LITERACY CAPITAL Q2 2025 | Factsheet

Published on 29 July 2025

→ for the three months to 30 June 2025

Helping to build great businesses

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

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

We are also proud to have a charitable mission helping disadvantaged children in the UK learn to read. Donations equivalent to 0.5% of NAV are made each year. Donations since the set up of Literacy Capital in 2017 **now amount to £12.0m.**

Literacy Capital plc highlights

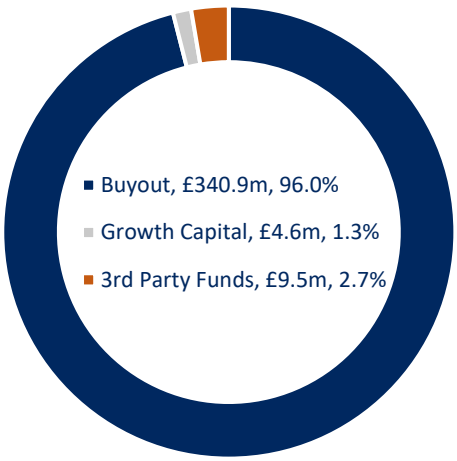
519.5p NAV per ord. share[1]	**£3.4m** Capital invested
+1.6% Q2 NAV per share	**£0.1m** Proceeds received
(0.6)% Change in NAV per share in last 12 months	**£403k** Q2 charitable donation provision

Key facts on 30 June 2025

Net assets[1]	£312.6 million
Net assets per ord. share[1]	519.5p
Share price (mid-price)	436.0p
Premium / (discount)	(16.1)%
Management fee	1.5%
Trading on	Specialist Fund Segment (SFS) of the LSE
Ticker	BOOK
Ordinary shares in issue[2]	60,175,000
ISIN	GB00BMF1L080

[1] Net assets per share calculated post dilution from the warrants in issue, which is calculated on a straight-line basis over the vesting period. This allows a single NAV figure to be reported (rather than diluted & undiluted figures).
[2] Excludes warrants in issue (597,500 allotted on 30 June 2025).

Breakdown of gross assets[3] by asset type



[3] Gross assets of £355.0m, before borrowings, compared to net assets of £312.6m. All figures and percentages rounded to one decimal place.

Performance to 30 June 2025

% total return	3 months	1 year	3 years	Since Admission[4]	Since inception[5]
BOOK net assets per share	**+1.6%**	**(0.6)%**	**+50.3%**	**+223.4%**	**+419.5%**
BOOK share price	**+0.7%**	**(17.3)%**	**+9.0%**	**+172.5%**	**n/a**
FTSE investment company index	+8.6%	+7.5%	+22.8%	+5.3%	+56.0%
FTSE all-share index	+4.4%	+11.2%	+35.5%	+35.9%	+50.2%

[4] BOOK was admitted to the London Stock Exchange on 25 June 2021
[5] Inception date treated as 30 April 2018. £54 million of capital raised

The Q3 2025 factsheet and next update to NAV will be published on Monday 27 October, please visit:

www.literacycapital.com/investors

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Richard Pindar, CEO of BOOK's Manager:

"We were delighted to announce yesterday the sale and reinvestment into Velociti. The journey over the last five and a half years illustrates how Literacy's proactive support and management can add significant value.

While M&A activity in the UK & globally has been extremely muted in recent quarters, it is pleasing to again be able to sell an interest at over a 50% premium to carrying value, almost identical to the premia achieved on the sales of Kernel Global and Butternut Box in 2023. Achieving a MoM of nearly 15x and an IRR of 70% illustrates the value that BOOK's strategy can deliver to shareholders.

Our focus remains on generating strong NAV returns for BOOK's shareholders, as well as generating cash from the portfolio. These objectives have been more difficult to achieve in the past 12-18 months given the macroeconomic and political backdrop, which has subdued M&A activity. However, there are signs that deal volumes are improving, which would be positive for NAV growth and share price performance. We remain optimistic that BOOK's strategy can outperform benchmark indices over the long-term for patient investors."

Summary of Q2 performance

On 30 June 2025, net asset value (NAV) was £312.6m, or 519.5p per share. This is an increase in NAV (after costs and donations) of 1.6% since 31 March 2025, a net uplift of £4.8m (8.0p per share).

In Q2, Velociti again contributed the largest £ uplift to NAV, taking top spot for the fourth consecutive quarter. Velociti's carrying value for 30 June was held in line with the transaction that was announced yesterday.

Aside from Velociti, the only company to register a material movement in the quarter was Oxygen. Unfortunately, this asset was marked downwards due to the weak trading environment for indoor leisure businesses. The recent warm and exceptionally dry weather had an impact on trading in the past few months.

BOOK's share price increased modestly (+0.7%) in Q2. The share price performance in the last twelve months has been disappointing but it is hoped that more M&A activity, additional positive news flow (such as yesterday's announcement) and greater marketing efforts will reduce the current discount.

New investments and commitments

In April, BOOK acquired a significant minority stake in Langford's, a leading manufacturer and supplier of premium meat products. The acquisition marks the first platform investment for Red Sky Food Group, which is considering further M&A opportunities in the protein-focused food manufacturing sector.

Cash generation and liquidity

Cash inflows in Q2 were negligible (£0.1m). However, cash inflows in Q3 will be the highest in BOOK's history, due to the transaction involving Velociti, as well as other refinancings expected to complete before the end of September.

On 30 June, £37.9m of the RCF was drawn, with £1.0m of cash held. The balance drawn at the end of Q3 will be far lower, substantially reducing the cost to BOOK.

Activity since the period end

In July, BOOK completed the sale and reinvestment into Velociti (delivering a total 14.8x MoM return). The 52% uplift achieved on this sale compared to the 31 March 2025 carrying value has been reflected within the Q2 NAV.

"The support we have received from Bookmark has been incredible. We feel so fortunate to be a Bookmark school and all children have benefitted so much from the support and resources we have received. It is reassuring to know that others feel as strongly about reading for pleasure as we do, but also to not feel like we're facing an uphill battle alone." Teacher, from a Bookmark Partner school



Research shows that children who read for pleasure are ~4x more likely to exceed the expected reading level for their age. Yet children's reading enjoyment is at its lowest in 20 years. Literacy's relationship with Bookmark is crucial to ensure children develop the enthusiasm for reading they need to succeed.

In Q2, Bookmark volunteers delivered 5,614 hours of one-to-one reading support to 1,406 children. Bookmark's One-to-one Reading Programme is helping children to read for pleasure, with teachers reporting that children have "an increased interest in books and read more in their own time," improving their reading comprehension.

Children who struggle with language at age five are five times more likely to fall behind by age 11. In June 2025, Bookmark expanded their early years provision, delivering 3,970 Story Starter packs to 84 disadvantaged schools across the country. Many children in these schools will not have a single book of their own at home. Each pack contains literacy resources designed for children aged four to five, aiming to spark reading enjoyment early and support their transition into a Bookmark partner school in September.

Visit bookmarkreading.com to learn more.

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Portfolio overview

Companies / assets	Date of investment	Carrying value	*Value as % of NAV*
RCI Group	Sep 18	£96.0m	*30.7%*
Velociti Solutions	Feb 20	£52.7m	*16.9%*
Grayce	Jul 18	£29.8m	*9.5%*
Cubo Work	May 23	£24.0m	*7.7%*
Oxygen Activeplay	Jul 21	£17.0m	*5.4%*
Top 5 investments		**£219.5m**	***70.2%***
Wifinity	Dec 17	£15.5m	*4.9%*
Halsbury Travel	Jun 22	£15.3m	*4.9%*
Techpoint	Jun 20	£13.1m	*4.2%*
Antler Homes	Jun 18	£12.8m	*4.1%*
Hanmere	Dec 17	£10.5m	*3.4%*
Top 10 investments		**£286.6m**	***91.7%***
Other direct investments		£58.8m	*18.8%*
Private equity fund interests		£9.5m	*3.0%*
Borrowings (incl. donation provision & impact of warrants)		(£42.4)m	*(13.6)%*
Total net asset value		**£312.6m**	***100.0%***

Top 10 investments[#]

+5%
YoY sales growth

+36%
YoY EBITDA growth

10.1x
EV / Earnings[1]

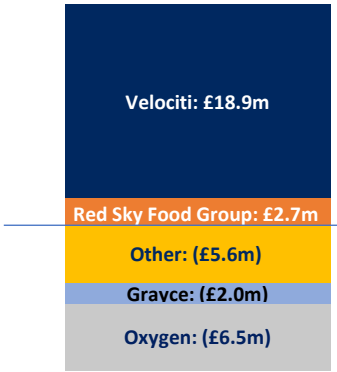
2.3x
Net debt / EBITDA[1]

22.2%
EBITDA margins

3,965
Total headcount

[#] Data calculated on a weighted average basis (excl. headcount)
[1] Excludes Antler Homes

Breakdown of Q2 uplift by asset (before costs)



Portfolio highlights

Recently released official survey data indicates UK payroll employment has now fallen every month since October 2024. A variety of other surveys or indices show sluggish demand and growth. Thankfully, regardless of conditions, BOOK's portfolio companies are relatively small, nimble and well-led, enabling them to adapt to differing challenges and opportunities.

The above data, aggregated from BOOK's ten largest holdings, supports this. It shows that profit margins were resilient despite cost pressures. Maintaining margins and managing cost has received focus across the portfolio. The impact of this can also be seen by the rare, albeit modest (1.5%), reduction in headcount in Q2. This is an understandable consequence of the rise in employer NI contributions, increasing the cost of labour for businesses.

Several of BOOK's portfolio companies continue to attract interest from potential acquirers. Deal volumes remain reasonably low and buyers wary, given the inconsistent and uncertain trading environment. Therefore, patience is needed to complete transactions in the current market.

Net debt within the portfolio

Net debt (on a weighted average basis) of 2.3x EBITDA on 30 June was slightly lower than 31 March (2.4x), due to EBITDA growth and little change in the debt held by portfolio companies.

This level of leverage remains prudent relative to typical PE-backed businesses. Further refinancing activity is expected over the next couple of months generating additional cash for the fund.

Portfolio valuation

The weighted average EV / EBITDA multiple was 10.1x on 30 June 2025 (a meaningful increase on 9.0x at the end of Q1 2025).

This was primarily due to Velociti, given a) its weighting grew significantly quarter-on-quarter, and b) its carrying multiple increased materially to reflect the terms of the completed transaction.

The EBITDA multiple used for each portfolio company is applied to an earnings figure for the business that is deemed to be 'maintainable', in line with IPEV Valuation Guidelines.

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