

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR, OR THE SOLICITATION OF AN OFFER TO PURCHASE OR TO SUBSCRIBE FOR, ANY SHARES TO ANY PERSON IN ANY JURISDICTION.

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This Prospectus comprises a prospectus relating to Literacy Capital plc (the "**Company**") in connection with the admission of the Ordinary Shares of the Company to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market, prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority made pursuant to section 73A of the FSMA. This Prospectus has been approved by the Financial Conduct Authority as the competent authority under the UK version of Regulation (EU) 2017/1129 (the "**UK Prospectus Regulation**") which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus or of the quality of the Ordinary Shares and investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

Securities admitted to trading on the Specialist Fund Segment are not admitted to the Official List of the Financial Conduct Authority. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority's Listing Rules. The London Stock Exchange has not examined or approved the contents of this Prospectus.

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment. Further, the Ordinary Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 28 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" beginning on page 11 when considering an investment in the Company.

LITERACY CAPITAL PLC

(Incorporated in England and Wales with company number 10976145 and registered as an investment company under section 833 of the Companies Act 2006)

**Admission of Ordinary Shares to trading on the Specialist Fund Segment of the London Stock Exchange's
Main Market**

Investment Manager

LITERACY CAPITAL ASSET MANAGEMENT LLP

Financial Adviser and Corporate Broker

SINGER CAPITAL MARKETS SECURITIES LIMITED

Application will be made for the Ordinary Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. It is expected that Admission will become effective at 8.00 a.m. on 25 June 2021. An application is also being made for the Ordinary Shares to be admitted to listing on the Cayman Islands Stock Exchange on the same date. The Ordinary Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

This document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**").

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. The Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Singer Capital Markets Securities Limited (trading as N+1 Singer) ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no one else in relation to Admission and the other arrangements referred to in this Prospectus. N+1 Singer will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to Admission and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing any advice in relation to Admission, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer by the FSMA or the regulatory regime established thereunder, N+1 Singer does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares or the Admission. N+1 Singer (and its affiliates) accordingly, to the fullest extent permissible by law, disclaim all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, and the Admission.

This Prospectus is dated 23 June 2021.

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Summary

Introduction, containing warnings

There is no offer of the Company's securities.

The Ordinary Shares, when admitted to trading, will be registered with International Securities Identification Number ("ISIN") GB00BMF1L080.

Literacy Capital plc (the "**Company**") can be contacted by writing to its registered office, 3rd Floor, Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR, or by calling, within business hours, 020 3960 0280. The Company's Legal Entity Identifier (LEI) number is 2549006P3DFN5HLFGR54.

The competent authority, which approved this prospectus on 23 June 2021, is the Financial Conduct Authority, 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor.

The price of the Ordinary Shares may fluctuate in response to a number of factors, many of which may be out of the Company's control, and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

You are about to purchase a product that is not simple and may be difficult to understand.

Key Information on the Issuer

Who is the issuer of the securities?

The legal and commercial name of the Company is Literacy Capital plc. Its Legal Entity Identifier (LEI) is 2549006P3DFN5HLFGR54. The Company is incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom and operates under English law. It is subject to the Takeover Code.

The Company's principal activities are: (i) to achieve long term capital growth through making investments in accordance with the Investment Policy; and (ii) to provide a consistent donation to registered charities.

As at the date of this Prospectus, in so far as it is known to the Company, the following persons held directly or indirectly 3 per cent or more of the Company's voting rights:

Name	Number of voting rights held	% of voting rights held
Paul Pindar	13,087,500	24.24
Generational	5,000,000	9.26
Nicholas Robinson	4,000,000	7.41
Richard Pindar	3,587,500	6.64
Martin Bolland	3,500,000	6.48
Deidre Pindar	3,081,677	5.71
Simon Downing	3,000,000	5.56
Nicholas Humphries	1,949,999	3.61

All shareholders have the same voting rights in respect of each Ordinary Share of the Company.

As at the date of this Prospectus, the Concert Party holds 63.12 per cent of the Company's issued share capital (excluding Deferred Shares in issue which carry no voting rights and are not convertible into a class of shares carrying voting rights). On the date of Admission, following certain trades which are expected to occur, the

Concert Party will hold 63.39 per cent of the Company's issued share capital (excluding Deferred Shares in issue which carry no voting rights and are not convertible into a class of shares carrying voting rights).

The Board is comprised of Paul Pindar, Richard Pindar, Simon Downing, Kevin Dady, Christopher Sellers and Rachel Murphy.

The Company's auditors are Mazars LLP of The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF.

What is the key financial information regarding the issuer?

The table below sets out the summary financial information of the Company for the 16 months ending 31 December 2018 and the years ending 31 December 2019 and 31 December 2020. The information has been prepared in accordance with UK IFRS. Audited financial information in respect of the financial year ended 31 December 2019 is taken from the comparative column within the audited financial statements for the financial year ended 31 December 2020 in which the financial statements for the financial year ended 31 December 2019 are restated.

Statement of Comprehensive Income

	For the year ended 31 December 2020	For the year ended 31 December 2019 (Restated)	For the 16 months period ended 31 December 2018
	Total £	Total £	Total £
Gains on investments			
Gain on fair value of investments	15,844,203	12,080,974	4,988,136
Realised gain on disposal of investments	2,353,809	-	-
Gains for the period on investments	18,198,012	12,080,974	4,988,136
Investment income	241,030	247,376	-
Operating income	129,421	251,797	309,018
Total	370,451	499,173	309,018
Total income	18,568,463	12,580,147	5,297,154
Expenses			
Operating expenses*	(1,067,101)	(1,177,322)	(599,998)
Total operating expenses	(1,067,101)	(1,177,322)	(599,998)
Charitable donations	(771,740)	(620,960)	(531,977)
Net foreign exchange loss	(3,672)	(29,034)	-
Profit for the period before taxation	16,725,950	10,752,831	4,165,179
Tax expense	(71,208)	(121,067)	(456,474)
Profit for the period	16,654,742	10,631,764	3,708,705
Other comprehensive income	-	-	-
Total comprehensive income	16,654,742	10,631,764	3,708,705

*For the year ended 31 December 2020, inclusive of the Management Fee payable to the Investment Manager in respect of the period 1 April 2020 (being the date of the Investment Manager's appointment) to 31 December 2020, totalling £704,604 (including irrecoverable VAT).

Statement of financial position

	31 December 2020	31 December 2019 (Restated)	31 December 2018
	£	£	£
Non-current assets			
Tangible asset	2,589	2,176	-
Investments	76,736,366	45,822,471	27,540,463
Deferred tax assets	-	180,687	46,203
	76,738,955	46,005,334	27,586,666
Current assets			
Trade and other receivables	61,222	130,366	20,394
Cash and cash equivalents	9,725,688	23,652,370	10,599,063
Unpaid share capital debtors	49,950	49,950	20,669,950
	9,836,860	23,832,686	31,289,407
Current Liabilities			
Trade and other payables	181,763	86,435	29,387
Corporation tax payable	29,888	-	-
Accrual for charitable donation	694,142	596,938	579,478
	905,793	683,373	608,865
Net current assets	8,931,067	23,149,313	30,680,541
Non-current liabilities			
Deferred tax liabilities	618,861	758,228	502,677
Total non-current liabilities	618,861	758,228	502,677
Net assets	85,051,161	68,396,419	57,764,530
Capital and reserves			
Share capital	109,950	109,950	109,825
Share premium	53,946,000	53,946,000	53,946,000
Retained earnings	30,995,211	14,340,469	3,708,705
Accumulated other comprehensive income	-	-	-
Total share capital & reserves	85,051,161	68,396,419	57,764,530

Statement of cash flows

	For the year ended 31 December 2020	For the year ended 31 December 2019	For the 16 months period ended 31 December 2018
	£	£	£
Cash flows from operating activities			
Cash inflow/(outflow) from operating activity			
Loan notes interest received	240,627	239,968	185,400
Management fee received	74,818	104,933	43,370
Rechargeable expenses	2,309	-	36,680
Bank interest received	69,135	125,306	21,783
Management fee paid	(586,700)	-	-
Payroll expenses	(135,280)	(395,708)	(288,038)
Other operating expenditures	(197,899)	(862,658)	(294,229)
Charitable donations paid	(674,539)	(556,000)	-
Net cash used in operating activities	(1,207,529)	(1,344,159)	(295,034)
Cash flows from investing activities			
Cash inflow/(outflow) from investing activities			
Proceeds/rebates from investee companies	180,268	7,410	189,061
Purchase of investments	(19,559,145)	(6,225,561)	(22,680,839)
Disposal of investments	6,643,568	-	-
Net cash used in investing activities	(12,735,309)	(6,218,151)	(22,491,778)
Cash flows financing activities			
Cash inflow/(outflow) from financing activities			
Receipt from unpaid share capital debtors	-	20,620,000	-
Receipt from issue of shares	-	125	33,385,875
Net cash generated from financing activities	-	20,620,125	33,385,875
Net (decrease)/increase in cash and cash equivalents	(13,942,838)	13,057,815	10,599,063
Cash and cash equivalents - opening balance	23,652,370	10,599,063	-
Effect of exchange rate fluctuations on cash and cash equivalents	16,156	(4,508)	-
Cash and cash equivalents - closing balance	9,725,688	23,652,370	10,599,063

Performance

As at 31 December 2020

Share Class	Total NAV (£)	No. of shares in issue	NAV/share (p)
Ordinary Shares	85,051,161	54,000,000	157.5
A Growth Shares	-	6,000,000	-
Deferred Shares	-	49,950,000	-

As at 31 December 2019

Share Class	Total NAV (£)	No. of shares in issue	NAV/share (p)
Ordinary Shares	68,396,419	54,000,000	126.7
A Growth Shares	-	6,000,000	-
Deferred Shares	-	49,950,000	-

As at 31 December 2018

Share Class	Total NAV (£)	No. of shares in issue	NAV/share (p)
Ordinary Shares	57,764,530	54,000,000	107.0
A Growth Shares	-	5,875,000	-
Deferred Shares	-	49,950,000	-

What are the key risks that are specific to the issuer?

The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:

- There can be no guarantee that the future performance of the Company will reflect the historical performance of the Company, and adverse market conditions could have a significant impact on the Company and the value of its investment portfolio.
- There can be no guarantee that the basis of calculation of the value of the Company's investments will reflect the actual value achievable on realisation of those investments.
- The Company invests in private companies and smaller capitalisation companies which have a higher risk profile than their average listed peers, being more likely to depend on the management talents of a founder or small group of persons.
- The Company historically has taken, and may in future take, minority shareholder interests in some of its investments. Therefore, the Company may have a reduced ability to protect its position in such investments. The Company's portfolio includes several investments in which the Company is a minority investor with relatively little ability to influence the operation of such investee companies.

- The value of the Company's investment portfolio may be dominated by a relatively limited number of portfolio companies.
- The Company relies on key individuals at the Investment Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager.
- The Company does not follow any benchmark and, therefore, the Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.
- Any changes to the tax status or tax residence of the Company or any of its underlying investments, the tax rates (or availability of reliefs) applicable to the Company or any of its underlying investments or the dividend, tax or accounting practice (in the UK or elsewhere) of the Company or any of its underlying investments may have an adverse effect on the value of investments held by the Company and/or returns available on an investment in the Company.

Key Information on the Securities

What are the main features of the securities?

The securities being admitted to trading are Ordinary Shares of the Company, whose ISIN is GB00BMF1L080, and whose SEDOL is BMF1L08. The Ordinary Shares are denominated in pounds sterling. On Admission, the Company will have 60,000,000 fully paid Ordinary Shares of £0.001 each in issue. The Company has no partly paid Ordinary Shares in issue.

Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company. For Shareholder resolutions in respect of a winding-up of the Company, each class of Shares will vote as a separate class. For all other resolutions, the holders of Ordinary Shares and each class of C Shares shall vote as one class.

No variation of the rights attaching to a class of Shares shall be effective unless the consent of the holders of a class of Shares has been obtained by way of special resolution.

Holders of Ordinary Shares are entitled to receive and participate in any dividends or other distributions of the Company other than in relation to assets attributable to any class of C Shares. Holders of any class of C Shares will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of that class of C Shares out of the assets attributable to that class of C Shares (as determined by the Directors).

Upon winding-up of the Company:

- subject to paragraph (b) below, the surplus assets of the Company available for distribution to holders of Ordinary Shares (after payment of all other debts and liabilities of the Company) shall be distributed pro rata amongst the holders of the Ordinary Shares according to their holdings of Ordinary Shares; and
- the assets attributable to a class of C Shares shall be divided amongst the holders of the C Shares of such class pro rata according to their holdings of that class of C Shares.

Each Ordinary Share and each C Share ranks equally with other Shares of the same class.

There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with the applicable securities laws.

Dividend policy

The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, it should not be expected that the Company will pay dividends to Shareholders in the ordinary course, although the Company retains the right to pay dividends at the discretion of Directors.

Where will the securities be traded?

Application will be made to the London Stock Exchange for all of the issued share capital of the Company to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market.

An application is also being made for the Ordinary Shares to be admitted to listing on the Cayman Islands Stock Exchange with effect from the date of Admission.

What are the key risks that are specific to the securities?

The attention of investors is drawn to the risks associated with an investment in the Ordinary Shares which in particular, including the following:

- The value of the Shares and the income derived from those Shares (if any) can fluctuate and may go down as well as up. The Shares may trade at a discount to NAV.
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.
- If the Directors decide to issue further Shares, the proportions of the voting rights held by Shareholders may be diluted.
- Sales of Shares by members of the Board, other funds managed or advised by the Investment Manager or other significant Shareholders or members of the Concert Party, or the possibility of such sales, may affect the market price of the Shares.
- The Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Shares.

Key information on the Admission

Under which conditions and timetable can I invest in this security?

This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. It is expected that Admission of the Ordinary Shares to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market for listed securities will become effective at 8.00 a.m. (London time) on 25 June 2021. No new Shares are being issued concurrently with Admission.

The Directors expect that the costs associated with Admission will be approximately £700,000 and that the annual running costs of the Company (excluding the Management Fee payable to the Investment Manager and costs associated with Admission) will initially be approximately £340,000.

Why is this prospectus being produced?

There is no offer of the Company's securities and this Prospectus is being produced in connection with the Admission. The Admission is intended to provide increased liquidity options to holders of Ordinary Shares by way of secondary market trading. This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company.

There are no conflicting interests that are material to the Admission.

Risk Factors

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Ordinary Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making any investment in the Ordinary Shares.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The past performance of the Company and of investments which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

Risks relating to the Company

The past performance of the Company is not a guarantee of the future performance of the Company

The Company has presented certain information in this Prospectus regarding its past performance. The past performance of the Company is not indicative, or intended to be indicative, of future performance or results of the Company.

Accordingly, there can be no assurance that the Company will generate similar returns to those that it has previously generated.

Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns

The Company's investment objective requires it to invest in investments which may be both illiquid and scarce. Market conditions may increase illiquidity and scarcity and have a generally negative impact on the Company's ability to identify and execute investments in suitable portfolio companies that might generate acceptable returns. The Company does not have a significant balance of uninvested cash at the date of this Prospectus but where realisations are made, delays to reinvestment of the net proceeds or market conditions in which the pricing of investments is high relative to the expected (or subsequently realised) investment performance could adversely affect the investment returns achieved by the Company.

Market conditions related to public health matters may have particular impact

In particular, the Company's operations and investments could be materially adversely affected by epidemics, pandemics, outbreaks of disease, and public health issues, such as Covid-19. In particular, Covid-19 has spread rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks).

The Company may experience direct or indirect impacts from the pandemic and the Company has some risk that the contract counterparties to its portfolio companies could fail to meet their obligations to the relevant portfolio company. The impact of Covid-19 could be more or less adverse depending on, among other things: geographical range, infection rates, severity and mortality of the virus; the types of measures taken by governments and private organisations to prevent the spread of the virus; the timing and efficacy of the deployment of vaccines; and the effect of the virus on global markets and interest rates. In addition, the resurgence of Covid-19 or difficulties experienced locally or globally as people return to work, or other difficulties

experienced in restarting economies, could result in localised or global recessions, which could adversely affect the Company's business.

There can be no assurance that the Investment Manager will be successful in implementing the Company's investment objectives

The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company will be dependent upon the Investment Manager's successful implementation of the Company's investment policy and its investment strategies, and ultimately on its ability to maintain an investment portfolio capable of generating attractive returns (see also the risk factor entitled "*Due diligence may not reveal all facts and circumstances that may be relevant in connection with an investment*" below). This implementation in turn will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which are beyond the control of the Company and difficult to predict.

The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investments fall

Borrowings may be employed at the level of the Company and at the level of any investee entity (including any other investment fund in which the Company invests or any Special Purpose Vehicle ("SPV") that may be established or utilised by the Company in connection with obtaining leverage against any of its assets).

The Company may incur indebtedness of up to a maximum of 20 per cent of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares when the value of the Company's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling.

The Company (and/or any future subsidiary of it that incurs borrowings) will pay interest on any borrowing it may incur. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. Interest rate movements may increase or reduce the Company's net income depending on the balance of interest-bearing assets and liabilities at the time.

The Company may also invest in other investment funds that employ leverage. Where an investment fund employs leverage, its shares, limited partnership interests or units (as applicable) will rank after such borrowings and should these investment funds' assets fall in value, their ability to pay their investors may be affected.

The Directors' other financial, investment or professional activities and family relationships may give rise to actual and potential conflicts of interest with the Company

The Directors are involved in other financial, investment or professional activities which may give rise to actual and potential conflicts of interest with the Company. Additionally, certain family relationships of the Directors may give rise to potential or actual conflicts of interest.

The Company has procedures in place to address potential conflicts of interest. However, there can be no guarantee that these procedures with respect of such conflicts of interest will remain in place or will be successful in addressing all conflicts that may arise. If these procedures are not followed for any reason, if the Directors are otherwise unable to effectively manage such potential conflicts of interest, or if the outcome of following such procedures is in the circumstances adverse to the interest of the Company, this could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the value of the Ordinary Shares.

Risks related to the Company's investment objective and strategy

There can be no guarantee that the basis of calculation of the value of the Company's investments will reflect the actual value achievable on realisation of those investments

A significant proportion of the Company's portfolio comprises unquoted securities. Such investments can be more difficult to value than quoted securities.

The Company's investments in unquoted securities will be valued in accordance with the valuation policy adopted by the Board from time to time. As at the date of this Prospectus, the Company has adopted a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with UK IFRS as well as International Private Equity and Venture Capital Valuation Guidelines. The Investment Manager will carry out the valuations (in accordance with its requirements under UK AIFMD) and independent third-party valuation firms may also be used, but shall not be required to be used, to obtain assistance, advice, assurance, and documentation in relation to the ongoing valuation process.

Valuations, which are conducted on a quarterly basis, are subject to a range of uncertainties and will involve the Investment Manager exercising judgement. The valuations will impact the Net Asset Value which in turn is used to calculate the management fees payable to the Investment Manager and the exercise price for the Warrants. There can be no guarantee that the basis of calculation of the value of the Company's investments used in the valuation process will reflect the actual value achievable on realisation of those investments. This may lead to volatility in the valuation of the unquoted proportion of the Company's portfolio and, as a result, volatility in the price of Ordinary Shares.

Private companies and smaller capitalisation companies have a higher risk profile than their average listed peers

The Company has invested its assets in, and expects to have a long-term focus on, companies that are smaller capitalisation companies than their listed peers. The commercial success of such companies, which can be expected to have less mature businesses, a more restricted depth of management, a higher risk profile than larger and more established, listed companies and be subject to less (or no) regulation by external bodies, is difficult to predict. As smaller capitalisation companies often do not have the financial strength, diversity and resources of larger and more established companies, they may find it more difficult to operate successfully, especially in periods of low economic growth. Smaller capitalisation companies may, in particular, face a greater threat from larger competitors. The risk of bankruptcy of such companies is generally higher and it can be more challenging to access publicly available information in respect of such companies. Smaller capitalisation companies are more likely to depend on the management talents of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of the relevant company, this could have a material adverse impact on their businesses and prospects and the value of the investments in them made by the Company. The Investment Manager also seeks to add value to portfolio companies by co-ordinating and facilitating tactical hires by such companies and, accordingly, limited availability of appropriately qualified and experienced candidates for hire to support a portfolio company could have a material adverse impact on its businesses and prospects and the value of the investments made by the Company.

The Company takes minority shareholder interests in some of its investments and may, therefore, have limited ability to protect its position in such investments

The Company historically has taken, and may in future take, minority shareholder interests in some of its investments. Therefore, the Company may have a limited ability to protect its position in such investments. The Company's portfolio includes several investments in which the Company is a minority investor with relatively little ability to influence the operation of such investee companies. In particular, investment documentation may include finance, shareholder and other agreements and may contain certain minority or other restrictions that may impact on the ability of the Company to have control over the underlying investments, to access information which may be relevant to the investments made by the Company and/or expose the Company to the risk that other investors may individually or collectively act in a way that is contrary to the Company's interests (including in circumstances where the Investment Manager has board observer status). The foregoing factors may reduce the investment returns achieved by the Company in respect of relevant portfolio companies, the ability of the Company to correctly anticipate the value of such investment returns and have a material adverse effect on the Company's financial position and returns for investors.

The value of the Company's portfolio may be dominated by a relatively limited number of portfolio companies

A large proportion of the overall value of the Company's investments may at any time be attributable to a relatively limited number of portfolio companies. Accordingly, there is a risk that if one or more such portfolio companies experience financial, regulatory or operational difficulties, fail to achieve anticipated results or suffer from poor market conditions and, as a result, the value of such portfolio company or portfolio companies is adversely affected, this could materially and adversely affect the performance of the Company and returns to

the Shareholders. Such concentrated exposure to a relatively limited number of portfolio companies may also result in greater volatility in the value of the Company's investments and consequently its Net Asset Value, and could affect the value of the Ordinary Shares.

The Company does not propose to follow any benchmark

The Company does not and does not propose to follow any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Ordinary Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Ordinary Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

Investments may be difficult to realise

The Company has invested a significant proportion of its assets in securities that are not readily tradable, are highly illiquid and have no public market. These features may make it difficult for the Company to sell its investments. Further, even where there are potential purchasers, sales of investments made by the Company in unquoted interests in portfolio companies may require the consent or cooperation of other interested parties. A failure or delay to obtain consent or cooperation of other interested parties may restrict the ability of the Company to realise unquoted interests in portfolio companies prior to an Initial Public Offering ("IPO") by the relevant portfolio company or other corporate transactions.

A failure or delay to realise an investment may restrict the ability of the Company to make other more lucrative investments, or require the sale of other more liquid investments, and may materially and adversely affect the performance of the Company and returns to the Shareholders.

Greater concentration of investments in any one geographical location may result in greater volatility in the value of the Company's investments

The Company's portfolio has, and is expected to continue to have, material exposure to companies with a substantial presence in the UK. Over time, greater concentration of investments in any one geographical location is generally considered a higher risk investment strategy than that with a more diversified geographic focus, as it exposes investors to the fluctuations of a single geographic market and currency. This may result in greater volatility in the value of the Company's investments and consequently its Net Asset Value, and could affect the value of the Ordinary Shares.

Equity and equity-related investments in the Company's portfolio may not provide a consistent rate of realised return

The Company has invested and will continue to invest in a portfolio of equity and equity-related investments that mainly consists of and is expected to continue to mainly consist of private, unquoted securities that do not generate significant amounts, or potentially any, income distributions for holders. Further, capital gains on the value of the Company's investments, if any, will only be realised upon the Company's sale of such investments or upon the IPO of an investee company. Therefore, the Company may not realise a consistent rate of return year-on-year from its portfolio of investments, which may result in volatility in the changes to the Company's Net Asset Value.

Cash management and delays in deployment of capital may affect opportunities to increase the Company's Net Asset Value

There is no restriction on the amount of cash or cash equivalent investments that the Company may hold. The Company holds and is expected to continue to hold an appropriate value of its Gross Assets in cash or cash equivalent investments, for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

This may affect opportunities to increase the Company's Net Asset Value. The Company's returns are reliant on the amount of capital invested in, and the performance of, the Company's portfolio of investments in accordance with its investment policy. There can be no guarantee that the Company will deploy its available capital from time to time in the manner anticipated. Any delays in the speed of capital deployment and any material cash or cash equivalent holdings may have an adverse impact on the Company's financial position, results of operations and returns to investors.

The Company may not be able to obtain additional capital on acceptable terms, or at all

The Company may require additional capital in the future to fund the expansion activity and/or business development and/or potential follow-on investments in existing investee companies, whether from equity or debt sources, especially if the Company's equity realisations from investee companies are not significant. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned investment. This may mean that the Company will not be able to participate in subsequent funding rounds carried out by portfolio companies which would result in the interest which the Company holds in such businesses being diluted which may have a material adverse effect on the Company's financial position and returns for investors.

Risks related to the Investment Manager

The Company is reliant on the performance and retention of key personnel

The Company relies on key individuals at the Investment Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager. The death or departure of any of these key individuals from the Investment Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally on the ability of the Investment Manager to attract and retain suitable staff. The Board will have broad discretion to monitor the performance of the Investment Manager or to appoint a replacement but the performance of the Investment Manager or that of any replacement cannot be guaranteed.

Due diligence may not reveal all facts and circumstances that may be relevant in connection with an investment

The due diligence process that the Investment Manager undertakes in connection with the Company's investments may not reveal all facts and circumstances that may be relevant in connection with an investment.

When conducting due diligence, the Investment Manager typically evaluates a number of business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment and what price is appropriate for the purchase (or sale) of an investment. Outside consultants, legal advisers and accountants may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company is required to rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective, especially with respect to companies for which only limited information is available. Accordingly, there can be no assurance that due diligence investigations with respect to any investment have revealed or highlighted all relevant facts and circumstances that may be necessary or helpful in evaluating such investment or that due diligence investigations with respect to any future investment opportunity will reveal or highlight all relevant facts and circumstances that may be necessary or helpful in evaluating such investment opportunity.

Any failure by the Investment Manager to identify relevant facts and circumstances through the due diligence process may lead to unsuccessful investment decisions, which could have a material adverse effect on the Company's financial position, results of operations and returns for investors.

Similarly, notwithstanding that the Investment Manager takes all reasonable steps to verify the accuracy of the information provided to it by the investee companies, there can be no assurance that such information, some of which has been included in this Prospectus, reveals or highlights accurately all relevant facts and circumstances that may be relevant to an investment decision.

The other financial, investment or professional activities of the Investment Manager, its officers and employees and the family relationships of its officers and employees may give rise to actual and potential conflicts of interest with the Company

The Investment Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have similar investment objectives and policies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more of such clients of the Investment Manager or such other funds. The Investment Manager's officers and employees may also be involved in other financial, investment or professional activities which may give rise to

actual and potential conflicts of interest with the Company. Additionally, certain family relationships of the officers of the Investment Manager may give rise to potential or actual conflicts of interest.

The Investment Manager has procedures in place to address potential conflicts of interest. However, there can be no guarantee that these procedures with respect of such conflicts of interest will remain in place or will be successful in addressing all conflicts that may arise. If these procedures are not followed for any reason, if the Investment Manager is otherwise unable to effectively manage such potential conflicts of interest, or if the outcome of following such procedures is in the circumstances adverse to the interest of the Company, this could have an adverse effect on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the value of the Ordinary Shares.

Risks related to the Ordinary Shares

The market price of the Ordinary Shares may fluctuate widely in response to different factors and there can be no assurance that the Ordinary Shares will be repurchased by the Company even if they trade at a price materially below their Net Asset Value

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its Shares in the future, the addition or departure of Board members or key individuals at the Investment Manager, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Company or any of its assets, the investment trust sector as a whole or the unquoted equities asset class, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting investment trusts or investments in unquoted equities and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political, and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

The Company has Shareholder approval, conditional on Admission, to make market purchases of up to 14.99 per cent of the Ordinary Shares in issue immediately following Admission (and the Directors intend to seek annual (or, if required, more frequent) renewal of this authority from Shareholders) and subject to the requirements of the Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market with the intention of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The Company may decide to make any such purchases (and the timing of such purchases), however, at the absolute discretion of the Directors. There can be no assurance or expectation that any purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade. In particular, the Company does not intend to undertake any buy-back of Ordinary Shares which would result in any individual or group of Shareholders being required to make an offer for the remaining Ordinary Shares in accordance with the requirements of the Takeover Code.

A liquid market for the Ordinary Shares may fail to develop

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Prior to Admission, there has been no public market for the Ordinary Shares and there is no guarantee that an active trading market will develop or be sustained after Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if an active trading market develops, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company.

The Company may in the future issue new Ordinary Shares or C Shares, which may dilute Shareholders' equity

Further issues of Ordinary Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. Existing holders of Shares may, depending on the level of their participation in the relevant share issue, have the percentage of voting rights they hold in the Company diluted.

Sales of Ordinary Shares by members of the Board, other funds managed or advised by the Investment Manager or other significant Shareholders or members of the Concert Party or the possibility of such sales, may affect the market price of the Ordinary Shares

Sales of Ordinary Shares or interests in Ordinary Shares by the Board, other funds managed or advised by the Investment Manager or other significant Shareholders or members of the Concert Party could cause the market price of the Ordinary Shares to decline. Whilst such persons may sell their Ordinary Shares in the market, a substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could cause the market price of the Ordinary Shares to decline. This may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares

Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the New Articles and subject to certain conditions, compulsorily require the transfer of the Ordinary Shares.

These circumstances include where a transfer of Ordinary Shares would cause, or is likely to cause: (i) the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (ii) the Company to be required to register under the Investment Company Act, or members of the senior management of the Company to be required to register as "investment advisers" under the Investment Advisers Act; (iii) the Company to be required to register under the US Exchange Act or any similar legislation, amongst others; or (iv) the Company to be unable to comply with its obligations under the Foreign Account Tax Compliance Provisions (commonly known as FATCA).

Political and macro-economic uncertainty, including the terms of the trade deal entered into in relation to the UK's withdrawal from the EU, could have a material adverse effect on the value of the Ordinary Shares

Political instability or uncertainty could have a material adverse effect on the Company's results of operations and the value of the Ordinary Shares. In particular, the Company considers that the United Kingdom's departure from the EU has created an uncertain political and economic environment in the UK and EU member states that could potentially last for a number of months or years. The terms of the trade deal entered into between the UK and the EU, and the political and economic uncertainty surrounding the UK's withdrawal from the EU, could result in adverse changes to the operating environment for the Company's investments, currency movements, volatility in the UK and global markets, regulatory changes and other unpredictable and ultimately unfavourable economic circumstances that may have a material adverse effect on the Company.

Cybersecurity Risk

The Company and/or one or more of its service providers, including the Investment Manager, may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**Cyber-attacks**") or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "**Hacking**" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Net Asset Value, impediments to trading, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Investment Manager has established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Company, the Investment Manager and/or the service providers can

control the cybersecurity plans, strategies, systems, policies and procedures put in place by the entities in which the Company invests.

Risks related to regulation and taxation

The Company has not yet been approved as an Investment Trust

At the time of publication of this Prospectus, the Company is not approved as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 (the "CTA"), as amended. However, with effect from 1 January 2022, it is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the CTA 2010 and the Investment Trust Regulations for it to be approved by HMRC as an investment trust in respect of the accounting period ending 31 December 2022 and each accounting period thereafter. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on chargeable gains. There is a risk that the Company does not receive approval of its investment trust status from HMRC or, having received such approval, the Company fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. Further, the Net Asset Value per Ordinary Share calculation currently excludes certain deferred tax liabilities shown in the Company's accounts on the basis that those amounts are not expected to become payable in the future should the Company receive approval of its investment trust status. In the event that the Company does not receive such approval, the deferred tax liabilities will need to be taken into account in calculating the Net Asset Value per Ordinary Share going forward.

In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Ordinary Shares are freely transferable. In the event that the Company becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.

The Company has not registered and does not intend to register as an investment company under the Investment Company Act

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules and regulations. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies.

As the Company is not so registered and does not plan to register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act, the Board may, under the New Articles and subject to certain conditions, compulsorily require the transfer of Shares held by a person to whom the sale or transfer of Shares may cause the Company to be classified as an investment company under the Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their Shares.

The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After Admission, the Company may be unable to monitor whether Benefit Plan Investors or investors acquire Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code, resulting in excise taxes or other liabilities under ERISA or the Internal Revenue Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar

Law that is responsible for the Plan's investment in the Ordinary Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

Overseas taxation

The Company may be subject to tax (including withholding tax) under the tax rules of the jurisdictions in which it invests which may affect the level of returns to Shareholders.

Changes in tax legislation or practice

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on UK tax law and published HMRC practice as at the date of this Prospectus. Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or published HMRC practice (whether in the UK or in jurisdictions in which the Company invests), could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and/or affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs).

Prospective investors should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

FATCA

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL ORDINARY SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN ORDINARY SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

The Foreign Account Tax Compliance provisions (commonly known as "FATCA") are US provisions contained in the US Hiring Incentives to Restore Employment Act 2010. FATCA is aimed at reducing tax evasion by US citizens. FATCA imposes a withholding tax of 30 per cent on (i) certain US source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce US source interest or dividends, which are received by a foreign financial institution ("FFI"), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement ("IGA") with the US, pursuant to which parts of FATCA have been effectively enacted into UK law.

Under the IGA, a FFI that is resident in the UK (a "Reporting FI") is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in the Company (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC.

The Company expects that it will be treated as a Reporting FI pursuant to the IGA and that it will comply with the requirements under the IGA. However, there can be no assurance that the Company will be treated as a Reporting FI or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

Since the enactment of FATCA, other jurisdictions have signalled their intention to enter into similar information exchange agreements. The Organisation for Economic Co-operation and Development has developed a global Common Reporting Standard (the "CRS") for multilateral exchange of information. The UK has implemented the CRS and so the Company will have to provide information about its Shareholders to HMRC under these rules. In December 2014, the EU formally adopted Council Directive 2014/107/EU to assist member states in combating tax evasion and fraud by extending the scope for the automatic exchange of information ("DAC"). Broadly speaking, DAC implements the CRS within the EU. For FATCA and the CRS, the 2021 reporting period will end on 31 December 2021, with reporting to HMRC by financial institutions for that period to take place by 31 May 2022. Failure to comply with the rules imposed by FATCA and other information exchange regimes could cause the Company to be subjected to financial penalties.

As a result of FATCA (and the other FATCA-style agreements noted above), Shareholders will be required to provide certain information to the Company so that the Company can comply with its reporting obligations. In particular, Shareholders will be required to provide – and the Company may be obliged to disclose – details and information about Shareholders (and persons connected or associated with them) as may be required to enable the Company or any of its associates to comply with their obligations to any tax, regulatory or comparable authorities (including pursuant to FATCA or CRS) or where the Company believes such that such disclosure is in the interests of the Company. Any failure to do so may result in such Shareholder being subject to adverse consequences (in accordance with the Articles).

Although the Company intends to comply with the rules imposed by FATCA and other FATCA-style agreements, the Company cannot guarantee that it will be able to satisfy its obligations under FATCA (and other information exchange regimes). Prospective investors and Shareholders are encouraged to consult their own tax advisors regarding the possible implications of FATCA and other information exchange regimes for their investment in the Company.

OECD reforms

Prospective investors should be aware that in 2015 the OECD published its final reports in relation to its Action Plan on BEPS. The implementation of these reports by OECD jurisdictions has resulted in major recent changes to their tax rules. For example, the UK has introduced anti-hybrid legislation and rules restricting the extent to which companies within the charge to UK corporation tax may obtain relief for interest expenses. Such measures could lead to additional tax being suffered by the Company, or its investment holding vehicles, which may adversely affect the value of investments held by investors in the Company. There could also be additional tax reporting and disclosure obligations.

In addition, the UK has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, which is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS project recommendations. This may limit the extent to which the Company or investment holding vehicles are able to obtain treaty benefits.

The OECD published a report on 31 May 2019 entitled 'Programme of Work to Develop a Consensus Solution to the Tax Challenges arising from the Digitalisation of the Economy', which promises to take forward work on fundamental changes to the international tax system. The Programme of Work is considering, among other matters, the allocation of taxing rights between jurisdictions and the potential for a global minimum rate of taxation for multi-national enterprises. The OECD's stated aim is to achieve a consensus solution by mid-2021 and depending on how the proposals are developed and implemented by various jurisdictions, there may be a material impact on the taxation of the Company and/or its investment holding vehicles and the taxation of returns received by Shareholders.

Risk relating to packaged retail and insurance-based investment products ("PRIIPs")

Investors should be aware that the UK PRIIPs Regulation requires the Company, as a PRIIP manufacturer, to prepare a Key Information Document ("**KID**") in respect of the Ordinary Shares. This KID must be made available by the Company to retail investors in the United Kingdom prior to them making any investment decision and is available on the Company's website at www.literacycapital.com. The content of the KID is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with other material produced by the Company including the annual report and the Prospectus which are available on the Company's website.

UK AIFMD and AIFMD

The UK AIFMD and the AIFMD seeks to regulate alternative investment fund managers ("**AIFMs**") and imposes obligations on AIFMs who market shares in such funds to UK and EEA investors respectively. In order to obtain authorisation under the UK AIFMD, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to the alternative investment funds they manage ("**AIFs**") and may affect investment returns.

The AIFM is an authorised AIFM and is subject to the full requirements of the UK AIFMD. In the event that the AIFM is no longer able to be the AIFM of the Company and a suitable replacement cannot be found, the Company may be required to become authorised itself, rendering the Company a self-managed AIF under the UK AIFMD. This would place a significant cost and administrative burden on the Company, and may therefore reduce returns for investors.

Any regulatory changes arising from the UK AIFMD and/or AIFMD (or otherwise) that limits the Company's ability to market future issues of its Ordinary Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares.

Risk relating to sustainability disclosure requirements

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”) entered into force on 29 December 2019. The majority of its provisions will apply in EU member states from 10 March 2021. The SFDR, among other things, requires certain AIFMs to make detailed disclosures linked to financial products that have sustainable investment as their objective.

Whilst the SFDR does not form part of UK law, the FCA has indicated that the UK will adopt a UK-specific regime. It is currently unclear to what extent the UK regime will adopt the SFDR's requirements regarding the content of these disclosures. As a result, there is a degree of uncertainty around the extent of the disclosures that will need to be made. Whilst the Company intends to procure that it complies with any UK-specific regime brought into force in due course, compliance with its terms may create significant additional compliance costs for the Company.

General regulatory risks

The regulatory environment for investment funds and the managers of investment funds is evolving. Any change in the laws and regulations affecting the Company, or in the laws and regulations affecting companies or investment companies incorporated in England and Wales generally or any change in the regulations affecting investment funds or investment fund managers generally may have a material adverse effect on the ability of the Company and the Investment Manager to carry on their respective businesses which in turn could have a material adverse effect on the Company's performance and returns to holders of the Ordinary Shares.

Important Information

Prospective Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, Administrator or N+1 Singer or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the UK Market Abuse Regulation, Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Prospective Shareholders must not treat the contents of this Prospectus or any subsequent communications from the Company, the Investment Manager, the Administrator or N+1 Singer or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the UK MiFIR Product Governance Requirements may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such Ordinary Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as respectively defined in paragraphs 3.5 and 3.6 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Ordinary Shares.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Data protection: Personal Data Collection Notice

When an application is made to purchase or subscribe for shares in the Company, the Company will collect data about the prospective Shareholder, such as the name of the Shareholder, their address, the number of shares they subscribe or wish to subscribe to, account details, and proof of identity, together with such other personal data as is required in connection with the administration of the prospective Shareholder's interest in the Company ("**Personal Data**"). This data will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in accordance with applicable data protection legislation and regulatory requirements of the United Kingdom. It will be stored on the Company or other third party processor's computer systems and manually, and will be retained for as long as is necessary in order to administer the interests in the Company and for any period thereafter which is required in order for the Company to comply with its reporting obligations.

The Company is required by Data Protection Legislation to specify the purposes for which it will hold Personal Data. The Company (together with any third party, functionary, or agent appointed by the Company) will use and process such data for the following purposes:

- for or in connection with the holding of an interest in the Company, including processing Personal Data in connection with credit and money laundering checks on the prospective Shareholder;
- to communicate with the prospective Shareholder as necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company;
- to provide Personal Data to such third parties as are or shall be necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company or as Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and
- for the Company and/or the Administrator's internal record keeping and reporting obligations.

The legal basis for processing Personal Data for the purposes set out above, is the legitimate interests of the Company and/or the Administrator in carrying out the business of the Company and administering the interests in the Company and/or (in some cases) that the processing is necessary for compliance with a legal obligation to which the Company and/or the Administrator is subject.

The Company is a data controller in respect of Personal Data and for the purpose of Data Protection Legislation. All prospective Shareholders whose Personal Data has been submitted in connection with an application for an interest in the Company have a right to:

- be told about the data that the Company hold about them and to receive a copy of the information that constitutes Personal Data about them, on request;
- request access to and rectification or erasure of Personal Data, restriction of processing concerning the prospective Shareholder, and the right to data portability (as set up in, and subject to limits imposed by Data Protection Legislation);
- withdraw consent to processing, to the extent that processing is based on consent;
- lodge a complaint about processing with the UK data protection supervisory authority (the Information Commissioners Office).

If you wish to exercise any of these rights, or wish to contact the Company about your Personal Data, you should submit a written application to 3rd Floor, Charles House, 5-11 Regent Street St James's, London, SW1Y 4LR.

Where a third party provides Personal Data about a prospective Shareholder to the Company, the third party represents and warrants to the Company, that it has collected and transferred such data to the Company in accordance with Data Protection Legislation.

Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Ordinary Shares in any jurisdiction. The issue or circulation of this Prospectus may be prohibited in some countries.

Investment considerations

An investment in the Ordinary Shares may be suitable for institutional investors and professionally advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares;

- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the New Articles is contained in Part VI of this Prospectus under the section headed "Articles of Association".

Forward looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and the dividend policies of the Company and the unquoted equity securities in which it will invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, the Company's ability to invest its cash in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, the section of this Prospectus entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part VI of this Prospectus.

Presentation of financial information

The Company's financial information has been prepared in accordance with UK IFRS. Audited financial information in respect of the financial year ended 31 December 2019 is taken from the comparative column within the audited financial statements for the financial year ended 31 December 2020 in which the financial statements for the financial year ended 31 December 2019 are restated. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time.

Presentation of industry, market and other data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business and the track record contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, information made public by investee companies, or data from other external sources and on the Company's, the Directors' and the Investment Manager's knowledge of the unquoted equity securities sector. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Manager or N+1 Singer has independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Manager's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "GBP", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK.

Governing law

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

In this Prospectus, any reference to any EU directive, EU regulation, EU tertiary legislation or provision of the EEA agreement (an "**EU Matter**") which forms part of UK law by application of section 3 of the European Union (Withdrawal) Act 2018 shall be read as a reference to that EU Matter as it forms (by virtue of section 3 of the European Union (Withdrawal) Act 2018) part of UK law and as modified by UK law from time to time, and the words and expressions used in this paragraph shall have the meanings given to them respectively in the European Union (Withdrawal) Act 2018.

No incorporation of website

The contents of the Company's website, www.literacycapital.com, or the contents of any website accessible from hyperlinks on the Company's website or any other website referred to in this Prospectus, do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this Prospectus and any supplementary prospectus published by the Company prior to Admission alone and should consult their professional advisers prior to making an application to acquire Shares.

UK PRIIPs Regulation

In accordance with the UK PRIIPs Regulation, a Key Information Document in respect of an investment in the Ordinary Shares has been prepared by the Company and is available to investors at www.literacycapital.com.

The Company is the manufacturer of the Ordinary Shares for the purposes of the UK PRIIPs Regulation and neither the Investment Manager nor N+1 Singer is a manufacturer for these purposes. Neither the Investment Manager nor N+1 Singer makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of the key information document prepared by the Company in relation to the Ordinary Shares or any other key information document in relation to the Ordinary Shares prepared by the Company in the future nor accepts any responsibility to update the contents of any key information document in accordance with the UK PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such key information document to future distributors of Ordinary Shares. Each of the Investment Manager and N+1 Singer and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any key information document prepared by the Company.

Voluntary Compliance with the Listing Rules

Application will be made for the Ordinary Shares to be admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange pursuant to the Admission and Disclosure Standards, which set out the requirements for admission to the Specialist Fund Segment. A listing on the Specialist Fund Segment affords Shareholders a lower level of regulatory protection than that afforded to investors in securities that are admitted to the Official List. The Company will be subject to the Admission and Disclosure Standards, the UK Market Abuse Regulation and certain provisions of the Disclosure Guidance and Transparency Rules whilst traded on the Specialist Fund Segment. Moreover, the Directors have resolved that, as a matter of good corporate governance, the Company will voluntarily comply with the following provisions of the Listing Rules should Admission be granted:

- The Company is not required to comply with the Listing Principles and/or the Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to comply with the Listing Principles and the Premium Listing Principles from Admission.
- The Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed N+1 Singer as financial adviser to guide the Company in understanding and meeting its responsibilities in connection with Admission.
- The Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company intends however to comply with the following provisions of Chapter 9 of the Listing Rules from Admission: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iv) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (which are not relevant) (Notifications); (v) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (vi) Listing Rule 9.8 (Annual financial report).
- The Company is not required to comply with the provisions of Chapter 10 of the Listing Rules regarding significant transactions (as modified by Chapter 15 of the Listing Rules). Nonetheless, the Company will voluntarily comply with Chapter 10 and will appoint N+1 Singer (as and when applicable) to guide the Company in understanding and meeting its responsibilities in connection with its voluntary compliance with Chapter 10 of the Listing Rules (as modified by Chapter 15 of the Listing Rules).
- The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless, the Company will voluntarily comply with Chapter 11. The Company shall treat the Investment Manager as a related party. The Company will appoint N+1 Singer (as and when applicable) to guide the Company in understanding and meetings its responsibilities in connection with its voluntary compliance with Chapter 11 of the Listing Rules. Any issue of Warrants as described in this Prospectus shall not be treated as a related party transaction for this purpose.
- The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Ordinary Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.3, 12.4.1 and 12.4.2, as more particularly described in the section headed "Discount and Premium Management" in Part II of this Prospectus.
- The Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company intends however to comply with the following provisions of Chapter 13 of the Listing Rules from Admission: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in class 1 circulars); (iv) Listing Rule 13.6 (Related party circulars); (v) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (vi) Listing Rule 13.8 (Other circulars).
- The Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing). Nonetheless, the Company intends to comply with the following provisions of Chapter 15 of the Listing Rules from Admission: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) provided that the Company shall not be required to have a chairperson that is independent of the Investment Manager and further provided that the Company's voluntary compliance with Listing Rule 15.4.11 shall not restrict it from granting the exercise of Warrants at the prices described in this Prospectus; (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

It should be noted that the FCA will not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA nor will it impose sanctions in respect of any breach of such requirements by the Company.

Directors, Investment Manager and Advisers

Directors	Paul Pindar Richard Pindar Simon Downing Kevin Dady Christopher Sellers Rachel Murphy <i>all of the registered office below</i>
Registered Office	3rd Floor Charles House 5-11 Regent Street St James's London SW1Y 4LR Telephone: 020 3960 0280
Investment Manager and AIFM	Literacy Capital Asset Management LLP 3rd Floor Charles House 5-11 Regent Street St James's London SW1Y 4LR
Financial Adviser and Corporate Broker	Singer Capital Markets Securities Limited (trading as N+1 Singer) One Bartholomew Lane London EC2N 2AX
Administrator	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN
Registrar	Link Market Services Limited Central Square 10 th Floor 29 Wellington Street Leeds LS1 4DL
Depositary	Indos Financial Limited 54 Fenchurch Street London EC3M 3JY Telephone: 02038762218
Receiving Agent	Link Market Services Limited Corporate Actions Central Square 10 th Floor 29 Wellington Street Leeds LS1 4DL
English Legal Adviser to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL

English Legal Adviser to the Financial Adviser and Corporate Broker

Stephenson Harwood LLP
1 Finsbury Circus
London
EC2M 7SH

Auditors

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Reporting Accountant

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Part I: The Company and its Investment Portfolio

Introduction to the Company

The Company is an externally managed closed-ended investment company incorporated on 22 September 2017 in England and Wales with an unlimited life. At the time of publication of this Prospectus, the Company is not approved as an investment trust for the purposes of section 1158 of the CTA 2010, as amended. However, with effect from 1 January 2022, the Directors intend to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA 2010, as amended. The Shares will be traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange and the Cayman Islands Stock Exchange.

The Company is not regulated by the FCA or any other regulatory authority but is subject to the UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules. Specialist Fund Segment securities are not admitted to the Official List of the Financial Conduct Authority. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority's Listing Rules. However, the Company has resolved to voluntarily comply with certain of the Listing Rules, as described in the section entitled "Voluntary Compliance with the Listing Rules of the FCA" on page 26.

The Company operates as an externally managed non-EEA domiciled AIF. The AIFM is authorised to act as a UK full scope alternative investment fund manager under the UK AIFMD and is a non-EEA domiciled alternative investment fund manager for the purposes of the EU AIFMD.

Further information on the Company is set out in this Part I and in Part II of this Prospectus.

Company's Objective and Overview

The Company's objectives are:

- (a) to achieve long term capital growth through making investments in accordance with the Investment Policy; and
- (b) to provide a consistent donation to registered charities selected by the Investment Manager with the approval of the Board.

Investment Policy

The Company's investment policy is to invest in a diversified portfolio consisting primarily of equity and equity-related securities issued by unquoted companies.

Investments will be primarily in equity and equity-related instruments (which shall include, without limitation, preference shares, convertible debt instruments, equity-related and equity-linked notes and warrants) issued by portfolio companies. The Company will also be permitted to invest in partnerships, limited liability partnerships and other legal forms of entity where the investment has equity like return characteristics.

For the purposes of this investment policy, unquoted companies shall include companies with a technical listing on a stock exchange but where there is no liquid trading market in the relevant securities on that market (for example, companies with listings on The International Stock Exchange and the Cayman Stock Exchange). Further, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

The Company may hold debt instruments issued by a portfolio company where the Company also has equity or equity-related interests in that portfolio company.

The Company may participate in the IPO of an existing unquoted company investment, subject to the investment restrictions below. In particular, unquoted portfolio companies may seek IPOs from time to time following an investment by the Company, in which case the Company may continue to hold its investment without restriction.

The Company will invest and manage its assets with the objective of spreading risk. No single investment (including related investments in group entities) will represent more than 20 per cent of Gross Assets, calculated as at the time of that investment. The Company will not be required to dispose of any investment or rebalance its portfolio as a result of a change in the respective value of any of its investments.

While the Company does not intend to focus its investments on a particular sector, there is no limit on the Company's ability to make investments in portfolio companies within the same sector if it chooses to do so.

The Company will seek to ensure that it has suitable and appropriate investor protection rights through its investment in portfolio companies.

The Company may acquire investments directly or by way of holdings in SPVs, intermediate holding vehicles or other fund or similar structures.

The Company may also make charitable donations equal to 0.9 per cent of net assets in each financial year, as determined by the Board from time to time.

Borrowing policy

The Company may incur indebtedness of up to a maximum of 20 per cent of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes.

Where the Company invests in portfolio companies indirectly (whether through SPVs as holding entities, funds or otherwise), notwithstanding the previous paragraph, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other investments made by the Company.

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, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent of their gross assets in other listed closed-ended investment funds.

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 RIS Announcement.

Investment Highlights

The Directors and the Investment Manager believe that the Company offers Shareholders a differentiated investment proposition from other private equity and microcap investment opportunities, with a number of particular strengths.

Supporting UK private businesses

The Company is invested in a number of UK-based businesses, holding both minority and majority positions in portfolio companies, many of which were family-owned and founder-led.

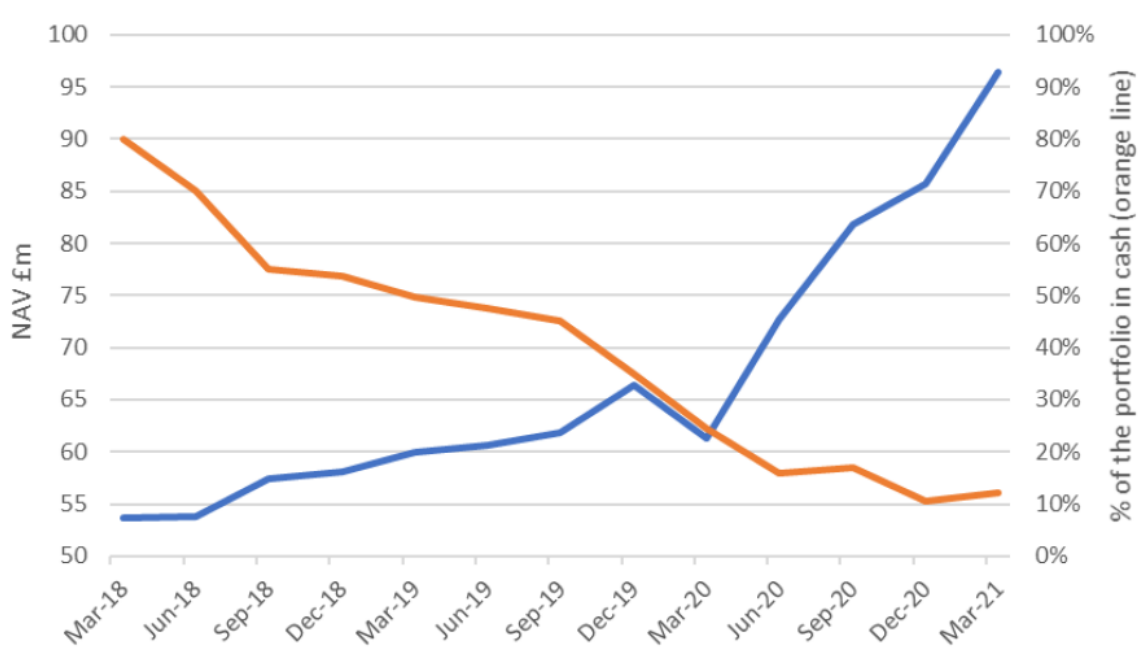
Robust performance to date

The Company was created as a permanent capital vehicle to allow longer term decision making and with the intention to generate substantial investment returns.

This has been borne out. As at the end of 2018, the Company had raised approximately £54 million in capital. As at 31 March 2021 (being the date of the last published Net Asset Value – which has not been audited – as at the latest practicable date prior to the publication of this Prospectus), the Company's Net Asset Value is approximately £96.4 million (which equates to a Net Asset Value per Ordinary Share of 178.5p or 160p following conversion of the A Growth Shares which will occur immediately prior to Admission), which, inter alia, excludes

certain deferred tax liabilities that are not expected to become payable should the Company qualify for investment trust status with effect from the financial year commencing 1 January 2022.

The Company's portfolio has shown robust performance during 2020, despite COVID-19, with NAV up 29 per cent in 2020. The performance in 2020 was due to both a maturing of the portfolio and the businesses in it, along with reduced cash drag, as the Company became more fully invested.



Source: Company management accounts (unaudited)

Note: The March 2018 figure in the graph above is a proforma figure (as reported to Shareholders at the time) taking into account 54 million shares having been in issue throughout. The final shares were issued in April 2018 as described in the Operating and Financial Review below.

	2018	2019	2020	Q1 2021	Since inception
NAV growth⁽¹⁾	+7.6%	+14.2%	+29.0%	+12.5%	+78.5%

⁽¹⁾NAV excluding certain deferred tax liabilities that are not expected to become payable should the Company qualify for investment trust status with effect from the financial year commencing 1 January 2022.

Source: Calculations based on Company's unaudited management accounts.

Alignment of management team to Shareholders

The Investment Manager's team and the Directors have significant 'skin-in-the-game' by virtue of their shareholdings in the Company. In aggregate, 55.2 per cent of the Ordinary Shares are owned by them and their connected parties. Further, no performance fee is payable by the Company to the Investment Manager and the members of the Investment Manager's team are incentivised by the warrant arrangements described below, further aligning them with the performance of the Company.

Differentiated approach to private equity investors

The Investment Manager operates an investment strategy that is different from typical private equity strategies. Specifically, the Company:

- seeks fair and aligned outcomes for management teams and shareholders of its investee companies;
- works with management of investee companies to build great businesses with larger, long-term ambitions;
- has a high degree of alignment with the Company's shareholders and management of portfolio companies to maximise value in a responsible way;

- employs conservative capital structures with modest bank debt (1x-1.5x EBITDA on average);
- assists in the provision of active engagement from experienced entrepreneurs with a focus on backing and building complete management teams;
- may in the right circumstances introduce new hires into portfolio companies with track record of running larger businesses to help them scale; and
- plans to grow the Company through organic growth rather than by raising new capital.

Unique charitable mission

The UK now has the lowest rates of literacy of any developed nation, which results in adverse, long term consequences for the child and society. The Company aims to assist in the education of children in the UK, in particular by promoting and supporting the development of literacy.

Teenagers without basic literacy skills are significantly more likely to be excluded from school, commit crime and spend time in prison. Approximately 50 per cent of the UK prison population have literacy skills no higher than those expected from an 11 year old. Annually, it costs £40,000 to keep one individual in prison, while teaching a child to read can be done relatively inexpensively and is one of the most cost-effective ways to reduce crime.

One charity that benefits from the Company's support is Bookmark Reading. Bookmark Reading has developed a scalable technology solution to match schools with much needed reading helpers who will support children struggling with literacy. The charity provides a support network for volunteers who want to foster a love of reading and really make a difference in their local communities.

The Company makes and will continue to make an annual donation equating to 0.9 per cent of the Company's Net Asset Value (at the relevant time) to charities, thereby providing consistent, long-term charitable donations. The Company has donated or reserved for donation more than £1.9 million as at the end of 2020.

The Directors believe 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.

Portfolio Overview

Overview

As at 18 June 2021 (being the latest practicable date prior to publication of this Prospectus), the Company's portfolio is made up of the following investments:

	Investment Date	Valuation (£m)	% of Portfolio NAV
RCI Health Group	September 2018	16.8	17.4
Grayce	July 2018	14.9	15.5
Hanmere	December 2017	6.5	6.7
Butternut Box	January 2018	6.4	6.6
Antler Homes	June 2018	6.2	6.4
Top 5 direct investments		50.7	52.7
Vanilla Electronics	June 2020	5.5	5.7
EPM	February 2020	4.4	4.6
Dartmouth Partners	June 2018	3.9	4.0
Tyrefix	November 2020	3.8	3.9
Wifinity	December 2017	3.2	3.4
Top 10 direct investments		71.6	74.3
Fund interests		7.7	8.0
Other direct investments		5.5	5.7
Cash (net of donation provisions)		11.7	12.1

In respect of portfolio information given as at 18 June 2021 (being the latest practicable date prior to publication of this Prospectus), this information uses portfolio company valuations as at 31 March 2021 (being the latest valuations undertaken prior to the publication of this Prospectus).

Since 31 March 2021, the Company has invested £2.9 million from cash reserves in TheVeganKind Ltd, which operates a vegan subscription box business. In addition, the Company has funded capital calls on its fund commitments. Such investments and their effect have not been shown in any of the portfolio information or analysis set out in this Prospectus but will be included in future Net Asset Value calculations undertaken by the Company on a quarterly basis.

Portfolio valuation information provided in this section under the heading "Portfolio Overview" and in the section below under the heading "Further information on the Company's ten largest direct portfolio investments" is unaudited.

Further information on the Company's ten largest direct portfolio investments

*RCI Health Group Limited ("**RCI Health Group**")*

RCI Health Group comprises a number of specialist healthcare business.

Mountain Healthcare Limited ("**Mountain Healthcare**") was the first company to join the RCI Health Group in 2018 and is a specialist provider of healthcare services to police, custodial and judicial services. Mountain Healthcare has a strong commitment to forensic healthcare and has built an unmatched reputation based on high-quality service provision 24 hours a day, 7 days a week. Mountain Healthcare has continued strengthening its central team and growing organically by winning new contracts. Mountain Healthcare recently moved its headquarters from rural Essex to Stevenage, to make it more accessible and appropriate for a larger, corporate group.

In December 2019, RCI Health Group acquired Benchmark Management Consulting Limited ("**Benchmark**"), which specialises in health and social care benchmarking, data and intelligence, utilising its extensive experience across all sectors of the health system to support its clients to deliver on the NHS Long Term Plan. Benchmark are the official research support team to the NHS Benchmarking Network and support over 300 healthcare organisations across the UK in meeting the challenges and opportunities of the NHS Long Term Plan. All of Benchmark's clients have commissioned repeat or additional work from its team, evidencing the high level of value and level of service provided by its consultants.

In August 2020, RCI Health Group acquired Venture-People Limited ("**Venture-People**"), adding a division to RCI Health Group focusing on helping people with complex mental health needs. The core aim of Venture-People is to deliver a service which provides excellent, specialist mental health provision. Venture-People operates in a culture of therapeutic optimism and believes that each person should be empowered to engage in their own recovery and live as independently as possible within the community. Venture-People has been presented with a number of awards in recognition of its quality and innovative service.

In March 2021, RCI Health Group acquired Communicourt Limited ("**Communicourt**"), which provides intermediary services for vulnerable defendants in the criminal courts, and for vulnerable people in family proceedings across England and Wales. Communicourt supports the justice system at all levels, advising police officers, lawyers, judges, magistrates, witness service supporters, court personnel and probation officers, to maximise communication effectiveness during proceedings.

RCI Health Group continued to perform strongly in Q1 2021, with performance ahead of budget across each of Mountain Healthcare, Benchmark and Venture-People. Simultaneous with completion of the Communicourt acquisition, the Company redeemed loan notes with resulting cash proceeds of more than £4 million.

Date of initial investment: September 2018

Total investment: £3.4 million

Cash realised: £4.0 million

Carrying value: £16.8 million

Carrying value plus cash realised: £20.8 million

*Grayce Britain Limited ("**Grayce**")*

Grayce develops change, digital and data talent for organisations by training and recruiting talented graduates from top universities in Business Change, IT and Data Analysis roles. Grayce thereby offers an alternative to traditional contractors and consultancies. Grayce is focused on organic growth and developing significant long-

term client relationships. In July 2020, Grayce acquired Doris IT (which now trades under the Grayce brand), gaining new IT capabilities to sell to customers.

Grayce performed strongly in Q1 2021, with each month showing growth and the business possessing strong momentum.

In Q4 2020, the Company received £403,000 following the redemption of loan notes and the Company received more than £725,000 of cash in Q1 2021, following further redemptions.

Date of initial investment: July 2018

Total investment: £2.1 million

Cash realised: £1.1 million

Carrying value: £14.9 million

Carrying value plus cash realised: £16.0 million

*Hanmere Polythene Ltd ("**Hanmere**")*

Hanmere is a manufacturer of polythene packaging products supplied to a number of markets. Since 1966, Hanmere has developed a reputation for innovation and reliability in the polythene packaging industry, manufacturing and supplying bespoke polythene bags, polythene sacks, polythene liners for totes, drums and boxes, polythene sheet and polythene tube suitable for high risk food contact use to a wide cross-section of businesses throughout the UK and mainland Europe.

In September 2020, Hanmere completed a bolt-on acquisition of Plasmech Packaging Ltd contributing additional staff and revenue to the business. In March 2021, Hanmere completed a further acquisition of Finnish packaging manufacturing business Bright Maze Oy (trading as Amerplast) which has operations in Finland and Poland.

Date of initial investment: December 2017

Total investment: £2.0 million

Cash realised: £0.7 million

Carrying value: £6.5 million

Carrying value plus cash realised: £7.2 million

*Dogmates Ltd ("**Butternut Box**")*

Butternut Box delivers high-quality, home-cooked fresh meals to dog owners' homes, as part of a subscription. Food plans are tailored to provide the right balance of vitamins and minerals for dogs of every age and are delivered within the UK for free. Since the Company's investment, Butternut Box has completed two further rounds of funding, attracting investment from White Star, Five Seasons and L Catterton. The business recently opened a new production facility in Doncaster in March 2021. This is expected to significantly increase capacity and efficiency. The team has worked hard to improve efficiency and margins. They have also introduced new products and an expanded range to customers.

Butternut Box again performed strongly and outperformed its budget in Q1 2021.

Date of initial investment: January 2018

Total investment: £2.1 million

Cash realised: Nil

Carrying value: £6.4 million

Carrying value plus cash realised: £6.4 million

*Antler Homes plc ("**Antler Homes**")*

Antler Homes was founded more than 40 years ago and is a multi-award winning housebuilder with a well-regarded brand name and longstanding reputation for building high-quality homes in the London commuter belt. Following a recapitalisation, Antler Homes has acquired and developed a number of new sites and made

several key hires, allowing the business to scale and build its property pipeline. Two further capital raises in 2020 have enabled the business to acquire more sites and accelerate growth.

The performance of Antler Homes and the market conditions have remained solid in Q1 2021. Demand for the homes that Antler Homes is building remains good and the sites under construction are progressing well. Antler is still targeting the acquisition of more land to improve its pipeline, although the planning processes have remained relatively slow-moving.

Date of initial investment: June 2018

Total investment: £4.8 million

Cash realised: Nil

Carrying value: £6.2 million

Carrying value plus cash realised: £6.2 million

*Vanilla Electronics Ltd ("**Vanilla Electronics**")*

Vanilla Electronics helps successful electronics manufacturing businesses focus on their core competencies by adding value to their supply chain management. Vanilla Electronics is a member of the Cambridge Institute of Manufacturing, Make UK and the Hethel Innovation Centre. Clients include research and development start-ups, high-tech small and medium sized enterprises, oil and gas companies, and very large established multi-national, corporate manufacturers. The business is constantly investing in new technologies in order to improve its own efficiencies and add value for its customers.

In March 2021, Vanilla Electronics completed its first acquisition of Bela Electronic Design Ltd ("**Bela**"). Founded in 1986, Bela is now regarded as one of the market leaders in small to medium volume high complexity manufacturing and has established an excellent reputation in the design and manufacture of printed circuit board assemblies. The acquisition allows Vanilla Electronics to strengthen its technical capability in providing complex electronics design and manufacturing activities, whilst offering a stronger foothold in early product development to its global manufacturing customer base.

Vanilla Electronics performed strongly in Q1 2021 and further acquisitions to expand the group are being sought and considered.

Date of initial investment: June 2020

Total investment: £3.2 million

Cash realised: Nil

Carrying value: £5.5 million

Carrying value plus cash realised: £5.5 million

*EPM Bus Solutions Limited ("**EPM**")*

Founded in 1987 and based in Bromsgrove, EPM is a software and consulting business to the UK public transport industry. It works with all major bus groups, larger operators and independents providing software to support their business processes and manage their revenue streams.

In February 2021, EPM completed its acquisition of Omnibus Solutions Limited ("**Omnibus**"), the first acquisition EPM has made. Founded in 1990, Omnibus is a similar provider of software solutions for passenger transport scheduling, staff rostering, depot allocation and timetable construction to public transport operators and location authorities, in the UK and overseas. The acquisition complements EPM's software offering focused on improving operation and commercial performance and will enable EPM to provide a higher quality service and wider offering existing clients.

EPM performed strongly in Q1 2021 with revenue ahead of the comparable period in the prior year.

Further acquisitions to expand the group are being sought and considered.

Date of initial investment: February 2020

Total investment: £2.9 million

Cash realised: Nil

Carrying value: £4.4 million

Carrying value plus cash realised: £4.4 million

*Dartmouth Partners Ltd ("**Dartmouth Partners**")*

Dartmouth Partners is a recruitment business with a presence in the corporate finance, private equity, wealth management and legal sectors.

In September 2019, Dartmouth Partners completed its first ever acquisition of Pure Recruitment Group Ltd. This gave the company a platform in the US and Asia, plus a significant position within the tax industry.

Date of initial investment: June 2018

Total investment: £2.9 million

Cash realised: Nil

Carrying value: £3.9 million

Carrying value plus cash realised: £3.9 million

*Tyrefix UK Limited ("**Tyrefix**")*

Founded over 34 years ago and headquartered near Leicester, Tyrefix is a provider of fast-response emergency tyre repair and replacement services for plant equipment to housebuilders and plant hire companies across the UK. Tyrefix is the UK's only national provider of construction plant tyre repair and replacement.

Since the Company's investment in November, trading has been solid and a number of strategic priorities have been identified.

A number of high priority items have progressed and the management team is now assessing the longer-term strategic priorities of the business. This includes a move to a larger head office to provide increased space to grow and hire more people, which the team hope to complete before the next seasonal peak in the autumn.

Date of initial investment: November 2020

Total investment: £3.1 million

Cash realised: Nil

Carrying value: £3.8 million

Carrying value plus cash realised: £3.8 million

*Wifinity Ltd ("**Wifinity**")*

Wifinity is a leading wifi provider to consumers and enterprises at campus-based locations in hard-to-service environments. It provides broadband across more than 80 military sites and 32 holiday parks in the UK, which are often remote and difficult to service for alternative providers.

In November 2020, Wifinity acquired Optify Mediaforce Limited ("**Optify**").

Wifinity traded well in Q1 2021 and the integration of Optify is progressing according to plan, with EBITDA ahead of budget.

High levels of activity expected across Wifinity's UK-based holiday parks this summer, as well as the roll out of new networks across a number of sites and improved technology across many existing sites, should have a positive impact on performance in 2021.

Date of initial investment: December 2017

Total investment: £3.0 million

Cash realised: Nil

Carrying value: £3.2 million

Carrying value plus cash realised: £3.2 million

Operating and Financial Review

The Company was established in September 2017 and issued the last of its newly issued shares on 8 May 2018. At that point, the proceeds of share issuances provided £54.0 million to fund the Company's planned investment activities, charitable donations and overheads. The table below shows the cash received in each financial period, as well as the cash invested and the cash donated to charity.

Shareholders had the option to fully pay or partially pay for their Ordinary Shares. This meant that the cash was received in two tranches, with £33.4 million received in the first (extended) financial period and £20.6 million received the following year. The investments that the Company looks to make are in private businesses, which are illiquid investments that can be difficult and time-consuming to complete. This means deploying large amounts of capital would be unwise, as it would likely lead to making less disciplined or poorer investment decisions. As a result, the management team were comfortable with shareholders having the option to partly pay their shares, based on their expected rate of capital deployment.

In the financial period ended 31 December 2018, £22.7 million was invested in nine different portfolio companies. This equated to approximately £1.4 million per month, albeit the rate of deployment was slower in the early months as the management team established operations of the Company and built its pipeline.

In the financial year ended 31 December 2019, just one new investment was completed and £6.2 million was deployed. This was for a variety of reasons: firstly, the Company shifted its investment focus to a narrower subset, preferring to invest in more established businesses, rather than earlier stage businesses. Secondly, management found pricing in the market had become elevated and management were not prepared to compromise the Company's pricing discipline. Thirdly, the Company had to spend more time assisting the existing portfolio of companies, many of which needed some support as they bedded in and looked for acquisitions of their own.

In the most recent financial year ended 31 December 2020, the Company's investment activity picked up again with £19.6 million deployed. This was as the portfolio matured to an extent and required less assistance from the Investment Manager, allowing the Company to focus more on new investments. In 2020, the Investment Manager also found that vendor expectations became more realistic and the level of interest from potential buyers declined materially, making the environment less competitive and easier for the Company to complete new investments. This was because of COVID-19, which made sellers more cautious and risk averse. The pandemic also made some buyers depart the market for new acquisitions, as they had to focus their attention on other priorities, making the dynamic more favourable for the Company as we did not have this issue.

In 2020, the Company sold an investment for the first time and redeemed loan notes, realising £6.6 million, and recording a gain of approximately £2.4 million, in the second half of 2020.

The Company decided to externalise its management in 2020 through the appointment of the Investment Manager. Prior to this point, the Company's management team were employed directly by the Company. There were no changes to the identity of the team providing management services as a result of the appointment of the Investment Manager. The decision to externalise the management was driven by the Company preparing to become a listed entity.

The majority of portfolio companies have performed well despite the process of Brexit and the issues caused by COVID-19. Despite the potential problems created by these events, no portfolio company required any additional capital from the Company. They have all had access to sufficient liquidity, and they were all conservatively financed in line with the Company's typical approach, meaning none of them encountered difficulties to the extent that they needed support from any of their shareholders.

Finally, the Company, in addition to its investment activities and objectives, also has a charitable mission. From the outset, the Company's shareholders have supported the Company's policy of annual donations equating to 0.9 per cent of the Company's net assets. No cash was donated in the first financial period, as the cash is only paid following completion of the audit process. In 2019, £556,000 was donated to UK-based literacy charities, followed by a further £674,539 in 2020. The donation in 2021 will rise again, following the improvement in closing net asset value at the end of 2020.

The total comprehensive income was £3.7 million in the financial period ended 31 December 2018. The unrealised gains on investment, being the main driver of total comprehensive income, were relatively small, reflecting the portfolio's lack of maturity and the low proportion of the Company's assets that had been invested. At the end of 2018, the majority of the assets were still held in cash (or in debtors owed by shareholders) and therefore earning no return. In the financial year ended 31 December 2019, the total comprehensive income increased to exceed £10.6 million, driven by unrealised gains on investment. Total comprehensive income improved again in the financial year ended 31 December 2020 to £16.6 million, as the portfolio continued to mature, further demonstrating the strength of the performance of the portfolio despite the existence of COVID-19.

The Company, at the end of 2020, retained a comfortable level of cash (£9.7 million), as it has done since incorporation. This level of cash is sufficient for the Company to meet all outstanding financial obligations.

	FY 2018 (16 months to 31 Dec 18)	FY 2019	FY 2020
Cash inflow from ordinary shareholders	£33.4 million	£20.6 million	-
Cash inflow from realisation of investments	-	-	£6.6 million
Cash outflow from investments made	£22.5 million	£6.2 million	£19.6 million
Cash outflow from donations made	-	£0.6 million	£0.7 million
Closing cash	£10.6 million	£23.7 million	£9.7 million
Total comprehensive income	£3.7 million	£10.6 million	£16.7 million

Part II: Company Structural Information

Net Asset Value publication and calculation

The Net Asset Value of the Company, and the Net Asset Value per Ordinary Share (and, if applicable in the future, C Share) are expressed in pounds sterling and are determined in accordance with the valuation principles and procedures from time to time adopted by the Board and notified to Shareholders, and in the absence of such adoption as aforesaid, the following valuation principles and procedures will apply.

The Administrator calculates the Net Asset Value quarterly, using valuations of portfolio companies provided by the Investment Manager, and reports such calculation to the Board for approval. Valuations of the unlisted securities are also completed quarterly each year (generally at the end of March, June, September and December or other such date should the release of company data dictate that a valuation date is outside of a calendar quarter end).

The unaudited quarterly Net Asset Value and Net Asset Value per Share will be communicated to Shareholders and the market through a regulatory information service announcement ("**RIS Announcement**") and such announcement will generally be made within one month of the relevant quarter end.

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities) determined in accordance with applicable accounting standards. The Net Asset Value per Ordinary Share announced by the Company excludes certain deferred tax liabilities that are not expected to become payable should the Company qualify for investment trust status with effect from the financial year commencing 1 January 2022. As a result the Net Asset Value per Ordinary Share announced by the Company as at each year end differs from the audited Net Asset Value per Ordinary Share as set out in the Company's annual report and financial statements, as the audited Net Asset Value does not exclude such deferred tax liabilities.

The value of the assets of the Company is calculated on the following bases:

- unlisted equity securities are valued in accordance with the policy described below, as amended by the Board from time to time, further detail of which is provided below;
- securities trading on a stock exchange are valued generally at the latest available mid-market price quoted on such exchange or, in the absence of such mid-market price, the last known price quoted on such exchange;
- listed securities (other than equities) for which there is an ascertainable market value are valued generally at the last known mid-market price quoted on the principal market on which the securities are traded;
- unlisted securities (other than equities) for which there is no ascertainable market value are valued at cost plus interest (if any) accrued from purchase to (but excluding) the relevant valuation date plus or minus the premium or discount (if any) from par value written off over the life of the security;
- any value otherwise than in pounds sterling shall be converted into pounds sterling at the rate (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to the costs of exchange; and
- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received is deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the Directors may consider appropriate to reflect the true value thereof.

If in any case a particular value is not ascertainable as above provided, or if the Directors consider that some other method of valuation better reflects the fair value of the relevant investments, then in such case the method of valuation of the relevant investment shall be such as the Directors shall determine. For the purposes of ascertaining or obtaining any price, quotation, rate or other value referred to in the preceding paragraphs for use in determining the value of any asset, the Investment Manager shall be entitled to use the services of any reputable information or pricing service but only to the extent designated by the Directors.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

- there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value; or
- it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

Details of any suspension in making such calculations will be announced through an RIS Announcement.

Unquoted Securities Valuation Policy

The Company has adopted a valuation policy for unquoted securities to provide an objective, consistent and transparent basis for estimating the fair value of unquoted equity securities in accordance with UK IFRS as well as International Private Equity and Venture Capital Valuation Guideline, using the following methodologies:

- **Earnings Multiple** – the Investment Manager typically adopts this approach for its private equity investments and may opt to calculate a multiple based on recent transactions of businesses in a comparable sector, or a basket of comparable listed companies, that it deems to be reasonable. If certain transactions or a basket of companies are selected, the composition can change over time subject to changes in circumstances for the Investment or comparator transactions/companies. The Investment Manager may apply discounts to reflect certain differences between an investee company and comparable transactions/companies.
- **Milestone Valuation** – the Investment Manager will typically use this methodology for venture capital investments (typically being investments in companies that generate revenue but are not profitable). Where a recent fundraise has taken place, the valuation of the investee company at this point will be used.
- **Industry Valuation Benchmarks** – where appropriate, the Investment Manager will seek market comparables to use as a basis for the valuation.
- **Third-Party Valuation Reports** – the Company has invested, and would only invest, in funds managed or advised by well-established fund managers with strong track records of investment performance and robust procedures, reporting and governance. The Investment Manager values fund interests based on the NAV reported by the investee fund manager.

In addition, where appropriate, the Investment Manager will calibrate the valuation to the price of a recent investment.

The unquoted securities valuation policy and the associated valuation procedures are subject to review on a regular basis, and updated as appropriate, in line with industry best practice. In addition, the Company may work with independent third-party valuation firms, to obtain assistance, advice, assurance, and documentation in relation to the ongoing valuation process.

The Company considers it impractical to perform an in-depth valuation analysis for every unquoted investment on a daily, weekly or monthly basis (whether internally or with the assistance of an independent third party). Therefore, an in-depth valuation of each investment is performed by the Investment Manager: (i) on a quarterly basis; and (ii) where it is determined that a Triggering Event has occurred.

A "Triggering Event" may include any of the following:

- a subsequent round of financing (whether pro rata or otherwise) by the relevant investee company;
- a significant or material milestone achieved by the relevant investee company;
- a secondary transaction involving the relevant investee company on which sufficient information is available;
- a material change in the recent financial performance or expected future financial performance of the relevant investee company;

- a material change in the market environment in which the relevant investee company operates; or
- a significant movement in market indices or economic indicators.

The Company does not intend to produce a revised NAV following a valuation of a portfolio company arising out of a Triggering Event but will make an announcement regarding such valuation to the extent it is required to do so pursuant to its obligations under UK MAR.

Once completed, the valuations are submitted to the portfolio managers and the Investment Manager's valuation committee for review. Any specific considerations that arise are discussed with the Investment Manager's team. If an adjustment to the prevailing valuation is proposed, the Investment Manager will inform the Board of the nature and reasons for the adjustment and seek approval for the adjustment.

Once a valuation review has been established, fair value will be assumed to be representative of fair value each Business Day until the next valuation review is performed.

Dividend policy

The Directors intend to manage the Company's affairs to achieve Shareholder returns through capital growth rather than income. Therefore, it should not be expected that the Company will pay dividends to Shareholders in the ordinary course, although the Company retains the right to pay dividends at the discretion of Directors.

Hedging Policy

The Company will invest in businesses whose activities are primarily denominated in or translated back to sterling and whose valuations for the purposes of the Net Asset Value will be calculated in sterling. The Company does not currently intend to seek to hedge currency exposure between Sterling and any other currency in which the Company's assets may be denominated or valued.

The Company may, to the extent it is able to do so on terms that the Investment Manager considers to be commercially acceptable, seek to arrange suitable hedging contracts in the future, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts (including, but not limited to, interest rate swaps and credit default swaps) in a timely manner and on terms acceptable to the Company.

The Company does not intend to hedge interest rate risk on a regular basis. However, it may at its sole discretion seek to hedge out the interest rate exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment.

Warrants

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. The Warrants issue is designed to provide long-term incentivisation for members of the management team and the mechanism for the Investment Manager to request the issue of Warrants is set out in the Warrant Side Letter described at paragraph 9 of Part VI of the Prospectus.

The maximum number of Warrants to be issued will be equal to 5 per cent of the total issued share capital at the time of Admission. The Warrants will not be admitted to trading and will be transferrable only in limited circumstances.

The terms of the Warrants state that they can be exercised into Ordinary Shares in a time period between the third and tenth anniversaries of their respective issue date. The longstop date for exercising all Warrants in issue is the fifteenth anniversary of Admission.

The Warrants do not entitle holders to any voting rights in the Company. Warrant holders benefit from certain standard protections ensuring that the rights of the Warrants cannot be changed without the consent of Warrant holders.

The exercise price of each Warrant shall be the higher of: (i) the average of the mid-market values of an Ordinary Share trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange for the five business days prior to the date that the relevant Warrants are allotted and issued; and (ii) the prevailing Net Asset Value per Ordinary Share calculated in accordance with the Company's published valuation policy on the date that the relevant Warrants are allotted and issued with such adjustments as may be agreed by the Company and the Investment Manager to reflect material portfolio events following the publication of the prevailing Net

Asset Value per Ordinary Share (including, without limitation, any changes that would result to the Net Asset Value as a result of a "Triggering Event" (as defined in the Company's valuation policy)), provided that Warrants allotted and issued on the date of Admission shall have a subscription price of 160 pence per Ordinary Share. As such, Warrants issued at different times will have different exercise prices.

Where a holder of Warrants ceases to be a member of the Investment Manager (other than for certain standard "good leaver" circumstances such as retirement), any Warrants held by that person will automatically lapse and become incapable of exercise.

Warrants will not be issued to Paul Pindar or Richard Pindar.

Discount and Premium Management

Further Issues

The Board plans to grow the Company through the capital growth of its portfolio rather than through the issuance of new shares. However, the Board will have authority to allot 12 million further Ordinary Shares and/or C Shares following Admission, representing up to 20 per cent of the Company's issued share capital immediately following Admission, such authority lasting until the conclusion of the next annual general meeting of the Company. To the extent that the authority is used before the 2022 annual general meeting, the Company may convene a general meeting to refresh the authority. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Board will not be obliged to offer any such new Ordinary Shares to Shareholders pro rata to their existing holdings. The reason for this is to retain flexibility, following Admission, to issue new Ordinary Shares (including Ordinary Shares issued in accordance with the authority referred to above) to investors. Except where authorised by Shareholders, no Ordinary Shares will be issued at a price which is less than the Net Asset Value per existing Ordinary Share at the time of their issue unless they are first offered pro rata to Shareholders on a pre-emptive basis.

The Company's New Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of the issue of such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders which may otherwise result.

The Ordinary Shares carry the right to receive all dividends declared by the Company, subject to the right of the C Shares (if any have been issued by the Company) to receive dividends that the Directors resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

Purchase of own Ordinary Shares

The Company may seek to address any persistent discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an ad hoc basis.

The Directors have the authority to purchase in the market up to 14.99 per cent of the Ordinary Shares in issue immediately following Admission. This authority will expire at the conclusion of the Company's annual general meeting in 2022 or if earlier, 18 months from the date on which the resolution conferring the authority was passed. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting. Whether the Company purchases any such Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Directors. Ordinary Shares which are bought back may be cancelled or held in treasury. Ordinary Shares will only be bought back at a discount to the prevailing NAV.

It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary Shares held in treasury may be sold by the Company at prices equal to or above the prevailing Net Asset Value per Ordinary Share.

Investment Trust Status

At the time of publication of this Prospectus, the Company is not approved as an investment trust for the purposes of section 1158 of the CTA 2010, as amended. However, with effect from 1 January 2022, the Directors intend at all times to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA 2010 in respect of the accounting period ending 31 December 2022 and each accounting period thereafter.

In summary, in order for the Company to be eligible for approval as an investment trust, and to maintain its status as an investment trust, with respect to an accounting period, the following conditions and requirements must be met throughout the period:

- all or substantially all of the Company's business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds;
- the shares making up the Company's ordinary share capital (or, if there are such shares of more than one class, those of each class) must be admitted to trading on a "regulated market" (as defined in s1158(4) CTA 2010), throughout the accounting period;
- the Company must not be a venture capital trust (within the meaning of Part 6 of the Income Tax Act 2007) or UK REIT (within the meaning of Part 12 of the CTA 2010);
- the Company must not be a close company;
- the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent of its income for the period; and
- the Company must notify HMRC if it revises its published investment policy (and provide HMRC with a copy of any revised investment policy) or breaches the conditions or requirements of the investment trust regime.

The UK AIFMD

Under the UK AIFMD and the AIFMD, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the UK and the EEA respectively, including that prescribed disclosures are made to such investors. The UK AIFMD and AIFMD require certain reports and disclosures to be made to the FCA and relevant EEA regulators respectively. Such reports and disclosures may become publicly available.

Under the UK AIFMD, the Company's Shares may only be marketed to UK investors if it is authorised by the FCA or complies with the UK's national private placement regime and, under the AIFMD, the Company's Shares may only be marketed to EEA investors if its AIFM is authorised by a relevant EEA regulator or if it complies with national private placement regimes. As at the date of this Prospectus, the Investment Manager has filed with the FCA a notification in accordance with Regulation 57 of the UK AIFM Regulations to market the Ordinary Shares in the UK. The Investment Manager may make additional national private placement applications in other EEA Member States from time to time.

The Company cannot guarantee that any relevant conditions to marketing will be satisfied. In cases where any such conditions are not satisfied, the ability of the Company to market Ordinary Shares and/or C Shares or raise further equity capital may be limited or removed.

Any regulatory changes relating to the UK AIFMD and/or the AIFMD may limit the Company's ability to market future issues of its Ordinary Shares and/or C Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares and/or C Shares.

NMPI Status

The Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the "**NMPI Regulations**") extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other "non-mainstream pooled investments" (or "**NMPIs**"). Financial advisers, including authorised independent

financial advisers, are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Having taken legal advice, the Company confirms that its Ordinary Shares will qualify as an "excluded security" for the purposes of the NMPI Regulations and are therefore not subject to the restrictions that apply to NMPIs. This is on the basis that the Company conducts its affairs so that investment returns received by the Company's shareholders are wholly or predominantly linked to shares and debt instruments. In addition, if the Company is approved and maintains its status as an investment trust, the Ordinary Shares will also be excluded from the FCA's restrictions by virtue of its investment trust status. Notwithstanding the NMPI Regulations, the Specialist Fund Segment is, and the shares of companies admitted to the Specialist Fund Segment are, intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment.

Eligibility for investment by Undertakings for the Collective Investment in Transferable Securities ("UCITS") or Non UCITS Retail Schemes ("NURS")

The Company has been advised that the Ordinary Shares are "transferable securities" and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a close-ended investment company incorporated in England and Wales as a public limited company; (ii) the Ordinary Shares are to be admitted to trading on the Specialist Fund Segment; and (iii) the Investment Manager is authorised and regulated by the FCA. The manager of a UCITS or NURS should, however, satisfy itself that the Ordinary Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Schemes Sourcebook of the FCA Handbook.

Taxation

Potential investors are referred to in Part V of this Prospectus for details of the taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers prior to making a subscription for Shares.

Risk Factors

The Company's performance is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, the section entitled "Risk Factors" on pages 11 to 21 of this Prospectus.

Meetings and reports

The Company expects to hold its next annual general meeting in the second quarter of 2022 and subsequent annual general meetings in the second quarter of each calendar year. The Company's annual report and audited financial statements will be prepared to 31 December each year, and it is expected that copies will be sent to Shareholders in March of each year or earlier if possible. Shareholders will also receive an interim report and unaudited interim condensed financial statements each year in respect of the period to 30 June, expected to be published in August in each year, or earlier if possible. The Company's annual report and audited annual financial statements and interim report and unaudited interim condensed financial statements will be available on the Company's website.

The Company's annual financial statements and interim condensed financial statements will be drawn up in sterling and in accordance with UK IFRS.

Part III: Directors and Administration

The Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator, the Depositary and the Registrar. In particular, the Directors have delegated responsibility for day to day management of the investments comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

Paul Pindar (Chairperson)

Formerly 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. A founder investor and non-executive Chairman of Purplebricks, the UK's largest online estate agency. Within three years, the business started trading, expanded internationally and completed an IPO on AIM. Chairman of four other VC and PE-backed businesses in the past five years.

Richard Pindar (non-independent)

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 mid-market private equity firm, and started his career in Transaction Services and M&A Corporate Finance at KPMG.

Simon Downing (independent)

Founder and Executive Chairman of Civica, which he created in 2000 with backing from Alchemy Partners. Since then, the business has grown to over 5,000 employees and operates in ten countries. It is one of the largest specialist software companies in Europe and is valued at more than £1 billion following its most recent private equity transaction led by Partners Group. He has been Chairman of four other private IT services businesses in the past six years, is current Chairman of Audiotonix Limited and Senior Non-Executive Director at Purplebricks Group plc, and was previously a Senior Adviser to OMERS Private Equity, which has more than \$12 billion of private equity assets under management.

Kevin Dady (independent)

Formerly CEO and currently Executive Chairman of IRIS, a large software business majority owned by HgCapital, since December 2015. IRIS has grown significantly during his tenure and he recently took it through a £1.3 billion private equity buyout. Formerly Managing Director of the Professional Services division of Capita where, in nine years, he grew EBITDA from £50 million to £150 million.

Christopher Sellers (independent)

Chris is currently Group CEO of RCI Health Group and Chairman of Grayce which are both portfolio companies. He formerly spent 12 years at Capita plc before leaving in January 2018. This included being a member of the Group Board as Head of Business Development and six years as Executive Sales Director. Prior to joining Capita he spent 14 years as a consultant, Business Development Director and Managing Director, having originally trained as an engineer with Shell.

Rachel Murphy (independent)

Rachel is the founding Director of RJM Consulting, which works with public and private companies, providing consultancy services, corporate finance advice and coaching to board level executives. Previously, she was a member of the investment team at the private equity firm Alchemy Partners for six years. She has also been a non-executive of several private equity owned businesses and held finance roles at Diageo and Shell.

Audit Committee

The Company's Audit Committee, comprising all Directors, will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the

independence of the auditor arising from any such engagement will be considered before proceeding. Rachel Murphy will act as chairperson of the Audit Committee. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

Management Engagement Committee

The Company's Management Engagement Committee, comprising all the independent Directors of the Company (which as at the date of this Prospectus will be all the Directors of the Company other than Paul Pindar and Richard Pindar), will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and also the terms of the Investment Management Agreement. The Management Engagement Committee shall also monitor and review the performance of the Company's other service providers and the terms of their engagement. Simon Downing will act as chairperson of the Management Engagement Committee.

Matters reserved for the Board

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy and, unless required to be performed by the Investment Manager as a matter of law, certain matters have been reserved for consideration by the Board, including (but not limited to):

- approving the Company's long term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategy objectives and budgets ensuring that any necessary corrective action is taken;
- the appointment, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;
- approving any interim dividends, any recommendation to Shareholders in respect of final dividends and the Company's dividend policy;
- the review of the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest.

Corporate Governance

The Listing Rules, with which the Company voluntarily complies as set out at page 26, require that the Company must "comply or explain" against the UK Corporate Governance Code (the "**Governance Code**"). In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Company does not fully comply with the Governance Code at the date of this Prospectus, primarily because none of its Shares have historically been admitted to trading on a regulated market for listed securities and it is not currently required to comply with the Governance Code. However, the Directors recognise the value of the Governance Code and have taken appropriate measures to ensure that from Admission the Company will comply, so far as the Board considers appropriate given the Company's size and nature of business, with the Governance Code. The areas of non-compliance by the Company with the Governance Code will be as follows.

The Governance Code includes provisions relating to: engagement with workforce (provisions 5 and 6); the roles of chief executive and chair (provision 9); the role of senior independent director (provision 12); the responsibilities of and the relationship between non-executive and executive directors (provisions 13 and 14); other directorships (provision 15); composition, succession and evaluation of the board (provisions 17 and 19 to 23); the independence and constitution of the audit committee (provision 24); and the establishment of a remuneration committee (provisions 32 to 41). The Board considers that these provisions are not relevant to the Company given its size and the nature of its business, being an externally managed investment company, and the Company will not therefore comply with them. It is noted, in particular, that the Company has

established an Audit Committee comprising the Board as a whole (irrespective of the independence or otherwise of the Directors), which the Company considers appropriate given the size and nature of its business.

Directors' share dealings

The Directors have adopted a share dealing code that is compliant with the UK Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and PDMRs.

Administrator

EPE Administration Limited has been appointed as Administrator to the Company pursuant to the Administration Services Agreement (further details of which are set out in paragraph 9 of Part VI of this Prospectus).

The Administrator will be responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company and the Ordinary Shares.

With effect from Admission, the Administrator's fees and expenses in respect of the services it performs for the Company will be paid by the Investment Manager.

Registrar

Link Market Services Limited has been appointed as the Company's Registrar from Admission pursuant to the Registrar Agreement (further details of which are set out in paragraph 9 of Part VI of this Prospectus).

Depository

Indos Financial Limited (LEI: 213800BJO13VT25C5333) has been appointed as the Company's Depository pursuant to the Depository Agreement (further details of which are set out in paragraph 9 of Part VI of this Prospectus). The Depository monitors the Company's cash flows on a daily basis and verifies the Company's ownership of other assets. Where required in connection with UK AIFMD the Depository (and/or any sub-custodian appointed by the Depository) shall hold Company assets. As at the date of this Prospectus, no assets are held by the Depository (or sub-custodian) with all assets being held directly by the Company. The Depository is authorised and regulated by the FCA.

The Depository of the Company was incorporated as a private limited company under the laws of England and Wales on 16 October 2012 with registered number 08255973 and registered address 54 Fenchurch Street, London, England, EC3M 3JY.

The Depository's website is www.indosgroup.com. The information on the Depository's website does not form part of this Prospectus.

Broker

N+1 Singer has been appointed as corporate broker to the Company from the date of Admission.

Auditor

Mazars LLP provides audit services to the Company. The Company's audited accounts for the 16 months ended 31 December 2018 were audited by KPMG LLP but all audited accounts published since have been audited by Mazars LLP. Both Mazars LLP and KPMG LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. KPMG LLP has its registered office at 15 Canada Square, London, E14 5GL.

Fees and expenses

The total costs and expenses payable by the Company in connection with the Admission are estimated to amount to approximately £700,000. The costs and expenses of the Admission will be paid on or around Admission and will include, without limitation, listing and admission fees; printing, advertising and distribution costs; legal fees, and any other applicable expenses. All such expenses will be immediately written off.

Ongoing expenses

Investment Manager's fees

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a Management Fee equal to one quarter of 0.9 per cent of the adjusted audited Net Asset Value calculated and

paid quarterly in advance based on the adjusted unaudited Net Asset Value at the end of the immediately preceding calendar quarter, together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

Other fees and expenses

The Company will also incur further on-going annual fees and expenses, which will include the following:

- **Registrar**
The Registrar will be entitled to an annual registration fee from the Company based on activity, subject to an annual minimum charge of £2,500 excluding VAT. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.
- **Depository**
The Depository will be entitled to an annual fee from the Company calculated by reference to the services performed in respect of its custody services. Such annual fee shall be at least £25,000 per annum following the Company's first financial year. The Depository will, in addition, be entitled to recover reasonable third party expenses and disbursements.
- **Broker**
N+1 Singer has been appointed as corporate broker to the Company. Under the terms of the Broker Agreement, N+1 Singer is entitled to a fee of £50,000 per annum (exclusive of VAT). The fee is to increase by £1,000 per year.
- **Receiving Agent**
Under the terms of the Receiving Agent Services Agreement, the Receiving Agent is entitled to a fee at an hourly rate (subject to a minimum fee) plus certain other fees. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.
- **Directors**
The Directors will be remunerated for their services at a fee of £24,000 each per annum (save for Paul Pindar and Richard Pindar who will not be remunerated for their services as Directors). Further information in relation to the remuneration of the Directors is set out in Part III of this Prospectus.
- **Other operational expenses**
All other ongoing operational expenses (excluding fees and expenses paid to service providers as detailed above of the Company will be borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy (including any fees or commissions payable to intermediaries in respect of the sourcing of investments to the extent that the Investment Manager is unable to source such investments directly and any fees or commissions payable to any due diligence agents or other specialists engaged by the Investment Manager in connection with the implementation of the investment policy); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual listing fees. All out of pocket expenses that are reasonably and properly incurred, of the Investment Manager, the Administrator, the Depository, the Receiving Agent and the Registrar and the Directors relating to the Company will be borne by the Company. No fees or expenses, including those listed above, will be borne by Investors.

The Directors estimate that the operating expenses in the 12 months from the date of Admission will be approximately £340,000 (excluding the Management Fee payable to the Investment Manager). This is an estimate only.

Part IV: The Investment Manager, Process and Strategy

The Investment Manager

Literacy Capital Asset Management LLP serves as the investment manager of the Company and is registered as English limited liability partnership. The Investment Manager was established in England and Wales on 15 January 2019, with registration number OC425626 and with its registered address at Third Floor, Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR. The Investment Manager's LEI is: 984500E475CE47OALD53. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager's website is www.literacycapital.com. The information on the Investment Manager's website does not form part of this Prospectus.

Biographies of the key personnel of the Investment Manager involved in the provision of services to the Company are as follows:

Paul Pindar, Chairman

Formerly 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. A founder investor and non-executive Chairman of Purplebricks, the UK's largest online estate agency. Within three years, the business started trading, expanded internationally and completed an IPO on AIM. Chairman of four other VC and PE-backed businesses in the past five years.

Richard Pindar, Chief Executive Officer

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 mid-market private equity firm, and started his career in Transaction Services and M&A Corporate Finance at KPMG.

Miral Patel, Investment Director

Miral is ACA qualified with the ICAEW and spent six years at KPMG (across two spells) in M&A Corporate Finance advising clients in the mid-market on buy and sell-side transactions. She has also worked in the M&A Execution team within Investment Banking at HSBC on larger public and private deals.

Jesse Portner, Investment Manager

Jesse is ACA qualified with the ICAEW and spent three years in Transaction Services at KPMG, providing financial due diligence on private equity transactions, followed by six months on secondment to the Managing Partner's Office. He previously worked in a Business Development role at LaundryRepublic, a start-up based in London.

Olly Cox, Associate

Olly has a background in corporate finance at Numis Securities, spending six years providing M&A, fundraising and corporate broking advice to a broad range of clients in both the public and private markets. He started his career as a Business Development Analyst at TotallyMoney, a private equity owned Fintech business.

Tom Vernon, Head of Finance

Tom is ACCA qualified and spent over six years with Octopus Investments and Octopus Healthcare, working for different funds investing across a range of asset classes. He started his career at Sainsbury's Supermarket in the Finance Operations team.

Investment Process

Investment Characteristics

The Investment Manager will look to identify compelling opportunities for investment 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 £1 million to £5 million of EBITDA.

The Investment Manager is sector agnostic in its approach and will consider minority and majority investments, including management buy-outs and buy-ins. The Investment Manager has a preference for companies that are looking for a responsible shareholder to nurture their business and employees, generate healthy margins and convert a high proportion of profits into cash. Where appropriate, the Investment Manager will use modest amounts of senior leverage (1x to 1.5x EBITDA on average).

Typically, the Investment Manager deals with family-owned and founder-led businesses which have not previously had external shareholders and whose vendors have often not previously sold a business. The Investment Manager avoids large sale processes or auctions and looks to align itself with founders and/or management teams with whom it shares a long-term vision in respect of businesses which it believes it can help preserve and add value. In this vein, the Investment Manager seeks to maintain 'benches' which enable it to fill gaps or supplement existing teams to add further experience and skills to portfolio companies. To date, the Investment Manager has added more than 30 executives to boards of portfolio companies.

Sourcing

The Investment Manager has reviewed more than 1,100 investment opportunities since September 2017 and sources such opportunities through its extensive network of lawyers, accountants, corporate finance advisers, business owners, former colleagues, Company shareholders and portfolio company contacts.

Due Diligence

Detailed heads of terms are agreed before a period of exclusivity (typically 6 to 8 weeks), where external accounting and legal firms conduct financial and legal due diligence. The Investment Manager conducts an analysis of each investment which usually entails the production of multi-year financial forecasts to assess the likely trajectory of sales, profits and cash flows. Where appropriate, the Investment Manager will engage third party advisers to assist with further due diligence, for example, in respect of relevant financial, legal and regulatory considerations.

The form sale and purchase and investment agreement typically entered into by the Company provides a significant level of protection and a high level of control and visibility over the portfolio company's performance.

All offers, investments and divestments awaiting completion must be approved unanimously by the Investment Manager's Investment Committee (which consists of Paul Pindar, Richard Pindar, Miral Patel and Jesse Portner). In order to be approved, an investment has to meet the Investment Manager's pricing and forecast return requirements and do so without excess leverage.

The Investment Committee formally meets at least once per month but, in practice, the members speak significantly more regularly depending on opportunities in the pipeline.

The typical timeframe from initial engagement to investment is around 6 to 8 weeks.

Conflicts of Interest

The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest.

The Investment Manager has a conflicts of interest policy and supporting control framework which identifies the details of conflicts or potential conflicts of interest and the controls in place to avoid or manage such conflicts or potential conflicts. If circumstances arise such that the Investment Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the Investment Manager must act to ensure that appropriate action is taken to enhance the controls in place to manage any such conflicts.

The conflicts of interest policy is reviewed by senior management of the Investment Manager at least once a year or whenever there are material changes in the business services to be offered by the Investment Manager.

No preference will be given to any of the Investment Manager's clients from time to time or any one client over another in respect of unquoted equity and equity-related investments or listed equity and equity-related investments. As at the date of this Prospectus, the Company is the Investment Manager's only client.

The Investment Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have similar investment objectives and policies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more of such clients of the Investment Manager or such other funds. The Investment Manager's officers and employees may also be involved in other financial, investment or professional activities which may give rise to actual and potential conflicts of interest with the Company. Specifically, Paul Pindar is invested (directly or indirectly, other than via his interest in the Company) in Antler Homes and Rosemary Water Limited ("**No 1 Botanicals**") and Richard Pindar is invested (directly or indirectly, other than via his interest in the Company) in

Hometree Marketplace Limited ("**Hometree**") and No 1 Botanicals, which are portfolio companies of the Company. Such circumstances may give rise to potential or actual conflicts of interest.

Additionally, it should be noted that: (i) Richard Pindar who serves as Chief Executive Officer of the Manager and is a director of the Company, is the son of Paul Pindar, who serves as the Chairman of both the Manager and the Company; and (ii) Sharon Pindar, who is Chair of the Board of Trustees of Bookmark Reading, a charity which (as disclosed at page 33 above) has in the past received and is in future expected to receive charitable donations from the Company in accordance with its investment objectives, is the wife of Paul Pindar. Such family relationships may give rise to potential or actual conflicts of interest.

A conflict of interest may also arise under the Investment Management Agreement, pursuant to which the Investment Manager is required to calculate the Net Asset Value of the Company (as described in more detail in Part IV of this Prospectus), since the Investment Manager's fee is calculated based by reference to the Company's Net Asset Value. Having regard to the Investment Manager's obligations under the Investment Management Agreement, its obligations under the UK AIFMD and otherwise to act in the best interests of the Company, the Investment Manager has sought to mitigate this conflict of interest by ensuring that the valuation process is functionally independent from the Investment Manager's portfolio management and remuneration policy. The Investment Manager has also implemented measures to prevent undue influence upon the employees responsible for the valuation function.

NAV Publication and Calculation

In accordance with Article 19 of the UK AIFM Regulations, the Investment Manager has implemented a policy which ensures that the NAV calculation (as described in Part II of this Prospectus) is functionally independent from the Investment Manager's portfolio management and remuneration policy.

Part V: Taxation

Introduction

The following statements are based upon current UK tax law and current published practice of HMRC as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect and do not take account of any future changes in law or HMRC practice. The statements are intended only as a general guide and are not intended to be comprehensive. The statements may not apply to certain Shareholders, such as traders, brokers, banks, tax exempt organisations, dealers in securities, insurance companies, persons connected with the Company, trustees, pension schemes, collective investment schemes, Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment or Shareholders who have acquired their Ordinary Shares other than for bona fide commercial purposes, who may be subject to special rules. They apply only to Shareholders resident and, in the case of individuals, domiciled for UK tax purposes in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares and any dividends paid in respect of them. Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident and domiciled individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers.

There may be other tax consequences of an investment in the Company and all prospective investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Ordinary Shares.

The Company

At the time of publication of this Prospectus, the Company is not approved as an investment trust for the purposes of section 1158 of the CTA 2010, as amended. However, with effect from the 1 January 2022, it is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions in section 1158 of the CTA 2010 and the Investment Trust Regulations for it to be approved by HMRC as an investment trust. Neither the Investment Manager nor the Directors can guarantee the date on which such approval will be sought (if at all) or that any approval will be granted or maintained.

In respect of each accounting period for which the Company is not approved by HMRC as an investment trust:

- The Company will in principle be liable for UK corporation tax (currently at 19 per cent, but the UK Government announced its intention at Budget 2021 to increase the main rate of corporation tax to 25 per cent from financial year commencing 1 April 2023) on its chargeable gains. However, where the Company satisfies the requirements of the UK's participation exemption (known as the "substantial shareholding exemption"), any gains realised on the disposal of shares (or an interest in shares) in a trading company, or the holding company of a trading group or trading sub group, should be exempt from UK corporation tax.
- In principle the Company will be liable to UK corporation tax on any dividend income it receives. However, there are exemptions from this charge which are expected to be applicable in respect of many of the dividends the Company might receive.
- The Company will be liable to UK corporation tax on its other income in the normal way.

In respect of each accounting period for which the Company is approved by HMRC as an investment trust:

- The Company will be exempt from UK corporation tax on its chargeable gains.
- In principle, the Company will be liable to UK corporation tax on any dividend income it receives. However, as noted above, there are exemptions from this charge which are expected to be applicable in respect of many of the dividends the Company will receive.

- The Company will (subject to what follows) be liable to UK corporation tax on its income in the normal way.
- A company that is an investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period (referred to here as the “streaming regime”). Pursuant to the streaming regime the Company may, if it so chooses, designate as an “interest distribution” all or part of any amount it distributes to Shareholders as dividends, to the extent that it has “qualifying interest income” for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

To the extent that the Company receives income from, or realises amounts on the disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, to the extent not relievably under a double tax treaty, as a credit against UK corporation tax up to certain limits and subject to certain conditions.

The Shareholders

Taxation of chargeable gains

Individual Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal of Ordinary Shares. The gains will be taxable at the capital gains tax rate applicable to the individual. For an individual who is subject to income tax at a rate or rates not exceeding the basic rate, the applicable capital gains tax rate is currently 10% provided the relevant gain does not exceed the unused part of the individual shareholder's basic rate income tax band. Where an individual is subject to income tax at a rate above the basic rate, or to the extent that the individual is chargeable to capital gains tax for the tax year on an amount that exceeds the unused part of their basic rate income tax band, the applicable capital gains tax rate is currently 20%. Gains may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions (the annual exemption from capital gains tax for UK resident individuals is £12,300 for 2021/22).

Shareholders within the charge to corporation tax are taxed on the chargeable gains made. Shareholders within the charge to corporation tax do not qualify for the annual exemption.

Subject to the paragraph below (dealing with temporary non-residents) Shareholders who are not resident in the UK for UK tax purposes will generally not be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) a permanent establishment, and the Ordinary Shares disposed of are used, held or acquired for the purposes of that branch, agency or permanent establishment, or used for the purposes of the trade, profession or vocation.

A Shareholder who is an individual, who has ceased to have sole UK residence for tax purposes in the UK for a period of five years or less and who disposes of Ordinary Shares during that period may be liable to UK taxation on capital gains (subject to the relevant conditions being met and any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

Taxation of dividends – individuals

No tax is deducted from any dividends (including “interest distributions”) paid by the Company to Shareholders who are individuals.

(a) Dividends which are not designated as “interest distributions”

For individual Shareholders resident in the UK, the first £2,000 of dividend income received in each tax year is charged to income tax at the special dividend nil rate of 0 per cent (the “dividend allowance”).

Where an individual's dividend income from all sources exceeds the annual dividend allowance, the excess will be liable to income tax at the dividend tax rates. These rates are 7.5 per cent for basic rate taxpayers, 32.5 per cent for higher rate taxpayers and 38.1 per cent for additional rate taxpayers. Dividends received within a Shareholder's dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

(b) "Interest distributions"

This section (b) is only applicable in respect of accounting periods for which the Company is approved by HMRC as an investment trust.

Should the Directors elect to apply the streaming regime to any dividends paid by the Company, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Depending on whether the Shareholder is a basic, higher or additional rate taxpayer, such a Shareholder would be subject to UK income tax at the current rates of 20 per cent, 40 per cent or 45 per cent respectively.

For Shareholders who are basic rate taxpayers, the first £1,000 of savings income (which includes interest distributions from the Company) received in each tax year is charged at the special savings rate of 0 per cent (instead of the normal basic rate) and for shareholders who are higher rate taxpayers, the first £500 of savings income received in each tax year is charged at the special savings rate of 0 per cent. Shareholders who are additional rate taxpayers are not eligible for any of their savings income received in the tax year to be charged at the special savings rate of 0 per cent.

Taxation of dividends – companies

No tax will be deducted from any dividends (including those designated as "interest distributions") paid by the Company to Shareholders who are companies.

(a) Dividends which are not designated as "interest distributions"

UK resident Shareholders within the charge to corporation tax will be subject to UK corporation tax on receipt of dividends, unless such dividends can be treated as an exempt distribution. This is dependent upon the satisfaction of certain conditions set out in Part 9A of the Corporation Tax Act 2009. There is no guarantee that such conditions will be satisfied and it will be necessary for Shareholders to consider their application in respect of every dividend received.

(b) "Interest distributions"

This section (b) is only applicable in respect of accounting periods for which the Company is approved by HMRC as an investment trust.

If the Directors were to elect for the streaming regime to apply, and UK resident corporate Shareholders were to receive dividends designated by the Company as interest distributions, such UK resident corporate shareholders would be subject to corporation tax on any such amounts received.

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Stamp duty and stamp duty reserve tax

Transfers on sale of Ordinary Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent of the amount or value of the consideration given for the transfer (subject to the market value rule outlined below), rounded up to the nearest £5. The purchaser normally pays the stamp duty. However, where the consideration for the transfer is £1,000 or less (and the instrument of transfer is certified that the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000) no stamp duty will be payable.

An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent of the amount or value of the consideration payable for the transfer (subject to the market value rule outlined below). If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the consideration payable (subject to the market value rule outlined below). Such SDRT will generally be collected through the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers and dealers may not be liable to stamp duty or SDRT.

A market value rule applies where listed securities (which would include the Ordinary Shares) are transferred to a company or a company's nominee (whether or not for consideration), and the person transferring the securities is connected with the company (or, is a nominee of a person connected to the company). In these circumstances, the transfer will be chargeable to stamp duty and/or SDRT (as applicable) based on the higher of the amount or value of the consideration (if any) for the transfer or the market value of the securities.

FATCA and other tax information reporting regimes

The UK is party to a number of international agreements with other jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These agreements include, but are not limited to: an intergovernmental agreement between the UK and the US in relation to FATCA and the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development. In order to enable the Company to comply with its obligations in relation to such agreements and arrangements or where the Company believes that it is in the interests of the Company, Shareholders may be required to provide certain personal information about themselves (and persons connected or associated with them), and such information may be reported to HMRC. HMRC may pass this information on to tax authorities in other jurisdictions.

Part VI: Additional Information

1. The Company

- (a) The Company was incorporated and registered in England and Wales on 22 September 2017 with registered number 10976145 as a public company limited by shares with the name Literacy Capital plc. The Company has been granted a certificate under section 761 of the Companies Act entitling it to commence business and exercise its borrowing powers. The Company's Legal Entity Identifier (LEI) is 2549006P3DFN5HLFGR54. The Company is not authorised or regulated as a collective investment scheme by the FCA. The principal legislation under which the Company operates and under which the Ordinary Shares have been issued is the Companies Act. The Company operates in accordance with its Existing Articles and from Admission will operate in accordance with the New Articles as summarised in paragraph 3 of this Part VI. The Company does not have any subsidiaries.
- (b) The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- (c) The registered office of the Company is at 3rd Floor, Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR and the telephone number of the Company is 020 3960 0280.
- (d) The registrars of the Company from Admission are Link Market Services Limited. They will be responsible for maintaining the register of members of the Company.

2. Share and loan capital of the Company

- (a) On 22 September 2017, being the date of the Company's incorporation, the Company's issued share capital comprised 50,000 ordinary shares with a nominal value of £1.00 each. On 18 January 2018, the 50,000 ordinary shares in issue immediately prior to such time having a nominal value of £1.00 were subdivided into 50,000,000 Ordinary Shares having a nominal value of £0.001, 49,950,000 Ordinary Shares were subsequently redesignated as Deferred Shares and 28,984,000 new Ordinary Shares were issued. On 12 February 2018, 5,500,000 new Ordinary Shares were issued. On 20 February 2018, 3,970,000 new Ordinary Shares were issued. On 8 May 2018, 15,496,000 new Ordinary Shares and 250,000 new A Growth Shares were issued. On 21 September 2018, 5,250,000 new A Growth Shares were issued. On 15 October 2018, 375,000 new A Growth Shares were issued. On 25 February 2019, 125,000 new A Growth Shares were issued.

- (b) Set out below is the issued share capital of the Company as at the date of this Prospectus:

	Nominal value (£)	Number
Ordinary Shares	0.001	54,000,000
A Growth Shares	0.001	6,000,000
Deferred Shares	0.001	49,950,000

The issued Ordinary Shares are fully paid.

- (c) Set out below is the issued share capital of the Company as it will be following Admission, noting that the 6,000,000 A Growth Shares in issue as at the date of this Prospectus will convert into 6,000,000 Ordinary Shares immediately prior to Admission by operation of the Existing Articles:

	Nominal value (£)	Number
Ordinary Shares	0.001	60,000,000
Deferred Shares	0.001	49,950,000

All Ordinary Shares will be fully paid.

- (d) Other than the 6,000,000 A Growth Shares, which will convert into 6,000,000 Ordinary Shares immediately prior to Admission, the Company has no convertible securities, exchangeable securities or securities with warrants in issue as at the date of this Prospectus. The Company is permitted to issue up to 3 million Warrants in aggregate pursuant to the Warrant Instrument.
- (e) By ordinary and special resolutions passed at the general meeting of the Company on 15 June 2022 it was resolved:

- (i) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot or to grant rights to subscribe for or to convert any securities into Ordinary Shares and C Shares, in any combination, up to an aggregate nominal amount of £12,000 or, if less, 20 per cent of the aggregate nominal value of the issued share capital of the Company immediately following Admission, without regard to the pre-emption rights contained the Articles, section 561(1) of the Companies Act or otherwise, such authority to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (ii) that, in connection with the allotment and issue of the Warrants, the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot or to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £3,000 or, if less, 5 per cent of the aggregate nominal value of the issued share capital of the Company immediately following Admission, without regard to the pre-emption rights contained the Articles, section 561(1) of the Companies Act or otherwise, such authority to expire on the fifth anniversary of the resolution being approved, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (iii) that the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and C Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2(e)(i) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired. Notwithstanding this authority, no Ordinary Shares will be issued under this authority (whether on a pre-emptive basis to existing Shareholders or otherwise) at a gross price which is less than the Net Asset Value per Ordinary Share at the time of their issue;
- (iv) that the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and C Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2(e)(ii) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire on the fifth anniversary of the resolution being approved, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
- (v) to authorise the Company generally and unconditionally for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:
 - (aa) the maximum number of Ordinary Shares authorised to be purchased under the authority is 8,994,000 Ordinary Shares (or such lesser amount, if applicable, as is equal to 14.99 per cent of the allotted and fully paid up share capital of the Company immediately following Admission);
 - (bb) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is £0.001 per share, being the nominal amount thereof;

- (cc) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to the higher of (i) five per cent above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the price stipulated by Article 3(2) of the UK version of the regulatory technical standards for the conditions applicable to buyback programmes and stabilisation measures (Commission Delegated Regulation (EU) 2016/1052) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended;
 - (dd) the authority will (unless previously renewed or revoked) expire on the earlier of the end of the next annual general meeting of the Company and the date which is 18 months after the date on which the resolution was passed;
 - (ee) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by the resolution prior to the expiry of the authority, and such contract will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
 - (ff) Ordinary Shares purchased pursuant to the authority conferred by this resolution shall be either: (i) cancelled immediately upon completion of the purchase; or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act; and
- (v) that the capital of the Company be reduced by the cancellation of its share premium account in order to create distributable reserves.
- (e) Subject to applicable Shareholder approvals being obtained, the Directors have absolute authority to allot the Ordinary Shares and any C Shares under the Articles.
- (f) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and, upon Admission, will apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolutions referred to in paragraph 2 above.
- (g) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (h) The entire class of Ordinary Shares will be traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange. An application is also being made for the Ordinary Shares to be admitted to listing on the Cayman Islands Stock Exchange on the date of Admission. The Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
- (i) The Ordinary Shares are in registered form and, from Admission will be capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 28 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.
- (j) The Companies Act allows for disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As set out in 2(d)(ii) above, the Company has disapplied these pre-emption rights in respect of a defined number of Ordinary Shares and/or C Shares until the next annual general meeting of the Company.

- (k) Each new Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Share of the same class and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Share of the same class, as set out in the Articles. The Shares will be denominated in Sterling.

3. Articles of Association

Subject to and conditional upon Admission, the Company shall adopt the New Articles in substitution for, and to the exclusion of, the Existing Articles. The Articles do not provide for any objects or purposes of the Company and accordingly the Company's objects and purposes are unrestricted. The New Articles contain provisions, inter alia, as set out in this paragraph 3:

(a) Ordinary Share rights

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

Dividends

Ordinary Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve in accordance with the New Articles to pay out of assets attributable to the Ordinary Shares and profits available for distribution which are attributable to the Ordinary Shares.

The Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date.

Returns of capital

Ordinary Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The Ordinary Shares are not redeemable.

Additional class rights

Without prejudice to the generality of the New Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares (as defined in paragraph 3(h) below), as a class that without the sanction or consent of such holders given in accordance with the New Articles:

- (i) no alteration shall be made to the New Articles;
- (ii) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
- (iii) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of Shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
- (ii) the sale of any Shares held as treasury Shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any Shares by the Company (whether or not such Shares are to be held in treasury).

(b) C Share rights

Voting

The C shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the New Articles as if the C Shares and Existing Ordinary Shares were a single class.

Dividends

C Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

Returns of capital

C Shareholders shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up as the Directors may resolve in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The C Shares are not redeemable.

Additional class rights

Without prejudice to the generality of the New Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the New Articles:

- (i) no alteration shall be made to the New Articles;
- (ii) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
- (iii) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of Shares, the previous sanction of a special resolution of the holders of C Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
- (ii) the sale of any Shares held as treasury Shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such Shares are to be held in treasury).

(c) C Deferred Share Rights

Voting

The C Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

Dividends

The C Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative dividend at a fixed rate of one per cent, of the nominal amount thereof (the "**C Deferred Dividend**") on the date six months after the Conversion Date on which such C Deferred Shares were created in accordance with paragraph 3(h) below (the "**Relevant Conversion Date**") and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of C Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The C Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of C Deferred Shares registered in the register of members of the Company as holders of C Deferred Shares on that date. It should be noted that given the proposed repurchase of the C Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such Shares.

Returns of capital

Holders of C Deferred Shares shall be entitled to receive in that capacity such returns of capital on a distribution or winding-up in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The C Deferred Shares are not redeemable.

(d) Deferred Share Rights

Voting

The Deferred Shares shall not carry any rights to received notice of nor to attend or vote at any general meeting of the Company.

Dividends

The Deferred Shares shall entitle holders thereof to a fixed annual dividend equal to 0.01 per cent of the nominal amount thereof payable on demand. Such dividend will be payable in priority to the payment of a dividend to the holders of any other class of share of the Company but the Deferred Shares shall confer no other right on the holders thereof to share in the profits of the Company.

Returns of Capital

Holders of Deferred Shares shall be entitled to received in that capacity such returns of capital on a distributions or winding up in accordance with the provisions set out in paragraph 3(g) below.

Redemption

The Deferred Shares are not redeemable.

(e) General meetings

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given or by not less than such minimum period as is permitted by the Companies Act. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting: (ii) the date, time and place of the meeting: (iii) whether the meeting is a physical meeting or a hybrid meeting: (iv) where the meeting is a hybrid meeting, details of the facilities for attendance and participation by electronic means: (v) the general nature of the business of the meeting: (vi) any intention to propose a resolution as a special resolution: and (vi) that a member entitled to attend and vote is entitled to appoint one or more proxies. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy, unless, at the time of the meeting there is only one member of the Company, in which case the quorum will be one member present in person or by proxy.

Each Director can attend and speak at any general meeting.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from such shareholder have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any Shares held by such Shareholder in relation to which he or any other person appearing to be interested in such Shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such noticed is served with a disenfranchisement notice. Such disenfranchisement will apply: (i) until the expiry of seven days (or such shorter period as the Board may determine) following receipt by the Company of the information required by the disenfranchisement notice: or (ii) until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

(f) Dividends

Subject to the Companies Act and the payment of interim dividends described below, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any Share otherwise provide (no such Shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the Shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on Shares representing not less than 0.25 per cent, by nominal value of the issued Shares of such class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the Shares concerned as referred to in paragraph 3(a) above.

No dividend or other distribution shall be made or paid by the Company on any of its Shares (other than any C Deferred Shares for the time being in issue) between any Calculation Date and the associated Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the associated Conversion Date (both dates inclusive).

(g) Returns of capital

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended) or the rights of any other class of Shares, divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

If any tranche of C Shares are in issue at the time of a proposed winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its Shares), the capital or assets to be distributed will be applied as follows:

- (i) firstly, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the holders of C Shares of the relevant tranche pro rata according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;
- (ii) secondly, if there are any C Deferred Shares in issue, in paying to the holders of the C Deferred Shares £0.01 in aggregate in respect of every one million C Deferred Shares (or part thereof) of which they are respectively the holders; and
- (iii) thirdly, amongst the holders of the Existing Ordinary Shares pro rata according to the nominal capital paid up on their holdings of Existing Ordinary Shares.

The Calculation Date shall be such date as the liquidator may determine.

If no tranche of C Shares is in issue at the time of a proposed winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its Shares), the capital or assets to be distributed will be applied as follows:

- (i) firstly, if there are C Deferred Shares in issue, in paying to the holders of the C Deferred Shares one £0.01 in aggregate in respect of every one million C Deferred Shares (or part thereof) of which they are respectively the holders; and

- (ii) thirdly, the surplus shall be divided amongst the holders of the Ordinary Shares pro rata according to the nominal capital paid up on their holdings of Ordinary Shares.

Deferred Shares shall not under any circumstances be entitled to participate in a return of surplus capital and assets.

(h) C Shares and the Conversion process

The C Shares shall be issued on such terms that: (a) the C Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein; (b) immediately upon Conversion, the Company shall repurchase all of the C Deferred Shares which arise as a result of Conversion for an aggregate consideration of £0.01 for every 1,000,000 C Deferred Shares and the notice referred to in paragraph (h)(ii) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the C Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of £0.01 for each holding of 1,000,000 C Deferred Shares. On repurchase, each C Deferred Share shall be treated as cancelled in accordance with section 706 of the Companies Act without further resolution or consent; and (c) the Company shall not be obliged to: (i) issue share certificates to the holders of C Deferred Shares in respect of the Deferred Shares; or (ii) account to any holder of C Deferred Shares for the repurchase moneys in respect of such Deferred Shares.

For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall: (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares (provided that the Company shall be permitted (but shall not be required) to divide all of its Investments (other than cash or cash equivalent investments) pro rata between the existing Ordinary Shares and the C Shares based on the percentage of invested cash attributable to each class should it choose to do so); (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Issue Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors fairly consider to be attributable to such C Shares; and (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and C Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (h):

- (i) the Directors shall procure that within 10 Business Days of the Calculation Date: (1) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and C Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and (2) the auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the New Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's Shares and any other securities issued by the Company which are convertible into the Company's Shares, subject to the proviso immediately after the definition of H below;
- (ii) the Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and C Deferred Shares to which such C Shareholder will be entitled on Conversion;
- (iii) on conversion each C Shares shall automatically subdivide into 10 conversion shares of £0.001 each and such conversion shares of £0.001 each shall automatically convert into such number of Ordinary Shares and C Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
 - (A) the aggregate number of Ordinary Shares into which the same number of conversion shares of £0.001 each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share);

- (B) each conversion share of £0.001 which does not so convert into an Ordinary Share shall convert into one C Deferred Share;
- (iv) Ordinary Shares and C Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders pro rata according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and C Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);
- (v) forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which such C shareholder is entitled. Share certificates in respect of the C Deferred Shares will not be issued; and
- (vi) the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

The following definitions are only relevant for the purpose of the foregoing:

"Calculation Date" means the earliest of the:

- (i) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent, of the Net Issue Proceeds (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or
- (ii) close of business on the date falling nine calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

"Conversion" means conversion of the C Shares into Ordinary Shares and C Deferred Shares in accordance with paragraph (h) above;

"Conversion Date" means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

"Conversion Ratio" means the ratio of the Net Asset Value per C Share to the Net Asset Value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C-D}{E}$$

$$B = \frac{F-C-G+D}{H}$$

and where:

C is the aggregate value of: (a) the value of the investments of the Company attributable to the C Shares; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) above but

including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

D is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares on the Calculation Date;

E is the number of the C Shares in issue on the Calculation Date;

F is the aggregate value of: (a) value of all the investments of the Company; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date; and

H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury),

provided always that the Directors shall make such adjustments to the value or amount of A and B as the Directors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Issue Proceeds relating to the C Shares and/or to the reasons for the issue of the C Shares.

"C Deferred Shares" means deferred shares of £0.001 each in the capital of the Company arising on Conversion;

"Existing Ordinary Shares" means the Ordinary Shares in issue immediately prior to Conversion;

"Force Majeure Circumstances" means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

"Net Issue Proceeds" means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company);

References to ordinary shareholders, C shareholders, C deferred shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares, C Deferred Shares and Deferred Shares respectively.

References to the auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

(i) Transfer of Shares

The Ordinary Shares are in registered form and, subject to the restrictions summarised below, are freely transferable.

The New Articles provide for Shares to be held in CREST accounts, or through another system for holding Shares in uncertificated form, such Shares being referred to as "Participating Securities". Subject to such of the restrictions in the New Articles as shall be applicable, any member may transfer all or any of his Shares. In the case of Shares represented by a certificate (**"Certificated Shares"**) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such Shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid Share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the Share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of Shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer of Certificated Shares, unless:

- (A) the duly stamped instrument of transfer (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (B) the instrument of transfer is in respect of only one class of share; and
- (C) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of Shares if they represent not less than 0.25 per cent, in nominal value of their class and there has been a failure to comply with a notice requiring disclosure of interests in the Shares (as referred to in paragraph (I) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

- (A) a transfer in connection with a bona fide sale of the beneficial interest in any Shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (B) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the Shares or the Shares of a particular class; or
- (C) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's Shares are normally traded.

If at any time the holding or beneficial ownership of any Shares in the Company by any person (whether on its own or taken with other Shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Code; (ii) would or might result in the Company and/or its Shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the Securities Act and/or the Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "**Foreign Private Issuer**" under the Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Board may declare the Shareholder in question a "**Non-Qualified Holder**" and the Board may require that any Shares held by such Shareholder ("**Prohibited Shares**") shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net issue proceeds to the former holder.

(j) Variation of rights

Subject to the Companies Act, all or any of the rights attached to any class of Share may (unless otherwise provided by the terms of issue of Shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued Shares of that class (excluding any Shares of that class held in treasury) or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is

two persons holding or representing by proxy at least one-third in nominal value of the issued Shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of Shares of the class in question present in person or by proxy may demand a poll. Every holder of Shares of the class shall be entitled, on a poll, to one vote for every share of the class held by such holder. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the New Articles or the conditions of issue of such Shares, be deemed to be varied by the creation or issue of new Shares ranking *pari passu* therewith or subsequent thereto.

(k) Share capital and changes in capital

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable Shares. Without prejudice to any special rights previously conferred on the holders of any existing Shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the Shares are allotted).

Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue any new Shares in the Company and any Shares lawfully held by the Company or on its behalf (such as Shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of Shares resulting from the sub-division, any of the Shares may have any preference or advantage or be subject to any restriction as compared with the others.

(l) Disclosure of interests in Shares

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, such shareholder has 28 days (or 14 days where the Shares represent at least 0.25 per cent, of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant Shares and send out a further notice to the holder (known as a "**Disenfranchisement Notice**"). The disenfranchisement notice will state that the identified Shares no longer give the shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings. The Company may at any time withdraw a disenfranchisement notice by serving on the Shareholder a notice in writing to that effect and a disenfranchisement notice shall be deemed to have been withdrawn at the end of the period of seven days (or such shorter period as the Board may determine).

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(m) Non-UK shareholders

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(n) Untraced shareholders

Subject to various notice requirements, the Company may sell any of a shareholder's Shares in the Company if, during a period of 12 years, at least three dividends on such Shares have become payable and no dividend has been claimed during that period in respect of such Shares and the Company has received no communication from such shareholder.

(o) Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

These borrowing powers may be varied by an alteration to the New Articles which would require a special resolution of the shareholders.

(p) *Directors*

Subject to the Companies Act, and provided he or she has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company, hold any office with the Company (except as auditor) in conjunction with his or her office as Director and be or become a director or other officer of, or be employed by any body corporate in which the Company is directly or indirectly interested and any company in which the Company does not have an interest.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such Directors voting (or would have been agreed to if the votes of such Directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he or she has, directly or indirectly, any material interest (otherwise than by virtue of his or her interests in Shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (i) the giving of any guarantee, security or indemnity to such Director or any other person in respect of money lent to, or an obligation incurred by such Director or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning his or her being a participant in the underwriting or sub-underwriting of an offer of Shares, debentures or other securities by the Company or any of its subsidiaries;
- (iv) the giving to the Director of an indemnity where all of the other Directors are also being offered indemnities on substantially the same terms;
- (v) the funding by the Company of such Director's expenditure on defending proceedings or the doing by the Company of anything to enable such Director to avoid incurring such expenditure where all other Directors are being offered substantially the same arrangements;
- (vi) any proposal concerning any other company in which he or she is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he or she is not the holder of or beneficially interested in 1 per cent, or more of any class of the equity share capital of such company (or of any corporate third party through which his or her interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (vii) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (viii) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by such Director in the execution of the duties of his or her office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £250,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his or her expenditure in defending any civil or criminal proceedings brought or threatened against such Director in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

Each Director shall be subject to annual re-election by the members of the Company. Subject to a limited right of extension if deemed appropriate by the Board, if the Chairperson has held office for nine years or more at the date of an annual general meeting, such Chairperson shall not be eligible for re-election.

Directors may be removed from office in certain circumstances, including by ordinary resolution of the Company or by written notice from all of the other Directors.

4. Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares

(a) Mandatory bid

As a UK company which has its shares admitted to trading on the Specialist Fund Market and listed on the official list of the Cayman Islands Stock Exchange, the Company is subject to the Takeover Code. Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he or she is already interested and shares in which persons acting in concert with him or her are interested, carry 30 per cent or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent of the voting rights of such a company, but does not hold shares carrying more than 50 per cent of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

Rule 37.1 of the Takeover Code further provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9.

An offer required under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The Concert Party

The Company has agreed with the Takeover Panel that, for the purposes of the Takeover Code, Paul Pindar, Richard Pindar, their family members, members of the Investment Manager and certain additional individuals, being Martin Bolland, Nicholas Robinson, Nicholas Discombe and Anthony Gutman, shall be treated as acting in concert with one another and are referred to in these paragraphs as the "Concert Party". As at the date of this Prospectus, the Concert Party holds 63.12% of the Company's issued share capital (excluding Deferred Shares in issue which carry no voting rights and are not convertible into a class of shares carrying voting rights). On the

date of Admission, following the trades described at paragraph 6(e) of Part VI of this Prospectus, the Concert Party will hold 63.39% of the Company's issued share capital (excluding Deferred Shares in issue which carry no voting rights and are not convertible into a class of shares carrying voting rights), and (as such figure is greater than 50%) any acquisitions of additional interests in shares by or on behalf of a member of the Concert Party would not trigger a mandatory offer under Rule 9 of the Takeover Code.

In the event that the Company repurchases the maximum number of shares permitted pursuant to the shareholder approval granted on 15 June 2021, being 14.99% of the Ordinary Shares in issue, the shareholding in which the Concert Party would be interested following such repurchase is 74.57% of the Ordinary Shares.

(b) Compulsory acquisition

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his or her shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his or her right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5. Information on the Directors

- (a) Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

Name	Current directorships/partnerships	Past directorships/partnerships
Paul Pindar	Eve Sleep plc Literacy Capital Asset Management LLP Purplebricks Group plc	Indigo Manco Limited Indigo Parent Limited International Travel Connections Limited ITC Travel Group Limited Superlarge Limited Turnstone Bidco 1 Limited Turnstone Equityco 1 Limited Turnstone Management Investments Limited Turnstone Midco 1 Limited Turnstone Midco 2 Limited Wessex Refreshments Ltd Western and Oriental Travel Limited Wifinity Limited Regent Holidays (UK) Limited
Richard Pindar	Granite Trustee 1 Limited Literacy Capital Asset Management LLP Optify Mediaforce Limited Wifinity Limited	Mandaco 814 Limited Rosemary Water Limited Wessex Refreshments Ltd

Simon Downing	Audiotonix Holdings Limited	Adviserplus Business Solutions Limited
	Amphora Topco Limited	Adviserplus Holdings Limited
	Camelia Investment 1 Limited	Alahar Limited
	Civica UK Limited	Amphora Acquisitions Limited
	Datum Topco Limited	Amphora Finco Limited
	Gninwod Investments Ltd	Amphora Midco Limited
	Gninwod Services Ltd	Aplus Holdco Limited
	Purplebricks Group plc	Asidua (GB) Limited
		Asidua Holdings Limited
		CCS IT Limited
		Chambertin (Holdings) Limited
		Chambertin Acquisition Limited
		Chambertin Finance Limited
		Chambertin Midco Limited
		Civica Financial Systems Limited
		Civica Group Limited
		Civica Holdings Limited
		Civica NI Limited
		Civica Resource Limited
		Civica Services Limited
		Civica Technologies Limited
		Civica Trustees Limited
		Coldharbour Systems Limited
		Cornwall Bidco Limited
		Cornwall Midco Limited
		Cornwall Topco Limited
		Gateway Computing Limited
		Gninwod Leisure Ltd
		IPL Consultancy Services Limited
		IPL Group Limited
		IPL Holdings Limited
		IPL Information Processing Limited
		IPL Software Products Ltd
		IPL Type B Limited
		Norwel Computer Services Limited
		Public Sector Costing Associates Limited
		SFW Ltd
		Sudiar Limited
		WTG Technologies Group Limited
		WTG Technologies Limited
Kevin Dady	123Comms Limited	12Pay Limited
	Beaumont Solutions Ltd	Alveston Holdings Limited
	Biostore Limited	BHIS Limited
	Blayhall Professional Limited	Blayhall Payroll Limited
	Cascade Human Resources Limited	Blue Minerva Limited
	Eurowage Limited	CJM Software Limited
	FMP Global Bidco Limited	Drummohr Technology Limited
	FMP Global Holdings Limited	Fastrak Limited
	FMP Global Midco Limited	FKK Software Limited
	FMP HR and Payroll Software Limited	Homecontact Limited
	FMP Payroll Services Ltd	IRIS Solutions Limited
	Focus 4 Now Ltd	Keytime Holdings Limited
	Galaxy Payroll Limited	Keytime Objective Ltd
	Hosted Accountants Limited	Level10 Ltd
		P S Financials (Holdings) Limited

	Indigo Marketing Limited	Professional Tax Practice Limited
	Innervision Management Limited	PTP Software Development Limited
	Intex (Radiographic) Limited	Riding Court Management Limited
	IRIS Bidco Limited	Rival Software Limited
	IRIS Business Software Limited	SAAF Software Limited
	IRIS Capital Limited	Software (Holdco 2) Limited
	IRIS Debtco Limited	Software (Holdco 4) Limited
	IRIS Group Limited	Software (Holdco 5) Limited
	IRIS Holdings Limited	Spoton Software Limited
	IRIS Midco Limited	The Practice Engine Company Limited
	IRIS Payroll Software Limited	Transaction Technology Trustees Limited
	IRIS Payroll Solutions Limited	Websmiths Group Ltd
	IRIS Resourcing Limited	
	IRIS Software Group Limited	
	IRIS Software Limited	
	IRIS US Holdings Limited	
	ISAMS Limited	
	Kashflow Software Limited	
	Literacy Capital plc	
	Malibu Bidco Limited	
	MCN Associates Limited	
	MCN Holdings Limited	
	P S Financials Limited	
	Perennial Newco 2 Ltd	
	PTP Software Limited	
	Results Squared Limited	
	Senta SAAS Limited	
	Staffology Limited	
	Star Computer Group Limited	
	Star Professional Software Solutions Limited	
	Taxfiler Limited	
	The Practice Engine Group Limited	
	Truancy Call Limited	
Christopher Sellers	Benchmark Management Consulting Limited	Albatross Bidco Limited
	Communicourt Limited	Albatross Midco Limited
	Doriscentral Limited	Albatross Topco Limited
	EQ42 Limited	Axelos Limited
	EQ42 Holdings Limited	Capital Business Services Ltd
	Grayce Britain Ltd	Capita plc
	Kelly Bidco Limited	Community Fibre Limited
	Kelly Midco Limited	Entrust Support Services Limited
	Kelly Topco Limited	FERA Science Limited
	Mountain Healthcare Holdings Limited	Market Mortgage Limited
	Mountain Healthcare Limited	Oval (2307) Limited
	Olympus Bidco Limited	RE (Regional Enterprise) Limited
	Olympus Midco Limited	
	RCI Health Group Limited	
	The Wilf Ward Family Trust	
	Venture-People Limited	
Rachel Murphy	-	Riverside Trust

(b) None of the Directors:

(i) has any convictions in relation to fraudulent offences for at least the previous five years; or

- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

6. Directors' and others' interests

- (a) Immediately following Admission (and the conversion of A Growth Shares in issue as at the date of this Prospectus which shall occur immediately prior to Admission), the interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the ordinary share capital of the Company will be as follows:

Name of Director	Number of Ordinary Shares	% of issued Ordinary Shares
Paul Pindar	15,500,000	25.83
Richard Pindar	6,000,000	10.00
Simon Downing	3,250,000	5.42
Kevin Dady	688,679	1.15
Christopher Sellers	225,000	0.38
Rachel Murphy	-	-

- (b) Save as disclosed in paragraph 6(a) above and for the 49,950,000 Deferred Shares held by Paul Pindar, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- (c) The voting rights of the Company's Shareholders are the same in respect of each Ordinary Share held.
- (d) As at the date of this Prospectus, in so far as it is known to the Company, the following persons held directly or indirectly three per cent or more of the Company's voting rights:

Name	Number of voting rights held	% of voting rights held
Paul Pindar	13,087,500	24.24
Generational	5,000,000	9.26
Nicholas Robinson	4,000,000	7.41
Richard Pindar	3,587,500	6.64
Martin Bolland	3,500,000	6.48
Deidre Pindar	3,081,677	5.71
Simon Downing	3,000,000	5.56
Nicholas Humphries	1,949,999	3.61

- (e) Shortly after Admission, it is anticipated that the following major Shareholders in the Company will sell Ordinary Shares as follows:

Seller	Number of Ordinary Shares
Generational	2,001,000
Nicholas Robinson	1,001,000
Martin Bolland	501,000

Following such disposals of Ordinary Shares, and the conversion of A Growth Shares in issue as at the date of this Prospectus immediately prior to Admission, it is anticipated that the following persons will hold directly or indirectly three per cent or more of the Company's voting rights:

Name	Number of voting rights held	% of voting rights held
Paul Pindar	15,500,000	25.83
Richard Pindar	6,425,000	10.71
Deidre Pindar	3,371,677	5.62
Simon Downing	3,250,000	5.42
Generational	2,999,000	5.00
Nicholas Robinson	2,999,000	5.00
Martin Bolland	2,999,000	5.00
Nicholas Humphries	1,949,999	3.25

- (f) Save as set out above, as at the date of this Prospectus, the Company is not aware of any person who will, immediately following Admission, will hold three per cent or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA). The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- (g) Christopher Sellers is invested (directly or indirectly, other than via his interest in the Company) in RCI Health Group and Grayce, Simon Downing is invested (directly or indirectly, other than via his interest in the Company) in Antler Homes, Hometree and Flight Calibration Services Limited and Kevin Dady is invested (directly or indirectly, other than via his interest in the Company) in Hometree, each of which are portfolio companies of the Company.
- (h) The Directors are, in addition to the Company, directors/partners of the companies listed in paragraph 5 of this Part VI. The New Articles contain provisions whereby a Director shall not vote inter alia in respect of any matter in which he or she has, directly or indirectly, any material interest. Save for the directorships and investments listed in paragraph 5 of this Part VI and as disclosed in the section headed "Conflicts of Interest" in Part IV of this Prospectus, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

7. Directors' Appointments

Under the terms of their appointments as non-executive Directors of the Company, each Director is entitled to an annual fee of £24,000 per annum other than Paul Pindar and Richard Pindar who have waived their entitlement to receive an annual fee. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase Shares. The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as directors) are summarised in paragraph 3(p) of this Part VI.

8. Employees

The Company does not have any employees.

9. Material Contracts and Related Party Transactions

- (a) All material contracts entered into by the Company are expressed to be governed by and construed in accordance with the law of England and Wales. The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

- (i) An introduction and vendor placing agreement dated 21 June 2021 between the Company, the Directors, the Investment Manager and N+1 Singer.

The agreement may be terminated by N+1 Singer in certain customary circumstances prior to Admission. The Company has appointed N+1 Singer as financial adviser in connection with the Admission and N+1 Singer has agreed to act as agent for certain selling shareholders to procure buyers for Ordinary Shares pursuant to a vendor placing in connection with the Admission.

N+1 Singer's obligations under the agreement are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, *inter alia*: (i) Admission of the Ordinary Shares occurring and becoming effective by 8.00 a.m. on or prior to 25 June 2021 (or such later time and/or date as the Company, the Investment Manager and N+1 Singer may agree and, in any event, no later than 8.00 a.m. on 31 July 2021), and (ii) the agreement not having been terminated in accordance with its terms.

For its services, N+1 Singer shall be entitled to corporate finance fee from the Company.

Each of the Company, the Directors and the Investment Manager has given warranties to N+1 Singer concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company and the Investment Manager have also given an indemnity to N+1 Singer. The warranties and indemnities given in the agreement are standard for an agreement of this nature.

The agreement is governed by the laws of England and Wales.

- (ii) 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 together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. Details of the Management Fee are set out in Part III of this Prospectus under the sub-heading "Fees and expenses".

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.

- (iii) 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 per cent of the total issued share capital at the time of Admission.

- (iv) An agreement dated 12 October 2017 between the Company and the Administrator whereby the Administrator is appointed to act as administrator of the Company and amendment agreement dated 1 July 2020.

Under the terms of the Administration Services Agreement, the Administrator is entitled to an annual fee in respect of the administration services it provides of at least £60,000 excluding VAT. The Administrator will, in addition, be entitled to recover third party expenses and disbursements. The fees and expenses of the Administrator will be payable by the Investment Manager with effect from Admission pursuant to a side letter agreement dated 7 June 2021.

The Administration Services Agreement may be terminated by either party on six months' written notice and may be immediately terminated by the Company in certain circumstances such as a material breach which is not remedied.

- (v) An agreement dated 7 February 2020 between the Company and the Depositary whereby the Depositary is appointed to act as Depositary of the Company.

The Depositary will perform the customary services and it is permitted to delegate the performance of its obligations, including the safe keeping of assets, subject to certain conditions being satisfied.

The Depositary shall be entitled to receive an annual fee calculated by reference to the services performed. A minimum fee of £25,000 excluding VAT per annum applies and the Depositary shall also be entitled to all reasonable expenses properly incurred in performing or arranging for the performance of functions conferred on it by the Depositary Agreement.

The Depositary Agreement may be terminated by either party on three months' prior written notice. The Depositary Agreement may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.

- (vi) An agreement dated 26 June 2021 between the Company and the Registrar whereby the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive an annual registration fee from the Company based on activity, subject to an annual minimum charge of £2,500 excluding VAT. The Registrar shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

The Registrar Agreement shall continue in force unless and until terminated by either party giving to the other not less than three months' written notice to terminate the same.

The maximum aggregate liability of the Registrar under the Registrar Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will be limited to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Registrar under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.

- (vii) A Broker Agreement dated 11 May 2021 between the Company and N+1 Singer pursuant to which N+1 Singer will act as corporate broker to the Company with effect from the date of Admission. As part of the engagement, N+1 Singer has agreed, amongst other things, to advise on and assist with the co-ordination of an investor relations programme for the Company, and to monitor and report to the Board where appropriate on the trading of the Shares and significant movements in its share price.

N+1 Singer shall be entitled to a fee of £50,000 per annum in respect of the first year following Admission, payable quarterly. The fee is subject to an annual increase of £1,000.

N+1 Singer shall also be entitled to reimbursement of all out of pocket expenses reasonably and properly incurred. All fees and other expenses are exclusive of VAT, if any.

The Broker Agreement may be terminated by either party on three months' notice provided that the Company shall not serve any written notice prior to the first anniversary of the Broker Agreement. The may be immediately terminated by either party in certain circumstances such as where the Ordinary Shares cease to be admitted to trading on the London Stock Exchange.

- (viii) An agreement dated 19 May 2021 between the Company and the Receiving Agent is appointed to act as the Company's Receiving Agent.

The Receiving Agent shall be entitled to a fixed fee of £1,000 excluding VAT in connection with services to be provided in connection with the Admission. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Services Agreement contains customary indemnities from the Company in favour of the Receiving Agent.

- (b) Except with respect to the appointment letters entered into between the Company and each director and the Investment Management Agreement, the Company has not been a party to any related party transaction since its incorporation.

10. Working Capital

The Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

11. Capitalisation and Indebtedness

The following table sets out the capitalisation of the Company as at 31 December 2020 (being the balance sheet date of the Company's most recently published financial information):

Equity	As at 31 December 2020 (£'000)
Share capital	110
Share premium	53,946
Total equity	54,056

Since 31 December 2020, there have been no material changes in the Company's capitalisation. However, it should be noted that immediately prior to Admission the 6,000,000 A Growth Shares in issue as at the date of this Prospectus shall automatically convert into 6,000,000 Ordinary Shares by operation of the Existing Articles.

The following table shows the Company's unaudited gross indebtedness as at 31 March 2021 (being the latest practicable date for such indebtedness figures prior to the publication of this Prospectus):

	As at 31 March 2021 (unaudited) (£'000)
Total current debt	-
- Guaranteed	-
- Secured	-
- Unguaranteed/unsecured	-
Total non-current debt	-
- Guaranteed	-
- Secured	-
- Unguaranteed/unsecured	-
Total indebtedness	-

The following table shows the Company's unaudited net liquidity/indebtedness as at 31 March 2021 (being the latest practicable date for such indebtedness figures prior to the publication of this Prospectus):

	As at 31 March 2021 (unaudited) (£'000)
A. Cash	12,600
B. Cash equivalents	-
C. Trading securities	-
D. Liquidity (A+B+C)	12,600
E. Current financial receivable	-
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	-
I. Current financial debt (F+G+H)	-
J. Net current financial liquidity/(indebtedness) (D+E+I)	12,600
K. Non-current bank loans	-
L. Bonds issued	-
M. Other non-current loans	-
N. Non-current financial indebtedness (K+L+M)	-
O. Net financial liquidity/(indebtedness) (J+N)	12,600

As at 31 March 2021, the Company had no indirect or contingent indebtedness.

Since 31 March 2021, the Company's cash position has reduced to £9.7 million (as at 18 June 2021) primarily as a result of the Company's £2.9 million investment in TheVeganKind. There has been no other material change in the Company's indebtedness since 31 March 2021.

12. No Significant Change

Save as disclosed below, there has been no significant change in the financial position of the Company since 31 December 2020, being the latest date to which the Company's audited financial information has been prepared.

Since 31 December 2020, the Company's cash position has reduced to £9.7 million (as at 18 June 2021) primarily as a result of funding capital calls on the Company's fund commitments, the Company's £1 million follow-on investment in Vanilla Electronics to fund its acquisition of Bela, and the Company's £2.9 million investment in TheVeganKind. In addition, the Company's Net Asset Value (excluding deferred tax liability) has increased from £85.7 million at 31 December 2020 to £96.4 million at 31 March 2021 as a result of the revaluation of the Company's portfolio as at 31 March 2021, in line with the Company's valuation methodology as set out in Part II of this Prospectus.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which

may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

14. General

- (a) The total costs and expenses payable by the Company in connection with the Admission are estimated to amount to approximately £700,000.
- (b) The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 9 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (c) Each of the Investment Manager and N+1 Singer has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- (d) The Investment Manager accepts responsibility for: the information in Part I of this Prospectus under the heading "The Company and its Investment Portfolio" and Part IV of this Prospectus under the heading "The Investment Manager, Process and Strategy". To the best of the Investment Manager's knowledge the information contained in Part I of this Prospectus under the heading "The Company and its Investment Portfolio" and Part IV of this Prospectus under the heading "The Investment Manager, Process and Strategy" is in accordance with the facts and Part I of this Prospectus under the heading "The Company and its Investment Portfolio" and Part IV of this Prospectus under the heading "The Investment Manager, Process and Strategy" make no omission likely to affect its import.
- (e) The telephone number of the Investment Manager is 020 3960 0280.
- (f) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (g) The Company has no existing interests in real property and has no tangible fixed assets which are material to its business.
- (h) The Company's audited financial statements for the 16 months ending 31 December 2018 and the years ending 31 December 2019 and 31 December 2020 are set out in Appendix 2 to this Prospectus. These financial statements have been prepared and audited in connection with the requirements of the Companies Act.

16. Documents Available for Inspection

Copies of the Articles and this Prospectus will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 22 June 2021.

Such documents are also available on the Company's website at www.literacycapital.com.

A copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. Copies of this Prospectus may be obtained, free of charge during normal business hours on any weekday (bank and public holidays excepted) at the Company's registered office up to and including 22 June 2021.

This Prospectus is dated 23 June 2021.

Definitions

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

"Administration Services Agreement"	the administration services agreement between the Company and the Administrator, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Administrator"	EPE Administration Limited
"Admission"	the admission of the Ordinary Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange becoming effective in accordance with the LSE Admission Standards
"A Growth Shares"	shares of £0.001 each in the capital of the Company issued as "A Growth Shares" and having the rights and being subject to the restrictions set out in the Existing Articles, which will convert into Ordinary Shares immediately prior to Admission in accordance with the terms of the Existing Articles
"AIF"	an Alternative Investment Fund, as defined in the UK AIFM Regulations
"AIFM"	an Alternative Investment Fund Manager, as defined in the UK AIFM Regulations
"AIFM Directive"	the EU Directive on Alternative Investment Fund Managers
"Antler Homes"	Antler Homes plc
"Articles"	the articles of association of the Company (as adopted from time to time)
"Audit Committee"	the audit committee of the Company
"Auditors"	Mazars LLP
"Bela"	Bela Electronic Design Limited
"Benchmark"	Benchmark Management Consulting Limited
"Benefit Plan Investor"	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the Internal Revenue Code (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity, or (iii) any "benefit plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
"Board"	the directors of the Company whose names are set out on page 28 of this Prospectus
"Broker Agreement"	the broker agreement between the Company and N+1 Singer, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Business Day"	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
"Butternut Box"	Dogmates Limited

"C Deferred Dividend"	has the meaning set out on page 61
"C Deferred Shares"	has the meaning set out on page 66
"C Shares"	shares of £0.01 each in the capital of the Company issued as "C Shares" and having the rights and being subject to the restrictions set out in the New Articles, which will convert into Ordinary Shares as set out in the New Articles
"Calculation Date"	has the meaning set out on page 65
"Certified Shares"	Shares represented by a certificate
"Communicourt"	Communicourt Limited
"Companies Act"	the Companies Act 2006, as amended from time to time
"Company"	Literacy Capital plc
"Conversion"	has the meaning set out on page 65
"Conversion Date"	has the meaning set out on page 65
"Conversion Ratio"	has the meaning set out on page 65
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"CREST Account"	an account in the name of the relevant holder in CREST
"Cyber Incident"	intentional and unintentional failures of or breaches in cybersecurity
"Cyber-Attacks"	deliberate Cyber Incidents
"CTA 2010"	Corporation Tax Act 2010
"Dartmouth Partners"	Dartmouth Partners Limited
"Data Protection Legislation"	any law applicable from time to time relating to the collecting and/or processing of personal data and/or privacy, as in force at the date of this Prospectus or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the UK GDPR, The General Data Protection Regulation (Regulation (EU) 2016/679) (as the case may be), and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, directions and orders issued from time to time under or in connection with any such law
"Deferred Shares"	means the shares of £0.001 each in the capital of the Company issued as "Deferred Shares" and having the rights and being subject to the restrictions set out in the Articles.
"Depository"	Indos Financial Limited
"Depository Agreement"	the depository agreement between the Company, the Investment Manager and Depository, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Directors"	the directors of the Company whose names are set out on page 28 of this Prospectus
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under the FCA handbook

"Disenfranchisement Notice"	has the meaning set out on page 68
"EBITDA"	earnings before interest, taxation, depreciation and amortization
"EEA"	the states which comprise the European Economic Area
"EPM"	EPM Bus Solutions Limited
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
"EU"	means the European Union
"EU Matter"	has the meaning set out on page 25
"Euroclear"	Euroclear UK and Ireland Limited, the operator of CREST
"Exchange Act"	the US Securities Exchange Act of 1934, as amended from time to time
"Existing Articles"	the articles of association of the Company as in force as at the date of this Prospectus
"Existing Ordinary Shares"	has the meaning set out on page 66
"FATCA"	the U.S. Foreign Account Tax Compliance Act of 2010
"FCA"	the Financial Conduct Authority
"Force Majeure Circumstances"	has the meaning set out on page 66
"Foreign Private Issuer"	has the meaning set out in the Exchange Act
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"FTP offences"	failure to prevent the facilitation of tax evasion
"Governance Code"	the code of best practice including the principles of good governance published by the Financial Reporting Council in June 2008, as amended from time to time (as replaced by the UK Corporate Governance Code, from the date of its issue)
"Grayce"	Grayce Britain Limited
"Gross Assets"	the aggregate value of the total assets of the Company
"Hacking"	gaining unauthorised access to digital systems
"Hanmere"	Hanmere Polythene Limited
"HMRC"	HM Revenue and Customs
"Internal Revenue Code"	the U.S. Internal Revenue Code of 1986, as amended
"Investment Advisers Act"	the US Investment Advisers Act of 1940, as amended from time to time
"Investment Company Act" or "ICA"	the US Investment Company Act of 1940, as amended from time to time
"Investment Manager"	Literacy Capital Asset Management LLP
"Investment Management Agreement"	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Investment Trust Regulations"	The Investment Trust (Approved Company) (Tax)

	Regulations 2011
"IPO"	initial public offering
"IRS"	the US Internal Revenue Service
"ISIN"	International Securities Identification Number
"Key Information Document"	the Company's "Key Information Document", such term having the same meaning as in the UK PRIIPs Regulation, prepared in respect of the Ordinary Shares
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"Management Fee"	the fee payable by the Company to the Investment Manager, as described in Part III of this Prospectus
"MLI"	Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulation 2017
"N+1 Singer"	Singer Capital Markets Securities Limited
"Net Asset Value" or "NAV"	the net asset value of the Company or, if the context requires, the net asset value of the Company attributable to a specific class of Shares, in each case calculated in accordance with the valuation policies of the Company from time to time as appropriate
"Net Asset Value per C Share"	the Net Asset Value specifically attributable to a C Share
"Net Asset Value per Ordinary Share"	the Net Asset Value specifically attributable to an Ordinary Share
"Net Issue Proceeds"	has the meaning set out on page 66
"New Articles"	the articles of association of the Company as adopted conditionally on Admission
"Non-Qualified Holder"	has the meaning set out on page 67
"NMPIs"	non-mainstream pooled investments
"NMPI Regulations"	The Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013
"NURS"	non UCITS Retail Schemes
"Mountain Healthcare"	Mountain Healthcare Limited
"OECD"	the Organisation for Economic Co-operation and Development
"Official List"	the Official List of the Financial Conduct Authority acting in its primary market function and in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
"Omnibus"	Omnibus Solutions Limited
"Ordinary Shares"	Ordinary Shares (issued and to be issued) of £0.001 each in the share capital of the Company
"PDMR"	person discharging managerial responsibilities

"Personal Data"	data required in connection with the administration of the prospective Shareholder's interest in the Company
"Plan Asset Regulations"	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
"Prohibited Shares"	shares held by a Non-Qualified Holder
"Prospectus"	this Prospectus, including the Appendices
"Prospectus Regulation Rules"	the Prospectus Regulation Rules made by the FCA under Part VI of the FSMA
"RCI Health Group"	RCI Health Group Limited
"Receiving Agent"	Link Market Services Limited, whose trading name is Link Group
"Receiving Agent Services Agreement"	the receiving agent services agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Relevant Conversion Date"	has the meaning set out on page 61
"Registrar"	Link Market Services Limited, whose trading name is Link Group
"Registrar Agreement"	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Regulation S"	means Regulation S under the Securities Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Relevant Body"	a company or partnership caught under FTP offences
"RIS Announcement"	means an announcement by a regulatory information service
"Securities Act"	the US Securities Act of 1933, as amended
"SFDR"	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector
"Shareholder"	a holder of Ordinary Shares in the Company
"Shares"	the Ordinary Shares and the C Shares (as the context may require)
"shares"	transferable securities
"Similar Law"	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
"SFS"	the Specialist Fund Segment
"SPV"	a special purpose vehicle
"Takeover Code"	the City Code on Takeovers and Mergers
"Target Market Assessment"	as defined in UK MiFIR Product Governance Requirements
"Treasury Regulations"	the US Department of Treasury Regulations
"Tyrefix"	Tyrefix UK Limited
"UCITS"	Undertakings for the Collective Investment in Transferable Securities

"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK AIFMD"	the requirements of the FCA Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) in the United Kingdom and related UK laws (including Commission Delegated Regulation (EU) No 231/2013, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018)
"UK AIFM Regulations"	the Alternative Investment Fund Managers Regulations (2013/1773), as amended from time to time
"UK GDPR"	the UK version of the EU GDPR, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
"UK IFRS"	International Financial Reporting Standards, as adopted by the United Kingdom, as amended from time to time (and in respect of the financial periods ended 31 December 2018, 31 December 2019 and 31 December 2020, being International Financial Reporting Standards as adopted by the EU)
"UK Market Abuse Regulation" or "UK MAR"	the UK version of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (UK market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended
"UK MiFIR Product Governance Requirements"	has the meaning set out in the "Important Information" section on page 22 of this Prospectus
"UK PRIIPs Regulation"	the UK version of Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended
"UK Prospectus Regulation"	the UK version of Regulation (EU) 2017/1129 as amended from time to time and any successor or replacement regulation, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended
"US" or "United States"	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
"US Person"	a "US Person" as defined in Regulation S of the Securities Act
"VAT"	UK Value Added Tax
"Vanilla Electronics"	Vanilla Electronics Limited
"Venture-People"	Venture-People Limited
"Warrant Instrument"	the warrant instrument dated 18 June 2021 creating warrants to subscribe for shares in the Company
"Warrants"	warrants issued by the Company in accordance with the Warrant Instrument and Warrant Side Letter
"Warrant Side Letter"	the side letter agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9 of Part VI of this Prospectus
"Wifinity"	Wifinity Ltd

Appendix 1
Supplement to The Prospectus

OF

LITERACY CAPITAL PLC

**FOR OFFERINGS IN OR TO PERSONS DOMICILED OR REGISTERED
IN THE UNITED KINGDOM**

23 JUNE 2021

This supplement (the "**Supplement**") for offerings in or to persons domiciled or registered in the United Kingdom hereby supplements the prospectus dated 23 June 2021 as may be amended or supplemented from time to time (the "**Prospectus**") for Literacy Capital plc (the "**Company**") for the purposes described below. This Supplement is not a complete summary of, should be read in conjunction with and is qualified in its entirety by, the Prospectus, the articles of association of the Company and the investment management agreement between the Company and Literacy Capital Asset Management LLP (the "**Investment Manager**") relating thereto and related documentation.

This Supplement is being provided to certain prospective investors as an information-only document for the purpose of providing certain summary information about an investment in the Company as required pursuant to the requirements of the Financial Conduct Authority (the "**FCA**") Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "**AIFMD**") in the United Kingdom and related UK laws (including Commission Delegated Regulation (EU) No 231/2013, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018) (together, "**UK AIFMD**"), which continue to apply notwithstanding the United Kingdom's withdrawal from the EU.

This Supplement does not update any information except as specifically described herein. Capitalised terms, unless otherwise defined herein, are used as defined in the Prospectus.

UK AIFMD DISCLOSURE

In accordance with the UK AIFMD, the Investment Manager must disclose certain prescribed information to prospective investors because it is intended that the Prospectus is to be used to market ordinary shares in the capital of the Company to professional investors in the United Kingdom in accordance with the UK AIFMD. The following table indicates where the required information is located within the Prospectus or sets out the required information, to the extent applicable.

UK AIFMD	Disclosure Requirement	Disclosure
FUND 3.2.2	INVESTMENT STRATEGY	
(1) (a)	Description of the investment strategy and objectives of the Company	Please refer to the sections titled "Investment Objective" and "Investment Policy" in Part I and Part I of the Prospectus, respectively. The "Investment Process" section in Part IV of the Prospectus describes the investment strategy of the Company.
(1)(d)	Description of the types of assets in which the Company may invest	Please refer to the section titled "Investment Policy" in Part I of the Prospectus.
(1) (e)	Techniques the Company may employ	Please refer to the section titled "Investment Process" in Part I of the Prospectus.

UK AIFMD	Disclosure Requirement	Disclosure
(1)(e)	Risks associated with those types of assets and those techniques	Please refer to the "Risk Factors" section of the Prospectus, in particular the sub-sections titled "Risks related to the Company".
(1)(f)	Applicable investment restrictions	Please refer to the section titled "Investment Restrictions" in Part I of the Prospectus.
	Use of leverage	
(1)(g)	Circumstances in which the Company may employ leverage	Please refer to the section titled "Borrowing Policy" in Part I of the Prospectus.
(1)(h)	Types and sources of leverage permitted	There are no restrictions on the type or source of leverage that the Company is permitted to incur.
(1)(h)	All risks associated with the use of leverage	Please refer to the "Risk Factors" section of the Prospectus for a description of the risks associated with the Company's use of leverage, and in particular, the paragraph titled <i>"The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investments fall"</i> .
(1)(i)	Any restrictions on the use of leverage and any collateral and asset reuse arrangements	Please refer to the section titled "Borrowing Policy" in Part I of the Prospectus for the restrictions on the use of leverage. There are no collateral or asset reuse arrangements.
(1)(j)	Maximum level of leverage which the Investment Manager is entitled to employ on behalf of the Company	The Company may incur indebtedness of up to a maximum of 20 per cent of its Net Asset Value, calculated at the time of drawdown, for investment and for working capital purposes.
(2)	CHANGE OF INVESTMENT STRATEGIES OR INVESTMENT POLICY	
	Description of the procedures by which the Company may change its investment strategies or investment policy, or both	Any material change to the investment policy of the Company will be made only with the approval of Shareholders by ordinary resolution in accordance with the provisions of the Listing Rules with which the Company has undertaken to voluntarily comply. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.
(3)	CONTRACTUAL RELATIONSHIPS	

UK AIFMD	Disclosure Requirement	Disclosure
	<p>Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established</p>	<p>The Company was established under the laws of England and Wales with its registered office at 3rd Floor, Charles House, 5-11 Regent Street St James's, London, United Kingdom, SW1Y 4LR. An investor in the Company will acquire Ordinary Shares in the Company and accordingly, any disputes between an investor and the Company will be resolved by the courts of England and Wales in accordance with English law and having regard to the Company's articles of association which constitute an agreement between the Company and its Shareholders. A Shareholder shall have no direct legal or beneficial interest in the assets of the Company. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.</p> <p>Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with its investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of the relevant member state, the choice of governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that country which cannot be derogated from by agreement. The United Kingdom has legislated to the effect that, immediately upon</p>

UK AIFMD	Disclosure Requirement	Disclosure
		<p>the conclusion of the Brexit transition period (i.e. 31 December 2020), the rules in Rome I were incorporated into domestic law. As a result, English choice of law clauses in contracts continue to be respected both in the UK and the EU member states.</p> <p>Under the terms of the Withdrawal Agreement between the UK and the EU, a foreign judgment obtained in an EU member state relating to proceedings commenced prior to the expiry of the Brexit transition period (i.e. 31 December 2020) may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. The position is the same in respect of a judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004, so long as the relevant proceedings were commenced prior to the expiry of the Brexit transition period.</p> <p>The UK's accession to the Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters 2007 remains uncertain and consequently, foreign judgments obtained in EU member states relating to proceedings commenced on or after 1 January 2021 will only be enforceable under the default common law regime or (if applicable) the Hague Convention. The Hague Convention only applies to the enforcement of judgments that arise from proceedings commenced pursuant to an exclusive jurisdiction clause in favour of a contracting state in civil or commercial matters. The UK government has passed domestic legislation which came into force upon the expiry of the transition period (i.e. 31 December 2020) This legislation provides that exclusive jurisdiction clauses, which would have been caught by the Hague Convention by virtue of the UK's membership of the EU, will continue to be treated in exactly the same way as exclusive jurisdiction clauses concluded once the UK is a member of the Hague Convention in its own right.</p> <p>Investors should note, however, that there is no instrument in place for the recognition and enforcement of judgements between the United Kingdom and the US and accordingly, if an investor were to seek to have an order of a</p>

UK AIFMD	Disclosure Requirement	Disclosure
		US court (irrespective of the state in which the order was obtained) recognised or enforced in the courts of England and Wales, the investor would need to rely on the laws of England and Wales and may therefore find it difficult in practice to enforce a judgement obtained in the US in England and Wales.
(4)	SERVICE PROVIDERS	
	Identity of the Investment Manager, the Company's depositary, auditor and other service providers	The identity of the Investment Manager is set out in the section entitled Directors, Investment Manager and Advisers of the Prospectus and the identity of the Depositary, the Auditor and other service providers of the Company are set out in the section of the Prospectus titled "Directors, Investment Manager and Advisers".
	Description of the duties of each of those service providers	<p>The duties of the Depositary, the Administrator, Registrar and Auditor are set out in the section entitled Directors, Investment Manager and Advisers of the Prospectus and the agreements entered into with each of these service providers are described in more detail in paragraph 9, "Material contracts and related party transactions" of Part VI of the Prospectus.</p> <p>The duties of the Investment Manager are set out in Part III of the Prospectus and the Investment Management Agreement is described in more detail in paragraph 9, "Material contracts and related party transactions" of Part VI of the Prospectus.</p> <p>The duties of N+1 Singer are set out in Part III of the Prospectus and the introduction and vendor placing agreement and Broker Agreement are described in more detail in paragraph 9, "Material contracts and related party transactions" of Part VI of the Prospectus.</p>
	Description of the investors' rights in respect of those service providers	Without prejudice to any potential right of action in common law that a Shareholder may have to bring a claim against a service provider to the Company, each Shareholder's contractual relationship in respect of its investment in Ordinary Shares in the Company is with the Company only. Therefore, no Shareholder will have any contractual claim against any service provider with respect of such service provider's default pursuant to the

UK AIFMD	Disclosure Requirement	Disclosure
		<p>terms of the agreement that it has entered into with the Company.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company should consult their legal adviser.</p>
(5)	PROFESSIONAL INDEMNITY LIABILITY	
	Description of how the Investment Manager covers professional liability risks	<p>The Investment Management Agreement imposes certain minimum levels of professional indemnity cover which must be maintained by the Investment Manager during the term of the Investment Management Agreement.</p> <p>Compliance by the Investment Manager with the terms of the Investment Management Agreement will ensure that it complies with its obligations under PRU-INV 11.3.11G and Article 9(7) of the UK AIFMD to maintain professional indemnity insurance to cover liability arising from professional negligence.</p>
(6)	DELEGATIONS	
6(a) – (d)	Description of any delegated management functions by the Investment Manager and of any safekeeping function delegated by the Depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	<p>The Investment Manager has not delegated any management functions in respect of the Company.</p> <p>All activities engaged in under the provisions of the Investment Management Agreement by the Investment Manager (or any of its delegates) on behalf of the Company shall at all times be subject to the overall policies, supervision and review of the Board.</p> <p>The Investment Manager's conflicts of interest policy is described in the paragraph titled "Conflicts of Interest" in Part IV of the Prospectus.</p> <p>The Depositary has not delegated its safe keeping function in relation to the Company's assets but may appoint sub-custodians to</p>

UK AIFMD	Disclosure Requirement	Disclosure
		provide custody services in accordance with the Depositary Agreement.
3.2.3	A description of any arrangement made by the depositary to contractually discharge itself of liability	<p>The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.</p> <p>The Depositary has not entered into an arrangement to contractually discharge itself of liability in accordance with Regulation 30 of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and Articles 21(3) and 21(14) of the UK AIFMD.</p>
(7)	VALUATIONS	
	Description of the Company's valuation procedure and of the pricing methodology for valuing assets, including methods used to value hard-to-value assets	<p>Please refer to the paragraph titled "Net Asset Value publication and calculation" in Part II of the Prospectus. All assets of the Company will be valued in accordance with the methods set out in the Prospectus.</p> <p>The Company's financial statements will be drawn up in pounds sterling and in accordance with UK IFRS.</p>
(8)	LIQUIDITY RISK MANAGEMENT	
	Description of the Company's liquidity risk management, including redemption rights both in normal and exceptional circumstances and the existing redemption arrangements with investors	<p>There are no redemption rights for Shareholders since the Company is closed-ended.</p> <p>Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations. The Company may also maintain a short-term overdraft facility that it may utilise from time to time for short-term liquidity purposes.</p>
(9)	FEES AND EXPENSES	
	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	Please refer to the section entitled "Fees and Expenses" in Part III of the Prospectus. Since all such fees and expenses will be borne by the Company, they will be borne indirectly by investors. It is estimated that the fees payable

UK AIFMD	Disclosure Requirement	Disclosure
		<p>by the Company in connection with the Admission will not exceed £750,000.</p> <p>No fees or expenses of the Company will be directly borne by the investors.</p> <p>Given that the amount of the fees payable by the Company following Admission are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
(10), (11)	FAIR TREATMENT OF INVESTORS	
	Description of how the Investment Manager ensures a fair treatment of investors and a description of any preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the Investment Manager	<p>The Company voluntarily complies with the provisions of the Listing Rules which require the Company to treat all Shareholders of a given class equally.</p> <p>Other than as disclosed in the Prospectus, the Investment Manager:</p> <ul style="list-style-type: none"> • will treat investors fairly; • will not allow any investor to obtain preferential treatment; and • has not entered into any agreement to allow any investor to be treated preferentially.
(14)	ANNUAL REPORTS	
	The latest annual report of the Company	The Company's annual report and audited financial statements for the year ended 31 December 2020 can be found on the Company's website: www.literacycapital.com .
(12)	TERMS AND CONDITIONS	
	The procedure and conditions for the issue and sale of interests in the Company	There is no offer of the Company's securities and the Prospectus is being produced in connection with the Admission. The Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company.
(13)	NET ASSET VALUE	
	The latest net asset value of the Company, or the latest market price of the interests of the Company	The latest Net Asset Value of the Company is 160p per Ordinary Share (as at 31 March 2021). Quarterly Net Asset Values, when published, can be found on the Company's website: www.literacycapital.com .

UK AIFMD	Disclosure Requirement	Disclosure
(15)	HISTORICAL PERFORMANCE	
	Where available, the historical performance of the Company	The Company's annual report and audited financial statements for the 16 months ending 31 December 2018 and the years ending 31 December 2019 and 31 December 2020 can be found on the Company's website: www.literacycapital.com .
(16)	PRIME BROKERS	
	The identity of the prime broker and a description of any material arrangements of the Company with its prime brokers	Not applicable, the Company has not appointed any prime broker.
	The way conflicts of interest in relation to any prime brokers are managed	Not applicable, the Company has not appointed any prime broker.
	The provision in the contract with the depositary on the possibility of transfer and reuse of Company assets	The Depositary Agreement contain provisions permitting the transfer or reuse of Company assets in accordance with the instructions of the Company, the Investment Manager or any authorised representative of the Company or the Investment Manager. Further details of the Depositary Agreement are set out in paragraph 9 of Part VI of the Prospectus.
	Information relating to any transfer of liability to the prime broker that may exist	Not applicable, the Company has not appointed any prime broker.
3.2.5, 3.2.6	PERIODIC DISCLOSURES	
	Description of how and when the information required to be disclosed periodically to investors under FUND 3.2.5 and 3.2.6 and articles 23(4) and 23(5) of the UK AIFMD (so far as relevant, leverage and risk profile) will be disclosed	<p>The Investment Manager is required to disclose periodically to investors:</p> <ol style="list-style-type: none"> 1. the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature; 2. any new arrangements for managing the liquidity of the Company; and 3. the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. <p>The information shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the Specialist Fund Segment of the Main Market of the London Stock Exchange plc, or at the same</p>

UK AIFMD	Disclosure Requirement	Disclosure
		<p>time as the Prospectus and, at a minimum, at the same time as the Company's annual report is made available.</p> <p>The Investment Manager must disclose on a regular basis:</p> <ol style="list-style-type: none"> 1. any changes to: <ol style="list-style-type: none"> a. the maximum level of leverage that the Investment Manager may employ on behalf of the Company; b. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and 2. the total amount of leverage employed by the Company. <p>Information on changes to the maximum level of leverage and any right of reuse of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of listed securities on the Specialist Fund Segment of the Main Market of the London Stock Exchange plc, or at the same time as the Prospectus and at least at the same time as the annual report is made available to investors.</p> <p>Without limitation to the generality of the foregoing, any of the information specified above may be disclosed:</p> <ol style="list-style-type: none"> 1. in the Company's annual report; 2. in the Company's unaudited interim report; 3. by the issue of an announcement via a regulatory information service (or equivalent); or 4. by the publication of the relevant information on the Company website.

Appendix 2
Audited Financial Information on the Company

LITERACY CAPITAL PLC

Company number 10976145

Part A – Annual Report and Financial Statements for the Year Ended 31 December 2020

LITERACY CAPITAL PLC

Company number 10976145

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

LITERACY CAPITAL PLC

Directors	Paul Pindar Richard Pindar (resigned on 27 March 2020; reappointed on 19 March 2021) Kevin Dady Simon Downing Christopher Sellers Rachel Murphy (appointed on 1 April 2021)
Company secretary	Paul Pindar (appointed on 27 March 2020) Richard Pindar (resigned on 27 March 2020)
Date of incorporation	22 September 2017
Registered number	10976145
Registered office	3rd Floor, Charles House 5-11 Regent Street St James's London SW1Y 4LR
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Accountants	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

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Strategic Report

Introduction

The directors present their Strategic Report for Literacy Capital plc (the "company") for the year ended 31 December 2020.

Review and analysis of the business during the current year

The company's principal activity is to invest in and support small, growing UK businesses. The company will also make other investments, in private and public businesses, which may be denominated in foreign currencies. During 2020, despite Covid-19, the trading and financial performance of most underlying companies held up well and they were securely positioned going into 2021. In the year under review, the net asset value (NAV) of assets under management of the company increased from £68.4m to £85.1m. Profit for the period increased from £10.6m to £16.7m.

The Gain on Investments for the period of £18.2m was an increase on the prior year (2019: £12.1m) which was largely driven by the increased profitability of the earlier investments within the portfolio as they started to mature, which in turn lead to higher valuations.

In the year to 31 December 2020, Literacy Capital plc made 4 new platform investments (2019: 1) and made one disposal. The company's cash balance decreased in the year to 31 December 2020 to £9.7m, reflecting the new investments made.

Business risks

Literacy Capital plc is a permanent capital vehicle and as such there is no requirement of the company to provide liquidity to shareholders.

Like any business, the macroeconomic environment will have an effect on Literacy Capital plc. At 31 December 2020, Literacy Capital plc held £9.7m of cash (11.4% of NAV) so the ability to meet its near term liabilities is not a concern. In the opinion of the directors, the state of affairs of the company at the end of the period was good.

Principal risks and uncertainties

The principal risks and uncertainties with the business are as described below:

Brexit: The impact of Brexit has not had and is not expected to have a material impact on our investment activity nor the trading activity of the underlying portfolio companies. The portfolio companies are largely focused on offering their services and products to the UK market. Where companies have had any short-term uncertainty, they have focused on managing cash effectively in order to maintain a strong position in their respective markets over the long-term.

Covid-19 Coronavirus: Since the start of the pandemic, Covid-19 has adversely impacted global commercial activities. While Literacy Capital plc was fortunate not to have been adversely affected financially, it clearly had an impact on operations and working arrangements. Our portfolio companies, given their diverse operations, have also been impacted in different ways. Throughout 2020, time was spent improving liquidity and managing cash where necessary. As a result and as mentioned earlier in the Strategic Report, following initial uncertainty in April 2020, the trading and financial performance of most underlying companies held up well throughout the year and they were securely positioned going into 2021. The directors continue to monitor developments relating to Covid-19 but do not believe there is any financial impact to the Financial Statements as at 31 December 2020 as a result of this event.

Investment and liquidity: The company's investments are in small, unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large, quoted companies. **Mitigation:** risk is limited by closely monitoring individual holdings. The board reviews the performance of the portfolio on a quarterly basis.

Financial risk: most of the company's investments involve a medium to long term commitment and many are relatively illiquid. There is a risk that the company could run out of available cash reserves. **Mitigation:** the company seeks to ensure the availability of cash reserves to match the forecast cashflow of the company.

Strategic Report (continued)

Economic risk: events such as economic recession may affect the valuation of portfolio companies and their ability to access adequate financial resources, as well as affecting the company's net asset value. **Mitigation:** the company invests in a diversified portfolio of investments spanning various sectors as well as ensuring that the portfolio companies maintain sufficient cash reserves to be able to support their short to medium term obligations.

Currency risk: the company is exposed to currency risk as a result of making investments denominated in Euros and United States Dollars. The sterling value of these investments can be influenced by movements in foreign currency exchange rates. **Mitigation:** Currency risk is monitored on an ongoing basis and on a quarterly basis by the Board.

Key performance indicators

Literacy Capital plc takes a long-term view on its investments. Net asset value (NAV), or the total value of the investments held on the balance sheet, is the key performance indicator for the company.

Section 172 and stakeholder reporting

Under section 172 of the Companies Act 2006 (the "CA 2006"), the Directors have a duty to promote the success of the company for the benefit of Shareholders as a whole. In doing so, the Directors have regard to matters set out in section 172(1) of the CA 2006 as follows:

Decision Making

The directors have regard to the likely consequences of any decision making in the long term. All decisions are taken with the long-term impact of shareholders and other stakeholders in mind.

Service Providers

The directors have regard to acting fairly between members of the company. In this context, and taking into consideration that the company is an externally managed investment company with no employees since 1 April 2020, the Board consider that its primary stakeholders are existing and potential new shareholders (who are also its customers) and suppliers which include, its externally appointed manager, service providers and other professional advisers, which it seeks to engage with in a collaborative and fair manner. The principal relationship is with the manager, whose services are fundamental to the success of the company and for achieving the company's objectives. The manager seeks to maintain productive relationships with the company's other suppliers on behalf of the company, primarily through regular communication and provision of information, as necessary.

Community

The directors have regard to company's impact on the community. The company donates 0.9% of its Net Asset Value to literacy charities with the UK. The provisions for donations relating to 2020 amounts to £771,740. Further detail is set out within Note 11.

Shareholder communications

We believe our shareholders are interested in the financial performance of the company, its ability to continue in operation for the foreseeable future and the maintenance of high standards of conduct and corporate governance. The board is satisfied that the manager consistently and proactively engages with investee companies to ensure good standards are being kept.

The Board places a high degree of importance on engagement with shareholders, endeavouring to communicate clearly and regularly with existing and potential shareholders. The company reports formally to shareholders four times a year, with an emphasis on net asset value performance and updates. In addition, current information is provided to shareholders on an ongoing basis through the company's website.

Future developments

It is not anticipated that the principal activity of the company will change in the short to medium term. This report was approved by the board on 07-05-2021 and signed on its behalf by:

Paul Pindar
Director
07-05-2021

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

Literacy Capital plc is an investment company focused on investing in and supporting small, growing UK businesses.

Literacy Capital plc also has a charitable objective and has committed to giving away 0.9% of net assets annually to charitable causes it has chosen to support.

Results and dividends

Profit for the year, after taxation, amounted to £16,654,742 (2019: £10,631,764).

No dividend is recommended to be paid in respect of the year ended 31 December 2020.

During the year, the total donation paid for charitable causes amounted to £674,539 (2019: £556,000).

Subsequent events

Subsequent to the end of the reporting period, Literacy Capital plc made two further investments. Separately, the company also received funds back from two portfolio companies. Additional detail is set out within Note 23.

Directors

The directors for the company are as follows:

Paul Pindar

Richard Pindar (resigned on 27 March 2020; reappointed on 19 March 2021)

Kevin Dady

Simon Downing

Christopher Sellers

Rachel Murphy (appointed on 1 April 2021)

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.

Going Concern

The directors do not believe there are any significant risks and uncertainties facing our business. The business has cash reserves of £9.7 million (2019: £23.6 million) as at 31 December 2020 and an additional £49.9 thousand (2019: £49.9 thousand) due from shareholders and therefore consider the business to be a going concern.

Information disclosed in the Strategic Report

In accordance with section 414C(11) the company has chosen to set out in the company's strategic report information required to be contained in the directors' report in relation to risk management and future developments of the company.

This report was approved by the board on 07-05-2021 and signed on its behalf by:

Paul Pindar
Director
07-05-2021

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

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.

Opinion

We have audited the financial statements of Literacy Capital plc (the 'company') for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended; and
- have been properly prepared in accordance with international accounting standards in conformity 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, 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Literacy Capital plc'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.

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 contained within the annual report. 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.

In connection with our audit of the financial statements, 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 the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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, 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
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 the financial statements.

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 its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were 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 fair value movements of the investment assets, revenue recognition in relation to revenue recognised in the appropriate year, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 13 May 2021

Statement of comprehensive income

For the year ended 31 December 2020

Note		For the year ended 31 December 2020	For the year ended 31 December 2019
		Total £	Restated Total £
	Gains on investments		
13	Gain on fair value of investments	15,844,203	12,080,974
13	Realised gain on disposal of investments	2,353,809	-
	Gains for the period on investments	18,198,012	12,080,974
7	Investment income	241,030	247,376
8	Operating income	129,421	251,797
	Total	370,451	499,173
	Total income	18,568,463	12,580,147
	Expenses		
9	Operating expenses	(1,067,101)	(1,177,322)
	Total operating expenses	(1,067,101)	(1,177,322)
11	Charitable donations	(771,740)	(620,960)
	Net foreign exchange loss	(3,672)	(29,034)
	Profit for the period before taxation	16,725,950	10,752,831
12	Tax expense	(71,208)	(121,067)
	Profit for the period	16,654,742	10,631,764
	Other comprehensive income	-	-
	Total comprehensive income	16,654,742	10,631,764

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 December 2020

Company number: 10976145

		31 December 2020	31 December 2019
Note			Restated
		£	£
	Non-current assets		
	Tangible asset	2,589	2,176
13	Investments	76,736,366	45,822,471
16	Deferred tax assets	-	180,687
		76,738,955	46,005,334
	Current assets		
14	Trade and other receivables	61,222	130,366
17	Cash and cash equivalents	9,725,688	23,652,370
	Unpaid share capital debtors	49,950	49,950
		9,836,860	23,832,686
	Current Liabilities		
15	Trade and other payables	181,763	86,435
15	Corporation tax payable	29,888	-
11	Accrual for charitable donation	694,142	596,938
		905,793	683,373
	Net current assets	8,931,067	23,149,313
	Non-current liabilities		
16	Deferred tax liabilities	618,861	758,228
	Total non-current liabilities	618,861	758,228
	Net assets	85,051,161	68,396,419
	Capital and reserves		
18	Share capital	109,950	109,950
	Share premium	53,946,000	53,946,000
	Retained earnings	30,995,211	14,340,469
	Accumulated other comprehensive income	-	-
	Total share capital & reserves	85,051,161	68,396,419

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 07-05-2021 and were signed on its behalf by:

Director
Paul Pindar
07-05-2021

Statement of changes in equity

For the year ended 31 December 2020

For the year ended 31 December 2020

	Share capital £	Share premium £	Retained earnings £	Accumulated other comprehensive income £	Total £
Balance at 31 December 2019	109,950	53,946,000	13,045,622	1,294,847	68,396,419
Prior year adjustment (see Note 4)	-	-	1,294,847	(1,294,847)	-
Restated balance at 31 December 2019	109,950	53,946,000	14,340,469	-	68,396,419
Profit for the period	-	-	16,654,742	-	16,654,742
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	16,654,742	-	16,654,742
Contributions by and distributions to owners					
Issue of new shares	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 31 December 2020	109,950	53,946,000	30,995,211	-	85,051,161

For the year ended 31 December 2019

	Share capital £	Share premium £	Retained earnings £	Accumulated other comprehensive income £	Total £
Balance at 31 December 2018	109,825	53,946,000	3,708,705	-	57,764,530
Profit for the period	-	-	10,631,764	-	10,631,764
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the period	-	-	10,631,764	-	10,631,764
Contributions by and distributions to owners					
Issue of ordinary shares	125	-	-	-	125
Total transactions with owners	125	-	-	-	125
Balance as at 31 December 2019	109,950	53,946,000	13,045,622	1,294,847	68,396,419
Prior year adjustment (See Note 4)	-	-	1,294,847	(1,294,847)	-
Restated balance at 31 December 2019	109,950	53,946,000	14,340,469	-	68,396,419

The accompanying notes form an integral part of these financial statements

Statement of cash flows

For the year ended 31 December 2020

Notes		For the year ended 31 December 2020	For the year ended 31 December 2019
		£	£
	Cash flows from operating activities		
	Cash inflow/(outflow) from operating activity		
	Loan notes interest received	240,627	239,968
	Management fee received	74,818	104,933
	Rechargeable expenses	2,309	-
	Bank interest received	69,135	125,306
	Management fee paid	(586,700)	-
	Payroll expenses	(135,280)	(395,708)
	Other operating expenditures	(197,899)	(862,658)
	Charitable donations paid	(674,539)	(556,000)
	Net cash used in operating activities	(1,207,529)	(1,344,159)
	Cash flows from investing activities		
	Cash inflow/(outflow) from investing activities		
	Proceeds/rebates from investee companies	180,268	7,410
13	Purchase of investments	(19,559,145)	(6,225,561)
13	Disposal of investments	6,643,568	-
	Net cash used in investing activities	(12,735,309)	(6,218,151)
	Cash flows financing activities		
	Cash inflow/(outflow) from financing activities		
	Receipt from unpaid share capital debtors	-	20,620,000
	Receipt from issue of shares	-	125
	Net cash generated from financing activities	-	20,620,125
	Net (decrease)/increase in cash and cash equivalents	(13,942,838)	13,057,815
17	Cash and cash equivalents - opening balance	23,652,370	10,599,063
	Effect of exchange rate fluctuations on cash and cash equivalents	16,156	(4,508)
	Cash and cash equivalents - closing balance	9,725,688	23,652,370

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2020

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-end investment company focused on investing in and supporting small, growing UK businesses and helping their management teams to achieve long-term success.

2. Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards and Interpretations in conformity with the requirements of the Companies Act 2006.

Details of the Company's 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 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 6.

The purpose of the Company is to invest into UK businesses, and then to grow them to generate a positive return for its investors. In the most parts, this return will be generated through capital appreciation, but may also be through the generation of investment income. Once an investment has been made, it is actively managed on an ongoing basis. In addition, the performance of the Company's investments is evaluated using the most recently available financial information from each of the investee companies. The investments are always valued on a fair value basis. On this basis, the Directors assessed that the Company meets the definition of an investment entity per IFRS 10 and therefore shall measure the investment in subsidiaries at fair value through profit or loss in accordance with IFRS 9.

The accounts are prepared on a going concern basis and the directors agree to using going concern basis of accounting and are satisfied that they give a true and fair view.

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 following are amendments that the Company has decided not to adopt early:

- Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16, Interest rate benchmark reform (effective 1 January 2021)
- Amendments to IAS 1, Presentation of financial statements in classification of liabilities as current or noncurrent (effective 1 January 2023)
- Amendments to IAS 1, Disclosure of Accounting Policies (effective 1 January 2023); and
- Amendments to IAS 8, Definition of Accounting Estimates (effective 1 January 2023).

The Directors do not expect that adoption will have any material effect on the financial statements.

3. Accounting policies

3.1 Revenue

Revenue is measured as the fair value of the consideration received or receivable and includes interest income, management fee income and interest on loan notes.

Interest income is recognised on a time-proportionate basis.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any non-equity dividends not expected to be received.

As stated in IFRS 15 the Company recognises revenue from rendering services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

3.2 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.3 Alternative investment fund manager fee

The Company accrues for an annual management fee by Literacy Capital Asset Management LLP (an Alternative Investment Fund Manager, "AIFM"), which is calculated as 0.9% of the closing 2020 adjusted Net Asset Value, as set out in the AFIM Services Agreement.

3.4 Financial instruments

i. Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

ii. 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.

3. Accounting policies (continued)**3.4 Financial instruments (continued)****ii. Measurement (continued)**

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 even though the Company collects contractual cash flows through its holding in such investments. The Company does not consider collection of contractual cash flows to be integral, rather it is incidental to the business model's objective which is to hold these investments for trading that would typically result in active buying and selling. On this basis, it was concluded debt investments held at fair value through profit or loss would give a more reliable representation at the relevant balance sheet date. As a result, the interest accrued on these investments is recognised as a gain on fair value of investments in the Statement of Comprehensive Income. The gain on the disposal of any such investments is recognised as realised gain on disposal of investments in the Statement of Comprehensive Income.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

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.

iii. 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.

3. Accounting policies (continued)**3.4 Financial instruments (continued)****iv. 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.

3.5 Charitable donations

The Company recognises a provision for charitable donations which is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts. The donations are paid subsequent to the year end and the provision is reversed to the extent of the amount paid as donations.

3.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit or Loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax balances are recognised in respect of all taxable temporary differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.8 Tangible Assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Office equipment	33% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

3. Accounting policies (continued)

3.9. Basis of treatment of subsidiaries

Subsidiaries are those enterprises which are controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. The following investee companies meet the definition of being controlled by the Company on the basis of ownership (>51% ownership of shares):

Name of company	Registered address
Tyrefix UK	Unit 3, Hill Lane Close, Markfield, Leicester, Leicestershire, LE67 9PY
EPM	20, Harris Business Park, Hanbury Road, Bromsgrove, United Kingdom, B60 4DJ
Flight Calibration Services	Calibration House, 17-19 Cecil Pashley Way, Shoreham Airport, Shoreham BN43 5FF
Grayce	Grove Chambers, 36 Green Lane, Wilmslow, England, SK9 1LD
Alufold Direct	Unit 13, Philips Road, Whitebirk Industrial Estate, Blackburn, BB1 5AQ
RCI Health Group	First Floor, Station Place, Argyle Way, Stevenage, England, SG1 2AD
Antler Homes	Portland House, Park Street, Bagshot, Surrey, England, GU19 5AQ
Vanilla Electronics	Unit 1, Mundford Road Trading Estate, Thetford, Norfolk, IP24 1HX

Under IFRS 10 'Consolidated Financial Statements', qualifying entities that meet the definition of an investment entity are not required to prepare consolidated financial statements and instead account for subsidiaries at fair value through profit or loss. The Directors deem the Company to be an investment entity and therefore the Company does not consolidate its subsidiary but instead carries it at fair value through profit or loss. Please refer Note 2.

4. Restatement of the year ended 31 December 2019

The Company has corrected the classification of interest income from debt investments for the year ended 31 December 2019. Following the correction, debt investments are held through fair value at profit or loss and interest accrued on these investments is recognised as gain on fair value of investments in the Statement of Comprehensive Income. The interest to the extent realised is recognised as a new line in the Statement of Comprehensive Income as investment income. The financial statements for the year ended 31 December 2019 have been restated as detailed below.

The restatement implies a material change to the previously disclosed Statement of Comprehensive Income for the year ended 31 December 2019, the previously disclosed Statement of Financial Position as at 31 December 2019 and the previously disclosed Statement of Changes in Equity for the year ended 31 December 2019. There is no change to the previously disclosed Statement of Cash Flows for the year ended 31 December 2019.

i. Statement of Comprehensive Income

Following the amendment of the interest income from debt investments, the Statement of Comprehensive Income has been restated as follows:

- Gain on fair value of investments was restated as £12,080,974 (pre-restatement: £10,786,126).
- The investment income was recognised as a new line amounting £247,376 (pre-restatement: £nil).
- The operating income was restated as £251,797 (pre-restatement: £499,174).
- The total income was restated as £12,580,147 (pre-restatement: £11,285,300).
- Profit for the period before taxation was restated as £10,752,831 (pre-restatement: £9,457,984).
- Profit for the period was restated as £10,631,764 (pre-restatement: £9,336,917).
- Gain/(Loss) on fair value on debt investments was restated as £nil (pre-restatement: £1,294,847).

ii. Statement of financial position

Following the amendment of the interest income from debt investments, the Statement of financial position has been restated as follows:

- The retained earnings was restated as £14,340,469 (pre-restatement: £13,045,622).
- The accumulated other comprehensive income was restated as £nil (pre-restatement: £1,294,847).

4. Restatement of the year ended 31 December 2019 (continued)

iii. Statement of Changes in Equity

Following the amendment of the interest income from debt investments, the Statement of Changes in Equity has been restated as follows:

- The profit for the period was restated as £10,631,764 (pre-restatement: £9,336,917).
- Total accumulated other comprehensive income was restated as £nil (pre-restatement: £1,294,847).

Other than the amendments described above, no other restatements were made.

5. 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.

6. Accounting estimates and judgments

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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Valuation of Investments

Judgements made by directors in the application of International Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to the valuations of unquoted equity and debt investments, as disclosed in Note 13.

Financial assets impairment: Expected credit losses

The expected credit losses disclosure in Note 20 state the financial instrument at the gross carrying amount of the asset (that is, without deduction for credit allowance). For this asset, the simplified approach is considered appropriate and therefore lifetime expected credit losses has been applied. Lifetime expected credit loss is the expected credit losses that result from all possible default events over the expected life of a financial instrument. Following the assessment of the risk by management there was no objective evidence of default events occurring, which is in accordance with historical data, and it was concluded that the financial instrument does not have a significant increase in credit risk since initial recognition and has low credit risk at the reporting date. The Company has therefore not recognised a loss allowance in the year ended 31 December 2020 (2019: £nil).

7. Investment Income

Following are the income derived from investments:

Particulars	For the year ended 2020	For the year ended 2019 Restated
	£	£
Interest income from debt investments	240,627	239,968
Distribution of income from investments	403	7,408
Total	241,030	247,376

8. Operating income

The following is an analysis of the Company's revenue for the period from continuing operations:

Analysis of revenue by country of destination:

	For the year ended 2020	For the year ended 2019 Restated
	£	£
United Kingdom	129,421	251,797
	129,421	251,797

9. Operating expenses	For the year ended 2020	For the year ended 2019
	£	£
Director remuneration	66,730	169,372
Staff salaries	61,250	197,851
Staff social security costs	7,559	24,142
Staff pension costs	986	2,596
Auditor remuneration	22,000	20,000
Other operating expenses	908,576	763,361
	1,067,101	1,177,322

10. Employees

The average monthly number of employees, including directors, during the year was 4 (2019: 7).

11. Charitable donations

The Company has recognised charitable donation expenses of £771,740 (2019: £620,960) calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £85.6 million (2019: £69.0 million). During the year, donations paid were £674,539 (2019: £556,000). The provision for LCP donation during the year amounts to £694,142 (2019: £596,938).

12. Taxation

	31 December 2020	31 December 2019
	£	£
Current taxation		
United Kingdom corporation tax at 19% (2019: 19%)	29,888	-
	29,888	-

	31 December 2020	31 December 2019
	£	£
Deferred taxation		
Origination and reversal of temporary differences	(139,367)	121,067
Utilisation of a deferred tax asset	180,687	-
	41,320	121,067
	71,208	121,067

The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	31 December 2020	31 December 2019
	£	£
Profit on ordinary activities before taxation	16,725,950	10,752,831
Tax on profit on ordinary activities at standard rate of 19% (2019: 19%)	3,177,930	2,043,037
<i>Factors affecting tax charge for the year:</i>		
Income not taxable in determining taxable profit	(2,974,769)	(2,295,384)
Expenses not deductible for tax purposes and other adjustments	7,414	117,864
Deferred tax on fair value gain on investments (Note 16)	(139,367)	255,550
Total tax on profit on ordinary activities	71,208	121,067

The tax has been calculated using a 19% corporation tax rate being the substantively enacted rate for the year starting 1 April 2020.

Gain on fair value of investments where the Company has a substantial shareholding, which it intends to benefit from the substantial shareholding exemption, is excluded in calculating the tax charge for the year.

The net taxation expense through the profit and loss account is £71,208 (2019: £121,067).

Factors that may affect future tax charges

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended 30 April 2022. On 3 March 2021, the UK Budget announcement stated that in April 2023, the Corporation Tax rate will be increased from 19% to 25%.

13. Financial instruments

	31 December 2020	31 December 2019
	£	£
Assets		
Financial assets at fair value through profit or loss		
Equity instruments at fair value through profit or loss	46,893,594	28,128,088
Debt instruments at fair value through profit or loss	29,842,772	17,694,383
Financial assets at amortised cost		
Trade and other receivables	41,622	58,309
Total financial assets	76,777,988	45,880,780
Liabilities		
Financial liabilities measured at amortised cost		
Trade and other payables	211,651	86,435
Total financial liabilities	211,651	86,435

The investment reconciliation schedule for the Company as at 31 December 2020 is as follows:

	Equity instruments at fair value through profit or loss	Debt instruments at fair value through profit or loss	31 December 2020 Total
	£	£	£
Investments at 31 December 2019	28,128,088	17,694,383	45,822,471
Additions	3,441,179	16,117,966	19,559,145
Disposal of investments at cost	(3,171,349)	(3,652,083)	(6,823,432)
Realised gain on disposal of investments	1,755,001	598,808	2,353,809
Fair value movement through profit or loss	16,760,505	(916,302)	15,844,203
Unrealised FX gain/(loss)	(19,830)	-	(19,830)
Investments at 31 December 2020	46,893,594	29,842,772	76,736,366

13. Financial instruments (continued)

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.

Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used.

The Investment Advisor has selected to use EBITDA/EBIT multiple models, milestone valuations and recent fundraises for growth investments and reported net asset value for fund 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 24.

13. Financial instruments (continued)**Fair value hierarchy – Financial assets at fair value through profit and loss****Financial assets and liabilities**

31 December 2020	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equity instruments at fair value through profit or loss	-	-	46,893,594	46,893,594
Debt instruments at fair value through profit or loss	-	-	29,842,772	29,842,772
Total investments	-	-	76,736,366	76,736,366

Financial assets and liabilities

31 December 2019	Level 1	Level 2	Level 3	Total
	£	£	£	£
Equity instruments at fair value through profit or loss	-	-	28,128,088	28,128,088
Debt instruments at fair value through profit or loss	-	-	17,694,383	17,694,383
Total investments	-	-	45,822,471	45,822,471

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 December 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description Inputs	Fair value at 31 December 2020 £	Significant unobservable inputs
Unquoted private equity investments (including debt)	57,249,877	EBITDA multiple
Unquoted growth capital investments	13,353,117	Recent fundraise
Unquoted fund investments	6,133,372	Reported net asset value
	76,736,366	-

13. Financial instruments (continued)**Significant unobservable inputs used in measuring fair value (continued)**

Significant unobservable inputs are developed as follows:

- Trading comparable 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 also be used.
- Recent fundraises: for assets which have recently completed fundraising rounds, the Company uses these valuations when determining its own holding valuations.
- Reported net asset value: for assets managed and valued by a third party, the manager provides the company with periodic valuations of the Company's investment. 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. Adjustments are made to third party valuations where considered necessary to arrive at the Directors' estimate of fair value.

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 7.0x (weighted by each asset's total valuation). The key unobservable inputs into the preparation of the valuation of mature Level 3 assets was the EBITDA to Enterprise Value multiple applied to the asset's financial performance. If these inputs had been taken to be 10 per cent. higher, the value of the Level 3 assets and profit for the year would have been £7.67m higher. If these inputs had been taken to be 10 per cent. lower, the value of the Level 3 assets and profit for the year would have been £7.61m lower

14. Trade and other receivables

	31 December 2020	31 December 2019
	£	£
Prepayments	19,600	72,057
Intercompany receivables	40,712	54,552
Other receivables	910	3,757
	61,222	130,366

15. Trade and other payables

	31 December 2020	31 December 2019
	£	£
Trade payables	31,019	58,559
Accrued expenses	149,250	25,549
Other creditors	1,494	2,327
Corporation tax payable	29,888	-
	211,651	86,435

16. Deferred Tax

The following are the deferred tax assets and liabilities recognised by the Company and the movements during the current and previous reporting years:

	Fair value gain on investments	Tax losses	Total
	£	£	£
At 1 January 2019	(502,677)	46,203	(456,474)
(Charge)/credit to income	(255,551)	134,484	(121,067)
At 1 January 2020	(758,228)	180,687	(577,541)
(Charge)/credit to income	139,367	(180,687)	(41,320)
At 31 December 2020	(618,861)	-	(618,861)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31 December 2020	31 December 2019
	£	£
Deferred tax liability	(618,861)	(758,228)
Deferred tax asset	-	180,687
	(618,861)	(577,541)

Gain on fair value of investments where the Company has a substantial shareholding, which it intends to benefit from the substantial shareholding exemption, is excluded in calculating the deferred tax liability.

At the balance sheet date, the Company had no unused tax trading losses (2019: £950,981) available for offset against future profits.

17. Cash and cash equivalents

	31 December 2020	31 December 2019
	£	£
Cash at bank and hand	9,725,688	23,652,370
	9,725,688	23,652,370

18. Share Capital

	2020 Number	2020 £	2019 Number	2019 £
Ordinary shares of £0.001 each	54,000,000	54,000	54,000,000	54,000
Deferred shares of £0.001 each	49,950,000	49,950	49,950,000	49,950
Growth shares of £0.001 each	6,000,000	6,000	6,000,000	6,000
	109,950,000	109,950	109,950,000	109,950

- The number of shares issued and allotted have been paid to the extent of 60,000,000 shares amounting £60,000 as at 31 December 2020 (2019: 60,000,000 shares amounting £60,000).
- 49,950,000 shares amounting £49,950 were outstanding as at 31 December 2020 (2019: 49,950,000 shares amounting £49,950).
- All ordinary shares have the same voting rights, preferences, and no restrictions on the distribution of dividends and the repayment of capital.
- All deferred shares have no voting rights and are not entitled to the distribution of dividends and the repayment of capital.
- All growth shares have no voting rights and are not entitled to the distribution of dividends and the repayment of capital.

19. Reserves

The following are the reserves with the entity as on 31 December 2020:

- Share Capital: Capital issued and paid to the extent of £60,000. £49,950 worth of share capital was outstanding.
- Share Premium: Premium above par value issued and fully paid.
- Retained Earnings: Accumulated profits and losses less any dividends paid.
- Accumulated other comprehensive income: Accumulated fair value gains and losses in financial assets held through other comprehensive income. There were no financial assets held at fair value through other comprehensive income during the year ended 31 December 2020 (2019: £nil).

20. Financial risk management

The Company's financial instruments comprise:

- Investments in unlisted companies, comprising equity and loans,
- Cash and cash equivalents,
- 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 management team.

20. Financial risk management (continued)**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 Company's liabilities consisted of trade and other payables which are to be settled within one year.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's financial assets are held at fair value through profit or loss except trade and other receivables which is held at amortised cost. The Company monitors the credit risk on this asset based on the historical credit loss experience and past due status of the debtors in absence of an external credit rating.

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

	31 December 2020	31 December 2019
	£	£
Trade and other receivables (excluding prepayments)	41,622	58,309
	41,622	58,309

The tables below detail the credit quality of the Company's financial asset held at amortised cost, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

31 December 2020	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount £	Loss Allowance £	Net carrying amount £
Trade and other receivables	14	N/A	(i)	Lifetime ECL (simplified approach)	41,622	-	41,622
					41,622	-	41,622
31 December 2019	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount £	Loss Allowance £	Net carrying amount £
Trade and other receivables	14	N/A	(i)	Lifetime ECL (simplified approach)	58,309	-	58,309
					58,309	-	58,309

- (i) For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the allowance at lifetime ECL. The majority of the balance is owed from Literacy Capital Asset Management LLP, the AIFM and a related party to the Company. The Company has evaluated the credit risk based on the historical credit loss experience and based on past due status of the debtors. Following the assessment of the risk by management there was no objective evidence of default events occurring, which is in accordance with historical data, and it was concluded that the asset does not have a significant increase in credit risk since initial recognition and have low credit risk at the reporting date. The Company has therefore not recognised a loss allowance in the year ended 31 December 2020 (2019: £nil). Please refer note 6.

20. Financial risk management (continued)**Currency risk**

The Company's operations are conducted in Sterling and some of the Company's assets are held in Euros and US Dollars. Hence there is a risk from fluctuations in the GBP: Euro and USD: GBP rates. The Investment Advisor takes this factor into account when making any investment decisions.

The below tables show a sensitivity analysis on the impact of foreign exchange rate movements on the net asset value (NAV) of the Company:

% change in foreign currency rates	% change in NAV	Value of Net Assets
No change	-	85,036,771
10% favourable change	0.32%	85,308,326
10% unfavourable change	(0.32)%	84,765,216

Interest rate risk

The Company had no borrowings as at 31 December 2020. As interest rates earned on the cash balances of the Company are minimal, there was no material interest rate risk to the Company as at 31 December 2020.

21. Related party transactions

Two Directors of the Company are designated members of Literacy Capital Asset Management LLP ("LLP").

Total expenses through the statement of comprehensive income with the LLP during the year was £624,410 (2019: £114,552). The total expense related to the rendering of fund management services during the year. At the year end the balance due to be paid to the LLP for these services was £98,253 (2019: £nil).

Separately, during the year ended 31 December 2020, the Company made payments of £41,400 to suppliers on behalf of the LLP which is due back to the Company. The Company also received a payment of £18,000 from the LLP as part-repayment of the balance owed to the Company. A total of £37,240 related to payments for operating costs in Q1 2020. At the year end the balance due to be received from the LLP was £40,712 (2019: £54,552).

The Company recognises Bookmark Reading Trading Limited as a related party for the reason that a close family member of a key management personnel of the Company is a Director in Bookmark Reading Trading Limited.

The total payments made during the year was £10,000 (2019: £30,000). There is no receivable or payable balance as at the end of the year (2019: nil).

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 payments made during the year was £650,519 (2019: £509,000). The Company has a provision for charity and other donation payments amounting to £694,142 (2019: £596,938). Out of this provision, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

22. Capital Commitments

Further capital commitments of €783,053 (2019: €1,045,551), £938,358 (2019: £1,435,674) and \$2,600,000 (2019: \$3,400,000) remain outstanding and are yet to be drawn down.

23. Subsequent events

Subsequent to the end of the reporting period, a total of £3,901,321 was invested into a new investment, as well as to support a bolt-on acquisition for an existing portfolio company. In addition, £4,774,037 was received in aggregate from portfolio companies, following the repayment of loan notes.

24. Ultimate controlling party

Literacy Capital plc does not have an ultimate controlling party.

LITERACY CAPITAL PLC

Company number 10976145

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

LITERACY CAPITAL PLC

Directors	Paul Pindar Richard Pindar (resigned on 27 March 2020) Kevin Dady Simon Downing Christopher Sellers (appointed 15 February 2019)
Company secretary	Richard Pindar (resigned on 27 March 2020) Paul Pindar (appointed on 27 March 2020)
Date of incorporation	22 September 2017
Registered number	10976145
Registered office	3rd Floor, Charles House 5-11 Regent Street St James's London SW1Y 4LR
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Accountants	EPE Administration Limited Audrey House 16-20 Ely Place London EC1N 6SN
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

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Strategic Report

Introduction

The directors present their strategic report for Literacy Capital plc (the "company") for the year ended 31 December 2019.

Review and analysis of the business during the current year

The company's principal activity is to invest in and support small, growing UK businesses. During the year under review the net asset value (NAV) of assets under management of the company increased from £57.8m to £68.4m. Profit for the period increased from £3.7m to £9.3m.

Business risks

Literacy Capital plc is a permanent capital vehicle and as such there is no requirement of the company to provide liquidity to shareholders.

Like any business, the macroeconomic environment will have an effect on Literacy Capital plc.

At 31 December, Literacy Capital held £23.6m of cash (34.5% of NAV) so the ability to meet its near-term liabilities is not a concern.

In the opinion of the directors, the state of affairs of the company at the end of the period was good.

Principal risks and uncertainties

The principal risks and uncertainties with the business are as described below:

Brexit

It is not expected that the impact of Brexit will have a material impact on our investment activity nor the trading activity of our portfolio companies. The companies in which we have invested are placing focus on managing cash effectively with short-term uncertainty in mind in order to maintain a strong position in their respective markets over the long-term.

Covid-19 Coronavirus

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to the Financial Statements as at 31 December 2019 as a result of this event.

It is not expected that the Coronavirus will have a significant, direct impact on Literacy Capital but it will have an impact on some portfolio companies. Some of these investments will be impacted more greatly than others. We remain focused on preserving cash across all portfolio companies and, in some cases, have encouraged more comprehensive action to reduce the cost bases of the businesses where necessary. The situation and consequences relating to the virus are changing quickly and we remain engaged with our portfolio to assess what action is required to support them, as well as what government support may be available, to allow them to prosper over the longer term. The effects of Covid-19 on the business have also been noted in subsequent event note (see note 19).

The Directors are monitoring developments relating to coronavirus and are coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

Key performance indicators

Literacy Capital plc takes a long-term view on its investments. Net asset value (NAV), or the total value of the investments held on the balance sheet, is the key performance indicator for the company.

Future developments

It is not anticipated that the principal activity of the company will change in the short to medium term.

This report was approved by the board on and signed on its behalf

Paul Pindar
Director
20 April 2020

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

Literacy Capital plc is an investment company focused on investing in and supporting small, growing UK businesses.

Literacy Capital plc also has a charitable objective and has committed to giving away 0.9% of net assets annually to charitable causes it has chosen to support.

Results and dividends

Profit for the year, after taxation, amounted to £9,336,917 (2018: £3,708,705).

No dividend is recommended to be paid in respect of the year ended 31 December 2019.

Directors

The directors who served during the period were:

Paul Pindar

Richard Pindar (resigned on 27 March 2020)

Kevin Dady

Simon Downing

Christopher Sellers (appointed 15 February 2019)

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.

Going Concern

The directors do not believe there are any significant risks and uncertainties facing our business. The business has cash reserves of £23.6 million (2018: £10.6 million) as at 31 December 2019 and an additional £49.9 thousand (2018: £20.6 million) due from shareholders and therefore consider the business to be a going concern.

This report was approved by the board on and signed on its behalf.

Paul Pindar

Director

20 April 2020

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 IFRS as adopted by the EU, 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.

Opinion

We have audited the financial statements of Literacy Capital Plc (the 'company') for the year ended 31 December 2019 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; 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, 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 4, and the consideration in the going concern basis of preparation on pages 5 and 14 and non-adjusting post balance sheet events on page 22.

Since the statement of financial position date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Senior Statutory Auditor) For and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 21 April 2020

Statement of comprehensive income

For the year ended 31 December 2019

Note		For the year ended 31 December 2019	For 16 months period ended 31 December 2018
		Total £	Total £
6	Operating Income	499,174	309,018
	Total	499,174	309,018
	Gains on investments		
11	Gain on fair value on equity investments	10,786,126	4,988,136
	Gains for the period on investments	10,786,126	4,988,136
	Total income	11,285,300	5,297,154
	Expenses		
7	Operating expenses	(1,177,322)	(599,998)
	Total operating expenses	(1,177,322)	(599,998)
9	Charitable donations	(620,960)	(531,977)
	Net foreign exchange loss	(29,034)	-
	Profit for the period before taxation	9,457,984	4,165,179
10	Tax expense	(121,067)	(456,474)
	Profit for the period	9,336,917	3,708,705
	Other comprehensive income		
11	Gain on fair value on debt investments	1,294,847	-
	Total comprehensive income	10,631,764	3,708,705

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 December 2019

Note		31 December 2019	31 December 2018
		£	£
	Non-current assets		
	Tangible asset	2,176	-
11	Investments	45,822,471	27,540,463
10	Deferred tax assets	180,687	46,203
		46,005,334	27,586,666
	Current assets		
12	Trade and other receivables	130,366	20,394
14	Cash and cash equivalents	23,652,370	10,599,063
	Unpaid share capital debtors	49,950	20,669,950
		23,832,686	31,289,407
	Current Liabilities		
13	Trade and other payables	86,435	29,387
9	Provision for other expenses	596,938	579,478
		683,373	608,865
	Net current assets	23,149,313	30,680,541
	Non-current liabilities		
10	Deferred tax liabilities	758,228	502,677
	Total non-current liabilities	758,228	502,677
	Net assets	68,396,419	57,764,530
	Capital and reserves		
15	Share capital	109,950	109,825
	Share premium	53,946,000	53,946,000
	Retained earnings	13,045,622	3,708,705
	Accumulated other comprehensive income	1,294,847	-
	Total share capital & reserves	68,396,419	57,764,530

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 20/04/2020 and were signed on its behalf by:

Director
Paul Pindar

Statement of changes in equity

For the year ended 31 December 2019

For the year ended 31 December 2019

	Share capital £	Share premium £	Retained earnings £	Accumulated other comprehensive income £	Total £
Balance at 31 December 2018	109,825	53,946,000	3,708,705	-	57,764,530
Profit for the period	-	-	9,336,917	-	9,336,917
Other comprehensive income for the period	-	-	-	1,294,847	1,294,847
Total comprehensive income for the period	-	-	9,336,917	1,294,847	10,631,764
Contributions by and distributions to owners					
Issue of new shares	125	-	-	-	125
Total transactions with owners	125	-	-	-	125
Balance at 31 December 2019	109,950	53,946,000	13,045,622	1,294,847	68,396,419

For the year ended 31 December 2018

	Share capital £	Share premium £	Retained earnings £	Accumulated other comprehensive income £	Total £
Balance at 22 September 2017	-	-	-	-	-
Profit for the period	-	-	3,708,705	-	3,708,705
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the period	-	-	3,708,705	-	3,708,705
Contributions by and distributions to owners					
Issue of ordinary shares	109,825	53,946,000	-	-	54,055,825
Total transactions with owners	109,825	53,946,000	-	-	54,055,825
Balance at 31 December 2018	109,825	53,946,000	3,708,705	-	57,764,530

The accompanying notes form an integral part of these financial statements

Statement of cash flows

For the year ended 31 December 2019

Notes	For the year ended 31 December 2019 £	For 16 months period ended 31 December 2018 £
Cash flows from operating activities		
Cash inflow/(outflow) from operating activity		
Loan notes interest received	239,968	185,400
Management fee received	104,933	43,370
Rechargeable expenses	-	36,680
Bank interest received	125,306	21,783
Payroll expenses	(395,708)	(288,038)
Other operating expenditures	(862,658)	(294,229)
Charitable donations paid	(556,000)	-
Net cash used in operating activities	(1,344,159)	(295,034)
Cash flows from investing activities		
Cash inflow/(outflow) from investing activities		
Proceeds/rebates from investee companies	7,410	189,061
Investments	(6,225,561)	(22,680,839)
Net cash used in investing activities	(6,218,151)	(22,491,778)
Cash flows financing activities		
Cash inflow/(outflow) from financing activities		
Receipt from unpaid share capital debtors	20,620,000	-
Receipt from issue of shares	125	33,385,875
Net cash generated from financing activities	20,620,125	33,385,875
Net increase in cash and cash equivalents	13,057,815	10,599,063
14 Cash and cash equivalents - opening balance	10,599,063	-
Effect of exchange rate fluctuations on cash and cash equivalents	(4,508)	-
Cash and cash equivalents - closing balance	23,652,370	10,599,063

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2019

1. Reporting entity

Literacy Capital plc (the 'Company') is a public limited company 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-end investment company focused on investing in and supporting small, growing UK businesses and helping their management teams to achieve long-term success.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS).

Details of the Company's 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 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 accounts are prepared on a going concern basis and the directors agree to using going concern basis of accounting and are satisfied that they give a true and fair view.

The company, being incorporated on 22 September 2017, had opted to extend the accounting period ending on 31 December 2017 to 31 December 2018. Therefore, the comparative period is a longer 16-month term and hence, comparative information may not be wholly comparable.

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 investments and financial instruments at fair value through other comprehensive income for debt instruments, which are measured at fair value.

3. Accounting policies

3.1 Revenue

Revenue is measured as the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income is recognised on a time-proportionate basis using the effective interest rate method.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received.

As stated in IFRS 15 the company recognises revenue from rendering services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

3. Accounting policies (continued)

3.2 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.3 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The company recognises a financial asset or a financial liability in the statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

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.
- 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.

When, and only when, the company changes its business model for managing financial assets it must reclassify all affected financial assets.

Financial liabilities

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss (see 'fair value option' below).

3. Accounting policies (continued)

3.4 Charitable donations

The company recognises a provision for charitable donations which is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts. The donations are paid subsequent to the year end and the provision is reversed to the extent of the amount paid as donations.

3.5 Current and deferred taxation

The tax expense for the year comprises deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing 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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

5. Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, incomes 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. The Directors have, to the best of their ability, provided as true and fair a view as is possible. 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.

Judgements made by directors in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to the valuations of unquoted equity and debt investments, as disclosed in Note 11.

6. Operating income

The following is an analysis of the Company's revenue for the period from continuing operations:

Analysis of revenue by country of destination:

	For the year ended 2019 £	For 16 months period ended 2018 £
United Kingdom	499,174	309,018
	499,174	309,018

7. Operating expenses	For the year ended 2019 £	For 16 months period ended 2018 £
Director remuneration	169,372	167,008
Staff salaries	197,851	93,449
Staff social security costs	24,142	11,750
Staff pension costs	2,596	806
Auditor remuneration	20,000	20,000
Other operating expenses	763,361	306,985
	1,177,322	599,998

8. Employees

The average monthly number of employees, including directors, during the year was 7 (2018: 3).

9. Charitable donations

The Company has recognised charitable donation expenses of £620,690 (2018: £531,977) calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £69.0 million (2018: £59.0 million). During the year, donations paid were £556,000 (2018: nil). The provision for LCP donation during the year amounts to £596,938 (2018: £531,977).

LITERACY CAPITAL PLC

10. Taxation

	For the year ended 2019 £	For the 16 months period ended 2018 £
Corporate tax		
Profit for the period	9,457,984	4,165,179
Less income not taxable:		
FV gain on investments	(10,786,126)	(4,988,136)
Total loss for the period	(1,328,142)	(822,957)
Add expenses not deductible:		
Provision for LCP donation	596,938	531,977
Provision for fund structuring	-	47,500
Net foreign exchange loss	24,526	-
Staff entertainment expenses	1,049	305
Depreciation	215	-
Capital Allowance	(2,392)	-
Total loss for the period carried forward	(707,806)	(243,175)
Total tax charge for the period	-	-
Deferred tax expense for the period	121,067	456,474
Total tax expense for the period	121,067	456,474

	Balance as at 31 December 2019		
		Deferred tax assets	Deferred tax liabilities
The balance comprises temporary differences attributable to	£	£	£
Balance as at 31 December 2018		46,203	502,677
Gain on fair value of investments	1,345,000	-	255,551
Tax losses carried forward	707,806	134,484	-
Balance as at 31 December 2019		180,687	758,228

	Balance as at 31 December 2018		
		Deferred tax assets	Deferred tax liabilities
The balance comprises temporary differences attributable to	£	£	£
Gain on fair value of investments	2,645,670	-	502,677
Tax losses carried forward	243,175	46,203	-
Balance as at 31 December 2018		46,203	502,677

The deferred tax assets and liabilities have been calculated using a 19% corporation tax rate being the substantively enacted rate for the year starting 1 April 2019.

Gain on fair value of investments where the Company has a substantial shareholding is not taken into consideration in calculating the deferred tax liabilities. The Substantial Shareholding Exemption will apply to these gains and no tax charge is expected to arise.

The net taxation expense through the profit and loss account is £121,067 (2018: £456,474).

11. Financial instruments

31 December 2019	2019 £	2018 £
Assets		
Financial assets at fair value through profit or loss		
Investments	45,822,471	27,540,463
Trade and other receivables	180,316	20,690,344
Total financial assets	46,002,787	48,230,807
Liabilities		
Financial liabilities measured at amortised cost		
Other financial liabilities	86,435	29,387
Total financial liabilities	86,435	29,387

The investment reconciliation schedule for the Company as at 31 December 2019 is as follows:

	31 December 2019 £
Investments at 31 December 2018	27,540,463
Additions	6,225,561
Fair value movement through profit & loss	10,786,126
Fair value movement through other comprehensive income	1,294,847
Net unrealised foreign exchange loss	(24,526)
Investments at 31 December 2019	45,822,471

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.

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;

11. Financial instruments (continued)

Fair values of financial instruments (continued)

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used.

The Investment Advisor has selected to use the price of recent investment and EBITDA multiple valuation models in arriving at the fair value of investments held as level 3 in the fair value hierarchy. It is not expected that a small increase or decrease in valuation multiples across the investments would have a material impact on the total fair value of investments held.

Fair value hierarchy – Financial instruments measured at fair value

Financial assets and liabilities				
31 December 2019	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets at fair value through profit or loss				
Investments in unlisted securities	-	-	45,822,471	45,822,471
Total investments	-	-	45,822,471	45,822,471

Financial assets and liabilities				
31 December 2018	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets at fair value through profit or loss				
Investments in unlisted securities	-	-	27,540,463	27,540,463
Total investments	-	-	27,540,463	27,540,463

12. Trade and other receivables

	31 December 2019	31 December 2018
	£	£
Prepayments	72,057	14,944
Intercompany receivables	54,552	-
Other receivables	3,757	5,450
	130,366	20,394

13. Trade and other payables

	31 December 2019	31 December 2018
	£	£
Trade payables	58,559	-
Accrued expenses	25,549	28,943
Other creditors	2,327	444
	86,435	29,387

14. Cash and cash equivalents

	31 December 2019	31 December 2018
	£	£
Cash at bank and hand	23,652,370	10,599,063
	23,652,370	10,599,063

15. Share Capital

	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £0.001 each	54,000,000	54,000	54,000,000	54,000
Deferred shares of £0.001 each	49,950,000	49,950	49,950,000	49,950
Growth shares of £0.001 each	6,000,000	6,000	5,875,000	5,875
	109,950,000	109,950	109,825,000	109,825

16. Financial risk management

The Company's financial instruments comprise:

- Investments in unlisted companies, comprising equity and loans,
- Cash and cash equivalents,
- 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, market price 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 management team.

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.

16. Financial risk management (continued)**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 has advanced loans to a number of private companies which exposes the company to significant credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating. They are entered into as part of the investment strategy of the company and its associates, and credit risk is managed by taking security where available.

Currency risk

The Company's operations are conducted in Sterling and some of the Company's assets are held in Euros and US Dollars. Hence there is a risk from fluctuations in the GBP: Euro and USD: GBP rates. The Investment Advisor takes this factor into account when making any investment decisions.

Interest rate risk

The company had no borrowings as at 31 December 2019. As interest rates earned on the cash balances of the company are minimal, there was no material interest rate risk to the company as at 31 December 2019.

17. Related party transactions

One Director of the Company is a designated member of Literacy Capital Asset Management LLP.

The total payments to Literacy Capital Asset Management LLP during the year were £114,552 (2018: nil). As at the year end, the balance owed from Literacy Capital Asset Management LLP was £54,552 (2018: nil).

The Company recognises Bookmark Reading Trading Limited as a related party for the reason that a close family member of a key management personnel of the Company is a Director in Bookmark Reading Trading Limited.

The total payments made during the year was £30,000 (2018: nil). There is no receivable or payable balance as at the end of the year (2018: nil).

The Company also recognises Bookmark Reading Charity as a related party for same reason as mentioned above for Bookmark Reading Trading Limited.

The total payments made during the year was £509,000 (2018: nil).

The company has a provision for charity payments amounting to £596,938 (2018: £531,978). Out of this provision, certain donations will be made to Bookmark Reading Trading Limited and Bookmark Reading Charity.

18. Capital Commitments

Further capital commitments of €1,045,551 (2018: €1,712,797), £1,435,674 (2018: £1,838,221) and \$3,400,000 (2018: nil) have been made to fund investments, yet to be drawn down.

19. Subsequent events

Subsequent to the end of the reporting period, investments totalling £7,099,533 were made in the month of February 2020.

Covid-19 Coronavirus

Further, it is expected that the Coronavirus will not have a significant, direct impact on Literacy Capital Plc but it will have an impact on some portfolio companies. The full impact following the recent emergence of the global coronavirus is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

20. Ultimate controlling party

Literacy Capital Plc does not have an ultimate controlling party.

Part C – Director's Report and Financial Statements for the 16 Months Ended 31 December 2018

LITERACY CAPITAL PLC

Company number 10976145

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS FOR THE 16 MONTHS ENDED 31 DECEMBER 2018

LITERACY CAPITAL PLC

Directors Paul Pindar
Richard Pindar
Kevin Dady
Simon Downing
Christopher Sellers

Company secretary Richard Pindar

Date of incorporation 22 September 2017

Registered number 10976145

Registered office Suite 1, 3rd floor
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15 Canada Square
London
E14 5GL

Accountants EPE Administration Limited
Audrey House
16 - 20 Ely Place
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EC1N 6SN

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2 Triton Square
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Directors' report

The directors present their report and the financial statements for the 16 months ended 31 December 2018.

Principal activity

Literacy Capital plc is an investment company focused on investing in and supporting small, growing UK businesses.

Literacy Capital plc also has a charitable objective and has committed to giving away 0.9% of net assets annually to charitable causes it has chosen to support.

Results and dividends

Profit for the 16 months, after taxation, amounted to £3,708,705

No dividend is recommended to be paid in respect of the 16 months ended 31 December 2018.

Directors

The directors who served during the period were:

Paul Pindar (appointed 22 September 2017)

Richard Pindar (appointed 22 September 2017)

Kevin Dady (appointed 30 November 2017)

Simon Downing (appointed 1 March 2018)

Abid Ismail (appointed 30 November 2017, resigned 19 October 2018)

Christopher Sellers (appointed 15 February 2019)

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.
- the directors do not believe there are any significant risks and uncertainties facing our business. The business has cash reserves of £10.6 million as at 31 December 2018 and an additional £20.6 million due from shareholders and therefore consider the business to be a going concern.

Brexit

It is not expected that the impact of Brexit will have a material impact on our investment activity nor the trading activity of our portfolio companies. The companies in which we have invested are placing focus on managing cash effectively with short-term uncertainty in mind in order to maintain a strong position in their respective markets over the long-term.

This report was approved by the board on and signed on its behalf.

Richard Pindar
Director

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 IFRS as adopted by the EU, 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.

Opinion

We have audited the financial statements of Literacy Capital plc ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter - The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul McKechnie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

March 2019

Statement of comprehensive income

For the 16 months ended 31 December 2018

		31 December 2018
		Total
Note		£
6	Operating Income	309,018
	Total operating income	309,018
	Gains/(losses) on investments	
	Gain on fair value of investments	4,988,136
	Gains for the period on investments	4,988,136
	Total income	5,297,154
	Expenses	
7	Operating expenses	(599,998)
	Total operating expenses	(599,998)
8	Charitable donations	(531,977)
	Profit/(loss) for the period before taxation	4,165,179
9	Tax expense	(456,474)
	Profit for the period	3,708,705
	Other comprehensive income	-
	Total comprehensive income	3,708,705

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 December 2018

		31 December 2018
Note		£
	Non-current assets	
10	Investments	27,540,463
9	Deferred tax assets	46,203
		27,586,666
	Current assets	
11	Trade and other receivables	20,394
13	Cash and cash equivalents	10,599,063
	Unpaid share capital debtors	20,669,950
		31,289,407
	Current liabilities	
12	Trade and other payables	29,387
	Provision for other expenses	579,478
		608,865
	Net Current Assets	30,680,541
	Non-current liabilities	
9	Deferred tax liabilities	502,677
	Total non-current liabilities	502,677
	Net assets	57,764,530
	Capital and reserves	
14	Share capital	109,825
	Share premium	53,946,000
	Retained earnings	3,708,705
	Total share capital & reserves	57,764,530

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board of directors on 18/03/2019 and were signed on its behalf by:

Director
Richard Pindar

Statement of changes in equity

For the 16 months ended 31 December 2018

		16 months ended 31 December 2018			
		Share capital	Share premium	Retained earnings	Total
Notes		£	£	£	£
	Balance at 22 September 2017	-	-	-	-
	Profit for the period	-	-	3,708,705	3,708,705
	Other comprehensive income	-	-	-	-
	Total comprehensive income for the period	-	-	3,708,705	3,708,705
	Contributions by and distributions to owners				
14	Issue of ordinary shares	109,825	53,946,000	-	54,055,825
		109,825	53,946,000	-	54,055,825
	Balance at 31 December 2018	109,825	53,946,000	3,708,705	57,764,530

The accompanying notes form an integral part of these financial statements

Statement of cash flows

For the 16 months ended 31 December 2018

Notes

	31 December 2018
	£
Cash flows from operating activities	
Cash inflow/(outflow) from operating activity	
Loan notes interest received	185,400
Management fee received	43,370
Rechargeable expenses	36,680
Bank interest received	21,783
Payroll expenses	(288,038)
Other operating expenditures	(294,229)
Net cash used in operating activities	(295,034)
Cash flows from investing activities	
Cash inflow/(outflow) from investing activities	
Proceeds/rebates from investee companies	189,061
Investments	(22,680,839)
Net cash used in investing activities	(22,491,778)
Cash flows financing activities	
Cash inflow/(outflow) from financing activities	
Receipt from issue of shares	33,385,875
Net cash generated from financing activities	33,385,875
Net increase in cash and cash equivalents	10,599,063
Cash and cash equivalents - opening balance	-
13 Cash and cash equivalents - closing balance	10,599,063

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the 16 months ended 31 December 2018

1. Reporting entity

Literacy Capital plc (the 'Company') is a public limited company incorporated in United Kingdom. The company's registered office is Suite 1, 3rd floor, 11 - 12 St. James's Square, London, SW1Y 4LB. Literacy Capital plc is a closed-end investment company focused on investing in and supporting small, growing UK businesses and helping their management teams to achieve long-term success.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

Details of the Company's 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 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 accounts are prepared on a going concern basis and the directors agree to using going concern basis of accounting and are satisfied that they give a true and fair view.

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 which are measured at fair value.

3. Accounting policies

3.1 Revenue

Revenue is measured as the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income is recognised on a time-proportionate basis using the effective interest rate method.

Dividends receivable on equity and non-equity shares, which carry significant equity rights, are recognised as revenue when the shareholders' right to receive payment has been established, normally the ex-dividend date. When no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received.

As stated in IFRS 15 the company recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

3.2 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.3 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The company recognises a financial asset or a financial liability in the statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

When the company first recognises a financial asset, it classifies it 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.
- 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.

When, and only when, the company changes its business model for managing financial assets it must reclassify all affected financial assets.

Financial liabilities

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss (see 'fair value option' below).

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.

5. Accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. 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. The Directors have, to the best of their ability, provided as true and fair a view as is possible. 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.

Judgements made by Directors in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to the valuations of unquoted equity investments

6. Operating income

The following is an analysis of the Company's revenue for the period from continuing operations:

Analysis of revenue by country of destination:

	2018
	£
United Kingdom	309,018
	309,018

7. Operating expenses

	2018
	£
Director remuneration	167,008
Auditor remuneration	20,000
Other operating expenses	412,990
	599,998

8. Charitable donations

The charitable donation is calculated by applying 0.9% to a pro forma Net Asset Value adjusted for fair value uplifts of £59.0 million. During the year, no actual donations were paid out and only a Provision for LCP donation is made.

9. Taxation

Corporate tax

	£
Profit for the period	4,165,179
Less income not taxable:	
FV gain on investments	(4,988,136)
Total taxable profit for the period	(822,957)
Add expenses not deductible:	
Provision for LCP donation	531,977
Provision for Fund Structuring	47,500
Staff entertainment expenses	305
Total loss for the period carried forward	(243,175)
Total tax charge for the period	-
Deferred tax expense for the period	456,474
Total tax expense for the period	456,474

Deferred tax

	Balance as at 31 December 2018		
	£	Deferred tax assets (£)	Deferred tax liabilities (£)
The balance comprises temporary differences attributable to			
Gain on fair value of investments	2,645,670	-	502,677
Tax losses carried forward	243,175	46,203	-
		46,203	502,677

The deferred tax assets and liabilities have been calculated using a 19% corporation tax rate being the substantively enacted rate for the year starting 1 April 2018.

Gain on fair value of investments where the Company has a substantial shareholding is not taken into consideration in calculating the deferred tax liabilities. The Substantial Shareholding Exemption will apply to these gains and no tax charge is expected to arise.

The net taxation expense through the profit and loss account is £456,474.

10. Financial instruments**2018****£****Assets****Financial assets at fair value through profit or loss**

Investments	27,540,463
Trade and other Receivables	20,690,344
Total financial assets	48,230,807

Liabilities**Financial liabilities measured at amortised cost**

Other financial liabilities	608,865
Total financial liabilities	608,865

Fair values of financial instruments

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.

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.

10. Financial instruments (continued)

The Investment Advisor has selected to use the price of recent investment and EBITDA multiple valuation models in arriving at the fair value of investments held as level 3 in the fair value hierarchy. Given the recency of completion of the Investment Advisor's investments, the majority of investments are held at the price of recent investment. It is not expected that a small increase or decrease in valuation multiples across the investments would have a material impact on the total fair value of investments held

Fair value hierarchy – Financial instruments measured at fair value

Financial assets and liabilities				
31 December 2018	Level 1	Level 2	Level 3	Total
	£	£	£	£
Financial assets at fair value through profit or loss				
Investments in unlisted securities	-	-	27,540,463	27,540,463
Total investments	-	-	27,540,463	27,540,463

11. Trade and other receivables

	2018
	£
Prepayments	14,944
Other receivables	5,450
	20,394

12. Trade and other payables

	2018
	£
Accrued expenses	28,943
Other creditors	444
	29,387

13. Cash and cash equivalents

	2018
	£
Cash at bank and hand	10,599,063
	10,599,063

14. Share Capital

	2018 Number	2018 £
Ordinary shares of £0.001 each	54,000,000	54,000
Deferred shares of £0.001 each	49,950,000	49,950
Growth shares of £0.001 each	5,875,000	5,875
	109,825,000	109,825

15. Financial risk management

The Company's financial instruments comprise:

- Investments in unlisted companies, comprising equity and loans
- Cash and cash equivalents,
- Accrued interest and 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, market price 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 management team.

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.

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, has advanced loans to a number of private companies which exposes the company to significant credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating. They are entered into as part of the investment strategy of the company and its associates, and credit risk is managed by taking security where available.

Currency risk

The company has no direct exposure to currency risk as it has no non-sterling assets or liabilities.

Interest rate risk

The company had no borrowings as at 31 December 2018, as interest rates earned on the cash balances of the company are minimal, there was no material interest rate risk to the company as at 31 December 2018.

16. Related party transactions

There were no related party transactions during the period.

17. Capital Commitments

Further capital commitments of €1,712,797 and £1,838,221 have been made to fund investments, yet to be drawn down.

18. Subsequent events

Key events after the end of period are as follows:

- A further drawdown of £743,395 for a fund investment was made and paid in January 2019.
- £6.2m of cash relating to the unpaid share capital debtor had been received as at 12 March 2019.