LITERACY CAPITAL



Literacy Capital – Interim results investor call

11 September 2025

www.literacycapital.com
www.bookmarkreading.org

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Introduction



Paul Pindar

Chairman & co-founder

- Founder and CEO of Capita, which grew from 33 to 68,000 employees (and enterprise value of £8.5bn) by retirement in February 2014. Total shareholder return of 480x between the IPO in 1989 and retirement
- Chaired five private businesses since 2014



Richard Pindar

CEO & co-founder

- Trained and qualified at KPMG as a Chartered Accountant
- Worked at a traditional lower mid-market private equity firm investing in £2m - £7m EBITDA private UK businesses
- Co-founded Literacy Capital in 2017 with his father Paul Pindar and initially raised £54m at 100p per share whilst the fund was private

Overview

Listed Investment Trust

- Created with £54 million of capital in September 2017 and listed on the LSE in June 2021
- Our mission is to invest in and build great UK businesses, with an approach and structure intended to deliver better outcomes for our management teams and investors

Highly aligned investment manager

- Flexible structure and long-term view
- Significant 'skin in the game' and alignment with shareholders
- No performance fees[1] and relatively low management fees, leaving more of the returns generated in shareholders' hands

Attractive portfolio of smaller UK businesses

- Concentrated portfolio of smaller UK private businesses
- Active engagement and support for businesses in the portfolio, as well as assistance in strengthening their teams

Unique charitable mission

- Pledge to donate 0.5% of net assets per annum
- £12.0m[2] paid or set aside for donation since inception in 2017 to UK literacy charities, with a donation of £2.7m in 2024

[1] The Company has allotted 597,500 warrants to members of the investment team for incentivisation. Paul and Richard Pindar are not entitled to receive warrants

[2] Total charitable donations up to 30 June 2025

Why invest in Private Equity?

- Route to participate in the growth of **high-potential businesses that are not accessible through public markets**
- **Greater degree of influence and control** over strategic decisions arising from the significant ownership stakes and active engagement with portfolio companies
- **Higher expected returns** from GPs and track record of outperformance against benchmark indices
- Closed-ended structures allow for a **longer-term view** without the pressure of redemptions

Why invest in Literacy Capital plc?

- Focuses on much smaller UK businesses often overlooked by larger private equity firms, enabling **lower entry prices** and greater potential for **outperformance** in a diversified portfolio rarely accessible to public market investors
- Literacy Capital **works closely with management teams to drive growth**, often introducing over-qualified individuals into management teams
- High and unusual alignment of interest between the fund manager and shareholders with **no performance fees or carried interest charged**[1]

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Investment Approach and Criteria

Focus on smaller, profitable UK private businesses

- Sector agnostic, we look for healthy margins and strong cash generation
- Modest use of senior leverage (typically 1x – 1.5x EBITDA at completion)
- Consider both minority & majority investments, as well as MBIs & MBOs

Swift and straightforward to deal with

- 100% record of completing investments at the price consistent with our offer letter
- Cash available to invest without any fundraising or drawdowns
- Lighter touch due diligence requirements and team structure means we communicate or make decisions more quickly

Experience investing in family / founder owned businesses

- Flexible and able to tailor structures to meet needs of vendors
- Understand that succession is rarely straightforward, particularly when family is involved, and we work with teams to reach the best solution
- Open, reliable and pragmatic investors who work collaboratively with teams throughout the lifecycle of our investment to help maximise value

Ability to support and access additional talent

- Maintain benches, enabling us to swiftly add experienced executives to work with our portfolio companies. >45 executives added to our portfolio companies so far
- Assisted portfolio companies complete 40 bolt-on transactions



Recent activity and performance

Historical Performance

% total return	H1 2025	Since listing[1]	Since inception[2]
BOOK net assets per share	**+5.4%**	**+223.4%**	**+419.5%**
BOOK share price	**(4.0)%**	**+172.5%**	**n/a**
FTSE Investment Company Index	+4.6%	5.3%	+56.0%
FTSE All-Share Index	+9.1%	+35.9%	+50.2%

NAV: £312.6m; +419.5% since inception[2]

- Originally raised £54 million, with net assets growing organically to £312.6 million by 30 June 2025, without raising any additional capital. Long-term record has been very strong
- Positive NAV performance in H1 (up 5.4%). This followed a weaker 2024, primarily due to relatively poor UK macroeconomic and M&A conditions

	2018	2019	2020	2021	2022	2023	2024	H1 2025
NAV growth[3]	**+7.7%**	**+14.1%**	**+29.1%**	**+94.1%**	**+51.7%**	**+19.0%**	**(1.2)%**	**+5.4%**

NAV +5.4% in H1; discount widest since listing

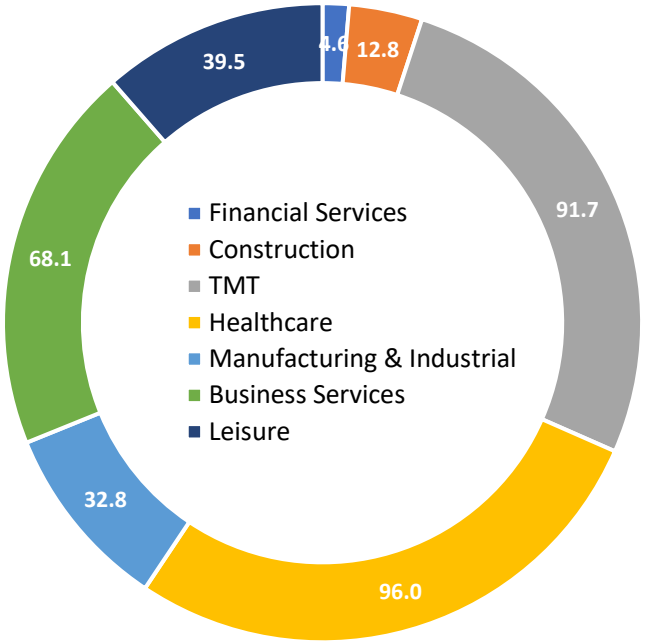
- Shares currently trading on a 26% discount, the widest BOOK has ever traded on. Steps are being taken to address this, including the announcement of an intention to return capital to shareholders for the first time
- Focus now on creating additional value from the current portfolio and generating strong cash inflows. BOOK will receive more cash in Q3 than any previous quarter

[1] BOOK listed: 25 June 2021. The latest NAV upon Admission was £96.4m, or 160.7p per share based on 60m ordinary shares in issue, whilst the latest NAV figure was as reported on 30 June 2025
[2] Inception: 30 April 2018
[3] This table uses growth in total NAV, rather than NAV per share

Portfolio Breakdown

Companies / assets	Date of investment	Carrying value	*Value as % of NAV*
RCI Group	Sep 18	£96.0m	*30.7%*
Velociti Solutions[1]	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%***

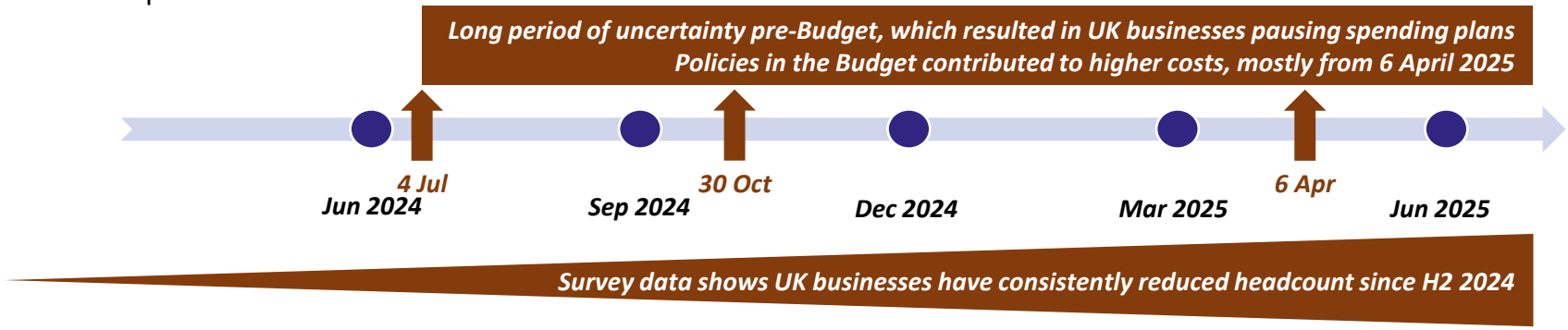
Breakdown of BOOK portfolio at 30 June 2025 by sector[4]



[1] The Velociti carrying value does not reflect the partial sale or cash received from this transaction. This cash was used to repay and reduce fund level borrowings
[2] Calculated for the top 10 investments on a weighted average basis (as at 30 June 2025)
[3] Excludes Antler Homes
[4] Excludes private equity fund interests

Portfolio trends

Sector diversity enables BOOK to be defensively positioned, however there are some overall trends that can be seen across the portfolio



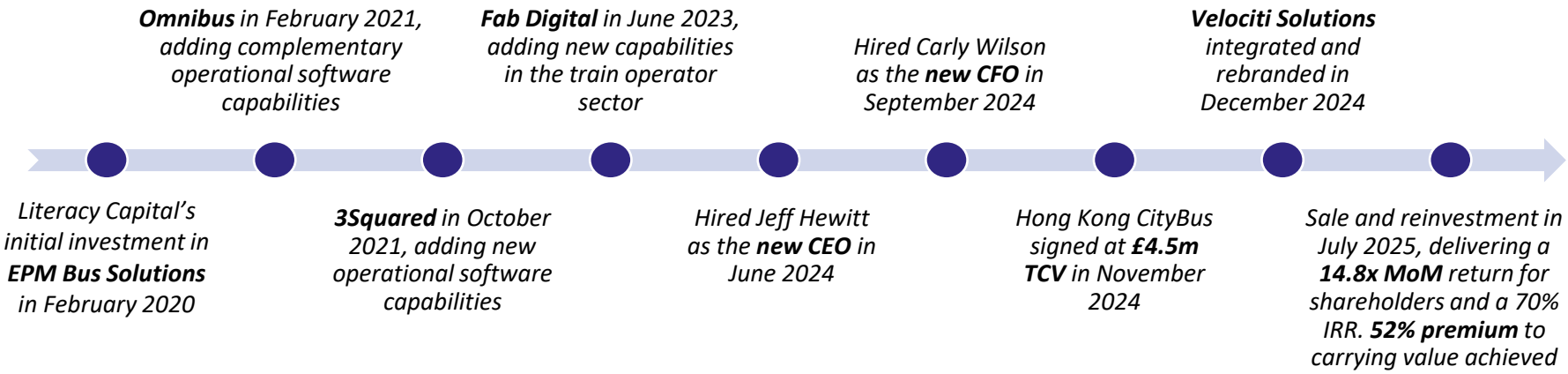
Sales growth %[1]	25%	21%	18%	20%	5%
EBITDA growth %[1]	11%	15%	24%	26%	36%
EBITDA margins %[1]	20.2%	20.9%	22.2%	21.2%	22.2%
Headcount	4,211	4,069	3,938	4,024	3,965

- Reduced emphasis and focus on revenue growth, as trading conditions became more challenging due to macro environment
- Greater focus on overheads and costs to match likely size of businesses in the short term, as well as higher costs imposed on labour. The impact of this can be seen in the financial and headcount figures above
- By remaining close to the leadership of portfolio companies, we can assist in influencing positive outcomes and helping the businesses take action that is needed to ensure sustained growth

[1] *Calculated for the top 10 investments on a weighted average basis (as at 30 June 2025)*

Velociti Solutions

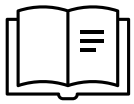
The journey with Velociti over the past five and a half years actively demonstrates how Literacy Capital supports businesses to add significant value. With a degree of patience, BOOK's shareholders have benefitted from a **14.8x MoM (70% IRR) return**



- Majority stake provided **considerable influence over strategic decisions**
- Three **bolt-on acquisitions** added substantial value
- Management team was strengthened using Literacy's **unique network and access to talent**
- Patience and effort delivered **significant value creation** and upside that was prudently recognised
- Retention of a significant minority stake gives **substantial ongoing benefit** from Velociti's continued expected growth

Trinitatum

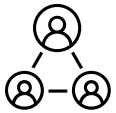
Trinitatum is a provider of test automation software and related services within energy and financial trading. Founded in 2013, the business has developed and refined its proprietary software, Triangle, to optimise its test automation solutions. These integrate with customers' trading and risk management platforms.



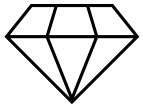
- Two founders were seeking a partner to enable Trinitatum to expand further and to deal with inbound approaches from prospective customers, plus ultimately allowing one of them to retire



- Highly valued suite of products and high-quality service offering, resulting in long-term and embedded relationships with blue-chip customers
- Vast addressable market within energy and financial trading sectors, with multiple avenues for growth



- Jeff Hewitt joined as non-executive Chair at completion (current CEO of Velociti and former Exec. Director of Civica's Local Gov. division), with significant software experience
- New CEO, FD and CMO appointed and joined since our investment

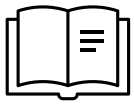


- Professionalisation and process improvement across the whole business, including the account management of existing clients and development of the go-to-market strategy
- Major review of commercial structures, including pricing
- Additional experience and bandwidth brought by new team members will enable founders to focus on their areas of expertise

Completion:	*7 March 2025*	***Revenue:***	*£14m*
Sector:	*Automated testing solutions*	***No. of employees:***	*15*
Equity ownership:	*64.3%*		*At the time of investment*

Langford's (Red Sky Food Group)

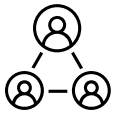
Langford's is a manufacturer and supplier of award-winning premium meat products, based in Welshpool, Wales. Founded in 2003, Langford's customer base are foodservice businesses, which supply a variety of customers, including schools, hospitals, offices and hospitality venues.



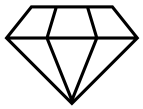
- Literacy's investment facilitates the retirement of the two founders



- Strong reputation for high quality products and leading customer service
- Well-run factory with opportunities for expansion, with relatively modest investment required
- Capable Managing Director, who was staying with the business



- Mark Chantler joined Red Sky Food Group as Executive Chair at completion
- Mark was previously CEO of Meadow Foods, a dairy ingredients manufacturer, which he grew to ~£500m turnover undergoing two successful periods of PE ownership before exiting in 2024

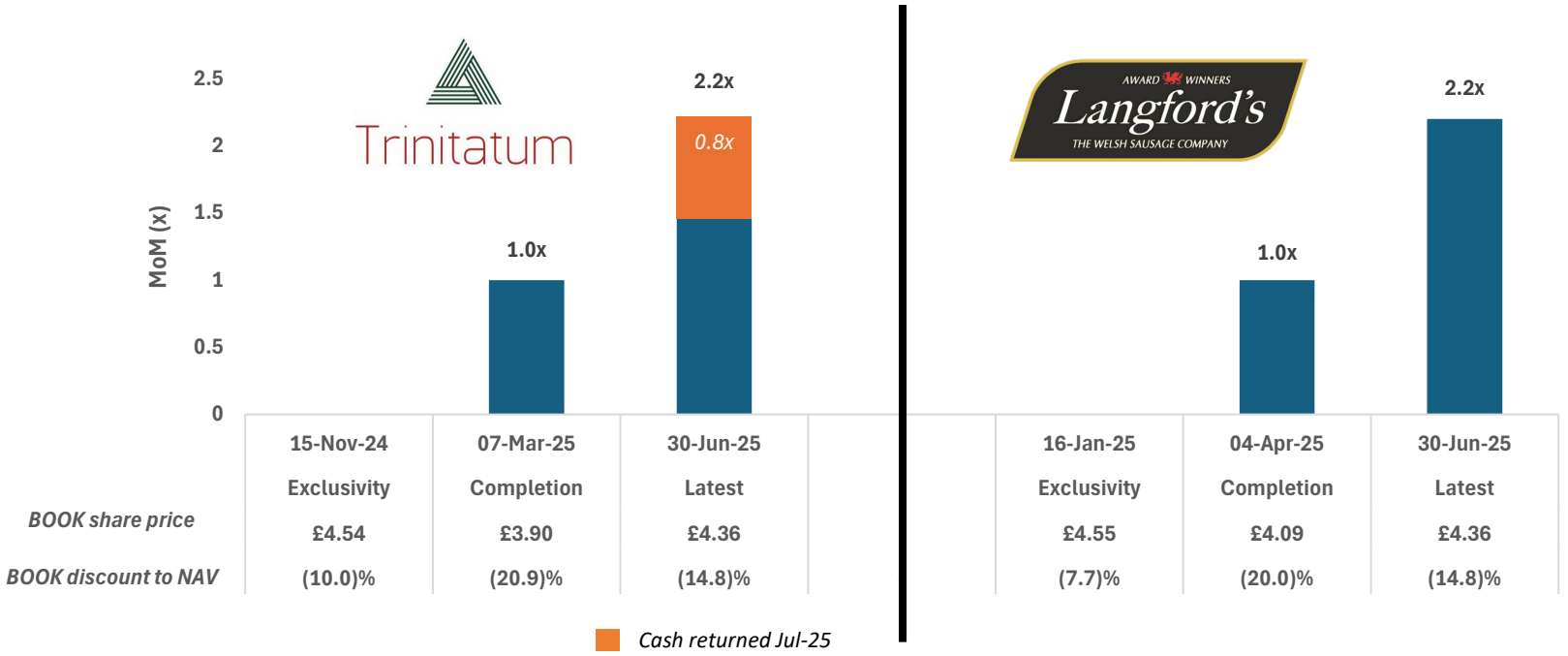


- Expansion of the management (including CFO, joining in October) and sales team
- Improvement of the production facility
- Beyond Langford's, Red Sky Food Group will look to make further selective acquisitions to build a more substantial, broader meat group

Completion:	*4 April 2025*	***Revenue:***	*£15m*
Sector:	*Food manufacturing*	***No. of employees:***	*35*
Equity ownership:	*44.5%*		*At the time of investment*

New Investments in 2025

The two investments completed in 2025 show good momentum. Each was appraised as having the potential to be able to generate strong returns for shareholders in the short and long term, therefore considered a very attractive use of capital.



- ***Unusually, Literacy's return on investment is >2x very swiftly post-investment, due to positive deal dynamics and good condition of the two businesses that have been acquired***
- ***~80% of capital invested into Trinitatum already returned (in ~4 months), demonstrating favourable use of capital and ability to recycle proceeds***
- ***Literacy accesses deals and secures agreeable terms due to its reputation as a reliable and value-add partner***
- ***When market conditions and founders are less optimistic, we tend to see better investment opportunities***

Summary

1. Our mission is to invest in and **build great UK businesses**, where Literacy's expertise can add substantial value to these investments over the long term

2. Since the fund was created and since BOOK was admitted to the LSE, it has delivered very strong returns (growing net assets from £54 million to £312.6 million) and the investment approach can continue to do so

3. Portfolio companies demonstrated **positive trading momentum** in H1 2025 despite global and UK-specific economic or political challenges. Several companies continue to mature and attract interest from purchasers

4. **Significant 'skin-in-the-game'** from experienced and engaged Directors of BOOK & members of its Investment Manager. They are financially aligned and solely focused on maximising returns for BOOK shareholders, rather than AUM or generating fee income

5. **Zero performance fees or carried interest** charged by BOOK's Investment Manager. This is a huge saving for BOOK's shareholders and adds considerably to NAV performance[1]

6. **Unique charitable mission** to support literacy in UK primary schools through annual donations, with over £12.0m donated or reserved for donation by the end of June 2025

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