

The information contained in this announcement is restricted and is not for publication, release or distribution in the United States of America, any member state of the European Economic Area, Canada, Australia, Japan or the Republic of South Africa.

This announcement contains inside information.

26 January 2023

Literacy Capital plc

Quarterly trading update and NAV announcement for Q4 2022

***"Strong performance across portfolio companies drives Q4 NAV return of +9.3%
and twelve month return of +51.7%"***

Literacy Capital plc ("Literacy", "BOOK" or the "Company"), a listed investment trust primarily focused on investing directly into private businesses based in the UK, today announces its quarterly trading and NAV update for the three months ending 31 December 2022.

Q4 Highlights:

- Net Asset Value ("NAV") per share of 420.6 pence (Q3: 384.9 pence) and NAV of £252.4m (Q3: £231.0m)
- Total NAV return (after all fees and charitable donation provisions) of +9.3% in the last three months and +51.7% in the last twelve months
- Portfolio companies continue to trade well, with RCI Group contributing particularly strongly in Q4. The portfolio enters 2023 with strong momentum and conservatively financed, allowing the companies to focus on continued growth
- The fund's continued success means more children can be supported and given better opportunities. Total charitable donations since the inception of Literacy have now reached £5.8m, with a charitable donation provision of £733k in the three months to 31 December 2022
- The shares are currently trading on a rare discount to NAV. The Board of the Company is monitoring this situation closely and will take action to improve returns for shareholders if necessary

Commenting on the Q4 performance, CEO of BOOK's investment manager, Richard Pindar, said:

"The portfolio performed strongly in Q4 and trading across BOOK's largest portfolio companies has begun positively in 2023. We have continued to make progress rebalancing the portfolio away from earlier stage, growth capital investments (which now equate to just 5% of gross assets), and towards buyouts of smaller, profitable businesses. These types of investments in profitable businesses will remain our focus, due to the favourable returns that can be generated, whilst taking lower levels of risk."

Net Asset Value

The Company announces that as at 31 December 2022 the unaudited NAV per ordinary share was 420.6 pence. This represents a 9.3%, or 35.7 pence per share, uplift since 30 September 2022 when NAV per ordinary share was 384.9 pence.

	At 31 Dec 22	At 30 Sept 22	At 31 Dec 21
Net asset value	£252.4m	£231.0m	£166.3m
NAV per ordinary share	420.6p	384.9p	277.2p

The above NAV calculation is based on the Company's issued ordinary share capital (60,000,000 ordinary shares of £0.001

each as at 31 December 2022). The Q4 2022 NAV calculation includes the cost to ordinary shareholders of the 350,000 warrants in issue. This cost has been accrued on a straight-line basis over the vesting period of the warrants.

Portfolio company performance

Regardless of a tricky macroeconomic environment, higher inflation and interest rates, BOOK's portfolio companies continue to show strong momentum. Despite these challenges, many portfolio companies are able to grow market share, through diligent, agile and skilful stewardship from experienced and motivated management teams. A significant amount of the Company's investment manager's time and focus is devoted to ensuring these teams are as strong and well-resourced as possible, giving the businesses and their employees the best opportunity to succeed regardless of the circumstances they face.

As a result of the increasing maturity and size of many of BOOK's portfolio companies, as well as the strength of their management teams and track record of growth, many are becoming increasingly valuable and attractive to potential acquirors. The strong contribution to NAV generated by RCI Group in Q4 (taking Literacy's total return to more than 20x invested capital), demonstrates the value of our ability to remain patient, rather than selling successful investments prematurely.

The composition of the portfolio continued to rebalance in line with our strategy to focus on investments in smaller, profitable private businesses, rather than earlier stage businesses. These buyouts of profitable businesses amounted to 90% of invested capital by the end of Q4 and have consistently contributed positively and outperformed BOOK's investments in earlier stage businesses. BOOK's exposure to growth capital investments on 31 December reduced to just 5.2% of gross assets (down from 10% six months earlier). This remaining exposure to earlier stage, growth capital assets relates solely to Butternut Box, which is performing strongly. As a result, we are comfortable with the current construction of the portfolio and are optimistic going into 2023.

Transactions and investments

No new investments were completed in Q4. However, BOOK was able to deploy £7.6m in the quarter.

£6.4m was invested in three existing portfolio companies to support growth or to acquire additional equity in these businesses. Oxygen was the largest recipient of funding to assist its acquisition of additional sites. The balance funded capital calls from BOOK's private equity fund commitments.

Cash & liquidity

BOOK received £6.8m of cash in Q4. This level of cash proceeds was a substantial increase compared to the last two quarters. £3.8m was generated by the sale of Literacy's stake in Hometree in December, whilst a further £2.5m was received following the refinancing of Techpoint. A further £0.4m was received from distributions by private equity funds.

Literacy's RCF was £15.9m drawn on 31 December 2022 (up from £13.5m on 30 September 2022). The total debt facilities available to Literacy stood at £25m.

Post-balance sheet events

No events occurred between the end of Q4 and the publication of this factsheet requiring reported NAV to be revised.

Factsheet

The Company's factsheet for the three months to 31 December 2022 is now available on the Company's website: www.literacycapital.com/investors.

Notice of results

The Company expects to report its audited results for the nine months to 31 December 2022 in mid-March 2023 and release its Q1 factsheet on 27 April 2023.

For further information, please contact:

Literacy Capital plc / Literacy Capital Asset Management LLP

Tom Vernon

+44 (0) 20 3960 0280

MHP Communications

Reg Hoare / Ollie Hoare / Matthew Taylor

+44 (0) 20 3128 8404

Singer Capital Markets Securities Limited

Robert Peel

+44 (0) 20 7496 3000

About Literacy Capital plc

Literacy Capital (BOOK.L) is a closed-end investment company that was co-founded by Paul Pindar and Richard Pindar in 2017 with £54m of capital. Literacy listed on the London Stock Exchange's Main Market in June 2021, before gaining Investment Trust status on 1 April 2022. The Company focuses on opportunities to invest for the long-term in growing private businesses where a clear route to creating additional value can be seen with its support.

It also has a unique charitable objective, to donate 0.9% of annual NAV to charities focused on improving UK literacy in children. £5.8 million has been donated or reserved for donation to charities since the trust's creation in 2017, meaning more than 10% of the capital originally raised from investors has been given away. For more information, please visit our website: www.literacycapital.com.

A copy of this announcement will be available on the Company's website at www.literacycapital.com.

The information contained in this announcement regarding the Company's investments has been provided by the relevant underlying portfolio company and has not been independently verified by the Company. The information contained herein is unaudited.

This announcement is for information purposes only and is not an offer to invest. All investments are subject to risk. Past performance is no guarantee of future returns. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results. Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

LEI: 2549006P3DFN5HLFGR54

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

PFUDBGDBIGDDGXU