitments has been gradually reducing. The figure on 31 December 2024 amounted to £1.3 million, however we expect little more than quarter of this to be called, given the age and pattern of drawing by these funds.

Regardless of whether the full £1.3 million is called or not, BOOK can comfortably fund these drawdowns from existing reserves and headroom in its RCF.

£m	31 December 2024	31 December 2023
Sterling	-	£0.1m
Euro[2]	£0.4m	£1.4m
US Dollar[2]	£0.9m	£0.9m
Total	**£1.3m**	**£2.5m**

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

Activity Since the Period End

Since 31 December 2024, BOOK has completed one new platform investment. This saw Literacy taking a majority stake in Trinitatum, a provider of test automation software, in early March 2025.

Since 31 December 2024, the Company also invested £3.2 million into six existing portfolio companies. The largest portion of this related to further investment into Halsbury Travel in January 2025 to fund a bolt-on acquisition of two profitable outdoor activity centres based in Devon. This is considered to add £3.8m to net assets at 31 December 2024, taking net assets to £300.4 million and NAV per share to 499.2p. The remaining portfolio company investments were to fund working capital, support growth plans and to acquire additional equity.

In terms of cash inflows since the period end, the refinancing of two portfolio companies was completed in January and February, with BOOK receiving £5.6 million in aggregate from these transactions.

All of these were non-adjusting events at 31 December 2024.

Outlook

We remain confident that BOOK can continue its record of growth and outperformance that it has achieved in the three and a half year period since its listing in 2021. The strategy to focus on smaller, profitable, private businesses is unchanged and has created significant value for shareholders. Whilst macroeconomic and trading conditions are not ideal for UK businesses and have caused them to have to adapt, opportunities will be available to the most nimble to grow and for Literacy to deploy capital on attractive terms into new investments.

We are confident that whilst progress is unlikely to be achieved overnight, and challenges are likely to remain into 2025, overall, BOOK's portfolio companies and their management teams are well-positioned and well-resourced to grow and take market share in the medium to long term.

We maintain close contact and relationships with the management teams and have the ability to make any changes to the companies' management teams or strategic plans should any adjustments be necessary. Again, this is an approach that has worked well to generate strong returns for Literacy and its shareholders historically. With patience, we expect these companies to become attractive and sought after targets for prospective acquirers and we are optimistic regarding the potential of selling certain portfolio companies in the next twelve months, which would generate significant cash proceeds for Literacy.

Charitable Mission

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

Literacy Capital plc has made an annual donation equivalent to 0.9%[1] 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 twelve months to 31 December 2024, the total accrual for donations to charities focused on improving literacy amounted to £2.7 million.

Since the creation of Literacy Capital in 2017, £11.2 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 accrual (£k)	
2018	£532k
2019	£621k
2020	£772k
2021	£1,527k
2022	£2,314k
2023	£2,759k
2024	£2,722k
Total charitable donation accrual	**£11,247k**

Bookmark Reading Charity remains Literacy Capital's largest charity partner, as the organisation continues to scale and deepen their impact for children in the most disadvantaged communities. In England, 1 in 4 children leave primary school unable to read well. Bookmark partners with schools in areas of high deprivation to improve literacy levels on a one-to-one and whole-school level. Alongside providing vital one-to-one reading support to pupils aged 5-10, Bookmark's literacy provision also includes books, resources, and grants that help teachers to promote a reading for pleasure culture. As a result, children develop the reading skills, confidence and enjoyment they need for a fair chance in life.

Bookmark have grown from working with just three schools in Camden in 2018, to reaching 505 schools in the 2023/24 academic year. Last year (2023/24) the charity delivered 43,779 one-to-one volunteer-led reading sessions, as well as gifting over 50,000 brand-new books to bolster school reading spaces, and more than 447,600 copies of The Story Corner magazine. These magazines were distributed across both school and community settings to promote parental engagement and mitigate learning loss during school holidays.

An independent year-long review of Bookmark's literacy interventions, conducted by ImpactEd, cemented just how vital the charity's work is. ImpactEd reported that children who participated in Bookmark's One-to-one Reading Programme made accelerated progress in their standardised reading scores across the year compared with their peers not receiving Bookmark's targeted support. The review found that the programme makes a particular impact on the reading scores of children eligible for pupil premium, helping to close the attainment gap.

[1] Going forwards, the annual donation will equate to 0.5%. See page 41 'Charitable Causes' for further details.

Alongside Bookmark, Literacy Capital has supported more, incredible literacy charities this year. In 2024, Literacy Capital also supported:

- Shannon Trust – Literacy Capital are in their third year of supporting Shannon Trust, as part of a three-year grant to reach more young people in prison and the development of resources like self-study activity books for young learners.

- Children's Book Project – The Children's Book Project seeks to tackle book poverty in the UK and give every child the opportunity to own a book. They provide new and pre-loved books to children across the country and help to support the emotional and social needs of children by being part of a reading community.

- Wandle Learning Partnership – WLP offer a wide range of CPD resources and events for Teachers, as well as operating a number of hubs to support the needs of the wider Education sector.

- West Green Charitable Trust – The trust offer a bursary scheme for UK individuals and companies to pay the school fees for those parents, carers or child headed families who can not afford to pay.

Why Literacy?

More than 7 million adults in England (or 10.0% of the UK total population) struggle to read and face challenges every day, having a profound impact on their daily lives. 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. For instance;

- Disadvantaged children are disproportionately affected by the literacy crisis, with the attainment gap remaining significantly wide, increasing in 2022 to its highest level in 10 years with disadvantaged children leaving school 10 months behind their wealthier peers.

- Seven million people in the UK have very poor literacy skills, which is expected to cost the economy as much as £81 billion every year.

- The impact of reading for pleasure is four times more powerful on progress in vocabulary, mathematics, and spelling at age 16, than that of parental education or parental socioeconomic status.

- 65% of prisoners are unable to read at the level expected of an 11-year-old.

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.

Business model and strategy for achieving objectives

Literacy Capital plc is run by its Board of Directors comprising three independent Non-Executive Directors and two non-independent Non-Executive Directors. Four 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 28.

The Directors have a duty to promote the 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, Book Asset Management LLP ("BAM"). BAM is a Full Scope UK AIFM and was appointed the Company's Investment Manager on 1 April 2020. The scope of BAM's work was agreed with the Company's Directors prior to its appointment.

BAM 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 BAM'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 have carried out a robust assessment of the risks which could adversely affect the performance of BOOK, as well as continuing to identify and monitor emerging risks. The principal and emerging risks facing the Company are set out below.

Principal risks

Investment Performance: The Company's investments are predominantly in small, unquoted companies. By their nature, these entail a higher level of risk than investments in large, quoted companies. The investment selection and management of the investee companies is key to the performance and long-term prospects of the Company. Mitigation: The Investment Manager has a strong track record of investing in private businesses, with BOOK's share price significantly outperforming both the FTSE all share index and the FTSE All-Share Closed End Investment Trust Index. 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.

Liquidity: 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. If required, the Investment Manager may also refinance certain portfolio investments if required to generate cash for the Company. The Company is also able to draw on its £35m committed Revolving Credit Facility, which had £4.9 million available to draw on 31 December 2024 and a further £5 million of uncommitted facility. The Revolving Credit Facility was entered into on a three-year term which expires in September 2027.

Economic: Economic changes outside of the Company's control, such as higher inflation or interest rates, or economic recession may squeeze consumers' spending and could affect the performance, profitability or valuation of its portfolio companies. These changes may also affect the portfolio companies' 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 received approval by HMRC as an investment trust from 1 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 2024, it is estimated that approximately 93% of the portfolio's gross assets by value would be exempt from tax regardless of maintaining investment trust status. Mitigation: The Board of Directors monitors the Company's ongoing compliance with the requirements that must be met in order to maintain 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: Since BOOK's shares were admitted for trading on the London Stock Exchange in June 2021, they have for the most part traded at a premium, however at 31 December 2024, they were trading at a small discount (7.9%). There is a risk that BOOK's share price performance could continue to underperform its NAV performance, if its discount widened further. 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.

Emerging risks

Geopolitical risks: Continued geopolitical uncertainty could adversely affect the Company and the markets in which its portfolio companies operate. Performance of the portfolio companies and their valuations may be affected, and general investment uncertainty could impact any potential exits. Mitigation: The Investment Manager continues to monitor geopolitical developments or issues that may be relevant to the Company or the underlying portfolio companies, and 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. Mitigation: The Company is sector agnostic and therefore if climate change were to impact a proportion of the portfolio's performance, it is sufficiently diversified to withstand these pressures.

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 All-Share Closed End Investment Trust 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 Company's principal risks and uncertainties.

On 31 December 2024, Literacy Capital plc had cash reserves of £2.4 million (31 December 2023: £0.3 million), as well as access to its Revolving Credit Facility ("RCF"), committed by OakNorth Bank plc until September 2027. During the period, the committed portion of the OakNorth RCF was increased by £5 million to £35 million, with headroom to take this to £40 million (the additional £5 million being credit approved but uncommitted per the facilities agreement). £30.1 million was drawn at the end of 2024, leaving £4.9 million immediately available based on the committed availability and £9.9 million taking into account the additional uncommitted £5 million.

The total cash available to the Company is 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 accrual relating to outstanding charitable donations to be paid is £4.2 million and BOOK can determine the timing of these payments.

The only obligations that BOOK has relate to undrawn amounts to its three fund commitments, totalling £1.3m. However, £1.0m of this amount relates to two funds whose investment periods have expired. BOOK has just one fund commitment where further drawdowns are expected. This fund is unlikely to draw 100% of BOOK's committed amount and therefore the remaining maximum commitment is £0.3m. The vast majority of BOOK's portfolio is profitable and cashflow positive, 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 received approval from HMRC as an investment trust on 1 April 2022. In order to continue as an investment trust, the Company must not retain more than 15% of its net annual income. The Board will continue to ensure that the business retains sufficient liquidity to pay any dividends that are required to be paid to shareholders. If a dividend 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. In determining the appropriate period of assessment, the Directors were of the view that, given the Company's objective of providing investors with long term capital growth, shareholders should consider the

Company as a long-term investment proposition. The Board also 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. The assessment contained analysis on the impact of, amongst other things, an economic downturn, tighter debt markets and macroeconomic uncertainty. Assumptions within the assessment included a decrease in the value of the portfolio companies, as well as a restriction in the availability of debt.

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

The Directors principal duty is to act in good faith in a way that most likely promotes the success of the Company for the benefits of Shareholders as a whole, as set out in Section 172 of the Companies Act 2006 (the "CA 2006"). In doing so, the Directors take into consideration the different stakeholders of the Company. The following section sets out which stakeholders are considered of importance to the Company, and how the Board of Directors and Investment Manager engages with them.

Shareholders

The support of our shareholders is key to the continued success of the Company and the Board of Directors are committed to maintaining good communications with shareholders.

Communicating regularly and clearly on the Company's performance can help keep the share price premium or the discount narrow which is a benefit to shareholders. The Board considers that maintaining a supportive shareholder base that is interested in the long-term prospects of the Company is of strategic importance.

How the Board of Directors and Investment Manager engages: The Board is committed to giving investors a clear understanding of the performance and prospects of the Company and places a high degree of importance on engagement with existing and potential shareholders, as well as treating all investors fairly. Regular communication with larger shareholders takes place to ensure they are comfortable with any material changes that might affect shareholders. For instance, several shareholders were consulted in early October 2024, in relation to proposed changes to the Company's investment policy. These comprised of amendments to the management fee and charitable donation from 1 January 2025.

The Company produces a quarterly factsheet, containing net asset value performance and portfolio updates, typically four weeks after the end of the reporting period to provide relevant information on a timely basis, with fuller and more comprehensive information published in the annual and interim accounts. Information is made public simultaneously for all readers via the Company's website and on the London Stock Exchange's Regulatory News Service.

The 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 and the Company has provisions to assess fairness of director salaries to avoid the Directors favouring themselves at the expense of external shareholders.

The Investment Manager

The Investment Manager's performance is critical for BOOK to achieve its objectives and provide shareholders with long term capital growth and, as such, the Board maintains a strong, collaborative relationship with the Manager.

How the Board of Directors and Investment Manager engages: The Board meets with the Investment Manager formally on four occasions each year. These formal meetings are supplemented with ongoing regular reporting by the Manager as well as ad hoc discussions on investment opportunities and other important matters. Annually, the Management Engagement Committee reviews the performance and continued appointment of the Investment Manager.

Portfolio Companies

BOOK's investment strategy is to invest in compelling businesses and then help support the management teams set themselves up for growth. 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.

How the Board of Directors and Investment Manager engages: The Investment Manager engages regularly with the portfolio companies and receives detailed monthly management accounts and board packs, which the Company's Board reviews once per quarter. There have been several occasions where the Investment Manager has identified skills gaps within senior management teams of portfolio companies and has assisted in finding suitable individuals to fill the roles.

Literacy Charities

The Company is committed to donating 0.9%[1] of its net assets at year end to literacy charities in the UK who support the education of children (see page 20 for further information). By supporting the charities and working alongside them, the Company can ensure that the donations are being used as efficiently as possible.

How the Board of Directors and Investment Manager engages: 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.

[1] Going forwards, the annual donation will equate to 0.5%. See page 41 'Charitable Causes' for further details.

Revolving Credit Facility Provider

The availability of the Company's Revolving Credit Facility is important to the company's long-term prospects as the Facility gives BOOK greater flexibility in funding investment opportunities as they arise.

How the Board of Directors and Investment Manager engages: The Investment Manager ensures that there is an ongoing dialogue with the lender, to keep them updated on the Company's progress and outlook. In addition, formal quarterly reporting provides the lender with further detailed information on the portfolio.

Other 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.

How the Board of Directors and Investment Manager engages: 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. Key providers for the Company include the Company's auditors, depositary, administration providers and the registrar.

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

Paul Pindar

Paul Pindar (Mar 20, 2025 18:29 GMT)

Paul Pindar
Chair
On behalf of the Board of Directors
20 March 2025

Board of Directors

Paul Pindar

Non-executive Chair of Literacy Capital plc and Chair of Book Asset Management LLP

Length of service: Appointed on 22 September 2017

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 has also served as Chair of five private equity and venture capital backed businesses since 2014.

Paul is a member of the Company's Audit Committee. As Chair of the Investment Manager, Book 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 Book Asset Management LLP

Length of service: Appointed on 19 March 2021

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, Book 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

Length of service: Appointed on 1 March 2018

A CEO and Chair with 30 years' experience, Simon has a proven track record of building, leading and advising companies, to deliver significant stakeholder returns.

As the founder of Civica in 2001, he grew the business to become one of the UK's largest software companies, with revenues of £500m, 5000 people and operations across 10 countries. Simon led the business through IPO and multiple private equity transactions, with the business valued at $2.5billion at the time of his departure in 2024.

Since 2012 Simon has been Chair of five private equity backed businesses. He is currently Chair of Audiotonix Group, one of the world's largest music technology businesses. He has been Chair of the business through three private equity ownership cycles, the most recent of which valued the business at £2.5billion.

In addition to his board roles, Simon is an active investor in the technology sector and acts as senior UK advisor to Ardian Europe, a large private investment fund with $176billion of assets under management. He is also a past winner of the EY Technology Entrepreneur of the Year award.

Simon is the Chair of Literacy Capital plc's Management Engagement Committee and a member of the Audit Committee.

Christopher Sellers

Independent Non-Executive Director of Literacy Capital plc

Length of service: Appointed on 15 February 2019

Chris has significant experience in driving sales growth, production improvement and organisational transformation across a range of businesses. He was formerly a Board member at a FTSE 100 company.

Currently, Chris is Chair and CEO of RCI Group and stepped down as CEO of Grayce in 2024. Chris spent twelve years at Capita plc. In his last couple of years he was Head of Business Development and a member of the plc Board. In his role as Executive Sales Director between 2010 and 2016, Chris secured a number of large contracts with public sector bodies ranging from £50 million to £1.7 billion in value. Prior to this, Chris set up Capita's Health division in 2008, growing revenue to £160 million within two years.

Prior to joining Capita, Chris spent 14 years as a consultant, BD Director and Managing Director for various companies, having originally trained as an engineer with Shell.

Chris is a member of Literacy Capital plc’s Management Engagement Committee and Audit Committee.

Rachel Murphy

Independent Non-Executive Director of Literacy Capital plc

Length of service: Appointed on 1 April 2021

Rachel is an independent consultant and coach. She has worked with a wide range of organisations since setting up her own business in 2006. She provides business consultancy and corporate finance advice as well as business coaching to board directors and senior managers. Her clients range from private-equity backed business through to large quoted multinationals. She has worked in a variety of sectors including media, IT, financial services, retail, as well as oil and gas.

Prior to setting up her own business she spent seven years as a member of the private equity team at Alchemy Partners where she was responsible for deal sourcing, deal execution and portfolio management. Areas of expertise included both special situations (such as turnarounds and public-to-private transactions) and buy-and-build investments.

She had a lead role in several investments, including: Industrial Control, Centric Telecom, Just Learning and Right4Staff. She joined the Board of all four of these Alchemy portfolio companies. Prior to joining Alchemy, Rachel spent eight years at Shell, followed by Diageo. Currently, Rachel is a Trustee of Missing People and was previously on the Board of Trustees of Riverside Studios.

Rachel is the Chair of Literacy Capital plc’s Audit Committee and is a member of the Management Engagement Committee.

Corporate Governance

Introduction from the Chair

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.

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 three independent Directors, has been established to review the performance of the Company's Investment Manager and will continue to consider 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 manner. 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.
- Provision 37: The Board has not established a separate Remuneration Committee due to the size of the Company and is performed by the Board as a whole. Only the independent Directors are remunerated and the 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

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.

There are a number of matters reserved for the Board's approval which include overall strategy, investment policy, approval of the annual and half-yearly reports, dividend policy and Board composition. 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.

Each Non-Executive Director is appointed by a letter of appointment on an ongoing basis and shareholders vote on whether to re-elect him/her at every Annual General Meeting. There is no limit to the time that a Non-Executive Director can serve for, but the Board recognises wider views in relation to length of service when considering whether or not Directors should be re-elected.

In the twelve-month period to 31 December 2024 there were four scheduled Board meetings. The following table sets out how many were attended by each of the Directors;

Director	Scheduled meetings attended
Paul Pindar	4/4
Richard Pindar	4/4
Simon Downing	4/4
Christopher Sellers	4/4
Rachel Murphy	3/4[1]

[1] Rachel Murphy was unable to attend one meeting due to an unforeseen commitment

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 22.

The Board has reviewed the Company's risk management and internal controls systems and is satisfied with the effectiveness of the processes.

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 page 33 for the Report of the Audit Committee.

Management Engagement Committee: Comprised of the three independent Directors and chaired by Simon Downing, the Committee meets at least once 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 36 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 of new members to the Board. When making an appointment, the Board considers the existing composition of the Board to determine areas which require strengthening. The Board believe that it is important for it to be refreshed with new members periodically.

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 RCI Group (the Company's largest asset) and during the year[1] was a Director of Grayce (the Company's second largest asset), 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 450,000 shares in the Company on 31 December 2024.

[1] Christopher Sellers resigned as Director of Grayce in June 2024.

Company Secretary

Book 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

The Audit Committee is pleased to present its report for the year end 31 December 2024.

Role of the 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 28. 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. During its review of the Company's financial statements for the year ended 31 December 2024, the significant issues that the Committee discussed included the valuation of the investments as well as the presentation of the Annual Report and Financial Statements to ensure that they are fair, balanced and understandable. To address these, the Committee reviewed the valuations prepared by the Investment Manager taking account of the latest available information on the Company's investments. Secondly, in considering the report and financial statements for the year ended 31 December 2024, the Committee concluded that as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance.

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.

The Audit Committee met once with regards to the twelve-month period to 31 December 2024 accounts. The following table sets out the attendance of each of the Directors:

Director	Scheduled meetings attended
Paul Pindar	1/1
Richard Pindar	1/1
Simon Downing	1/1
Christopher Sellers	1/1
Rachel Murphy	1/1

Report of the Management Engagement Committee

The Management Engagement Committee is pleased to present its report for the year end 31 December 2024.

Role of the Management Engagement Committee

The Management Engagement Committee is comprised of all the independent Directors, with Simon Downing acting as Chair. The experience and biographies of the independent Directors are set out on page 28. The Committee operates within written terms of reference which clearly set out its authority and duty.

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

- to monitor and evaluate the Investment Manager's performance (and, if necessary, providing appropriate guidance) and compliance by the Investment Manager with the terms of the Management Agreement;
- to review the terms of the Management Agreement to ensure that the terms comply with all relevant regulatory requirements, conform with market practice and remain in the best interests of shareholders;
- to review the level and method of remuneration of the Investment Manager in line with the terms of the Management Agreement;
- to recommend to the Board whether the continuing appointment of the Investment Manager is in the best interests of the Company and shareholders;
- to review and consider the appointment and remuneration of providers of services to the Company;
- to review annually the effectiveness of the Company's risk management and internal control systems.

The Committee meets at least annually to assess the performance of the Investment Manager, the terms of the Management Agreement, as well as completing a review of the risk and internal control environment within the Company. Additionally, the Management Engagement Committee will convene at other times when necessary. During its 2024 review, the overall performance of the Investment Manager was discussed in detail, along with a review of all other service providers and the Company's risk register. Overall, the Committee concluded that the continued appointment of the Investment Manager remains in the best interests of the shareholders and the Company.

Only members of the Committee have the right to attend Committee meetings. However, representatives from the Investment Manager may be invited to attend all or any part of any meeting as and when appropriate and necessary.

In the twelve-month period to 31 December 2024 there was one scheduled Management Engagement Committee meeting. The following table sets out the attendance of each of the Directors;

Director	Scheduled meetings attended
Simon Downing	1/1
Christopher Sellers	1/1
Rachel Murphy	0/1[1]

[1] Rachel Murphy was unable to attend one meeting due to an unforeseen commitment.

Tenure of the Independent Auditor

Forvis 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.

In accordance with present professional guidelines, the Audit Engagement Partner is rotated after no more than five audit sign offs. The current Audit Engagement Partner, Nargis Yunis, has led the Company's audit since 31 December 2023 and therefore 2024 will be the second year.

In accordance with the Statutory Audit Services Order 2014, a competitive audit tender must be conducted at least every ten years. The Company is therefore required to carry out an audit tender no later than in respect of the financial period ending 31 December 2029.

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 41.

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 three 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 twelve-month period along with each of their shareholdings in the Company at 31 December 2024, is set out in the table below:

Director	Gross salary (year ended 31 December 2024)	Ordinary shares held on 31 December 2024
	£	Number
Paul Pindar & Sharon Pindar	-	17,000,000
Richard Pindar	-	6,425,000
Simon Downing	24,000	3,250,000
Kevin Dady	6,000	n/a[1]
Christopher Sellers	24,000	450,000
Rachel Murphy	24,000	62,500

[1] Kevin Dady resigned with effect from 31 March 2024 and therefore his shareholding at 31 December 2024 has not been reported.

There were no changes to any of the shareholdings between 31 December 2024 and the publication of this Annual Report.

The remuneration paid to the Directors during the prior year period to 31 December 2023, along with each of their shareholdings in the Company at 31 December 2023, is set out in the table below:

Director	Gross salary (year ended 31 December 2023)	Ordinary shares held on 31 December 2023
	£	Number
Paul Pindar & Sharon Pindar	-	17,000,000
Richard Pindar	-	6,425,000
Simon Downing	24,000	3,250,000
Kevin Dady	24,000	618,679
Christopher Sellers	24,000	400,000
Rachel Murphy	24,000	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. The Board confirms that no negative feedback was expressed by shareholders in relation to its Remuneration Policy during the year.

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.

Kevin Dady resigned as a Non-Executive Director effective March 2024. No payment in respect of compensation for the loss of office was paid or payable to any Director in the year or the prior year. 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.

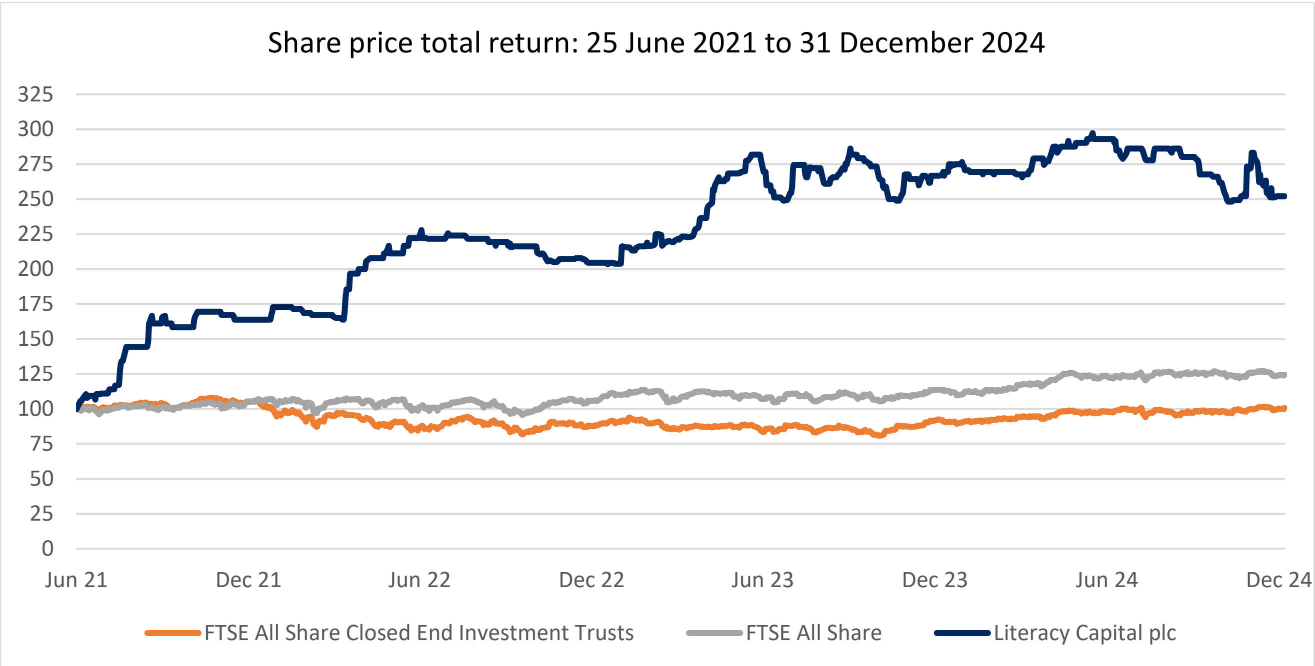
Report on Remuneration

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 twelve-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 represent 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 twelve-month period to 31 December 2024 is given in the Chair's Statement page 8 and Investment Manager's Report page 10. The graph below shows the share price total return for BOOK from admission to the London Stock Exchange on 25 June 2021 until 31 December 2024, compared to the FTSE All Share Closed End Investment Trust Index and the FTSE All Share (using an index value of 100 effective from 25 June 2021).



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 February, 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 87).

Directors' Report

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2024.

Directors

The following Directors held office at the end of the year under review: Paul Pindar, Richard Pindar, Simon Downing, Christopher Sellers and Rachel Murphy.

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, the Company has received written approval from HM Revenue & Customs ("HMRC") as an authorised investment trust. The Company will continue to be an investment trust provided it satisfies conditions of Section 1158 of the Corporation Tax Act 2010. The Directors hold the opinion that the Company has operated in compliance with the conditions and intends to indefinitely.

Reporting Period

This Audited Report has been prepared for the twelve-month period to 31 December 2024.

Results and Dividends

(Loss) / profit for the period ended 31 December 2024, after taxation, amounted to £(4.2)m (year ended 31 December 2023: £48.2m).

During the period ended 31 December 2024, the total donation expenses incurred for charitable causes amounted to £2.72m (year ended 31 December 2023: £2.76m). Additional funds have been set aside in the year for donation, as described below within the 'Charitable causes' section on page 41.

No dividend is recommended to be paid in respect of the period ended 31 December 2024 (see Dividend Policy below) (year ended 31 December 2023: 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, unless it is required to do so for the Company to maintain its investment trust status, 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 twelve-month period to 31 December 2024, as after costs there was no net income, 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 30.

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 25.

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. Book Asset Management LLP ("BAM" 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

Book Asset management LLP ("BAM" or the "Investment Manager") is the manager of the Company. BAM 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.

There remains no intention for the Investment Manger to manage or launch any other fund, nor has there been any changes in strategy.

The management fee charged for the year was 0.9% of the Company's net assets at year end. From 1st January 2025 the management fee charged by Book Asset Management LLP to Literacy Capital plc will be increasing to 1.5% of the Company's net assets at year end. Further information regarding this change can be found in the 'RNS Announcements' 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 considering factors including the Net Asset Value per share and the share price. The Board also assesses 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, given the good performance of the Manger, 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 an annual donation equating to 0.9 per cent of the Company's adjusted Net Asset Value (as set out in the Investment Management Agreement) at year end to charities, thereby providing consistent, long-term charitable donations. The amount reserved for donation in the period is £2,722k, taking the total charitable donation accrual at year end to £4,246k. The Company has donated or reserved for donation £11.2m since inception in 2017 to 31 December 2024.

In October 2024 Literacy Capital plc announced an immaterial variation to its investment policy, effective from 1st January 2025, regarding the amount which the Directors may use for charitable donations. Since inception the Company has grown rapidly to close to £300m of net assets at the end of 2024. Coupled with this has been the evolution of Bookmark Reading Charity's fundraising operation into an increasingly professional and effective department, with a wide range of funding. As a result of this, the Board has concluded that reducing the Company's charitable donation from 0.9% to 0.5% of net assets per annum enables the company to retain its unique feature of making a significant difference to children from disadvantaged backgrounds, through continuing to make substantial seven-figure donations on an annual basis, whilst allowing for an increased management fee to be paid without materially increasing the total cost of the combined elements for shareholders.

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 2024, 60,175,000 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.

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 2024.

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 dates.

As at 31 December 2024, 612,500 warrants were in issue, which all vest across 2024, 2025, 2026 and 2027. The warrants were issued with exercise prices ranging from 160.0p to 529.0p.

Subsequent Events

Since 31 December 2024, BOOK has completed one new platform investment. This saw Literacy taking a majority stake in Trinitatum, a provider of test automation software, in early March 2025.

Since 31 December 2024, the Company also invested £3.2 million into six existing portfolio companies. The largest portion of this related to further investment into Halsbury Travel in January 2025 to fund a bolt-on acquisition of two profitable outdoor activity centres based in Devon. This is considered to add £3.8m to net assets at 31 December 2024, taking net assets to £300.4 million and NAV per share to 499.2p. The remaining portfolio company investments were to fund working capital, support growth plans and to acquire additional equity.

In terms of cash inflows since the period end, the refinancing of two portfolio companies was completed in January and February, with BOOK receiving £5.6 million in aggregate from these transactions.

All of these were non-adjusting events at 31 December 2024.

Financial Risk Management

The company continued to utilise its revolving credit facility with Investec until September 2024, before refinancing the facility with OakNorth. OakNorth’s facility has the capacity to provide Literacy with up to £40m of funding, providing additional capital and flexibility. Further details are provided within Note 14 to the Financial Statements.

Details of the Company’s Financial Risk Management, including information about its ability to repurchase its own shares, is set out within Note 26 of the financial statements.

Composition of the Board

The Board currently comprises three 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. Four 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.

The FCA Listing Rules require the Company has met the following targets on board diversity;

- i) at least 40% of the individuals on the board are women;
- ii) at least one of the senior positions is held by a woman;
- iii) at least one individual is from a minority ethnic background.

At 31 December 2024, the Company had met the target on one of the senior positions being held by a woman, but it did not meet targets in relation to gender or ethnic representation on the Board. The Board continues to review its succession plan and will aim to meet the two missed targets, whilst ensuring that the Board contains individuals with the necessary skills and knowledge to meet its objectives.

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 from the Principal Risks and Uncertainties section within the Strategic Report, pages 22-27.

Related Party Transactions

Details in respect of the Company's related party transactions during the period are included in Note 27 to the financial statements.

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

Paul Pindar
Paul Pindar (Mar 20, 2025 18:29 GMT)

Paul Pindar
On behalf of the Board of Directors
20 March 2025

Directors' Responsibility Statement

The Directors are responsible for preparing the Report for the Annual Report 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 are also responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 for shareholders to assess the Company's position and performance, business model and strategy.

Paul Pindar

Paul Pindar (Mar 20, 2025 18:29 GMT)

Paul Pindar
Chair
On behalf of the Board of Directors
20 March 2025

Independent Auditor’s Report to the Members of Literacy Capital plc

Opinion

We have audited the financial statements of Literacy Capital Plc (the ‘Company’) for the year ended 31 December 2024 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 material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards 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 2024 and of the Company’s loss for the year 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 the Directors, assessing and challenging the appropriateness of the Directors’ key assumptions in their income, expense and cash flow projections.
- Assessing the Company’s ability to continue to operate within its financial covenants and the liquidity of the entity through reviewing the Director’s assessment and supporting evidence.
- Testing the accuracy and functionality of the cash flow model used to prepare the Directors’ forecasts.
- Assessing the entity’s performance to date; 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 matter in forming our opinion above, together with an overview of the principal audit procedures performed to address this 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 Please refer to notes 5, 5.1 and 5.2 "Accounting estimates and judgements" and note 15 "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 3.3 ("Measurement"). The Company has a portfolio of investments totalling £329.2m (2023: £315.1m), representing 110.8% (2023: 104.6%) of net assets as of 31 December 2024. 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 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 the relevant controls relating to the Investment Manager's recording and valuation of investments, including a walkthrough to evaluate the design and implementation of controls, please refer to page 33 for the Audit Committee's process to review the valuation of investments; The audit team, which includes Forvis Mazars valuation specialists, performed the procedures below: • 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

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.	Value (TGAV) or Earnings before interest, taxes, depreciation and amortisation (EBITDA) multiples and maintainable earnings used and assessing whether the multiples applied by the Investment Manager were 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; • For fund investments valued by third party fund managers we considered the appropriateness of the methodology used. We confirmed net asset value to the latest available third-party confirmation at the reporting date. We obtained the latest available audited fund financial statements and performed roll back procedures to verify the completeness and accuracy of data inputs. We reviewed the controls operating at the administrators of the funds and verified the controls relating to the completeness and accuracy of reporting were operating effectively. We verified the cash movements to supporting evidence in the period from the latest third-party confirmations available to the reporting date. • For all investments we independently obtained direct confirmations from investee companies and third-party fund managers, verifying the accuracy and completeness of source data used in the Investment Manager's valuation calculations and reviewed the valuation models for mathematical accuracy. • We assessed subsequent events for information that could impact the valuation as of 31 December 2024. • We assessed the reasonableness of disclosures in the financial statements as they related to

	the valuation of investments for consistency with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006. **Our observations** Based on the work performed and evidence obtained, we found that the valuation of the investment portfolio as of 31 December 2024 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	£2.97m (2023: £3.01m)
How we determined it	1% of net assets (2023: 1% of net assets)
Rationale for benchmark applied	Net assets have been identified as the principal benchmark within the financial statements as they are considered to be the focus of the shareholders. 1% of net assets has been chosen to reflect the risk that errors in relation to the valuation of investments could cause a material misstatement due to the inherent uncertainties around accounting estimates and judgments.
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 £2.07m (2023: £2.10m), which represents 70% (2023: 70%) of overall materiality.
Reporting threshold	We agreed with the Directors that we would report to them misstatements identified during our audit above £89.1k (2023: £90.3k) 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 annual report 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's compliance with the provisions of the UK Corporate Governance Statement, in applying the AIC Code of Corporate Governance, 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 24;
- 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 8;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 24;
- Directors' statement on fair, balanced and understandable, set out on page 44;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 22;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 31; and
- The section describing the work of the Audit Committee, set out on page 33.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 44, 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 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 of the Investment Manager 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 year and up until authorisation of financial statements; 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 UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the AIC Code of Corporate Governance.

In addition, we evaluated the Directors' and Investment Manager'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, revenue recognition of realised gains on disposal of investments (which we pinpointed to the accuracy assertion) 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 of the Investment Manager 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; and
- 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 of the Investment Manager. 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 six years, covering the years ended 31 December 2019 to 31 December 2021, a 3-month period ended engagement to 31 March 2022, a 9-month period ended engagement to 31 December 2022, a full year ended 31 December 2023 and 31 December 2024.

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.

Nargis Yunis

Nargis Shaheen Yunis (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

20 March 2025

Financial Statements

Statement of comprehensive income

Note		For the year ended 31 December 2024	For the year ended 31 December 2023
		£	£
	Gains on investments		
15	Unrealised gain on fair value of investments	19,775,468	34,607,528
15	Realised (loss) / gain on disposal of investments	(16,594,853)	16,993,458
	Gains for the period on investments	**3,180,615**	**51,600,986**
6	Investment income	756,710	4,727,639
	Operating income	25,196	2,365
	Total	**781,906**	**4,730,004**
	Total income	**3,962,521**	**56,330,990**
	Expenses		
7	Operating expenses	(1,200,761)	(1,093,948)
8	Management fee	(2,721,737)	(2,759,450)
	Total operating expenses	**(3,922,498)**	**(3,853,398)**
10	Charitable donations	(2,721,737)	(2,759,450)
11	Finance costs	(1,539,840)	(1,504,014)
	Net foreign exchange loss	(13,466)	(9,515)
	(Loss) / profit for the year before taxation	**(4,235,020)**	**48,204,613**
12	Tax	-	-
	(Loss) / profit for the year	**(4,235,020)**	**48,204,613**
	Other comprehensive income	-	-
	Total comprehensive (loss) / income	**(4,235,020)**	**48,204,613**
	Earnings per share for profit attributable to the ordinary shareholders of the company:		
22	Basic (loss) / earnings per share	**(7.05) pence**	**80.34 pence**
22	Diluted (loss) / earnings per share	**(6.99) pence**	**79.62 pence**

The accompanying notes on pages 59 to 80 form an integral part of these financial statements.

Statement of financial position

Company registered number: 10976145

Note		31 December 2024	31 December 2023
		£	£
	Non-current assets		
15	Investments at Fair Value through Profit or Loss	329,164,771	315,118,295
		329,164,771	**315,118,295**
	Current assets		
16	Cash and cash equivalents	2,362,509	272,899
17	Trade and other receivables	542,304	445,142
		2,904,813	**718,041**
	Current Liabilities		
18	Trade and other payables due less than one year	(758,403)	(1,358,094)
10	Accrual for charitable donation	(1,949,996)	(3,321,007)
14	Borrowings	(284,405)	(9,465,014)
		(2,992,804)	**(14,144,115)**
	Net current liabilities	**(87,991)**	**(13,426,074)**
	Non-current liabilities		
10	Accrual for charitable donation	(2,295,767)	-
19	Trade and other payables due more than one year	-	(605,541)
14	Borrowings	(29,809,297)	-
	Total non-current liabilities	**(32,105,064)**	**(605,541)**
	Net assets	**296,971,716**	**301,086,680**
	Capital and reserves		
21	Share capital	60,175	60,000
	Share premium	54,225,825	53,946,000
	Retained earnings	242,510,660	246,745,680
	Share based payment reserve	175,056	335,000
	Total share capital & reserves	**296,971,716**	**301,086,680**

The accompanying notes on pages 59 to 80 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2025 and were signed on its behalf by:

Paul Pindar

Paul Pindar (Mar 20, 2025 18:29 GMT)

Paul Pindar
Director
20 March 2025

Statement of changes in equity

For the year ended 31 December 2024	Share capital	Share premium	Retained earnings	Share based payment reserve	Total
	£	£	£	£	£
Balance at 31 December 2023	60,000	53,946,000	246,745,680	335,000	301,086,680
(Loss) / profit for the year	-	-	(4,235,020)	-	(4,235,020)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**-**	**(4,235,020)**	**-**	**(4,235,020)**
Contributions by and distributions to owners					
Issue of shares	175	279,825	-	-	280,000
Share based payment reserve	-	-	-	(159,944)	(159,944)
Total transactions with owners	**175**	**279,825**	**-**	**(159,944)**	**120,056**
Balance as at 31 December 2024	**60,175**	**54,225,825**	**242,510,660**	**175,056**	**296,971,716**

For the year ended 31 December 2023	Share capital	Share premium	Retained earnings	Share based payment reserve	Total
	£	£	£	£	£
Balance at 31 March 2023	60,000	53,946,000	198,541,067	144,000	252,691,067
(Loss) / profit for the year	-	-	48,204,613	-	48,204,613
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**48,204,613**	**-**	**48,204,613**
Contributions by and distributions to owners					
Share based payment reserve	-	-	-	191,000	191,000
Total transactions with owners			**-**	**191,000**	**191,000**
Balance as at 31 December 2023	**60,000**	**53,946,000**	**246,745,680**	**335,000**	**301,086,680**

Statement of cash flows

Notes		For the year ended 31 December 2024	For the year ended 31 December 2023
	Cash flows from operating activities	**£**	**£**
	Cash inflow/(outflow) from operating activity		
	Management fee paid	(2,994,718)	(3,067,137)
	Non-executive director remuneration	(101,137)	(98,487)
	Other operating expenditures	(1,026,719)	(671,822)
	Finance costs	(978,648)	(1,873,409)
	Charitable donations paid	(1,821,981)	(1,717,581)
	Income from investments	756,710	4,727,639
	Operating income	25,196	2,365
	Net cash used in operating activities	**(6,141,297)**	**(2,698,432)**
	Cash flows from investing activities		
	Cash inflow/(outflow) from investing activities		
	Purchase of investments[1]	(41,104,402)	(33,644,745)
15	Proceeds from disposals of investments[2]	29,307,738	41,641,937
	Net cash (used in) / generated by investing activities	**(11,796,664)**	**7,997,192**
	Cash flows from Financing activities		
	Cash inflow/(outflow) from financing activities		
	Repayment of Investec RCF	(18,167,769)	(39,438,592)
	Receipt from Investec RCF	27,050,000	32,950,000
	Repayment of Oaknorth RCF	(1,700,000)	-
	Receipt from Oaknorth RCF	12,578,721	-
	Warrants exercised during the year	280,000	-
	Net cash generated by / (used in) financing activities	**20,040,952**	**(6,488,592)**
	Net increase / (decrease) in cash and cash equivalents	**2,102,991**	**(1,189,832)**
16	Cash and cash equivalents - opening balance	272,899	1,472,034
	Effect of exchange rate fluctuations on cash and cash equivalents	(13,381)	(9,303)
	Cash and cash equivalents - closing balance	**2,362,509**	**272,899**

[1] The figure presented here includes £0.9m of Techpoint deferred consideration settled during the year. See Note 15 for a similar reconciliation.

[2] Proceeds from disposals of investments does not include £3,500 legal fees paid on the disposal of a fund interest. See Note 15 for a similar reconciliation. Reconciliation to cash invested of £30.1m can be calculated by adding Proceeds from disposals of investments (£29,307,738) and Income from investments (£756,710).

Reconciliation of net debt

Cash and cash equivalents	On 31 December 2023	Cash flows	Other non-cash charges	On 31 December 2024
	£	£	£	£
Cash at bank	272,899	2,102,991	(13,381)[1]	2,362,509
Borrowings < 1 year	(9,465,014)	978,649	8,201,960[2]	(284,405)
Borrowings > 1 year	-	(19,760,952)	(10,048,345)[2]	(29,809,297)
Net debt	**(9,192,115)**	**(16,679,312)**	**(1,859,766)**	**(27,731,193)**

[1] Figure reconciles to the effect of exchange rate fluctuations on cash and cash equivalents on page 57.
[2] Non-cash charges on Borrowings relate to interest accrued in the P&L; the arrangement fee on the facility and the movement between borrowings classifications.

Cash and cash equivalents	On 31 December 2022	Cash flows	Other non-cash charges	On 31 December 2023
	£	£	£	£
Cash at bank	1,472,034	(1,189,832)	(9,303)	272,899
Borrowings < 1 year	(16,324,648)	6,488,592	371,042	(9,465,014)
Borrowings > 1 year	-	-	-	-
Net debt	**(14,852,614)**	**5,298,760**	**361,739**	**(9,192,115)**

The accompanying notes on pages 59 to 80 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. Literacy Capital plc's shares are listed on the Specialist Fund Segment of the London Stock Exchange (ISIN GB00BMF1L080).

Book Asset Management LLP is the Company's investment manager. Book Asset Management LLP is a limited liability partnership, incorporated in the United Kingdom. Its registered office is 3rd Floor, Charles House, 5-11 Regent Street St James's, London, SW1Y 4LR.

2. Basis of preparation

These financial statements for the year to 31 December 2024 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 period covering the year ended to 31 December 2023.

Details of the Company's material 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's material 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.

Going Concern Assessment

The Board has assessed the financial position and prospects of the Company over the next 12 months, whilst considering the Company's principal risks and uncertainties.

On 31 December 2024, Literacy Capital plc had cash reserves of £2.4 million (31 December 2023: £0.3 million), as well as access to its Revolving Credit Facility ("RCF"). The RCF was refinanced during 2024, with OakNorth Bank PLC replacing Investec Bank plc as the provider, with a term of the facility being extended to September 2027.

During the period, the committed portion of the OakNorth RCF was increased by £5 million to £35 million, with headroom to take this to £40 million (the additional £5 million being credit approved but uncommitted per the facilities agreement). £30.1 million was drawn at the end of 2024, leaving £4.9 million immediately available based on the committed availability and £9.9 million taking into account the additional uncommitted £5 million.

The Company has performed an assessment of its expected inflows and outflows for the period to 30 June 2026 and the total cash available to the Company is far in excess of its operating costs during this period (including both its charitable donations and any Investment Management fees), plus any commitments to the portfolio or fund commitments. The accrual relating to outstanding charitable donations to be paid is £4.2 million, however BOOK is able to determine the timing of these payments.

Average operating costs have been factored into our going concern considerations, with an uplift taken into account for inflation. It is also worth noting that the provision of follow-on capital to platform investments has also been included within the forecast, which the Company has discretion over whether to deploy this capital. Removing this follow-on capital from the Company's cash outflows would increase cash headroom within the forecast period.

The only obligations that BOOK has relate to undrawn amounts to its three fund commitments, totalling £1.3m. However, £1.0m of this amount relates to two 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 on few occasions, giving BOOK good visibility over the timing and quantum of future capital calls. The vast majority of BOOK's portfolio is 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 received approval from HMRC as an investment trust on 1 April 2022. In order to continue as an investment trust, the Company must not retain more than 15% of its net annual income. The Board will continue to ensure that the business retains sufficient liquidity to pay any dividends that are required to be paid to shareholders. If a dividend 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, however there are no new standards that are expected to have an impact on the Company's financial statements.

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.

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.

Dividends receivable on equity shares 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.

3.2 Alternative investment fund manager fee

The Company accrues for an annual management fee by Book Asset Management LLP (an Alternative Investment Fund Manager, "AIFM"), which is calculated as 0.9% of the closing December 2024 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. As previously announced in October 2024, effective from 1 January 2025, the investment management fee will be amended to 1.5% of the closing year end adjusted Net Asset Value.

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 percent of the total issued share capital at the time of Admission, being 60,000,000 shares at 25 June 2021.

3.3 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 as the business model's objective is to hold the investments for the long term and the collection of contractual cash flows is only incidental to this objective. 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 a 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. No reclassification took place during the period to 31 December 2024.

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.

3.4 Charitable donations

The Company recognises an accrual for charitable donations which is calculated by applying 0.9%[1] 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.

3.5 Current and deferred taxation

There is no tax expense for the current period. 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.

[1] Going forwards, the annual donation will equate to 0.5%. See page 41 'Charitable Causes' for further details.

3.6 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.

3.7 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 2024 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
Velociti (Velociti 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.

3.8 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.

3.9 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.

3.10 Borrowings

The Revolving Credit Facility ("RCF") is initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, it is measured at amortised cost. Finance charges, including interest and non-utilisation fees, are accounted for on an accruals basis in the period they relate to.

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 Key Judgements

The preparation of financial statements in accordance with UK-adopted international accounting standards requires the Directors to exercise judgement in the process of applying the accounting policies. The following are areas where a higher degree of judgement has been applied and has a significant effect in the preparation of the Financial Statements.

i) **Assessment as an investment entity**

To determine that the Company continues to meet the definition of an investment entity, the Company is required to satisfy the following criteria;

- The Company obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- The Company commits to its investor(s) that its business is to invest funds solely for returns from capital appreciation, investment income, or both; and
- The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows;

- The stated objective of the Company is to deliver long term capital growth through making investments;
- The Company has many investors who have pooled their funds to gain access to investment opportunities that they might not have had individually; and
- The Company measures the performance of all of its investments on a fair value basis.

The directors have considered the definition of an investment entity also whilst assessing whether the company meets the characteristics of an investment entity. The directors are of the opinion that the Company has all the typical characteristics of an investment entity and continues to meet the definition.

5.2 Key Estimates

In addition to the significant judgements, the below estimate is considered significant to the financial statements and has a risk of causing a material adjustment to the amounts recognised in the financial statements within the next financial year.

ii) **Fair valuation of investment portfolio**

The investment portfolio, a material group of assets of the Company, is held at fair value. Details of the valuation methodologies used and the associated sensitivities are shown in Note 15.

6. Investment income

The following table sets out the income derived from investments:

	For the year ended 31 December 2024	**For the year ended 31 December 2023**
	£	**£**
Interest income	43,674	4,162,682
Return of capital from investments	212,822	-
Investment income from fund interests	500,214	564,957
Total	**756,710**	**4,727,639**

Investment income has been received from Companies domiciled in the United Kingdom and Jersey.

7. Operating expenses

	For the year ended 31 December 2024	For the year ended 31 December 2023
	£	£
Non-Executive Director remuneration	98,787	104,227
Auditor remuneration	156,224	70,620
Share based payment charge / (credit)	(159,944)	191,000
Other operating expenses	1,105,694	728,101
Total	**1,200,761**	**1,093,948**

8. Management fee

	For the year ended 31 December 2024	For the year ended 31 December 2023
	£	£
Management fee	2,721,737	2,759,450
Total	**2,721,737**	**2,759,450**

9. Employees

The Company has no employees, however, the average number of Directors during the year was 5 (31 December 2023: 6).

10. Charitable donations

The Company has recognised charitable donation expenses of £2,721,737 (31 December 2023: £2,759,450) calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £302.4 million (31 December 2023: £306.6 million).

During the year ended 31 December 2024, donations paid were £1,821,981 (31 December 2023: £1,717,581). The total accrual for charitable donations at the year-end amounts to £4,245,763[1] (31 December 2023: £3,321,007). This is split between current liabilities (£1,949,996) and non-current liabilities (£2,295,767) based on when the Company expects the cash outflows to occur. See Note 26 liquidity risk disclosure for maturity analysis of the accrual for charitable donations.

[1]b/f charitable donations on the balance sheet; plus the P&L expense recognised for the year; minus the charitable donations paid in the year, has a £25k difference to the c/f amount. This is due to timing of invoices received, which were included in the trade and other payables balance at period end for 2023 and 2024.

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 year ended 31 December 2024	For the year ended 31 December 2023
	£	£
Finance costs on Revolving Credit Facility	1,539,840	1,504,014
Total	**1,539,840**	**1,504,014**

12. Taxation

	For the year ended 31 December 2024	For the year ended 31 December 2023
	£	£
Current taxation		
United Kingdom corporation tax at 25% (31 December 2023: 23.52%)	-	-
Adjustments in respect of prior periods	-	-
	-	**-**

	For the period ended 31 December 2024	For the period ended 31 December 2023
	£	£
Deferred taxation		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
	-	**-**

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 period ended 31 December 2024	For the period ended 31 December 2023
	£	£
(Loss) / profit on ordinary activities before taxation	**(4,235,020)**	**48,204,613**
Tax on profit on ordinary activities at standard rate of 25% (31 December 2023: 23.52%)	(1,058,755)	11,337,989
Factors affecting tax charge for the period:		
Income not taxable in determining taxable profit	(6,279,143)	(13,902,146)
Expenses not deductible for tax purposes and other adjustments	5,866,605	1,726,674
Other permanent differences	-	614
Exempt ABGH distributions	-	(967,928)
Adjustments to tax charge in respect of previous periods - deferred tax	-	-
Remeasurement of deferred tax for changes in tax rates	-	(113,522)
Movement in deferred tax not recognised	1,471,293	1,918,319
Impact of moving to Investment Trust		-
Total tax on profit on ordinary activities	**-**	**-**

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 not taxable.

There is no UK current tax charge at 31 December 2024 (31 December 2023: £nil) as the Company had sufficient losses to fully relieve all taxable income amounts.

At 31 December 2024 the Company had c/f losses of £14.9m (31 December 2023: £9.9m) and a potential deferred tax asset of £5.3m (31 December 2023: £3.8m) 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%.

Factors that may affect future tax charges

The Finance Act 2021 enacted legislation to increase the UK corporation tax to 25% with effect from the tax year commencing 1 April 2023.

13. Dividend for the purposes of Section 1158 of the Corporation Tax Act 2010 ('Section 1158')

The revenue available for distribution by way of dividend for the year is £nil (2023: £nil). As the company has generated a net revenue loss there is no proposed dividend.

14. Debt

Literacy Capital plc entered into a £40m Revolving Credit Facility ("RCF") with Oaknorth in September 2024, committing initially £30m, to replace the debt facility with Investec. Before the refinancing took place, the Investec facility was £18.2m drawn. Before the end of 2024, the amount committed under the OakNorth facility was extended to £35m. As at 31 December 2024, the OakNorth facility was drawn £30.1m (31 December 2023: Investec facility was drawn £9.47m). This facility is committed by Oaknorth Bank plc until September 2027. The Company 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 base rate is charged on borrowed amounts. A non-utilisation fee is also charged on the available undrawn committed amounts of the facility, also dependent on the loan to value throughout each interest period. Note 11 details the finance costs charged within the financial year to 31 December 2024.

There are three financial covenants attached to the OakNorth facility, being that loan to value shall not exceed 20%, the number of investments held must exceed 10 and total net asset value must remain above £200m. BOOK has complied with these covenants during the reporting period. BOOK also complied with the covenants attached to the previous RCF facility with Investec during the reporting period.

	31 December 2024	31 December 2023
	£	**£**
Revolving Credit Facility	29,809,297	9,361,408
Accrued interest on Revolving Credit Facility	284,405	103,606
Total	**30,093,702**	**9,465,014**

15. Financial instruments

	31 December 2024	31 December 2023
	£	£
Assets		
Financial assets at fair value through profit or loss		
Equity instruments at fair value through profit or loss	188,374,878	226,633,780
Debt instruments at fair value through profit or loss	140,789,893	88,484,515
Financial assets at amortised cost		
Cash and cash equivalents	2,362,509	272,899
Trade and other receivables (excluding prepayments)	10,635	-
Total financial assets	**331,537,915**	**315,391,194**
Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	758,403	1,963,635
Revolving Credit Facility	30,093,702	9,465,014
Total financial liabilities	**30,852,105**	**11,428,649**

The investment reconciliation schedule for the Company as at 31 December 2024 is as follows:

	Equity instrument at fair value through profit or loss		Debt instruments at fair value through profit or loss		31 December 2024 Total
	£	£	£	£	£
Investments at 31 December 2023		**226,633,780**		**88,484,515**	**315,118,295**
Additions		4,016,381		36,160,717	40,177,098[1]
Proceeds from the disposal of investments	(26,049,275)		(3,261,962)		(29,311,237)[2]
Realised gain / (loss) on disposal of investments	(16,594,853)		-		(16,594,853)[3]
Cost of Disposal		(42,644,128)		(3,261,962)	**(45,906,090)**
Fair value movement through profit or loss		368,845		19,406,623	**19,775,468**
Investments at 31 December 2024		**188,374,878**		**140,789,893**	**329,164,771**

[1] The figure presented here excludes £0.9m of Techpoint deferred consideration.

[2] Proceeds from the disposal of investments includes £3,500 legal fees paid on disposal of a fund interest. Removing these legal fees reconciles to the figure on the cash flow statement on page 57. To reconcile this amount to the £30.1m cash invested figure in the performance highlights section on page 3, income from investments (£0.8m) from the cash flow statement on page 57 should also be included.

[3] During the year, a refinancing took place which was structured as a sale of the business at a discount to the carrying value, thus realising a large loss on disposal. The business was subsequently repurchased and revalued at quarter end, generating a large unrealised gain.

The investment reconciliation schedule for the Company as at 31 December 2023 is as follows:

	Equity instruments at fair value through profit or loss		Debt instruments at fair value through profit or loss		31 December 2023 Total
	£	£	£	£	£
Investments at 31 December 2022		**221,332,176**		**49,246,341**	**270,578,517**
Additions		8,678,943		35,518,901	44,197,843
Proceeds from the disposal of investments	(48,141,938)		(3,117,113)		(51,259,051)
Realised gain / (loss) on disposal of investments	16,993,458		-		16,993,458
Cost of Disposal		(31,148,480)		(3,117,113)	**(34,265,592)**
Fair value movement through profit or loss		27,771,141		6,836,387	**34,607,528**
Investments at 31 December 2023		**226,633,780**		**88,484,515**	**315,118,295**

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 (earnings before interest, taxes, depreciation and amortisation) / EBIT (earnings before interest and taxes) and TGAV (total gross asset value) 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 73.

For assets managed and valued by a third party, the fund manager provides the Company with periodic valuations of the Company's investment. These are captured within Level 2 in the fair value hierarchy. 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 2024 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 2024. The valuations that the underlying managers ultimately provide as at 31 December 2024 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 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Equity instruments at fair value through profit or loss	-	9,245,398	179,129,480	188,374,878
Debt instruments at fair value through profit or loss	-	-	140,789,893	140,789,893
Total investments	**-**	**9,245,398**	**319,919,373**	**329,164,771**

Financial assets and liabilities

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Equity instruments at fair value through profit or loss	-	14,264,673	212,369,107	226,633,780
Debt instruments at fair value through profit or loss	-	-	88,484,515	88,484,515
Total investments	**-**	**14,264,673**	**300,853,622**	**315,118,295**

There were no in-year transfers between fair value hierarchies in either 2024 or 2023

The following table 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 2024**	**31 December 2023**
	£	**£**
Balance as at 1 January	300,853,622	257,833,082
Additional investments	39,206,550	43,396,465
Proceeds from disposal of investments	(23,268,894)	50,558,241
Realised gain / (loss)	(16,745,595)	16,993,458
Change in fair value through profit & loss	19,873,690	33,188,858
Balance as at 31 December	**319,919,373**	**300,853,622**

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used on 31 December 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description Inputs	Fair value on 31 December 2024	Fair value on 31 December 2023	Significant unobservable Inputs
	£	£	
Unquoted private equity investments (including debt)	301,521,705	281,960,050	EBITDA multiple
Unquoted growth capital investments	4,614,786	1,250,005	Milestone
Unquoted private equity investments (including debt)	13,782,882	17,643,567	TGAV Multiple
	319,919,373	**300,853,622**	

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 8.6x (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 £40.4m 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 £40.3m lower.
- The Company’s investment in a Level 3 asset which is valued using TGAV multiple, was valued at 1.1x 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 £3.2m 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 £3.5m 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 £0.5m higher. If the output had been taken to be 10 per cent. lower, the value of the Level 3 assets would have been £0.5m 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.

16. Cash and cash equivalents

	31 December 2024	31 December 2023
	£	£
Cash at bank	2,362,509	272,899
Total	**2,362,509**	**272,899**

17. Trade and other receivables

	31 December 2024	31 December 2023
	£	£
Prepayments	531,669	445,142
Other Receivables	10,635	-
Total receivables	**542,304**	**445,142**

18. Trade and other payables due less than one year

	31 December 2024	31 December 2023
	£	£
Trade payables	39,645	112,672
Accrued expenses	110,078	314,479
Other creditors	608,680	930,943
Total payables	**758,403**	**1,358,094**

Other creditors include £0.6 million of deferred consideration payments in relation to the Company having acquired further equity in one of its portfolio companies.

19. Trade and other payables due more than one year

	31 December 2024	31 December 2023
	£	£
Other creditors	-	605,541
Total payables	**-**	**605,541**

At December 2023, other creditors included deferred consideration payments in relation to the Company having acquired further equity in one of its portfolio companies. These will be settled during 2025 and therefore there are no longer any trade and other payables due in more than one year.

20. Deferred Tax

There is no deferred tax in respect of the year ended 31 December 2024 (31 December 2023: Nil)

21. Share capital

	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	Number	**£**	**Number**	**£**
Ordinary shares of £0.001 each	60,175,000	60,175	60,000,000	60,000
Total shares	**60,175,000**	**60,175**	**60,000,000**	**60,000**

The number of shares authorised, issued and allotted have been paid to the extent of 60,175,000 shares amounting to £60,175 as at 31 December 2024 (31 December 2023: 60,000,000 shares amounting to £60,000).

All ordinary shares have the same voting rights, preferences, and no restrictions on 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.

The Company announced the creation of a B share scheme during 2024 to provide a mechanism to return capital to shareholders through the issue and immediate redemption of bonus shares. No B shares were issued during the period.

22. Basic and diluted profit / (loss) per share (pence)

Basic profit per share is calculated by dividing the (loss) / profit of the Company for the year attributable to the ordinary shareholders of (£4,235,020) (for the year ended 31 December 2023: profit of £48,204,613) divided by the weighted average number of shares outstanding during the year of 60,087,500 (for the twelve months ended 31 December 2023: 60,000,000).

Diluted profit per share is calculated by dividing the (loss) / profit of the Company for the period attributable to the ordinary shareholders of (£4,235,020) (for the year ended 31 December 2023: profit of £48,204,613) 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 and where the exercise price is higher than the current market price of the underlying shares, which totals 60,575,478 shares (for the year ended 31 December 2023: 60,540,822).

23. NAV per share (pence)

The Company's basic NAV per share of 493.51 pence (for the year ended 31 December 2023: 501.81 pence) is based on the net assets of the Company at the period end of £296,971,716 (for the year ended 31 December 2023: £301,086,680) divided by the shares in issue at the end of the period of 60,175,000.

'Alternative Performance Measures' on page 81 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.

24. Warrants

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

	For the period ended 31 December 2024	For the period ended 31 December 2023
	Number	**Number**
Outstanding warrants at the beginning of the period	**600,000**	**350,000**
Warrants issued during the period	300,000	250,000
Warrants forfeited during the period	(112,500)	-
Warrants exercised during the period	(175,000)	-
Outstanding warrants at the end of the period	**612,500**	**600,000**
Of which: Exercisable warrants	***75,000***	***-***

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 warrants are exercisable between the third and tenth anniversary of the issue date and are not contingent upon any market or non-market performance conditions. After the tenth anniversary of the issue date, the warrants are forfeited. The warrants will be settled by the issuance of ordinary shares.

The outstanding warrants at the beginning of the period were issued over 2021, 2022 and 2023, with a weighted average exercise price of 308.2p. Further warrants issued during the period in June, November and December 2024, with a weighted average exercise price of 510.8p. The warrants exercised during the period were done so at a weighted average exercise price of 160.0p, and those forfeited at a weighted average exercise price of 436.2p.

At 31 December 2024, 612,500 warrants were in issue at an average exercise price of 426.3p, of which 75,000 have vested at an average exercise price of 160.0p. The remainder will vest across 2025, 2026 and 2027.

25. Reserves

The following are the reserves with the entity as on 31 December 2024:

- Share Capital: Capital issued and paid to the extent of £60,175.
- 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.

26. 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 10 May 2023, 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 Board of Directors and Investment Manager continually monitor the Company's cash position, which includes creating detailed forecasts of expected cash inflows and outflows. The Company has access to a £40m Revolving Credit Facility ("RCF"), which is available to provide flexibility for BOOK to complete new investments as suitable opportunities arise. Where proceeds are received from the portfolio, in the first instance BOOK would pay down the RCF. In the event that there was a cash balance in the Company above what could be deployed in the near term, BOOK may return capital to shareholders via the B share scheme.

At 31 December 2024, the drawn balance of the RCF, including accrued interest, was £30.1m. The Company must adhere to certain covenants in relation to the RCF, including the Loan to Value, but none are capital requirements. Covenants are monitored by the Investment Manager and Board closely to ensure compliance at all times. A material breach in covenants may lead to the RCF needing to be repaid in full.

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

	31 December 2024	31 December 2023
	£	**£**
Debt		
Revolving Credit Facility	30,093,702	9,465,014
	30,093,702	**9,465,014**
Equity		
Ordinary shares of £0.001 each	60,175	60,000
	60,175	**60,000**
Total debt and equity	**30,153,877**	**9,525,014**

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 management of liquidity risk is covered within Capital Management on page 77. 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 September 2027.

On 31 December 2024	<1 Year	1 - 5 Years	Over 5 years	No stated maturity
	£	£	£	£
Financial liabilities				
Trade and other payables	648,325	-	-	-
Accruals	110,078	-	-	-
Accrual for charitable donations	1,949,996	2,295,767	-	-
Revolving Credit Facility	30,093,702	-	-	-
Total	**32,802,101**	**2,295,767**	**-**	**-**

On 31 December 2023	<1 Year	1 - 5 Years	Over 5 years	No stated maturity
	£	£	£	£
Financial liabilities				
Trade and other payables	1,043,615	605,541	-	-
Accruals	314,479	-	-	-
Accrual for charitable donations	3,321,008	-	-	-
Revolving Credit Facility	9,465,014	-	-	-
Total	**14,144,115**	**605,541**	**-**	**-**

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 15 best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

	31 December 2024	31 December 2023
	£	£
Trade and other receivables (excluding prepayments)	10,635	-
Cash and cash equivalents	2,362,509	272,899

The maximum exposure to credit risk before any credit enhancements as at 31 December 2024 is the carrying amount of the financial asset held at amortised cost as set out in Note 15.

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 and cash and cash equivalents, 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, 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 assets do not have a significant increase in credit risk since initial recognition and has low credit risk at the reporting date.

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 currency risk, interest rate risk and other price risks.

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 2024, BOOK had outstanding commitments to three fund investments denominated in EUR and USD totalling £1.3m. There is therefore a risk from fluctuations in Euro : GBP 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 2024**		**31 December 2023**	
	% change in NAV	**NAV**	**% change in NAV**	**NAV**
No change	-	296,971,716	-	301,086,680
10% favourable change	0.31%	297,901,389	0.30%	302,007,759
10% unfavourable change	(0.32)%	296,042,046	(0.30)%	300,165,602

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 2024**		**31 December 2023**	
	% change in profit	**(Loss) / Profit in period**	**% change in profit**	**Profit in period**
No change	-	(4,235,020)	-	48,204,613
10% favourable change	(21.95)%	(3,305,347)	1.91%	49,125,692
10% unfavourable change	21.95%	(5,164,690)	(1.91)%	47,283,534

Interest rate risk

Literacy Capital will be impacted by interest rate movements, as it has a revolving credit facility, as well as an immaterial amount of interest income from cash and cash equivalents held in the Company's bank accounts. At the end of the period, the Company had £30.1m drawn from its £40m Revolving Credit Facility, with the interest costs floating and linked to Base rate. The Directors and Investment Manager monitor the Base rate and consider this and the total interest costs of the facility prior to making any drawdown.

27. Related party transactions

Two Directors of the Company are designated members of Book Asset Management LLP (“BAM”), the Company’s Investment Manager.

Total expenses through the statement of comprehensive income with BAM during the period was £2,721,737 (31 December 2023: £2,759,450). The total expense related to the rendering of AIFM services during the period. At the period end the balance due to be paid to BAM for these services was (£70,606), i.e. a repayment from BAM to the Company (31 December 2023: £203,400).

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 payment made during the period was £1,664,981 (31 December 2023: £1,642,581). Of this total, £1,609,981 was paid to Bookmark Reading Charity in the form of charitable donations, with the remaining £55,000 paid to Bookmark Reading Trading Limited in the form of sponsorship, as well as a Trademark license fee. The Company has a total accrual for charity and other donation payments amounting to £4,245,763 (31 December 2023: £3,321,007). Out of this accrual, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

Remuneration disclosure

Literacy Capital does not directly employ any staff. The Company’s Investment Manager, BAM, provides personnel to complete the day-to-day management of the fund, along with the required administrative tasks.

28. Capital Commitments

Further capital commitments of €444,200 (31 December 2023: €1,609,464), £ nil (31 December 2023: £130,015) and $1,200,000 (31 December 2023: $1,200,000) remain outstanding and are yet to be drawn down.

29. Subsequent events

Since 31 December 2024, BOOK has completed one new platform investment. This saw Literacy taking a majority stake in Trinitatum, a provider of test automation software, in early March 2025.

Since 31 December 2024, the Company also invested £3.2 million into six existing portfolio companies. The largest portion of this related to further investment into Halsbury Travel in January 2025 to fund a bolt-on acquisition of two profitable outdoor activity centres based in Devon. This is considered to add £3.8m to net assets at 31 December 2024, taking net assets to £300.4 million and NAV per share to 499.2p. The remaining portfolio company investments were to fund working capital, support growth plans and to acquire additional equity.

In terms of cash inflows since the period end, the refinancing of two portfolio companies was completed in January and February, with BOOK receiving £5.6 million in aggregate from these transactions.

All of these were non-adjusting events at 31 December 2024.

30. 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 2024 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.

	31 December 2024	31 December 2023
	£	£
Net Asset Value	**296,971,716**	301,086,680
Proceeds from warrants vesting	793,016	813,357
Net Asset Value for diluted NAV per share calculation	**297,764,732**	**301,900,037**
Ordinary shares in issue	60,175,000	60,000,000
Additional shares issued from warrants vesting	245,171	329,269
Total shares for diluted NAV per share calculation	**60,420,171**	**60,329,269**
Diluted Net Asset Value per share	**4.928**	**5.004**

Diluted NAV per share of £4.928 multiplied by 60,175,000 ordinary shares diluted NAV of £296.6m at 31 December 2024.

Total Return

Share price and NAV total returns show how the share price and NAV have performed over the twelve-month period to 31 December 2024.

	Share price mid-point	NAV per share[1]
Opening at 1 January 2024	480.0p	500.4p
Closing at 31 December 2024	454.0p	492.8p
Change in year ended to 31 December 2024	(5.4)%	(1.5)%
Dividends declared or paid	-	-
Total return for year ended 31 December 2024	**(5.4)%**	**(1.5)%**

The following table shows the total returns in the previous year ended 31 December 2023.

	Share price mid-point	NAV per share[1]
Opening at 1 January 2023	368.0p	420.6p
Closing at 31 December 2023	480.0p	500.4p
Change in year ended 31 December 2023	30.4%	19.0%
Dividends declared or paid	-	-
Total return for year ended 31 December 2023	**30.4%**	**19.0%**

[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 2024[1]	31 December 2023[1]
Share price mid-point	454.0p	480.0p
NAV per share	492.8p	500.4p
Share price premium or (discount)	**(7.9%)**	**(4.1%)**

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

Weighted average EV / EBITDA multiple and net debt / EBITDA multiple

Weighted average EV / EBITDA multiple of 8.8x for Literacy's ten largest investments (excluding Antler Homes) is calculated by taking each investments' multiple proportional to its carrying value as a percentage of the total carrying value of the largest ten investments (excluding Antler Homes).

Average net debt / EBITDA multiple of 2.3x for Literacy's ten largest investments (excluding Antler Homes) is calculated by taking each investments' net leverage proportional to its carrying value as a percentage of the total carrying value of the largest ten investments (excluding Antler Homes). Net leverage refers to cash and senior debt over adjusted EBITDA.

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.

The calculation is based on the ongoing charges expressed as a percentage of the average quarterly NAV figures published during the twelve-month period to 31 December 2024.

BOOK's ongoing charges, excluding the 0.9% annual charitable donation accrual, were calculated as 1.14% (31 December 2023: 1.11%).

BOOK's ongoing charges, including the 0.9% annual charitable donation accrual, were calculated as 2.03% (31 December 2023: 2.05%).

BOOK's investment management fees and charitable donation are calculated based on the net assets figure reported 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.

It is worth noting that, as announced in October 2024, the investment management fee and charitable donation will be amended to 1.5% and 0.5% respectively, effective from 1 January 2025. The calculation methodology remains consistent with that described above

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.

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

Book Asset management ("BAM") has served as the Alternative Investment Fund Manager since 1 April 2020. BAM 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 26 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 BAM**.**

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 2024:

	Gross method	Commitment Method
Maximum level of leverage	120%	120%
Actual level at 31 December 2024	111%	112%

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 twelve-month period to 31 December 2024. 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). Book Asset Management LLP is authorised as an Alternative Investment Fund Manager (AIFM) for the purpose of managing the Company.

As an authorised AIFM, Book 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 Book Asset Management LLP is straightforward. The Members are paid a fixed priority profit share by Book Asset Management LLP. At the end of each year, a variable amount may also be payable to Members subject to the financial performance of Book Asset Management LLP. There is strong alignment between the AIFM's financial performance and BOOK's. All profit share 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 41.

The Designated Members are each also paid a fixed proportion of Book 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 Book 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

Directors
Paul Pindar
Richard Pindar
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
Book Asset Management LLP

Company Secretary
Book Asset Management LLP

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
MUFG Corporate Markets
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
Forvis Mazars LLP
30 Old Bailey
London
EC4M 7AU

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

2025 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, typically within four weeks of the quarter end. An exception is made following the close of Q4, given this coincides with BOOK’s financial year 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 87).