

L1 Long Short Fund Limited – Appendix 4D

For the half-year ended 31 December 2025

Half-year report

This report is for the half-year from 1 July 2025 to 31 December 2025 (HY FY26). The previous corresponding period was 1 July 2024 to 31 December 2024 (HY FY25).

Results for announcement to the market

	HY FY26 \$'000	HY FY25 \$'000	Up/Down	Movement %
Profit/(loss) from ordinary activities	823,764	(29,667)	Up	2,877
Profit/(loss) before income tax attributable to the ordinary equity holders	587,034	(111,530)	Up	626
Profit/(loss) after income tax attributable to the ordinary equity holders	414,888	(74,970)	Up	653

Dividend information

	Amount per Share (cents)	Franked amount per Share (cents)	Tax Rate for Franking Credit
2026 Interim dividend declared	3.60c	3.60c	30%

Interim dividend dates

Ex-dividend date	2 March 2026
Record date	3 March 2026
Last election date for the DRP	4 March 2026
Payment date	20 March 2026

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 4 March 2026.

Net tangible assets*

	31 December 2025 \$	31 December 2024 \$
Net tangible asset backing (per share) before tax	3.9987	2.9417
Net tangible asset backing (per share) after tax	3.6755	2.9040

* The NTA before tax is calculated before the provision for deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

Appendix 4D (cont'd)

Explanation of results

For the period from 1 July 2025 to 31 December 2025, the Company recorded a profit before tax of \$587 million and a net profit after tax of \$415 million.

Over this six-month period, the Company generated strong absolute returns and outperformed the broader Australian equity market, extending the strong rebound delivered in the first half of calendar year 2025.

Markets were more supportive for the Company during the half-year, with the extreme style headwinds of 2024 easing as the outperformance of long-duration growth stocks moderated and market leadership broadened. Against this backdrop, the Company's value-oriented, benchmark-unaware approach was able to capitalise on a wider range of mispriced opportunities across both long and short positions.

The Company benefited from strong contributions from long positions in resources, gold and domestic cyclicals, including Mineral Resources, Westgold Resources and Flight Centre, which were all notable contributors over the half-year. Portfolio performance was supported by higher lithium and gold prices and improved sentiment towards resource equities. The short book contributed positively, with several positions in structurally challenged or over-valued businesses underperforming as fundamentals failed to justify elevated share prices.

Looking forward, the Investment Manager continues to apply its disciplined, research-driven investment process, which has delivered strong medium-term returns, particularly through the 2025 calendar year. The investment team believes the current portfolio offers compelling value in absolute terms and relative to broader equity indices, and that the Company is well positioned to navigate ongoing macroeconomic uncertainty while capitalising on further market dislocations.

Further information

This report is based on the Interim Financial Report which has been subject to independent review by the Company's auditors, Ernst & Young. All these documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2025 Annual Financial Report.

Authorised by

Mark Licciardo | Company Secretary

Investor contact

Chris Clayton | Head of Distribution
L1 Group Limited
Tel: 61 3 9286 7000
Email: info@L1.com.au

20 February 2026

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Interim Financial Report

For the half-year ended 31 December 2025

L1 Long Short Fund Limited

ABN 47 623 418 539

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This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Directors

Andrew Larke (Independent Chairman)
John Macfarlane (Independent Director)
Harry Kingsley (Independent Director)
Raphael Lamm (Non Independent Director)
Mark Landau (Non Independent Director)

Company secretary

Mark Licciardo
Acclime Australia
Corporate Services Pty Ltd
Level 3, 62 Lygon Street
Carlton VIC 3053
Phone: (03) 8689 9997

Registered office

L1 Capital Pty Limited
Level 45, 101 Collins Street
Melbourne VIC 3000
Phone: (03) 9286 7000

Investment manager

L1 Capital Pty Limited
Level 45, 101 Collins Street
Melbourne VIC 3000
Phone: (03) 9286 7000

Administrator

Apex Fund Services Pty Ltd
(an Apex Group Company)
Level 10, 12 Shelley Street
Sydney NSW 2000
Phone: (02) 8259 8508

Share registrar

MUFG Corporate Markets (AU) Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008
Phone: 1800 129 431

For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000
Phone: (03) 9288 8000

Securities exchange listing

Australian Securities Exchange (ASX)
The home exchange is Melbourne.
ASX code: LSF Ordinary shares

Website

www.L1LongShort.com

Directors' Report

The Directors present their report together with the interim financial report of L1 Long Short Fund Limited (the "Company") for the half-year ended 31 December 2025.

Directors

The following persons held office as Directors during the half-year and up to the date of this report:

Andrew Larke	(Independent Chairman)
Raphael Lamm	(Non Independent Director)
Mark Landau	(Non Independent Director)
John Macfarlane	(Independent Director)
Harry Kingsley	(Independent Director)

Principal activities

During the period, the principal activity of the Company was to invest (both long and short) in predominantly Australian securities with the remaining exposure to global securities. The Company's investment objective is to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

There were no significant changes in the nature of the activity of the Company during the period.

Dividends

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and paid to the shareholders on 7 October 2025.

On 11 November 2025, the Directors declared a fully franked interim dividend of 3.50 cents per share with record date of 18 November 2025 and paid to the shareholders on 5 December 2025.

On 20 February 2026, the Directors declared a fully franked interim dividend of 3.60 cents per share with record date of 3 March 2026 and payable to the shareholders on 20 March 2026.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 4 March 2026.

Dividend profit reserve

The Company may transfer any current period or prior period accumulated profits not distributed as dividends to a dividend profit reserve. Doing so facilitates the payment of future dividends, rather than maintaining these profits within retained earnings.

On 31 December 2025, the Directors resolved to approve the transfer of any resulting net profit after tax for the half-year ended 31 December 2025 to the dividend profit reserve as at 31 December 2025. Accordingly, the transfer of \$414,888,000 was made to the reserve.

The balance of the dividend profit reserve as of 31 December 2025 is \$1,184,261,000.



Directors' Report

Continued

Review of operations

The operating profit before tax was \$587,034,000 for the half-year ended 31 December 2025 (31 December 2024: loss \$111,530,000). The net result after tax was a profit of \$414,888,000 (31 December 2024: loss \$74,970,000).

This profit resulted from strong absolute returns and outperformance of the broader Australian equity market. During the period, the Company benefited from strong contributions from long positions in resources, gold and domestic cyclicals, as well as higher lithium and gold prices and improved sentiment towards resource equities. The short book contributed positively, with several positions in structurally challenged or over-valued businesses underperforming as fundamentals failed to justify elevated share prices.

The net tangible asset backing before tax as at 31 December 2025 was \$3.9987 per share (31 December 2024: \$2.9417).

The Company's performance exceeded its high watermark as of the performance calculation period ended 31 December 2025 giving the Investment Manager an entitlement to a performance fee amounted to \$151,075,000 (31 December 2024: \$Nil). Please refer to Note 6 for further details.

The Company's on-market share buy-back program of up to 10% of its shares remains in place until 29 May 2026. No shares were bought back over the half-year ended 31 December 2025 (31 December 2024: Nil). The Company has the discretion to buy back shares when market conditions and share prices are appropriate. Please refer to Note 8 for further details.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the half-year ended 31 December 2025.

Matters subsequent to the end of the reporting period

On 20 February 2026, the Directors declared a fully franked interim dividend of 3.60 cents per share with record date of 3 March 2026 and payable to the shareholders on 20 March 2026.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 4 March 2026.

Other than the dividends declared in the dividends section above, in the latest release to the ASX on 20 February 2026, the Company reported Net Tangible Asset (NTA) at 17 February 2026 as follows:

	17 February 2026 (A) \$	31 December 2025 (B) \$
Net tangible asset backing (per share) before tax ^(c)	4.2483	3.9987
Net tangible asset backing (per share) after tax ^(c)	3.8414	3.6755

(A) The NTA announcement is approximate and not reviewed by Ernst & Young.

(B) NTA reviewed by Ernst & Young.

(C) The NTA before tax is calculated before the provision for the deferred tax on unrealised gains and losses on the investment portfolio. The NTA after tax is calculated after all taxes.

There are no other matter or circumstances that have occurred since the end of the half-year that has significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.



Directors' Report

Continued

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, the amounts in the Directors' Report and in the interim financial report have been rounded to the nearest thousand dollars, unless otherwise specified.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.



Andrew Larke
Independent Chairman

Melbourne
20 February 2026

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of L1 Long Short Fund Limited

As lead auditor for the review of the interim financial report of L1 Long Short Fund Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'E Reekie'.

Emma Reekie
Partner
Melbourne
20 February 2026

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Statement of Profit and Loss and Other Comprehensive Income

For the half-year ended 31 December 2025

	Notes	Half-year ended	
		31 December 2025 \$'000	31 December 2024 \$'000
Income			
Net gains on financial instruments at fair value through profit or loss		724,978	3,211
Dividend income		30,129	31,021
Interest income from financial assets at amortised cost		32,597	25,611
Net foreign exchange gains/(losses)		35,514	(90,206)
Expense reimbursement from Investment Manager		518	415
Other income		28	281
Total income/(loss)		823,764	(29,667)
Expenses			
Interest expense		(43,405)	(43,288)
Performance fees	6	(151,075)	-
Dividend expense		(14,706)	(12,277)
Management fees	6	(16,807)	(13,677)
Brokerage expense		(6,747)	(8,523)
Stock loan fees		(1,781)	(1,619)
Withholding tax on foreign dividends		(1,059)	(1,343)
Other expenses		(382)	(476)
Directors' fees		(217)	(201)
ASX fees		(192)	(156)
Administration fees		(144)	(93)
Share registry fees		(129)	(125)
Audit fees		(44)	(55)
Secretarial fees		(33)	(30)
Legal fees		(9)	-
Total operating expenses		(236,730)	(81,863)
Profit/(loss) for the half-year before income tax		587,034	(111,530)
Income tax (expense)/benefit		(172,146)	36,560
Profit/(loss) for the half-year after tax		414,888	(74,970)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/(loss) for the half-year		414,888	(74,970)
		Cents	Cents
Profits/(losses) per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share		65.80	(12.02)
Diluted earnings per share		65.80	(12.02)

The above Statement of Profit and Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2025

	Notes	As at	
		31 December 2025 \$'000	30 June 2025 \$'000
ASSETS			
Cash and cash equivalents		1,725,034	1,408,906
Other receivables		245,030	152,389
Receivable from manager		115	76
Financial assets at fair value through profit or loss	3	3,944,018	3,510,150
Prepaid income tax		10,881	6,607
Other current assets		128	418
Total assets		5,925,206	5,078,546
LIABILITIES			
Broker advances		2,095,713	1,811,645
Financial liabilities at fair value through profit or loss	3	1,096,400	1,132,299
Other payables		199,395	89,816
Deferred tax liabilities	7	204,566	81,176
Total liabilities		3,596,074	3,114,936
Net assets		2,329,132	1,963,610
EQUITY			
Issued capital	8	1,291,362	1,277,728
Dividend profit reserve	10	1,184,261	832,373
Accumulated gains/(losses)		(146,491)	(146,491)
Total equity		2,329,132	1,963,610

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the half-year ended 31 December 2025

	Notes	Issued capital \$'000	Dividend profit reserve \$'000	Accumulated gains/(losses) \$'000	Total \$'000
Balance as at 1 July 2024		1,259,096	809,292	(146,491)	1,921,897
Loss for the half-year after tax		-	-	(74,970)	(74,970)
Other comprehensive income for the half-year, after tax		-	-	-	-
Total comprehensive loss for the half-year		-	-	(74,970)	(74,970)
Transactions with owners in their capacity as owners:					
Dividend reinvestment		9,057	-	-	9,057
Dividend declared		-	(37,345)	-	(37,345)
Balance as at 31 December 2024		1,268,153	771,947	(221,461)	1,818,639
Balance as at 1 July 2025		1,277,728	832,373	(146,491)	1,963,610
Profit for the half-year after tax		-	-	414,888	414,888
Other comprehensive income for the half-year, after tax		-	-	-	-
Total comprehensive profit for the half-year		-	-	414,888	414,888
Transactions with owners in their capacity as owners:					
Dividend reinvestment	8	13,634	-	-	13,634
Dividend declared	10	-	(63,000)	-	(63,000)
Transfer to dividend profit reserve account	10	-	414,888	(414,888)	-
		13,634	351,888	(414,888)	(49,366)
Balance as at 31 December 2025		1,291,362	1,184,261	(146,491)	2,329,132

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the half-year ended 31 December 2025

	Half-year ended	
	31 December 2025 \$'000	31 December 2024 \$'000
Cash flows from operating activities		
Purchase of financial instruments at fair value through profit or loss	(2,953,718)	(3,021,962)
Proceeds from sale of financial instruments at fair value through profit or loss	3,198,247	3,029,147
Net cash (paid)/received from collateral withdrawal	(90,176)	98,588
Dividends received	30,549	30,872
Interest income received from financial assets at amortised cost	34,449	24,069
Expense reimbursement received	479	414
Other income received	28	-
Brokerage expenses paid	(6,747)	(8,523)
Dividends paid on short positions	(17,266)	(13,591)
Stock loan fees paid	(1,865)	(1,728)
ASX fees paid	(192)	(156)
Net GST (paid)/received	(104)	751
Income tax paid	(53,030)	-
Interest paid	(44,934)	(42,476)
Performance fees paid	(33,328)	(39,704)
Management fees paid	(15,845)	(13,746)
Other expenses paid	(635)	(409)
Net cash inflow/(outflow) from operating activities	45,912	41,546
Cash flows from financing activities		
Dividend paid	(49,366)	(28,288)
Broker advances received	284,068	503,689
Net cash inflow from operating activities	234,702	475,401
Net increase in cash and cash equivalents	280,614	516,947
Cash and cash equivalents at the beginning of the half-year	1,408,906	855,318
Effects of exchange rate changes on cash and cash equivalents	35,514	(94,737)
Cash and cash equivalents at the end of the half-year	1,725,034	1,277,528

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Report

For the half-year ended 31 December 2025

1. General information

L1 Long Short Fund Limited (the "Company") is a listed public company domiciled in Australia. The Company's registered address is L1 Capital Pty Limited, Level 45, 101 Collins Street, Melbourne VIC 3000.

The Company's investment strategy is to invest in a portfolio of predominantly Australian securities with the remaining exposure to global securities (both long and short). The Company's investment objectives are to deliver positive absolute returns to investors while seeking to preserve capital over the long term.

The interim financial report of the Company is for the period 1 July 2025 to 31 December 2025. The previous corresponding period was 1 July 2024 to 31 December 2024.

The interim financial report was authorised for issue by the Board of Directors on 20 February 2026.

2. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these interim financial report is set out below.

(a) Basis of preparation

This interim financial report for the half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the interim financial report.

This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by L1 Long Short Fund Limited during the interim financial reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The material accounting policies applied in these interim financial report is the same as those applied in the Company's financial report for the year ended 30 June 2025.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Company also comply with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

(ii) New standards and interpretations adopted by the Company

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2025 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) Historical cost convention

These interim financial report have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

(iv) Liquidity basis of presentation

The interim financial report have been prepared under the liquidity-based presentation, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. The majority of receivables and payables are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and deferred tax balances.

The change in presentation does not affect the recognition, measurement, or total amounts of assets, liabilities, or equity reported in prior periods.



Notes to the Financial Report

For the half-year ended 31 December 2025

2. Summary of material accounting policies (*continued*)

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(vi) New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these new and amended standards and interpretation, if applicable when they become effective.

- AASB 18 Presentation and Disclosure in Financial Statements (application date 1 January 2027)
- AASB 2024-2 Amendments to Australian Accounting Standards- Classification and Measurement of Financial Instruments [AASB 7 & AASB 9] (application date 1 January 2026).

Management is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Other than above, a number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2026, and have not been early adopted in preparing this financial report.

None of these are expected to have a material effect on the financial report of the Company.

(b) Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, the amounts in the Directors' Report and in the interim financial report have been rounded to the nearest thousand dollars, unless otherwise specified.

(c) Comparative revisions

Comparative information is revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current half-year.

3. Fair value measurements

The Company measures and recognises the following financial assets and liabilities at fair value on a recurring basis:

- Equity securities
- Derivatives
- Listed unit trusts

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).



Notes to the Financial Report

For the half-year ended 31 December 2025

3. Fair value measurements (*continued*)

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities and futures) is based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Company is the last sale price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, including equity swaps, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The fair value of derivatives that are not exchange traded is estimated at the amount that the company would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of an option contract is determined by applying the Black Scholes option valuation model which includes inputs such as underlying share prices, their volatility over time, and liquidity discounts that may be used for measuring the fair value of these options and derivatives of a similar nature.

Notes to the Financial Report

For the half-year ended 31 December 2025

3. Fair value measurements (continued)

(iii) Recognised fair value measurements

The following tables present the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2025 and 30 June 2025.

At 31 December 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity swaps	–	4,259	–	4,259
Australian listed equity securities	2,098,630	–	–	2,098,630
International listed equity securities	1,841,129	–	–	1,841,129
Total financial assets at fair value through profit or loss	3,939,759	4,259	–	3,944,018
Financial liabilities at fair value through profit or loss				
Equity swaps	–	965	–	965
Australian listed equity securities	945,841	–	–	945,841
Australian share price index futures	4,962	–	–	4,962
Gold price index futures	24,529	–	–	24,529
International listed equity securities	120,103	–	–	120,103
Total financial liabilities at fair value through profit or loss	1,095,435	965	–	1,096,400

At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Equity swaps	–	1,450	–	1,450
Australian share price index futures	1,929	–	–	1,929
Gold price index futures	6,760	–	–	6,760
Australian listed equity securities	1,655,142	–	–	1,655,142
International listed equity securities	1,844,869	–	–	1,844,869
Total financial assets at fair value through profit or loss	3,508,700	1,450	–	3,510,150
Financial liabilities at fair value through profit or loss				
Equity swaps	–	1,835	–	1,835
Australian listed equity securities	1,046,662	–	–	1,046,662
International listed equity securities	83,802	–	–	83,802
Total financial liabilities at fair value through profit or loss	1,130,464	1,835	–	1,132,299

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy for the half-year.



Notes to the Financial Report

For the half-year ended 31 December 2025

3. Fair value measurements *(continued)*

(iv) Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are reasonable approximations of their fair values due to their short-term nature.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(i) Income taxes

The Company has recognised deferred tax liabilities from unrealised gains on investments and other temporary differences of \$204,581,000 at 31 December 2025 (30 June 2025: \$81,180,000) and deferred tax assets relating to other temporary differences of \$15,000 at 31 December 2025 (30 June 2025: \$4,000). Refer to Note 7 for further discussion of accounting for deferred taxes.

5. Segment information

The Company has only one reportable segment. The Company operates in one industry being the securities industry, deriving revenue from dividend and trust distribution income, interest income and from the sale of its trading portfolio.

6. Management and performance fee

Management fees (inclusive of the net impact of GST and RITC) during the period ended 31 December 2025 amounted to \$16,807,000 (31 December 2024: \$13,677,000) of which \$3,392,000 (30 June 2025: \$2,430,000) remained payable as at period end.

In addition, L1 Capital Pty Limited is entitled to be paid by the Company a fee equal to 20.00% (plus GST) of the Portfolio's outperformance, if any, over each performance calculation period, subject to a high watermark mechanism.

Performance fees (inclusive of the net impact of GST and RITC) incurred during the period ended 31 December 2025 amounted to \$151,075,000 (31 December 2024: \$Nil) of which \$151,312,000 (30 June 2025: \$33,565,000) remained payable as at period end.

A summary of the key terms of the Company's performance fee calculation and reinvestment arrangements is contained in Section 9.1 of the Company's Prospectus which was issued on 16 February 2018.



Notes to the Financial Report

For the half-year ended 31 December 2025

7. Deferred taxes

	As at	
	31 December 2025 \$'000	30 June 2025 \$'000
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Other temporary differences	15	4
Deferred tax assets	15	4
Deferred tax liabilities		
Net unrealised gains on investments	204,450	80,508
Other temporary differences	131	672
Deferred tax liabilities	204,581	81,180
Deferred tax liabilities, net	(204,566)	(81,176)
Movements:		
Deferred tax assets		
Opening balance	4	163
Credited/(Debited):		
Directly to profit or loss	11	(159)
Closing balance, Deferred tax assets	15	4
Deferred tax liabilities		
Opening balance	81,180	76,193
(Credited)/Debited:		
Directly to profit or loss	123,401	4,987
Closing balance, Deferred tax liabilities	204,581	81,180
Closing balance, Deferred tax liabilities, net	(204,566)	(81,176)

Notes to the Financial Report

For the half-year ended 31 December 2025

8. Issued capital

(a) Share capital

	31 December 2025 Shares '000	30 June 2025 Shares '000	31 December 2025 \$'000	30 June 2025 \$'000
Ordinary shares	632,983	628,940	1,291,362	1,303,069

(b) Movements in issued capital

	Number of Shares '000	\$'000
Opening balance – 30 June 2025	628,940	1,277,728
Dividend reinvestment	4,043	13,634
Closing balance – 31 December 2025	632,983	1,291,362

	Number of Shares '000	\$'000
Opening balance – 30 June 2024	622,413	1,259,096
Dividend reinvestment	6,527	18,632
Closing balance – 30 June 2025	628,940	1,277,728

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Shares issued

The Company's on-market share buy-back program of up to 10% of its shares remained in place during the year and has been renewed for a period up until 29 May 2026. The Company has the discretion to buy back shares when market conditions and share prices are appropriate. No shares were bought back over the half-year ended 31 December 2025 (31 December 2024: Nil).

Under the Investment Management Agreement (IMA), subject to certain criteria, the owners of the Investment Manager will be required to reinvest their after-tax proceeds from any performance fees (Performance Fee Reinvestment Amount) into shares in the Company. Reinvestment of the Performance Fee will not occur where the owners collectively hold 15% or more of the Company's issued share capital. As the owners currently hold at least 15% of the issued share capital, no reinvestment of performance fee occurred during the period, consequently the Company issued no ordinary shares. A summary of the key terms of the Company's performance fee calculation and reinvestment arrangements is contained in Section 9.1 of the Company's Prospectus which was issued on 16 February 2018.



Notes to the Financial Report

For the half-year ended 31 December 2025

9. Dividends

(a) Dividend rate

On 27 August 2025, the Directors declared a fully franked final dividend of 6.50 cents per share with record date of 16 September 2025 and paid to the shareholders on 7 October 2025.

On 11 November 2025, the Directors declared a fully franked interim dividend of 3.50 cents per share with record date of 18 November 2025 and paid to the shareholders on 5 December 2025.

On 20 February 2026, the Directors declared a fully franked interim dividend of 3.60 cents per share with record date of 3 March 2026 and payable to the shareholders on 20 March 2026.

(b) Dividend franking account

	As at	
	31 December 2025 \$'000	30 June 2025 \$'000
The amount of franking credits for subsequent reporting periods are:		
• Franking account balance as at the end of the reporting period at tax rate of 30% (30 June 2025: 30%)	228,510	197,889
• Franking credits that will arise from the payment/(refund) of income tax payable/(prepaid) as at the end of the reporting period	(10,881)	(6,607)
	217,629	191,282
The amount of franking credits available for future reporting periods:		
• Impact on the franking credit account of the dividend declared but not recognised as a liability at the end of the reporting period at tax rate of 30% (30 June 2025: 30%)	(9,766)	(17,520)
	207,863	173,762

The Company's ability to pay franked dividends is dependent upon receipt of franked dividends from investments and the Company paying tax.



Notes to the Financial Report

For the half-year ended 31 December 2025

10. Dividend profit reserve

The dividend profit reserve is made up of amounts allocated from retained earnings that are preserved for future dividends payments. The allocation is determined at the end of each half-year where the Company reported a profit subject to the approval of the Directors.

	As at	
	31 December 2025 \$'000	30 June 2025 \$'000
Movement in Dividend Profit Reserve		
Balance at the beginning of the period	832,373	809,292
Transferred from current period profits	414,888	99,518
Dividend declared	(63,000)	(76,437)
Closing balance at the end of the period	1,184,261	832,373

On 31 December 2025, the Directors resolved to approve the transfer of any resulting net profit after tax for the half-year ended 31 December 2025 to the dividend profit reserve as at 31 December 2025. Accordingly, the transfer of \$414,888,000 was made to the reserve.

11. Contingent assets and liabilities and commitments

The Company had no contingent assets, liabilities or commitments as at 31 December 2025 (30 June 2025: Nil).

12. Events occurring after the reporting period

On 20 February 2026, the Directors declared a fully franked interim dividend of 3.60 cents per share with record date of 3 March 2026 and payable to the shareholders on 20 March 2026.

The Dividend Reinvestment Plan (DRP) is in operation under which the shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant allocation price. The relevant allocation price is the arithmetic average of the daily volume weighted average sale price (calculated to the nearest cent) of shares traded on the ASX over the five trading days commencing on the ex-dividend date for the relevant dividend, without any discount. The last day for the receipt of an election notice for participation in the DRP is 4 March 2026.

There are no other matter or circumstances that have occurred since the end of the half-year that has significantly affected, or may affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial periods.

Directors' Declaration

For the half-year ended 31 December 2025

In the opinion of the Directors of L1 Long Short Fund Limited:

- (a) the interim financial report and notes set out on pages 8 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Andrew Larke
Independent Chairman

Melbourne
20 February 2026



Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

For the half-year ended 31 December 2025



Shape the future
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Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

Conclusion

We have reviewed the accompanying interim financial report of L1 Long Short Fund Limited (the Company), which comprises the statement of financial position as at 31 December 2025, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of the Company does not comply with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the interim financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true

and fair view of the Company's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Independent Auditor's Review Report to the Members of L1 Long Short Fund Limited

Continued



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A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

E Reekie

Emma Reekie
Partner
Melbourne
20 February 2026

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