



 | LITERACY CAPITAL

Audited Report and Financial Statements for Literacy Capital plc

For the year ended 31 December 2025

Contents

Performance Highlights	4
Strategic Report	8
Chair’s Statement	9
Investment Manager’s Report	10
Charitable Mission	18
Business model, strategy and principal risks	20
Section 172 and stakeholder reporting	23
Board of Directors	25
Corporate Governance	27
Directors’ Remuneration Report	32
Directors’ Report	35
Independent Auditor’s Report to the Directors of Literacy Capital Plc	40
Financial Statements	46
Notes to the Financial Statements	53
Further information	
Alternative Performance Measures (unaudited)	69
Additional Information (unaudited)	71
AIFM Statement (unaudited)	72
Corporate Information	73
Shareholder Information	73



Throughout the Report and Financial Statements, Literacy Capital plc is also referred to as “Literacy Capital”, “Literacy”, the “Fund”, the “Company”, the “Trust” or “BOOK”



Performance Highlights



£291.4m

Diluted NAV¹



484.3p

Diluted NAV per ord. share¹



£42.5m

Cash realised³



£1,489k

Charitable donation accrual



£22.7m

Capital invested



(13.4%)

Shareholder total return

Performance Highlights

Focus on helping to build great businesses to generate superior returns

Diluted Net Asset Value (NAV) per share of 484.3p¹, with Diluted NAV of £291.4m¹

- Diluted NAV per share, adjusted for the B share distribution², increased by a modest 0.3% in the twelve months to 31 December 2025
- BOOK's share price decreased 15.6% over the same period, a total shareholder return of (13.4)% inclusive of the capital return

Significant increase in cash realised in 2025, highlighting the proactive approach to actively manage and recycle capital to enhance returns

- £42.5m³ cash received by BOOK in 2025, an increase of 41.2% compared to 2024, the majority of which (£26.3m) was generated from the transaction involving Velociti Solutions. This transaction delivered a 14.8x Multiple of Money (MoM) return and an IRR of 70% for Literacy's shareholders

- The remainder of the cash was generated through four portfolio company refinancings, and distributions from third party fund interests, enabling a reduction in RCF debt and a £6m B share distribution to shareholders

Attractive opportunities to deploy capital into resilient businesses that offer the potential for strong returns for the Fund

- Two new platform investments completed in 2025, with both Trinitatum and Red Sky Food Group contributing strongly since investment. Red Sky demonstrated the strength of its performance by becoming a top ten holding. Follow-on capital was also provided to several portfolio companies to support and accelerate growth
- £22.7m cash invested by BOOK in 2025; materially lower than the prior two years, reflecting the focus on maximising value from existing investments

Literacy's investee companies remain prudently valued and modestly leveraged

- On 31 December 2025, the weighted average EV / EBITDA multiple for Literacy's ten largest investments (comprising 82.8% of Diluted NAV) was 9.4x, compared to 8.8x⁴ at 31 December 2024

- The average net debt / EBITDA was 2.8x (calculated on the same basis as above), an increase on twelve months ago (2.3x at 31 December 2024) following the refinancing activity during the year

Ongoing charitable donations to literacy charities, giving disadvantaged children across the UK the chance to thrive

- £1.5m of charitable donations provided for in 2025 (£2.7m in 2024)
- Total donations now amount to £12.7m since inception⁵ of Literacy Capital

¹ The figures presented here refer to Diluted NAV per share and Diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 69

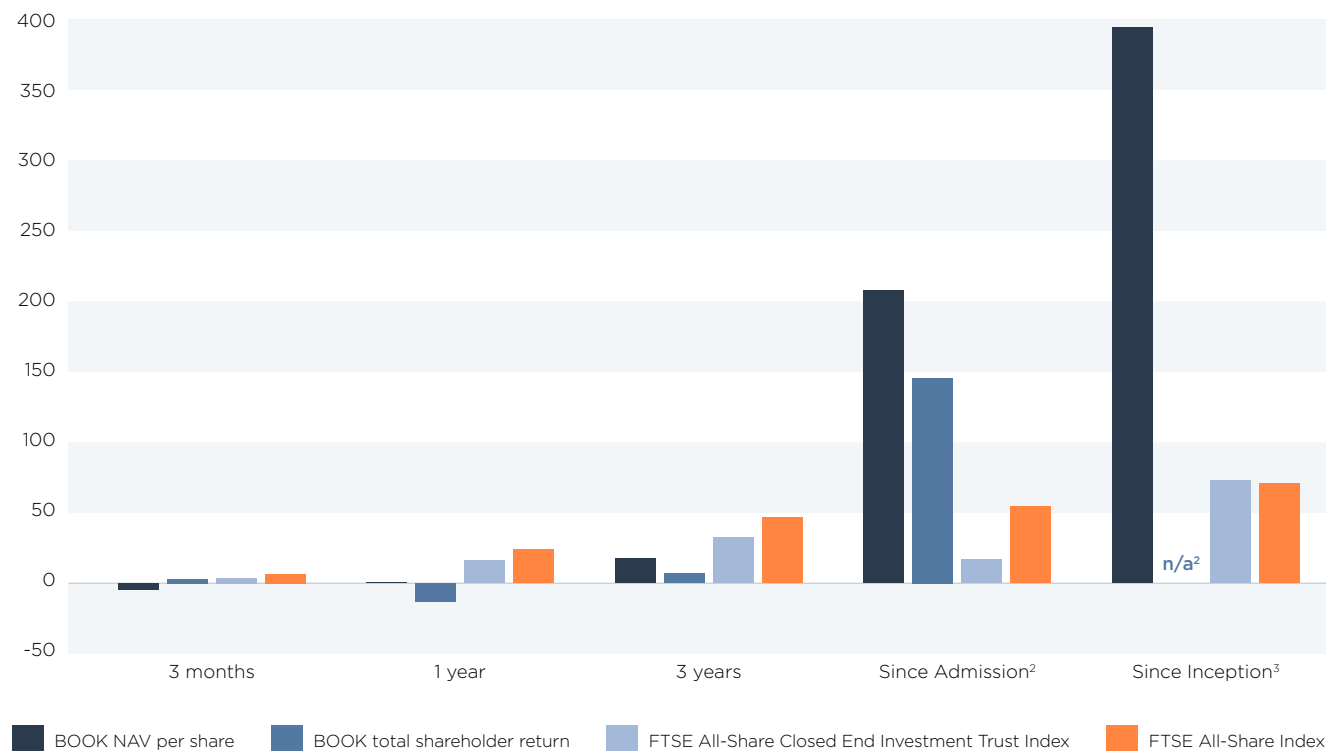
² The figure presented here refers to Diluted NAV per share, adjusted for the B share distribution. The calculation is shown within 'Alternative Performance Measures', page 69

³ Per the cash flow statement on page 50, the total of income from investments (£0.5m) and proceeds from disposal of investments (£42.0m)

⁴ Excluding Antler Homes which is valued using a Total Gross Asset Value multiple rather than an EV/EBITDA multiple

⁵ Inception date is 30 April 2018

Performance to 31 December 2025



% total return	3 months	1 year	3 years	Since Admission ²	Since Inception ³
BOOK NAV per share¹	(4.5)%	+0.3%	+17.5%	+207.7%	+394.3%
BOOK total shareholder return	+3.1%	(13.4)%	+6.8%	+145.6%	n/a²
FTSE All-Share Closed End Investment Trust Index	+3.7%	+16.1%	+32.4%	+16.8%	+73.0%
FTSE All-Share Index	+6.4%	+24.0%	+46.5%	+54.5%	+70.7%

¹ The figure presented here refers to Diluted NAV per share, adjusted for the B share distribution. The calculation is shown within 'Alternative Performance Measures', page 69

² BOOK was admitted to the London Stock Exchange on 25 June 2021. Share price data therefore starts at this point

³ Inception date is 30 April 2018

⁴ The figures presented here refer to Diluted NAV per share and Diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 69

⁵ The figure presented here refers to total NAV return. The calculation is shown within 'Alternative Performance Measures', page 70

⁶ Per the cash flow statement on page 50, the total of income from investments (£0.5m) and proceeds from disposal of investments (£42.0m)

⁷ Per the cash flow statement on page 50, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m)

Comparison to prior periods

	At 31 December 2025	At 31 December 2024
Diluted NAV ⁴	£291.4m	£296.6m
Diluted NAV per share ⁴	484.3p	492.8p
Cash returned to shareholders	10.0p	-
Diluted NAV per share, adjusted for the B share distribution ¹	494.3p	492.8p
Total NAV return ⁵	+0.3%	(1.5)%
	12 months to 31 December 2025	12 months to 31 December 2024
Capital invested	£22.7m	£41.1m
Cash realised	£42.5m⁶	£30.1m ⁷
Charitable donation accrual	£1.5m	£2.7m

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

“At the beginning of 2025, we stated that we were optimistic that we would be able to progress the sale of several portfolio companies, generating significant cash for BOOK. While M&A activity remained low and completed deals scarce, reflecting the ongoing political and economic uncertainty in the UK and globally, it was pleasing to announce the signing of three transactions between July 2025 and January 2026. These transactions were agreed at a combined 39% premium to their prior carrying values, demonstrating our ability to deliver value for shareholders during our period of ownership and execute successful sales, despite the market backdrop.

We work very closely with our portfolio companies, ensuring that they are well-led, and that we understand the challenges and opportunities that they face, in order to help them navigate the current environment. As I mentioned in this statement twelve months ago, ensuring that our portfolio companies are actively managed, with appropriate leadership and complete management teams, is a core component of our value-add and approach when it comes to making and managing our investments, rather than just ‘stock picking’.

Against this backdrop, whilst the sale of these three more mature holdings was very welcome, overall NAV performance in 2025 was weaker than we would have liked. Overall growth in NAV was suppressed primarily by weaker trading at RCI and Grayce, resulting in reductions to their carrying values; management changes have been made in both businesses to improve performance. It is clear that economic growth, confidence and activity within UK businesses remains fragile. Additional costs and continued uncertainty over the last 18 months have had a clear impact on companies’ propensity to hire or retain staff, as well as their appetite to invest and spend. The direction in which employment law and tax legislation have been heading recently has compounded these issues, making full time employment less attractive for both corporates and individuals compared to self-employment.

In this environment, we have remained disciplined and selective in our investment approach. While we appraise opportunities and hold investments across a wide range of sectors, we never endeavour to be heroic by deploying capital into businesses facing obvious headwinds. As a result, we have been even more selective regarding the new investments that we have appraised and completed in 2025, as we consider these against the context of current market conditions and uncertainty.

Both 2025 vintage investments, Red Sky Food Group and Trinitatum, were deemed to have attractive characteristics for the current environment. These include delivering, firstly, great value and products to their customers, making switching to alternative products or service models to reduce costs difficult; and secondly, very attractive levels of output, revenue and profit per employee. On top of this, demand was expected to be resilient in all market conditions. Both investments have delivered better returns than we would ordinarily expect from businesses we have owned for less than 12 months and show strong promise.

In relation to the share price performance during 2025, we recognise that there are several ingredients needed to improve this in 2026 and to narrow the discount to Diluted NAV. More positive announcements and stronger NAV performance, which we continuously strive to achieve, clearly will play an important role. Alongside this, there are several other marketing initiatives underway to improve demand for BOOK’s shares and strengthen the share price, and we expect these actions to gather momentum through 2026.”



Richard Pindar

*CEO of the Investment Manager
and Director of
Literacy Capital plc*

Enquiries

For further information, please contact:

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

MHP Group:
Reg Hoare / Ollie Hoare / Matthew Taylor
+44 (0) 7817 458 804

Website: www.literacycapital.com

Deutsche Numis:
Hugh Jonathan / George Shiel
+44 (0) 20 7260 1000

LEI: 2549006P3DFN5HLFGR54



Strategic Report

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 by 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 18).

These objectives have been met by Literacy, albeit not at the rate of progress that we would have liked, and we are working extremely hard to show better performance in 2026. Assessing a period longer than 12 months, however, the Company has performed strongly across all three metrics.

Velociti was the portfolio company that contributed the greatest uplift to Diluted NAV in pound sterling terms, with the two new investments made in 2025 making a substantial contribution. The total headcount of Literacy's ten largest portfolio companies was 4,026 at the end of 2025, compared to 3,938 a year earlier. The modest increase of 2.2% was primarily driven by additional employees joining Oxygen following the bolt-on acquisition, partly offset by Hanmere, a relatively large employer, moving out of the top ten, together with a reduction in analyst numbers at Grayce. Overall, however, headcount across BOOK's portfolio companies during 2025 has trended downwards, reflecting a more challenging UK employment environment and the impact of recent Government policy changes (including higher National Insurance contributions), which have increased employment costs and reduced hiring activity.

During 2025, Diluted NAV of the Company decreased, from £296.6 million¹ to £291.4 million¹, following the £6 million B share distribution to shareholders. The total NAV return was +0.3% after adding back this

distribution². Despite BOOK's share price declining due to a widening discount, BOOK has significantly outperformed the FTSE All-Share Closed End Investment Trust Index and the FTSE All-Share Index since admission³ and has also generated strong returns for shareholders since admission³.

In terms of the final objective, the Company provided for charitable donations of £1.5 million in 2025. 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 the Additional Information Section on page 71.

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 represent 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 figures presented here refer to Diluted NAV per share and Diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 69

² The figure presented here refers to Diluted NAV per share, adjusted for the B share distribution. The calculation is shown within 'Alternative Performance Measures', page 69

³ BOOK was admitted to the London Stock Exchange on 25 June 2021.

Chair's Statement

Literacy Capital plc is focused on creating long term shareholder value by investing in and developing small, UK based private companies. The trust listed on the London Stock Exchange in June 2021 with a NAV per share of 160p. From listing to 31 December 2025, growth in Diluted NAV per share¹, equates to 334p.

Over the three years to 31 December 2025, Literacy Capital's Diluted NAV per share¹, return has been 17.5%. The three-year return of the FTSE All-Share Closed End Investment Trust Index was 32.4%.

Over the shorter 12 month period to 31 December 2025, Diluted NAV per share¹, increased 0.3%. We are disappointed with this relative to our overall performance since inception, and I provide further colour as to why below.

2025 has been a mixed year with both successes and disappointments. On the positive side, we have announced three significant exits between July 2025 and January 2026, at a combined 39% premium to the respective carrying values reported prior to each exit. This illustrates both the attractiveness of our businesses and the conservatism of our valuations.

As a consequence, cash inflows in Q1 2026 will exceed all other quarters in BOOK's history, moving the Fund into a net cash position.

Two new investments were completed during 2025; Red Sky Food Group and Trinitatum. We have supplemented both management teams with highly qualified and experienced executives, and both businesses are trading ahead of our expectations.

We also completed our first B share distribution to shareholders in November 2025, returning £6m via BOOK's B share scheme. When there are more exits in due course, it is likely that further capital will be returned to shareholders.

However, none of the above negates the fact that Diluted NAV growth in the year was disappointing. Whilst many of our portfolio companies contributed positively to Diluted NAV growth, RCI and Grayce experienced significant market headwinds during 2025. As a consequence, there was a £41m reduction in the fair

value of these two investments (equating to approximately 69p per share).

It is worth highlighting that these two companies in aggregate have already returned 6x our original investment in cash and their (albeit reduced) residual values represent a further 13x MoM. Success does not always travel in a straight line and we remain confident that both businesses are good businesses and can swiftly return to an upward trajectory following the appointment of new CEO's in both businesses during 2025.

Prospects

In my statement last year, I noted that the Government had done little to create certainty or confidence for the UK smaller companies sector. Unfortunately, 12 months later, economic growth and business activity in the UK remain fragile and unpredictable. That said, it is our responsibility to work with our talented management teams to create the best outcomes possible. We believe that the three recently announced exits, which delivered superb financial returns, demonstrate how powerful the Literacy Capital model can be.

Today, we have 18 companies in the Literacy Capital portfolio and many are trading well; those that have traded less well have taken decisive action to improve performance. We intend to work very hard in 2026 to deliver materially improved growth in NAV per share over the next 12 months.

Our charitable activities

Our core focus is to build value for shareholders, but we also want to 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 £12.7m to reading charities, of which Bookmark Reading has been the largest beneficiary.

In 2025, Bookmark delivered the first year of its ambitious three-year strategy. Bookmark has partnered with 399 schools, benefitting 181,000 children through at least one of its literacy programmes. In totality, it has distributed 70,000 high quality, diverse books and printed 560,000 copies of its magazine. As Bookmark moves into the second year of its strategy, it is on track



“Since formation in 2017, Literacy Capital has donated £12.7m to reading charities, of which Bookmark Reading has been the largest beneficiary.”

to work with 1,000 schools in areas of deprivation, with over 500,000 children benefitting from a literacy programme by August 2027.

Bookmark has changed countless children's lives for the better and we are immensely grateful to our shareholders for their support for Bookmark's work.



Paul Pindar

Chair
Literacy Capital plc
24 March 2026

¹ The figures presented here refer to Diluted NAV per share adjusted for the B share distribution. The calculation is shown within 'Alternative Performance Measures', page 69.

Investment Manager's Report

BOOK Performance Overview for the 12-month period

Diluted NAV closed the period at £291.4 million¹, equating to 484.3p¹ per share. This represented a modest increase of 0.3% on the Diluted NAV per share, adjusted for the B share distribution², in the twelve-months since 31 December 2024. Earnings per share for the year to 31 December 2025 were 1.23 pence.

Velociti was the best performer, contributing £27.5 million to 2025 NAV. This represents a return of 107% on its carrying value at the beginning of 2024. Velociti's uplift to NAV was primarily due to the transaction announced in July 2025, which occurred at a 99% premium to 31 December 2024 carrying value, and generated significant cash proceeds for BOOK. A combination of new contract wins, integration of acquisitions by the new management team and international expansion made Velociti highly sought after by larger private equity investors, demonstrating how Literacy's patient approach supports businesses to add significant value.

The two new investments completed in 2025, Trinitatum and Red Sky Food Group, also started extremely positively, contributing a combined £23.3 million to NAV. In the nine months since acquisition to 31 December 2025, the aggregate carrying value for these two investments including cash received represents a 4.4x MoM, demonstrating a very strong return on capital.

Bright Ventures was the fourth individual portfolio company to contribute more than £10 million to NAV during 2025. Finally, it is worth highlighting the performance of Techpoint, which was a significant detractor in 2023 and 2024. It contributed positively, finding its way back into BOOK's top five holdings, and is demonstrating strong momentum into 2026.

Less positively, RCI Group and Grayce were the largest detractors in the twelve-month period. In aggregate, their contribution was a reduction in NAV of £41.4 million. The assets were BOOK's top two holdings at the end of



484.3p

Diluted NAV per ord. share¹
(31 Dec 24: 492.8p)



£291.4m

Diluted NAV¹
(31 Dec 24: £296.6m)



£42.5m

Cash realised³
(12 months to 31 Dec 24: £30.1m)



£1,489k

Charitable donation accrual
(12 months to 31 Dec 24: £2,722k)



£22.7m

Capital invested
(12 months to 31 Dec 24: £41.1m)



(13.4%)

Shareholder total return
(since 31 Dec 24)

2024, meaning softer performance from them has had a more significant impact on the Fund as a whole. Both have experienced less favourable market conditions and tougher trading conditions during 2025. During 2025, both businesses appointed new Chief Executive Officers and as a result, performance should be considered in the context of allowing management appropriate time to implement strategic and operational changes.

Disappointingly, BOOK's share price decreased from 454p to 383p in the year, representing a decline of 15.6%. The total shareholder return was (13.4)%⁴, after adjusting for the 10p per share returned to shareholders in the year. We remain confident that BOOK's strategy can outperform benchmark indices over the longer term for patient investors, with growth since admission in June 2021 of 145.6%, compared to the FTSE All-Share Closed End Investment Trust Index and FTSE All-Share indices achieving 16.8% and 54.5% growth respectively over the same period. Steps are being taken with the objective of reducing the current discount to Diluted NAV per share,

whilst retaining a long-term focus on value creation. One such step was the appointment of Deutsche Numis as the Company's sole broker and financial adviser during the period. Alongside trying to generate improved NAV performance, further marketing initiatives are planned during 2026 to build awareness and interest in BOOK's shares.

¹ The figures presented here refer to Diluted NAV per share and Diluted NAV. The calculation is shown within 'Alternative Performance Measures', page 69

² The figure presented here refers to Diluted NAV per share, adjusted for the B share distribution. The calculation is shown within 'Alternative Performance Measures', page 69

³ Per the cash flow statement on page 50, the total of income from investments (£0.5m) and proceeds from disposal of investments (£42.0m)

⁴ The figure presented here is the total shareholder return in the year. The calculation is shown with 'Alternative Performance Measures', Page 70

Breakdown of NAV as at 31 December 2025

Companies / assets	Date of Investment	Carrying value	% of NAV
RCI Group	Sep 18	£76.4m	26.2%
Cubo Work	May 23	£25.2m	8.6%
Velociti	Feb 20	£23.7m	8.1%
Techpoint	Jun 20	£23.2m	7.9%
Oxygen Activeplay	Jul 21	£17.5m	6.0%
Top 5 investments		£166.0m	56.9%
Grayce	Jul 18	£17.4m	6.0%
Red Sky Food Group	Apr 25	£16.2m	5.6%
Wifinity	Dec 17	£15.4m	5.3%
Tyrefix	Nov 20	£14.7m	5.0%
Bright Ventures	Jun 22	£11.6m	4.0%
Top 10 investments		£241.3m	82.8%
Other direct investments		£68.8m	23.6%
Private equity fund interests		£9.2m	3.1%
Borrowings ¹		(£27.9)m	(9.6)%
Diluted NAV		£291.4m²	100.0%
B share distribution to shareholders		£6.0m	
Diluted NAV, adjusted for the B share distribution		£297.4m²	

¹ Inclusive of donation accrual and other working capital items

² The calculation for these metrics is shown within 'Alternative Performance Measures', page 69



Portfolio Company Overview

Year-on-year growth in revenue and EBITDA, calculated on the same underlying basis in each case, was 2% and 5% respectively across BOOK's top ten investments at the end of 2025 (on a weighted average basis). These figures reflect the tough macroeconomic conditions facing UK businesses during the year and the necessary action taken by portfolio companies to protect profitability, with average EBITDA margins broadly maintained at a respectable 21%. The weaker performance of RCI Group and Grayce also dampened growth rates and NAV uplifts overall due to their significant weightings, however it is encouraging to see the positive trading and contribution from the companies that have broken into the Top 10.

Whilst an increasingly small proportion of NAV, it is worth mentioning BOOK's private equity fund interests. These generated a positive 9.6% return during the year and distributed cash equating to more than 10% of opening NAV. Aside from the continued unwinding of BOOK's fund interests, we expect to receive further sums from BOOK's direct investments during 2026.

RCI Group

Provider of healthcare, specialist clinical and support services

Cubo Work

Provider of office and co-working space

Velociti

Software and consulting business to the public transport sector

Techpoint

Outsourced supply chain management of electronic components

Oxygen Activeplay

Operator of trampoline and adventure parks

Grayce

Recruits, trains and deploys graduates into large corporates

Red Sky Food Group

Manufacturer and supplier of premium meat products

Wifinity

Wi-fi provider to hard-to-reach campus locations

Tyrefix

Emergency plant tyre repair and replacement services

Bright Ventures

School travel operator

Top Five Investments

The concentration of BOOK's portfolio has reduced, with the top five investments equating to 56.9% of Diluted NAV at the close of 2025, compared to 70.1% recorded for the equivalent figure last year. The value of the ten largest investments equates to 82.8% (compared to 92.3% last year). This is principally due to the carrying values of RCI Group and Grayce having been reduced to reflect trading conditions.

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 over the long term 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 important changes and additions made in 2025.

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 demonstrated by the experience with Velociti. As a result, meaningful NAV uplifts tend to be generated as 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 over the long term, the older investments can contribute positively, whilst newer investments are well-placed to follow a similar path.

Company	RCI Group	Cubo Work	Velociti	TechPoint	Oxygen Activeplay
Date of Investment	Sep 18	May 23	Feb 20	Jun 20	Jul 21
31 Dec 2025 carrying value	£76.4m	£25.2m	£23.7m	£23.2m	£17.5m
31 Dec 2025 % of Diluted NAV	26.2%	8.6%	8.1%	7.9%	6.0%
Total cash realised	£23.4m	£2.4m	£29.7m	£0.0m	-
Carrying value + cash realised	£99.8m	£27.6m	£53.4m	£23.2m	£17.5m
Change in total return since 31 Dec 2024	(£24.3m)	(£0.2m)	£27.5m	£6.3m	(£12.3m)



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 seven acquisitions since December 2019.

RCI appointed a new CEO in April 2025 to drive the continued organic growth and acquisition plans. RCI remains highly profitable, despite more difficult market conditions during the year. The business completed one acquisition during 2025 (NRC Medical Experts in April 2025), which sits within the Communication and Assessment division of the wider RCI Group.



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 20, with its first London site having opened in February 2025. Cubo has performed steadily during 2025 and the increase in the number of desks occupied or 'signed not started' puts Cubo in a good position for long term growth. At the end of December 2025, 6,615 desks were under contract, an increase of more than 50% compared to 4,383 in December 2024.



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 investment, 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.

Following the appointment of new management in 2024 in preparation for the group's sale, Velociti maintained its strong momentum into 2025, culminating in the transaction announced in July. This saw Literacy complete the sale and reinvestment into Velociti Solutions alongside a new private equity investor, CBPE.



TechPoint

www.techpoint.co.uk

Techpoint Group is a group of companies, which provides outsourced supply chain management of electronic components for manufacturing businesses.

Vanilla Electronics was founded in 2002 by a father-and-son team, with Literacy Capital's original investment being made into Vanilla in June 2020. The father was seeking to retire and sell his stake, while the son, Dan, wanted to de-risk but also find an ambitious partner to assist him in growing the business. Since 2020, the group has rebranded as Techpoint and built a broader, talented management team. Dan and this team have since completed four acquisitions; Bela Electronic Designs, Interconics, Gollodge Electronics and Gemini Tec, strengthening the Group's technical and production capabilities in providing complex electronics design and manufacturing services.

Following a strong period of trading for Techpoint post-Covid, Techpoint saw excess orders unwind in 2023 and 2024, as manufacturers sought to reduce the surplus stock they had built up, leading Techpoint to drop out of the top five holdings last year. Over 2025, Techpoint has focused on rebuilding its order book, enabling it to regain its place in the top five holdings. It has also consolidated operations into a new state-of-the-art facility, which will unlock opportunities to work with new customers and bring down cost, setting the business up well to accelerate growth in profitability during 2026.



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, as well as opening or acquiring new ones.

In 2025, the focus has been on opening a new site in Salford and maximising value from the existing estate, as well as completing a bolt-on acquisition to acquire five Nina Warrior adventure parks, taking the total number of sites to 18.



£319.3m

Closing valuation



£22.7m

Capital invested

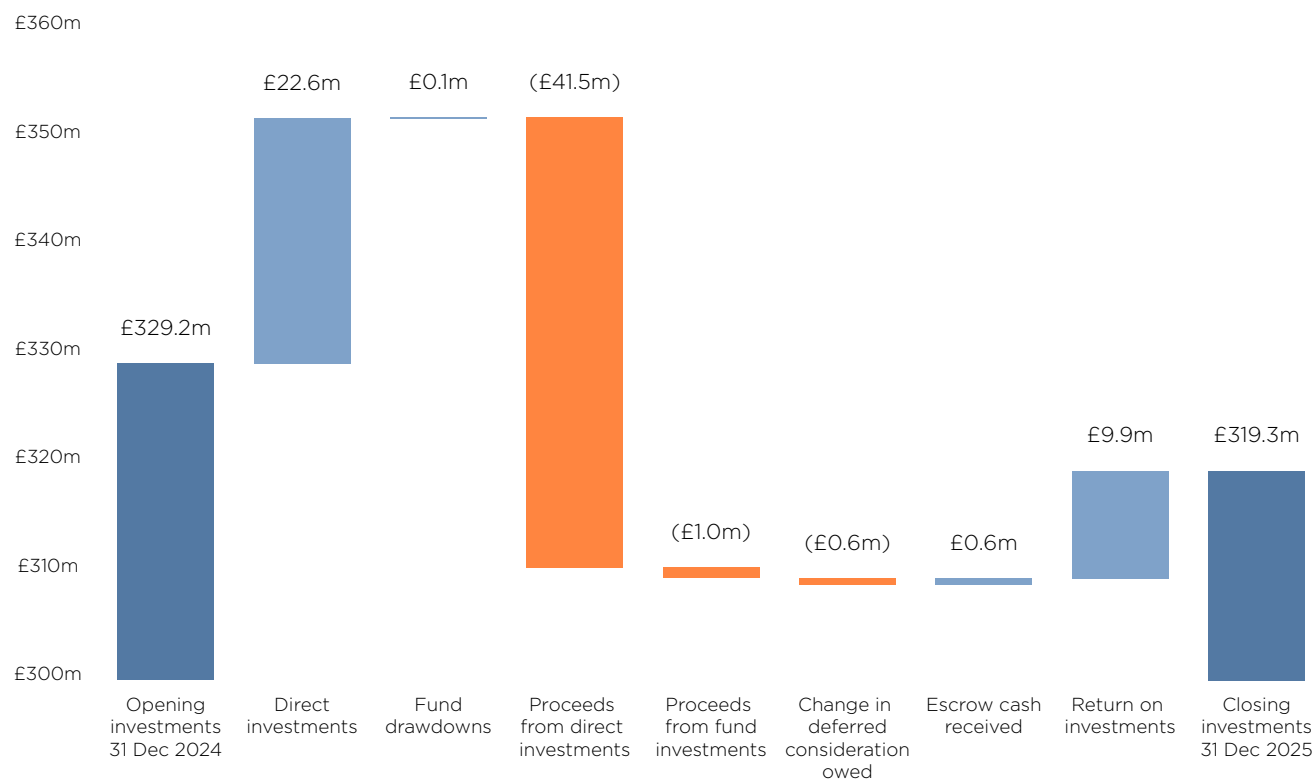


£42.5m

Cash proceeds received²

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 2025	12 months to 31 Dec 2024
Opening Investments	329.2	315.1
Direct investments	22.6	40.1
Fund drawdowns	0.1	1.0
Total capital invested	22.7	41.1
Proceeds from direct investments	(41.5)	(23.3)
Proceeds from fund investments	(1.0)	(6.8)
Cash proceeds received	(42.5)²	(30.1)³
Change in deferred consideration owed	(0.6)	(0.9)
Escrow cash received	0.6	-
Return on investments	9.9	4.0
Closing Investments	319.3	329.2
<i>Valuation Movement % (of Opening Investments)</i>	<i>3.0%</i>	<i>1.2%</i>

Capital Invested

In 2025, £22.7 million was invested by BOOK, a figure 44.8% lower than in 2024. £5.9 million of this was invested at completion into the two new investments, Trinitatum and Red Sky Food Group. £16.7 million was provided as follow-on funding to existing portfolio companies, to support their growth or acquire more equity, whilst the final £0.1 million was further investment into third party funds.

¹ All figures have been rounded to one decimal place

² Per the cash flow statement on page 50, the total of income from investments (£0.5m) and proceeds from disposal of investments (£42.0m)

³ Per the cash flow statement on page 50, the total of income from investments (£0.8m) and proceeds from disposal of investments (£29.3m)

In March 2025, BOOK announced a majority investment into Trinitatum, a provider of test automation software and related services within the energy and financial trading markets. Trinitatum's founders remain with the business, whilst the executive team has been strengthened with the appointment of a non-executive Chair, CEO, Finance Director and CMO, who all joined as part of the transaction. Literacy's investment will help Trinitatum further commercialise its product (Triangle) and market the product to more businesses that trade products or commodities within energy and financial markets. Within four months of the investment, 76% of the capital invested into Trinitatum had been returned to Literacy, demonstrating the favourable use of capital and BOOK's ability to recycle proceeds.

In April 2025, BOOK completed an investment into Red Sky Food Group, a vehicle to acquire Langford's initially, followed by other acquisitions in the protein focused food manufacturing sector. Langford's is a leading manufacturer and supplier of award-winning premium meat products based in Wales. The investment from Literacy facilitated the retirement of the founders, with the son of one of the founders remaining in the business as Managing Director, focusing on developing new product lines and customer accounts. Mark Chantler invested alongside Literacy and brings a wealth of experience and successful track record in food manufacturing, as the former CEO of Meadow Foods, a highly successful dairy ingredients manufacturer. Literacy's investment will support with both organic growth and growth through acquisition, as demonstrated by the acquisition of Delenco Foods in November 2025.

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

The amount invested into third-party private equity funds was significantly lower than prior years, in line with expectation and reflecting the maturity of these fund commitments. We expect these to continue to be minimal going forward.

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 whilst they remain 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 two new investments made in 2025 are evidence of Literacy's ability to access deals and secure agreeable terms due to its reputation as a reliable and value-add partner. Whilst the focus for early 2026 remains on maximising value from the current investment portfolio, the macroeconomic backdrop continues to lend itself to Literacy seeing investment opportunities, both platform investments and bolt-on acquisitions, that would be an attractive use of BOOK's capital.

Realisation Activity

£42.5¹ million of cash was received in the year, marking a significant increase on the £30.1 million received in 2024. £26.3m of this amount was cash received from the partial sale of Velociti Solutions to CBPE. Since Literacy's original investment in February 2020, and three further bolt-on acquisitions, Velociti's offering has been developed considerably from a collection of small, founder-owned businesses into an enlarged software group with excellent management. The transaction delivered almost 15x MoM return for Literacy and an IRR of 70% over almost 5.5 years. The transaction is a good example of the patience and effort required to deliver strong returns to shareholders. Literacy retained a minority stake post-transaction, with Velociti remaining in the top five holdings, giving ongoing exposure to a business with significant momentum.

£15.1m of the cash was generated from refinancing four 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.

Cash proceeds from third-party fund investments remained healthy, at £1.0 million. This was significantly lower than the £6.8 million received during 2024, as this included the proceeds from selling an entire fund interest. Based on the vintage of some of BOOK's fund interests, it is expected that cash generation from these funds will remain healthy in 2026, 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.

As is typical within any investment portfolio, there will inevitably be both strong performers and businesses that face more challenging outcomes. Ashleigh & Burwood (A&B) and AluFold are two of BOOK's consumer businesses that struggled in 2023 and 2024, as a result of difficult market conditions. Despite a significant investment of time and capital to improve these businesses, it was felt that the challenges faced by these companies meant the likely returns to Literacy going forwards did not merit additional investment from the Fund. As a result, A&B was sold for a nominal sum and AluFold entered administration during the year. Whilst disappointing, the carrying value of both had been nil for a substantial period of time, and therefore there was no impact on NAV. These instances demonstrate the benefit of having a diverse and broad portfolio, as well as the merit in deploying modest amounts of capital (relative to the size of the Fund) into new investments initially to manage downside risks.

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 50, the total of income from investments (£0.5m) and proceeds from disposal of investments (£42.0m).

Balance Sheet and Financing

BOOK's total drawings under its Revolving Credit Facility ("RCF") with OakNorth Bank plc stood at £25.0 million on 31 December 2025, which equates to 8.6% of Diluted NAV. This level of borrowing is comfortably within the financial covenants of the RCF and BOOK's Borrowing Policy¹.

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 NAV must remain above £225m. BOOK has complied with these covenants during the year ended 31 December 2025 and as at the reporting date. These conditions are also expected to be met for the next twelve months following the signing of these financial statements.

The facility with OakNorth Bank plc, agreed in September 2024, was for £40 million. During the year BOOK extended the facility to £50 million, providing additional flexibility from a liquidity perspective. This facility gives Literacy further scope to fund new investments and support its existing portfolio companies, whilst remaining more fully invested, reducing cash drag and improving returns for shareholders. Financing costs increased during the year due to a higher level of borrowing throughout 2025 compared to the prior year. However, 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 2025	31 December 2024
Investments	319.3	329.2
Cash	1.2	2.4
Donation accrual	(4.0)	(4.2)
Other working capital	(0.1)	(0.7)
Borrowings	(25.0)	(29.8)
Accrued interest on borrowings	(0.0)	(0.3)
Diluted NAV²	291.4	296.6

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 2025 amounted to £1.2 million, however we expect little more than a quarter of this to be called, given the age and pattern of drawing by these funds.

Regardless of whether the full £1.2 million is called or not, BOOK can comfortably fund these drawdowns from existing reserves and headroom in its RCF.

£m	31 December 2025	31 December 2024
Sterling	-	-
Euro ³	£0.3m	£0.4m
US Dollar ³	£0.9m	£0.9m
Total	£1.2m	£1.3m

Activity Since the Year End

Since 31 December 2025, BOOK has completed two exits; Wifinity and Tyrefix, both announced in January 2026. BOOK has received £14.7 million since the year end and these two exits combined completed at a 22% premium to the previously reported carrying value (September 2025) of both investments.

Since 31 December 2025, The Company has repaid £13.0 million on its RCF following receipt of the inflow mentioned above. It has also made a small number of working capital injections into investee companies, which are not material individually or in aggregate.

All of the above were non-adjusting events as at 31 December 2025.

¹ Borrowing Policy detailed on page 71

² The calculation for these metrics is shown within 'Alternative Performance Measures', page 69

³ Foreign currencies were converted to GBP at the prevailing rates on the reporting date



Outlook

We remain confident that BOOK can continue its record of growth and outperformance that it has achieved since its listing in 2021. The strategy to focus on smaller, profitable, private businesses is unchanged and has created significant value for shareholders. Macroeconomic and trading conditions unfortunately remain challenging for UK businesses. These conditions make us increasingly selective when appraising new investments. However, we remain confident that BOOK's portfolio companies are well-managed and well-positioned to grow and take market share, both through organic growth and bolt-on acquisitions, in the medium to long term.

We maintain close contact and relationships with the management teams and have the ability to either make changes to, or influence, 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, as demonstrated by the exits of Velociti, Wifinity and Tyrefix, we expect these companies to become attractive and sought after targets for prospective acquirers.

Charitable Mission

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

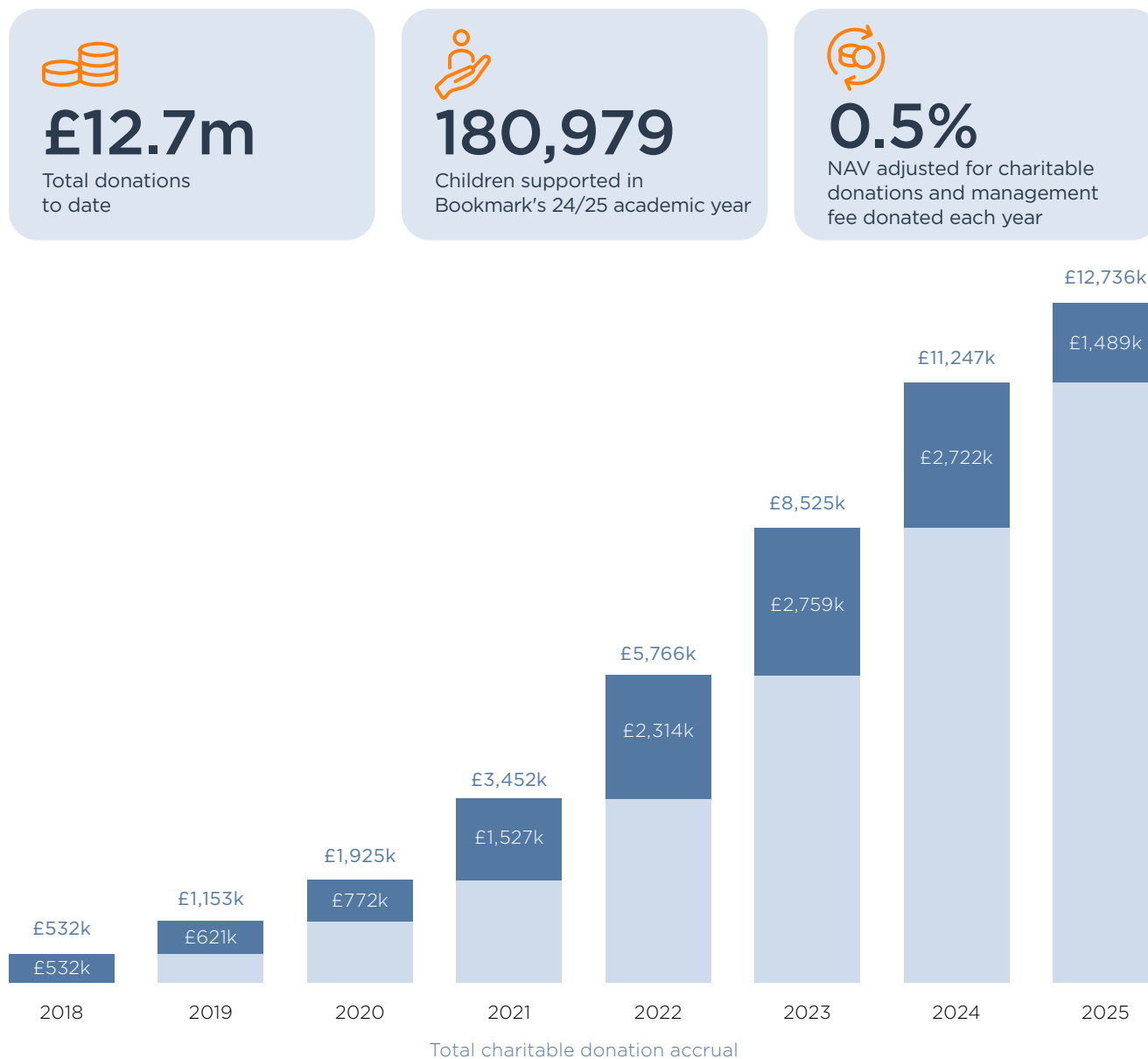
Literacy Capital plc has made an annual donation based on 0.5%¹ of Literacy's NAV adjusted for charitable donations and management fee² at each year end, thereby providing consistent, long-term and growing charitable donations as the Company increases in size. In the twelve months to 31 December 2025, the total accrual for donations to charities focused on improving literacy amounted to £1.5 million.

Since the creation of Literacy Capital in 2017, £12.7 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)

2018-2023	£8,525k
2024	£2,722k
2025	£1,489k
Total charitable donation accrual	£12,736k

Bookmark Reading Charity remains Literacy Capital's largest charity partner and has a very simple vision: we want every child to read. In England, 1 in 4 children leave primary school unable to read well. Bookmark is working to change this and improve children's literacy by promoting a reading for pleasure culture in primary schools, with a focus on supporting children in the most disadvantaged communities. They provide vital one-to-one reading support for pupils aged 5-11, along with books, resources, and grants that help teachers to create vibrant reading cultures and improve literacy at an individual and whole-school level. As a result, children develop the skills and confidence they need for a fair chance in life.



¹ Donation percentage changed from 0.9 per cent to 0.5 per cent as at 1 January 2025. This was announced on 8 October 2024 on the Company's website

² The calculation for this metrics is shown within 'Alternative Performance Measures', page 69

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 25.

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 since BOOK’s admission to the London Stock Exchange. 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 minimum of a five year 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. Weekly cashflow forecasting is completed by the Investment Manager to Literacy to monitor the ongoing liquidity position 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 £40 million committed Revolving Credit Facility, which had £15 million available to draw on 31 December 2025 and a further £10 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 2025, 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. Employment tax

legislation can also impact Literacy's portfolio, given the size of our investee companies in the lower-mid private equity market. Impacts have been seen here with changes applied in recent Autumn UK budgets. 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. With regards to employment tax legislation, Literacy's investee companies are agile in nature and are therefore able to adapt or restructure to suit the economic environment. Despite facing some headwinds in the short term, longer term we are confident and have previously evidenced that our businesses can withstand these pressures and that the quality of management and the product / service that our investee companies provide outweighs the risk present.



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 2025, they were trading at a discount (20.9%)¹. There is a risk that BOOK's share price performance could continue to underperform its Diluted NAV per share 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.

¹ The calculation of this metric is shown within 'Alternative Performance Measures', page 70

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 for both the Company and our portfolio companies. 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.



Artificial Intelligence (AI)

Holistically, AI provides an opportunity to create value through process automation from the Company's perspective but also within our investee companies. The inherent risk lies in governance and over-reliance on the technology, rather than the technology itself. Mitigation: Part of the Company's success is linked to the high-quality management teams present in our investee companies and the ability they have to drive the business towards growth. Therefore, we are comfortable that our management teams are using AI effectively so as to avoid hidden dependencies and remain focused on operational priorities.

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:

- Total shareholder return and Diluted NAV per share, adjusted for B share distribution, against the FTSE All-Share Closed End Investment Trust Index and FTSE All-Share Index¹.
- The share price movement of the Company for the year¹.
- Share price premium / (discount).
- Cash received and invested¹.
- Weighted average EV / EBITDA for the Company's top 10 investments¹.
- Average net debt / EBITDA multiple for the Company's top 10 investments¹.
- Charitable donation accrual for the year¹.

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 2025, Literacy Capital plc had cash reserves of £1.2 million (31 December 2024: £2.4 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 £40 million, with headroom to take this to £50 million (the additional £10 million being credit approved but uncommitted per the facilities agreement). £25 million was drawn at the end of 2025, leaving £15 million immediately available based on the committed availability and £25 million taking into account the additional uncommitted £10 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 £4.0 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 £1.2 million. However, £0.9 million 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.

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.

¹ Details are shown under Performance Highlights on pages 3-6

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 Diluted NAV 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 0.5%¹ of its NAV adjusted for charitable donations and management fee² at year end to literacy charities in the UK who support the education of children (see page 18 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.

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

Chair, On behalf of the Board of Directors, 24 March 2026

¹ Donation percentage was historically 0.9% up until 31 December 2024.

² The calculation for these metrics is shown within 'Alternative Performance Measures', page 69



Board of Directors

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

Simon is a CEO and Chair with 30 years' experience building, leading and advising companies to deliver strong stakeholder returns. He founded Civica in 2001 and grew it into one of the UK's largest software companies, reaching £500 million in revenue, 5,000 employees and operations spanning 10 countries. He led the business through an IPO and multiple private equity transactions, with a \$2.5 billion valuation when he departed in 2024.

Since 2012 Simon has chaired five private equity-backed companies and currently chairs Audiotonix Group, a global music technology leader. He is also a technology investor, senior UK advisor to Ardian Europe, and a past EY Technology Entrepreneur of the Year award winner.

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 extensive experience driving sales growth, operational improvement and organisational transformation. He is currently Chair of RCI Group.

Previously, Chris spent 12 years at Capita plc, serving as Executive Sales Director and later Head of Business Development and a member of the plc Board. During this time, he secured major public sector contracts worth £50 million to £1.7 billion and founded Capita's Health division, growing revenue to £160 million within two years. Earlier in his career, Chris spent 14 years in consulting and various leadership roles after training as an engineer with Shell.

Chris is a member of Literacy Capital plc's Management Engagement and Audit Committees.



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 who has advised a wide range of organisations since establishing her own practice in 2006. She provides business consultancy, corporate finance advice and executive coaching to board directors and senior managers across sectors including media, IT, financial services, retail and oil and gas.

Previously, she spent seven years in the private equity team at Alchemy Partners, focusing on deal sourcing, execution and portfolio management, including turnaround and buy-and-build investments. She previously held roles at Shell and Diageo. Rachel is a Trustee of Missing People and formerly served on the board of Riverside Studios.

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



Corporate Governance

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 13:** Rachel Murphy, Simon Downing and Chris Sellers are deemed to be independent non-executive directors. Paul Pindar and Richard Pindar are not independent in accordance with Provision 13, but both individuals have already been deemed non-independent non-executive directors.
- **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 (one of whom is the Chair) also sit on the Committee. The Board considers it appropriate for the Chair to be on the Audit Committee given they are one of the founders of the Company, with extensive knowledge of the financial detail and operations of the Company.
- **Provision 37:** The Board has not established a separate Remuneration Committee due to the size of the Company. 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.

As announced in December 2025, effective from 27 February 2026, Simon Downing will be stepping down from the Literacy Capital plc Board. Chris Sellers will replace Simon as Chair of the Management Engagement Committee.

At the same time, Dawn Marriott will be appointed to the Board as a new independent Non-Executive Director. Dawn brings a wealth of expertise in business growth, operations, and governance. With a career spanning over three decades across multiple sectors, she has held

several significant roles. Until recently, Dawn was a Partner at Hg Capital, Europe's leading private equity investor in software and services businesses, and has acted and continues to act as Group CEO or Executive Chair for several of its portfolio companies. Dawn will be appointed as a member of the Audit and Management Engagement Committees.

In the twelve-month period to 31 December 2025 there were five scheduled Board meetings. The following table sets out how many were attended by each of the Directors;

Director	Scheduled meetings attended
Paul Pindar	5/5
Richard Pindar	5/5
Simon Downing	5/5
Christopher Sellers	5/5
Rachel Murphy	5/5

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 20.

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 29 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 32 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

Each Director is responsible for avoiding any situation that may give rise to a conflict of interest. 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, 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 500,000 shares in the Company on 31 December 2025 and consequently, the Company doesn't believe there is a conflict of interest present.

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 ended 31 December 2025.

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 are set out on page 25. 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 2025, 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 2025, 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 at least twice a year, during the planning stage of the audit as well as during the completion phase.

The Audit Committee met twice with regards to the twelve-month period to 31 December 2025 accounts. The following table sets out the attendance of each of the Directors:

Director	Scheduled meetings attended
Paul Pindar	2/2
Richard Pindar	2/2
Simon Downing	1/2 ¹
Christopher Sellers	2/2
Rachel Murphy	2/2

¹ Simon Downing was unable to attend one meeting due to an unforeseen commitment

During the year, the Company received a letter from the Financial Reporting Council (FRC) as part of its thematic review of Investment trusts, venture capital trusts and similar closed-ended entities. This review was carried out in respect of the disclosures in the Company's Annual Report and Financial Statements for the year ended 31 December 2024. The review was limited to disclosures included in the scope of the thematic review.

Following correspondence, the FRC confirmed that its enquiries were closed with no material changes required to the Company's previously published financial statements. The Company agreed to enhance its related party disclosures in these financial statements and narrative commentary, which have been reflected where applicable. This included the Company deciding to remove the presentational split between realised and unrealised gains / (losses) within the Statement of Comprehensive Income. The FRC's review was limited to compliance with reporting requirements and did not constitute an audit of the financial statements.

Report of the Management Engagement Committee

The Management Engagement Committee is pleased to present its report for the year ended 31 December 2025.

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 25. 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 2025 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 2025 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	1/1

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 2025 will be her third 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 36.



Directors' Remuneration Report

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 2025, is set out in the table below.

Director	Gross salary (year ended 31 December 2025) ¹ £	Ordinary shares held on 31 December 2025 Number
Paul Pindar & Sharon Pindar	-	17,000,000
Richard Pindar	-	6,425,000
Simon Downing	24,000	3,250,000
Christopher Sellers	24,000	500,000
Rachel Murphy	24,000	62,500
Total	72,000	27,237,500

There were no changes to any of the shareholdings between 31 December 2025 and the publication of this Annual Report.

The remuneration paid to the Directors during the prior year period ended 31 December 2024, 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) ¹ £	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 ²
Christopher Sellers	24,000	450,000
Rachel Murphy	24,000	62,500
Total	78,000	27,187,500

¹ Gross salary column excludes employer National Insurance Contributions.

² Kevin Dady resigned with effect from 31 March 2024 and therefore his shareholding at 31 December 2024 has not been reported.

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.

In respect, of the resolution to approve the Directors' remuneration report and the policy within that section, the results of the last general meeting vote in May 2025 were as follows:

Resolution	To approve the Directors' remuneration report.
Votes in favour	30,949,069
Percentage	99.99%
Votes against	1,504
Percentage	0.01%
Votes withheld	6,115

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.

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.

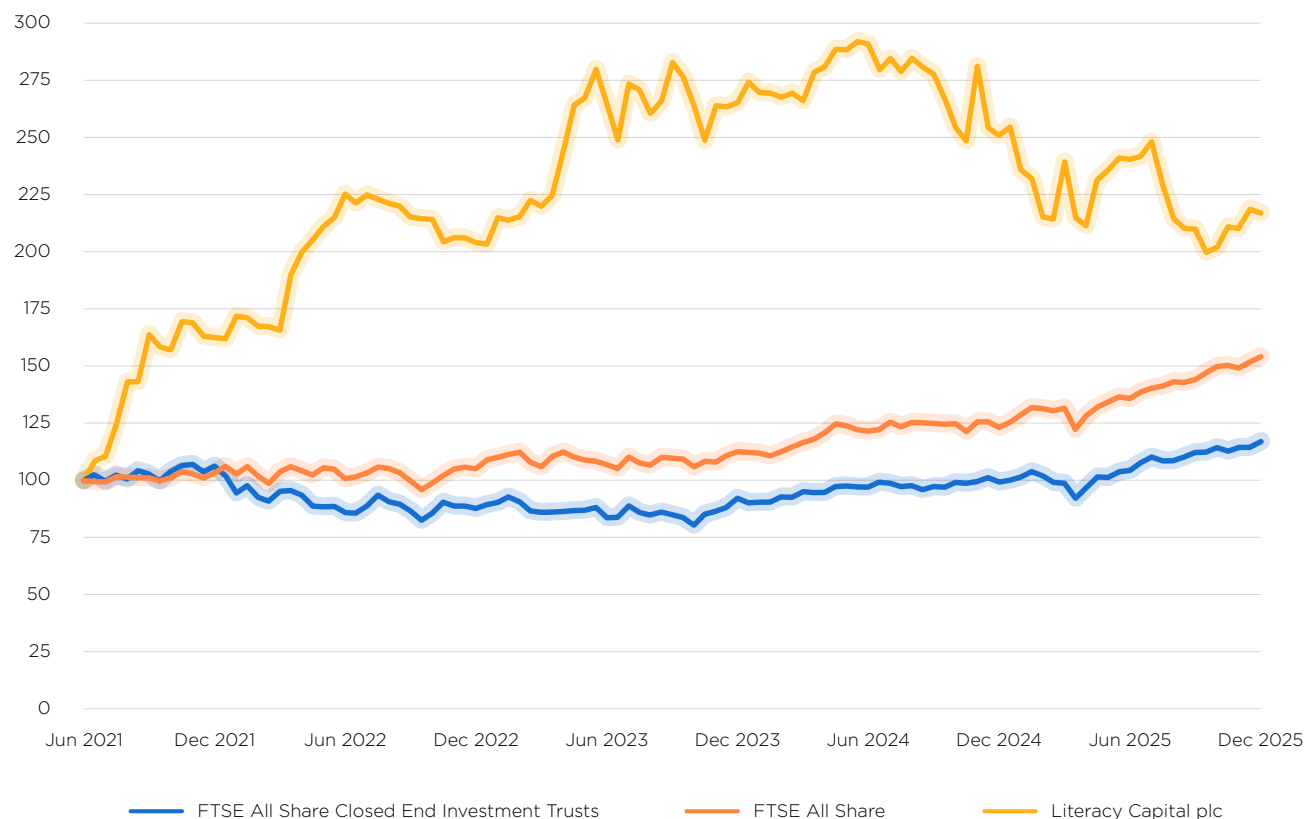
Report on Remuneration

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 since BOOK's listing 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 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.

Total shareholder return to 31 December 2025



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 2025 is given in the Chair's Statement page 9 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 2025, 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 73).



A woman with dark hair in braids, wearing a black headset with a microphone and a plaid shirt, is smiling and looking at a computer monitor. She is sitting at a desk in an office environment. A large, semi-transparent dark blue circle is overlaid on the left side of the image, containing the text 'Directors' Report'.

Directors' Report

Directors' Report

The Directors are pleased to present their report together with the audited financial statements for the year ended 31 December 2025.

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 2025.

Results and Dividends

Profit / (loss) for the year ended 31 December 2025, after taxation, amounted to £0.7 million (year ended 31 December 2024: £(4.2) million).

During the year ended 31 December 2025, the total donation expenses incurred for charitable causes amounted to £1.49 million (year ended 31 December 2024: £2.72 million). Additional funds have been accrued in the year for donation, as described within the 'Charitable Causes' section on page 36.

No dividend is recommended to be paid in respect of the year ended 31 December 2025 (see Dividend Policy) (year ended 31 December 2024: 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 dividends 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 2025, 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 27.

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 23.

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 Manager to manage or launch any other fund, nor has there been any changes in strategy.

The management fee charged for the year was 1.5 per cent of the Company's NAV adjusted for charitable donations, management fee and B share distributions at year end.



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 Diluted NAV per share and the share price. The Board also assesses the performance of the Investment 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 Investment Manager, the continuing appointment of the Investment Manager on the terms agreed is in the interests of its shareholders.

Charitable Causes

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.

Details of the support provided by the Company are detailed in the Strategic Report on pages 18-19.

Share Capital

On 31 December 2025, 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 as at 31 December 2025.

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 2025, 597,500 warrants were in issue, which have vested in 2024 or 2025 or are due to vest across 2026, 2027 and 2028. The warrants were issued with exercise prices ranging from 150.0p to 519.0p.



Subsequent Events

Since 31 December 2025, BOOK has completed two exits; Wifinity and Tyrefix, both announced in January 2026. BOOK has received £14.7 million since the year end and these two exits combined completed at a 22% premium to the previously reported carrying value (September 2025) of both investments.

Since 31 December 2025, The Company has repaid £13.0 million on its RCF following receipt of the inflow mentioned above. It has also made a small number of working capital injections into investee companies, which are not material individually or in aggregate.

All of the above were non-adjusting events as at 31 December 2025.

Financial Risk Management

The Company continued to utilise its revolving credit facility with OakNorth. OakNorth's facility has the capacity to provide Literacy with up to £50 million 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 25 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:

Listing Rule requirement ¹	Actual	Target
At least 40% of the individuals on the board are women	20%	40%
At least one of the senior positions is held by a woman	1	1
At least one individual is from a minority ethnic background	0	1

¹ Data is collected when the Board member is appointed

As at 31 December 2025, 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 and 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.

Related Party Transactions

Details in respect of the Company's related party transactions during the period are included in Note 26 to the financial statements.

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

Paul Pindar

Chair

On behalf of the Board of Directors

24 March 2026

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

Chair

On behalf of the Board of Directors

24 March 2026





Independent Auditor's Report to the Directors of Literacy Capital Plc

Independent Auditor's Report to the Directors of Literacy Capital Plc

Opinion

We have audited the financial statements of Literacy Capital Plc (the 'Company') for the year ended 31 December 2025 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2025 and of the Company's profit for the year then ended; and
- 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;
- Assessing the Company's ability to continue to operate within its financial covenants and the liquidity of the Company through reviewing the Director's assessment and supporting evidence;
- 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;

- Testing the accuracy and functionality of the cash flow model used to prepare the Directors' forecasts.
- Assessing the Company'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 Association of Investment Companies (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 Directors 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 matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each 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.

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 £319.3m (2024: £329.2m), representing 109.4% (2024: 110.8%) of Net Assets as of 31 December 2025. 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 assets multiples. 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.

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.

How our scope addressed this matter

Our audit procedures included, but were not limited to:

Understanding, risk assessment and controls

- Performing walkthroughs to obtain an understanding of the Investment Manager's valuation process and evaluating the design and implementation of the key controls supporting the recognition and measurement of investments.
- Assessing whether the valuation methodologies applied were consistent with IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines, and challenging the key assumptions used across the portfolio.
- Independently obtaining confirmations from investee companies and third-party fund managers and verifying that the financial and operational data used in the valuations was complete, accurate and supported by underlying records. We also assessed the valuation models for mathematical accuracy.
- Testing a sample of additions and disposals by agreeing transactions to legal documentation and verifying cash movements to bank statements, in order to confirm the existence and accurate recording of investments.
- Considering additional factors that could influence fair value, including the relevance of any ESG-related assumptions, information obtained from post-year-end events, and the risk of management override through targeted testing of valuation-related journal entries.

- Reviewing the investment portfolio for indicators of related party involvement, cross-checking these with board minutes and shareholder registers, and assessing the completeness of disclosures required by IAS 24.
- With support from our internal valuation specialists, assessing key valuation inputs such as EBITDA multiples, maintainable earnings and Total Gross Asset Value (TGAV), and evaluating whether recent transaction prices were arm's-length and remained appropriate indicators of fair value at the reporting date.
- For fund investments, confirming net asset values to third-party statements, reviewing the latest audited financial information where available, and performing roll-back procedures to assess the reasonableness of inputs. We also considered the controls reported by fund administrators to determine whether reported NAV information could be relied upon, and assessed the appropriateness of fair-value hierarchy classifications under IFRS 13.
- Reviewing the adequacy and clarity of disclosures related to fair value, including the required sensitivity analysis for Level 3 investments.

Our observations

Based on the work performed and evidence obtained, we found that the valuation of the investment portfolio as of 31 December 2025 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	£2.92m (2024: £2.97m)
How we determined it	1% of Net Assets (2024: 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 judgements.
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 judgement was that we set performance materiality at £1.46m (2024: £2.07m), which represents 50% (2024: 70%) of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £87.5k (2024: £89.1k) 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 Association of Investment Companies 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 22;
- Chair's explanation as to its assessment of it's prospects, the period this assessment covers and why the period is appropriate, set out on page 9;
- 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 22;
- Directors' statement on fair, balanced and understandable, set out on page 38;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 20;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 28; and
- The section describing the work of the Audit Committee, set out on page 29.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 38, 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 it operates, 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;
- Inspecting correspondence with relevant regulatory authorities
- 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 UK-adopted international accounting standards, 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;
- 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 seven 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, and the years ended 31 December 2023 to 31 December 2025.

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 Directors 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 Directors 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 Directors 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 Rules, these financial statements will form part of the electronic reporting format prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority. This auditor's report provides no assurance over whether the annual financial report will be prepared using the correct electronic reporting format.

Nargis Shaheen 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
24 March 2026



Financial Statements

Financial Statements

Statement of comprehensive income

	Note	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Income			
Gains for the period on investments	15	10,043,145	3,180,615
Investment income	6	476,135	756,710
Operating income		12	25,196
Total income		10,519,292	3,962,521
Expenses			
Operating expenses	7	(1,036,146)	(1,200,761)
Management fee	8	(4,558,089)	(2,721,737)
Total operating expenses		(5,594,235)	(3,922,498)
Charitable donations	10	(1,489,276)	(2,721,737)
Finance costs	11	(2,690,869)	(1,539,840)
Net foreign exchange loss		(2,310)	(13,466)
Profit / (loss) for the year before taxation		742,602	(4,235,020)
Tax	12	-	-
Profit / (loss) for the year		742,602	(4,235,020)
Other comprehensive income		-	-
Total comprehensive income / (loss)		742,602	(4,235,020)
Earnings per share for profit attributable to the ordinary shareholders of the Company:			
Basic earnings / (loss) per share	21	1.23 pence	(7.05) pence
Diluted earnings / (loss) per share	21	1.23 pence	(7.05) pence

The accompanying notes on pages 53 to 67 form an integral part of these financial statements.

Financial Statements

Statement of financial position

Company registered number:

10976145

The accompanying notes on pages 53 to 67 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 2026 and were signed on its behalf by:



Paul Pindar

Chair

On behalf of the Board of Directors

24 March 2026

	Note	31 December 2025 £	31 December 2024 £
Non-current assets			
Investments at Fair Value through Profit or Loss	15	319,277,569	329,164,771
		319,277,569	329,164,771
Current assets			
Cash and cash equivalents	16	1,156,632	2,362,509
Trade and other receivables	17	406,086	542,304
		1,562,718	2,904,813
Current Liabilities			
Trade and other payables due less than one year	18	(77,019)	(758,403)
Accrual for charitable donation	10	(1,800,000)	(1,949,996)
Borrowings	14	(12,664)	(284,405)
		(1,889,683)	(2,992,804)
Net current liabilities		(326,965)	(87,991)
Non-current liabilities			
Accrual for charitable donation	10	(2,183,519)	(2,295,767)
Borrowings	14	(24,959,297)	(29,809,297)
		(27,142,816)	(32,105,064)
Net assets		291,807,788	296,971,716
Capital and reserves			
Share capital	20	60,175	60,175
Share premium		54,225,825	54,225,825
Retained earnings		237,235,783	242,510,660
Share based payment reserve		286,005	175,056
Total share capital & reserves		291,807,788	296,971,716

Financial Statements

Statement of changes in equity 2025

For the year ended 31 December 2025	Share capital £	Share premium £	Retained earnings £	Share based payment reserve £	Capital redemption reserve £	Total £
Balance as at 31 December 2024	60,175	54,225,825	242,510,660	175,056	-	296,971,716
Profit for the year	-	-	742,602	-	-	742,602
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	742,602	-	-	742,602
Contributions by and distributions to owners						
Share based payment reserve	-	-	-	110,949	-	110,949
B share issue	6,017,479	-	(6,017,479)	-	-	-
B share distribution	(6,017,479)	-	(6,017,479)	-	6,017,479	(6,017,479)
Total transactions with owners	-	-	(12,034,958)	110,949	6,017,479	(5,906,530)
Balance as at 31 December 2025	60,175	54,225,825	231,218,304	286,005	6,017,479	291,807,788

The accompanying notes on pages 53 to 67 form an integral part of these financial statements.

Financial Statements

Statement of changes in equity 2024

For the year ended 31 December 2024	Share capital £	Share premium £	Retained earnings £	Share based payment reserve £	Capital redemption reserve £	Total £
Balance as at 31 December 2023	60,000	53,946,000	246,745,680	335,000	-	301,086,680
Loss for the year	-	-	(4,235,020)	-	-	(4,235,020)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive (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

The accompanying notes on pages 53 to 67 form an integral part of these financial statements.

Financial Statements

Statement of cash flows

	Note	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Cash flows from operating activities			
Cash inflow/(outflow) from operating activity			
Management fee paid		(4,598,615)	(2,994,718)
Non-executive director remuneration		(74,146)	(101,137)
Other operating expenditures		(743,153)	(1,026,719)
Finance costs		(2,962,611)	(978,648)
Charitable donations paid		(1,756,523)	(1,821,981)
Income from investments		476,135	756,710
Operating income		12	25,196
Net cash used in operating activities		(9,658,901)	(6,141,297)
Cash flows from investing activities			
Cash inflow/(outflow) from investing activities			
Purchase of investments	15	(22,681,196) ¹	(41,104,402) ³
Proceeds from disposals of investments	15	42,002,864 ²	29,307,738 ⁴
Net cash generated by / (used in) investing activities		19,321,668	(11,796,664)
Cash flows from financing activities			
Cash inflow/(outflow) from financing activities			
Receipt from RCF		27,750,000	39,628,721
Repayment of RCF		(32,600,000)	(19,867,769)
B share distribution		(6,017,479)	-
Warrants exercised during the year		-	280,000
Net cash (used in) / generated by financing activities		(10,867,479)	20,040,952
Net increase / (decrease) in cash and cash equivalents		(1,204,712)	2,102,991
Cash and cash equivalents – opening balance		2,362,509	272,899
Effect of exchange rate fluctuations on cash and cash equivalents		(1,165)	(13,381)
Cash and cash equivalents – closing balance	16	1,156,632	2,362,509

The accompanying notes on pages 53 to 67 form an integral part of these financial statements.

¹ The figure presented here includes £0.6m of Techpoint deferred consideration settled during the year. See Note 15 for a similar reconciliation.

² Proceeds from disposals of investments does not include £77,061 escrow amount written off post disposal of an investment. See Note 15 for a similar reconciliation.

Reconciliation to cash realised of £42.5m can be calculated by adding Proceeds from disposals of investments (£42,002,864) and Income from investments (£476,135).

³ The figure presented here includes £0.9m of Techpoint deferred consideration settled during the year. See Note 15 for a similar reconciliation.

⁴ 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 realised of £30.1m can be calculated by adding Proceeds from disposals of investments (£29,307,738) and Income from investments (£756,710).

Financial Statements

Reconciliation of net debt

Cash and cash equivalents	On 31 December 2024 £	Net Cash flows £	Other non-cash charges £	On 31 December 2025 £
Cash at bank	2,362,509	(1,204,712)	(1,165) ¹	1,156,632
Borrowings < 1 year	(284,405)	2,962,611	(2,690,870) ²	(12,664)
Borrowings > 1 year	(29,809,297)	4,850,000	-	(24,959,297)
Net debt	(27,731,193)	6,607,899	(2,692,035)	(23,815,329)

Cash and cash equivalents	On 31 December 2023 £	Net Cash flows £	Other non-cash charges £	On 31 December 2024 £
Cash at bank	272,899	2,102,991	(13,381) ³	2,362,509
Borrowings < 1 year	(9,465,014)	978,649	8,201,960 ⁴	(284,405)
Borrowings > 1 year	-	(19,760,952)	(10,048,345) ⁴	(29,809,297)
Net debt	(9,192,115)	(16,679,312)	(1,859,766)	(27,731,193)

The accompanying notes on pages 53 to 67 form an integral part of these financial statements.

¹ Figure reconciles to the effect of exchange rate fluctuations on cash and cash equivalents on page 50.

² Non-cash charges on Borrowings relate to interest accrued in the P&L.

³ Figure reconciles to the effect of exchange rate fluctuations on cash and cash equivalents on page 50.

⁴ Non-cash charges on Borrowings relate to interest accrued in the P&L; the monitoring and consent fee on the facility and the movement between borrowings classifications.



Notes to the 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 GBO0BMF1L080).

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 2025 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 the period covering the year to 31 December 2024.

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 part, 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 2025, Literacy Capital plc had cash reserves of £1.2 million (31 December 2024: £2.4 million), as well as access to its Revolving Credit Facility ("RCF").

During the year, the OakNorth RCF size was increased by £10 million to £50 million. The additional £10 million remains on an uncommitted basis until required and is therefore incurring no finance costs. £25 million was drawn at the end of 2025, leaving £15 million immediately available based on the committed availability and £25 million taking into account the additional uncommitted £10 million. Three covenants are attached to the OakNorth RCF, namely: Loan to Value shall not exceed twenty per cent; the number of investments held at any time is greater than 10 and the total NAV does not fall below £225 million. Literacy met these conditions throughout the reporting year and as at the reporting date of 31 December 2025. The Company is also expected to do so for the next 12 months after these financial statements are approved.

The Company has performed an assessment of its expected inflows and outflows for the period to 30 June 2027 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 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 £1.2 million. However, £0.9 million 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. Literacy Capital received approval from HMRC as an investment trust on 1 April 2022. To maintain its status as an investment trust, the Company must, among other requirements, ensure that it does 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. The upcoming change that will affect the Company is IFRS 18 Presentation and Disclosure in Financial Statements. Literacy Capital is in the process of planning for these changes in order to be compliant for annual reporting periods beginning on or after 1 January 2027, as well as relevant comparative periods. We do not expect the other upcoming standards to have a significant impact on the Company.

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.

In accordance with the measurement of debt investments being held at fair value through profit and loss, the interest earned on these instruments is recognised as a gain on fair value of investments in the Statement of comprehensive income. This is based on the fact that the interest earned 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 1.5%¹ of the closing December 2025 NAV adjusted for charitable donations, management fee and B share distributions², as set out in the Investment Management Agreement.

¹ As announced in October 2024 and effective from 1 January 2025, the annual management fee increased from 0.9% to 1.5%.

² The calculation for these metrics is shown within 'Alternative Performance Measures', page 69

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.

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 all financial assets are measured as such on initial recognition as a result of being managed and evaluated on a fair value basis, which aligns with the purpose of holding the instruments as an investment entity. As a result, the interest accrued on these investments is recognised as a gain for the period on investments in the Statement of comprehensive income. The gain on the disposal of any such investments is also recognised under gain for the period on 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 2025.

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 multiplying 0.5%¹ by NAV adjusted for charitable donations and management fee². 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.

¹ Donation percentage changed from 0.9 per cent to 0.5 per cent as at 1 January 2025. This was announced on 8 October 2024 on the Company's website

² The calculation for these metrics is shown within 'Alternative Performance Measures', page 69

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.

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. An associate is an entity over which the investor has significant influence. Significant influence has been considered in line with clauses 5-9 under IAS 28 Investments in Associates and Joint Ventures. The following investee companies either meet the definition of being controlled or are under significant influence from the Company:

Trading name (Topco entity)	Registered address and principal place of business	Type	Share Class ¹	Holding within share class at reporting date
RCI Group (RCI Group 2024 Ltd)	First Floor, Station Place, Argyle Way, Stevenage, SG1 2AD	Subsidiary	A	100%
Grayce (Kelly Topco Ltd)	1st Floor, Hilton House, Hilton Street, Manchester, M1 2EH	Subsidiary	A B C D	100% 21% 30% 89%
Techpoint (Techpoint Group Ltd)	Unit 1 Mundford Road Trading Estate, Thetford, Norfolk, IP24 1HX	Subsidiary	A B	100% 57%
Antler Homes (Rottnest Holdings Ltd)	Knightway House, Park Street, Bagshot, Surrey, GU19 5AQ	Subsidiary	A1 A2	100% 43%
Oxygen Activeplay (OFJ Spring Topco Ltd)	15 Vision Industrial Park, Kendal Avenue, London, W3 0AF	Subsidiary	A	98%
Bright Ventures Education Group (Bright Ventures Education Group Limited)	35 Churchill Park Colwick Business Estate, Nottingham, NG4 2HF	Subsidiary	A B	96% 40%
Tyrefix UK (Noah Topco Ltd)	Tyrefix Brookside Industrial Estate, Spring Road, Ibstock, Leicestershire, LE67 6LR	Subsidiary	A	93%
Ashleigh & Burwood (Heritage Topco Ltd)	Heritage House, Pool Road, West Molesey, Surrey, KT8 2NU	Subsidiary ²	A C	0% 0%
Velociti (Velociti Topco Ltd / Swift Topco Ltd)	20, Harris Business Park, Hanbury Road, Bromsgrove, B60 4DJ	Subsidiary/ Associate ³	A A preference shares	38% 38%
Alufold Direct (Vista Topco Ltd)	6b Frontier Park, Frontier Avenue, Blackburn, BB1 3AL	Subsidiary ⁴	A C	0% 0%
Flight Calibration Services (Albatross Topco Ltd)	Calibration House, 17-19 Cecil Pashley Way, Shoreham Airport, Shoreham BN43 5FF	Subsidiary	A1 B C	100% 33% 24%
Trinitatum (Orion II Topco Ltd)	Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR	Subsidiary	A	95%

¹ All relate to ordinary share classes unless otherwise specified.

² Ashleigh & Burwood was a subsidiary until it was sold for a nominal sum on 3 April 2025.

³ Velociti was a subsidiary during the period up until the sale and reinvestment transaction announced on 28 July 2025. At this point the investment became an associate.

⁴ Alufold was a subsidiary until the company entered into administration on 10 June 2025.

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 subsidiaries 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 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 2025 £	For the year ended 31 December 2024 £
Interest income	49,841	43,674
Return of capital from investments	-	212,822
Investment income from fund interests	426,294	500,214
Total	476,135	756,710

Investment income has been received from Companies domiciled in Jersey.

7. Operating expenses

	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Non-Executive Director remuneration	79,954	98,787
Auditor remuneration	188,198	156,224
Share based payment charge / (credit)	110,949	(159,944)
Other operating expenses	657,045	1,105,694
Total	1,036,146	1,200,761

8. Management fee

	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Management fee	4,558,089	2,721,737
Total	4,558,089	2,721,737

9. Employees

The Company has no employees, however, the average number of Directors during the year was 5 (31 December 2024: 5).

10. Charitable donations

The Company has recognised charitable donation expenses of £1,489,276 (31 December 2024: £2,721,737) calculated by applying 0.5% in 2025 (0.9% in the prior year), to NAV adjusted for charitable donations and management fee¹ of £297.9 million (31 December 2024: £302.4 million).

During the year ended 31 December 2025, donations paid were £1,756,523 (for the year ended 31 December 2024: £1,821,981). The total accrual for charitable donations at the period end amounts to £3,983,519² (31 December 2024: £4,245,763). This is split between current liabilities £1,800,000 (2024: £1,949,996) and non-current liabilities £2,183,519 (2024: £2,295,767) based on when the Company expects the cash outflows to occur. See Note 25 liquidity risk disclosure for maturity analysis of the accrual for charitable donations.

11. Finance costs

The finance costs are in relation to the Company's RCF. The costs comprise an interest element which is floating and linked to the Bank of England Bank Rate, as well as an ongoing non-utilisation fee linked to the undrawn balance.

	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Finance costs on Revolving Credit Facility	2,690,869	1,539,840
Total	2,690,869	1,539,840

¹ The calculation for these metrics is shown within 'Alternative Performance Measures', page 69

² 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 £5k 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 2024.

12. Taxation

	For the year ended 31 December 2025 £	For the year ended 31 December 2024 £
Current taxation	-	-
United Kingdom corporation tax at 25% (31 December 2024: 25%)	-	-
Adjustments in respect of prior periods	-	-
	-	-
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 2025 £	For the period ended 31 December 2024 £
Profit / (loss) on ordinary activities before taxation	742,602	(4,235,020)
Tax on profit on ordinary activities at standard rate of 25%	185,651	(1,058,755)
Factors affecting tax charge for the period:		
Income not taxable in determining taxable profit	(6,242,429)	(6,279,143)
Expenses not deductible for tax purposes and other adjustments	4,448,675	5,866,605
Movement in deferred tax not recognised	1,608,103	1,471,293
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 2025 (31 December 2024: £nil) as the Company had sufficient losses to fully relieve all taxable income amounts.

At 31 December 2025 the Company had c/f losses of £21.6 million (31 December 2024: £14.9 million) and a potential deferred tax asset of £6.9 million (31 December 2024: £5.3 million) 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 (2024: £nil). As the Company has generated a net revenue loss there is no proposed dividend.

14. Debt

Literacy Capital plc entered into a £40 million Revolving Credit Facility ("RCF") with Oaknorth in September 2024, committing initially £30 million, to replace the debt facility with Investec. During 2025, the facility size was increased to £50 million, with the additional £10 million remaining uncommitted until required. As at 31 December 2025, the OakNorth facility was drawn £25.0 million (31 December 2024: £30.1 million). 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 Bank of England Bank 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 2025.

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 NAV must remain above £225 million. BOOK has complied with these covenants during the reporting period and at the reporting date.

	31 December 2025 £	31 December 2024 £
Revolving Credit Facility	24,959,297	29,809,297
Accrued interest on Revolving Credit Facility	12,664	284,405
Total	24,971,961	30,093,702

15. Financial instruments

	31 December 2025 £	31 December 2024 £
--	--------------------------	--------------------------

Assets

Financial assets at fair value through profit or loss

Equity instruments at fair value through profit or loss	157,292,939	188,374,878
Debt instruments at fair value through profit or loss	161,984,630	140,789,893

Financial assets at amortised cost

Cash and cash equivalents	1,156,632	2,362,509
Trade and other receivables (excluding prepayments)	10,635	10,635

Total financial assets	320,444,836	331,537,915
-------------------------------	--------------------	--------------------

Liabilities

Financial liabilities measured at amortised cost

Trade and other payables	77,019	758,403
Revolving Credit Facility	24,971,961	30,093,702

Total financial liabilities	25,048,980	30,852,105
------------------------------------	-------------------	-------------------

The investment reconciliation schedule for the Company as at 31 December 2025 is as follows:

	Equity instrument at fair value through profit or loss	Debt instruments at fair value through profit or loss	31 December 2025 Total
Investments as at 31 December 2024	188,374,878	140,789,893	329,164,771
Cash additions	424,858	21,647,659	22,072,517 ¹
Cash proceeds from the disposal of investments	(25,181,643)	(16,898,282)	(42,079,925) ²
Gain / (loss) through profit and loss	(6,325,154)	16,445,360	10,120,206 ³
Investments as at 31 December 2025	157,292,939	161,984,630	319,277,569

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 as at 31 December 2023	226,633,780	88,484,515	315,118,295
Cash additions	4,016,381	36,160,717	40,177,098 ⁴
Cash proceeds from the disposal of investments	(26,049,275)	(3,261,962)	(29,311,237) ⁵
Gain / (loss) through profit and loss	(16,226,008)	19,406,623	3,180,615 ⁶
Investments as at 31 December 2024	188,374,878	140,789,893	329,164,771

¹ The figure presented here excludes £0.6m of Techpoint deferred consideration.

² Cash proceeds from the disposal of investments includes £77,061 escrow amount written off post disposal of an investment. Removing this escrow amount reconciles to the figure on the cash flow statement on page 58. To reconcile this amount to the £42.5m cash realised figure in the performance highlights section on page 3, income from investments (£0.5m) from the cash flow statement on page 58 should also be included.

³ Figure includes impact of £77,061 escrow amount and this should therefore be removed to reconcile back to the gain on the Statement of comprehensive income on page 46. Gain / (loss) through profit and loss includes both realised and unrealised gains, compared to the prior year where these were split separately.

⁴ The figure presented here excludes £0.9m of Techpoint deferred consideration.

⁵ 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 50. To reconcile this amount to the £30.1m cash realised figure in the performance highlights section on page 3, income from investments (£0.8m) from the cash flow statement on page 50 should also be included.

⁶ Gain / (loss) through profit and loss includes both realised and unrealised gains, compared to the prior year where these were split separately.

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.

Literacy's valuation process is thorough and robust, with quarterly financial information gathered from the portfolio by the Investment Manager. As part of this process, the Compliance Officer considers any relevant conflicts of interest that should be taken into consideration. The Valuation Committee plays a pivotal role in providing the Board with assurance that the valuation methodology and process are robust and independently challenged. This Committee met four times during 2025 to review and challenge underlying assumptions and quantitative inputs into the valuation models, before subsequently reporting to the Board. The Compliance Officer is responsible for reviewing the valuation policy and recommending any changes to the Board at least annually, with

the last update in June 2025. This periodic review ensures that the valuation process and policy remain in line with IPEV guidelines.

The Investment Manager has selected to use EBITDA (earnings before interest, taxes, depreciation and amortisation) 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 62.

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 3¹ 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 2025 to arrive at the Directors' best estimate of fair value.

Fair value hierarchy – Financial assets at fair value through profit and loss

Financial assets and liabilities 31 December 2025	Level 1 £	Level 2 £	Level 3 £	Total £
Equity instruments at fair value through profit or loss	-	-	157,292,939	157,292,939
Debt instruments at fair value through profit or loss	-	-	161,984,630	161,984,630
Total investments	-	-	319,277,569	319,277,569

Financial assets and liabilities 31 December 2024	Level 1 £	Level 2 £	Level 3 £	Total £
Equity instruments at fair value through profit or loss	-	-	188,374,878 ¹	188,374,878
Debt instruments at fair value through profit or loss	-	-	140,789,893	140,789,893
Total investments	-	-	329,164,771¹	329,164,771

There were no in-year transfers between fair value hierarchies in either 2025 or 2024.

¹ Fund investments were corrected from Level 2 to Level 3 during the year to 31 December 2025. See Note 29 for details

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.

	31 December 2025 £	31 December 2024 ¹ £
Unquoted investments (including debt)		
Balance as at 1 January	329,164,771	315,118,295
Additional investments	22,072,517	40,177,098
Proceeds from disposal of investments	(42,079,925)	(29,311,237)
Gain / (loss) through profit and loss	10,120,206	3,180,615
Balance as at 31 December	319,277,569	329,164,771

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used on 31 December 2025 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description Inputs	Fair value on 31 December 2025 £	Fair value on 31 December 2024 £	Significant unobservable Inputs
Unquoted private equity investments (including debt)	294,644,976	301,521,705	EBITDA multiple
Unquoted growth capital investments	4,614,710	4,614,786	Milestone
Unquoted private equity investments (including debt)	10,839,662	13,782,882	TGAV Multiple
Unquoted fund investments (including debt) ²	9,178,221	9,245,398	3rd party methodology
Total Level 3 investments	319,277,569	329,164,771	

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.
- **3rd party methodology:** for assets managed and valued by a third party, the fund manager provides the Company with periodic valuations of the Company's investment.

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 9.1x (weighted by each asset's total valuation) (8.6x for the year ended 31 December 2024). 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 £41.8 million 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 £43.5 million lower.
 - The Company's investment in a Level 3 asset which is valued using a TGAV multiple, was valued at 1.0x (1.1x for the year ended 31 December 2024) 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 £2.9 million 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 £3.1 million 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 input into the preparation of the valuation was the Price per share used. If the output had been taken to be 10 per cent. higher, the value of the Level 3 assets would have been £0.5 million higher. If the output had been taken to be 10 per cent. lower, the value of the Level 3 assets would have been £0.5 million lower.
 - For the Company's investment in Level 3 assets which are valued using 3rd party methodology. The key unobservable input into the preparation of the valuation was the valuations provided by the relevant external fund manager. If these valuations had been taken to be 10 per cent. higher, the value of the Level 3 assets would have been £0.9 million² higher. If these valuations had been taken to be 10 per cent. lower, the value of the Level 3 assets would have been £0.9 million² 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.

¹ Figures restated as a result of correcting the treatment of fund investments from Level 2 to Level 3. This is referenced in Note 29

² Figures added as a result of correcting the treatment of fund investments from Level 2 to Level 3. This is referenced in Note 29

16. Cash and cash equivalents

	31 December 2025 £	31 December 2024 £
Cash at bank	1,156,632	2,362,509
Total	1,156,632	2,362,509

17. Trade and other receivables

	31 December 2025 £	31 December 2024 £
Prepayments	395,451	531,669
Other Receivables	10,635	10,635
Total receivables	406,086	542,304

18. Trade and other payables due less than one year

	31 December 2025 £	31 December 2024 £
Trade payables	25,804	39,645
Accrued expenses	51,215	110,078
Other creditors	-	608,680
Total payables	77,019	758,403

19. Deferred Tax

There is no deferred tax in respect of the year ended 31 December 2025 (31 December 2024: Nil)

20. Share capital

	31 December 2025 Number	31 December 2025 £	31 December 2024 Number	31 December 2024 £
Ordinary shares of £0.001 each	60,175,000	60,175	60,175,000	60,175
Total shares	60,175,000	60,175	60,175,000	60,175

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 2025 (31 December 2024: 60,175,000 shares amounting to £60,175).

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. During the year the Company made a distribution of £6 million via the B share scheme. 6,017,479 B shares were issued and immediately redeemed, with the shares having a nominal value of £6,017,479.

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

Basic profit per share is calculated by dividing the profit / (loss) of the Company for the year attributable to the ordinary shareholders of £742,602 (for the year ended 31 December 2024: loss of (£4,235,020)) divided by the weighted average number of shares outstanding during the year of 60,175,000 (for the twelve months ended 31 December 2024: 60,087,500).

Diluted profit per share is calculated by dividing the profit / (loss) of the Company for the year attributable to the ordinary shareholders of £742,602 (year ended 31 December 2024¹: loss of (£4,235,020)), by the weighted average number of ordinary shares outstanding during the period, totalling 60,235,869 shares (year ended 31 December 2024: 60,087,500 shares). The potentially dilutive ordinary shares here include warrants outstanding at period end, which have vested or are expected to vest and where the exercise price is lower than the current market price of the underlying shares.

22. Basic NAV per share (pence)

The Company's basic NAV per share of 484.93 pence (for the year ended 31 December 2024: 493.51 pence) is based on the NAV of the Company at the period end of £291,807,788 (for the year ended 31 December 2024: £296,971,716) divided by the shares in issue at the end of the period of 60,175,000.

'Alternative Performance Measures' on page 69 sets out why a different NAV and NAV per share have been used throughout the rest of the annual report.

¹ Prior period diluted profit / (loss) per share has been restated noting the fact that as per IAS 33 para 41, shares should only be treated as dilutive when they increase loss per share. The impact here is immaterial, being a 0.06 pence reduction in diluted (loss) per share, with no other metrics impacted.

23. Warrants

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

	For the period ended 31 December 2025 Number	For the period ended 31 December 2024 Number
Outstanding warrants at the beginning of the period	612,500	600,000
Warrants issued during the period	35,000	300,000
Warrants forfeited during the period	(50,000)	(112,500)
Warrants exercised during the period	-	(175,000)
Outstanding warrants at the end of the period	597,500	612,500
<i>Of which: Exercisable warrants</i>	<i>175,000</i>	<i>75,000</i>

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. In accordance with the terms of the Warrant Instrument, the exercise price of all warrants was adjusted during the year to reflect the 10 pence per share B share distribution to shareholders, effected through the Company's B Share scheme.

The outstanding warrants at the beginning of the period were issued over 2021, 2022, 2023 and 2024 with a weighted average exercise price of 416.3p. Further warrants were issued during the period in January 2025, with a weighted average exercise price of 494.7p and those forfeited at a weighted average exercise price of 519.0p.

At 31 December 2025, 597,500 warrants were in issue at an average exercise price of 412.3p, of which 175,000 are exercisable at an average exercise price of 263.6p. The remainder will vest across 2026, 2027 and 2028.

24. Reserves

The following are the reserves within the entity as on 31 December 2025:

- **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.
- **Capital redemption reserve:** Capital distributed under the Company's B share scheme.

25. 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 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 £50 million 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 further capital to shareholders via the B share scheme (with the Company making its first B share distribution to shareholders during the year of £6 million).

At 31 December 2025, the drawn balance of the RCF, including accrued interest, was £25.0 million. 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 2025 £	31 December 2024 £
Debt		
Revolving Credit Facility	24,971,961	30,093,702
Equity		
Ordinary shares of £0.001 each	60,175	60,175
Total debt and equity	25,032,136	30,153,877

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 64. 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 2025	<1 Year £	1 - 5 Years £	Over 5 years £	No stated maturity £
Financial liabilities				
Trade and other payables	25,804	-	-	-
Accruals	51,215	-	-	-
Accrual for charitable donations	1,800,000	2,183,519	-	-
Revolving Credit Facility	-	24,971,961	-	-
Total	1,877,019	27,155,480	-	-

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 ¹	-	-
Total	2,708,399	32,389,469	-	-

¹ The Revolving Credit Facility amount of £30.1 million has been moved from the < 1 year to 1-5 years column to reflect the term, which is committed until September 2027. See Note 29 for details

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 of the assets held at fair value through profit or loss based on the enterprise value of each asset 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 2025 £	31 December 2024 £
Trade and other receivables (excluding prepayments)	10,635	10,635
Cash and cash equivalents	1,156,632	2,362,509
Total	1,167,267	2,373,144

The maximum exposure to credit risk before any credit enhancements as at 31 December 2025 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. As a result, ECL has not been disclosed as the amounts have been deemed immaterial.

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 2025, BOOK had outstanding commitments to three fund investments denominated in EUR and USD totalling £1.2 million. 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 table shows a sensitivity analysis on the impact of foreign exchange rate movements on the NAV of the Company:

FX changes	31 December 2025		31 December 2024	
	% change in NAV	NAV	% change in NAV	NAV
No change	-	291,807,788	-	296,971,716
10% favourable change	0.32%	292,755,671	0.31%	297,901,389
10% unfavourable change	(0.33)%	290,859,906	(0.32)%	296,042,046

The below table shows a sensitivity analysis on the impact of foreign exchange rate movements on the profit and loss of the Company:

FX changes	31 December 2025		31 December 2024	
	% change in profit	Profit / (loss) in period	% change in profit	(Loss) in period
No change	-	742,602	-	(4,235,020)
10% favourable change	127.64%	1,690,484	(21.95)%	(3,305,347)
10% unfavourable change	(127.64)%	(205,281)	21.95%	(5,164,690)

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 £25 million drawn from its £50 million Revolving Credit Facility, with the interest costs floating and linked to the Bank of England Bank Rate. The Directors and Investment Manager monitor the Bank Rate and consider this and the total interest costs of the facility prior to making any drawdown.

26. 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 were £4,558,089 (31 December 2024: £2,721,737)¹. The total expense related to the rendering of AIFM services during the period. At the period end the true up balance due to be paid to BAM for these services was (£111,134) i.e. a repayment from BAM to the Company (31 December 2024: (£70,606)). This is the difference between the annual management fee paid during the year and what the management fee should have been based on NAV adjusted for charitable donations, management fee and B share distributions at year end.

The Company recognises Bookmark Reading Trading Limited as a related party because Sharon Pindar, wife of Paul Pindar, is the Patron of Bookmark Reading Charity.

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 £1,521,523 (31 December 2024: £1,664,981). Of this total, £1,491,523 was paid to Bookmark Reading Charity in the form of charitable donations, with the remaining £30,000 paid to Bookmark Reading Trading Limited in the form of a Trademark license fee. The Company has a total accrual for charity and other donation payments amounting to £3,983,519 (31 December 2024: £4,245,763). Out of this accrual, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

Cash inflows from subsidiaries and associates as a result of disposals and repayments during the year were £39,268,379 (year to 31 December 2024: £20,865,402). Follow on capital invested into subsidiaries and associates totalled £18,217,420 (year to 31 December 2024: £20,601,144).

The total payment made by key management personnel for share purchases in the Company in the year was £191,000 (year to 31 December 2024: £246,925).

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.

The total key management personnel remuneration (including employer National Insurance Contributions) for the year ended 31 December 2025 is £79,954 (31 December 2024: £98,787).

27. Capital Commitments

Capital commitments relating to third party fund interests of £1.2 million (31 December 2024: £1.3 million) remain outstanding and are yet to be drawn down.

28. Subsequent events

Since 31 December 2025, BOOK has completed two exits; Wifinity and Tyrefix, both announced in January 2026. BOOK has received £14.7 million since the year end and these two exits combined completed at a 22% premium to the previously reported carrying value (September 2025) of both investments.

Since 31 December 2025, The Company has repaid £13.0 million on its RCF following receipt of the inflow mentioned above. It has also made a small number of working capital injections into investee companies, which are not material individually or in aggregate.

All of the above were non-adjusting events as at 31 December 2025.

29. Prior period adjustments

The first prior period error related to the diluted earnings / (loss) per share for the year ended 31 December 2024. This was on oversight of the requirements of IAS 33 paragraph 41 that shares should only be treated as dilutive when they increase loss per share. Corrective measures have been made on the statement of comprehensive income as dilutive (loss) per share now matches basic (loss) per share for the year ended 2024. The impact here is immaterial, being a 0.06 pence reduction in diluted (loss) per share, with no other metrics impacted. Our previously reported figure was (6.99) pence per share, against the restated amount of (7.05) pence per share.

The Company has also corrected its treatment of its fund investments to be treated as Level 3 investments, as opposed to the previous Level 2 treatment. Despite receiving the valuations from the relevant fund manager, inputs are not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. For the prior year, these fund investments represented £9 million of value to be transferred into the Level 3 category. Previously the Level 3 category had a total of £320 million as at 31 December 2024, which now equals £329 million after this change. The Unquoted investments table in Note 15 has also been restated for the year to 31 December 2024, with the same £9 million impact. On top of this, an extra category has been added to the Significant unobservable inputs used in measuring fair value table in Note 15. It should be noted that this change does not impact the primary financial statements and is limited to disclosure and presentational points only.

Within Note 25 under the 'Liquidity Risk' section, the Revolving Credit Facility liability has been reclassified from the <1 year column to the 1-5 years column. The RCF's term is >1 year, at the 2024 and 2025 reporting date (with the facility committed until September 2027), hence the reason to change the classification. This is a £30 million liability in the prior year but the change will not impact the primary financial statements and is purely a disclosure and presentational adjustment.

30. Ultimate controlling party

Literacy Capital plc does not have an ultimate controlling party.

¹ Expenses related to BAM have a variance to the cash figures presented on page 50 within the Statement of cash flows, due to the timing of the true up payments.



Further information

Alternative Performance Measures (unaudited)

As well as financial performance, the Board of Directors and Investment Manager monitor Alternative Performance Measures (APMs). 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 2025 NAV and NAV per share reported throughout the annual report include adjustments depending on the context of the calculation. The table below illustrates the various NAV calculations used:

	31 December 2025 £	31 December 2024 £
NAV (per the Balance Sheet)	291,807,788	296,971,716
Proceeds from warrants vesting ¹	461,300	793,016
Diluted NAV for NAV per share calculation (a)	292,269,088	297,764,732
Ordinary shares in issue (b)	60,175,000	60,175,000
Additional shares issued from warrants vesting	175,000	245,171
Total shares for diluted NAV per share calculation (c)	60,350,000	60,420,171
Diluted NAV per share (a/c=d)	4.843	4.928
Diluted NAV (b x d)	291,421,581	296,556,470
B share distribution (e)	6,017,479	-
Diluted NAV, adjusted for B share distribution, for NAV per share calculation (a+e=f)	298,286,567	297,764,732
Diluted NAV per share, adjusted for the B share distribution (f/c=g)	4.943	4.928
Diluted NAV, adjusted for the B share distribution (b x g)	297,421,610	296,556,470

¹ Proceeds from warrants vesting is a Non-cash item that relates to the cash proceeds that would be received if all the warrants that are in the money at the reporting date were to be exercised.

The below table provides a reconciliation to the NAV figures that are used to calculate the annual charitable donation and management fee:

	31 December 2025 £	31 December 2024 £
NAV (per the Balance Sheet)	291,807,788	296,971,716
Charitable donations	1,489,276	2,721,737
Management fee	4,558,089	2,721,737
NAV adjusted for charitable donations and management fee	297,855,153	302,415,190
B share distribution	6,017,479	-
NAV adjusted for charitable donations, management fee and B share distribution	303,872,632	302,415,190

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 2025.

	Share price mid-point	NAV per share ¹
Opening at 1 January 2025	454.0	492.8
Closing at 31 December 2025	383.0	484.3
Change in year ended 31 December 2025	(15.6)%	(1.7)%
B share distribution	2.2%	2.0%
Dividends declared or paid	-	-
Total return for year ended 31 December 2025	(13.4)%	0.3%

The following table shows the total returns in the previous year ended 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 31 December 2024	(5.4)%	(1.5)%
Dividends declared or paid	-	-
Total return for year ended 31 December 2024	(5.4)%	(1.5)%

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 Diluted NAV per share, expressed as a percentage of the Diluted NAV per share.

	31 December 2025	31 December 2024
Share price mid-point	383.0p	454.0p
Diluted NAV per share ¹	484.3p	492.8p
Share price premium or (discount)²	(20.9)%	(7.9)%

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

Weighted average EV / EBITDA multiple of 9.4x for Literacy's ten largest investments 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.

Average net debt / EBITDA multiple of 2.8x for Literacy's ten largest investments 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. Net leverage refers to cash and senior debt over adjusted EBITDA.

¹ The calculation of the NAV per share figures is shown on page 69, under 'Diluted NAV and NAV per share'

² Share price premium or (discount) is calculated by (Share price mid-point/Diluted NAV per share) -1

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 2025.

BOOK's ongoing charges, excluding the 0.5% annual charitable donation accrual, were calculated as 1.73% (31 December 2024: 1.14%).

BOOK's ongoing charges, including the 0.5% annual charitable donation accrual, were calculated as 2.21% (31 December 2024: 2.03%).

BOOK's investment management fees and charitable donation are calculated based on the relevant adjusted NAV figures reported at the end of the financial period, which allows these costs to be calculated based on audited NAV 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 NAV in the period, if NAV grows in the period.

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 for long term capital gain.

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. Consistent with the equity and equity related securities, debt instruments are held for capital appreciation.

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 0.5 per cent of NAV adjusted for charitable donations and management fees, 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 NAV, 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.

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 LLP (“BAM”) has served as the Alternative Investment Fund Manager since 1 April 2020. BAM and the Company are required to make certain periodic 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 25 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 NAV 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 2025:

	Gross method	Commitment Method
Maximum level of leverage	120%	120%
Actual level at 31 December 2025	109%	110%

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 2025. 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 36.

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

Service Providers

Investment Manager
Book Asset Management LLP

Corporate Broker
Deutsche Bank AG
London Branch
21, Moorfields
London
EC2Y 9DB

Registrar
MUFG Corporate Markets
Central Square
10th Floor
29 Wellington Street
Leeds
LS1 4DL

Administrator
EPIC Administration Limited
Audrey House
16-20 Ely Place
London
EC1N 6SN

Independent Auditor
Forvis Mazars LLP
30 Old Bailey
London
EC4M 7AU

Company Secretary
Book Asset Management LLP

English Legal Adviser to the Company
Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

Depository
Indos Financial Limited
The Scalpel
18th Floor
52 Lime Street
London
EC3M 7AF

Bankers
Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Registered Number

10976145

Registered Office

3rd Floor, Charles House
5-11 Regent Street St James's
London
SW1Y 4LR

Shareholder Information

2026 Key Dates

Mar Audited report and financial statements published
May Annual General Meeting
Jun Company's half year-end
Aug Half-yearly results published
Dec Company's year end

Frequency of NAV Publication

The Company's unaudited Diluted 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.

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).

Identification codes

Admission to trading:	Ticker:	ISIN:
Specialist Fund Segment (SFS)	BOOK	GB00BMF1L080



LITERACY CAPITAL

literacycapital.com